ASSESSMENT OF THE EFFECTIVENESS OF THE BUDGET ACT, 2001

in Resolving Bottlenecks and Inconsistencies Relating to the Roles of Parliament and Citizens in the Budget Process in Uganda

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ASSESSMENT OF THE EFFECTIVENESS OF THE BUDGET ACT, 2001 IN RESOLVING BOTTLENECKS AND INCONSISTENCIES RELATING TO THE ROLES OF PARLIAMENT AND CITIZENS IN THE BUDGET PROCESS IN UGANDA

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Published by:

Parliamentary Centre
Le Centre parlementaire

802-255 Albert Street
Ottawa, ON K1P 6A9
CANADA
parlcent@parl.gc.ca

No. 3 Wawa Street, East Legon
PMB CT 113, Cantonments
Greater Accra Region, GHANA
info@parlcentafrica.org

www.parlcent.org - www.parlcentafrica.org

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<th>Description</th>
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<tbody>
<tr>
<td>ACODE</td>
<td>Advocates Coalition for Development and Environment</td>
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<td>Act</td>
<td>The Budget Act, 2001</td>
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<tr>
<td>AIA</td>
<td>Appropriation in Aid</td>
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<td>APSP</td>
<td>Africa Parliamentary Strengthening Program</td>
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<td>Art.</td>
<td>Article</td>
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<td>BFPs</td>
<td>Budget Framework Papers</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>CSOs</td>
<td>Civil Society Organizations</td>
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<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<td>DENIVA</td>
<td>Development Network of Indigenous Voluntary Organizations</td>
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<td>FPED</td>
<td>Finance, Planning and Economic Development</td>
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<td>EAC</td>
<td>East African Community</td>
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<td>EPRC</td>
<td>Economic Policy Research Centre</td>
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<tr>
<td>FOWODE</td>
<td>Forum for Women in Democracy</td>
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<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>KACITA</td>
<td>Kampala City Traders Association</td>
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<tr>
<td>MFPEd</td>
<td>Ministry of Finance, Planning and Economic Development</td>
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<tr>
<td>MPs</td>
<td>Members of Parliament</td>
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<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<tr>
<td>N/A</td>
<td>Not Applicable</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
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<td>NDP</td>
<td>National Development Plan</td>
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<td>NPA</td>
<td>National Planning Authority</td>
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<td>NPAA</td>
<td>National Planning Authority Act, 2002</td>
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<td>NTR</td>
<td>Non Tax Revenue</td>
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<td>OAG</td>
<td>Office of the Auditor General</td>
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<td>PAF</td>
<td>Poverty Action Fund</td>
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<td>PAYE</td>
<td>Pay As You Earn</td>
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<td>PDCO</td>
<td>Parliamentary Development and Coordination Office</td>
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<td>PEAP</td>
<td>Poverty Eradication Action Plan</td>
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<tr>
<td>PFAA</td>
<td>Public Finance and Accountability Act, 2003</td>
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<td>POU</td>
<td>Parliament of Uganda</td>
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<td>ROU</td>
<td>Republic of Uganda</td>
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<td>S</td>
<td>Section</td>
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<td>SAIIs</td>
<td>Supreme Audit Institutions</td>
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<td>UDN</td>
<td>Uganda Debt Network</td>
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<td>UMA</td>
<td>Uganda Manufacturers Association</td>
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<td>URA</td>
<td>Uganda Revenue Authority</td>
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This study is published by the Parliamentary Centre as part of its efforts to strengthen Parliamentary oversight of the Budget Process in Africa. Over the years the Centre in its Parliamentary strengthening programs discovered the important contribution that Parliaments can make towards budget maximization and poverty reduction. Incidentally we realized that despite the huge constitutional mandate to Parliaments on budget and finance there were also clauses in the different Constitutions that seek to claw back the powers of effective scrutiny and oversight. Particularly reference is made to the timetable for submission of the budget proposals to parliament and time for approval. Others include dissolution of parliament when parliament fails to approve the executive budget proposals. It was in this light the Uganda Budget Act of 2001 was seen as a very progressive law that provided a significant leverage for parliament of Uganda to undertake its constitutional responsibility with respect to budget and finance.

This study sought to assess the effectiveness of the Uganda Budget Act, 2001 in as far as it has strengthened the Parliament’s oversight role and citizen participation in the budget making process. It is in this context that the Africa Parliamentary Strengthening Program (APSP) for Budget Oversight has undertaken to make this publication for the benefit of parliamentarians and others who are interested the role of Parliaments in the Budget Process.

The Africa Parliamentary Strengthening Program (APSP) for Budget Oversight is a Parliamentary Centre program designed to increase the capacity and authority of select African Parliaments (Benin, Ghana, Kenya, Senegal, Tanzania, Uganda and Zambia) in the budget process. Implicit in the program design is the goal of increased communication between the selected Parliaments and Citizen in order to improve parliamentary accountability to citizens in the budget process.

To address issues of poverty reduction using the national budget as a tool, the APSP seeks to develop and disseminate information on the national budget in APSP partner countries while researching ways in which citizens can participate in the budget process. The program is particularly determined to improve the capacity of Members of
Parliament, parliamentary staff and committees through publications of learning aids to improve parliamentary oversight capacity.

The publication was prepared by Budget Advisory Unit, of the Parliamentary Centre under the overall supervision of Dr. Anthony Tsekpo. We acknowledge the diligent work of Eunice Musiime and John Bagonza Mugabi, National Consultants who carried out the study. We also want to thanks all MPs and Staff of the Parliament of Uganda who contributed in a very significant way to the review and validation of the findings of this study.

As we seek to contribute our quota to reducing poverty in Africa, we acknowledge the continued sponsorship of Canadian International Development Agency (CIDA) under the APSP and the wonderful support and participation of the entire partner Parliaments and their staff in our programs.

Dr. Rasheed Draman
Director of Africa Programs
Parliamentary Centre
EXECUTIVE SUMMARY

Globally, parliaments are powerful players in the budget process where they draft budgets or significantly shape them. In Uganda, Parliament’s legal basis for meaningful engagement in the budget process is guided by the Budget Act passed in 2001 (in this report referred to as the Act). This study sought to assess the effectiveness of the Budget Act to the extent that it has strengthened Parliament’s oversight role and citizen participation in the budget-making process. Related laws and rules of Parliament were also reviewed to provide an assessment of the overall legal framework that guides the budgetary process. These are the 1995 Constitution of Uganda, the 2003 Public Finance and Accountability Act, and the Rules of Procedure of Parliament.

Overall, the assessment established that the Budget Act and other related laws have greatly improved the budget-making process; especially to the degree that it has provided clear timelines to enhance predictability and roles for critical players in the process, with particular reference to Parliament. However, the assessment also identified gaps and inconsistencies in the legal provisions in the budget laws, notably as they pertained to the review, consideration, amendment, and approval of revenue, expenditure proposals, supplementary expenditure, and timelines. Other gaps included inadequacy or deficiency of technical expertise, on the part of Members of Parliament and their support staff, and citizens’ lack of clearly defined institutional mechanisms or legal provisions for their participation.

Specifically, the gaps and inconsistencies that were found in the laws governing the budgeting process include the following:

- no provision for parliament to make alternative budget proposals
- no provision for the formal review of revenue proposals by Parliament
- no evidence that Parliament formally reviews and makes recommendations on grants.
- the Rules of Procedure prohibiting Parliament from the imposition or alteration of taxation unless the bill, motion, or amendment has been introduced or tabled by a Minister.
inconsistent provisions on supplementary expenditures found in the Constitution, Budget Act, and the Public Finance, and Accountability Act.

