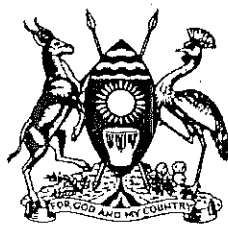


Telephone : 256 41 4707 000  
: 256 41 4232 095  
Fax : 256 41 4230 163  
: 256 41 4343 023  
: 256 41 4341 286  
Email : [finance@finance.go.ug](mailto:finance@finance.go.ug)  
Website : [www.finance.go.ug](http://www.finance.go.ug)

In any correspondence on  
this subject please quote No. BPD 86/107/02



Ministry of Finance, Planning &  
Economic Development  
Plot 2-12, Apollo Kaggwa Road  
P.O. Box 8147  
Kampala  
Uganda

THE REPUBLIC OF UGANDA

7<sup>th</sup> March, 2017

*All Accounting Officers (Central and Local Governments Votes) and  
All Chief Executive Officers of State Enterprises and Public Corporations*

## **FINAL BUDGET CALL CIRCULAR ON FINALISATION OF DETAILED BUDGET ESTIMATES AND MINISTERIAL POLICY STATEMENTS (MPSs) FOR FINANCIAL YEAR 2017/18**

### **A. INTRODUCTION**

1. In line with Section 9 (8) of the Public Finance Management (PFM) Act 2015 (as amended), Parliament approved the National Budget Framework (NBFP) for the FY 2017/18, on 1<sup>st</sup> February 2017 with recommendations for consideration as part of the budget estimate attached as **Annex 1**. You are advised to access the electronic copy of the approved NBFP for FY 2017/18 on both the Ministry's Website: [www.finance.go.ug](http://www.finance.go.ug) and the Budget Information Website: [www.budget.go.ug](http://www.budget.go.ug).
2. As a measure to ensure that Government agreed priority interventions are properly captured in FY 2017/18, this Ministry held Inter-ministerial technical level consultations with a number of sector Ministries and the agreed positions were communicated herewith attached as **Annex 2**. The concerned Institutions must ensure that these priorities are properly addressed.
3. Section 13 (3) of the PFM Act 2015 requires that Detailed Budget Estimates should be presented in Parliament by 1<sup>st</sup> April to facilitate review, approval and appropriation by Parliament by 31<sup>st</sup> May.
4. The purpose of this circular, therefore, is to:
  - i) Reiterate the Government Budget Strategy and Sector Priorities for FY 2017/18 as approved by Cabinet and Parliament;
  - ii) Communicate the Revised Resource Envelope as detailed under the attached MTEF for FY 2017/18 and the Medium term (*Annex 3A*); and, the allocation of additional resources to some spending Agencies (*Annex 3B*);
  - iii) Guide you on the preparation of detailed Budget Estimates for submission to this Ministry not later than Monday 13<sup>th</sup> March, 2017; and
  - iv) Remind you to submit your Ministerial Policy Statements for the FY 2017/18 to Parliament by Wednesday, 15<sup>th</sup> March 2017 as required under Section 13 (13) of the PFMA 2015.

## **B. BUDGET STRATEGY AND KEY PRIORITIES FOR FY 2017/18**

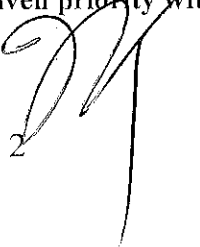
5. I wish to draw your attention to the Budget Strategy for FY 2017/18 as approved by Cabinet and Parliament in the NBP which must form a basis for the detailed allocation of resources for Ministries, Agencies and Local Governments (MALGs) under the various sectors.
6. As communicated in the First Budget Call Circular (1<sup>st</sup> BCC), I wish to reiterate that the budget strategy for FY 2017/18 aims at strengthening Uganda's competitiveness for sustainable wealth creation, employment and inclusive growth to accelerate achievement of a lower middle income status by 2020.
7. The FY 2017/18 Budget Strategy, in light of the current state of the economy and medium term prospects, broadly focuses on the following key interventions. It is noteworthy that during the formulation of the BFP, Cabinet and Parliament emphasised the need for the Budget Strategy to pay particular attention to these interventions:
  - i) Increasing Agricultural production and productivity for food security, as well as Enhancing Strategic Exports identified in the National Export Development Strategy;
  - ii) Enhance Private Sector Development specifically for Export Promotion and Import Substitution to address the unfavourable balance of payment position currently faced;
  - iii) Energy and Transport infrastructure Development which, in the medium term, is expected to lower production costs and make Ugandan businesses and products more competitive in both domestic and international markets;
  - iv) Oil Infrastructure Development to support the commercialization of Oil and Gas Sector;
  - v) Increasing Affordable Long-Term Credit to finance private sector investment.
  - vi) Improving Public Service Delivery; and
  - vii) Improving Efficiency in Government Operations.
8. Therefore, you are required to explicitly budget for these critical areas as you finalize your detailed Budget Estimates.

