MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

FY 2021/2022 ANNUAL PERFORMANCE REPORT

November 2022

DEVELOPMENT PLAN IMPLEMENTATION (DPI) PROGRAMME

Programme 18

Contents

Foreword

Hon. Matia Kasaija (MP)

It gives me great pleasure to present this annual performance report for the Development Plan Implementation (DPI) Programme covering the FY2021/22. I am delighted that, for the second consecutive year, we are able to meet a key requirement of the NDP III; to present an annual performance report on progress of implementation of the DPI programme over a period of 12 months. This way, we also fulfil a provision to be accountable to all our stakeholders for the responsibility entrusted in us for the implementation of the DPI.

The goal of the DPI Programme is to improve efficiency in the implementation of the NDP III and to make the plan (NDP III) more effective in achieving its goal. There are two aspects to this goal; on the one hand, taking lessons from the NDP II, it requires us to strengthen coordination and oversight over the NDP III. On the other hand, to improve financial management systems in support of the NDP III implementation. This makes DPI unique as its responsibilities extend across to all other NDP III programmes.

In the second year of implementation of the DPI programme, we set out to build on and continue implementing interventions that were started in the first year of the NDP III, but giving priority to those most relevant to economic recovery and to the Parish Development Model (PDM). PDM is a key Government intervention designed to improve planning and service delivery at the lowest levels of society and has the potential to greatly impact the NDP III's goal of "***Increased Household Incomes and Improved Quality of Life of Ugandans.***"
A lot was accomplished during the year. Importantly, structures of the DPI programme became fully operational and there enhanced coordination across DPI institutions in the implementation of programme activities. With the conclusion of the upgrade of the Integrated Financial Management Systems (IFMS) and other key systems, we were also able to complete the transition of our operating systems from the NDP II to NDP III.

Covid19 continued to be a challenge during the FY2021/22 and while the economy began to show signs of recovery, its (Covid19) effects continued to manifest in the economy. Tight budgetary resources against a backdrop of increased expenditure on economic recovery programs limited resources and the flexibility for spending on many programme activities. For instance, we were again not able to finance operations of programme structures and many planned activities under the NDP III. This continues to be a major concern for the NDP III implementation and these challenges do reflect in the performance presented in this report. I am glad however that, as we ended FY2021/22, NPA commenced work on a mid-term review of the NDP III. We look forward to the results of the mid-term review and we hope they will offer a solution on how much we should scale back on our ambition under the NDP III given the circumstances and challenges experienced in its first 2 years of implementation.

I want to express gratitude to all DPI contributing institutions (MDAs) that have continued to implement its key activities, the challenges identified above notwithstanding. I also wish to thank everyone that has been part of putting this report together and I am looking forward to a better implementation of the DPI in FY2022/23.

I commend this report to you all and invite you to read it keenly.

For God and My Country

Hon. Matia Kasaija (MP)
Minister of Finance, Planning and Economic Development
Chairperson, Leadership Committee for the Development Plan Implementation Programme

Acknowledgment

Ramathan Ggoobi

I am glad to share this second annual performance report of the Development Plan Implementation (DPI) programme, under the NDP III (2020/21 – 2024/25). The report presents the programme's performance for the period July 2021 to June 2022. Up to 22 institutions contributed in one way or another to the implementation of a wide range of activities under programme interventions during the period.

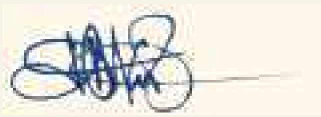
I am grateful to the Hon Minister, Ministry of Finance, Planning and Economic Development (MoFPED) for this political stewardship over the DPI programme during the period, for reviewing this report and providing a foreword to it. I thank you for finding time to fulfil your obligations regarding the DPI programme notwithstanding you busy schedule.

I am also grateful to all DPI institutions that participated in programme activities during the FY2021/22. This period continued to face challenges arising from effects of Covid19 pandemic. I wish to thank you for standing firm with us to deliver on this programme within the limits imposed by these and other challenges. I also wish to thank you for the input you provided which has enriched this report.

I wish in a special way also to thank our partners for all the support (financial, technical or otherwise) accorded to the DPI programme during FY2021/22. This support goes a long way to fill the technical capacity and financing gap in the implementation of programme activities. I want to thank you for your dedication to the DPI programme and to the NDP III in general. I wish also to express my gratitude to the civil society partners who have continued to play the all-important role of scrutiny and rendering alternative advice as we implemented programme activities. I thank you for the unwavering support.

Finally, I wish to convey my thanks to the Secretariat team for putting together this report, the first under the NDP III. It not only helps us to meet a key reporting benchmark of the NDP III, but provides a good opportunity for enhancing cohesion and communication among program players about the programme.

For God and My Country



Ramathan Ggoobi,
Permanent Secretary/Secretary to the Treasury and Chairperson, Development Plan Implementation Programme Working Group.

Ministry of Finance, Planning and Economic Development

List of Acronyms

Acronym	Meaning
CSO	Civil Society Organisations
DP	Development Partner
DPI	Development Plan Implementation
EAC	East African Community
EOC	Equal Opportunities Commission
GE-PER	Green Economy Public expenditure review
GoU	Government of Uganda
IBP	Integrated Bank of Projects
ICSC	Implementation Coordination Steering Committee
ICT	Information and Communication Technology
KCCA	Kampala Capital City Authority
LG	Local Government
LGFC	Local Government Finance Commission
MDAs	Ministries, Department and Agencies
MFPED	Ministry of Finance, Planning and Economic Development
MLHUD	Ministry of Land, Housing and Urban Development
MoGLSD	Ministry of Gender, Labour and Social Development
MoICT	Ministry of Information & Communication Technology
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
MoSTI	Ministry of Science Technology and Innovation
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NIN	National Identification Number
NIRA	National Identification Registration Authority
NITA-U	National Information Technology Authority

Acronym	Meaning
NPA	National Planning Authority
OAG	Office of the Auditor General
OIAG	Office of the Internal auditor General
OP	Office of the President
OPM	Office of the Prime Minister
PAP	Project Planning and Analysis
PAT	Procurements Appeals Tribunal
PBS	Programme Budgeting System
PCC	Policy Coordination Committee
PFM	Public Financial Management
PIAP	Programme Implementation Action Plan
PIM	Public Investment Management
PIP	Project Implementation Procedures
PPDA	Public Procurement and Disposal of Assets Authority
PPMD	Procurement Policy and Management Department
PSC	Public Service Commission
PSD	Private Sector Development
PSST	Permanent Secretary and Secretary to Treasury
PWG	Programme Working Group
SDG	Sustainable Development Goals
TICC	Technical Implementation Coordination Committee
TWG	Technical Working Group
UBOS	Uganda Bureau of Statistics
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau

Executive Summary

This is the second annual performance report for the Development Plan Implementation (DPI) programme under the NDP III (2020/21-2024/25). The report covers the FY2021/22 and highlights programme performance of the DPI Programme against the planned outputs and targets for the period based on its Programme Implementation Action Plan (PIAP). These highlights cover financial and non-financial performance. The report lists key challenges that affected performance over the period, and provides a concluding statement together with lessons learnt in the first year of implementation.

The DPI Programme aims to increase efficiency and effectiveness in the implementation of the National Development Plan. It has 6 strategic objectives namely; (i) Strengthening capacity for development planning, (ii) Strengthening budgeting and resource mobilization, (iii) Strengthening capacity for implementation to ensure a focus on results, (iv) Strengthening coordination, monitoring and reporting frameworks and systems, (v) Strengthening the capacity of the national statistics system to generate data for National Development, and (vi) Strengthening the research and evaluation function to better inform planning and plan implementation. These objectives are to be delivered through 4 sub-programmes and seventy (70) interventions and by, at least, 22 institutions.

Financial performance

During this 2nd year of implementation, progress was made in aligning the budget structure to the NDP III making it possible to identify and trace budget allocation and expenditure by programme unlike the 1st year of the NDP III. However this was not sufficient to enable analysis and reporting by programme objectives, interventions or key results.

DPI Programme activities were allocated 1.088 trillion through 12 lead institutions for the FY 2021/22. 92% of this (1.0tr.) was spent over the FY 2021/2022. Releases to the 12 MDAs performed at 92% of approved budget. This provides good evidence that funding was largely made available to programme institutions for implementation of planned activities.

Non-financial performance (programme level)

At programme level, non-financial performance is measured through a set of 6 key indicators listed in the NDP III – see table 1 below. In all cases, performance was below target, except for one indicator - Increase the Revenue to GDP ratio, where performance was better than the FY 2020/21. After a rebasing exercise early in 2021, performance against this indicator for FY 2020/21 was corrected from 13.08% to 13.2% and the target for FDY 2021/22 raised to 14.01%. Performance against this indicator for FY 2021/22 however came in at 13.7%, considerably weaker. This performance reflects the continued effects of Covid19 during the year even as the economy began to recover.

In other areas, there was significant drop in the stock of domestic arrears, from 6.9% of total expenditures as at the end of FY 2020/21 to 1.5% by the close of FY 2021/22 as the government continued to implement its domestic arrears strategy approved in FY 2020/21. However, while, there was some improvements in the reduction of supplementary budget spending, it remained very high; 9.86%, significantly above the statutory limit of 3%. This remained a major area of concern.

Table 1: Status of Programme Performance against Key Results by end of FY2021/22

Indicator	Baseline	FY 2020/21	FY 2021/22		
		Actual	Target	Actual	Source
Proportion (%) of NDP III Targets archived	0%	Not scored	40%	17%	NPA
GDP Growth Rate	6.20%	3%	5.99%	4.6%	MFPED
Revenue to GDP ratio	12.95%[1]	13.2%[1]	14.01	13.7	MFPED
Domestic Arrears as a % of total expenditure	1%	6.90%	0.7%	1.5%	MFPED
Annual Budget alignment to NDP III (%)	60%	54.80%	75%	63.4%	NPA
Supplementary expenditure as a % of the approved budget	<3%	10.28%	<3%	9.86%	MFPED

Non-financial performance by sub-programme and objective

***Objective 1:** Strengthening capacity for development planning;*

Under this objective, the NDP III aims to address weak capacity for planning within Government particularly in local government units with the aim to achieve 2 key outcomes namely (i) more effective and efficient allocation and utilization of public resources, and (ii) more effective Public Investment Management.

Overall, using the indicators provided under the NDP III, performance is considered satisfactory. Targets were met for the 2 of the 6 indicators under this objective and nearly met for another 3 indicators. Budget disbursements to programmes performed at 107.6% (including supplementary provisions) of the approved budget released, with a 90.7% absorption ratio. Budget alignment to the NDP III, using the NPA's Certificate of Compliance Assessment, was rated considerably better for FY2021/22, at 63.4%, compared to 54.8% for the FY2020/21. This demonstrates greater movement towards implementing the NDP III objectives. This was made possible in part due to efforts by MoFPED to reform the budget structure in order to improve budget alignment with the NDP III and intensified efforts by NPA to help LGs and MDAs put in place strategic plans aligned with the NDP III.

With regard to public investment management, major improvements were recorded against the 2 key NDP III indictors relating to timeliness of project execution and keeping project costs within approved budgets. However, there was only a slight growth in the capital formation – from 23.3% to 23.5% against a target of 26.76%.

Some of the notable achievements over the period include the preparation by NPA of the National Human Resource Plan with a goal of increasing "the stock of knowledgeable, skilled and productive Human Resources in Uganda", the approval of 130 MDA and 54 LG development plans aligned to the NDP III, completion of preparatory activities for PDM including the drafting and issuance of implementation PDM guidelines and operational manuals across the country, and continued capacity building efforts for strengthening public investment management.

[1] Revised from 13% based on BTTB published in May 2022

Objective 2: *Strengthening budgeting and resource mobilization*

This objective aims to address the level of revenues needed to implement the NDP III as well as shortcomings in budget credibility.

Progress under this objective is measured using 12 indicators of which no data was obtained on one of the indicators. Targets were met for 1 of these indicators and nearly met for another 5. Performance was considerable below targets for the remaining 5.

Tax revenue to GDP improved considerably from 12.4% to 13.5% in FY2020/21 on account of increased business activity, as the economy began to recover from the effects of Covid19, and investments in tax administration made in FY2020/21 began to make impact. Indicators on debt performed relatively well with Nominal Debt to GDP closing at 48.6% against a target of 52.6%, as the Government intensified effort to implement key reform introduced in the medium term debt strategy (MTDS) of FY2020/21. As discussed earlier, the implementation of key actions under the domestic arrears strategy introduced in FY2020/21 had a positive impact helping to contain the stock of areas at 1.5% of budget expenditure, considerably lower than 6.9% in FY2020/21.

A key achievement under this objectives was the approval of the PPDA Amendment Act addressing policy gaps on enhancing Value for Money and integration of Sustainable Procurement in Public Sector Procurement. The second major achievement was continued roll-out of the eGovenrment Procurement system (eGP) to another 14 MDAs bringing the total number or entities using the system to 25 by the close of FY2021/22. These achievements are significant as they go a long way towards enhancing discipline and effectiveness of public procurement, a central factor in improving fiscal credibility and sustainability.

Objective 3: *Strengthening capacity for implementation to ensure a focus on results;*

In selecting this objective, the NDP III aimed to implement reforms that will increase impact on its intended outcomes and on service delivery. Except for one, the other 4 key indicators under this objective rely on service satisfactions survey for data. These surveys are conducted one every 4 years. The last survey was released in 2021 covering an earlier period. There was thus no specific data for FY2021/22. Performance on the remaining indicator, Proportion of NDP results on target, was very poor, because for a large number of NDP III indicators, data was not available.

In terms of key achievements under this objective, during FY2021/22, the APEX held its inaugural meeting, presided over by H.E. the President. The focus of this inaugural APEX meeting was on the status of the implementation of the 23 presidential strategic guidelines and directives which also derive and are aligned with priorities of the NDP III. The meeting agreed to several recommendations later turned into actions and disseminated through MDAs. In addition, the first Government Annual Performance Report (GAPR) under the NDP III, was held - led by the Office of the Prime Minister (OPM). OPM also led the evaluation of the GAPR process to improve its alignment to the NDP III.

***Objective 4:** Strengthening coordination, monitoring and reporting frameworks and systems;*

This objective focuses on improving compliance with accountability rules and regulations. Performance under this objectives was satisfactory; more government institutions (94.7% against a target of 65%) had audits that were unqualified and 85% of internal audit recommendations were implemented, against a target of 82%. This was significantly better than FY2020/21 (67.3%). However, there was generally weak performance (29% against a target of 42%) regarding the implementation of external audit recommendations. This relatively poor performance on the external audit recommendations is attributed to the very nature of recommendations, some of which are policy or institutional reforms requiring multiple years for implementation.

OAG continued with implementation of its capacity building program especially aimed at enhancing value for money and high impact driven performance audits. During the FY2021/22, the Office of the Internal Auditor General (OIAG) also developed the Enterprise Risk Management (ERM) foundational documents and embarked on a campaign to disseminate these and the building capacity for risk management across MDAs as part of implementing the National Public Risk Management System.

***Objective 5:** Strengthening the capacity of the national statistics system to generate data for National Development;*

The NDP III places the use of statistics at the centre of its implementation underlying the need for credible data to support evidence based planning, monitoring and reporting. The lead player under this component is Uganda Bureau of Statistics (UBoS).
The key outcome under this objective; Enhanced use of data for evidence-based policy and decision making, is measured using 2 indicators; Proportion of NDP III baseline indicators up-to-date, and Proportion of key indicators up-to-date with periodic data. Tracking of these indicators is by UBoS in collaboration with NPA. Performance against these indicators was significantly below target in both cases as data on the NDP III indicators that could be relied on was not readily available.

During the FY2021/22, UBoS increased the stock of surveys and censuses aligned to the development frameworks through the National Standard Indicator Framework. Update of many of these is done on an annual basis and covers major indicators relevant to NDP III such as relating to GDP estimates and key Economic Indicators. UBoS also produced guidelines for undertaking surveys and censuses which can be used across the National statistical system. In addition, The SDG metadata was produced during the FY2021/22 and approved pending printing and dissemination. Key findings of the Multi-dimensional Poverty Index (MPI) report using the 2016/17 and 2019/20 Uganda National Household Surveys was also released by UBoS in June 2022.

***Objective 6:** Strengthening the research and evaluation function to better inform planning and plan implementation;*

The aim under this objective is to strengthen the capacity for research and evaluation to inform the NDP III plan implementation. Government prioritized enhancement of Research and Evaluation through fast tracking the development of the National Development Planning Research Agenda. The development of a National Research Agenda was affected by the decision in 2021, to dissolve the Ministry of Science, Technology, and Innovation (MoSTI) which had been expected to lead this activity. The National Planning Authority however, did complete the development of the National Development Planning Research Agenda Framework which is necessary to inform the preparation of the National Research Agenda by MoSTI. This responsibility was yet to be allocated by the end of the FY2021/22. In the absence of a National Research Agenda, NPA continued to undertake a number of studies to inform policy and decision-making for integrated development planning.

Challenges

There were several challenges to the DPI Programme implementation during its second year FY 2021/22. The main ones of these are;

1. The quality and reliability of baseline data and statistics remained a challenge affecting the tracking of many indicators. There are too many indicators that are not well defined, ambiguous or need studies to be reported. A review of the NDP III indicator framework and data requirements is necessary.
2. The ever-changing administrative geography as a result of creating new administrative units, has made it challenging to have a complete and sealed National Geography file for the NSS and the Country in general. The Ministry of Local Government will need to provide a detailed official and approved list of administrative units to enable UBoS compile a sealed National geography file.
3. Supplementary expenditure (a key NDP III Target) remained high (9.86% of approved budget) in FY 2021/22. There is urgent need to institute fiscal discipline by eliminating supplementary expenditure or maintaining it within PFMA 2015 limits.
4. Increasing Audit Scope arising from newly established audit entities such as created under the Parish Development Model (PDM). The OAG and OIAG need to be well facilitated to handle this increased demand.
5. Alignment of the budget continued to be a key challenge of the NDPIII in its second year of implementation. Transitional challenges like system readiness (IFMIS and PBS were yet to be adopted to the new Programme structures) continued into the second half of FY 2021/22. MFPED and NPA need to finalise alignment.
6. Limited Follow-Up on Implementation of audit recommendations: Lack of a system to effectively track implementation of audit recommendations as well as the existing backlog in the discussion of audit reports have adversely affected the ability of the Office to take stock and measure the impact of audit work – there is need to fast track the finalization and roll out of the tracking tool that is under development by the AOG.
7. Continued growth in the stock of domestic arrears in spite of MFPED developing a strategy to clear and prevent further accumulation of domestic arrears in 2020/21. There is need to eliminate or prevent further accumulation of arrears by MDA's or keep them within PFMA limits.
8. Funding for the Programme Secretariats - In spite of the important coordination role Programme Secretariats play, these units are unfunded and non-existent in some programmes – Programme lead institutions should budget for Secretariats in their budgets.
9. Budget cuts, under releases and the Government policy on workshop also affected some of the activities including face to face assessment of the BFP and MPSs for compliance with Gender and Equity compliance.
10. Disruption of planned outputs/activities by COVID-19. This has resulted into budget cuts and restrictions which affects implementation of planned activities thus affecting budget execution.
11. Resistance to change as is the case with eGP implementation - Offering continuous support to on-boarded entities to embrace the eGP system
12. LG funds that are appropriated in central MDAs votes due to failure to implement the Fiscal Decentralisation Architecture (FDA) policy 2017. This affects the ability of LGs to attend (plan, budget and allocate) to their local priorities thereby undermining decentralisation principle of devolution of powers.

Emerging Issues

There were a number of emerging issues over the implementation period. The key ones of are;

1. Coordination, Monitoring & Evaluation; There is still some confusion and lack of clarity on the roles of OPM, OP, NPA, PWG's, and MDAs. There is urgent need for OP to disseminate the APEX framework, specifically the fish analogy that clearly delineates the institutional mandates and help clarify how the different players relate in carrying out these functions.

2. Appropriateness of Indicators; There are several issues with NDP III indicator framework which make it inappropriate for programme monitoring and reporting. A thorough overhaul of the indicator framework will be necessary, particularly after the mid-term review, to improve its suitability for monitoring and reporting on programme implementation.

3. Funding for Programme structures: Only 4 programmes out of 20 have functional programme secretariats. This continued to pose a serious risk for the implementation of the NDP III. Therefore, the form and structure of the Secretariats needs to be resolved quickly and secretariats provided with resources (staffing and financial) to operate fully.

4. Strengthening Coordination function at OPM; The NDP III specifies as a key reform, the need to strengthen the coordination at the Office of the Prime Minister for the purpose better reporting and oversight over the NDP III but this is yet to be implemented and is affecting the NDP III implementation.

5. DPI roles in the NDP III management; DPI programme remains ineffective and narrowly focussed with limited impact on other programmes. Processes for relating with other programmes require elaboration to make this effective.

6. Gaps in implementation of Decentralisation Policy; a number of financing streams for LGs continue to be implemented by central government institutions outside the grant systems in the Local Governments Act. This is contrary and in contravention of the Decentralisation Policy and the Fiscal Decentralisation Architecture (FDA) policy of 2017. OPM and MoFPED will need to lead efforts to ensure the full implementation of the FDA policy.

1 Introduction and Background

This is the second report on the implementation of the National Development Plan III (NDP III) for the financial year's 2020/21 to 2024/25. Guidelines issued by the National Planning Authority (NPA) require lead Ministries for each Programme under the NDP III to prepare an annual Programme performance report highlighting the progress of **the key Programme outputs** and submit to the Programme Coordination Office at the office of the Prime Minister.

The report presents under:

Chapter 1:	Background and context to the DPI Programme – including listing its objectives, targets and institutions participating in the delivery of this Programme
Chapter 2:	Discussion of the Programme performance during the first year of NDP III implementation. This discussion covers the financial and non-financial performance and provides a qualitative review of performance under each of the 6 objectives under the Programme.
Chapter 3:	Discussion of the Programme challenges affecting Programme performance over the period
Chapter 4:	Emerging issues from the Programme Semi Annual Review, and

1.1. The National Development Plan (NDP III)

Uganda Vision 2040 provides development paths and strategies to operationalize Uganda's Vision statement which is "A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years" as approved by Cabinet in 2007. It aims at transforming Uganda from a predominantly peasant and low-income country to a competitive upper middle-income country. Vision 2040 builds on the progress that has been made in addressing the strategic bottlenecks that have constrained Uganda's socio-economic development since independence, including; ideological disorientation, weak private sector, underdeveloped human resources, inadequate infrastructure, small market, lack of industrialization, underdeveloped services sector, underdevelopment of agriculture, and poor democracy, among others.

NDP III is anchored on the achievements made, challenges encountered and lessons learnt from the planning and implementation of the first and second National Development Plans, with the following key objectives:

1. Enhance value addition in key growth opportunities;
2. Strengthen the private sector to create jobs;
3. Consolidate and increase the stock and quality of productive infrastructure;
4. Enhance the productivity and social wellbeing of the population; and,
5. Strengthen the role of the state in guiding and facilitating development.

Like it is with Vision 2040, NDP III is conceptualized around strengthening the fundamentals of the economy to harness the abundant opportunities around the country. The goal of NDP III is "**Increased Household Incomes and Improved Quality of Life of Ugandans**" to be pursued under the overall theme of **Sustainable Industrialization for inclusive growth, employment and sustainable wealth creation.**

The key expected results to be delivered by the NDP III are;

1 Average economic growth rate of **6.2%**

2 Increase income per capita to **$1,301**

3 Lower poverty rate to **18.5%**

4 Reduce income inequality

5 Improve health and education outcomes of the population.

Unlike previous National Development Plans that were based Sectors, NDP III is based on a Programme approach to planning and budgeting which will rally various MDAs and other stakeholders to jointly plan and implement projects and other interventions articulated in a Programme. The plan is therefore based on 20 national Programmes with clear results and targets and will cost an estimated UGX 342,607Bn. Of this, UGX 213,913Bn (62.4%) will be funded by the Public, and the remaining UGX 128,164Bn (38.6 %) will be funded by the private sector.