- the Budget Act not fully implemented, an example being that provisions which require Ministries, Departments, or Agencies to produce quarterly reports are not complied with.
- regulations to guide proper implementation of the Act yet to be formulated.
- no provision for citizen participation in the budget-making process.

Over and above the gaps and inconsistencies in law, the findings indicate that there are also implementation challenges, such as Parliament’s inability to alter budget ceilings set by the Ministry of Finance, Planning and Economic Development (MFPED). The MFPED ‘dictates’ the ceilings to other Ministries. Although sector ministries are given the opportunity, based on the Budget Framework Papers (BFPs), to argue for increased ceilings, no consultations are made with other stakeholders when determining ceilings. Attempts by Parliament in the past to alter the ceilings have not been successful. Another challenge is the Executive’s occasional disregard for Parliament’s recommendations to effect changes in the budget.

It was established that the Budget Committee and Budget Office have done a commendable job in giving technical guidance and budget information to parliamentary committees. Nonetheless, the Budget Office faces challenges of inadequate skills, limited resources, understaffing, and poor remuneration.

Further, there was consensus that the laws should be amended to harmonize issues, such as supplementary expenditures, period for the planning framework, provisions for review and amendment of revenue proposals, specification of penalties, and time for reporting. The Parliamentary Commission should also continuously and consistently build the capacity of parliamentarians and officials of the Budget Office, and develop mechanisms for ensuring that feedback from accountability committees is captured in the budget-making process.

Given these challenges, the assessment recommends that it is important to legalize citizen participation in the budget-making process through provisions for citizens’
access/right to information and input gathering from non-state actors and the public. Such legal stipulations would provide a citizen’s guide to the budget process and ensure that public hearings are held to accommodate citizen’s input in the budget process.

Lastly and most importantly is the recognition that the budget as a political statement and laws alone may not necessarily lead to an enhanced role for Parliament and facilitate citizen participation in the budget process, but that the resolution of bigger governance issues in a nascent democracy such as Uganda will yield better results. Critics of the 8th Parliament of Uganda have noted that it largely failed to play its oversight role effectively and often times colluded with the executive in routinely passing budget proposals into law.
1.1 **Background**

The budget is the most important economic policy document of Government and comprises the most comprehensive priorities of a nation. Budgets and macroeconomic policies are tools for achieving both economic and social development goals. The budget is a tool that helps to allocate scarce government resources in line with agreed policies, plans, and priorities so that, when well implemented, they help deliver public goods and services to citizens and in the process, promote sustainable development.\(^1\) As supreme representative institutions at the national level, Parliaments are under the obligation to ensure that not only should the will of the electorate prevail, but also that public money has been equitably raised, efficiently spent, and can be properly accounted for. Globally speaking, some parliaments are such powerful players in the budget process that they draft budgets or significantly shape them. Others generally approve the Budget as presented by the Executive without any changes.

In Uganda, the budget-making process is guided by the Budget Act which was passed in February 2001 and came into force on July 1, 2001. The purpose of the Act was to provide for and regulate the budgetary procedure for a systematic and efficient budgetary process and other related matters. The Act enables Parliament to effectively get involved in the budget process. The overall objective of the Act is to make the budget process more inclusive, transparent, and participatory. It provides for the procedure of budgeting, allots tasks to various players and, most especially, assigns an oversight role to Parliament.

The rest of this section gives the objectives and approach used in conducting the study. In the second part, we provide a brief background on the national budget-making process. This is followed by a brief on the Act. The third section examines the role of Parliament and citizens in the budget process. Experiences are provided as illustrations.

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of particular parliamentary activities. In the fifth section, challenges and bottlenecks are identified to which is added an appraisal of the extent to which the Budget Act has been effective in resolving gaps and inconsistencies. The report concludes with key recommendations on legal and administrative measures that can be adopted to strengthen the role of the legislative arm of government in budgeting.

1.2 Aim and Objectives

The overall aim of the assessment was to contribute to the strengthening of the role of Parliament and citizens in the budget process in Uganda.

The specific objectives were to:

- examine the Act and other constitutional provisions, standing orders of Parliament, rules of procedure, Public Finance and Accountability Act;
- interrogate the roles of Parliament and citizens in the implementation of budgets;
- assess the effectiveness of the Budget Act in resolving pertinent issues that the Act was intended to address, especially regarding the role of Parliament and citizens;
- identify bottlenecks, contradictions, and persisting conflicts between the Act and other constitutional provisions, standing orders of Parliament, rules of procedure, and the Public Finance and Accountability Act etc., as well as provide possible suggestions to ensure the effective role of Parliament and citizens in the budget process;
- recommend possible amendments to the legal framework in respect of the budget in order to ensure harmony, participation, and effective involvement of Parliament and citizens; and
- develop programs and activities to assist Parliament to address identified problems and suggest ways to revise each of these laws with a view to making the role of Parliament in the budget process more effective.
1.3 Approach and Methodology

The assessment was mainly done using the desk review approach, which was complemented by gap analysis. The study looked at the performance of Parliament and citizens in the budget process vis-à-vis the desired or ‘target’ state and then established the divergence. Using the objectives of the Act as a springboard, gap analysis established the extent to which the Act meets the purpose for its promulgation and also the mismatch between best practice and observed practice. Findings from the desk review and gap analysis were enhanced by evidence adduced from key informant interviews directed at various stakeholders. These interviews were carried out using a well-designed and pre-tested key informant interview guide.
2. THE NATIONAL BUDGET-MAKING PROCESS

Democratic states require taxation and authorization of public spending to be approved by Parliament. Thus, Parliament’s role is firstly to authorize the legal basis for government taxation of the economy, secondly to provide the basis for government programs, including benefits and rights, and thirdly to offer the government the opportunity of discharging its obligations towards the citizenry. In most democracies, the budget is tabled before Parliament and must be approved in the legislature (Krafchik, 2005). The legislative process offers the first formal opportunity to MPs to debate the budgetary proposals and, in some cases, to amend them.

In theory, legislatures have significant power over the budget. The Constitution requires that no funds are spent from the Consolidated Fund without legislative authorization. Legislative debate can be complemented with powers to summon expert witnesses and members of the government to give evidence. These powers are augmented significantly where the legislature has the capacity to amend the budget (Krafchik, 2005). In practice, the authority of legislatures in developing countries is often undermined by numerous factors, prominent among which are parliamentarians’ poor research capacity, absence of powers of amendment, weak committee system, and the timing of the budget process.

Parliamentary influence on the overall budget varies from country to country. Legislators in the USA and Denmark have the power to amend or reject the budget proposal of the executive and even the capacity to formulate and substitute a budget of their own. The majority of legislatures are, however, only allowed the power to amend or reject the budget proposal of the executive. The third group is made up of legislatures which lack the capacity to amend or reject the budget proposal of the executive and to formulate and substitute a budget of their own as their powers are confined to assenting to the budget placed before them. Most Third World countries like Uganda have their legislatures falling in this bracket (third group).

The supreme law in Uganda is the Constitution of the Republic of Uganda 1995 which, among other things, provides for the functions of Parliament, including the enactment
of laws for good governance, debating and passing budget proposals, and monitoring the implementation of policies and programs. The national budget-making process in Uganda is governed by the Constitution of Uganda (Article 155 (1)), the Public Finance and Accountability Act, 2003 (PFAA), the Rules of Procedures of the Parliament of Uganda, and the Budget Act, 2001. The Constitution of Uganda places on the President, as the head of the executive branch of Government, the duty to cause the budgetary estimates for each financial year to be prepared and laid before Parliament not later than 15 days before the financial year begins. The financial year runs from July 1 to June 30 the following year. It is the responsibility of the executive to seek approval from Parliament, report on budget performance, and account for expenditure.