## **C. REVISED RESOURCE ENVELOPE AND SECTOR MTEF CEILINGS**

### *Resource Envelope*

9. The revised resource envelope for FY 2017/18 is **Ushs28,252.5bn**. Sector and Vote level expenditure ceilings and the allocation for additional resources are as indicated in **Annex 3A and 3B**.
10. In addition, during consideration of the National Budget Framework Paper for the FY 2017/18, Parliament made various policy recommendations which should be addressed during finalization of the budget estimates as summarized in **Annex 1 attached**. **Given the resource constraints, recommendations by Parliament must be given priority within the Vote ceilings.**

**Exchange Rate for FY 2017/18**



2

11. The official exchange rate to be used as you finalize your estimates for the FY 2017/18 for one US dollar against Uganda shillings is **Ushs 3,796.44**.

**D. GUIDELINES FOR PREPARATION OF DETAILED BUDGET ESTIMATES AND MINISTERIAL POLICY STATEMENTS (MPSs)**

***Implementation of Program Based Budgeting (PBB)/ Program Budgeting System (PBS)***

12. Since the submission of the NBFP for FY 2017/18, the Program Based Budgeting structure for all Central Government Votes is in place (attached as Annex 4). Accordingly, the Program Budgeting System has been updated. **You are required to produce your detailed budget estimates (including Wage, Pension and Gratuity) and MPS in accordance with the established structures in the PBS.**
13. In accordance with the PBB implementation, MDAs were required to identify their programme structures for FY 2017/18. This structure includes the identification of programmes, outcomes, outcome indicators, sub-programmes, outputs, and output indicators. To date, MDAs have entered their programmes, outcomes, and outcome indicators into PBS for the BFP. However for the MPS, MDAs need to complete their PBB structures by identifying the respective sub-programmes, outputs, and output indicators for FY 2017/18. All sub-programmes must have at least one output and up to three output indicators. A letter, BPD/86/107/01 dated 15<sup>th</sup> February 2017, was sent out to those MDAs with incomplete PBB structures. Please make sure your sub-programmes, outputs, and output indicators have been submitted to OPM for review. This information is critical to OPM in monitoring service delivery and the performance management process. **Those sub-programmes without performance information should not have resources allocated to them in FY 2017/18.**
14. For FY 2017/18, the Local Government votes will continue to use the LGOBT in preparing their Detailed Budget Estimates, and Performance Contracts. The PBS will be implemented for FY 2018/19 budget after adequate change management has been conducted.

***Preparation of Detailed Budget Estimates, Work plans and Procurement Plans***

15. As part of the finalization of your detailed budget estimates for the FY 2017/18, you must ensure that your annual and quarterly work plans; recruitment plans; procurement plans; and cash flow projections are appropriately completed and submitted together with the detailed budget estimates. **The submission without those details shall not be accepted as final submission for your vote estimate.**
16. Accounting Officers must note that, Section 22 [2(a)] of the PFM Act 2015 requires that each in-year re-allocation should not exceed 10% of the appropriated budget at an item level. You are therefore advised to take keen interest in preparation of the budget and ensure that the critical budget items such as utilities, salaries, etc are properly budgeted for in a bid to avoid re-allocations and mischarge during budget execution.

*Preparation of Ministerial Policy Statements (MPSs)*

17. While Section 13 (13) of the PFM Act 2015 requires submission of Ministerial Policy Statements to Parliament by **15th March**, you are also required to submit a copy of your Policy Statements for the FY 2017/18 to this Ministry by **13th March 2017** for review to ensure consistency with agreed Government Priorities and MTEF Ceiling.
18. The MPS should include among others physical and financial half year budget performance for your respective Sector/Votes for the current financial year, vehicle utilization report, and the assets register of the Vote in the format issued by the Accountant General and in line with Section 13(15) of the PFMA, 2015.

