



PRESS STATEMENT

“ A CALL TO PARLIAMENT TO REJECT INAPPROPRIATE AMENDMENTS TO THE PUBLIC FINANCE MANAGEMENT ACT, 2015”

Held at CSBAG offices on 11th October 2015

On 30th September 2015, the Minister of Finance, Planning and Economic Development tabled amendments to the Public Finance Management Act, 2015. This was rather an unprecedented move that has shocked many citizens given that it is barely six months since this law was assented to by H.E the President of Uganda. In its current form, the Public Finance Management Act, 2015, provides strong checks and balances against wasteful Government expenditure and debt financing; allows for enhanced Parliamentary oversight over GOU fiscal management as well as conformity of sector budgets to gender and equity budget guidelines developed by Government.

While CSOs and citizens agree that amendments to laws are necessary; where appropriate; the members convened here disagree with the largely unsuitable tabled amendments. The amendments seek to make changes to 8 sections of the Principal Act.

Our fears on the proposed amendments

Under **Section 9** of the PFMA 2015 that provides for preparation and submission of the sector Budget Framework Paper to Parliament, Government is proposing to substitute the word “Accounting Officer” with “Sector” and further seeks to substitute “vote” with “sector”.

The major concern here is that by choosing to replace “Accounting Officer” with “Sector”, it absolves the Accounting Officer of any personal responsibility in financial mismanagement of public finances. CSOs believe that this will encourage corruption with impunity.

Our other concern is the Killer proposal to repeal the Certificate of Gender and Equity under Section 13, subsection (15) (g) of the Principal Act. This is a disappointment given that Uganda was the

first country in world to have a gender clause embedded in the public finance management laws. The proposal to tag the policy statement to priorities identified in the National Budget Framework Paper (NBFP) does not require repeal of the whole section, but rather a clarification in the PFM regulations. Eliminating this clause will greatly affect Government current strides in ensuring gender equality and empowerment of marginalized groups especially as the country seeks to implement the Sustainable Development Goals.

The amendments also seek to allow a Vote to retain funds up to 31st October of the following financial year following authorization from the Permanent Secretary. This contravenes **Section 17** of the Public Finance Management Act that requires all votes to return all unutilized funds by 31st July of the following financial year. According to the Auditor General's report for FY 2013/14; UGX.9, 412,704,745 was returned to the Consolidated Fund and projects returned UGX.217, 393,823,773. Members present believe that increasing this grace period will encourage laxity among Accounting Officers in processing payments, procuring goods and services and consequently delays in service delivery.

While CSOs agree with the move to replace the Minister with Secretary to the Treasury is okay because the functions envisaged are rather technical, widening the scope of a virement from 10% of the activity is to maximum 10% of the vote is a gross deviation and may perpetuate financial indiscipline. This is so because 10 % deviation from the approved spending plans has potential to distort expenditure plan for the whole sector.

Amendment of **Section 25** causes a relapse into the past where the source of funds for the supplementary budget were not clearly defined and Government would obtain funds from anywhere the national budget. In the current law, it is required that Government allocates a realistic reserve in the Contingencies Fund to cater for this. The proposed amendment therefore allows for destabilization of the economy through reallocation of already planned funds to cater for the supplementary budget; therefore rendering the Contingency Fund unnecessary.

In addition, the current law requires the Minister to lay before Parliament the supplementary budget for approval, before it can be expended. However the bill seeks to make a provision for Government to seek approval within 4 months after the money is spent; thus providing leeway for Parliamentary approval after expenditure of the

funds. This proposal is unacceptable as it perpetuates unnecessary fiscal expenditure especially during the elections where appetite to spend is high.

Amendment to **Section 36** proposes that Government can acquire any loan that does not extend beyond a financial year without Parliament approval. Further still, a loan raised by government as a temporary advance by the bank of Uganda which does not extend beyond a financial shall not necessitate approval by Parliament. The proposal to alter Section 36 will only serve to undermine the role of Parliament in approving all loans as provided for in Constitution of Uganda; and provide no oversight for maintaining the public debt that is currently at USD 7,534.1m as at end June 2014 according to the Medium Term Debt Management Strategy (MTDS) FY 2015/16 – 2019/20.