Within the executive, the most important role is that of the Ministry of Finance, Planning, and Economic Development (MFPED) which is mandated to coordinate and drive the budget process in accordance with the law and annual schedule. The MFPED prepares the macroeconomic projections and provides an assessment of the fiscal situation. This is the basis for the determination of available revenues, amount of taxes, and potential borrowing that will be available for spending in a particular budget year.

During the formulation stage, the MFPED produces sector ceilings, on the basis of which ministries are expected to produce Budget Framework Papers (BFPs) outlining their respective priorities for the following fiscal year. Sector ministries are given the opportunity, based on the BFPs, to argue for increased ceilings. According to the MFPED, BFPs have gradually improved and have become less of an academic exercise (ROU, 2004). The formulation of the BFPs supposedly fulfils the requirement for a needs assessment in the Medium Term Expenditure Framework (MTEF). Most importantly, the MTEF also makes it possible for the MFPED to project the size of different budget components (e.g. wage, non-wage, development) in different scenarios on an aggregate level.

Various lines or spending ministries, departments and agencies are ultimately responsible for the preparation of draft proposals for their own areas, such as education, health, economy, infrastructure, agriculture, and defense. to be included in the budget. Although line ministries try to extract as many resources as possible from public
revenue, it behooves the MFPED to act as the guardian of the public purse. The budget-making process in Uganda, since the enactment of the Budget Act, has greatly improved and become consultative involving stakeholders such as Parliament, Civil Society Organizations (CSOs), donors, local government councils and line ministries (Kiraso, 2004), although, it has to be stressed that the effective participation of the different stakeholders still needs to be enhanced.

The most important actors in the budget process are the executive, the legislature, i.e. the Parliament of Uganda, and the Office of the Auditor General (OAG)), while civil society and the media provide critical debate and analyses together with information dissemination avenues. The MFPED generates the medium-term forecasts of the resource envelope, and passes internal circulars and guidelines to relevant bodies. After the forecasts are received, the MFPED compiles the budget estimate book containing estimates of revenue and of recurrent and development expenditure for all Ministries, Departments, and Agencies (MDAs).

The President then causes the budgetary estimates to be laid before Parliament. An appropriate committee of Parliament discusses and reviews the estimates and makes relevant recommendations to the entire legislature. Meanwhile, the House, in plenary, passes votes on account to ensure continuity of Government programs during the budget consideration stage. Consideration and approval of the budget are done in the first quarter of every financial year.

Parliament approves the budget, monitors, and evaluates the performance of the budget through its various committees. The Budget Committee carries out the day-to-day monitoring of the budget while the committees on Public Accounts and Local Government Accounts evaluate the performance of the budget by reviewing the Auditor General’s reports. The sessional committees also occasionally carry out field monitoring trips and research on the performance of government programs and projects.

In addition, line ministries regularly submit reports on the implementation and performance of the budget to Parliament.
3. BRIEF ON THE BUDGET ACT, 2001

The purpose of the Budget Bill is to increase budget transparency and to subsequently amend the budget cycle to allow more time for Parliament to scrutinize the budget process. A bill such as this seeks to enable the increased flow of budget-specific information from Government to Parliament, and thereafter to the public. In line with the broad objectives articulated in Article 155 of the Constitution, the Act explicitly spells out the role of Parliament in the budget process. The passing of the Budget Act was to provide for and regulate the budgetary procedure for a systematic and efficient budgetary process and other related matters. The Act was aimed at:

- providing a clear framework for managing the budget process
- defining roles and procedures for the key actors
- providing information to stakeholders on the budget process
- opening up the budget process
- strengthening checks and balances in public institutions

The Budget Act defines the national budget as the process by which the Government sets levels to effectively collect revenue and allocate resources among all sectors to meet national objectives. This process is divided into four main stages, namely:

- priority setting stage (consultations)
- preparation of the proposals by the executive
- approval and implementation stage
- auditing and outcome assessment

The budget process evolves in 12 months starting in October of every year (see Appendix 1). The Act sets out the various milestones and dates which must be adhered to during the budget process. However, it is worth noting that the Speaker is given the power to extend any period that has been provided for under the Act.
3.1 Key Milestones under the Budget Act, 2001

- February 15, submission to the President of preliminary estimates of revenue and expenditure for the next financial year.
- April 1, three-year macroeconomic plan and programmes for economic and social development in preparation for final submission.
- Indicative Preliminary Revenue and Expenditure Framework by April 1 each year.
- Speaker commits indicative allocations to the Budget Committee and to each sessional committee immediately after submission.
- Sessional Committees consider, discuss, and review indicative allocations and submit report to Budget Committee not later than April 25.
- Budget Committee scrutinizes the estimates and the reports of the Sessional Committees and submits its recommendations to the Speaker. The Speaker sends the recommendations to the President by May 15.
- By June 15, estimates of revenue and expenditure of Government laid before Parliament. The Budget speeches are read simultaneously in the other member countries of the East African Community (EAC).
- June 30, ministerial policy statements of relevant ministries with preliminary estimates are submitted to Parliament. The Budget Act provides that policy statements should be in a manner prescribed by the Minister of Finance. The policy statements are required to reflect specific data on the value for money and the extent of achievement of objectives.
- August 31, sessional committees present to Parliament estimates within their jurisdiction.
- Quarterly reports on exemptions of tax made to Parliament on or before March 31, June 30, September 30, and December 31 in each financial year.

3.2 Cost Estimates for Bills

The Act provides that every bill introduced in Parliament be accompanied by its indicative financial implications, if any, on revenue and expenditure, over the period of not less than two years after coming into effect.

Section 10, Budget Act, 2001
3.3 **Supplementary Expenditure**

- Supplementary expenditures requiring resources over and above what was appropriated are not expected to exceed 3% of the total approved budget for that financial year without the prior approval of Parliament.
- Supplementary estimates showing funds spent must be laid before Parliament within four months after the money is spent.
- Any re-allocation must be done in consultation with the affected ministries or departments.

3.4 **Contingencies Fund**

The Minister of Finance is expected to make a report to Parliament on any authorization of advances from the Contingencies Fund. Section 10 (1) of the PFAA provides that there shall be a Contingencies Fund for national emergencies into which shall be paid all sums appropriated by Parliament for the purposes of the Fund. The provisions in the PFAA on the Contingencies Fund are not detailed enough on the ground that they do not define what should constitute emergencies. Incidentally the Fund has not been established. Members of Parliament on the Budget Committee would prefer that a new comprehensive law be enacted to operationalize the Contingencies Fund (POU, 2010).

3.5 **Domestic Debt**

No government organization, department, or self-accounting institution will be allowed to incur any debt unless first, it has no unpaid domestic arrears and, further, it has the capacity to pay for the expenditure from the approved estimates as appropriated for the financial year.  

3.6 **Appropriation in Aid**

Appropriations in Aid are receipts retained by a government department or office to offset expenditure instead of such receipts being paid into the Consolidated Fund. In Uganda, a Minister is required to make quarterly reports to Parliament on the manner...
in which the funds from that vote were expended. The report must indicate specific data on the value for money on expenditures involved.  

3.7 Parliament Budget Committee

The Act provides for the establishment of a Parliament Budget Committee, which is a standing committee of Parliament. All chairpersons of other parliamentary committees are ex-officio members of the Budget Committee.

The Budget Committee is expected to carry out the following roles:

- focus on the preliminary estimates and the macroeconomic plan and programmes and submit recommendations to the Speaker
- consider the national budget and compile amendments and refer them to the relevant committees
- perform such other functions relating to the budget as may be assigned to it by Parliament or any other law in force.