1.2. The Development Plan Implementation (DPI) Programme under the NDP III

The Development Plan Implementation programme is at the heart of delivering the NDP III; The Programme was selected as key to addressing the slow plan implementation experienced under the NDP II that led to weak alignment between the NDPII and annual MDA and LGs budgets throughout its period. The NDP III cites the following factors for the slow plan implementation under the NDP II;

a) Weak implementation planning and budgeting across institutions at all levels of government;
b) Weak M&E systems for supporting implementation and policy planning;
c) Limited financing and fiscal management to support key priorities and strategies set out in the plan;
d) Weak coordination of implementation of the plan at political, policy and technical levels across all government; and
e) Weak systems for statistical development[2] and use of statistics and evidence for planning, budget allocation and accountability.

Thus, and in order to address the weaknesses, the overarching objective of the DPI Programme was selected to focus on increasing efficiency and effectiveness in the implementation of the NDP III, with the goal to increase household incomes and improve the quality of life of all Ugandans.

1.2.01. DPI Sub-Programmes

DPI is further divided into sub-programmes to ease management and administration. A sub-programme represents a sub component of a programme focussing on one or more specific programme objectives. In this regard, the DPI Programme is divided into 4 sub-programmes selected to deliver its six objectives and nine outcomes. These sub-programmes are:

1. Development Planning, Research, Evaluations and Statistics,
2. Resource Mobilization and Budgeting,
3. Oversight, Implementation Coordination and Monitoring, and
4. Accountability Systems and Service Delivery

1.2.02. DPI Programme Objectives

The goal of the Development Plan Implementation (DPI) Programme is ***to increase efficiency and effectiveness in the implementation of the National Development Plan.*** It therefore contributes to the entire NDP III by putting in place mechanisms that will enable its effective implementation and ensure that at least 80% of the plan's targets are achieved. Its strategic objectives in this regard include;

Objective 1:	***Strengthen capacity for development planning*** across both central and local governments units.
Objective 2:	***Strengthen budgeting and resource mobilization*** at national level and within local governments.
Objective 3:	***Strengthen capacity for implementation to ensure a focus on results*** across all governments units.
Objective 4:	***Strengthen coordination, monitoring and reporting frameworks and systems*** within the Office of the Prime Minister, across MDAs and local governments.
Objective 5:	***Strengthen the capacity of the national statistics system to generate data for National Development*** within UBoS, MDAs and local governments.
Objective 6:	***Strengthen the research and evaluation function to better inform planning and plan implementation*** across all government units.

2 Refer to NDP III (2020/21 – 2024/25)

1.2.03. DPI targets

NDP III has set six key targets to be delivered under the DPI Programme as;

Achieve at-least **80%** of the **NDP III targets**;

Increase the GDP growth rate from **6.3%** to at-least **7%** per annum;

Increase the **Revenue to GDP ratio** from **12.95%**[3] to **15.43%**[4] by 2025;

Reduction in **Domestic Arrears** as a Percentage of total Expenditure for FY N-1 from **1%** in FY2017/18 to **0.2%**;

Increase the alignment between the Annual Budgets and the NDP III from **60%** to **85%** at national and Programme levels;

Maintain the proportion of supplementary budget expenditure (net of loan servicing) within **3%**.

[3]The baseline figure of 12.95% for this indicator (revenue to GDP ratio) was initially 15.6% at the time of drafting the NDP II but was later revised following the rebasing of the economy in FY2019/20

[4]The target figure of 15.43% for this indicator (revenue to GDP ratio) was initially 18% at the time of drafting the NDP II but was later revised following the rebasing of the economy in FY2019/20

The targets are use guide the selection and prioritisation of key intervention and action under the DPI programme annual work plan.

1.2.04. DPI Programme Outcomes

NDP III has also listed nine (9) Programme outcomes designed to ensure that government is focused on achieving the expected Programme results under NDP III. These outcomes provide strategic focus and reflect the desired development impacts DPI seeks to achieve, over the NDP III implementation period. The nine outcomes under DPI are listed below.

(i) ***Effective and efficient allocation and utilization of public resources;*** resulting from improvements in systems for budget allocation, expenditure and reporting under the NDP III

(ii) ***Effective Public Investment Management***; resulting from improvements in the management, monitoring and reporting through the project cycle to increase the return on public investments by the Government

(iii) ***Fiscal credibility and Sustainability;*** resulting from efforts to strengthen reliability and trust in the fiscal operations to facility delivery of the NDP III

(iv) ***Improved budget credibility;*** resulting from the trust and reliability of the budget process to deliver the NDP III

(v) ***Improved development results***; in line with the aspirations of the NDP III and Uganda's Vision 2040

(vi) ***Improved compliance with accountability rules and regulations;*** resulting from efforts to guarantee that the NDP III will be delivered

(vii) Improved service Delivery

(viii) ***Enhanced use of data for evidence-based policy and decision making;*** in the implementation of the NDP III

(ix) ***Improved public policy debates and decision making;*** in the delivery of the NDP III reinforcing aspects of public participation and accountability.

The table below maps these 9 nine outcomes to 6 DPI objectives listed in **Error! Reference source not found.** above

Table 2: *Mapping of DPI Sub-Programmes to Objectives and Outcome*

SUB-PROGRAMME	OBJECTIVE	OUTCOME
Development Planning, Research, Statistics and M&E	**Objective 1:** Strengthen capacity for development planning	Effective and efficient allocation and utilization of public resources Effective Public Investment Management
	Objective 5. Strengthen the capacity of the statistical system to generate data for national development	Enhanced use of data for evidence-based policy and decision making
	Objective 6. Strengthen the research and evaluation function to better inform planning and plan implementation	Improved public policy debates and decision making
Resource Mobilization and Budgeting	**Objective 2.** Strengthen budgeting and resource mobilization	Fiscal credibility and Sustainability Improved budget credibility
Oversight, Implementation Coordination and Monitoring	**Objective 3.** Strengthen capacity for implementation to ensure a focus on results	Improved development results Improved service Delivery
Accountability Systems and Service Delivery	**Objective 4.** Strengthen coordination, monitoring and reporting frameworks and systems	Improved compliance with accountability rules and regulations

1.2.05. Implementation Reforms

The key implementation reforms required to fully implement this Programme and realise expected goals in the next five years include:

1. APEX platform that was launched in April 2021. This needs to be funded and operationalized to perform the oversight role and hence be accountable for delivery of results.
2. Strengthening the capacity of the Office of the Prime Minister to lead the overall coordination and reporting on implementation of NDP III Programmes and implied results.
3. Develop capacity of planning and statistical units along the entire value chain across government
4. Develop a mechanism to capture off-budget financing

Progress in implementation of these reforms is discussed in relevant sections under this report.

1.2.06. Programme Institutions

The Programme Lead Ministry is the Ministry of Finance, Planning and Economic Development. Accordingly headed by the Minister, while the Programme Technical Leader is the Permanent Secretary & Secretary to the Treasury (PS/ST). Government institutions that make direct contributions (Lead Implementing Partners) to the Programme are as listed here below.

Lead Implementing Partners

1. Ministry of Finance, Planning and Economic Development (MFPED)
2. Uganda Revenue Authority (URA)
3. Office of the Auditor General (OAG)
4. Office of the President (OP)
5. National Planning Authority (NPA)
6. National Identification Registration Authority (NIRA)
7. Office of the Prime Minister (OPM)
8. Local Government Finance Commission (LGFC)
9. Uganda Bureau of Statistics (UBOS)
10. Ministry of Lands Housing and Urban Development (MLHUD)
11. Ministry of Gender, Labour and Social Development
12. Public Procurement and Disposal Authority (PPDA)
13. Ministry of Local Government (MoLG),
14. Ministry of Science, Technology and Innovation (MoSTI)
15. Ministry of Works and Transport (MoWT)
16. Kampala Capital City Authority (KCCA),
17. Ministry of Public Service (MoPS),
18. Equal Opportunities Commission (EOC)

***Other Programme Partners** include those listed here below*

1. Local Governments (LGs)
2. National Information Technology Authority (NITA-U)
3. Development Partners (DPs)
4. Civil Society Organisations (CSOs)
5. Uganda Management Institute (UMI)
6. Public Universities

1.3. The DPI Programme Governance Structure.

Structures for the management of the DPI programme comprise of 3 levels; (i) The Leadership Committee, (ii) the Programme Working Group (PWG), and (iii) the Technical Working Group (TWG). These bring together government institutions (MDAs/LGs), development partners (DPs) and Civil Society Organizations (CSOs) at different levels to drive programme implementation. These are coordinated by a Secretariat that provides coordination and administrative support.

1.3.01. Leadership Committee

The Leadership Committee (LC) consists of political leaders (Ministers, Board Chairpersons) of MDAs with a lead role in the activities of the Programme. The Committee has an oversight function over the programme implementation enabling policy level coordination and monitoring progress towards target programme outcomes. The Committee is also required to ensure accountability for results by PWGs. Membership of the Committee is as follows;

1. Minister, Finance, Planning and Economic Development (Chairperson)
2. Minister, Office of the President
3. Minister, OPM
4. Minister, Local Governments
5. Minister of Public Service
6. Chairperson, NPA Board of Directors
7. Chairperson, UBOS Board of Directors
8. Auditor General
9. Chairperson, URA Board of Directors

1.3.02. Programme Working Group

The Programme Working Group (PWG) is the highest technical organ of the Programme. The DPI PWG is chaired by the Permanent Secretary / Secretary to the Treasury (PS/ST) with membership drawn from Permanent Secretaries, and Heads of Institutions of the programme contributing MDAs and representatives of Development Partner Groups, CSOs and Private Sector relevant to each Programme. The PWG is responsible for preparation of Programme Implementation Plans, preparation of Programme Budget Framework Papers (PBFPs), Quarterly, Semi-Annual and Annual Programme performance reports and the medium-term budget strategy documents and issuing them to the Leadership Committee for approval.

1.3.03. Technical Working Group

Due to the wide mandate of the PWG and the large number of member institutions involved, TWGs are created to provide special platforms to consider in a more comprehensive way, the sub-component areas of the programme. This therefore allows the PWGs to limit their discussion to strategic issues of the programme while at the same time ensuring adequate attention is given to the detail for each programme within the TWG. Membership to each TWG is cross-institutional, and includes, where necessary, external partners (DPs, Private Sectors) to engender detailed technical dialogue. TWGs are expected to undertake detailed planning and coordination, as well as detailed monitoring of programme implementation along specific programme objectives. Specifically, the 4 DPI TWGs are as follows;

- **TWG 1:** Revenue Mobilisation and Budgeting
- **TWG 2:** Development Planning, Research and Statistics
- **TWG 3:** Oversight, Implementation, Coordination and Results Monitoring
- **TWG 4:** Local Government

1.3.04. The Secretariat for the DPI and PSD Programmes

The Secretariat for the DPI Programmes provides technical and administrative support and coordination to the Programme structures. The specific functions of the Secretariat include:

(i) Coordinating the preparation of the Programme Implementation Action Plans (including costing and Monitoring Frameworks) and Programme Budget Framework papers and ensuring alignment with NDP III, Manifesto and Presidential Directives;

(ii) Facilitating dialogue with partners (DPs, CSOs, etc.) around each programme on emerging policy and technical issues aimed at increasing impact on programme outcomes

(iii) Commissioning and Coordinating policy analytical work and technical studies aimed at improving impact of the various programme reforms, interventions and services

(iv) Establishing relations and actively coordinating with other related programmes and strategies including, but not limited to PFM Reform and Private Sector Development Structures in place.

(v) Preparation and dissemination of quarterly, semi-annual and annual programme implementation reports and facilitating the annual programme performance reviews

(vi) Organising programme monitoring, inspection and other activities to enable collection of physical data to facilitate evidence-based reporting;

(vii) Promoting cooperation, learning and synergies within and outside the programmes;

(viii) Ensuring timely sharing and dissemination of key information to PWGs and programme institutions to facilitate implementation of programme activities

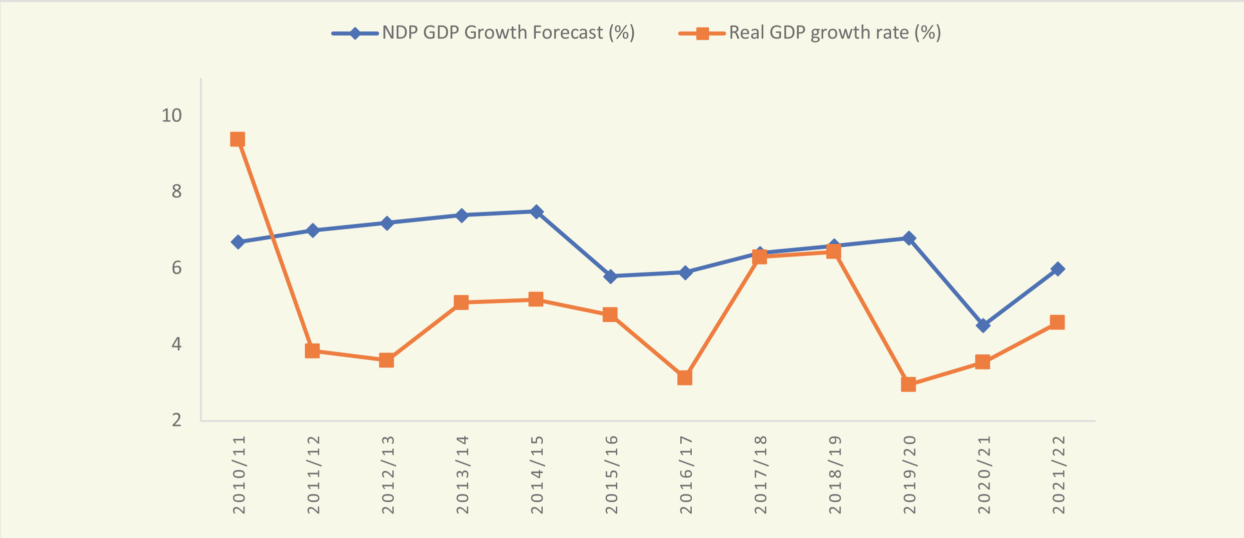
The Secretariat for the DPI Programmes is under the Ministry of Finance, Planning and Economic Development and housed at 7th Floor, Crested Towers Building, Tall Tower.

2 Programme Performance for FY 2021/22

2.1 Financial Performance

Data on Budget shows clearly that Development Plan implementation (DPI) contributing institutions did receive and utilise nearly all funding allocated to them for FY2021/22. UGX.1.088 trillion was allocated for spending under the programme for the FY2021/22 and over UGX.1 trillion was actually spent. The graph below shows the distributions of actual programmes expenditures by category over the year.

Figure 1: *FY2020/21 - Share of DPI Expenditure by Category*



Source: MoFPED Annual Budget Performance Report 2021/22

The largest portion of the UGX 1.0 trillion (56% or 564bn) was spent on recurrent operational costs across the 11 MDAs under the programme. 24% was spent on development project financed through the Government's own resources as well as external financing. 19% was spent on salaries and wages. The table below provides detailed budget performance by MDA under the DPI programme

Table 3: *DPI Budget Performance – FY2021/22 (all figures in UGX bn.)*

Vote	Approved Budget	Release	Release as % of	Expenditure	Exp as % of Release
Office of the President	7.5	8.5	88%	8.2	96%
Office of the Prime Minister	37.4	38.6	97%	37.7	98%
MOFPED	380.2	418.3	91%	394.3	94%
Ministry of KCC & MA	0.1	0.1	100%	0.0	100%
National Planning Authority	33.6	37.6	89%	37.6	100%
Uganda Registration Services Bureau	0.4	0.4	100%	0.4	100%
Kampala Capital City Authority	1.3	1.2	105%	1.1	89%
Uganda Revenue Authority	534.2	568.9	94%	443.8	78%
Uganda Bureau of Statistics	68.8	67.5	102%	60.1	89%
National Lotteries and Gaming Regulatory Board	8.4	8.3	101%	7.0	84%
National Population Council	16.2	12.7	127%	12.0	95%
TOTAL	**1,088**	**1,162**	**107%**	**1,002**	**86%**

Source: PBS, Ministry of Finance, Planning and Economic Development

Budget absorption was in very high across all DPI MDAs. URA consumed by far the largest portion of the budget by allocation (49%) and expenditure (44%) followed by MoFPED at 39.4% by expenditure. In general, at least 94% of budget was released and 92% of approved budget was absorbed. Aggregate funds absorption was at 86% of the funds released for all MDAs.

2.2 Programme Non-Financial Performance at Key result level

The DPI programme's focus is on increasing efficiency and effectiveness in the implementation of the NDP III. The key NDP III results targeted under DPI include; (i) increasing the level of plan implementation, (ii) increasing the GDP growth, (iii) increasing revenues, and (iv) improving alignment of plans and budgets. Performance at programme level is discussed further below.

The table below provides a summary of performance against these key outcomes over the first year of implementation. Performance at programme level is discussed further below in terms of these key targets.

Table 4: *Status of Programme Performance against Key Results*

Key DPI Programme Result	Indicator	Baseline	FY 2020/21	FY 2021/22		
			Actual	Target	Actual	Source
Improve achievement of the NDP III targets	Proportion (%) of NDP III Targets archived	0%	Not scored	40%	17%	VPA
Increase the GDP growth rate	GDP Growth Rate	6.20%	3%	5.99%	4.6%	MEPD MoFPED
Increase the Revenue to GDP ratio	Revenue to GDP ratio	12.95%	13.2%	14.01	13.7	MFPED
Reduction in Domestic Arrears	Domestic Arrears as a Percentage of total expenditure	1%	6.90%	0.7%	1.5%	PBS
Attain maximum alignment between the Annual Budgets and the NDP III at national and Programme levels;	Annual Budget alignment to NDP III (%)	60%	54.80%	75%	63.4%	COC Reports (21/22)
Maintain the proportion of supplementary budget expenditure (net of loan servicing) within 3%.	Supplementary expenditure as a percentage of the initial approved budget	<3%	10.28%	<3%	9.86%	PBS

2.2.1 Improve achievement of the NDP III targets

Improving plan implementation including achievement of set results, is a key goal of Government under the DPI Programme. Lessons from the past identified the slow plan implementation as a ***major challenge*** and risk to the attainment of target outcomes. Accordingly, implementation of past NDPs was generally rated low with a large number of projects not completed and many results not achieved. For that matter, improving the capacity and speed of plan implementation is a key target under the NDP III.

The NDP III has set a target to achieve at-least 80% of its results, by the end of its implementation, as a measure for the realisation of this goal. At least 148 key targets are listed in the NDP III that are to be measured for the purpose of this indicator. Realising at least 40% was set as the target for the FY2021/22. For the second year running, this indictor was not measured as there was no data to support it. The M&E system (the Integrated NDP M&E System) launched in FY2020/21 by OPM and NPA, with support from the European Union and UNDP, will be a useful tool for tracking and reporting on performance under this indicator. However, its roll out was not completed during the year due to financial and capacity constraints.

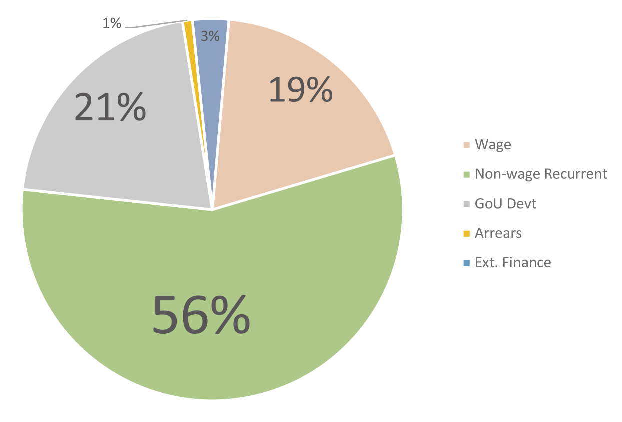
MoFPED was able to conclude adjustments to systems (IFMS and PBS) as well as the chart of Accounts which started in FY2020/21. These key budgeting and financial management systems will become fully available to support the NDP III in its third year of its implementation - FY2022/23.

Implementation of the NDP III continued to face risks during year 2021/22. Effects of Covid19 remained a factor especially in the 3rd and 4th quarters albeit with reduced severity and impact. In addition, institutional coordination and management structures under the Office of the Prime Minister remained incomplete. Strengthening the coordination function, which was envisaged in the NDP III[3] , requiring to put in place programme coordinators and expanding the monitoring and evaluation function at OPM, was yet to be undertaken. There were also other significant gaps concerning structures and operations of programmes within MDAs. By the end of this second year of the NDP III, only 4 of 20 programmes had fully operational secretariats. Establishment and operation of Programme Secretariats is still hampered by lack of funding as well as limited capacity of planning units within lead ministries. These issues will need to be resolved soon to improve the implementation and management of the NDP III programmes.

2.2.2 GDP growth

The gross domestic product (GDP) growth rate measures the expansion of the economy over a given period. In the context of Uganda, it compares changes in GDP (economic output) from one financial year to another. The NDP III identifies economic growth as a necessary condition for the realisation of its goal of increasing ***household incomes*** and improving the ***quality of life of Ugandans***. The graph below shows Uganda's GDP Growth rate over the NDP I, II and III period (FY2010/11 to FY2021/22)

Figure 2: *Actual GDP Growth Vs NDP I, II and III Targets*



Source: MoFPED Annual Budget Performance Report 2021/22

As seen in the graph above, actual GDP growth rate has in general fallen short of the NDP targets over the past years. For FY 2021/22, the NDP III set a GDP growth target of 5.99% from 4.51% in FY2020/21. This revision of the target took into account the impact of the Covid-19 pandemic during the FY 2020/21. Performance as at end of the FY2021/22 was 4.6% percent – below the revised target. MoFPED attributed this performance to the slow execution of the flagship projects identified in the NDPs, natural disasters that affected agricultural productions such as drought in the past year and the continued effect of the COVID-19 pandemic which affected production and productivity over the period. Nonetheless, this performance represented an improvement over FY2020/21 (at 3.5%). This improvement, over the FY2020/21, was attributed to increased economic activity as the economy continued to recover following its full reopening in January 2022; as well as targeted government interventions to support private sector activity[4]. However, the lower than planned growth continues to have implications for achievements of NDP III.

2.2.3 Revenue to GDP Ratio

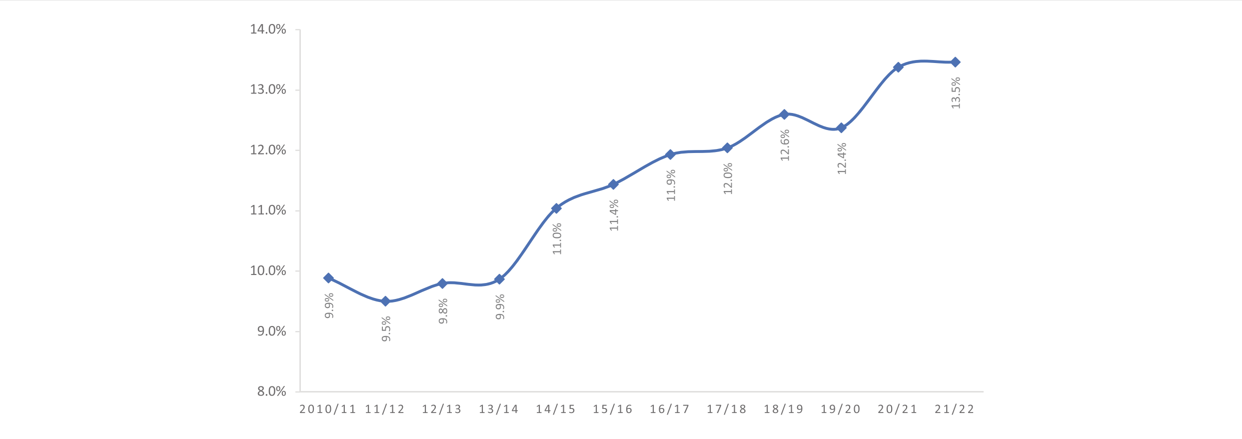
A revenue-to-GDP ratio measures a country's tax and non-tax revenue relative to the size of its economy measured by its gross domestic product (GDP). The ratio provides a view of the overall direction of a nation's revenue policy, as well as international comparisons of the revenues shares between different countries. Revenues

[3] see NDP III paragraph 22.3.2
[4] Chapter 4 of Background to the Budget 2022/23

are used to facilitate delivery of public services by financing public programme in infrastructure, health, education and other sectors. This is key to the long-term prospects for a country's economy and people.