*Budgeting for Decentralized Salaries, Pension, and Gratuity*

19. According to decentralization policy for salaries and pension, Accounting Officers are responsible for budgeting, review and approval of their salary, pension and gratuity payments before they are effected. This Ministry and the Ministry of Public Service are responsible for provision of support, oversight role and monitoring activities under this system. **As such, you must submit detailed Budget Estimates for Wage, Pension and Gratuity to this Ministry in the PBS and LGOBT without fail.**
20. Despite the clearly spelt out guidelines, there are still cases of requests for supplementary funding, arising in part, due to poor budgeting; unplanned recruitments; in-year transfers and promotions under Ministry of Health, Ministry of Education and Uganda Police. As requested in the 1st BCC for FY 2017/18, the two ministries should by now have completed the transfers to the respective Votes to enable proper budgeting. Accordingly:
- i. No transfers should be effected once the detailed budget estimates have been finalized and submitted; and
  - ii. Secondly, there are cases of over/understaffing leading to wage shortfalls due to transfers that have been effected and the records have not moved to the new stations, within the stipulated time frame. Such cases should be properly identified and provided for in the Budget for FY 2017/18 and those who have not reported should be deleted from the payroll.
21. For the FY2017/18, wage, pension and gratuity allocation shall be based on staff in-post and recruitment projections submitted by Accounting Officers within the structure cleared by Ministry of Public Service and the available ceilings. Accordingly, each Accounting Officer is required to submit a list of the staff in-post and the corresponding National Identity Numbers (NINs) to MOPS as an input for wage estimation in FY 2017/18 which should also be provided as an annex to the MPS. **It is important to note that, Staff and Pensioners without corresponding NINs shall be treated as ghost and should not be budgeted for in FY 2017/18. Failure to comply, the detailed budget estimates will not be accepted.**
22. It has been noted on several occasions that, some Local Government staff are not budgeted for under the wage categories under which they fall. This leads to mischarge by paying salaries for

staff from programs and items where they don't belong. **Local Government Accounting Officers should ensure that budgeting is accurately done so that all wage categories are properly provided for to facilitate proper payroll management.**

23. **Wages ceilings have been maintained at the current budget estimates level for FY 2016/17 adjusted by the level of reported shortfalls by Accounting Officers during budget execution for financial year, before 28<sup>th</sup> February 2017. You are therefore reminded that NO recruitments and enhancements should be made beyond these ceilings.**
24. **Pensions and Gratuity ceilings have also been maintained at the current approved estimates adjusted by reported shortfalls by 28<sup>th</sup> February 2017 and projected new retirements submitted by Ministry of Public Service and Accounting Officers. You are will therefore be held responsible for failure to properly project and submit detailed estimates for Pension and Gratuity Estimates for your respective Votes in FY 2017/18.**
25. **For staff who are scheduled to retire in the course of next FY 2017/18, should be properly identified and their gratuity and monthly pension are properly budgeted for by Accounting Officers. Failure of which, my Minister will authorize a reallocation from Your Non-wage to meet this Statutory obligation.**
26. **Under the decentralization of salary and pension policy, it has been noted that Ministry of Public Service has not transferred all pension files to the respective MALGs. This has been one of the major causes of delays and/or non-payment of gratuity and monthly pension leading to accumulation of arrears. Therefore, the Ministry of Public Service should complete the exercise of transferring the pension files by Friday, 31<sup>st</sup> March 2017 and accordingly inform the MALGs. Accounting Officers must ensure that such cases are properly budgeted for in FY 2017/18.**

*Budgeting for Domestic Arrears*

27. **A total provision of Ushs 311.1Bn has been earmarked for payment of domestic arrears in FY 2017/18, of which; Ushs121.28Bn is for Wage, Pension, and Gratuity arrears, while Ushs189.8bn is for other Domestic Arrears.**
28. **All Accounting Officers were requested under various letters to submit details of verified Pension and Gratuity arrears. The stock of Domestic arrears as compiled by the Acting Director Internal Audit reflects a position of Ushs 2.7 trillion attached here as Annex 5. It has also been noted that the accumulation of these arrears arise from the failure by some Accounting Officers to honor payments on first come first serve basis. As a remedy, you must ensure that these arrears have a first call on the available resources for FY 2017/18.**