The Act also establishes a Parliamentary Budget Office within the Parliamentary Service. It is expected to consist of full-time and part-time budget and economic experts as may be required from time to time. The functions of the Budget Office are:

- provision of budget-related information to all committees
- submission of reports on, but not limited to, economic forecasts, budget projections, and options for reducing the budget deficit
- identifying and making recommendations on Bills that provide an increase or decrease in revenue and the budget
- preparing analytical studies of specific subjects such as financial risks posed by Government sponsored enterprises and financial policy
- giving advice to Parliament and its committees on the budget and national economy.

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6 Section 17 (1), Budget Act.
3.8 Sanctions

The Act, just like other similar pieces of legislation, provides for sanctions. Any officer who intentionally or through negligence causes a department, institution, organization, or commission to fail to meet its obligations under the Act shall be held personally liable.
4. ROLE OF PARLIAMENT AND CITIZENS IN THE BUDGET PROCESS

4.1 Role of the Parliament of Uganda in the Budget Process

Parliament under Articles 155 and 156 of the Constitution of the Republic of Uganda is mandated to approve the estimates of revenue and expenditure. The key informants summed up the role of Parliament in the budget process as consideration, review, and approval of the budget. This mandate is undertaken through the:

- formulation of recommendations on the indicative and the macroeconomic plan
- review of ministerial policy statements by committees and the adoption of the committee reports during the August session
- approval of the Vote on Account
- approval of supplementary expenditures
- passage of the Appropriation Bill
- formulation of recommendations on the Auditor General’s reports
- monitoring and evaluation of the implementation of government programs and projects
- passage of the tax proposals (tax bills) by the Parliamentary Committee on Finance, Planning, and Economic Development.

4.2 The Role(s) of Citizens in the Budget Process

The term “citizen” denotes an individual with rights, aspirations, and responsibilities in relation to the State and to others in the community. Citizenship can thus be variously understood as belonging (to a certain place, group, or community), as status (vis-à-vis a non-citizen), as national identity (Ugandan), and as relating to rights and duties (Eyben & Ladbury, 2006). As budgeting helps concretize policies in implementable terms, citizen participation in budgeting offers a very important space for the ordinary people to contribute to the translation of policies into actions.

Citizen participation in budgeting is a new, if not, a radical phenomenon. Berner (2001) notes that citizen participation has been accepted at least in theory, is valued by and
beneficial to the government. Even though empirical evidence is sparse, participation appears to be beneficial when it educates citizens on the complexities and costs of government services and may help to reduce distrust of Government (Ebdon, 2008; Ebdon & Franklin, 2004).

The United Nations (2005) noted the operational needs of participatory budgeting seem to exist at three levels:

(i) normative, citizen participation has to be given a legal basis;
(ii) regulative, an operational framework of participation with clear definition of roles and functions, including the methodology of participation, must be mutually agreed upon and put in place; and
(iii) regenerative, participation practice warrants several capacity building interventions involving both civil society and the government.

The traditional means of obtaining input is through legal mandate (i.e. parliamentary deliberations) and other public hearings. Some of the other methods employed to involve citizens include:

- special open meetings
- citizen advisory boards
- telephone surveys
- visits to local civic groups
- visits to neighborhood associations
- contact initiated by citizens

Although the Parliament of Uganda does not hold public hearings on the budget process to take views, proposals, and questions, yet parliamentary committees hold public hearings on other development-related issues. The public hearings are held during reviews of bills and other committee investigations into issues, such as land, environment, education, health, and constitutional amendments. Parliamentary committees occasionally invite Civil Society Organizations (CSOs) to give their views on the budget. The Committees conduct regular field visits during which they interview various people and observe the implementation of major projects. It was also established
that interest groups, such as the Uganda Manufacturers Association (UMA), Forum for Women in Democracy (FOWODE), Uganda Debt Network (UDN), Advocates Coalition for Development and Environment (ACODE), and Kampala City Traders Association (KACITA), have in the past petitioned Parliament on aspects of the budget and in some cases presented tax proposals.

Berner (2001) contends that it is important to legalize citizen participation by means of provisions aimed at both informing citizens and seeking input from the public. It is also important to develop a citizen’s guide to the budget. A citizen’s guide to the budget process could provide vital information on how the country obtains and uses revenues and how the citizen’s tax is used. It could additionally provide an overview of budget documents, checks, and balances in the budget process as well as a list of important resources.

In Uganda, there is limited participation of citizens in the legislative stage of the budget process, all the more as there is no legal framework defining the role of citizens and the laws are silent on the role of citizens in the budget process. It is only local governments which occasionally involve citizens in the budget process, especially through parish planning committees. Some respondents from Parliament tried to justify citizens’ non-participation in the budget with the claim that: “…as representatives of the people, we (MPs) play the role of citizens in the budget process by voicing their concerns”.

Parliamentary committees do not advertise to invite memoranda of views on the budget process. However, citizens are free to take proposals to the relevant committees provided they organize themselves appropriately for the presentation. The respondents from the Parliament of Uganda agreed that there was no clearly defined institutionalized mechanism for citizens to participate in the budget process. Further, there are no legal provisions at parliamentary level for citizens’ participation and no guidelines from the Parliamentary Clerk’s department and Public Relations Office. Even donor support in the past, through the Parliamentary Development and Coordination Office (PDCO), to have a CSOs liaison office in Parliament has not changed the status quo.
It was established that interest groups and CSOs participate in the budget process by attending budget conferences and workshops, contributing to committee meetings, and submitting memoranda. The CSO respondents reported that, to some extent, citizens are indirectly represented in the budget process through CSO representation. During the interviews, most key informants could not fathom the role and capacity of citizens to participate in the budget process.

Respondents had divergent views on whether there were bottlenecks and inconsistencies in the laws that limited citizen participation in the budget process. Some respondents reported that the laws were silent on the issue but proposed nothing specific on the role of citizens in the budget process. Others argued that it was not the bottlenecks and inconsistencies in the laws per se that were limiting citizens’ participation in the budget process. Instead, there was the need to simplify the budget in order to enable citizens to understand the budget process and contribute to it, and equally the need to develop a framework for involving citizens and sensitizing them to ensure their participation in the budget process. The respondents from the donor community suggested that capacity building was needed, especially for citizens to stand up for their rights.
Although the performance of the Parliament of Uganda in the budget process has improved, the study found out that there were bottlenecks and inconsistencies in the laws that govern the budget-making process. The bottlenecks and inconsistencies, which are summarized in Appendix 2, include:

- **No provision for review of revenue proposals by Parliament**

  Whereas the expenditure proposals are reviewed by the Committee of Supply, no formal review of revenue proposals is undertaken by Parliament. The Rules of Procedure provide that during sittings of the Committee of Supply, members shall only be entitled to refer to the manner in which revenue will be raised but not to the substance of the proposals.

- **Parliament can only reduce the tax rates**

  The Constitution, under Article 152 (1), stipulates that no tax shall be imposed, except under the authority of an Act of Parliament. Although the Rules of Procedure empower Parliament to critically examine bills on taxation, the same rules, prohibit Parliament from the imposition of taxation or alteration of taxation other than by reduction. In addition, the bill, motion, or amendment would have to be introduced or tabled by a Minister. Such provisions in the rules, therefore, prohibit Parliament from playing a major role in the revenue-raising and decision-making processes. For example, in the last 10 years, Parliament has failed to increase the threshold of PAYE from U Shs 130,000 to U Shs 250,000. Raising the minimum PAYE threshold would cater for the losses in welfare suffered by the lowest paid public servants as a result of price increases. However, the Minister of State for Finance (General Duties) has argued that raising the threshold would lead to revenue loss and widen the deficit and yet, has not initiated any intervention to mitigate workers’ losses (Parliament of Uganda, 2006).