The low levels of revenues collected by the government, across all levels, remain a constraint to this objective and to the implementation of the NDP III. Government's commitments under the NDP III it to expand domestically collected revenues from 12.95% in 2018/19 to 15.43% (Rebased) by the end of NDP III period (FY 2024/25). The NDP III's target for FY2021/22 was 14.01%. Performance came in at 13.7%, below target for reasons related to Covid19 and other challenges discussed in Section 2.2.2 above. None the less, as shown in the graph below, revenue to GDP has continued to grow over the period, picking up form past NDPs, although modestly. This growth over the period is attributed to economic recovery efforts and improved tax administration by the tax authority over the years[5]

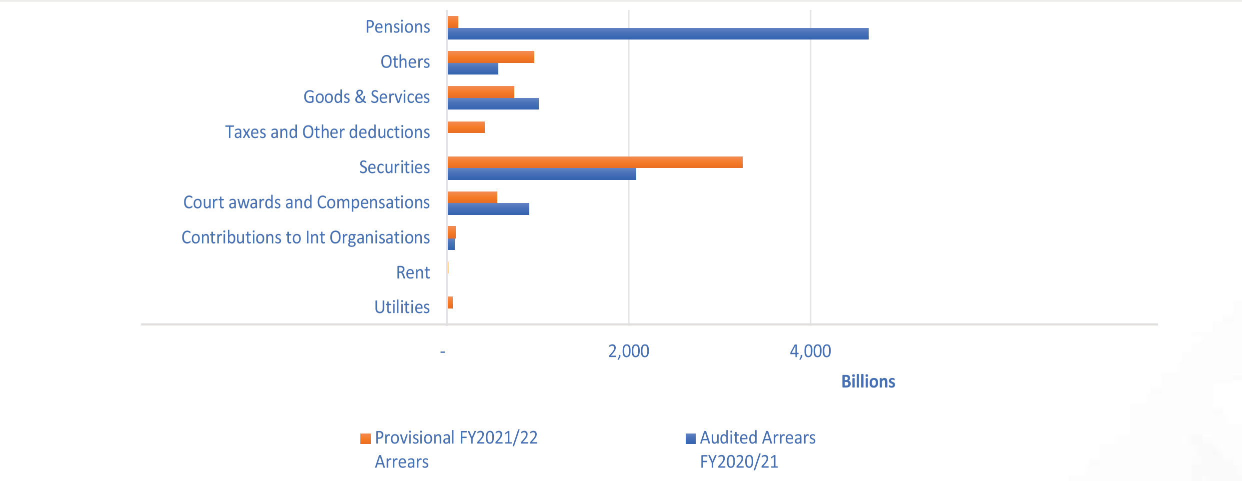
***Figure 3:** Revenue to RATIO GDP over the NDP I, II & III*



2.2.4 Reduction in Domestic Arrears

Based on provisional figures form Accountant General's Office[6], the stock of arrears as at end of the FY2021/22 stood at about UGX.6,208bn representing 1.5% of total budget expenditures during the year. Importantly, there was a significant drop, about 33%, in the stock of arrears from FY2020/21 (9,288bn) of 6.2% of budget expenditure for the year. The drop represents part of efforts to implement the Domestic Arrears strategy which was launched at the beginning of the FY2021/22. The graph below shows changes in the stock of arrears by key item of expenditure.

***Figure 4:** Arrears - FY2020/21 & FY2021/22*



[8] Source this information is the Macro-Economic Policy Department at the Ministry of Finance, Planning and Economic Development.
[6] Audited and final figures on arrears for the FY2021/22 will be released at the end of October 2022 and therefore not available at the time of writing this report

As shown in the graph above, by composition, the largest drop in the stock of areas was recorded under pensions with a reduction of 97% - see graph above. Other significant reductions were recorded under court awards (39%) and general supplies (29%). However, major increases in arrears stock were also recorded in Government securities – from 2.3tr to 3.2tn and accounting for over half (52%) of arrears stock as by end of FY2021/22, Taxes and deductions (from 5.6bn to 412.7bn) and utilities (from 6.4bn to 64.3bn) largely due to under-budgeting for these items. These increases however were not large enough to off-set the aggregate reduction in stock of arrears. By agency, UNRA recorded the largest increases in the stock of arrears (from 215.06bn to 597.89bn) – see table below, on account of a build of unpaid contractor certificates.

***Table 5:** 10 MDAs with the largest stock of areas: comparison between FY2020/21 and FY2021/22*

MDA	FY2020/21 UGX (Bn.) (Audited)	FY2021/22 UGX (Bn.) (Provisional)	% Change	Main Items
Treasury Operations	2,344.51	3,446.86	47%	Securities
UNRA	215.06	597.89	178%	Contract payments
Ministry of Finance, Planning and Ec. Development	268.93	472.81	76%	Taxes / Other deductions / goods & services
Ministry of Defence	368.02	305.55	-17%	Military Pensions / Others
Ministry of Justice	230.37	216.00	-6%	Court Awards
Ministry of Lands	249.47	202.57	-19%	Court Awards
Uganda Land Commission	169.49	137.80	-19%	Court Awards / Goods & Services
Prisons	62.34	92.31	48%	Goods and services
National Medical Stores	50.84	82.51	62%	Goods and services
Ministry of Works & Transport	100.01	79.13	-21%	Goods and services

Source: Data supplied by Accountant General's Office

The reduction in the stock of arrears (form 6.9% to 1.5% of total expenditure) is a significant achievement and step in increasing budget credibility. This achievement also gives confidence to the implementers of the arrears reduction strategy. Government made concerted efforts to live by its commitment to reduce the stock of arrears spending about 664bn more than approved budget of 555bn to finance arrears – see table below. The over-expenditures was financed through supplementary budgets.

***Table 6:** FY2021/22 Arrears Payment against Budget (Figures in UGX Bn.)*

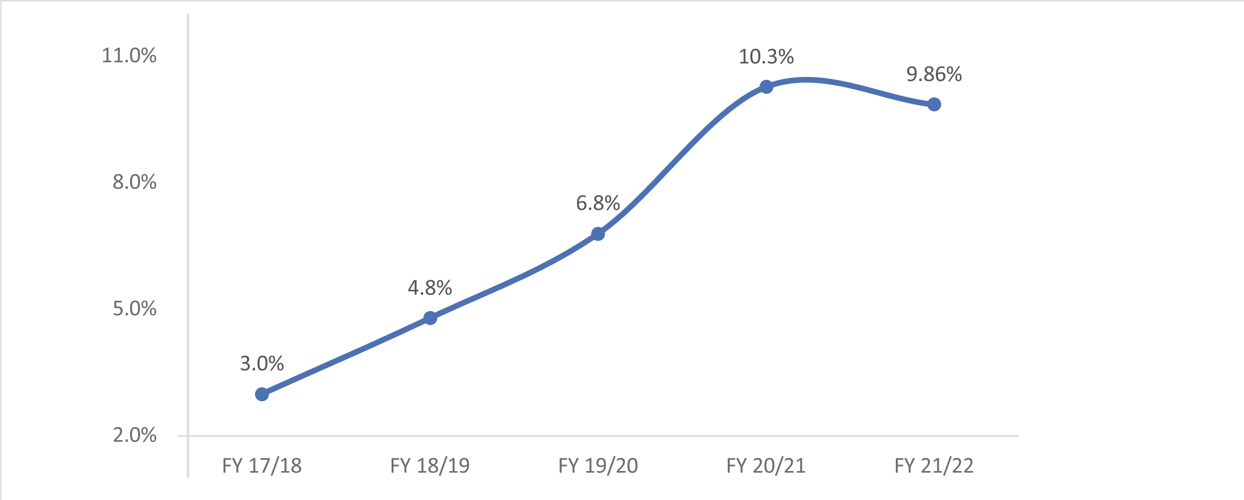
	FY2021/22 Approved Budget	FY2021/22 Arrears Expenditure	Performance *(Expenditure / Approved)*
A. Domestic Arrears (General)	**490.4**	**625.1**	**127%**
B. Salary and Pension Arrears	**64.0**	**37.7**	**59%**
Salary Arrears	11.4	0.7	6%
General Public Service Pensions	52.6	17.1	33%
Defence/Military Pensions arrears	-	19.9	100%
C. Utilities	**1.0**	**1.0**	**100%**
Electricity arrears	0.3	0.3	100%
Telephone arrears	0.1	0.1	100%
Utility arrears	0.4	0.4	100%
Water arrears	0.2	0.2	100%
TOTAL	**555.44**	**663.87**	**120%**

***Source**: MoFPED PBS Data*

2.2.5 Managing Supplementary budget Expenditure

Supplementary budget expenditures undermine budget objectives and its credibility and consequently weaken the Government resolve and commitment to implement the NDP III. Very limited improvements has been registered in reducing the use of supplementary budget. Supplementary expenditure remained high (9.86% of approved budget) in FY 2021/22. While this is an improvement over the FY2020/21, this level remains significantly above the target and statutory limit of 3%.

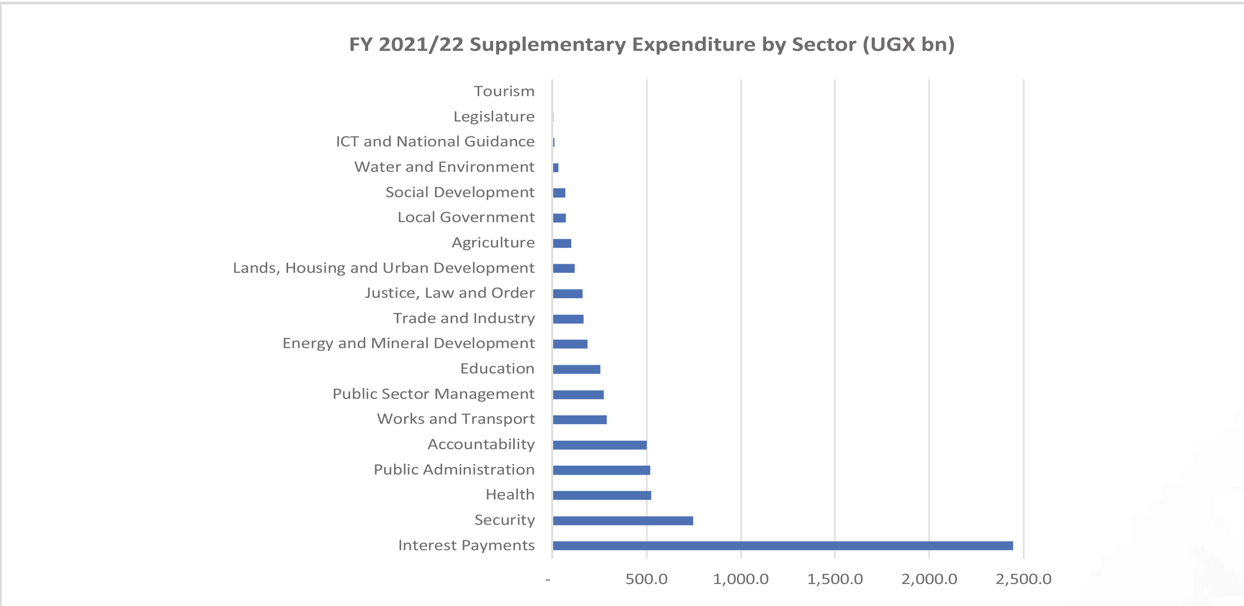
Figure 5: *Supplementary Expenditure as a percentage of Approved Budget*



Source: PBS data

A large portion (estimated at 38%[7]) of the supplementary expenditure went towards financing debt interest payments (see graph below). Other significantly large areas of supplementary budgets include the security (estimated at 12%), Health (8%), Accountability (8%) and Public Administration (8%). The graph below shows the sectors[8] having mostly benefitted from supplementary budget provisions allocated during the year.

Figure 6: *FY 2021/22 Supplementary Expenditure by Sector*



7 The source of ffigures used in this discussion is the PBS
8 The term "sector" is carry from the NDP II. FY2021/22 remained a transition year (NDP II to NDP III) with the budget classification still by sectors

Further examination of the budget data reveals at least 4 MDAs (Ministry of Trade, Industry and Cooperatives, Office of the President, Uganda Cancer Institute, and Office of the Prime Minister) obtained supplementary budget provisions exceeding their approved budgets – effectively more than doubling their budgets. Another 6 entities received supplementary budget provisions exceeding half their budgets. In order to bring more stability to the financing of the NDP III in the coming years, efforts to control use of supplementary budgets will need to be strengthened further. It will be necessary to exert greater control during budget allocation to ensure cases of the kind above do no re-occur. One way to do this may be to cascade the 3% statutory limit down to each vote so that Accounting Officers consider with more seriousness, the need to provide for their priorities within limits of resources allocated to them.

2.2.6 Improving alignment of budgets to plans

Strengthening alignment between the national budget and the NDP III is critical for its (NDP III) delivery. This was a concern during the implementation of the NDP I and NDP II and was a key factor in introducing the programme based approach[9] under the NDP III.

Alignment of the budget to the NDP III over the year, based on the Certificate of Compliance (COC) issued by NPA, was 63.4% lower than the NDP III target of 75%. This however represented an improvement over FY2020/21 which had a rating of 54.8%. The COC attributes the improvements more to "greater alignment of macroeconomic targets with those of the NDPIII" - see table below

Table 7: Summary Weighted Compliance Scores for Annual Budget FY2021/22

No.	Level of assessment	Weighted Score	Classification
1	Macroeconomic Compliance	75.0	Satisfactory
2	National Strategic Direction	68.4	Moderately Satisfactory
3	Programmes	59.9	Moderately Satisfactory
4	MDAs	64.5	Moderately Satisfactory
5	Local Governments	60.5	Moderately Satisfactory
	Overall Score (Weighted)	**63.4**	**Moderately Satisfactory**

Source: Certificate of Compliance Report for Fy2021/22, NPA

There were also efforts to improve the alignment by NPA and MoFPED through sensitisation and building capacity of MDAs and LGs in preparing budgets ensuring alignment to programmes under the NDP III. Guidelines issued along with the budget call circular for the FY2021/22 were more specific in adoption of programmes. MoFPED also introduced specific tools to help MDAs align their activities to the programme structure. On the other hand, NPA updated and issued new planning guidelines for both MDAs and LGS which were more in conformity with the NDP III programme based approach.

During the year, the Office of the Accountant General completed the review of the Government Chart of Account to align with the NDP III programme based approach.

In addition, upgrade of key system for planning and budgeting - the Performance Budgeting System (PBS), and for accounting – the Integrated Financial Management (IFMS), was completed to better serve the NDP III programme approach. However, these changes were not in time for implementation during the year. The upgraded chart of accounts and systems will be used in the FY2022/23.

The Ministry of Finance, Planning and Economic Development, also commissioned a study on alignment of PFM systems to the NDP III. The study found that efforts that had been implemented – including upgrade of systems, would not be sufficient to achieve the level of alignment with the NDP III that was desired.

The study made several recommendations for reforms targeting (i) revisions to the budget structure, (ii) strengthening performance accountability, and (iii) making the budget more fiscally realistic. MoFPED approved the reforms of the study and are due for implementation beginning FY2022/23.

[9] In the context of Uganda, programme based approach entailing requiring planning and budgeting by MDAs and Local governments to be driven by key programme areas defined under the NDP III

2.3 Programme Performance by Objectives

This section discusses programme performance against interventions and outputs as identified in the DPI Programme Implementation Action Plan (PIAP). The PIAP lays out the key priority outputs and actions that will be implemented to deliver DPI programme outcomes over the NDP III implementation period. These key outputs and actions are derived from carefully defined NDP III interventions and aligned to the following 6 programme objectives.

Objective 1: Strengthening capacity for development planning,

Objective 2: Strengthening budgeting and resource mobilization,

Objective 3: Strengthening capacity for implementation to ensure a focus on results,

Objective 4: Strengthening coordination, monitoring and reporting frameworks and systems,

Objective 5: Strengthening the capacity of the national statistics system to generate data for National Development, and

Objective 6: Strengthening the research and evaluation function to better inform planning and plan implementation

Performance against each of the objectives above is discussed below;

2.3.1 Objective 1: Strengthen Capacity for Development Planning

This objective aims to improve integrated development planning and public investment management both at the central and local government level. The intended outcomes under this objective are (i) more effective and efficient allocation and utilization of public resources, and (ii) more effective Public Investment Management. The table below provides a summary of the status of performance against key result indicators identified in the NDP III and the PIAP under this objective

Table 8: Status of objective 1 Performance against Key Indicators (Source – PBS Reports)

Outcome	Indicators	Baseline 2017/18	Actual 2020/21	Target 2021/22	Actual 2021/22	
Effective and efficient allocation and utilization of public resources	1.1 Percentage of budget released against originally approved budget.	108.2	78.4	100	107.6	MoFPED
	1.2 Percentage of funds absorbed against funds released.	99.2	90.8	100	90.7	MOFPED
	1.3 Budget alignment to NDP (%)	60	54.8	75	63.4%	COC
Effective Public Investment Management	1.4 Gross capital formation[10] (% of GDP)	23.8[11]	23.3[12]	26.76	23.5%	BTTB 21/22
	1.6 Share (%) of PIP projects implemented on time	33	33	80	67.29%	DC Report 2021/22
	1.7 Share (%) of PIP projects implemented within the approved budget	62	75	70	83.1	DC Report 2021/22

The status of implementation of Objective 1 is discussed here below against each of the 2 key results

Outcome 1: *Effective and efficient allocation and utilization of public resources*

Three (3) key indicators are listed in the NDP III for measuring this outcome– Effectiveness and efficiency in allocation and utilisation of public resources. The first indicator - ***percentage of budget released against originally approved budget*,** measures the actual cash resources disbursed by the MoFPED to MDAs and LGs to finance their program activities during the FY. 107.6 % of the original approved budget was released by MoDPED in FY 2021/2022, representing a significantly better performance compared to the previous Financial Year 2020/2021 that stood at 78.4%. This was made possible because of improved revenue over the FY and greater use of supplementary budget allocation. The second indicator - ***Percentage of funds absorbed against funds released***, is used to measure the level of utilisation of funds released by MDAs and LGs. MDAs and LGs were able to spend 90.7% of the funds released against a target of 100%. This remains a significantly high performance.

[10] Gross capital formation also known as the gross domestic investment consists of outlays or additions to the fixed assets of the economy plus net changes in the level of inventories. The last published data on this indicator "*Gross capital formation (% of GDP)*" was in 2019 and it puts Uganda's Gross Capital formation at 25.96 %, according to the World Bank collection of development indicators, compiled from officially recognized sources.

[11] Figure corrected based revised NDP III figures based on provisional NDP III mid-term assessment

[12] Revised upwards based on revised figures by NPA issued based on provisional mid-term assessment

As seen in the figures earlier, performance on both releases and absorption has been significantly good. However, the story is not even across all votes; at least 23 votes over-spent their approved budget by more than 10%. On the other hand, at least 26 MDAs underspent their approved budget by more than 10%. This means there continues to be a degree of diversion of the budget during execution. Future efforts will be needed for greater consistence between budget allocations and utilisation.

The third indicator, ***Budget alignment to NDP***, is perhaps the most appropriate measure for allocation efficiency. It is used to identify the degree to which the annual budget is aligned to the NDP III during allocation and execution. Based on the Certificate of Compliance issued by the National Planning Authority (NPA), budget alignment to NDP III improved from 54% in FY 2020/21 to 63.4% in FY 2021/22. This improvement was attributed mainly to the better alignment of macroeconomic targets with those of the NDPIII. The CoC assessment found the focus of the budget intent on the NDPIII strategic direction and core project implementation at the national level to be moderately satisfactory. Similarly, planning and budgeting for results at MDA and LG levels was also determined to be moderately satisfactory. Key areas of challenge to the alignment of the budget to the NDP III were identified as inefficiencies that remain in budget allocation and the weak coordination of NDP III programmes across government institutions.

The 3 indicators identified under this objectives are limited in measuring the efficiency and utilisation of public resources. This discussion can best be informed by the annual audit report issued by the Auditor General. At the time of drafting this report, audit reports for FY2021/22 were yet to be issued and hence this discussion is not covered.

PIAP-181101: Strengthening capacity for development planning, particularly at the MDAs and local governments

The National Planning Authority provided hands on support to all 176 (135 districts, 10 cities and 31 MCs) LGs. In particular, the Authority visited several LGs and held regional trainings and hands on support on the revised LG development planning guidelines. This resulted in the approval of 54 LG plans which are aligned to NDP III.

At MDA level, NPA provided hands on guidance to all 158 MDAs. The Authority held regional and national trainings on the revised guidelines to all MDAs and this resulted into the approval of 130 MDAs plans which are aligned to NDPIII. The process to have others approved was still ongoing by the close of the financial year.

The Office of the President through the APEX platform identified institutional limitation to development planning capacity as a result of poor strategic coordination and collaboration amongst the implementing MDAs. The inability of these MDAs to facilitate harmonization of plans contributed to under performance and duplication of efforts hence compromising achievement of intended results. Accordingly, the OP compiled operational guidelines and procedures where institutional mandates regarding coordination are delineated through a fish analogy, a process that elaborates the influencing dynamics and interface of the different actors.

Spatial data platform

Spatial data is the recording of locational data on key resources within communities using geographical information systems (GIS). In this regard it is useful and effective for planning for resource mobilisation, allocation and utilisation.

The Comprehensive National Development Planning Framework (CNDPF) and The Vision 2040 (Pg 117) underscore spatial representation (location) of national resources as critical to achieving organized, equitable, sustainable, efficient and cost-effective development as well as facilitating public policy and actions that will influence the geographical location of projects in economically viable areas. During the year, NPA drafted a Uganda Geospatial Infrastructure Data Infrastructure (UGSDI) policy to guide the use and management of spatial data. The drafting of the policy was informed by a regulatory impact assessment carried out earlier in the year. By end of the reporting period, the draft UGSDI policy had been submitted to cabinet for review and approval.

Under a separate activity, GIS-certified Training, with support from the World Bank, was provided to 26 LGs, 8 Cities, and 26 MDAs with the aim to build capacity for use of spatial data in planning. The trained staff will work as trainers within the same and other institutions to coordinate spatial data collection on several development planning-related issues. With the same support, NPA also provided to the 26 LGs, 8 Cities and 26 MDAs various equipment; (34 computers, 34 Tabs and 34 Printers), as part of the spatial data infrastructure implementation. This spatial data capacity is to be supported by Spatial Data Standards and Trainers Manuals which were developed by NPA during the period under review.

The Ministry of Lands Housing and Urban Development rehabilitated geodetic control points across the country that had been destroyed. Geodetic control points are permanent reference markers placed in the ground and precisely marked, located and documented to support the production of consistent and compatible data collection for surveying and mapping projects. Geodetic control points provide greater accuracy in localisation of spatial data systems which in turn improves spatial planning.

Geodetic control points were established in Arua and Soroti, survey and mapping data rectified in Masaka and Mityana, district cadastre border maps produced, district administrative boundaries surveyed in Rukiga, Terego - Madi Okollo, Nebbi-Terego and Arua-Madi Okollo, and 26 district physical development plans across the country approved. These activities will enhance the collection and use spatial data and improve the functionality and reliability of Uganda's Geospatial Infrastructure.

Alignment of the plans to the global agenda

The global agenda involved the adoption and alignment with SDGs, Agenda 2063, APRM, and EAC planning agenda. The NDP III already aligns to this global agenda. In FY2020/21, NPA updated the planning guidelines for MDAs and LGs to include criteria for assessing compliance with alignment to NDP III programme and the global agenda. During the period under review, NPA received and approved 130 out of 158 MDA plans and 54 out of 176 plans from Local Governments which were found to be in compliance with the global agenda.