29. **Accounting Officers who continue to accumulate arrears will be held personally liable. Please note that I will not hesitate to withdraw the appointment of Accounting Officers who have continued to accumulate arrears.**

30. Salary, Pension and Gratuity Arrears:

Despite the request by my Ministry for Accounting Officers to submit their verified salary, pension and gratuity arrears, only 162 Votes have complied and submitted arrears amounting to **Ushs121.28Bn** under Central and Local Governments votes. I have accordingly provided 100% of the verified and submitted Salary, Pension and Gratuity Arrears amounting to **Ushs121.28Bn** of which; **Ushs21.63Bn** is for payment of Salary and **Ushs99.65bn** for Pension and Gratuity arrears in FY 2017/18 as per the attached (**Annex 6 A&B**).

31. Salary, Pension and Gratuity arrears have been provided in full based on the stock of arrears verified and submitted by Accounting Officers to my Ministry, as per the schedules sent to you earlier for your confirmation by 30<sup>th</sup> January 2017. Any Salary, Pension and Gratuity Arrears that remain unverified and not submitted to this Ministry by 28<sup>th</sup> February 2017 shall be directly charged under your non-wage recurrent ceilings. **As a matter of emphasis, this Ministry will not accept any salary, pension and gratuity arrears that accrued after the decentralized Salary and Pension Payroll Management.**

Other Domestic Arrears:

32. A total of **Ushs189.8bn** has been earmarked for payment of other categories of domestic arrears and has been prioritized for utilities, rent, court awards and classified arrears under security agencies. The schedule of Domestic Arrears is as in **Annex 7**.

**BUDGETING FOR DEVELOPMENT PROJECTS**

Budgeting for Multi-Year Expenditure Commitments

33. Arising from the Office of the Prime Minister (OPM) – Government Annual Performance Reports on the externally funded projects, which raised issues on the poor performance of externally funded projects, the Development Committee (DC) in consultation with sector ministries reviewed all projects and came up with the following recommendations:

- i. The transfer of 14 projects in the PIP to Non-wage recurrent budget. Accordingly, the MTEF has been adjusted;
- ii. The exit of 55 development projects from the PIP for FY 2017/18 and an equivalent budget saving of **UshS122.8BN** (attached as **Annex 8**) has been maintained within the respective sectors to cater for counterpart obligations for externally funded projects such as acquisition of right of way for projects. **Any new project should be considered after a proof that all the counterpart funding obligation of the existing externally financed projects has been met;**
- iii. Maintaining ninety nine (99) ongoing externally funded projects in the PIP for FY 2017/18 as indicated in **Annex 9**;

- iv. For effective sustainability, every Vote should ensure that adequate provision is made for maintenance and sustainability of the assets created under the project. **Therefore, all MDAs implementing development projects should ensure that adequate resources are allocated to cater for maintenance requirements after the project has exited the PIP;**
  - v. Effective FY 2017/18, loans will only be sought for ready projects in line with the PIMs framework and the Development Committee (DC) guidelines that is to say, projects that have passed through the **Concept, Profile, Prefeasibility and Feasibility** stages. In addition, the projects should have settled their RAP obligations; and
  - vi. Seventeen (17) new projects were recommended for inclusion in the PIP for FY 2017/18. The projects have been given codes as indicated in **Annex 10**.
34. As you are aware, Section 23 of the PFM Act 2015 stipulates that a Vote shall not enter into a contract, transaction or agreement that binds Government to financial commitment for more than one financial year or which results in a contingent liability except where the financial commitment or contingent liability is authorized by Parliament. **Therefore, you are requested to ensure that the multiyear commitments for each project are comprehensively captured for the entire project life and they take the first call on your MTEF Ceiling.**
35. Parliament raised concern that the Public Investment Plan (PIP) is produced late and not submitted together with the budget estimates for effective discussion by the House. Accordingly, the PIP for FY 2017/18-2021/22 will be prepared concurrently with the budget estimates for FY 2017/18. **Therefore, any project whose profile will not be submitted together with the Detailed Budget Estimates shall not be considered for the FY 2017/18 Budget.**