- **Parliament cannot increase expenditure for a given vote or government institution**

  The Constitution of the Republic of Uganda under Article 155(5) allows the President to present the budget to Parliament for approval. The expenditure estimates are
approved by the passing of the Appropriation Bill and Supplementary Appropriation Bill(s). However, the Rules of Procedure of Parliament prohibit Parliament from revising the budget estimates or votes upwards. The budget proposals can only be adjusted within a vote. This rule, therefore, prevents Parliament from playing a decisive role in the approval of expenditure.

● **Provisions for supplementary expenditures are inconsistent**

The provisions on supplementary expenditures in the Constitution, Act, and the PFAA, 2003, were found to be contradictory. The Constitution under Article 156 (b) provides that a supplementary estimate showing sums required or spent shall be laid before Parliament and, in the case of excess expenditure, within four months after money has been spent. The Budget Act, under S. 12, requires that supplementary expenditure shall not exceed 3% of the total approved budget and this, without insistence on any prior approval of Parliament. The PFAA, like the Constitution, only requires that supplementary expenditure showing amount required be laid before Parliament. The inconsistencies in the different laws have been exploited by members of the executive to suit their interest, hence the need for the provisions to be standardized to guarantee the prior parliamentary approval of supplementary expenditure. Further, the government needs to implement the Contingency Fund that would take care of emergencies.

● **Weak provisions on Appropriation in Aid**

The Act under S. 17 (1) requires of the Minister of Finance, for any Vote on Appropriation in Aid, to make a quarterly report to Parliament on the manner in which Funds from the Vote are expended. However, it was established that Ministries, Departments, and Agencies do not make quarterly reports on Appropriation in Aid to Parliament.

Reports from the Office of the Auditor General (2009; 2010) indicate that the Appropriation in Aid was the leading cause of excess expenditure.

● **No provision for review of Grants by Parliament**

A report on grants is provided to Parliament at the time of the presentation of the budget. However, there is no evidence that Parliament formally reviews and makes

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7 *Budget Act, 2001 under S. 13*
recommendations on grants. The PFAA vests the authority to accept grants in the Minister of Finance. The laws governing the budgeting process do not provide for the review of grants by Parliament. It was established that most government agencies still access project aid through a one-to-one arrangement with development partners. Project aid includes off-budget resources channeled by development partners directly to Ministries, Departments, and Agencies. Since Parliament is not involved in overseeing project aid, there is the need for streamlining to ensure that Parliament plays its oversight role.

- **Time difference in macroeconomic plans**

The NPAA, 2003, does not specify the time schedule for the National Budget Framework Paper and development plans. Uganda has a five-year National Development Plan (NDP) and the 2010/2011 budget was drafted in line with the thrust of the Plan. The Constitution allows the President to prepare fiscal and monetary programs and plans for economic and social development, covering periods exceeding one year. However, the Budget Act, 2001, provides for a three-year macroeconomic plan and program. It was established that the MTEF paper already makes five-year projections. Removing the three-year time from the Budget Act would eliminate the challenge of having differing time frames in the laws, plans, and papers.

- **No provision for citizens’ participation in the budget process**

None of the laws on the budget-making process provides for citizen participation in the budget-making process. Article 90 (3) of the Constitution and Rule 181 (a) of the Rules of Procedure provide for committees of Parliament to call any private individuals to submit memoranda or appear before them to give evidence but without specific reference to the budget-making process.

- **Regulations on the Budget Act, 2001**

No regulations were formulated for the proper implementation of the Act. Subsidiary legislation would have supplemented specific provisions in the Act. The Act also did not specify the authority to make the regulations.
6. EFFECTIVENESS OF THE BUDGET ACT, 2001, IN RESOLVING GAPS AND INCONSISTENCIES IN THE BUDGET PROCESS

6.1 Performance of Parliament of Uganda in the Budget Process

The findings of the assessment are that the performance of the Parliament of Uganda in the budget process has improved since the coming into force of the Act. The Act introduced clear timelines and predictability. The indicative budget is brought early to Parliament and this ensures the involvement and engagement of stakeholders, especially ministry officials. There are now more formal consultations between the executive and the legislature; thus the budget process is considered more consultative and participatory than in the past. The Budget Committee and Budget Office which were subsequently established are functional. The Budget Office and occasionally the Research Division provide technical advice on the budget to MPS.

The visibility of Parliament in the budget process has greatly improved. According to Hon. Nathan Byanyima,

“...in the past there used to be a lot of speculation with citizens anticipating many changes in the budget. Many measures were not budget proposals at all since the Minister would announce that this measure takes effect from midnight tonight”.

The role of Parliament in the budget process is now better structured, as noted by another Member of Parliament, Hon. Odit. He stressed that Parliament had become an avenue for Ministries to successfully present cases for more resources. The Sessional Committee report on Finance 2004 observed: “Funds allocated to NPA were inadequate. They could not cover the funds needed to recruit staff, buy equipment and vehicles.”

Similarly, the Report of the Sessional Committee on Finance (2008) noted: “The NPA continued to be underfunded crippling its programmed activities despite earlier parliamentary recommendations to uplift its funding levels”. The Committee recommended that: “... NPA be funded to a level befitting of its statutory status and constitutional mandate”.

22
The institutions that have had their budgets revised upwards, after arguing out their cases before Parliament, include National Planning Authority (NPA), Office of Auditor General (OAG), Uganda Revenue Authority (URA), and Inspectorate of Government (IG) (see Table 1). Allocations to the NPA were increased from U Shs 2.7 billion in 2007/08 to U Shs 10.7 billion, while the allocations to the OAG were more than doubled from U Shs 8.3 billion in 2007/08 to U Shs 21.2 billion in 2008/09.

### Table 1: Approved Estimates for Selected Institutions: 2005/06-2010/11 (U Shs billion)

<table>
<thead>
<tr>
<th>Institution/Year</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Planning Authority</td>
<td>1.7</td>
<td>2.7</td>
<td>2.7</td>
<td>10.7</td>
<td>9.8</td>
<td>9.8</td>
</tr>
<tr>
<td>Office of Auditor General</td>
<td>-</td>
<td>8.0</td>
<td>8.3</td>
<td>21.2</td>
<td>26.1</td>
<td>26.8</td>
</tr>
<tr>
<td>Uganda Revenue Authority</td>
<td>-</td>
<td>-</td>
<td>87.9</td>
<td>89.8</td>
<td>108.0</td>
<td>115.7</td>
</tr>
<tr>
<td>Inspectorate of Government</td>
<td>11.5</td>
<td>14.3</td>
<td>21.7</td>
<td>16.1</td>
<td>16.1</td>
<td>18.3</td>
</tr>
</tbody>
</table>


While there is no denying that Parliament has performed well, it is also true that most of its recommendations have not been considered for implementation. Most focus in the budget process is still put on the MFPED with the result that the contribution of Members of Parliament to the budget process is limited by the ceilings that are determined by MFPED. The mandate to determine the budget ceilings is not defined in the Budget Act, 2001, or any other laws related to the budget-making process.

The MFPED argued that determining ceilings was a highly technical process which should not be influenced by subjective debates. The ceilings are determined on the basis of the absorption capacity of the economy, entitlements like salaries, and Government commitments like the Universal Primary Education and Universal Secondary Education which leave the MFPED with very little room for maneuver. The MFPED has nevertheless agreed to improve on the availability of information on how ceilings are fixed.
Often, Parliament hurriedly approves the budget without extensive scrutiny. For example, the legislature hardly debated the 2010/11 budget proposals due to the proximity of elections. During the budget debates, the Speaker announced a three-week recess to allow MPs to campaign. Thereafter, they returned to hurriedly pass the budget. This raised questions as to how effective the MPs’ scrutiny of the budget had been. In the 2008/2009 financial year, Parliament only evaluated four out of the 13 sectorial budgets.