PIAP-181103: Strengthening human resource planning to inform skills projections and delivery of national human resource capacity to support expansion of the economy;

NPA developed a draft National Human Resource Plan with a goal of increasing "the stock of knowledgeable, skilled and productive Human Resources in Uganda". The goal will be pursued under the overall theme of "Positioning Uganda's Human Resources to take a centre stage in the industrialization agenda for inclusive growth, employment and wealth creation".

The Plan is anchored on four objectives, including:

a) To identify critical education & skills gaps for employment and employability in the existing as well as emerging economic activities in the country.
b) To review and determine the appropriateness of Uganda's education and training system in addressing the current and projected skills mismatches and gaps in the country.
c) To assess the comprehensiveness and frequency of labour market data and information collected and produced in Uganda.
d) To appraise the existing coordination and institutional structure for Human Resource Planning and Development in Uganda.

Further, the authority developed draft MDAs and LG Human Resource Development (HRD) planning guidelines and undertook consultative meetings on the relevancy and applicability of these guidelines.

PIAP-181102: Strengthening the planning and development function at the Parish level to bring delivery of services closer to the people

The Parish Development Model is a Government strategy for organizing and delivering public and private sector interventions for wealth creation and employment generation at the parish level, as the lowest economic planning unit. This will ensure support for more Ugandans to increase their demand for goods and services. It is the last mile strategy for service delivery by Government of Uganda for improving incomes and welfare of all Ugandans at the household level. The Model positions the PARISH as the epicentre of multi-sectoral community development, planning, implementation, supervision and accountability. The PDM is aligned to the following 5 strategic objectives of the NDPIII;

i) Enhance value addition in Key Growth Opportunities.

ii) Strengthen private sector capacity to drive growth and create jobs.

iii) Consolidate & increase stock and quality of Productive Infrastructure.

iv) Enhance productivity and well-being of Population.

v) Strengthen the role of the State in guiding and facilitating development.

The DPI Programme contributes to strategic objective V of the PDM and to two of the PDM pillars, i.e. (i) Community Data (Community Information System), (ii) Mind-set Change where the following actions were planned.

1. Equip and resource parishes to operationalize service delivery structures.
2. Develop and operationalize real time community information systems at parish level.
3. Review institutional architecture for community development to focus mind set change and poverty eradication.
4. Re-orient community development to focus on mind set change and poverty eradication

The PDM aligns for all these provisions by taking a whole of government approach to the Parish and ensuring that each MDA plays its role.

By the end of the financial year, the following achievements had been registered;

a) Over 300,000 PDM implementation Guidelines, IEC materials and Operational Manuals were developed and disseminated to key leaders & stakeholders across the country.

b) A new policy direction was issued clarifying that under PDM framework, Government is moving away from the earlier system of Government-led free input mass distribution such as under Operation Wealth Creation, National Agricultural Advisory Services or Uganda Coffee Development Authority, to a farmer-run and owned system supported by PDM SACCOs, with in-built credit under the Parish Revolving Fund. (PRF)

c) Guides were issued on enterprise profitability to guide citizens on profitable investment menu across the value-chain enterprise selection for both intensive and extensive enterprises informed by Land acreage, extension service requirements, production and productivity of the seven commodity enterprises;

d) Clarity was issued on the PDM implementation for several groups; medium to large-scale model or extensive farmers as off-takers (markets), small scale/ subsistence farmers and intensive farmers. Clarity was also issued regarding partnerships with Zonal Industrial Hubs; Industrial Parks; and big commercial farmers, for the production of strategic commodities to meet national and international demand;

e) A special PDM framework was prepared to guide implementation in urban areas like cities and municipalities seen as critical, including involving the private sector in the preparatory stages as the eventual off-takers of the PDM mass production.

f) Arising from formation of Enterprise Groups, a total of 8,334 PDM SACCOs fulfilled the registration requirements and were registered by the Registrar of Cooperatives, of which 7,786 PDM SACCOs were successfully set-up on the IFMS and received their Parish Revolving Fund by end of FY 2021/22.

g) By the end of the financial year, 10,564 Parish Chiefs had been recruited, out of the planned 10,594 approved Posts for Parish Chiefs. Only 30 Vacancies remained to be filled.

However, the PDM implementation also began to have some challenges during the year. A few Enterprise Groups and PDM SACCOs did not adhere to all the guidelines provided. As such, the government initiated a nationwide verification exercise to identify only PDM SACCOs that were ready and which would be eligible to receive funding. Funding was planned to be disbursed in FY 2022/23. The Government also strengthened multi-institutional collaboration (e.g. IGG, RDCs, OWC, ISO, Uganda Police & PDM Secretariat) to ensure that arrest of suspects and refund of funds taken. By the end of the FY, work had stated on developing a robust accountability mechanism for the Parish Revolving Fund (PRF), supported by full-digitalization of PDM business, to deter instances of corruption in Local Governments in order to protect this important programme. Government will also complete the data collection exercise to target better the households for whom it is intended.

Outcome 2: *Effective Public Investment Management*

It is Government's aim to support initiatives for enhancing returns from public investment through better implementation of policies that boost efficiency in public investment. To this end, the Government of Uganda has implemented reforms aimed at strengthening of the project cycle; the pre-investment (identification, feasibility and appraisal), investment (project execution, monitoring and reporting) as well as post-investment, to improve efficiency and effectiveness. The quality of projects selected for implementation, and the oversight role of the Development Committee (DC) has been enhanced with the introduction of the Integrated Bank of Projects (IBP) - a comprehensive database of investment projects, supporting the planning and pre-investment phases of the project cycle. This contains core/ flagship projects, to be implemented by Ministries, Departments and Agencies (MDAs) as well as Local Governments (LGs) within the NDP III period 2020/21 to 2024/25).

Performance on the key PIMS indicators continued to be below target during FY 2021/22. The share of PIP projects implemented on time was 33% (FY 2020/21) against a target of 80%. Similarly, 60% of PIP projects were implemented within the approved budget against a target of 70%. This performance was mainly attributed to project implementation challenges encountered including failure to meet readiness conditions, limited funding, and failure to secure or acquire right of way for infrastructure projects, among others.

Implementation under specific interventions is discussed here below.

(i) ***PIAP-181104: Strengthening Public Investment Management across the entire government to be able to develop bankable projects on time.***

In a bid to significantly increase the quality and efficiency of the projects, various activities were implemented during the reporting year. These include;

(i) Technical support to MDAs in standard appraisal methodologies including preparation of Prefeasibility and feasibility studies. To date, the National Planning Authority has supported 27 feasibilities and 17 pre-feasibility studies with some completed and others still on going.

(ii) Integration of the integrated Bank of Projects phasee II with the various government systems of IFMIS, PBS, AMP, PMIS and the NDP Monitoring System was on-going. Once completed, the integration will facilitate day to day implementation and monitoring of projects.

(iii) Training of 125 officers in public investment management aspects across MDAs in order to strengthen skills across the entire government. This will support development of bankable projects. Government officials will be able to guide and interrogate project studies to inform better decision making.

(iv) Strengthening the project appraisal function. Through the Project Analysis and PIMs department (PAP), several new projects were taken through the various stages of appraisal. PAP also undertook a portfolio review of all ongoing projects. This process ensures that only ready to go projects are implemented. This process has been strengthened with the development of the project selection criteria which provides parameters on project readiness.

(v) Conducting stakeholder consultations to review and update Development Committee Guidelines to Include Gender Equity, Green growth principles.

(vi) Completing the development of the draft National Public Investment Management Policy. Once approved, the policy will provide proper streamlining and coordination of public investment management in the country.

(vii) Developing the GoU public investment financing strategy 2022, which will hence forth guide on the financing options for different projects in the country.

2.3.2 Objective 2: Strengthen budgeting and resource mobilization

This objective aims at mobilising resources needed to implement the NDP III. The aggregate cost of financing all the NDPIII programme interventions over the 5-year period is estimated at around UGX 411.681 trillion[13]. Of this cost, UGX 276.878 trillion (67.3 percent) is contribution by the Public (incl. off budget), while UGX 134.803 trillion (32.7 percent) is private sector contribution (less recurrent private sector expenditure).

The NDP III expects to achieve 2 key outcomes under this Objective namely (i) Fiscal credibility and Sustainability, and (ii) Improved budget credibility. The table below illustrates the programme performance in respect of the outcome indicators under the objective.

Table 9: Status of objective 2 Performance against Key Indicators

Key Result (Outcome)	Indicator	Baseline FY 2017/18	FY 2020/21 Actual	FY 2021/22		
				Target	Actual	Source
Outcome: Fiscal credibility and Sustainability	Tax to GDP ratio (%)	11.6%	12.4%	13.8	13.51	URA
	Revenue to GDP (%)	12.1%	13.2%	14.01	13.7	MoFPED
	External resource envelope as a Percentage of the National Budget.	20	10	23	8.3	MoFPED
	Present Value of Public debt stock /GDP	30.8	37.6	40.7	40.2	MoFPED
	Nominal Debt to GDP ratio	41.5	46.7	52.6	48.6	MoFPED
	Proportion of direct budget transfers to local government	12.25	11.7	22.05	13.7	MoFPED
Outcome: Improved budget credibility	Budget transparency index	60	TBD	TBD	TBD	MoFPED
	Arrears as a Percentage of total expenditure for FY N-1	1%	6.9%	0.7	1.5	MoFPED
	Level Compliance of the National Budget to NDP III (%)	60	54.8	75	63.4	NPA
	Green Economy (GE)Public expenditure Review (PER) rating	NA	Average	Above Average	Average	NPA
	National Budget compliance to Gender and equity (%)	55	65	70	65.02	EOC
	Supplementary as a % of the Initial budget	5.89	10.28	<3	9.86	MoFPED

In the section that follows, performance under each of the 2 outcomes in the table above is discussed.

[13] NDP III Financing strategy

Outcome 3: Fiscal credibility and Sustainability

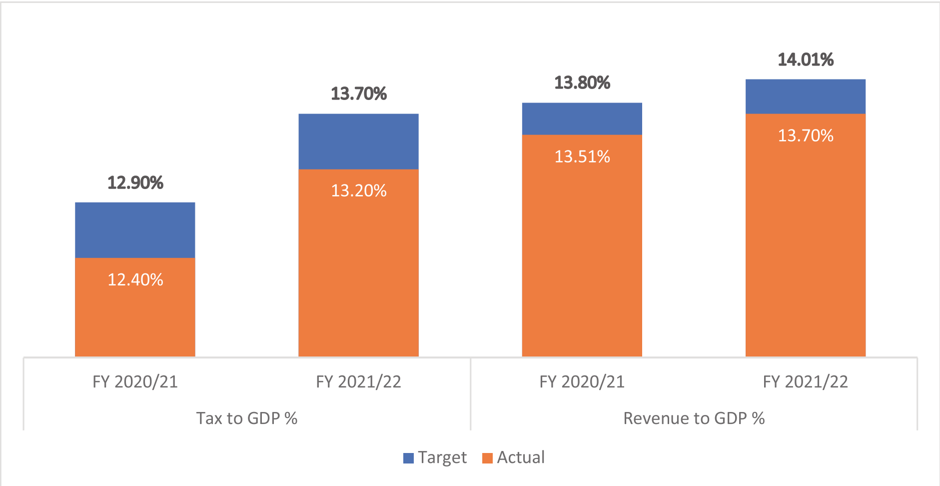
The economic landscape in FY 2021/22 was characterized by partial business lockdown for a greater part of the year due to COVID-19. The ongoing Russia-Ukraine conflict in the last quarter of this period also effected on the economy. These shocks and the high inflation period during the last quarter of the financial year saw an increase in fiscal pressures.

Going by the scores against indicators listed in the table above, performance under this outcome was generally below target. While the tax and revenue to GDP ratio targets were close to target, there was an expansion in the amount of debt (both domestic and external) during the year, and transfers to local governments were significantly below target. This performance is discussed further below

Tax Revenues

The Tax to GDP in FY 2021/22 performed at 13.51% nearly on target - 13.8%. This relatively good performance was possible notwithstanding impact to the economy due to the COVID-19 lockdown in the first half of the financial year. This performance also represents an improvement over FY2020/21 which stood at 12.4%.

Figure 7: Trend Analysis of Tax to GDP and Revenue to GDP performance 2021/22



For the past 2 years of the NDP III, both tax and revenue to GDP ratio have fallen short of targets. Tax revenue collections during FY 2021/22 were UGX 21,658.01 billion, against a target of UGX 22,363.51 billion which represents a performance of 96.85 percent. This is a growth in revenue of UGX 2,395.01 billion (12.43 percent) as compared to last financial year's performance. The graph below provides a summary of revenue performance under NDP III.

External resource envelope as a Percentage of the National Budget.

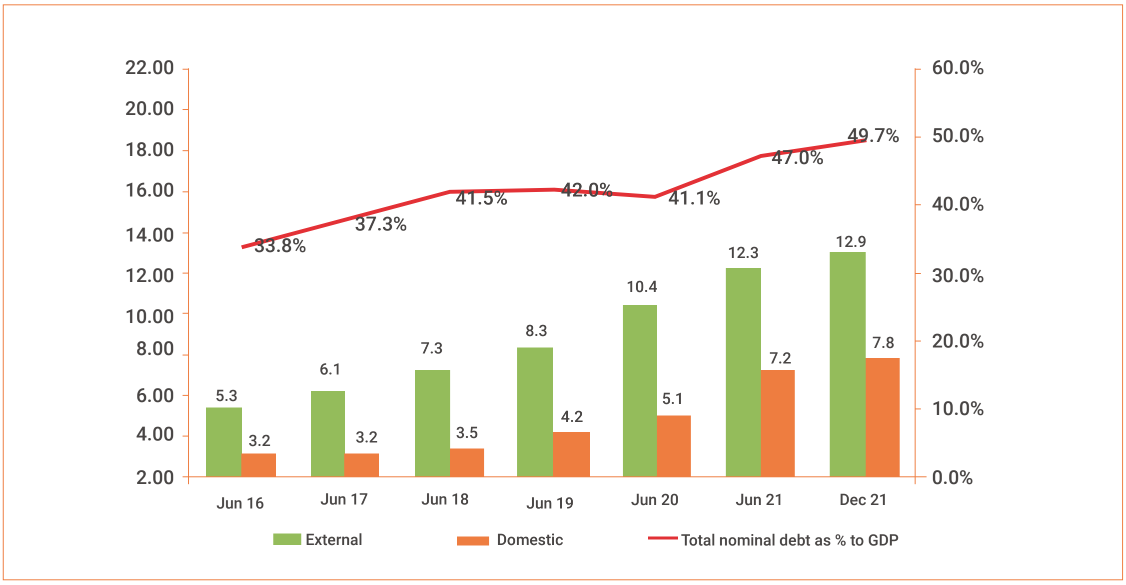
The External resource envelope as a Percentage of the National Budget reduced from 10% in FY 2020/21 to 8.3% in FY 2021/22. Total External financing was projected to be UShs. 9,02714 billion at budget time with UShs. 3,508 billion of this as general budget support while UShs. 5,519 was meant to support government projects. During the financial year, a total of Ushs 6,539 billion[15] (72.4%) was disbursed from external sources, out of which Ushs 2,475 billion was for general budget support and Ushs 4,064 billion earmarked for specific projects.

[14] Background to the Budget Fiscal Year 2022/23
[15] FY 2021/22 Annual Budget Performance Report

Debt to GDP Performance

Uganda recorded a nominal Debt to GDP of 48.6% by the close of FY2021/22 against a target of 52.6% putting it in a worse position than the 46.7% reported in FY 2020/21. The present value of Public Debt stock was however within planned limits at 40.2% against a target of 41% but above the 37.6% that was reported in the previous financial year.

Figure 8: Public Debt Stock Trend (in USD Billion) from FY2015/16 to December 2021



Source: Medium Term Debt Management Strategy 2022/23 - 2025/26

Despite Government's continued interventions to reduce public debt, the negative effects of the Covid- 19 pandemic on the economy and increasing pressures to finance expenditures related to economic recovery during the FY 2021/22 necessitated increased domestic and external borrowing. The cost of debt is an additional challenge; this has been on a steady rise in recent years resulting into an increase in debt service for both domestic and external debt. Specifically, domestic debt interest payments as a percentage of GDP have risen from 1.98% in FY 2016/17 to 2.4% in FY 2020/21 while external interest payments have increased from 0.25% to 0.51% in the same period[16]. In line with the MTDS of FY 2020/21, the Government continued to finance its spending needs and managing its domestic debt refinancing risk by issuing more longer-dated securities. However, this was at a higher than projected cost thus leading to increased aggregate interest payments as a percentage of GDP.

PSST meeting Central Government Accounting Officers on budget execution for FY 2022/23

[16] Uganda Medium Term Debt Management Strategy 2022/23 - 2025/26

Box 1: Uganda's Key Strategies for public debt management in the medium term

In order to maintains Uganda's debt within sustainable levels in the medium term, the following reforms and strategies will be implemented:

i. Government will implement the Public Investment Financing Strategy (PIFS) which will provide various financing modalities i.e., traditional, non-traditional, and emerging options for funding government programmes while enabling a framework for private sectors involvement. The strategy will also ensure alignment of appropriate financing to Government's priority programmes.

ii. Government will continue to borrow largely on favourable terms by first exhausting concessional financing options. Furthermore, borrowing will be restricted to projects or expenditures that are critical to the economy that will enhance productivity and cannot be postponed.

iii. Both domestic and externally funded projects will be sequenced and expenditures that can be postponed without causing damage to the economy will be deferred until the economy fully recovers from the effects of COVID-19.

iv. In order to create fiscal space and minimise payment of commitment charges, Government will continue to review projects funded by debt and cancel those that are not performing. Poor performing but strategic projects will be restructured and aligned to priorities with respective programmes.

v. Government will slow down on the rate of debt accumulation by instituting a more stringent process for prioritising, vetting, rescheduling projects to be financed using borrowed resources in the next FY; and

vi. Government will continue to implement Domestic Revenue Mobilization efforts which will help in reducing the fiscal deficit and relive government on expensive borrowings.

Source: *Medium Term Debt Strategy 2021/22*

While debt continues to play an important role in financing Uganda's development agenda and is still within sustainable limits, the Government continued to take measures to contain the rising levels of debt during the FY2021/22. These measures include the following:

I. Implementation of the FY2022/23 Annual Medium Term Debt Strategy (MTDS) in fulfilment of provisions stipulated in section 13(10) (a) (iv) of the Public Finance Management Act (2015). The overall objective of the FY2022/23 MTDS is to meet the Government's financing requirements at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk to avoid dangerous debt structures and strategies. This is crucial, given the severe macroeconomic consequences of sovereign debt default, and the magnitude of the ensuing output losses.

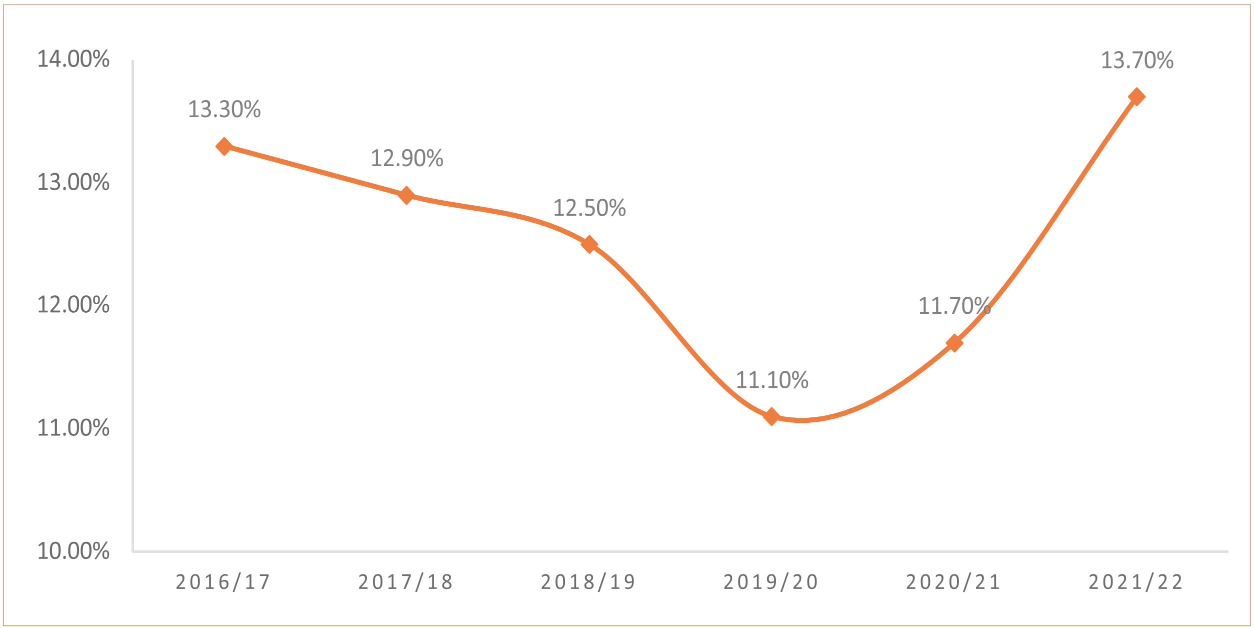
II. In line with diversifying the Government's financing options and, increasing the average maturity of debt, Government will implement the 20-year Treasury bond introduced in FY 2020/21. Government plans to issue its inaugural Infrastructure Bond in FY2022/23

III. Government is continuing to implementing reforms of Primary Dealership system for Government securities introduced in October 2020 by both MoFPED and Bank of Uganda. These reforms are aimed at enhancing liquidity and reducing the cost of debt. These efforts are expected to lead to a reduction in borrowing rates for the private sector.

Proportion of direct budget transfers to local government

The proportion of the direct LG transfers out of the National Budget increased from 11.7% (FY2020/21) to 13.7% (FY2021/22). This represents Ushs 82,280 real per-capita value allocation however it remains far below the targeted Ushs 115,757 which is regarded as the optimal allocation. Nominally, the LG transfers increased from Ushs 4.196 trillion to Ushs 4.623 trillion, a 2 percentage increase. This was still lower than the target of Ushs 5.88 trillion (78.6%) for FY2021/22.

Figure 9: Proportion of direct budget transfers to local government



Source: LGFC Databank

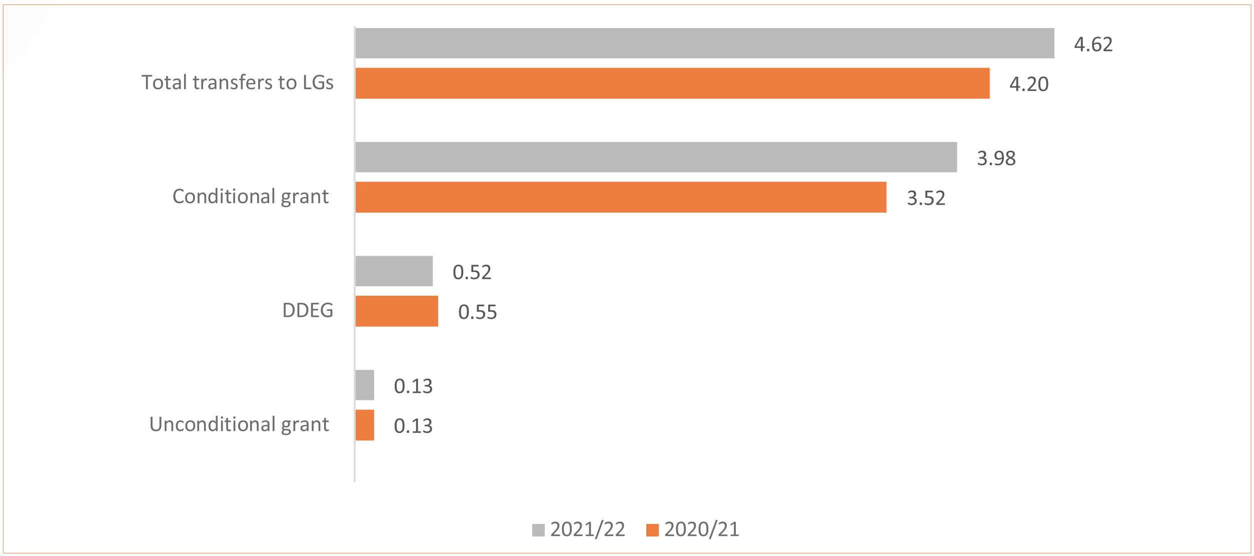
The 2012 LG Financing study conducted by the Local Government Finance commission led to the development of the Intergovernmental Fiscal Transfer Reform Program (IGFTRP) to (i) improve adequacy of funding to LG service delivery, (ii) ensure equity in the allocation of funds to LGs for service delivery, and (iii) improve the efficiency of LGs in the delivery of service. In 2020, the IGFTRP was revised to align with the 3rd National Development Plan (NDP III): 2020/21 to 2024/25. The Uganda Intergovernmental Fiscal transfer programme (UGIFT) funded by the World Bank is a financing vehicle for the IGFTRP aiming specifically to address the issues of inadequacy, inequity and inefficiency in grant funding to LGs.

