



THE REPUBLIC OF UGANDA

**CERTIFICATE
OF
FINANCIAL IMPLICATIONS**

(Made under S.74 (Cap.171) of the Public Finance Management Act,
2015)

THIS IS TO CERTIFY the **NATIONAL INFORMATION TECHNOLOGY AUTHORITY, UGANDA (AMENDMENT) BILL, 2024** has been examined and I wish to report as follows:

a) That the Bill has the following objectives:

- i. To enable the dissolution of the National Information Technology Authority, Uganda and mainstreaming its functions into the Ministry responsible for Information, Communication Technology established thereby, *inter alia*, relieving the Government of the financial drain on its resources and the burden of wasteful administration and expenditure;
- ii. To facilitate efficient and effective service delivery by clearly delineating the mandates and functions of the Ministry in respect to the functions of the National Information Technology Authority, Uganda, thereby avoiding duplication of mandates and functions; and
- iii. To promote coordinated administrative arrangements, policies and procedures for: ensuring the efficient and successful management, financial accounting and budgetary discipline; enabling the Government to play its proper role more effectively; and enforcing accountability.

b) That it is expected to achieve the following major outputs:

The major output of the Bill is to:

- i. The National Information Technology Authority, Uganda Act, 2009 amended to National Information Technology Authority- Uganda (NITA-U) be dissolved and the functions established under the Act mainstreamed into the Ministry responsible for Information Communication Technology.

c) Funding and budgetary implications

Implementation of the Rationalization of the Government National Information Technology Authority- Uganda (Amendment) Bill 2024 will have a financial implication of **Ushs 2.503bn** as costs in form of terminal benefits for the staff affected which will be provided to the relevant line Ministry. These have been demonstrated in the table below:

Table1: Financial Implications over the Medium Term for rationalization of NITA-U (UGX 'BN)

Category	FY 2024/25	FY 2025/26
Savings	16.455	16.683
o/w Wage	8.360	8.360
o/w Board expenses	0.228	0.228
o/w Non-Wage	7.829	8.057
o/w Development	0.038	0.038
Costs	2.503	0
No. of Staff affected	94	
o/w Terminal Benefits	2.503	0
Net Savings	13.952	16.683

d) Expected savings and/ or Revenue to Government

The expected savings of this Bill is **Ushs 16.455bn** to Government resulting from reduction in administrative and personnel related costs. This will free up fiscal space to fund other Government priorities and reduce the burden on the overall resource envelope.

e) Impact on the Economy

There are potential costs associated with disbanding NITA-U and transferring the functions back to the line Ministry including administrative disruptions, restructuring the Ministry of

Information and Communication Technology in order to accommodate additional roles, short term unemployment for some of the common cadre staff and the loss of specialized skillset in some instances.

Furthermore, there will be disruptions in the financial sector including the delayed repayment of salary loans acquired from lending institutions by the staff. In the short run, this will disrupt investment due to the impediment on job security and may also necessitate huge drawings from the National Social Security Fund as eligible staff are absorbed within the mainstream Public Service.

Nonetheless, in the medium to long term there will be significant benefits, such as streamlined governance, cost savings, enhanced accountability, and better integration and standardization of process for ICT and e-government services across Government.

In addition, given that the staff under NITA- U have been earning relatively higher salaries, those eligible to access their NSSF savings and may re-invest into the growth sectors including agro processing, manufacturing, tourism and ICT which have a higher rate of return and therefore will accelerate economic growth.

Therefore, the Bill will result in redistribution of income in the economy in light of the anticipated investment in other sectors and the review of the mainstream Public Service remuneration leading to an improved Gini coefficient ratio of the economy.

Submitted under my hand this ^{24th} day of September, 2024.


Matia Kasaija (MP)

MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Received by 

Date 24th September, 2024