Respondents from the donor community noted that although Parliament debates and approves the budget, it does not really influence the final budget. Giving the example of the budget for the 2010/11 financial year, a representative from the donor community has this to say: “The ministers have taken over the budget; for example, in Parliament this year, it was only ministers who presented their policy statements and the MPs just approved (them) without debating.”

### 6.2 Performance of the Budget Office

Respondents acknowledged that the Budget Office had done a commendable job in giving technical guidance and budget information to parliamentary committees. However, most of the analysis was ‘issue-based’ and not the complicated technical examination which would have revealed the cause-and-effect relationship driving the budget proposals and probed their outcomes. One respondent commented, “… they do not interrogate the macroeconomic fundamentals (i.e. the broad picture) but dwell on sectors like education”.

As a new entity, the Office is still evolving in the face of a number of challenges. Since its inception, it has had problems accessing information from government institutions. Other challenges include:

- inadequate experience and skills of its officials and operatives
- Budget Officers not being multi-disciplinary (i.e. they are only economists with limited exposure in other disciplines and domains; besides, the Budget
- Office does not have gender, environmental, and social specialists on its staff), poor equipment
- inadequate material resources
- understaffing
- high staff turnover and low morale
- poor remuneration

### 6.3 Alternative Budget Proposals

Although the Parliament of Uganda has, in theory, a wide mandate to consider and approve the budget, it does not make alternative budget proposals. The reason for this disconnect is that Parliament’s amendment powers are subject to a presidential veto. In addition, Parliament’s powers are restricted in financial matters; the Constitution under Article 93 and Rule number 108 of the Rules of Procedure bars Parliament from proceeding on a bill or motion that would:

- impose or alter tax
- impose a charge on the Consolidated Fund
- impose payment, issue or withdrawal from the Consolidated Fund
- impose a remission from any debt due to the Government of Uganda

### 6.4 Amendments to the Budget Proposals

Under the Act, it is evident that Parliament is required to play a critical role in the budget process. However, in reality, it does not. This is because Parliament does not have a say in determining sector ceilings which are important in implicitly determining sector priorities. The MFPED ‘dictates’ the ceilings to the Ministries. Another reason is that the executive disregards Parliament’s recommendations to effect changes to the budget. The recommendations in committee reports that are debated and approved by Parliament in plenary sessions are not necessarily included in the Appropriations Bill which is tabled in the House. Sometimes as well, funds which have been appropriated are not released. Further, the Parliament of Uganda does not make amendments to the revenue and expenditure proposals. Parliament makes proposals and recommendations on the indicative budget. These are either accepted or rejected, but government gives reasons for its decision on the matter. Muhumuza noted: “Most of the recommendations are taken and in cases where they are not, the Executive always gives reasons why they have not (been accepted).”
Additionally, Parliament suggests alterations and reallocations within particular sectors. With respect to revenue, Parliament does not consider revenue proposals. No documentation was readily available to show that Parliament had ever tabled a motion to approve revenue proposals. There was also no formal consideration done on grants. Some respondents assumed that the Local Revenue proposals had been reviewed indirectly through the review of the tax proposals as contained in the taxation bills.

The tax proposals are reviewed by the Parliamentary Committee on Finance, Planning, and Economic Development (FPED). The loans are considered and reviewed by the Parliamentary Committee on National Economy. Parliament only approves each loan on the basis of where it will be spent but not on the basis of alternative sources and terms of the loans. In effect, the approval of loans is simply not considered at the time of passing the budget.

6.5 Supplementary Expenditure

In a weak budget system, there are frequent adjustments to spending plans during the financial year, a practice referred to as ‘continuous budgeting’. Legislatures might be asked to approve a large number of supplementary or adjustment budgets. In such a scenario, the annual budget loses its authoritative status as the comprehensive financial plan of government, and budgeting easily assumes the character of a speculative exercise destined to produce a document that will bear little resemblance to the budgetary reality. 8

In Uganda, supplementary expenditures are presented to and approved by Parliament. The concern among key informants was that supplementary expenditures were presented when funds had already been spent. The respondents suggested that government should seek approval first before embarking on spending.

In addition, the MFPED sometimes carries out arbitrary budget cuts without involving Parliament or the sectors which are to be affected. This is clearly against the provisions in the Budget Act. These budget cuts affect the performance of the sectors concerned.

For example, in 2002, two months after Parliament had passed the budget proposals and programs into law, Cabinet agreed to a 23 per cent budget cut on the non-protected, non-PAF, non-wage, and development expenditures for the financial year 2002/03 to ease additional expenditure pressures (Parliament of the Republic of Uganda, 2003). Further, some Ministers do not defend their budgets during the budget process, a practice which creates unnecessary tension after the approval of the budget and inevitably triggers a spiral of requests for supplementary expenditure.

Table 2: Supplementary Expenditure: 2005-2010 (U Shs billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved Budget</td>
<td>3,454.4</td>
<td>3,803.7</td>
<td>4,373.6</td>
<td>4,734.3</td>
<td>5,858.7</td>
<td>7,080.8</td>
<td>7,552.0</td>
</tr>
<tr>
<td>Supplementary Budget</td>
<td>163.8</td>
<td>183.1</td>
<td>292.3</td>
<td>226.8</td>
<td>254.2</td>
<td>332.5</td>
<td>601.7</td>
</tr>
<tr>
<td>Percentage of Supplementary Expenditure</td>
<td>4.7</td>
<td>4.8</td>
<td>6.7</td>
<td>4.8</td>
<td>4.3</td>
<td>4.7</td>
<td>8.0</td>
</tr>
</tbody>
</table>

Source: MFPED, Background to the Budget (various years) and Authors’ Calculations; The Supplementary Appropriation Act, 2009 (Various)

The average supplementary expenditure in the last seven years was 5.4 per cent of the approved estimates. The supplementary expenditure for the financial year 2010/2011 is anticipated to be above the average for the seven years.

The Parliament of Uganda in January 2010 approved supplementary expenditures of U Shs 601.7 billion, representing eight per cent of the total budget for 2010/2011 (see Table 2).

On the other hand, it was established that there had been excess expenditures not approved by the Parliament of Uganda. According to OAG Reports (2008; 2009), there has been an upward trend in excess expenditure in the recent past. In 2007/08, 18 votes

\[9 \text{ Supplementary Expenditure for FY 2010/11 as at the beginning of January 2011} \]
incurred excess expenditure but this figure increased to 26 entities in 2008/09. The level of excess expenditure was U Shs 55.7 billion and U Shs.130.4 billion in 2007/08 and 2008/09 respectively. This was attributed first to weaknesses in controls over budgetary expenditure, second to weaknesses in record keeping, and third to the inappropriate application of the prescribed accounting policy regarding Non-Tax Revenue (NTR), donor funding, and Appropriation in Aid (AIA). For Ugandan missions abroad, the major cause was the unauthorized utilization of NTR at source. In the view of many informants, any amounts in excess of the approved budget should be regularized in accordance with the requirements of the PFAA.