As a result of efforts through UgIFT, in FY2021/22, grant transfers in the selected services such as Health, Education, Water and Micro-scale Irrigation were significantly enhanced. Sectors grants allocations under health and education increased by 42 to 50% during the FY2021/22.

The increase in transfers from 11.7% to 13.7% discussed earlier was largely due to the budget support from the World Bank supported UGIFT through which an extra UGX 151bn was made available.

In addition, through UgIFT efforts, inequities in allocation are being reduced through constant revision of grant allocation formulae (annually), to make them needs based, poverty sensitive and transparent. On the other hand, inefficiencies in service delivery are being addressed through a well-structured annual LG Performance Assessment (LGPA) and its attendant Programme Improvement Plans (PIPs). Once the LGPA is completed and synthesized, the key areas of weaknesses in LG service delivery are determined and included in the PIPs. In the 6 months following the assessment and before the next, each responsible sector ministry provides the capacity building or technical support required to the weak LGs in line with the PIPs. This model is said to yield a lot of improvements in LGs.

Figure 10: Changes in Direct Fiscal transfers to LG's (UGX Trillions) between FY2020/21 and FY2021/22



Funds implementation of decentralized functions that are appropriated in central MDAs votes remains a key area of concern for LGs. Examples of such funds are: NUSAF (OPM); Road maintenance (Uganda Road Fund); Women empowerment and Youth Livelihood (Ministry of Gender, Labour and Social Development); Operation Wealth Creation etc. The funds appropriated in central government votes but for implementation of decentralised functions increased from Ushs. 1.9 trn in FY 2017/18 to Ushs 2.264trn in FY 2021/22 – an increase 19%, larger than direct fiscal transfers discussed above. This undermines the decentralisation principle of devolution of powers as it increases the amount of central government control on local government programmes while also reducing the ability of LGs to attend (plan, budget and allocate) to their local priorities.

Participants at Negotiations between the Central and local government on the Conditional grants and allocation formulas for grants.

Progress on key interventions under this outcome (Improving Revenue Mobilization)

i) ***PIAP.182205: Implement electronic tax systems to improve compliance both at National and LG levels.***

URA rolled out an intensive taxpayer education programme and increased transparency through stakeholder collaboration especially in areas of information exchange, and third-party data integration and analysis to identify unregistered persons and to expand the tax register. In order to increase accessibility of services, URA utilised mobile tax services through the Tujenge Uganda, a mobile outreach bus financed under the Accountability Sector that extends outreach services to taxpayers especially in areas where there is no physical presence. URA is the third African tax authority, after South Africa and Kenya, to launch this kind of automobile aimed at drumming up efforts to grow the tax register to at least 5 million taxpayers by 2024/25. These measures contributed to an increase in the Tax Register by 47% in FY 2021-22.

URA has also focused its efforts on championing process improvement using key technologies such as Electronic Fiscal Receipting & Invoicing Solution (EFRIS), Digital Tax Stamps (DTS), Cargo Tracking Systems, and Non-Intrusive Inspection Technologies to improve business efficiencies and facilitate trade. As at June 2022, VAT performance from EFRIS stood at UGX 629.12 Bn. Due to the Digital Tax Solution implementation, there is a significant increase of Net payable Local Excise Duties by 78% from UGX 398.2 Bn in 2018-19 to UGX 708.84Bn in FY 2021-22.

During the FY2021/22, URA rolled out and increased the coverage of the three smart business solutions with the aim to enhance tax payer compliance and revenue mobilization. These business solutions are:

a) Electronic Fiscal Receipting and Invoicing System (EFRIS) targeting improvements in tax administration by facilitating better taxpayer record-keeping to enhance accuracy in tracking tax-payer transactions and enable faster tax assessments. As at 30th June 2022, the total EFRIS register stood at 52,580 with a growth of 62% from the 37,888 of 2020/21

b) Digital Tracking Solution (DTS) which aims at quality assurance of the authenticity of the gazetted products on the market by, among others, enabling manufacturers, distributors, retailers and consumers to conveniently verify and trace all specified goods throughout the distribution chain. Overall, 743 sites have been registered for DTS with 585 manufacturers and 158 importers. Gross revenue collection from DTS was UGX 789.22Bn in FY 2021/22.

c) The voluntary disclosure extended to taxpayers to do a thorough tax self-health check to clean their tax accounts with URA without being fined or penalized.

d) By end of the financial year, procurement for the upgrade of the e-tax system to improve compliance both at National and LG levels had been initiated and technical evaluation ongoing. Validation of data with NIRA to issue instant TINs, reengineered work flow processes and stakeholder engagements to form work groups that will define interface with local government including IRAS were still ongoing by close of the financial year. The upgraded system is expected to be in place by 30th June 2024.

ii) ***Integrated Revenue Administration System (IRAS)***

The IRAS is a local government revenue enhancement system to help overcome the persistent challenges to local revenue administration. The system facilitates (i) automatic assessment/billing of taxpayers, (ii) central storage of the taxpayers' databases, (iii) direct payment of revenues to the local government accounts, (iv) real time tracking of payments, reconciliations and reports, (v) access by authorized users anywhere anytime, (vi) several payment options because of integration with platforms like mobile apps, Mobile Money, banks, bank agents, and Point of Sale services among others. The system is continuously being updated to meet a variety of local government revenue mobilization needs. Achievements from the Implementation of (IRAS) include the following;

a) **Automation of Revenue Collection in Local Governments.** In FY 2021/22, IRAS was rolled out to 29 Local Governments/votes bringing the total number to 37 LG Votes. IRAS is now operational in the following LG Votes; three (03) Greater Kampala Metropolitan Area Municipalities of Entebbe, Nansana and Makindye-Ssabagabo, 9cities and USMID municipalities of Arua, Gulu, Lira, Soroti, Mbale, Masaka, Mbarara, Fort Portal, Hoima, Kitgum, Tororo, Mubende, Kabale, Ntungamo), and fourteen (20) District local governments of Abim, Adjumani, Amolatar, Amuria, Kapelebyong, Kole, Lamwo, Moroto, Moyo, Omoro, Otuke, Pader, Yumbe, Zombo, Mbarara, Mbale, Kumi, Wakiso, Lira and Gulu. The LGFC has planned to roll out the system to all local governments within the next 3 years. All the LGs connected to IRAS are integrated with the URA e-tax system. Collectively, the 29 LGs taxpayer register expanded from 87,352 to 170,170 taxpayers; the assessed amount rose from Ushs18bn to Ushs93bn and the collection rose from Ushs 28.65bn to Ushs 36.06bn for the 29 LG votes in FY 2021-22.

b) **Establishment of Comprehensive Taxpayer Registers**: In a period of three years ending June 2022, a total of 248,904 tax payers have been registered using the IRAS, a process that has ensured capturing of comprehensive taxpayer data. In all the participating local governments, taxpayer registers are now readily available and facilitating statutory reporting and other decision-making efforts including revenue mobilization.

c) **Computer Aided Property Valuation (eValuation);** Following integration of eValuation with IRAS, Local Governments are now able to conduct Computer Aided Property Valuation. So far, 11 municipalities have utilized the module with remarkable benefits for example in 2021, Makindye-Ssabagabo Municipal Council (MC) conducted valuation of properties within their area of jurisdiction applying the IRAS GIS and eValuation module and was able to value 38,259 properties with a total rateable value of UGX 222.5 Bn compared to the manual property valuation exercise of 2015 which had covered 8,144 properties with a total rateable value of UGX 70.2 Bn. Computer Aided Property Valuation integrated with GIS functionality is therefore expected to improve the MC's revenues from property tax given the huge improvement in the property rateable values.

d) **Improved Staff Capacities**: As part of the rollout exercise of the IRAS, **1,310 technical/ revenue officers** were trained to equip them with system user and general computer application skills as well as provide them with refresher training on the application of revenue administration processes. This was intended to improve efficiency in local revenue management. Out of these, a total 144 Super-users (change agents) were selected based on their performance, and provided with further training to lead other critical staff implementing the IRAS.

e) **LG revenue units** have been set up within the 10 new Cities having fully operational Local Revenue Departments and ongoing recruitment to fill the positions in the Cities started in June 2022.

Participants at the roll out of Integrated revenue administration system in Lamwo.

Besides the above achievements, there are benefits that have accrued to local governments by using the Integrated Revenue Administration System which include;

(i) **Improved reporting**: LGs on the IRAS receive timely (real time) respective monthly revenue performance reports. These reports are also received at the same time by the Centre (**LGFC**). This has improved reporting and accountability in revenue management and has provided the information needed to support revenue performance monitoring, revenue-sharing, municipal budgeting decision making, and integration with other government systems e.g. URA e-payment system, IFMS.

(ii) **Improved own-source revenues performance:** Timely revenue analysis and monitoring, voluntary compliance of taxpayers, and ease of settling obligations has enhanced performance of revenues collected by LGs.

(iii) **Improved revenue service delivery:** This has resulted from elimination of bureaucracies, minimization of paper-work, and reduction in transaction time and significantly increased taxpayer convenience.

(iv) **Improved taxpayer confidence** arising from engagement with the local government through availability of feedback mechanisms and SMS notifications for any revenue related transactions. A taxpayer is provided with a payment reference number (PRN) which he/she use to pay the revenue/ tax and pays using the phone directly to the e-tax account of URA. After-which he/she gets instant feedback message to indicate that the transaction has been completed and the payment received. The taxpayer can print this receipt. This is a real time payment.

(v) **Convenience to the taxpayers** through access of tax payment options and platforms, and flexibility to transact from anywhere, anytime. The tax payment process is electronic and automated; it has inbuilt assessment statutory instruments for each specific source of revenue/ tax. Taxpayers are now able to generate payment requests without reference to the revenue officers, make payments at a time and in such locations of their convenience, they do not have to physically travel to the office of the LG or a bank. This has seriously reduced bribery, tax evasion and avoidance.

(vi) **Elimination of revenue collection leakages** through standardization of tax assessments, and the ease of identification of non-compliant taxpayers using system records.

Participants at the roll out of IRAS in Mbarara city

iii) ***PIAP-182201: Fast tracking the implementation of the integrated identification solution linking taxation and service delivery (e-citizen)***

During the FY2021/22, NIRA continued to work on the National Identification Register (NIR) to make it ready for access and use by all MDAs having IT infrastructure meeting the integration requirements. Entities that integrated their systems with NIRA were enabled to automatically and timely conduct verification of information in the NIR. By end of the FY2021/22 all applicants for TIN, Passports and Driving permits were able to be verified against their NIN by the respective MDAs and private entities. In addition, other Third Party Interface (TPI) platform were able to facilitate MDAs to do verification of applicants' identify particulars using the National Identification Number (NIN) and biometrics. With this capability, taxpayer registers will be verifiable when integration with the NIRA system is completed.

Manager, Registration and Operations at NIRA explaining the process of National ID registration to members of the DPI TWG at the NIRA offices in Kololo.

Box 2: Example of previous Integration with NIRA and impact on Service Delivery

a) The Ministry of Lands in the Land Registration in Uganda uses identification of land owners using NINs to reduce the rampant bad practice by one piece of land being registered in several names;

b) The Ministry of Public Service identifies public servants by their NIN on the Payroll and has eliminated ghost employees;

c) The Ministry of Labour and Gender uses NIN to identify target beneficiaries of their Social Protection programmes so as to avoid provision of multiple grants to same persons;

d) The Ministry of Education uses the NIN as a primary identifier for pupils and this facilitates tracking of pupils. This informs Government of new school enrolments, transfers, and drop outs and this will greatly facilitate planning.

e) At the NSSF, the NIN facilitates tracking of workers right from the employment payroll through the social security /benefits fund. This has helped in identifying persons that qualify to get their benefit and it has reduced fraudulent practices.

f) At URA, through integration with NIR, Tax Identification Number (TIN) registration has been simplified, from excel templates into a simple web form linked with the NIRA database to facilitate faster and easier taxpayer registration once you have a NIN.

g) Issuance of driving permits and passports has been tremendously improved through integration with NIR, reducing the waiting time to hours for driving permits.

h) In the telecom sector, using SIM cards registered against individual NINs, the investigators are able to identify the registered owners of SIM cards in cases of misuse and in crime.

The above record, discussed with respect to NIRA was physically evidenced by a select committee (Technical Working Group) of the DPI. This committee also made a number of recommendations to improve the implementation of identity information; and to help streamline NIRA operations, these include

i) Equipping NIRA with modern national Identification production machines and registration kits to improve their capacity;
ii) Collaborating with telecom companies to establish a threshold on the number of sim cards an individual NIN can register. This will compel Ugandans to register for National IDs;
iii) Establishing partnerships with URA and KCCA to increase number of registrations for National IDs, for example in TREP outreaches with URA.
iv) Strengthening NIRA's role in registration of deaths all over the country by partnering with churches and Local leaders.
v) Developing a statistical unit at the Authority to ensure regular updates of the deaths and birth rates in Uganda. These statistics are very critical in informing policy for national development.

iv) *PIAP-182203: Expand financing beyond the traditional sources*

During FY 2021/22, MoFPED developed the public financing strategy for all available financing options and carried out mapping of the different financing options to programmes/projects as outlined in the NDP III. The financing strategy is intended to enable the Government explore other viable options for financing the national budget. Government also commenced internal stakeholder consultations for the development of a strategy to implement investment of short term cash surpluses.

As part of economic and commercial diplomacy, the Ministry of Foreign Affairs is actively involved in mobilizing cooperation assistance from various Development Partners towards improving the welfare of all Ugandans. During FY 2021/22, the Ministry of Foreign Affairs negotiated and signed;

1. Agreement worth Euros 7,560, 000 with France on construction of water and sanitation infrastructure in Isingiro District;
2. Cooperation grants from China; $36,000 for emergency humanitarian assistance and drugs, and USD 20 million for social & livelihoods projects.

Other proposed interventions like developing non-traditional financing sources to finance the budget through avenues such as diaspora bonds, blended financing, infrastructure bonds, pension funds, a fund of funds, and sovereign wealth funds, as well as undertaking a study to evaluate and review debt instruments to support effective cash management and budget financing were deferred to FY 2022/23.

v) *PIAP-182203: Reducing informality and streamlining taxation at national and local government levels*

Reduction of informality and streamlining taxation at national and local government levels is a priority that is being pursued by URA through its FY 2020/21-2024/5 Tax Education strategy. The strategy aims at (i) expanding awareness by the public of the tax laws, roles, rights, obligations and opportunities relating to tax, (ii) empowering taxpayers by guiding them on their rights, sharing knowledge about self-help tools and processes to support tax compliance, and (iii) nurturing tax-payers by setting up support mechanisms to cultivate and maintain a taxpaying culture and forge partnerships in the administration of taxes.

A key output of this intervention is fast tracking the Tax Registration expansion programme (TREP). During the FY 2021/22, 834,515 new taxpayers were added to the taxpayer register representing a growth of 46.79 percent against a targeted growth of 15 percent. As at end June 2022, the taxpayer register had 2,618,008 taxpayers. Of these, 166,783 were non-individuals and 2,451,225 were individual tax payers. Active taxpayers were however only 1,586,718 (60.61 percent).

Working with the TREP project KCCA will effective FY 2022/23 commence on an exercise to clean the existing revenue data in order to simplify tax administration processes as part of efforts to improve compliance. Efforts to grow the different registers are continuous and by the end of the

FY2021/22, the valuation process and display of the draft roll of Central Division was concluded. It is expected that the new roll will come into effect in FY2022/23.

KCCA was also able to complete the geo-referencing of all valued and all registered businesses/properties within Kampala. Geo-referencing eases identification and pinpointing of business location and accordingly, reduces informality and tax evasion. In this particular case, this exercise was intended to (a) enable timely tracking of any changes; (b) promote formalization, (c) map, model, and query large quantities of data within a single database based on their location, (d) enable creation of location maps, and (e) integrate information, visualize scenarios and develop effective solutions to revenue administration. This geo-referencing exercise will also support the work of URA particularly in the identification of rental properties and collection of rental tax.

vi) ***PIAP-182206: An appropriate, evidence-based tax expenditure "governance framework" to limit leakages and improve transparency***

As part of the legal framework and the Domestic Revenue Mobilisation Strategy (DRMS), a Tax Expenditure Governance Framework was adopted during the FY2021/22 to improve transparency and accountability regarding tax incentives[17]. In addition, the framework clearly specifies the criteria for approval of new tax expenditures and the sustenance of existing ones. The framework further institutes minimum requirements for new tax expenditures and issues guidelines on monitoring existing ones. The Tax Expenditure Governance Framework was used to evaluate Tax expenditures for the period of FY 2015/2016 to 2019/2020. The evaluation established the largest type of income tax expenditure in recent years to be exemptions, followed by allowances and deductions. Income tax expenditures were found to be equal to (at least) 0.4% of GDP in the most recent financial year (FY19/20) for which data were available. The evaluation also found increasing importance of allowances and deductions in revenue foregone, rising from 0% of GDP in FY17/18 to 0.12% in FY19/20 (around 30% of revenue foregone from income tax expenditures).

In addition, in line with the Domestic Revenue Mobilization Strategy (DRMS), MoFPED, through Tax Policy Department and URA, prepared the annual tax expenditure report for FY 2021/22. The report contains estimates of revenue foregone in tax expenditures for FY2016/17–FY2021/22 and also incorporates projections for the expected revenue foregone for FY2022/23. The estimates are prepared according to the updated Uganda specific benchmark. In its key findings, the report estimated value of revenue foregone from tax expenditures in Uganda at UShs. 2,478.1 bn, or 1.56% of GDP, for the financial year 2021/22. This represents an increase from UShs. 2,164.86 bn or 1.46% of GDP in 2020/21. The report also noted that the largest share of revenue foregone over the year came from VAT, representing UShs. 1,151.47 bn, or 0.72% of GDP.

Conduct a cost-benefit analysis of current tax exemptions and government subsidies

The Ministry of Finance, Planning and Economic Development through its Tax Policy Department, developed the analytical report on Government tax exemptions and subsidies for FY 2019/20. Findings from this report indicate that in FY 2019/20, total revenue foregone due to tax expenditures amounted to UGX 5,030.45 billion. As a percentage of Gross Domestic Product (GDP), this translated to 3.64%, a decline by 0.07% from 3.71% registered in FY 2018/19. In FY 2019/20, the largest share of these tax expenditures were registered in international trade taxes (UGX 2,129.38 billion) while VAT tax expenditures registered UGX 1,857.75 billion and income tax tax-expenditures stood at UGX 1,043.32 billion. By end of the FY 2021/22, MoFPED had commenced development of the report for FY 2020/21.

Amend and develop relevant legal frameworks to facilitate resource mobilization and budget execution.

During the FY2021/22, KCCA reviewed and drafted ordinances to support revenue administration and mobilization. These ordinances were presented to the Authority and include;

1. **Outdoor advertising**: This aims to regularize the legitimacy of the fees after a challenge by the National Outdoor Advertisers and

[17] Background to the Budget: Fiscal Year 2021/2022

Contractors' Association (NOACA) against the existing fees to which the court ruled that the fees were irregularly administered (Refer to: HC MISC. CAUSE NO. 407/ 2019). The ordinance was presented to the Authority Council for the first reading, Council referred the draft to the committee for review and it now scheduled for presentation to Council for the second reading. It is envisaged that once finalized, a total of 5.6bn will be realized from outdoor advertising as a revenue source per annum.

2. **Taxi Management ordinance:** This seeks to regularize the operations of passenger commercial road vehicles in terms of fees payable and management within the city – replacing the current instrument, the Local Government (Amendment to fifth schedule) Instrument. It is projected that Ugx 8 Billion realized annually after its enactment and implementation.

3. **"Boda-Boda" Management**: This is intended to regulate the operations of commercial motor cycles within the city and determine the fees payable per player. There are an estimated 60,000 boda bodas operating in the City. When the ordinance is enacted, an estimated UGX 6.0Bn will be realized from this sector.

4. **Markets administration ordinance**: The markets ordinance is meant to update the existing law and to address the market conditions by providing clarity on what a market is and the activities involved, the administration and fees payable. The current schedule of pricing in the market was formulated in 2005 and does not cater for the general increase in prices of commodities. It will be replaced with an updated one.

Construction of One Stop Boarder Posts

Under the EAC One Stop Border Posts (OSBPs) Act (2016), each country is required to establish up to 15 one stop border crossings in the five partner states. By June 2022, there were 8 fully operational OSBPs and 2 remained under construction (Suam & Goli) while 3 had been scoped for construction (Cyanika, Bunagana and Busunga/Lamia).

A team of the Revenue Mobilization Technical Working Group on a familiarization tour of the Busia One Stop Boarder Post.

The main goal of OSBPs is to reduce clearance time by reducing the number of stops made at border crossing and using simplified procedures and joint controls. OSBPs have led to shorter clearance times from 21 days to 48 hours; low risk goods are cleared within 1 hour, medium risk within 24 hours and high risk within 48 Hours. It has also led to improved cooperation, more harmonized procedures and sharing of information among border agencies. The local communities have also benefitted from OSBPs through simplified procedures for small-scale traders as well as infrastructure improvements at border crossings. Apart from convenience, these efforts are also improving revenue collections.

To enhanced OSBPs operations, visiting programme teams recommended the need to;

i) Plan for alternative routes for trucks and acquiring of more space for parking yards at the border stations.
ii) Consider acquiring an EAC weighbridge & Scanners to enable joint assessments that can fast track clearance of goods at the borders.
iii) Integrate UNRA weigh bridges into the One Stop Border operations to minimise transit time.
iv) Upgrade existing scanners to 3D scanners for real time image interpretation.
v) Expand roads to accommodate the heavy traffic leaving a free lane for light cars.
vi) Invest in drones to manage the porous borders.
vii) Open up other OSBPs in other borders like Lwakhakha to decongest Malaba and Busia.

Traffic hold up at the Malaba One stop Boarder post.

Outcome 2: *Improved budget credibility*

Budget credibility is about accuracy and consistency in adhering plans, approved budget and revenues during budget execution. At its core, budget credibility is about upholding government commitment to its priorities. Significant deviations between budget allocations and actual expenditure as well as high levels of supplementary budget expenditures or excessive use of off-budget operations, are a major risk to budget credibility. The NDP III considers the following key areas in assessing Budget credibility.

Budget transparency Index

Budget transparency is measured using an international index- the transparency index. This index measures public access to information on how the central government raises and spends public resources. The Open Budget Survey ranks countries according to their level of accountability in national budget processes. It is the world's only comparative, independent and regular assessment of transparency, oversight and participation in national budgets in 120 countries. A transparency score of 61 or above indicates a country is likely publishing enough material to support informed public debate on the budget.

In the 2021 Open Budget Survey report launched in May 2022, Uganda scored an average of 58 out of 100 in transparency, 19 in public participation and 59 in budget oversight. This is the second time in a row that Uganda scored below the ideal threshold of more than 60. On the African continent, South Africa, at 86, was the only country with a score above the transparency score of 61. Across the East African Community member states, Kenya scored 50, Rwanda 45, Tanzania 21 and South Sudan 15 in the transparency indicator.