Citizens also note with concern the proposal contained in the Amendment of **Section 82** of the PFMA that grants Bank of Uganda power to make temporary advances to government and local governments in respect to temporary shortages of the recurrent revenue, without approval of Parliament. This proposal not only undermines the role of Parliament to approve all loans; but allows Bank of Uganda discretion to print money for fiscal use which only results in increasing inflation and a poor macroeconomic environment as is already being witnessed today. This is like giving Government of Uganda a blank cheque without any checks and balances.

In light of all these amendments, CSOs declare that the proposed amendments are now contrary to keeping prudent finance management principles and urge Parliament to consider the following recommendations:

- I. Stay the amendment to repeal the Certificate of Gender and Equity (CGE) under Section 13, Subsection 15 which requires that every sector submits work plans and budgets that are gender responsive. If the Ministry of Finance has no capacity to issue CGE, then the sole responsibility should be given to the Equal Opportunities Commission (EOC) which was originally proposed by Civil Society.
- II. We strongly recommend that Accounting Officers must remain accountable under Section 9 to maintain responsibility for developing the Budget Framework Papers for their institutions and therefore financial management of their institutions; rather than leaving it to the sector.

- III. Furthermore, CSOs call for rejection of the proposal that allows the Bank of Uganda to print money to fill any void in recurrent revenue; unless deemed unnecessary and only following Parliamentary approval. It also urges Parliament to reject the proposal that seeks to undermine its powers of approval of all public debt to ensure debt sustainability.
- IV. Citizens continue to call for maintaining of the Section 17 that requires accounting officers to return funds to the Consolidated Fund by 31st July of the following financial year.
- V. Maintenance of Section 20 where only Parliament shall provide approval for the Minister to reallocate funds from a vote to another vote in case of transfer of functions between votes.
- VI. Only 10% be allowed for the Secretary to the Treasury to vary within the total vote allocation as originally stipulated in Section 22, subsection 2 to ensure financial discipline.
- VII. Amendments for section 25 on supplementary budgeting should be rejected as they are a threat to prudent public Finance management.
- VIII. Section 36 must be maintained in its entirety where the loan raised by the Minister must be laid before Parliament and the loan shall only be enforceable upon Parliament approval, by a resolution.

CSOs hereby call Ugandan citizens to actively lobby their area MPs to reject these proposals and maintain the PFM Act, 2015 in its entirety. Citizens and CSOs gathered here therefore urge Members of Parliament to reject these proposals to preserve the integrity of the Act to ensure prudent financial management practices, debt sustainability and effective Parliamentary oversight over public resources. We also emphasize the importance of maintaining the CGE to serve the needs of all Ugandans; particularly the vulnerable persons including youth and women for gender responsive development.

We the undersigned make this appeal to Members of the 9th Parliament:

OUR TEAM

The **Civil Society Budget Advocacy Group** (CSBAG) since its launch in 2004 has made major leaps towards ensuring that the Ugandan budget making process is more participatory, transparent and citizens' concerns are prioritized in government budget allocations and implementation. Our membership is comprised of the following 75 institutions:

Action Aid International Uganda | (AA - IU)
Website: www.actionaid.org/Uganda

ABICWA
District: [Abim](#)

African Centre for Trade and Development (ACTADE)
Website: www.actade.org

African Centre for Treatment and Rehabilitation of Torture Victims (ACTV)
Website: www.actvuganda.org

Advance Afrika
Advocates Coalition for Development and Environment (ACODE)
Website: www.acode-u.org

Anti-Corruption Coalition Uganda (ACCU)
www.accu.or.ug

Agago NGO Forum
District: [Agago](#)

Action Group for Health Human Rights and HIV/AIDS (AGHA)
Website: www.agha.or.ug

African Youth Development Link (AYDL)
Website: www.aydl.org

African Women's Economic Policy Network (AWEPON)
Website: www.awepon.net

Ashay Razyn foundation limited
Web: www.arfuganda.org

Awotid – Uganda
District: [Abim](#)
Caritas Kampala
Website: www.caritaskampala.org

Center for African Policy
Website:

Center for Domestic Violence (CEDOVIP)
Website www.preventgbv africa.org

Center for Governance, Peace and Security
Website: www.gasuganda.com

Center for Policy Research and Development Initiatives
Website: www.cepordi.org

Centre for Women in Governance (CEWIGO)
Website: www.cewigo.org

Community Restoration Initiative Project
Website:

Development Network of Indigenous Voluntary Associations (DENIVA)
Website: www.deniva.or.ug

Development Research and Training (DRT)
Website: www.drt-ug.org

Development Watch (DEMWatch)
Deutsche Stiftung Weltbevölkerung- Uganda
Website: www.dsw-online.org

Eastern and Southern Africa Small Scale Farmers Forum (ESAFF- Uganda)
Website: www.esaff.org

Environmental Alert (EA)
Website: www.envalert.org

Food Rights Alliance (FRA)
Web: www.fra.ug

Forum for Women in Democracy (FOWODE)
Website: (www.fowode.org)

Forum for Kalongo Parish Women Association
District: [Agago](#)

FOWODE Young Leaders Alumni Association (FYLAA)
Website: www.fylaa.org

Hope after Rape
Website: www.har.interconnection.org

Hunger Fighters Uganda
Website: www.hungerfightersuganda.org

Human Rights Network Uganda (HURINET- U)
Website: www.hurinet.or.ug

Initiative for Social and Economic Rights - Uganda
Website: www.iser-uganda.org

Institute of social transformation (IST)
Website: www.ist-tft.org

Innovations for poverty action (IPA)
website: www.poverty-action.org

Isis-WICCE
Website: www.isis.or.ug
[Integrated Disabled Women Activities \(IDIWA\)](#)
Website: www.idiwa.org

Jenga Afrika
Website: www.jengaafrika.org
[Kiyita Family Alliance for Development \(KIFAD\)](#)
Website: www.kifad.org

Muti Community Based Development Initiative
District: [Abim](#)

National Association of Women Organisations in Uganda (NAWOU)
Website: www.nawouganda.org

National Forum for People Living with HIV/AIDS Network in Uganda (NAFOPHANU)
Website: www.nafophanu.org

National Union of Women with Disabilities of Uganda (NUWODU)

National Union of Disabled Persons Uganda (NUDIPU)
Website: www.nudipu.org

Nen Anyim Community Based Group
District: [Agago](#)

Participatory Ecological Land Use Management (PELUM)
Website: www.pelumuganda.org

Patongo Counseling Community Outreach
District: [Agago](#)

Passion for community development organization
District: [Agago](#)

People Living with HIV/AIDS Network
District: [Abim](#)

Platform for Citizen Participation and Accountability (PLACA)
Website: www.placaug.org

Regional Associates for Community Initiatives (RACI)

Website: www.raciug.org

Rwenzori Consortium for Civil competence (RWECO)
Website: www.rweco.org

Spinal Injuries Association- Uganda
District: Kampala
Shelter and Settlements Alternatives-Uganda
Website: www.ssauganda.org

Southern and Eastern African Trade Information and Negotiations Institute (SEATINI-U)
Website: www.seatiniuganda.org

Real Agency for Community Development
Website: www.racd-uganda.org

Save Health Uganda (SHU)
Website: www.shu.or.ug

Toro Development Network-Toro-Dev
Website: www.torodev.kabissa.org

Uganda Debt Network (UDN)
Website: www.udn.or.ug

Uganda National Health Consumers' Organization (UNHCO)
Web: www.unhco.or.ug

Uganda National NGO Forum.
Website: www.ngoforum.or.ug

Uganda Network of AIDS Service Organization (UNASO)
Website: www.unaso.org

Uganda Parliamentary Forum on Youth Affairs
Website:

Uganda Road Sector Support Initiative (URSSI)
Website: www.ugandaroadsector.org

Uganda Women Entrepreneurs Association Limited
Web: www.uweal.co.ug

Uganda Joint Christian Council (UJCC)
www.ujcc.co.ug

Uganda Women's Network (UWONET)
Website: www.uwonet.or.ug

Uganda Youth Network (UYONET)
Web: www.info.or.ug

Volunteer Efforts for Development Concerns (VEDCO)
Website: www.vedcouganda.org

Water Aid Uganda
Website: www.wateraid.org/uganda

Wagwoke WUnu
District: Agago
Women and Girl Child Development Association
Website: www.wegcda.org

Widows and Orphans Support Organisation
District: [Agago](#)

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