

## JOINT BUDGET SUPPORT DEVELOPMENT PARTNERS

### PRESS RELEASE



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### **DEVELOPMENT PARTNERS WELCOME THE 2011/12 BUDGET AND URGE GREATER DISCIPLINE IN GOVERNMENT SPENDING TO IMPROVE SERVICE DELIVERY**

**KAMPALA, June 13<sup>th</sup> 2011**-- Development Partners (DPs) working in Uganda have congratulated the Government on the presentation of its 2011/12 budget and reiterated their continued support and partnership to ensure Uganda meets its objectives in achieving middle income status. DPs welcomed the increase in funding for investment in energy and infrastructure as these are critical for poverty reduction and economic growth and for realizing Uganda's trade potential within the wider East African Community.

However, DPs noted that whilst there had been a net increase in funding for social sectors, allocation for the priority sectors of health and water were significantly lower than indicated in the government's National Development Plan (NDP). In contrast, allocations to public administration and security continued to be higher.

With the large supplementary budgets approved earlier this fiscal year substantial budget funds were reallocated in favour of administrative and military sectors. Priority resources for service delivery were also being diverted to finance wages and administrative overhead costs to operate an ever increasing number of districts. The Country Manager of the World Bank and Co-Chair of the Joint Budget Support Development Partners Group, Kundhavi Kadiresan, said: *"Reallocating budget funds after the FY 10/11 Budget was approved by Parliament reduced the value of the Government Budget for planning and policy direction. In the coming and subsequent fiscal years it will be important to limit supplementary budgets in order to reduce reliance on domestic borrowing and rebuild foreign reserves."*

Echoing this sentiment, the Co-Chair of the Joint Budget Support Development Partners Group and Head of DFID in Uganda, Jane Rintoul, stated: *"Looking forward, DPs urge stronger management over the planning, release and accounting of scarce budget resources if public money is to be translated into effective services to all Ugandans in coming years"*.

DPs also emphasize the need to increase domestic revenue collection both by central and local governments with a view to reduce the dependence on foreign assistance and to increase the accountability of central and local governments so that they respond better to the demands of citizens.

Furthermore, DPs noted that Government would need to effectively address rising inflation that particularly hurts the poor. This should be combined with accelerated efforts to address problems in job creation and employment by improving the business environment. In addition, tackling endemic corruption and inefficiency in public service delivery to ensure optimal use of resources for social and economic transformation should also be high on the agenda.

Due to weakened performance in the areas of macroeconomic and budget management as well as governance last fiscal year, some DPs providing budget support to Uganda reprogrammed or reduced their financial support for FY2011/12. Implementation of the new Budget and better evidence that the ambitions of the NDP are translating into improved service delivery on the ground will help ensure continued development partner support to the budget in the future. DPs welcome Government's commitment to address the challenges in public sector management not least by addressing corruption and waste.

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The 11 Joint Budget Support Development Partners, namely the World Bank, the European Union and the governments of Austria, Belgium, Denmark, Germany (KfW), Ireland, Norway, Netherlands, Sweden and the United Kingdom provide budget support through a joint framework to contribute to Government's effort to improve the services it provides to its citizens and in particular its efforts to reduce poverty. Budget support is aid channelled directly to the country's treasury, utilising the recipient country's national procedures of budgeting, accounting, reporting and auditing systems. It thus makes it easy for the government to allocate money according to its development priorities. The African Development Bank is an observer in the JBSF.

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