#### ***Tax Inclusive Budgeting***

36. In line with the Government policy of tax inclusive budgeting, you are required to observe the following while finalizing your budget allocations for the FY 2017/18:
- i). Budget for tax expenditure requirements for the FY 2017/18 should be within the available resources;
  - ii). Externally funded Projects, Hydro Electricity Power Projects, Security Equipment and all contracts signed before 1<sup>st</sup> July 2014 are exempted from Taxes;
  - iii). Computation of tax requirements in a given financial year should be based on proper knowledge of spread of activities over the project life time and the specific items that actually attract taxes. **Therefore, for the FY 2017/18, you should only capture tax requirements for project activities that will attract taxes in FY 2017/18; and**
  - iv). Unlike the previous years where taxes were provided for under the specific item, effective FY 2017/18 as was the case for the current FY, taxes will continue to be budgeted for against the item where the tax is to be accrued.

#### ***Budgeting for Presidential Pledges***

37. H.E the President has made a number of pledges which are sector specific and have financial implications on the budget, such sectors are responsible for fulfilling those pledges. However, we

have noted that sectors have continued to ignore these pledges while allocating the funds including Local Government Conditional Grants. In addition, some sector Ministries issue letters for Local Governments to substitute on-going planned activities with Presidential pledges which are not in the work plans.

38. To avoid disrupting the approved work plans, Accounting Officers must ensure that in finalizing the budget estimates for FY 2017/18, the Presidential Pledges are integrated in the budget as well as the work plans for FY 2017/18. **Where the resources are Not adequate; these pledges should be programmed within the Sector's Ceilings over the Medium Term and the schedule should be attached to the detailed estimates. In the same vain, the Secretary Office of the President in consultation with the Principal Private Secretary to H.E The President should provide a list of all pending Presidential pledges for ease of coordination and follow up by this Ministry.**

#### *Non-Tax Revenue (NTR) Estimates*

39. The Public Finance Management (PFM) Act 2015 (as amended) requires that all Government revenues including Non-Tax Revenue collected or generated and spent at source by institutions must be appropriated by Parliament. **Your budget estimates must therefore include the estimated NTR projections for the FY 2017/18 as Appropriation in Aid (AIA).**

#### *Budgeting for Parastatals and State Enterprises*

40. Section 13 [10(e)] of the PFMA 2015 requires that budgets of Self-Accounting Departments, Commissions and Organizations set up under the Constitution should be part of the consolidated Annual Budget Estimates of Government. Parliament noted with concern that a good number of Public Corporations and State Enterprises did not fulfill this requirements this year.
41. In abid to ensure compliance, this Ministry organized orientation meetings early this year on PBB and PBS in preparation for next years' budget. However, despite our requests, a number of Parastatals did not attend the training in PBS and have not submitted their PBS user details as per the attached list **Annex 11**.
42. **The line Permanent Secretaries under which these Institutions fall and the Head Parastatal Monitoring Unit under this Ministry should follow up. A list of institutions that will not apply will be submitted to Parliament.**

#### *Budgeting for utilities*

43. It should be noted that as you finalize your detailed budget, you should adequately provide for utilities to avoid creation of arrears and reallocation requests during budget implementation. **Any Accounting Officer who does not make adequate provisions, my Ministry will not hesitate to direct National Water and Sewerage Corporation and UMEME to disconnect their services and we shall pay by reallocation from your Non-Wage Recurrent Budget.**



### **Budgeting for Missions Abroad**

44. *Finance and Contracts Committee:* Various Mission monitoring reports have indicated that there is no participatory budgeting in a number of Missions, leading to mischarges and over commitment of Government during budget execution. All Missions are therefore required to ensure that they have functional Finance and Contracts Committees that sit regularly to make decisions on priority procurement plans, work plans and expenditure to avoid mischarges and over committing Government.
45. *Foreign Exchange Gain/Loss:* This Ministry is aware that sometime Missions do suffer loss of poundage due to fluctuations in exchange rates. Consequently, Missions were allowed to budget for loss of poundage under item 221018 (foreign exchange gain/loss). However, it has been observed that release of funds under this item has caused mischarge of expenditure resulting into misleading financial information on budget performance. **Therefore, effective next FY 2017/18, Missions should not budget under item 221018.** If there is loss of poundage, this Ministry will release funds on the budget lines that have been affected instead.