Domestic arrears

Over the years, Government has committed to reducing domestic arrears through enforcement of the Public Financial Management Act 2015 (Section 21(2)) which bars MDAs from incurring domestic arrears except under strict conditions. To further address the perpetual problem of domestic arrears the Government of Uganda put in place a strategy to clear and prevent domestic arrears starting with FY 2021/2022. This strategy document will be used by all implementing agencies of government, including Ministries, Departments, Agencies, Local Governments, Public Corporations and State Enterprises.

Participants at the Midterm review of the negotiations to track progress on implementation of the agreed actions between central and local governments.

MoFPED is committed to reducing arrears so as to support private sector growth. By the close of the FY2021/22, arrears as a Percentage of total expenditure had reduced to 1.5% from 6.9% against a target of 0.7%. A detailed discussion of domestic arrears is covered under an earlier section (2.2.4) of this reports.

Compliance of the National Budget to NDP (%)

To ensure successful implementation of the National Development Plans (NDPs), section 13(6), of the Public Finance Management Act, 2015 provided that the Annual Budget (AB) shall be consistent with the NDP, the Charter of Fiscal Responsibility (CFR) and the National Budget Framework Paper. It also requires the National Planning Authority under section 13(7) to issue a certificate of compliance of the annual budget of the previous financial year to accompany the annual budget for next financial year.

The overall purpose of the Certificate of compliance is to institutionalize alignment of the annual budgets to the national planning frameworks. Compliance was assessed based on consistence of the Annual Budget (AB) with the Charter of Fiscal Responsibility (CFR), the National Development Plan (NDP) and National Budget Framework Paper (NBFP).

EOC Presenting the Budget Framework Papers Gender and Equity Compliance Assessment Report to the Committee on Budget, Parliament of Uganda.

Overall, the FY 2021/22 Annual Budget (AB) alignment with NDP III was rated at 63.4%[18] against the target of 80%. There is a remarkable improvement in performance from last year's performance score of 54.8.

At the Programme level, the FY2021/22 AB is 59.9 percent aligned to the NDPIII, an improvement from 48.9 percent in the first year of the NDPIII. This performance is attributed to improved allocative inefficiency within programmes and implementing actors. However, it continues to be challenges by weak coordination, planning, budgeting and implementation of programme activities.

[18] The Certificate of Compliance for the FY2020/21 Annual Budget to NDP III, NPA, 1st April 2021

The Development Plan Implementation Programme assessment

The results of the assessment of the DPI programme budget alignment to the NDP III for FY2021/22 are given in the sections below.

***Table 10:** Summary performance of DPI Programme*

Level of Assessment	AB & BFP FY2021/22	BFP FY2022/23
Programme Resource Allocation	85	82
NDPIII Programme Level Assessment (Intermediate Outcomes)	75.3	90.4
NDPIII Projects Implementation	76.3	90
Overall Programme Level Performance	**77.7**	**88.5**

Overall, **the Development Plan Implementation (DPI) Programme was 77.7 percent** compliant to the NDPIII. This is a weighted score of 85, 75.3 and 76.3 percent compliance at Programme Resource Allocation, Programme Level Assessment (Intermediate Outcomes) and NDPIII Projects Implementation respectively.

The excellent performance at programme level (85%) was attributed to the reduced deviation of the Budget Framework Paper (BFP) and the Annual Budget (AB) allocations across all Votes in the DPI programme. In the assessment of Programme intermediate Outcomes, the DPI programme **was 75.3 percent complaint** to the NDPIII intermediate outcome targets. The relatively good performance was attributed to the low deviation of the BFP and AB intermediate outcome targets from those in the NDPIII DPI programme. Under the NDPIII project implementation progress assessment, the DPI programme **was scored at 76.3%**. Implementation of the majority of planned projects was on schedule.

Green Economy (GE) Public expenditure Review (PER) rating

No specific activities were recorded during the FY2021/22 under this indicator.

In Uganda's context, green growth is defined as a system or development paradigm that aims at catalysing economic growth through the efficient use of the country's natural, human, and physical capital in an inclusive manner along a low carbon emissions, climate resilient development pathway. Uganda already put in place a Green growth Development strategy whose objectives are to:

- Enhance Uganda's economic growth while creating new opportunities for decent employment.
- Support a low-emissions economic growth pathway integrating resource use efficiency, climate resilience, disaster risk reduction and optimal use of natural capital;
- Undertake a socially inclusive growth that improves food and nutritional security;
- Put in place an enabling institutional, governance, financing framework to operationalize an optimal green growth development strategy

However, NPA in partnership with the Ministry of Water and Environment with financial support from GIZ Natural Resources Stewardship Programme developed the inaugural Green Growth Monitoring Report 2020, with a focus on resource use efficiency in manufacturing and waste management for sustainable development. It provided significant insights on Uganda's green economy transition. It notes that there is some progress on sustainable waste management and green manufacturing, however the scale and pace of progress is inadequate to deliver a green economy by 2030. It also flags investment opportunities in sustainable waste management in emerging cities and recommends pursuit of a human rights-based approach and social inclusiveness to ensure an inclusive and a green economy transition.

National Budget compliance to Gender and equity

Every Financial Year, all sectors, MDAs and local governments are required by law to submit their budget framework papers (BFPs), and ministerial policy statements to the Equal Opportunities Commission (EOC) for assessment of their compliance with gender and equity principles set out in the Public Finance and Management Act (2015).

In FY 2021/22, the Equal Opportunities Commission assessed 158 Votes (100%) and a report was submitted to MoFPED to inform on the issuance of the certificate of gender and equity compliance. All the 158 Votes Ministerial Policy Statements passed the compliance test with an average of 65.02%. Comparatively, this represents a 1.6% reduction from FY 2020/21. The reduction in performance is attributed to the new votes added that have not yet received adequate capacity building in gender and equity budgeting.

Box 3: Scope of the Gender and Equity review by EOC

i. To establish the gender and equity responsive interventions by MDAs in the annual budget.

ii. To establish the amount of funds appropriated towards gender and equity responsive interventions by MDAs against the overall annual budget.

iii. To establish the amount of funds released by the Ministry of Finance Planning and Economic Development to MDAs against the appropriated budget for interventions that address gender and equity issues in the annual budget.

iv. To establish the amount of funds effectively utilised by MDAs against the released budget for interventions that address gender and equity issues.

v. To make policy recommendations to strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

Performance under NDP III interventions Specific to the Outcome

i) ***PIAP-182210: Harmonize the PFMA, PPDA, LGA, and regulations to improve the Public Financial Management systems (PFMs).***

Works commenced under this intervention during the FY2020/21 but with limited progress. A task force was formed under the Chairmanship of the Accountant General consisting of MoFPED, MoLG, LGFC, PPDA and MoJCA to undertake the required harmonization of the PFMA, PPDA, LGA, and regulations. A matrix of sections under the PFMA requiring harmonization was developed. However, the activity was hampered by a series of interpretation of definitions drawing from the Constitution related to issues of jurisdiction and coverage between national and local government. During FY 2021/22, the MoFPED engaged the Ministry of Local Government (MoLG) on harmonisation of the inspection activities by the Procurement Policy and Management Department and the Procurement Coordination, and Inspection Departments of Ministry of Local Government (MoLG). A review of the scope and harmonization of the issues for inspection was undertaken in-light of new reforms.

ii) ***PIAP-182211:*** **Develop a Comprehensive Asset Management Policy**

An Issue Paper (IP) was drafted for the operationalization of the guidelines and the implementation of a GAAP[19] based accrual accounting framework for public assets. Approval of the IP was still awaited by the end of the FY2021/22 to pave way for the implementation of the suggested roadmap. The target was to have Asset policies developed as part of the National Investment Management Policy (NIMP) approved by cabinet and operationalized. At end of FY 2021/22 the Asset policies had been approved by MoFPED Top Technical for consideration by Top Management for onward submission to Cabinet.

iii) ***PIAP-182214:*** **Roll out Automated Procurement systems to all MDAs and LGs (e-GP).**

As part of the reforms to make the public procurement system more efficient and accountable, government implemented the Electronic Government Procurement (eGP) system to provide value addition to the public procurement function. The targets set for implementation of eGP in the Annual Work Plan for FY 2021/2022 were; Rollout the eGP system to more votes after successful piloting in 11 votes. During the year, MoFPED enrolled an additional

[19] GAAP is Generally Acceptable Accounting Principles

fourteen (14) entities onto the system bringing the total number of entities on eGP to twenty-five (25). These include;

1. Ministry of Justice and Constitutional Affairs,
2. Ministry of Public Service,
3. Ministry of Local Government,
4. Ministry of Internal Affairs,
5. Ministry of Foreign Affairs,
6. Ministry of Gender, Labour and Social Development,
7. Uganda National Bureau of Standards
8. Uganda Registration Services Bureau,
9. Ministry of Lands, Housing and Urban Development,
10. Ministry of Trade, Industry and Cooperatives,
11. Ministry of East African Community Affairs,
12. Ministry of Tourism, Wildlife and Antiquities,
13. Ministry of Works and Transport,
14. Ministry of Education and Sports,

Usage of the eGP continued to progress rapidly during the year. As at the end of FY 2021/2022 there were 6933 registered providers. 1,434 micro contracts, 209 macro contracts and 1,739 call off orders were awarded on the system.

iv) *PIAP-182215: Strengthen Parliament to effectively play its role in the national budget processes for proper implementation of NDP III priorities.*

As part of its routine operations, the Office of the Auditor General continued to provide technical support to the to the four (4) Accountability Oversight Committees of Parliament namely; Public Accounts Committee on Central Government (PAC-CG), Public Accounts Committee on Local Government (PAC-LG), the Public Accounts Committee on Statutory Authorities and State Enterprise (PAC-COSASE), and Government Assurances and Implementation Committee (GAIC). This support is provided by seconding staff to attend committee meetings and plenary sittings to pick up matters that relate to PFM and give on-the-spot technical guidance. This support is coordinated through a dedicated Parliamentary Liaison department.

During FY 2021/22, the OAG Parliamentary Liaison department prepared 2 verification reports, 135 Audit report briefs and together with 40 audit staff, supported the oversight committees during 50 sessions. The Parliamentary Liaison department also provided technical support to PAC Central and LG PAC LG in assessing and monitoring selected entities, culminating in the production of 2 reports.

v) *PIAP-182216: Integrate GoU Public Financial Management (PFM) Systems for better budget execution and accounting.*

Integration Platform under NITA-U

NITA-U continued to extend access to and use of the integration bus to various systems. An integration platform is a system allowing varied systems to exchange data seamlessly. It is intended to ease and lower the costs of information exchange across systems. During the year, 93 entities, 40 of which are public and 53 private, were provided with access to and were able to use the integration platform for sharing data using various systems. This saw a significant rise in activity with over 26 million requests processed during the year. NITA-U also continued to provide training on the use of the platform to MDAs. At least 50 staff from public institutions received specialised training on the use of the platform.

Study on alignment of PFM systems to NDP III

A study on the Integration of GoU PFM systems and NDP III was commissioned in FY 2020/21. The overall objective of the study was to support MoFPED in integrating reforms introduced under the programme-based planning approach into the Government PFM systems in order to ease the implementation of the NDP III.

A Consultant was engaged under the Justice and Accountability Reform - Sector Reform Contract (JAR-SRC) technical assistance to carry out the study and advise MoFPED on reforms needed to improve alignment of PFM systems to the NDP III. Adjustments led by the Accountant General's Office and the Directorate of Budget were made to the Chart of Accounts and core PFM systems (PBS and IFMS). Building on these efforts, the study reviewed other aspects of PFM systems and identified reforms in three (3) key areas in order to improve alignment with the NDP III's programme-based approach.

These were:

- Strengthening performance accountability by improving the indicator and results framework,
- Reviewing the budget structure to improve alignment of NDP III programmes with the budget, and
- Strengthening fiscal realism in both planning and budgeting process to improve financing to NDP III priorities through the budget

During the year, the study report and roadmap was finalized by the Consultant, presented to and approved by Top Technical Management. A committee headed by the Accountant General with representatives from NPA, OPM, BMAU, Directorate of Budget, Macro-Economic Policy Department and DARC was set up by MoFPED to develop proposals for a reform programme to take forward the recommendations of the study.

vi) ***PIAP-182218: Fast-track the review and amendment of the relevant procurement laws, policies and regulations to simplify the procurement process***

The PPDA Amendment Act was assented to by the President and came into effect on 1st July 2021. It addresses a number of policy gaps related to integration of Sustainable Procurement in Public Sector Procurement and assessment of the procurement systems and enhancing Value for Money by introducing clauses on Good practices such as;

(i) Efficiency; including among others capping Contracts Committee processing time, reducing the tiers in the Administrative Review process to enhance efficiency, and allowing electronic transactions in the procurement process.

(ii) Governance including incorporating the policy role of MoFPED in the law, incorporating and clarifying conditions for cancellation of procurement process, and expanding conditions under which an Accounting Officer may not sign a contract such as where a procurement has been submitted to the Tribunal

(iii) Incorporating new clauses to use Procurement as a Social, Economic, and Environmental, tool.

During the FY2021/22, a Technical Working Group (TWG) developing new Regulations to the law completed their initial report and submitted it to the Solicitor General for review and approval. The principles for Institution of Procurement Professional of Uganda (IPPU) bill were approved by cabinet. By the end of the FY2021/22, the bill was in discussion by MOFPED before its submission to the first parliamentary council.

A total of 1,753 participants (Central region-722, Western region-400, Eastern region-320 and Northern region-311) were trained in Public Procurement processes to better appreciate the procurement process across the country; These trainings targeted marginalized groups including women and youths, key stakeholders directly involved in the procurement process and Small and Medium Sized Enterprises (SMEs) as well as technocrats with the aim to increase participation of these marginalized groups and SMEs in public procurement on the one hand, and to enhance efficiency in the procurement process.

2.3.3 Objective 3: Strengthen capacity for implementation to ensure a focus on results

In selecting this objective, the NDP III aimed to implement reforms that will increase impact on its intended outcomes and on service delivery. The NDP III was concerned that delivery systems, such as at the local government level were not focussed appropriately on results and were weakly facilitated. The NDP III, accordingly, identified a set of interventions to address these challenges whose expected outcome is improved delivery of NDP III development results. The table below lists performance against targets for the FY2021/22 in respect of key outcome indicators under Objective 3.

Table 11: Status of Objective 3 Performance against Key Indicators

Outcome	Indicators		Baseline	FY 2020/21	FY 2021/22		Source
			Actual	Target	Actual		
Improved development results	Proportion of NDP results on target		NA	26%[20]	70%	16%	NPA
Improved service Delivery	Level of satisfaction of public service by service	Water transport	69	69	78	NS	MoPS
		Electricity	61.8	62	70	NS	MoPS
		Extension services	75	75	88	NS	MoPS
		Administrative and Legal Services	60	60	74	NS	MoPS

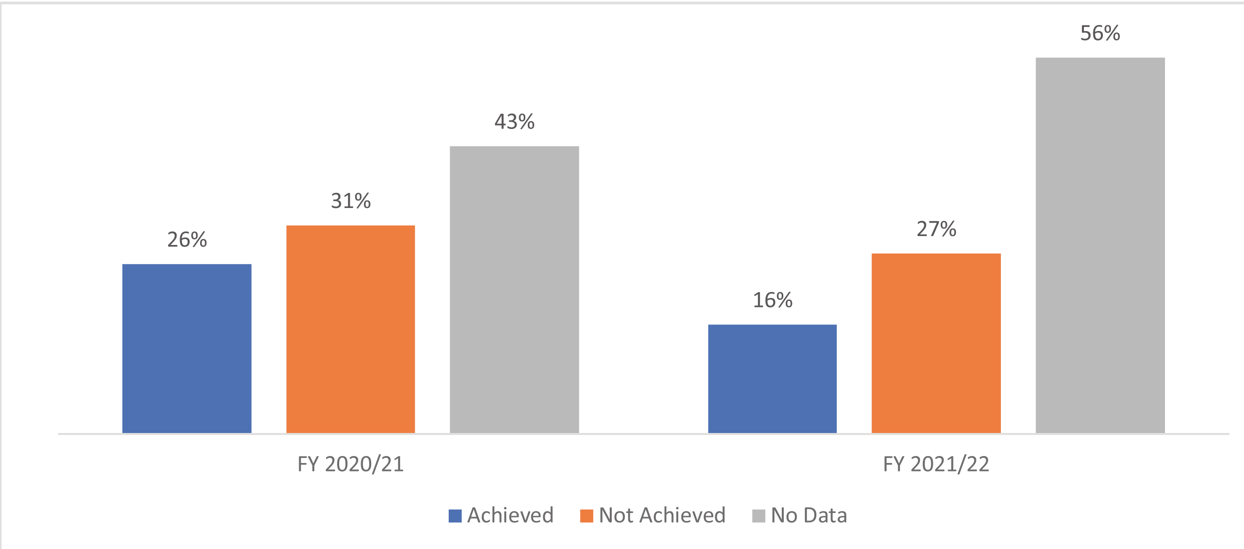
***Note**: "NS" stands for "Not Scored". Value under the column "FY2021/22 Actual" marked "NS" are provided from the National Service Delivery Survey Report. This survey takes place every 4 years, the last one having been completed in 2020 whose report was released in 2021. There are not current figures until the next survey in 2024.*

Outcome 1: *Improved development results*

Proportion of NDP results on target

The score on this indicator has declined from 26% in FY2020/21 to 16% in FY2021/22. This decline is attributed to low availability of data for a large number of indicators during the FY2021/22. The figure below show the status of data availability for NDP III indicators in FY 2020/21 and FY 2021/22;

Figure 11: status of data availability for NDP III indicators



Source: National Planning Authority M&E Department.

[20] This performance was not list in the past report as data had not been provided. NPA has since provided data and this is amended accordingly

Clearly, from the figure above, performance data was not obtained on at least 56% of the NDP III indicators for the FY2021/22. This is a significant rise from FY2020/21 which recorded 43%. Most of this rise is accounted for by a large number of these indicators for which data is only obtained through statistical surveys and other statistical processes which are not carried out every year. This highlights a major issue for the indicator framework calling for a review of indicators and targets to improve their appropriateness and responsiveness for the NDP III monitoring.

Key progress and achievements against planned interventions.

i) ***PIAP-183301: Review and re-orient the institutional architecture for Community Development (from the parish to the national level) to focus on mind-set change and poverty eradication***

Mind-set change and Poverty eradication activities under this intervention are guided mainly by the Parish Development Management (PDM) framework. During the FY2021/22, the Ministry of Gender and Social Development trained 63 PDM National Facilitators and 948 Trainer of Trainees (ToTs) who will be working as National facilitators to help cascade the programme to various levels. These include; District Community Development Officers (DCDOs), District Commercial Officers (DCOs), District Planners among others. The Ministry also undertook sensitization of Cultural and Religious Leaders. 732 representatives from all the sixteen cultural institutions were sensitized; Obwa Kabaka bwa Buganda, Obukama bwa Bunyoro, Obukama bwa Tooro, Obwa Kyabazinga bwa Busoga, Tieng Adhola, Ker Kwaro Acholi, Ker Alur, Iteso Cultural Union, Obwa Ikumbania Bwa Bugwere, Obugindiya Bwa Bamba, Obukama Bwa Kooki, Obukama Bwa Buruuli, Obwe'nengo bwa Bugwe, Rwenzururu, Inzu ya Bamasaaba and Lango Cultural Foundation. 732 representatives from Inter-religious Council of Uganda across 18 sub-regions were also sensitized.

Under the same framework, MGLSD also conducted training of Sub-county stakeholders. These include; Sub-county Chiefs, Community Development Officers (CDOs), Agricultural Extension Officers and Parish Chiefs. In partnership with Uganda National Cultural Centre (UNCC) and Namukekera Industrial Park, MGLSD organised music concerts to popularize PDM. These have were held in Arua, Mbarara, Lira and Soroti.

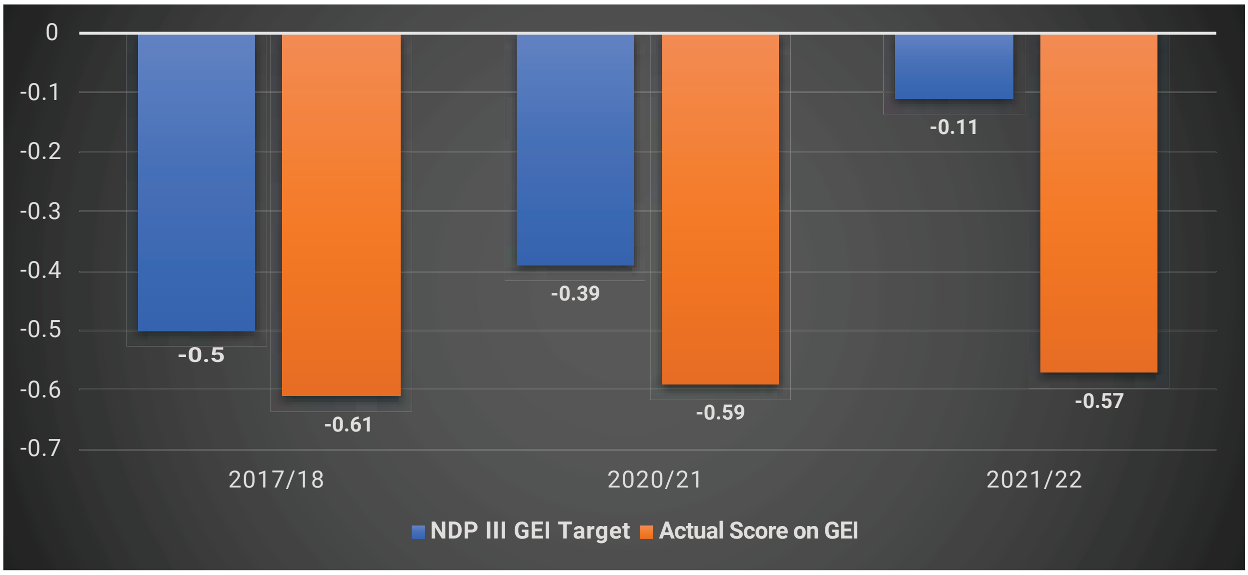
Further still, The MGLSD also produced manuals to guide the roll-out of PDM; the Trainers' manual/ guide (5,486 copies), Community Mobilisation and Mind-set Change Pillar Operational Manual (1,950 copies), PDM Brochures (1,000 copies) and a Simplified Handbook on implementation of PDM. These were disseminated to all stakeholders from national level to Lower Local Governments (LLGs). MGLSD further organised sensitisation meeting for executive committee members of the national apex councils of special interest groups, Uganda National Students Association (UNSA) and Equal Opportunities Commission (EOC) on PDM.

On the other hand, during the same FY2021/22, the Ministry of Public Service developed institutional structures for Government MDAs, Town Councils, Municipalities and Cities, as well as structures for all District Local Governments (including Parish Chiefs) to strengthen their readiness to implement and manage the PDM programs and to bring about the change management needed for poverty eradication among local communities. These structures were uploaded on the Human Capital Management (HCM) system for implementation.

Government Effectiveness Index

Government Effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies[21] . Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 (weak) to 2.5 (strong). The World Bank online publication recording measurement of this index for all countries, gives Uganda's Government Effectiveness Index a score of -0.57 for the year 2021/22[22]. While there was some improvement from FY2020/21 (-0.59), this still remains significantly lower than the NDP III target of -0.11.

Figure 12: Government Effectiveness Index over the NDP III Period



Scores and performance in the graph above raise concern about the scale of ambition and realism with regard to this indicator. Annual improvements over the years are very small and, at this point, it appears un-realistic that a target of +0.01 will be achieved at the end of the NDP III in FY2024/25. Moreover – based on its definition above, there are a number contributing factors to this index which appear beyond the scope of the NDP III. Therefore, it may be reasonable to review appropriateness of this indicator under the DPI programme

i) ***PIAP-181401: Operationalize the High-Level Public Policy Management Executive Forum (Apex Platform)***

Establishing the Executive Public Policy Management Forum (APEX) is one of the NDPIII reforms under the DPI Programme. The APEX is a new effort by the Office of the President to strengthen its oversight function on public policy management and promotion of good governance practices. This high-level forum provides a platform for the Executive arm of government chaired by the President to receive and reflect on "a synthesized results report" on a topical socio-economic development programme in line with NDPIII, Presidential or Cabinet directives and manifesto commitments.

