

BPD/103/155/01

21st January 2025

Press Release On Third Quarter Expenditure Releases For Fy 2024/25

1. I wish to welcome the media and other stakeholders to this press briefing whose objective is to:
 - i. Brief the country on the State of the Economy;
 - ii. Communicate to the country the release of funds to Government institutions for the Third Quarter (Q3) of FY 2024/25; and,
 - iii. Guide Accounting Officers on the execution of the Budget.

2. Let me start by summarising the State of the Economy.

A. STATE OF THE ECONOMY

Economic Growth

3. GDP grew by 6.7% during the first quarter (July – September 2024) of the current FY 2024/25 compared to 5.6% recorded in the same period of FY 2023/24.

4. This growth was broad-based mainly driven by: food crop production (agriculture); agro-processing and construction (industry); and, wholesale trade and transport activities (services).

5. High-frequency indicators of economic activity have continued to show further improvements in the first half of the financial year. The Purchasing Managers Index, which indicates business operating conditions in the economy was at 53.1; the Composite Index of Economic Activity, which is used to monitor economic trends, was at 170.65; while the Business Tendency Index was recorded at 59.64 in December 2024.

Inflation and Exchange rate

6. Whereas headline inflation increased to 3.3% in December 2024, from 2.9% in November, driven mainly by increased demand during the festive season, the overall inflation remains subdued and within the policy target of 5%, thanks to close coordination of fiscal and monetary policies.

7. Since the start of this financial year, the Ugandan shillings has maintained relative stability against the US Dollar (USD). In December 2024, the Shilling appreciated by 0.4% having traded at an average midrate of Shs 3,664.08 per USD compared to an average midrate of Shs 3,678.65 per USD in November 2024. This was partly attributed to increased remittances inflows during the month as Ugandans working abroad sent funds back to their families for the festive season, increased Foreign Direct Investment especially to the oil sector, etc.

External Sector

8. Uganda's total export earnings in Q1 of FY 2024/25 amounted to USD 2.262 billion. This translates to a growth of 21.8% compared to export earnings of USD 1.857 billion recorded for Q1 FY 2023/24. This growth was majorly due to coffee exports as both the amount of coffee exported and the international price went up significantly. Additionally, other exports including mineral products, flowers, simsim, tobacco contributed to the improvement in the amount of earnings from exports.
9. Similarly, Uganda's import bill also grew to USD 3.161 billion in Q1 FY 2024/25 compared to USD 2.746 billion in Q1 for FY 2023/24. This was on account of the increased value and volumes of non-oil imports over this period.
10. As a result of the higher increase in imports compared to exports (nominally), the trade deficit between Uganda and the rest of the world widened by 1.2% from USD 888.38 in Q1 FY 2023/24 to USD 898.66 million in Q1 FY 2024/25.

Foreign Direct Investment and Remittances

11. Remittances for Q1 of FY 2024/25 were USD 389.06 million compared to USD 360.13 million recorded for the same quarter of the previous financial year implying growth of 8%.
12. Similarly, Foreign Direct Investment (FDI) registered growth of 25.4% in Q1 FY 2024/25 compared to the same quarter of the previous financial year. Total FDI in Q1 FY 2024/25 was USD 799.46 million compared to USD 637.58 million.

Domestic Revenue Mobilisation

13. By the end of December 2024, Government had collected domestic revenues amounting to **Shs 15.33 trillion** against a target for the half year of Shs 15.01 trillion, implying a cumulative surplus of Shs 326.83 billion. This performance is attributed to improved economic activity and tax administration. During the second half of the financial year, Uganda Revenue Authority (URA) and other revenue collecting institutions are expected to collect a total of **Shs 16.65 trillion**. The total collections expected this financial year are **Shs 31.98 trillion**.

Economic Outlook

14. Based on the performance of the first half of the financial year, the economy is projected to grow between 6 – 6.5%. Additionally, it is projected that inflation will remain within the 5% target of the Central Bank while the foreign exchange rate is also anticipated to remain stable, supported by continued inflows of FDI into the Oil and Gas sector. On the fiscal front, domestic revenues are projected to perform at 100%.

