



THE REPUBLIC OF UGANDA

**CERTIFICATE
OF
FINANCIAL IMPLICATIONS**

(Made under S.76 of the Public Finance Management Act, 2015)

THIS IS TO CERTIFY that **The Uganda Road Fund (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 Uganda Road Fund and the transfer of the administration of the Fund to the Ministry responsible for roads (Ministry of Works and Transport) agencies thereby, *inter alia*, relieving the Government of the financial drain on its resources and the burden of wasteful administration and expenditure by maintaining an agency to perform the functions of the Fund which may be performed by the Ministry.
- ii. To promote coordinated administrative arrangements, policies and procedures for: ensuring the efficient and successful management, financial accounting and budgetary discipline of government agencies and departments; enabling the Government to play its proper role more effectively; and enforcing accountability;
- iii. To facilitate efficient and effective service delivery by clearly delineating the mandates and functions of the Ministry responsible for roads and other government agencies and

departments, thereby avoiding duplication of mandates and functions in the management of roads.

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

The Uganda Road Fund Act, 2008 (Act 15 of 2008) amended to empower the Ministry responsible for roads to administer the Act and Fund established under the Act

c) Funding and budgetary implications

The estimated total cost of the Bill is **UGX 2.730bn** in form of terminal benefits for the staff. The budgetary and financial implications for rationalization of Uganda Road Fund are demonstrated in Table 1 below

Table 1: Financial Implications for rationalization of Uganda Road Fund over the Medium Term for (UGX 'Bn)

Category	FY 2024/25	FY 2025/26
Savings	8.004	8.004
<i>o/w Wage</i>	<i>3.949</i>	<i>3.949</i>
<i>o/w board expenses</i>	<i>0.245</i>	<i>0.245</i>
<i>o/w NWR</i>	<i>3.810</i>	<i>3.810</i>
<i>o/w Development</i>	<i>0.000</i>	<i>0.000</i>
Costs	2.730	0.000
No. of Staff affected	32	
<i>o/w Terminal Benefits</i>	<i>1.832</i>	<i>0.000</i>
Net savings	5.274	8.004

Given the significant net savings, this will free up fiscal space to fund other Government priorities and reduce the burden on the overall resource envelope. It is also anticipated that the costs of the Bill will be accommodated within the existing Medium-Term Expenditure Framework ceiling.

d) Expected savings and/or Revenue to Government:

The Bill is envisaged to result in savings of **UGX 5.274** billion in FY2024/25 to Government through rationalizing of the wage bill and personnel related costs arising from the restructuring.

e) Impact on the Economy

In the short run, there will be unemployment for some of the common cadre staff and potential loss of specialized skillset in some instances.

There may also be disruptions in the financial sector including the delayed repayment of salary loans acquired from lending institutions by the staff. which may affect investment by individual staff. In addition, there may also be 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 in the overall transport planning.

In addition, given that the staff under the agency have been earning relatively higher salaries, those eligible to access their NSSF savings 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 employment, better livelihoods and 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. This will lead to improved Gini coefficient ratio of the economy.

Submitted under my hand this ~~28th~~ day of March, 2024.


Matia Kasaija (M.P.)

MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Received by

Date