### **Consolidation and Integration of ICT Services of Government**

46. The NBI has been expanded to have wider coverage and shall remain the primary vehicle for all Government Data, Internet and voice serves. **Like it was the case in FY 2016/17, in order to enable faster roll-out of connectivity and provision of ICT services via the NBI, all MALGs shall have their IT Budgets consolidated under NITA-U including internet bandwidth and licensing of applications, among others.**
47. Starting FY 2017/18, PPDA with the support of NITA-U shall commence the implementation of a Government wide e-procurement system to speed up the procurement cycle, and improve transparency and service efficiency. In addition, all procurements for IT systems and infrastructure shall require prior approval by NITA-U to avoid any further development of isolated IT systems in MDAs and LGs.
48. To ensure smooth transitions to this reform, respective MDAs who are planning to source ICT services are required to prepare and share with NITA-U, with a copy to this Ministry, a detailed work plan for FY 2017/18 by **5th July, 2017**. A form N7 is attached as **Annex 12** and can also be downloaded from the NITA-U Website (<http://www.nita.go.ug/publication/ict-approval-form-n7>) for your use.

### **E. CROSS CUTTING ISSUES**

#### *Promotion of Local Content*

49. Government introduced a policy on **Buy Uganda Build Uganda (BUBU)** in October 2014 after extensive consultations with various stakeholders. The policy is aimed at promotion of consumption and use of Local Goods and Services, increase the local content in Government Procurement of locally produced goods and services. This will ensure expansion in Local Businesses which is very vital in supporting Government efforts to increase job opportunities

and incomes of the population. (This is further strengthened by policy by Government to procure in Uganda shillings).

50. Therefore, in order to promote growth of local manufacturers/investors and in line with H.E the President's directive in promoting BUBU Policy, **all Accounting Officers should promote purchase of locally produce goods/services such as furniture, textile, steel and pharmaceutical products and skills.**
51. The PPDA Act requires that 30% of Government procurement should be solicited locally. However, this has not been adhered to by both the Accounting Officers and Contract Committees.
52. You are therefore required to observe the directive by H.E. the President as well as requirements of PPDA Act (attached as Annex 13) as you finalize your procurement plans. **Please ensure that the locally produced goods/services targeted must be those that have been certified by UNBS.** This Ministry will communicate implementation mechanism for the policy on local content after consultations with relevant MDAs.

#### *The Innovation Fund*

53. Local skill development and innovation, specifically in Science and Technology in the country is still very low, in part due to financial constraints on prospective local innovators. In order to promote innovation and enable development of home grown skills, Government has provided **Ushs 50bn** in the budget for FY 2017/18 as Innovation Fund under the two Ministries of Science and Innovation; and Information, Communication and National Guidance. The two Ministries are required to develop and communicate detailed guidelines for operationalisation of the Innovation Fund by **28th April 2017**, before Parliament approves the Budget Estimate for FY 2017/18.

#### *Mainstreaming of Gender and Equity*

54. In line with Section 13 [11(e)] of the PFM Act, the Minister of Finance, Planning and Economic Development issued a Certificate of Gender and Equity responsive for the Budget for FY 2017/18 specifying the measures taken to equalize the opportunities for men, women, persons with disabilities and other marginalized groups. As part of finalizing the budget estimates for FY 2017/18, Accounting Officers must ensure that the allocation under the budget estimate are consistent with the interventions under sector Budget Framework Papers in relation to the attainment of Gender and Equity responsiveness.

#### *Mainstreaming Sustainable Development Goals (SDGs) in the Budget*

55. In September 2015, Uganda subscribed to the implementation of the Sustainable Development Goals (attached as Annex 14) aimed at eradicating poverty and combating climate change, among others.

56. Institutions should integrate activities aimed at contributing to the achievement of the SDGs in their budget and work plans. All districts should have databases for people living in abject poverty, including the location, age groups (elders, youth or women) and what is needed to uplift them from poverty. These could provide a better basis for channeling of funds meant for the disadvantaged i.e. Women Fund, Youth Livelihood and Youth Venture Funds, and Social Assistance Grant for Empowerment (SAGE).

#### *Climate Change Issues*

57. Parliament emphasized the need for all institutions to give particular attention to SDG number 13, that is, **Combating Climate Change and its Impact**. The current prolonged drought in the country has greatly affected agricultural output and consequently led to food insecurity in some districts. This drought has majorly been brought about by human activities such as cutting trees and encroachment on wetlands. You should therefore implement measures to safeguard the environment including 'greening' in urban areas and promoting climate smart activities in your detailed budget estimates.