B. HIGHLIGHTS OF EXPENDITURE RELEASES FOR THE THIRD QUARTER OF FY 2024/25

15. The Q3 Expenditure Limits for FY 2024/25 were derived from the quarterly Work Plans and Procurement Plans of Ministries, Departments and Agencies and taking into consideration the projected resource inflows.
16. For this Quarter (January – March 2025), **Shs 15.64 trillion**, has been released representing 21.68% of the approved budget as shown in Table 1:

Table 1: Expenditure releases for FY 2024/25 (Shs billion)

Category	Approved Budget	H1 Release	Q3 Release	Q1-Q3	Cumulative
Wage	7,934.75	4,076.46	2,044.06	6,120.53	77.14%
Non-Wage	13,833.17	7,565.79	3,553.81	11,119.60	80.38%
GoU Development	5,902.58	2,753.86	1,132.09	3,885.95	65.83%
External Financing - Devt	9,582.94	5,118.02	2,181.92	7,299.94	76.18%
Debt & treasury operations	34,589.16	20,248.93	6,648.23	26,897.16	77.76%
Local Revenue	293.90	151.52	76.31	227.83	77.52%
Total	72,136.50	39,914.60	15,636.42	55,551.02	77.01%

17. The key highlights of the release per category are as follows:

Wages and Salaries

- i. **Shs 2.044 trillion** to cater for wages and salaries across Government;

Non-Wage Recurrent

- i. **Shs 283.28 billion** for Pension and Gratuity;
- ii. **Shs 308.75 billion** to Local Governments. Of this, Shs 112.28 billion is Education Capitation grants to cater for the first term of the school year and Shs 36.6 billion for health institutions under the Local Governments;
- iii. Wealth creation funds i.e. **Shs 529 billion** for Parish Development Model (PDM), **Shs 30 billion** for Uganda Development Bank and **Shs 31 billion** for Uganda Development Corporation. The funds for Emyooga were released in H1;
- iv. **Shs 92.75 billion** to all Public Universities, Uganda Management Institute and Law Development Centre in line with Semester two requirements;
- v. **Shs 45.77 billion** under Ministry of Gender, Labour and Social Development to cater for the operational budget as well as subventions under the Ministry including the Social Assistance Grants for Empowerment (SAGE) requirements;
- vi. Health institutions' operational funds have been released as follows:
- a. **Shs 35.9 billion** for Referral Hospitals including Mulago and Butabika Hospitals;
- b. **Shs 6.84 billion** for Uganda Cancer Institute;

- c. **Shs 7.52 billion** for Uganda Heart Institute;
 - d. **Shs 5.78 billion** for Uganda Blood Transfusion Services;
 - e. **Shs 21.85 billion** to cater for subventions under Ministry of Health;
 - f. **Shs 110.65 billion** has been released to National Medical Stores (NMS) for the purchase of essential drugs and medicines. Cumulatively, this brings the amount so far released to NMS to Shs 584.08 billion (85% of the approved budget).
- vii. Operational funds for Security institutions:
- a. Ministry of Defence and Veteran Affairs – **Shs 348.3 billion**;
 - b. Uganda Police Force – **Shs 83.38 billion**;
 - c. Uganda Prisons Services – **Shs 40.11 billion**;
 - d. Internal Security Organisation – **Shs 28.08 billion**; and,
 - e. External Security Organisation – **Shs 18.71 billion**.
- viii. ATMS votes:
- a. Agro-industrialization (A): **Shs 15.73 billion** for interventions under Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), National Agricultural Research Organization (NARO) and National Animal Genetic Resource Centre and Data Bank (NAGRC&DB). Of this **Shs 3 billion** is for Dairy Development Authority (DDA), National Agricultural Advisory Services (NAADS), Cotton Development Organization and Uganda Coffee Development Authority (UCDA) but await Parliamentary approval to move the funds to MAAIF;
 - b. Tourism development (T): **Shs 34.05 billion** has been released for Ministry of Tourism, Wildlife and Antiquities and Uganda Tourism Board;
 - c. Mineral-Based Industrial Development including oil and gas (M): **Shs 63 billion** for Uganda National Oil Company (UNOC) and **Shs 4.65 billion** under Petroleum Authority of Uganda;
 - d. Science, Technology and Innovation including ICT (S): **Shs 85 billion** for interventions under Science, Technology and innovation, Ministry of ICT and National Guidance and National Information Technologies Authority.
- ix. Parliament – **Shs 166.83 billion**;
 - x. Judiciary – **Shs 58.23 billion**;
 - xi. Auditor General – **Shs 16 billion**;
 - xii. Missions Abroad – **Shs 115 billion** (this brings their total release to 100%);
 - xiii. Non Tax Revenue (NTR) generating entities i.e. National Citizenship and Immigration Control – **Shs 16.05 billion**; Uganda Registration Services Bureau – **Shs 5.26 billion**; National Lotteries and Gaming Board – **Shs 2.08 billion**; and, Uganda National Bureau of Standards – **Shs 1.64 billion**.