[21] https://www.theglobaleconomy.com/Uganda/wb_government_effectiveness/ (The Global Economy)
[22] https://www.theglobaleconomy.com/Uganda/wb_government_effectiveness/ (The Global Economy)

Hon. Justine Kasule Lumumba (Forth Right)-Minister for General Duties (OPM), Hon.Peter Ogwang-Minister of State, Office of the President (Economic Monitoring), Madam Deborah Katuramu-Deputy Head of Public Service (Middle), Prof. Pamela Mbabazi-Chairperson, National Planning Authority(Fifth-from Far Right), Mr. Tumusiime Vincent, Director-DSEMR (Second-Far Right) and Mr. Willis Bashaasha(Extreme Left)-Director Manifesto Implementation Unit and other Officials during the Pre-APEX Validation Meeting held in November 2021 Conference Hall of the Office of the President

The forum is intended to facilitate uptake of best practices in implementation of policies/ programmes for successor interventions, it provides a learning opportunity on what has not worked in terms of implementation and a basis for executive decision-making based on informed research and evidence. It is also intended to provide oversight over the implementation of the NDP III

During FY2021/22, the APEX held its inaugural meeting, presided over by H.E. the President, at Kololo Independence Ceremonial Ground. The focus of this inaugural APEX meeting was on the status of the implementation of the 23 presidential strategic guidelines and directives which also derive and are aligned with priorities of the NDP III. This process was informed by a priority assessment of the 23 strategic guidelines and directives carried out by the APEX Platform Secretariat based in the Office of the President. The meeting agreed to several recommendations designed among others to improve the performance of the implementation of the NDP III. The Secretariat has since disseminated these recommendations to various concerned MDAs for implementation.

DPI TWG members with the Resident City Commissioner Fort Portal City on a visit to discuss the impact of Barazas held by the Office of the Prime Minister.

Box 4: Recommendation of the Inaugural APEX meeting

I. Directives, Manifesto Commitments and Presidential Pledges should be integrated in MDAs' Annual Plans and Budgets.

II. Implementation of Government Programmes such as the Parish Development Model (PDM) should be monitored closely and evaluated to mitigate the recurrent risks experienced during the implementation of the 23 Presidential Directives.

III. OPM in liaison with NPA should fast-track Institutionalization of M&E Cadre-ship and Development of M&E Guidelines/ Standards by Institution/ Agency of Government to facilitate Managing for Results.

IV. Conduct an independent Performance/ Impact Evaluation of Government Annual Performance Review (GAPR) and use the recommendations of the independent reviews to improve GAPR as a mechanism for measuring Government Performance.

V. Enforce the Sanction and Rewards Policy (2019) to address Staff productivity and discipline of Civil Servants.

VI. Government through NPA should explore the Feasibility of Rationalizing all Land Ownership or targeted acquisition of Land in Uganda to facilitate Public Investment Projects.

VII. Commercialize the Minerals Laboratory services to match its high projected maintenance Costs (UGX6Billion annually) and boost Government Revenues.

VIII. The Press and Journalist Act 1995 should be amended to facilitate Merger of UCC and Media Council into one Agency for Policy Harmonization, Regulatory Effectiveness and Enforcement.

IX. Institute deliberate deterrent Measures to prevent encroachment on Wetlands, Forests and River Banks and implement strong punitive Measures to reverse the trend for sustainable use and management of the environment. This should include demarcation of all protected areas in all Districts of Uganda.

X. Expand the Scope of Mind-set Change Campaign through Patriotism Programmes targeting not only students but also other Adults, Youth not in School and all Public Servants.

XI. Consider restricting Large Power Generation Projects (>20MW) to Government through Public Investment to mitigate Socio-Economic Impact related to exorbitant energy unit Cost Charges and unnecessary Costs accruing from Deemed Energy Compensations.

PIAP-183404: Develop an integrated M&E framework and system for the NDP

The NDP III Web-based integrated M&E system introduced in FY2020/21 aims at improving progress monitoring of the performance on the NDP. It is to act as the NDP III central repository for all NDP III results, indicators and targets and related performance data for all result areas of the Plan and other performance frameworks such as; The East African agenda 2050 and Africa agenda 2063, Sustainable Development Goals (Agenda 2030), Climate change and Human rights. The system will improve the accessibility, quality and updating of M&E data and reporting on it. It will improve transparency and accountability for results and facilitate dialogue and engagements of stakeholders on Uganda's development programme.

Lack of funding for this activity and staff capacity (5 technical staff for its implementation required) under the Office of the Prime Minister prevented the roll out of the system to programme secretariats and MDAs during the FY2021/22. These resources will now be provided to undertaken this roll out of the system in FY2022/23.

ii) ***PIAP-183302: Review and reform the Government Annual Performance Report (GAPR) to focus on achievement of key national development results.***

The GAPR was reformed to align to the NDPIII programme approach in the FY2020/21. The first GAPR following under the NDP III was held in September, 2021 and raised many implementation concerns. The main ones of these concerns include: (i) the significant data gaps in reporting by MALGs affecting evidence-based planning and reporting; (ii) the lengthy procurement processes resulting from administrative reviews; (iii) a significant level of project implementation bottlenecks as a result of the clustering approach that was adopted in awarding contracts under USMID & UGIFT; and (iv) the recurring delays in project implementation with several projects seeking extensions, and, as a result, leading to increases in commitment fees/penalties on borrowed funds. Specific to Local Governments the issues were (i) persistent failure to attract, fill & retain District Engineers due to high requirements set by Engineers Registration Board; (ii) continued low budget absorption resulting from delayed release of project funds and leading to return of un-utilised funds to the consolidated fund by some LGs; and (iii) the wide disparity between Central and Local Government national budget allocation.

During the FY2021/22, an evaluation of the entire Government Annual Performance Report (GAPR) was carried out, led by OPM. The evaluation established that the GAPR Concept Note was also not comprehensive enough to guide reporting; (i) the GAPR process provided limited validation and verification of the data and information used to draft GAPR, (ii) there was lack of a reward and punishment system to propel MDAs to improve their performance, and (iii) reporting was limited to Central Government and Local Government, and did not address the contribution of the Private sector and other actors, such as not-for-profit institutions, to service delivery. Accordingly, to ensure that the GAPR continued to focus on achievement of key national development results the following recommendations were established;

(i) Undertake capacity building of MDAs and LGs in indicator profiling, target setting, data management, and project appraisal.

(ii) Put in place a law requiring all institutions to comply with the requirements of National Policy on Public Sector M&E and guidelines for preparing, and submitting annual reports for all MDAs and LGs.

(iii) Ensure that the reported data results are subjected to peer review by the Programme Working Group for the relevant service area and signed off by senior management prior to submission to OPM and publication.

(iv) Strengthen and prioritize data monitoring and verification, validation and field monitoring of some of government projects.

(v) UBoS is to collect data on outcome indicators covering key dimensions on gender, regional, socio-economic status, and disability, among others.

(vi) The GAPR data reviewed from the previous Financial Year should be made available prior to the budgeting process.

These findings were also used to inform the NDP III mid-term review during the financial year.

iii) ***PIAP183303: Strengthen implementation, monitoring and reporting of NDP in local governments.***

Each year, the Government through the Office of the Prime Minister (OPM) undertakes performance assessments of LGs aimed at incentivizing improved management of service delivery at Local Government (LG) level. Overall, the 2021 assessment results indicate an improvement in average performance of Local Governments to 44% in both minimum conditions and performance measures, compared to 36% in 2020. It should be noted that the above improvement was registered amidst the COVID 19 pandemic and its related challenges, which in a way restrained some of the LGs' functions. The key performance issues remain: inadequate financial management and reporting over the two assessment years with 49% and 51% in 2020 and 2021; declining allocations to Natural Resource Services and Community Based Services sectors; weak local revenue collection with 39% overall average over the two assessment years; and deterioration in management, monitoring and supervision services.

In addition, as part of monitoring and accounting for public services at local government level, OPM coordinated and conducted thirteen (13) out of targeted 50 Baraza's in the districts of Kasanda, Hoima City Nakaseke, Kiruhura, Lyantonde, Bunyangabo, Sheema, Budaka, Namutumba, Kasese, Kyotera, Adjuman and Fort Portal city where constraints to effective Government service delivery were identified. The Baraza programme is a government initiative aimed at creating a performance monitoring tool through which the citizens of Uganda can participate in the development cycle through effective monitoring and demand for accountability of the use of public resources. The outcomes of these barazas were followed up with the respective line MDAs.

Hon.Peter Ogwang-Minister of State, Office of the President (Economic Monitoring) monitoring the Construction of a Bridge in Kagadi District in December 2021.

2.3.4 Objective 4: Strengthen coordination, monitoring and reporting frameworks and systems

In the past, the Government of Uganda has implemented National Development Plans with varying degree of success. Through this objective, the government is now responding to the challenge of limited coordination and cooperation in planning, budgeting, monitoring and evaluation among other problems. The government's response is based on evidence from evaluations and reviews of its interventions, which show that limited coordination and cooperation partly explains the slow progress in achieving development outcomes, impact and sustainability. The limited coordination and cooperation is partly attributed to overlapping roles and responsibilities, duplication of interventions across MDAs and limited funding to coordinate activities. DPI seeks to address these gaps under this objective. The table below, presents performance during year against key NDP III indicators listed under this objective.

Table 12: Status of Objective 4 Performance against Key Indicators

Outcome	Indicators	Baseline	Actual 2020/21	Target 2021/22	Actual 2021/22	Responsible Institution
Improved compliance with accountability rules and regulations	Proportion of prior year external audit recommendations implemented, %	31	26	42	29	OAG
	Percentage of internal audit recommendations implemented	65.5	67.3	82	85	MFPED
	External auditor ratings (unqualified)	40	93.17	65	94.7	OAG

The sole key NDP III outcome listed under this objective is the "*Improved compliance with accountability rules and regulations*". This is measured by three indicators (see table above) namely; (i) Proportion of prior year external audit recommendations implemented, (ii) proportion of internal audit recommendations implemented, and (iii) unqualified external audits. Targets on two of the three indicators for the FY2021/22 were met reflecting satisfactory performance.

However, there are significant challenges in implementation. The indicators above rely majorly on audit (both internal and external) activities. The expanding scope of audits due to newly established audit entities and administrative units, the delayed roll out of a system by the Office of the Auditor General (OAG) for tracking implementation of audit recommendations and the growing backlog of audit reports not reviewed by Parliament impact the effectiveness under this objective. In addition, the increasing demand for Value for Money audits, specialized audits, engineering audits and forensic investigations, against a backdrop of limited staff numbers and constant budgetary shortfalls continue to adversely affect the internal and external audit function and its ability to meet increased demand.

Other notable challenges in this area are;

(i) A significant number of audit recommendations were not implemented; many recommendations (see also the first indicator in the table above) require policy interventions or wide consultation resulting in delays in their implementation. In many instances, they require an implementation horizon of - 3 -5 years for those of a legal or policy nature, or those that require joint action between 2 or more institutions. This implies that they can only be realized in the medium to long term.

(ii) Limited operationalization of the provisions in the PFM Act 2015 which require satisfactory action on the recommendations of the Auditor General in consideration and appropriation of the proceeding financial years' budget.

(iii) Delayed issuance of Treasury Memoranda which impeded the implementation and follow up of audit recommendations.

(iv) General weaknesses in performance monitoring and evaluation across government.

Key progress and achievements against planned interventions.

i) ***PIAP-181405: Develop and roll out of the National Public Risk Management system in line with international best practices***

Section 45(2)[23] of the PFMA (2015) requires MDA Accounting officers to put in place risk management systems to strengthen their capacity for regularity and proper use of resources allocated to them. In November 2018, a Risk Management Strategy (RMS), informed by a Risk Management Maturity (RMM) assessment report of April 2018[24] and international best practice, was finalized. The goal of the RMS is to facilitate effective management of risk by MDAs by providing a roadmap to embed risk management in the daily operations of Government. The RMS also aims to better facilitate *the integration of risk management into National Development Planning, Strategy formulation, annual planning and in all systems and processes*[25]. The RMS was since disseminated to support Accounting Officers to fulfil this obligation.

Additionally, the Office of the Internal Auditor General is required to prepare an annual Forensic and Risk Advisory (FRA) Performance Report to provide information on the assurance services, consulting services, and other activities of the forensic and risk advisory function. The Annual Report also assists in planning and coordination efforts. It is submitted in compliance with the Public Finance Management Act, 2015 (Section 48.6), and the Treasury Instructions, 2017.

During the FY2021/22, a number of Enterprise Risk Management (ERM) foundational documents were drafted including; National Fiscal Risk Statement template, ERM Readiness Assessment Tool, ERM Service and Service Delivery Standards,

23 This section states as follows "In the exercise of the duties under this Act (PFM Act), an Accounting Officer shall, in respect of all resources and transactions of a vote, put in place effective systems of risk management, internal control and internal audit.

24 The RMM (Section 1.5) rated the Government's maturity for risk management at fragmented level - a very low rank.

25 Government of Uganda Risk Management Strategy, November 2018, Section 1.5

ERM Task-force terms of reference, ERM Results Framework, ERM Performance Reporting Templates for Votes, Enterprise Risk Profiling Template, Enterprise Risk Quantification Tool, Entity Strategic Planning Checklist and Fraud Schemes Risk Inventory. These documents are part of the tools to operationalize the RM Strategy across all levels of government and their dissemination was started by the end of the FY2021/22.

In addition, training of Internal Auditors across Ministries, Departments, and Agencies in ERM using the Enterprise Risk Inventory Tool began during the FY2021/22.

ii) ***PIAP-181406: Enhance staff capacity to conduct high quality and impact-driven performance audits across government.***

Execution of the mandate of the Auditor General requires professionally competent members of staff for undertaking audits that have impact on society and the country at large. INTOSAI P-12 (The value and benefits of SAIs) emphasizes that auditors remain relevant and trusted professionals in the public sector by complying with several principles, including capacity building through promoting learning and knowledge sharing (Principle 12). It is therefore important that the continuous learning and up skilling is ever-present in the OAG.

The audit scope is constantly evolving with the key area for improvement and strengthening identified in specialized audits which include Value for Money (Performance) Audits, Forensic Investigations, IT Systems Audits, Engineering/ Public Works audits, Environmental audits, PPP audits, oil and gas and extractives audits. This makes it imperative to train staff of those areas to ensure that the Office maintains relevance.

Pursuant to this, the annual training plan for FY 2021/22 was developed and implemented as informed by the training needs analysis. The office continued to implement virtual training activities for groups of staff while facilitating specialised trainings for individual staff as per the training plan. At the time of reporting, 203 staff were facilitated to undertake trainings and professional development programs while 2 refresher trainings were undertaken in which 415 and 208 staff were trained respectively.

Since the office became independent, special emphasis has been placed on professionalization of staff. There has been significant achievement in this area since 2018 with the support of FINMAP III/REAP, as the population of professionally qualified staff in the Office has since grown to 187 at the time of reporting.

For future plans, OAG will introduce an e – curriculum in which each staff will be required to attain a minimum level of training in order to execute their roles and responsibilities. The OAG also plans to review manuals for Performance Audit, Real Time Audit Guidelines, Infrastructure/ Public Works Audit as well as PPP Audit Guidelines in FY 2022/23 to strengthen its capacity.

Finally, the OAG continued to position herself as a centre of excellence in the development of the audit profession in Uganda and in sub-Saharan Africa. OAG developed and maintained good relationships with local and international bodies such as with INTOSAI, AFROSAI-E, IDI, ICPA (U) and IFAC. To this end, the Office plans to construct of an off – site facility to accommodate Engineering and Forensic Laboratories, a Modern Training Centre and Kampala Branch Office (responsible for Central Region audits). 5 acres of land were acquired for this purpose. During FY 2021/22, the Office also submitted a project concept note to initiate the construction project

iii) ***PIAP-181407: Strengthen expenditure tracking, inspection and accountability on green growth***

Scores related to audits reflect improvements in performance with regards to financial compliance and follow-up of audit recommendations. However, there is no current data on level of satisfaction of services regarding green growth.

Under NPA, a green growth monitoring report was developed with support from GIZ in FY 2020/2021. The report highlights Uganda's progress in implementing sustainable waste management practices, particularly green industrial practices (resource use efficiency). This is consistent with Uganda's NDP III, which emphasizes "sustainable industrialization for inclusive growth, job creation, and wealth creation".

This report will be a game-changer in monitoring Uganda's green growth progress and providing evidence for initiatives and ideas that will steer economic growth in a clear and unwavering direction along a green growth path. As a result of the report, policy concerns and lessons learned have been identified, documented, and reported on as ways to strengthen the activities required to achieve sustainable manufacturing under NDP III.

2.3.5 Objective 5: Strengthen the capacity of the national statistics system to generate data for National Development

The relevance of data in enhancing public service delivery is very crucial. Data is relevant for decision-making particularly with regards to defining needs, setting goals, planning interventions and evaluating progress. This objective further emphasis this significance by monitoring implementation of the NDP III indicators in the table below. The majority of the indicators were concerned with data collection and reporting for NDP III indicators.

Table 13: Status of Objective 5 Performance against Key Indicators

Outcome	Indicators	Baseline	Actual 2020/21	Target 2021/22	Actual 2021/22	Responsible Institution
Enhanced use of data for evidence-based policy and decision making	5.1 Proportion of NDP III baseline indicators up-to-date & updated	60		74	66	UBOS
	5.2 Proportion of key indicators up-to-date with periodic data	40		75	44	UBOS

Source: NPA M&E dept.

The key outcome under this objective; ***Enhanced use of data for evidence-based policy and decision making,*** is measured using 3 indicators listed in the table above. Tracking of these indicators is by UBoS in collaboration with NPA. Performance against these indicators was not reported on in the first year of the NDP III (FY2020/21) for lack of data. Performance was below target for the FY2021/22. The FY2021/22 was the second year of NDP III implementation and remained in many ways as a transition year. The indicator system supporting the NDP III were yet to be fully entrenched, hence significant gaps remained. Moreover, many statistics frameworks under UBoS are unable to generate annual reports which limits capability to report annually on many targets. Nonetheless, there is improved alignment of official statistics framework with the NDP III as shown by performance on the last indicator – *proportion of NDP results framework informed by Official statistics.*

Below is a discussion of performance under key interventions under this objective. It should be noted that the Uganda Bureau of Statistics is the lead agency in the execution of the majority of the interventions listed below.

i) ***PIAP-181501: Align and synchronize national survey and census Programmes to NDP III, Africa Agenda 2063, SDGs and other development framework data requirements.***

A number of surveys and censuses are aligned to the development frameworks through the National Standard Indicator Framework whose update is done on an annual basis. This culminated into for example the production of the GDP estimates before the budget is read. Other key products produced include, Key Economic Indicators, consumer price indices (weekly and monthly), Real Estate surveys (quarterly), Community information System (PDM), surveys on GBV and SRHR (ad hoc), National Service delivery Survey (every 5 years), Uganda National Household survey (every 3 year), National Panel Survey (yearly), Annul agricultural survey (yearly), Producer price indices (quarterly), construction sector indices (quarterly), water, Oil and Gas, Energy and Mineral, Infrastructure, statistics (annual), migration statistics (monthly), National Labour Force surveys (every 5 years). National Population and Housing Census (Aligned to Calendar for Censuses in the region), National Livestock and Agricultural Census (every 10 years), Census of Business Establishments (COBE) every 10 years.

Key Highlights of the figures produced include;

Annual Gross Domestic Product (Revised): The size of the economy is estimated to have expanded by 4.7 percent during the year, up from the 3.5 percent (revised) in FY2020/2021. In nominal terms, the economy expanded to UGX162,721 Billion, equivalent to US $ 45.886 Billion compared to UGX148,310 Billion or US $ 40.5 Billion registered in FY2020/21 (Table 14).

Table 14: Revised Annual Gross Domestic Product for FY2021/22(Base=2016/2017)

	2018/19	2019/20	2020/21	2021/22
GDP at market prices				
At current prices (Billion shillings)	132,090	139,689	148,310	162,721
At constant 2016/17 prices (Billion shillings)	122,787	126,410	130,881	136,967
Quantity index (2016/17=100)	113.1	116.5	120.6	126.2
Constant price growth rates (%)	6.4	3	3.5	4.7
Implied deflators (2016/17=100)	107.6	110.5	113.3	118.8
GDP per capita at current prices				
GDP per capita (UGS '000)	3,321	3,403	3,500	3,722
GDP per capita (US $)	889	916	957	1,042

Quarterly Gross Domestic Product: The Quarterly GDP for the 4th Quarter of FY2021/22 was produced as planned. The figures showed that the economy registered a growth of 4.9 percent in Q4 of FY2021/22 compared to the growth of 13.0 percent in Q4 of FY2020/21. Sector performance showed that the agriculture sector registered a better performance of 9.0 percent during the quarter while industry grew at 8.9 percent (Table 15).

Table 15: Quarterly Gross Domestic Product up to Q2 FY2021/22(Base=2016/2017)

Sector	2020/21				2021/22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP at market prices	**34,828**	**32,506**	**30,955**	**32,592**	**35,854**	**34,399**	**32,530**	**34,185**
Agriculture, Forestry & Fishing	10,179	7,485	5,877	7,063	10,609	7,343	6,286	7,699
Industry	8,393	8,769	8,652	8,685	8,374	9,508	9,127	9,256
Services	14,137	14,090	14,386	14,468	14,765	15,181	14,631	14,839
Adjustments								
Taxes on products	2,119	2,162	2,040	2,375	2,106	2,367	2,486	2,391

Consumer Price Index (CPI) - Inflation figures: Inflation figures were disseminated for the period ended 31st June 2022. The monthly inflation for June 2022 increased by 0.8 percent compared to the 1.0 percent rise recorded in the month of February. The rise was mainly attributed to monthly food and non-alcoholic beverage inflation rate that rose by 1.4 percent in June 2022 from 0.4 percent recorded in February 2022. The detailed Index number trends are shown in Table 16.

Table 16: Annual Inflation Rates up to June 2022 (FY2016/17=100)

	GROUP	Core	Food Crops	EFU	Headline
	Weights	**839.62**	**95.1**	**65.28**	**1000**
Financial Years					
	2019/20	109.08	102.16	118.86	109.06
	2020/21	112.89	97.8	117.74	111.77
	2021/22	116.49	102.11	123.88	115.61
Calendar Years					
	2019	107.68	100.27	117.48	107.61
	2020	111.16	99.72	118.96	110.58
	2021	114.23	106.67	118.1	113.02
2021	Jan	112.72	95.34	116.39	111.31
	Feb	112.98	98.02	117.35	111.85
	Mar	113.16	100.47	116.53	112.17
	Apr	113.36	102.35	116.2	112.5
	May	113.78	100.43	116.29	112.68
	Jun	114.44	98.35	118	113.14
	Jul	114.66	96.19	117.68	113.1
	Aug	114.47	97.25	117.98	113.06
	Sep	114.85	100.3	118.99	113.74
	Oct	114.98	100.6	119.84	113.93
	Nov	115.35	98.73	120.96	114.13
	Dec	116.06	97.84	121.05	114.65
2022					
	Jan	115.3	98.88	123.92	114.3
	Feb	116.52	98.68	125.61	115.42
	Mar	117.19	102.33	126.43	116.38
	April	118.26	107.82	129.17	117.98
	May	119.55	114.1	130.21	119.73
	June	120.75	112.56	134.74	120.88

Producer Price Index –Manufacturing and Utilities (PPI-M&U) The Inflation as measured by the Producer Price Index for Manufactured Goods and Utilities for the 12 months to May 2022 increased to 18.4 percent, up from 16.1 percent registered in April 2022. This was mainly attributed to the 19.3 percent increase in the Manufacturing Sector in May 2022 compared to 17.1 percent increase registered in April 2022.