6.6 Time Schedules

Parliament is allocated adequate time for the consideration and approval of the budget, from April to September, which is about five months. It was also noted that parliamentary committees were free to monitor and evaluate the budget throughout the year. The concern, however, was that the executive did not comply with set timelines. Some of the time frames that were not abided to included:

- submission of policy statements on estimates by ministries
- quarterly reports to Parliament on exemptions from tax
- quarterly reports to Parliament on Appropriation in Aid

In Zambia, the budget is read three months before the beginning of the financial year (Inter-Parliamentary Union, 2009). In Uganda, on the other hand, the MFPED was against reading the budget three months before the beginning of the financial which would necessitate the removal of the vote on account, because:

- the MFPED would not have adequate time to make projections for the next financial year;
- it would have implications for the timing and availability of donor support for inclusion in the budget; and
- East African Community consultations would require member-countries to also read their budgets three months before the financial year.
6.7 The Work and Recommendations of Accountability Committees feeding into the Budget Process

**Graph 1:** Strength of Engagement of Supreme Budget Institutions in the Budget Process

Source of data: The Open Budget Survey, 2010.

In the East African region alone, Uganda lies at the bottom of the table on the ability of institutions to effectively monitor and influence the budget and budgetary process (Uwazi-Twaweza, 2010; Graph 1). Although the Accountability Committees are vocal and very active in Parliament, their work and recommendations are not integrated into the budget process. The Accountability Committees have a backlog of the Auditor General’s reports to review. Even when they review the reports, they do not have a mechanism for mainstreaming the recommendations into the budget process. In effect, no formal working relationship has been established between the Accountability Committees and other sessional committees of Parliament.
7. PROPOSED AMENDMENTS TO THE LEGAL FRAMEWORK RELATING TO THE BUDGET

The study recommends the following amendments to the legal framework underpinning the budget-making process:

   - No amendment was proposed to the Constitution

b. The Budget Act, 2001

These amendments were proposed:

- provision for a formal review and approval of the revenue proposals (this could be through the tabling of a motion as is done in the approval of loans).
- provision for the person or authority mandated to waive or vary any tax to submit annual reports to Parliament.
- deletion of the provision on supplementary expenditure of three percent of the total budget prior to the approval of Parliament (all supplementary expenditure would require the prior approval of Parliament since any emergencies would be catered for under the proposed Contingencies Fund Act).
- stipulation that the Minister of Finance reports annually on the Appropriation in Aid.
- institution of appropriate sanctions and penalties in the event of non-compliance.
- provision for an open-ended period for the macroeconomic plan as well as social and economic development plans and programs.
- provision for a review and approval of grants by Parliament (this may also be by way of a motion as it is done for loans).
- institution of regulations to supplement specific provisions in the Act.


Amendment of Rule 55 and 108 (a) to enable Parliament, within limits, to propose and make changes to tax, revenue, and expenditure estimates.
d. The Public Finance and Accountability Act, 2003

These amendments were proposed:

- repeal of S. 10 on the Contingencies Fund
- deletion of S. 16 of the Supplementary Estimate Act since it will be provided for in the proposed Contingencies Fund Act.

The National Planning Authority Act, 2002

No Amendment was proposed.

e. Passing of the Contingencies Fund Act

This would ensure adequate provision for emergencies, eliminate supplementary expenditure without prior approval of Parliament, regulate the operations of the Fund, and repeal provisions for the Contingencies Fund in the PFAA.

f. Enactment of Legislation to involve Citizens in the Budget-Making Process
8. WAY FORWARD AND CONCLUSIONS

8.1 The Way Forward
To ensure effective parliamentary and citizen participation in the budget process, the study recommends the strengthening of the legal and administrative framework:

8.1.1 Strengthening the Legal Framework

8.1.1.1 Amending and Harmonizing the Laws
As suggested by key informants, there is the need to amend the laws to remove inherent bottlenecks and inconsistencies. The consensus was that the laws should be amended to harmonize issues, such as supplementary expenditures; period for the planning framework; provision for review and amendment of revenue proposals; imposition of appropriate penalties; time for reporting and the Appropriation in Aid. In addition, the legislature should explore ways of obtaining more authority from the law in order to amend the budget proposals presented by the executive, including spending and revenue forecasts.

The other ways of resolving the bottlenecks and conflicts in the budget process are:

- formulation of regulations to fully operationalize the Budget Act, 2001
- specification of penalties for those who do not meet the requirements
- dialogue through the engagement of all the stakeholders
- simplification of the budget to enable citizens to understand and contribute to the budget process.

8.1.1.2 Legislating on the Participation of Citizens in the Budget Process
The involvement of citizens in the budget process should be backed by government legislation. It is important to legalize citizen participation through provisions aimed at both informing citizens and seeking input from the public.
8.1.1 Strengthening the Administrative Framework

8.1.1.1 Providing Comprehensive Information on the Budget
It is important to ensure that appropriate levels of documentation are provided to Parliament undertake the review of the budget effectively. The executive’s budget proposal should be made more comprehensive. For, though it is published in Uganda, it still lacks details on some essential issues. Many of the respondents identified the need to improve data sharing. This relates not only to the need for more information, but also to the assurance and requirement of a high quality, relevant, timely, easily accessible, and understandable data as per the Access to Information Act, 2005.

8.1.1 Development of a Framework for involving Citizens
Parliament should develop a Citizen’s Guide to the budget process. In addition, Parliament should:

- establish a Citizens’ Budget Committee
- provide training to citizens on the budget process
- allow citizens to access meetings, information, and records.

Parliament should explore means of increasing participation through the conduct of extensive consultations; the formation of alliances; the engagement of think tanks; open requests for memoranda; sensitization of citizens; invitation to NGOs and the private sector to contribute to committee meetings; increased access to committee and House reports and resolutions. Parliament should further explore ways of involving professional organizations, research institutions, and higher institutions of learning in the national budget-making process. Outreach programs and public hearings by the Budget Committee should from part of the budget-approving process. Subject to availability of space for public hearings, the public can also engage directly with the legislature on the budget process.

8.1.2 Enhanced Skills for the National Budget-making Process
The budget-making cycle is a technical process that requires commitment and highly specialized skills which take time to acquire. Parliament should continue with the empowerment of MPs and support staff with the necessary skills. For example, the
Budget Committee and Budget Office should be strengthened through training, retention of staff and committee members, skills and staff development, enhanced material resources, increased workforce, incentive packages, and facilitation of their work.

8.1.3 Enforcement of Penalties and Sanctions
Parliament should strictly monitor implementation of the budget and penalize ministries which deviate, without justification, from the approved budget.

8.1.4 Accountability Committee Recommendations
The Budget Committee should work closely with sectorial committees and accountability committees. Audit reports should be made more comprehensive, and a mechanism to enforce accountability in line with the committee’s recommendations on the reports should be developed. The executive should be bound by law to implement the recommendations of the Accountability Committee (i.e. Public Accounts Committee). This should involve capacity building for PAC members and staff so as to strengthen their effectiveness to undertake an objective review of the Auditor General’s reports.

8.2 Conclusion
The Parliament of Uganda has the legal basis for meaningful engagement in the budget process. Whereas Parliament’s role in the budget process has greatly improved over the years, bottlenecks and inconsistencies in the laws that govern the process persist to the detriment of the nation. In Uganda, supplementary expenditures are presented to and approved by Parliament. It was established that there had been excess expenditures not approved by Parliament. Although Parliament theoretically has a wide mandate to consider and approve the budget, it lacks the power and authority to make alternative budget proposals. Parliament does not hold public hearings and the citizens do not actively and directly participate in the budget process. There has been no legal provision for citizens to participate in the budget process and Parliament does not have a defined framework for citizens’ participation. The opportunity for the meaningful engagement of the citizens should be nurtured and guidelines developed to ensure citizens formally participate in the budget process in the name of transparency and the common good.
# REFERENCES