### **F. FISCAL DECENTRALISATION**

#### **Finalization of Local Government Indicative Planning Figures (IPFs)**

58. Following the earlier consultation with Sectors responsible for grant transfers to Local Governments, IPFs were generated off OTIMS and sent to Local Governments in December, 2016. However, some sectors revised the parameters and the allocation formulae hence affecting the IPFs earlier communicated. The revised Local Government IPFs generated off OTIMS are attached under **Annex 15** for the Local Governments use in preparation of detailed budget estimates for FY 2017/18. **A Local Government should not take up any change on the IPFs unless it has been communicated by this Ministry.**
59. *Issuance of Indicative Planning Figures by Other MDAs within the Financial Year*: In the course of the FY 2016/17, we noted that some Sectors provided Indicative Planning Figures to Local Governments within the Financial Year when Local Governments had already approved their Budget Estimates for FY 2016/17 necessitating Local Governments to seek for supplementary funding. An MDA in which part of its appropriated funds include funds transferred to Local Governments should submit the details of allocation by Local Government Vote as part of the detailed Budget Estimates. **These include funds under National Medical Stores, Uganda Road Fund, Ministry of Gender, Labour and Social Development (Youth Livelihood Programme and Women Empowerment Programmes).** This will be one of the criteria for approval of your estimate submission.
60. *Submission of Draft Performance Contracts (Form B)*: Local Governments are required to submit their performance contract within two weeks after issuance of the Final IPFs. The performance contract (including annual and quarterly work plans) should be submitted to this Ministry, with extracts to the relevant MDAs for them to confirm to us that the submitted work plans are in line with sector guidelines. These work plans will be used to generate the annual

cash flow plan of Government and shall be the basis for quarterly release of funds for FY 2017/18.

## G. CONCLUSION

61. All Accounting Officers are required to adhere to the guidelines stipulated in this circular as well as the requirements of the Public Finance Management Act 2015 (as amended).
62. All Ministries are also requested to submit their Ministerial Policy Statements for the FY 2017/18 to this Ministry by **13th March 2017** and thereafter Parliament by **15<sup>th</sup> March, 2017**.
63. Local Government votes shall use the LGOBT for preparation of their detailed budget estimates for FY 2017/18. The updated LGOBT has been emailed to the focal persons (Planners) of the Local Governments.
64. All Central Government votes shall use the online Programme Budgeting System that has been updated in line with the above guidelines to prepare their Detailed Budget Estimates and Ministerial Policy Statements.
65. The Detailed Budget Estimates and project profiles for FY 2017/18 must be submitted online, using the PBS (for central government votes); and, in hard and soft copies generated from the LGOBT (for local governments) to the **Permanent Secretary/Secretary to the Treasury for the attention of the Director Budget not later than Monday, 13<sup>th</sup> March 2017**.
66. **In case of any challenges you may encounter on the PBS system as you finalize your Budget Estimates, you can contact my Ministry in Room 5.1 on; +256414707151 and +256414707275 for technical assistance.**

I thank you for your continued efforts towards Improving Service Delivery and wish you success in finalization of your detailed budget estimates for FY 2017/18.



Keith Muhakanizi

**PERMANENT SECRETARY/SECRETARY TO THE TREASURY**

Copy to: Hon. Speaker of Parliament

Hon. Deputy Speaker of Parliament

The Rt. Hon Prime Minister

Rt. Hon 1<sup>st</sup> Deputy Prime Minister and Minister of Public Service

The Rt. Hon 2<sup>nd</sup> Deputy Prime Minister & Deputy Leader of Government Business

Hon. Minister of Finance, Planning and Economic Development

All Hon. Ministers and Ministers of State

The Chairperson/Parliamentary Budget Committee  
The Chairperson, National Planning Authority  
The Head of Public Service and Secretary to Cabinet  
The Principal Private Secretary to H.E the President  
The Clerk to Parliament  
All Hon. Members of Parliament  
Auditor General/Auditor General's Office  
The Director/Parliamentary Budget Office  
All Resident District Commissioners  
All Chairpersons LCV and Mayors of Municipalities  
The Head of Parastatal Monitoring Unit