Development Budget

18. **Shs 3.314 trillion** has been provided to cater for the development requirements i.e. both GoU and External financing. These funds have been allocated as follows:

ATMS

- i. Agro-industrialization – **Shs 52.30 billion** for interventions under Ministry of Agriculture, Animal Industry and Fisheries, National Animal Genetic Resource Centre and Data Bank (NAGRC&DB) and under National Agricultural Research Organization (NARO). Funds meant for Dairy Development Authority (DDA) and Uganda Coffee Development Authority (UCDA) will be transferred to MAAIF after Parliamentary approval;
- ii. Tourism development – **Shs 4.66 billion** for ongoing projects in Ministry of Tourism, Wildlife and Antiquities i.e. development of Source of the Nile project;
- iii. Science, Technology and Innovation including ICT – **Shs 40.92 billion** for interventions under Ministry of ICT and National Guidance and National Information Technologies Authority.

Enablers of the ATMS

a. Security

- i. Ministry of Defence and Veteran Affairs – **Shs 469.16 billion;**
- ii. Uganda Police Force – **Shs 78.89 billion** for construction of new apartment blocks in Naguru and Kotido, contractual obligations for intelligence systems and classified assets;
- iii. State House – **Shs 5.43 billion;**
- iv. Uganda Prisons Service – **Shs 3.54 billion** for seed production, completion of two silo storage facilities and construction of prisoners and staff accommodation;
- v. Directorate of Government Analytical Laboratory (DGAL) – **Shs 3.93 billion** for the completion of the DNA bank and pending certificates.

b. Infrastructure

- i. Ministry of Works and Transport – **Shs 396.55 billion** for the implementation of Standard Gauge Railway, Meter Gauge Railway, Kabalega International Airport and Bukasa Port projects;

- ii. Ministry of Energy and Mineral Development – **Shs 243.34 billion** to cater for Rural electrification, transmission lines, capacity charges for ElectroMax (**Shs 5.5 billion**) and mineral development;
 - iii. Ministry of Kampala Capital City and Metropolitan Affairs – **Shs 111.58 billion** for the implementation of the Greater Kampala Urban Development Project;
- c. Human Capital Development
- i. **Shs 124.45 billion** for Ministry of Education and Sports for Uganda Secondary School Expansion Project (USEEP), refugee skilling project and other contractual obligations;
 - ii. **Shs 15.95 billion** for capital development under Universities;
 - iii. **Shs 264.71 billion** for Ministry of Health. Part of these funds will support Global Alliance for Vaccines and Immunization (GAVI), Global Fund and outstanding contractual obligations;
 - iv. **Shs 43.42 billion** for contractual obligations under Uganda Cancer Institute and Uganda Heart Institute;
 - v. Regional hospitals have been allocated **Shs 6.85 billion**;
 - vi. Local Governments – **Shs 231.64 billion** to support the upgrading of Health Centre IIs to Health Centre IIIs; completion of seed secondary schools and micro scale irrigation projects.
- d. Revenue Generating Votes
- i. **Shs 17.54 billion** allocated to Uganda Registration Services Bureau, National Citizenship and Immigration Control, Uganda National Bureau of Standards, Law Development Centre and Uganda Revenue Authority.

CONCLUSION

19. In conclusion, I would like to highlight the following:
- i. The Q3 release is in line with our continued effort to maintain aggregate fiscal discipline by moving resources from old priorities and consumptive items towards ATMS and their accelerator actions (enablers). As government, our main objective is to promote technical efficiency by ensuring that all Ministries, Department, Agencies and Local Governments deliver services to Ugandans at the lowest cost; as we put more emphasis on growth drivers and their enablers;
 - ii. All Accounting Officers are instructed to pay salaries, pensions and gratuity by the 28th day of every month and as per the approved salary scales;

- iii. In order to eliminate the accumulation of domestic arrears and penalties, Accounting Officers are directed to prioritize payment of service providers on time. Accounting Officers should stop committing government without a budget and businesses should not provide a service to any government entity without a budget;
- iv. Accounting Officers are required to ensure that every promotion and re-deployment of staff made to a different cost center should be backed up by adequate wage provision;
- v. Accounting Officers are required to ensure timely submission of warrants to this Ministry for approval. In the same vein, quarterly performance reports should be submitted within the timelines stipulated in the law;
- vi. This Ministry is finalizing the full transfer of budget functions for the institutions affected by the Rationalization of Government Agencies and Public Expenditure (RAPEX) process. Upon approval by Parliament, the budgets will be transferred to the host institutions. As a result, there should be no gap in service delivery.

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20. Once again, I wish to thank the Press and Civil Society for supporting our budget transparency initiative. I urge you to make use of our website www.budget.finance.go.ug where we post more detailed information. You may also call our Budget Call Centre on **0800 229 229** for any information on the Budget.

Ramathan Ggoobi

PERMANENT SECRETARY/ SECRETARY TO TREASURY