REFERENCES


REFERENCES


### APPENDICES

### Appendix 1: Timeline and Activities in Uganda’s Budget Process

<table>
<thead>
<tr>
<th>Activity</th>
<th>Output</th>
<th>Responsible Institution</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of the Macro-economic Framework and National Priorities for the coming Fiscal Year</td>
<td>Resource Envelope and Indicative MTEF</td>
<td>MFPED</td>
<td>Sep</td>
</tr>
<tr>
<td>Cabinet Retreat</td>
<td>Policy Paper on the Budget</td>
<td>Cabinet</td>
<td>Sep</td>
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<tr>
<td>First Budget Workshop</td>
<td>Draft Budget Strategy</td>
<td>MFPED</td>
<td>Oct/Nov</td>
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<tr>
<td>Local Government (LG) Budget Workshops</td>
<td>Report on LG Budget Issues</td>
<td>MFPED</td>
<td>Dec</td>
</tr>
<tr>
<td>Inter-Ministerial Consultations, and Consultations on Donor Commitments (Ongoing)</td>
<td>Report on Sector Policies and Priorities</td>
<td>MFPED</td>
<td>Feb</td>
</tr>
<tr>
<td>Finalization of the NBFP</td>
<td>Draft NBFP</td>
<td>MFPED</td>
<td>Mar</td>
</tr>
<tr>
<td>Cabinet Approval of NBFP</td>
<td>Approved NBFP</td>
<td>Cabinet</td>
<td>Mar</td>
</tr>
<tr>
<td>Parliamentary Discussion of NBFP</td>
<td>Comments on BFP to President</td>
<td>Speaker</td>
<td>May</td>
</tr>
<tr>
<td>Public Expenditure Review (PER) Meeting</td>
<td>Donor and CSO Comments</td>
<td>MFPED</td>
<td>May</td>
</tr>
<tr>
<td>Consultations with EAC Finance Ministers</td>
<td>Harmonized Regional Priorities and Tax Regimes</td>
<td>MFPED</td>
<td>May</td>
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<tr>
<td>Consultations with the President</td>
<td>Draft Cabinet Memorandum</td>
<td>MFPED</td>
<td>Jun</td>
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<tr>
<td>Cabinet Meeting on the Budget</td>
<td>Approval of the Budget</td>
<td>Cabinet</td>
<td>Jun</td>
</tr>
<tr>
<td>Finalization and Presentation of the Budget</td>
<td>Budget Speech</td>
<td>President</td>
<td>Jun</td>
</tr>
<tr>
<td>Preparation of Ministerial Policy Statements</td>
<td>Ministerial Policy Statements</td>
<td>All Accounting Units</td>
<td>Jun</td>
</tr>
<tr>
<td>Finalization of Vote on Account</td>
<td>Vote on Account (^{10})</td>
<td>Parliament</td>
<td>Jun/Jul</td>
</tr>
<tr>
<td>Discussion and Approval of Budget by Parliament</td>
<td>Approved Budget</td>
<td>Parliament</td>
<td>Jul - Sep</td>
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</tbody>
</table>

**Source:** Ministry of Finance, Planning and Economic Development

\(^{10}\) The procedure enables Parliament to provide approval for Government to spend up to One Third of the Budget before final approval. This is in line with Article 154(4) of the Constitution.
### Appendix 2: Summary of Bottlenecks and Inconsistencies in the Laws and Policy Framework relating to the Budget Process

<table>
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<tbody>
<tr>
<td>Review of Revenue Proposals</td>
<td>No provision for review of revenue proposals</td>
<td>S 7 (3): Speaker submits recommendations on the indicative preliminary revenue and expenditure</td>
<td>Rule 129 (3): When debating in the Committee of Supply, members are entitled to refer to the manner in which revenue will be raised.</td>
<td>S 15 (1): The Minister of Finance shall lay before Parliament estimates of the revenues and financing requirements of Government for that year</td>
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<tr>
<td>Tax Proposals</td>
<td>Art 152 (1): No tax shall be imposed except under the authority of an Act of Parliament</td>
<td>S 15: Reports on exemptions from tax are only required to be laid before Parliament.</td>
<td>Rule 108 (b) prohibits Parliament from introducing a bill, motion, or amendment for the imposition of taxation or the alteration of taxation other than by reduction</td>
<td>Silent</td>
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</table>
| Upward Revision of Expenditure Proposals | Art. 79 (1) & 156 (1): Appropriation Bill approved by Parliament to provide for issue from the Consolidated Fund | S 7 (3): Speaker submits recommendations on the indicative preliminary revenue and expenditure | Rule 108 (b) prohibits Parliament from introducing a bill, motion, or amendment which would impose a charge on the Consolidated Fund or other public funds of Uganda. | S 15 (3): Appropriation Bill shall be introduced to Parliament to provide for issue from the Consolidated Fund | N/A
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<tr>
<td>Supplementary Expenditures</td>
<td>Art 156(2): Supplementary estimates showing the sums required or spent shall be laid before Parliament and in case of excess expenditure, within four months after money has been spent.</td>
<td>S 12: Total supplementary expenditure which requires over and above what is appropriated by Parliament shall not exceed 3% of the total approved budget for that FY without the prior approval of Parliament.</td>
<td>Rule 129 (10) (10): The House shall consider any supplementary estimates for such period as the Business Committee shall decide.</td>
<td>S 16: Supplementary estimate, showing the amount required, shall be laid before Parliament.</td>
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<tr>
<td>Appropriation in Aid</td>
<td>Silent</td>
<td>S 17: The Minister of Finance shall present quarterly reports to Parliament on Appropriation in Aid</td>
<td>Silent</td>
<td>Silent</td>
<td>N/A</td>
</tr>
<tr>
<td>Contingencies Fund</td>
<td>Art. 157: Parliament shall make provision for the establishment of a Contingencies Fund and shall make laws to regulate the operations of that fund</td>
<td>S 16: The Minister of Finance within 14 days submits a report to Parliament on advances from the Contingency Fund.</td>
<td>Silent</td>
<td>S 10 (1): There shall be a Contingencies Fund for national emergencies into which shall be paid all sums appropriated by Parliament for the purposes of the Fund.</td>
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<td><strong>External Loans</strong></td>
<td>Art 159(2): Government loans to be authorized by Parliament</td>
<td>S 13(1): President, at the time of presentation of budget to Parliament, provides a report on loans and grants.</td>
<td>Rule 152 (2) (b) to examine and make recommendations to the House on all loan agreements required to be approved or accepted by the House under Article 159 of the Constitution</td>
<td>S 20(1) : The authority to accept grants shall be vested solely in the Minister of Finance.</td>
<td>S 29 : The Minister of Finance to specify the amount expected to be raised from loans and grants during that year.</td>
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<tr>
<td><strong>Grants</strong></td>
<td>Silent on the authority to accept grants</td>
<td>S 13(1): President, at the time of presentation of budget to Parliament, provide a report on loans and grants</td>
<td>Silent</td>
<td>S 20(1) : The authority to accept grants for and on behalf of the Government shall solely be vested in the Minister of Finance.</td>
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<tr>
<td><strong>Macroeconomic Plan and Indicative Framework</strong></td>
<td>Art 155(5): President may cause to be laid fiscal and monetary programs and plans for economic and social development covering periods exceeding one year. President may cause to be laid estimates of revenue and expenditure covering periods exceeding one year.</td>
<td>S 4(1): President shall lay before Parliament a three-year macroeconomic plan and program</td>
<td>Silent</td>
<td>S. 15: Estimates of revenue and expenditure to be laid for that year by the Minister of Finance.</td>
<td>- No time frame in the NPAA 2003 - NDP is for five years</td>
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<td>Citizens’ Participation in the Budget Process</td>
<td>Art 90 (3): Committees of Parliament may call any private individuals to submit memoranda or appear before them to give evidence</td>
<td>Silent</td>
<td>Rule 181(a): Committees of Parliament may call any private individuals to submit memoranda or appear before them to give evidence</td>
<td>Silent</td>
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