Producer Price Index -Hotels & Restaurants (PPI-H&R): The Annual Inflation as measured by the Producer Price Index for Hotels and Restaurants Services in the fourth quarter compared to Quarter three (Q3) FY 2021/22 increased to 1.6 percent, a slower rate compared to 2.1 percent registered in Q2 FY2021/22.

Construction Sector Indices (CSI): The Bureau compiled the CSI up to March 2022. The average input prices for the Whole Construction Sector (covering material prices, wage rates & equipment hire rates) increased to 3.0% for the 12 months to March 2022 up from 2.3% in February 2022. The CSI for April, May and June 2022 will be disseminated with a new base period of 2016/17 in August.

ii) ***PIAP-181502: Acquire and/or develop necessary statistical infrastructure in the NSS (The National Statistical System) including physical, Information and Communication Technology and Human Resources –***

Statistical work is heavily dependent on technology for data collection, processing, analysis and dissemination. Some MDAs in the NSS, including UBOS, BoU and URA, adopted modern methods of data collection involving use of Computer Assisted Personal Interviews (CAPI), processing, and for dissemination. Field infrastructure and data flow - Data flows between some sectors and Higher Local Government departments such as Water and Environment, Education, Health, Social Development, Bank of Uganda, Immigration, Uganda Revenue Authority and Agriculture, improved. The field infrastructure particularly for Geo-Information Services improved overtime with increased use of GPS but only in a few institutions such as UBOS, MoWE, the Ministry of Works and Transport (MoWT), the MOH and MAAIF.

UBOS continued to implement the IT guidelines namely Application development guidelines, remote access guidelines, back up guidelines, and Dissemination procedure/steps and specifically undertook Systems development, data management, dissemination and communication of UBOS products. These included among others, (i) implementation of digital systems for survey data capture for (UBI, UDHS, NLC, Tourism and Expenditure, DRDIP, UHIS listing, EES survey, Time taken to cross the border survey, M&E for NSS, Accommodation survey, ACCEL, NSDS), (ii) development of requirement specification for HRMS, & Audit system, (iii) Setting up IT infrastructure for UBOS staff and livestock data processing at the Entebbe office, (iv) Management of UBOS data assets - all available (v) data assets from DPSS. (v) Management of data processing activities: National Livestock Census

Other specific c**ommunication and dissemination** activities carried out by UBoS in FY2021/22 aiming at strengthening the NSS infrastructure include (i) strengthening the standardization of the dissemination of statistical information and data, (ii) improving accessibility to information and data through regularly updating and uploading statistical and non-statistical data and information on the UBOS internet platforms, and (iii) improving usability of statistical data and information by providing advance annual release calendar, (iv) developing digital materials for surveys and (v) designing data visualizations of key statistic. UBoS continued with the development of the CPI electronic data collection system.

iii) ***PIAP-181503: Harness new data sources including big data, data science, block chain technologies and geospatial technologies in statistical production;***

UBOS had planned to train up to thirty staff members in the areas of data science. However, five staff were trained while more than 100 field staff were trained in cartographic techniques in a bid to aid the Mapping Exercise. Due to high demand for statistics from the traditional sources with limited resources to undertake the requisite surveys and censuses, there is need to embrace the emerging new sources (non-traditional) such as Big Data and related technologies. During the year, the Bureau started to carry out the mapping exercise in preparation for the upcoming Population and Housing Census due for August 2023 using geo spatial methods - a non-traditional sources. Citizen Generated data tool kit was produced and launched to guide Civil Society Organisations in data production. This Toolkit provides basic guidelines for producers of non-traditional source data such as civil society organizations and private sector institutions implementing gender equity and women's empowerment (GEWE)-related programmes.

At the NSS level, the different producers of statistics are steadily embracing and harnessing the developments in data science including Uganda Revenue Authority, Office of the Auditor General and National Identification and Registration Authority. These are at different stages of using the new source of data but most importantly staff capacity building was undertaken to build a strong base for uptake of these innovations.

iv) ***PIAP-181504: Amend the UBOS Act, 1998 to be inclusive of the NSS to better coordinate the NSS and define the roles of other players within the NSS Framework;***

The amendment process involves a number of steps including developing Regulatory Impact Assessment (RIA) that should accompany the draft amendments. A technical working group was constituted to undertake the RIA with technical guidance from the Office of the President. A capacity building workshop aimed at developing the RIA as a requirement for the amendment was conducted. Areas to be amended were identified and these will be improved on during the RIA process after consulting the relevant stakeholders.

v) ***PIAP-181505: Review and update the National Standard Indicator (NSI) Framework in line with the NDP III, Agenda 2063 and SDGs;***

The NSI is the core list of indicators to be produced by the NSS. It articulates the indicators to be produced by each MDA and provides the basis of capacity building where data gaps exist. The NSI framework is aligned to the NDPIII and Istanbul Plan of Action (IPoA). It incorporates SDGs and, Agenda 2063 priority indicators. The NSI framework was approved by the NSI core team that comprises representatives from MoFPED, OPM, NPA and UBOS. Update of the NSI continued to be done annually as new data series become available.

vi) ***PIAP-181506: Standardize and operationalize use of standard statistical infrastructure including the rules, regulations and instruments for conducting Censuses and Surveys among data producers; to Popularize, Statistical Rules, regulations and Standards***

Guidelines for undertaking surveys and censuses which can be used across the National statistical system (Guideline for production of quality statistics US943: 2012.) now exist. The NSS code of practice for official statistics and guidelines for production of quality statistics were under review during the year. A National workshop was conducted during the FY2021/22 by UBOS to popularise the rules and regulations for conducting censuses and surveys within the NSS. A professional seminar targeting the senior staff of UBOS and representatives from the Ministries, Department and Agencies was conducted to popularize the Statistical rules and regulation for conducting Censuses and Surveys. The rules provide guidance to the potential producers of statistics in the NSS to articulate their planned surveys and also seek clearance to undertake the desired surveys/censuses.

vii) ***PIAP-181507: Mainstream documentation of methodologies (Metadata) for NSS indicators***

The SDG metadata[26] was produced during the FY2021/22 and approved pending printing and dissemination. The SDG metadata hand book generally provides detailed information on the compilation practices and computation methodologies for particular SDG indicators used for national reporting. The Metadata enables users to have a clear understanding of the SDG indicators. The primary role of metadata is to facilitate appropriate interpretation of statistics by both users and producers of data in the NSS and information sharing.

[26] Metadata is a description of data (information about information)

viii) ***PIAP-181508: Build the capacity of the civil society and Private Sector organizations in the production and use of statistics.***

During the FY2021/22, UBOS conducted a needs assessment of the CSOs and private sector institutions who are data producers and suppliers. The data and capacity needs were identified and a schedule was drawn to facilitate the training of these institutions.

ix) ***PIAP-181509: Undertake research to improve methodologies for key statistics and indicators* Multi-Dimensional Poverty*:***

The Multi-Dimensional Poverty Index (MPI) is a measure that assesses poverty at the individual level based on a set of 10 indicators. If a person is deprived in a third or more of ten (weighted) indicators, the global MPI identifies them as 'MPI poor. The extent or intensity of their poverty is also measured through the percentage of deprivations they are experiencing.

The global MPI shows who is poor and how they are poor and can be used to create a comprehensive picture of people living in poverty. It permits comparisons both across countries and world regions, and within countries by ethnic group, urban/rural area, sub region, region and age group, as well as other key household and community characteristics. For each group and for countries as a whole, the composition of MPI by each of the 10 indicators shows how people are poor.

The MPI for Uganda uses the household as the unit of identification, implying that it uses individual and household deprivations to construct a poverty profile for each household (i.e. it identifies a household and all its members as deprived). However, the unit of analysis is an individual, implying that results are presented for the entire population. The MPI is calculated Multidimensional Poverty Index for Uganda using four dimensions; education; Health; living standards, employment and financial inclusion, which all together have a total of 10 indicators.

Key findings of the MPI report using the 2016/17 and 2019/20 Uganda National Household Surveys which was released by UBoS in June 2022 indicate that at the national level, the incidence of multidimensional poverty (the percentage of people who are multidimensional poor or the poverty rate or headcount ratio) was estimated at 42.1 percent. The average intensity of poverty (the average percentage of dimensions in which poor people are deprived, or the average deprivation score of poor persons) was estimated at 54.5 percent, implying that on average, the poor are deprived in 2.2 dimensions.

x) ***PIAP-181510: Support Statistical professional development and application through collaboration with the academia and relevant international organizations***

Statistical capacity needs assessment was undertaken among MDAs and CSO at both national and regional level. Compilation of emerging issues and next course of action was still ongoing by the close of the FY. With regard to collaboration with other institutions, an MoU was signed between Uganda Christian University and UBOS to allow UBOS staff to train on some modules of statistics at the University.

xi) ***PIAP-181511: Enhance the compilation, management and use of Administrative data among the MDAs and LGs***

During the FY2021/22, the Uganda Bureau of Statistics (UBoS) supported 50 LGs to compile their administrative data under Trade, Industry Local Economic Development (TI-LED) sector. The Bureau also developed the tools and manuals to be used during the data collection exercise for the Community Information System (CIS) programme.

UBoS also continued with the development of and harmonization of Local Government Statistical indicators aligning them to the different PDM pillars, the NDP III, SDGs and the other different Local Government level development frameworks. Alignment to the PDM was in line with the requirement for all service delivery interventions and hence measurement to be based at the parish level. During the Year, management finalised the tools for the implementation of the Parish Development Model data collection and conducted regional training of trainers as well as supervising the district level training of data collectors for the PDM. Data collection of the PDM Information System was also collected.

Additionally, in the FY 2021/22, the National Identification and Registration Authority (NIRA) received 578,353 applications, processed and generated NINs for 567,477 citizens, printed 366,410 cards, and issued 300,400 cards against a target 597,168 citizens. The Authority also registered 912 citizens against a target of 300 in the diaspora (USA, Canada, and UAE) as of 30th June 2022. Cumulatively NIRA has received 29 Million National Identification Applications, issued 25.8 Million National Identification Numbers (Representing over 62% of the total population) and printed 19 Million National Identification card (70.2 % of the eligible population i.e. 16 years and above).

In civil registration, NIRA continued to lay emphasis on the registration of children especially the under one-year-old to get NINs as well as birth certificates. During the year under review, the authority made 1.76m fresh registrations against a target of 1 million and issued 1,836,400 certificates. Of the total birth registrations, 89,533 were for the under one-year-old. The Authority also registered 85,908 and certified 12,725 against a target of 7,577. The over performance in birth and death registration was attributed to outreaches conducted in sub counties supported by Development Partners.

2.3.6 Objective 6: Strengthen the research and evaluation function to better inform planning and plan implementation

The aim of this objective is to strengthen the capacity for research and evaluation to inform the NDP III plan implementation. The objective includes development of an NDP III research agenda, improving capacity in the use of performance and value for money audits, and strengthening institutional capacity for research and evaluation of policies, programmes and projects among others. Collectively, these efforts are expected to lead to improvements in planning and plan implementation across all layers of Government.

The NDP III identified one key indicator under this objective – see table below. However, this indicator could not be measured yet as it relies on evaluation of Programmes, which are yet to take place.

Table 17: Status of Objective 6 Performance against Key Indicators

Outcome	Indicators	Baseline	Actual 2020/21	Target 2021/22	Actual 2021/22	Responsible Institution
Improved public policy debates and decision making	6.1 Proportion of government Programmes evaluated	NA	NA			NPA

Key progress and achievements against planned interventions.

i) ***PIAP-181601: Develop the National Development Planning Research Agenda***

The National Development Planning Regulations (Statutory instrument No.37, 2018) provide for the development of a National Research Framework and a National Research Agenda for development planning, as tools to guide the conduct of research activities for planning and policy development. This framework, therefore, serves to implement the provisions of the National Development Planning Framework and as well give effect to the development of the National Research Agenda. The objectives of the framework include;

- To provide for a national mechanism for identifying strategic research priorities and themes;
- To strengthen coordination of the roles and research activities of different MDAs and partners along the research and development value chain, and
- To align research efforts and funding to the national development agenda.

The development of a National Research Agenda was affected by the decision in 2021, to dissolve the Ministry of Science, Technology, and Innovation (MoSTI) which had been expected to lead this activity. The National Planning Authority however, did complete the development of the National Development Planning Research Agenda Framework which was necessary to inform the preparation of the National Research Agenda by MoSTI. This responsibility was yet to be allocated by the end of the FY2021/22.

In the absence of a National Research Agenda, NPA undertook a number of studies to inform policy and decision-making for integrated development planning. Key among them are the following;

- A study on the integration of Ethno-Minorities in Uganda's development process. This was conducted in partnership with GIZ, Equal Opportunities Commission, Uganda Human Rights Commission; and Ministry of Gender Labour and Social Development
- A study on assessment of the performance of TVET institutions covering areas of; Enrolment of learners, Staffing levels, Infrastructure, and Funding

NPA also continued to generate papers to facilitate programme policy discussion. Key of these ones include (i) "Education - A Social Good or Economic Good", (ii) Making Uganda the hub of Education in East Africa, (iii) Local construction industry and;

(iv) a paper on Presidential Initiative on Wealth and Job Creation (EMYOOGA).

ii) PIAP-181602: Develop an integrated system for tracking implementation of internal and external audit recommendations.

The gap in the tracking of oversight recommendations was identified as a key area to address in the PFM Reform strategy 2018-2023. This prompted the development of an IT based platform for tracking audit and oversight recommendations. This system, which is being developed with the support from EU, aims to enhance the follow up of oversight recommendations. Prompt tracking and follow up will facilitate improvements in public accountability through ascertaining the extent to which audit and oversight recommendations have been implemented. This will provide an avenue for increased downward accountability, improved access to relevant information on service delivery and enhanced citizen participation in public sector governance.

Development of the Audit Recommendation Tracking system continued during the year led by the OAG in collaboration with Parliament, Office of the Internal Auditor General, Accountant General, PPDA and Ministry of Local Government. During FY 2021/22, a system prototype was presented to the Project steering committee and focal persons. User acceptance testing was undertaken and the final version of the solution was approved. Subsequently it was resolved that OAG shall pilot implementation of the platform and other participating Institutions will join at a later stage. Training of back-end users, system administrators and selected audit staff was also carried out by the consultant. A Change Management roadmap was developed and will be rolled out in FY 2022/23. At the time of reporting, customization of the system to facilitate piloting by OAG was underway. Official launch and roll out of the shared platform is expected in early FY 2022/23.

ii) ***PIAP-181603: Expand the Performance/ Value for Money Audits, Specialized Audits and Forensic Investigations undertakings.***

Value for Money or Performance Auditing refer to audits undertaken to assess the economy, efficiency and effectiveness in Government interventions. VFM Audits are provided for in the International Auditing Standards with specific guidance given towards conducting these audit studies. VFM/Performance audits are essential in ascertaining the extent of realization of planned service delivery outcomes. The Office of the Auditor General (OAG) has deliberately mapped the VFM Studies onto SDGs in line with Government's commitment to the Sustainable Development Agenda 2030.

In line with the increasing public demand for these types of audits, the OAG has gradually taken steps to expand the scope of VFM audits, Specialized Audits and Forensic Investigations undertakings. Accordingly, the Office planned to undertake 21 VFM Audits, Engineering audits on 250 public works projects, 12 IT systems audits and 71 special audits/forensic investigations in FY 2021/22. This signified an increase across the board in regard to planned audit numbers compared to FY 2020/21.

Out of these, 9 VFM audits, 15 Special audits/ forensic investigations, 4 IT Audits and Engineering audits on 90 public works projects had been completed as at 30th June 2022. The performance variation is attributed to effects of COVID 19 which created a big challenge to implementation of planned activities particularly at the beginning of the Financial Year. Budget cuts, under releases and non-adherence to cash flow projections also severely disrupted implementation of planned activities.

iii) ***PIAP-181604: Strengthen the follow up mechanism to streamline the roles of the relevant oversight committees to avoid duplication of roles***

OPM held the regular institutional coordination meetings with the various oversight committees. However, they were only being implemented at technical level. Implementation at the Political level was yet to take place. Several Inter-Ministerial meetings were held to address the bottlenecks in service delivery.

The office also conducted Presidential Advisory Committee on Budget (PACOB) meetings to align National Budget FY 2022/ 23 to the 20 Programme Implementation Action Plans, Government's strategic planning frameworks including the NRM Manifesto, National Development Plan III, Sustainable Development Goals and other International planning frameworks.

iv) ***PIAP-181605: Promote the use of big data analysis techniques in Audit and Investigations.***

Big data analysis is the use of huge volumes of data to strengthen descriptive analytics in compliance, service management & corporate governance. By virtue of the work done by the OAG, incorporating big data analysis techniques in the audit process shall enable timely and insightful assessments of large data sets across various interconnected information platforms with a view to enriching audit findings. The Office therefore seeks to sustainably mainstream big data analytics in the audit process, starting with developing institutional capacity in the use of Big Data analysis techniques.

To this effect, 12 staff in the OAG were nominated as champions and have been facilitated to undertake a 1-year training programme in Big Data Analytics. Acquisition of Big Data Analysis tools (ICT hardware and software) remains subject to availability of requisite funding.

URA was using its big data infrastructure to grow its tax register and weed out non-compliant tax payers. URA implemented numerous compliance enhancement initiatives such as intelligence generation, scientific analysis and forensic document examination to deter, detect and prevent tax fraud and systematic non-compliance tendencies while also looking out for revenue enhancement opportunities.

During the year, 5 URA staff trained in the use of big data analytics using python. These helped to cascade their skills to 92 data champions across the organisation to enhance their analytics skills and develop models that can be used in the day-to-day revenue mobilization. As a result:

- 100 percent audit queries raised were verified and updated. 96.76 percent audit findings and recommendations were adapted by clients against a planned target of 80.00 percent. Of the one-hundred eighty-five (185) issues raised, one-hundred seventy-nine (179) audit recommendations were adapted by clients. 6 percent Audit universe covered against a planned target of 6 percent.

- The tax register closed the financial year with a total of 2,618,008 taxpayers of which 834,455 were new registered taxpayers representing a growth of 46.79 percent against a target of 15.00 percent

A technical working group of the DPI programme visited URA and made the following recommendations;

- Big data should be a national agenda given the strategic importance it has shown at URA.
- Expand the URA e-learning portal to accommodate external users/learners.
- Consideration of single government approach to big data analysis
- Promote use of a single unique identifier across all government systems.

Technical Working Group Members during the field visit at URA offices to learn about their use of Big data analytics.

v) ***PIAP-181607: Build research and evaluation capacity to inform planning, implementation as well as monitoring and evaluation;***

In an effort to appreciate Uganda's effort towards eliminating discrimination and marginalisation among the vulnerable groups of people, the Equal Opportunities Commission produced and disseminated the 8th annual report on the state of Equal Opportunities in Uganda under the theme "Promoting equal opportunities and equitable access to social services for inclusive growth and sustainable development". Under this report, 5 Research studies were conducted and reports produced as follows:

- A report on compliance of works and transport sector activities to equal opportunities and affirmative action produced.
- A report on the effects of natural and man-made hazards among the marginalized groups in all regions of Uganda produced
- A report on access to child and maternal health services among the marginalized groups in East, Central, Northern produced
- A report on access to capital and local markets among disadvantaged groups in Uganda
- A report on the working environment in the private sector targeting organization under the private sector foundation
- 2 audits were conducted and reports produced on Access to the Emyooga grant among the vulnerable people and access to disability grant among persons with disabilities in Uganda;

Group photo of participants after a dialogue held between the EOC & special interest groups sharing, the available interventions in the Annual Budget assessment that they can benefit from

The NPA Act of 2002 provides for monitoring and evaluating the effectiveness and impact of development programmes and the performance of the economy of Uganda. In FY 2021/22 NPA undertook the evaluation of the Decentralization policy under four thematic areas of; Institutional Frameworks and Systems; Service Delivery and Financing; Policy, Legal and Regulatory framework; and Democracy and People Participation. The evaluation identified critical findings pointing to gaps in the implementation of the decentralisation policy highlighting particularly the significant central government control over local governments that still exists, and raising concerns about sustainability of local government systems under implementation.

The evaluation study by NPA also made the following key recommendations among many others;

i. **Review and revise the PFMA, 2015** given the apparent conflict between the financial and accounting regulations provided under the Local Government Act and the provisions in the PFMA, 2015 - fiscal decentralisation and the role of local governments in the management and control of public finance be specified in a revised Public Finance Management Act. In addition, provisions on local government finance (in the Local Governments Act Cap 243, the Local Governments (Rating) Act 2005, the Local Governments (Rating) (Amendment) Act 2006 and the Local Governments (Amendment) (No.2) Act 2008) be consolidated into a new Local Governments Finance Act and be aligned with the 'new' defined role of local governments in public finance management.[27]

ii. **Development of the Policy Strategy Document should be prioritized** - It is imperative that measures be taken to balance the stool (steady the administrative, financial and political powers of local governments) and that decentralisation be reinforced with a long-term vision and roadmap to devolution. It is recommended that a policy strategy document be developed by the Ministry of Local Government through a participatory and consensus driven process

   and be framed in a roadmap. The type of decentralisation should be well defined and have a clear rationale, besides the scale and scope should be clear. Likewise, the policy strategy document should clarify strategy for regional development, establishment of cities and relationship of urban authorities to other local governments. Subsequently, a new Local Governments Act should be enacted.

iii. **Address the financing challenges of Local Governments**. It is also important that measures be taken to create an adequate revenue base for local governments. It is recommended that the revenue raising powers of local governments be reviewed to enhance their revenue raising potential and be transferred to local governments. In addition, it is recommended that re-centralisation of the collection of certain taxes over the years be reviewed or reversed. If no additional resource raising powers are devolved, it is recommended that central governmental transfers be made adequate and standard spending assessments (SSAs) be agreed.[28]

iv. **Comprehensive review the decentralization policy**. Tenets of other laws and streamline them e.g. Land act; NEMA, Physical Planning. These legal instruments duplicate the roles at both the LG and central government. During implementation of decentralization, some services have also since emanated and need to be considered. For instance: Pre- primary education.

In the same year, the Authority commenced the Mid-Term Review of NDP III and End Evaluation of NDPII to inform the extent to which NDP III is being implemented and also provide baseline information for the preparation of NDPIV. The mid-term review exercise was yet to be completed by the end of the FY2021/22.

Additionally, a number of DPI MDAs conducted various research studies to improve their planning and programme evaluations. URA carried out 6 Enterprise-wide researches & evaluations against a target of 6 including: Presumptive policy reform, Impact of the current lockdown to the economy, Economic recovery and resilience amidst COVID-19, Why the unpopular Withholding tax on Agricultural Supply is the only effective solution to close the Agricultural Taxation Gap. 4 Sensitizations in sexual harassment were implemented across all regions as planned.- URA also conducted 5 corporate integrity enhancement initiatives, 4 proactive debt recovery & timely litigation including risk profiling of cases, Preparation and drafting of pleadings, Filing of court documents within stipulated time, Preparation of submissions, Representation of URA in court. 100 percent legal instructions executed as planned.

27 ACODE Memorandum of Issues on Amendment to the Local Governments Act, Cap 243 and Memorandum on Local Government Issues and Policy Recommendations, April 2020

28 The United Kingdom is an example of nations that use standard spending assessments (SSAs). SSAs are a calculation by the central government of the amount of money that local governments need to spend on a particular service, which is then transferred to them.

3 Performance challenges

3. Performance challenges

DPI programme encountered several challenges during the second year of implementation; some of the challenges were carried over from last financial year and continued to impact NDP III programme implementation this year.

1. The quality and reliability of baseline data and statistics remained a challenge affecting the tracking of many indicators. There are too many indicators that are not well defined, ambiguous or need studies to be reported. A review of the NDP III indicator framework and data requirements is necessary.
2. The ever-changing administrative geography as a result of creating new administrative units, has made it challenging to have a complete and sealed National Geography file for the NSS and the Country in general. The Ministry of Local Government will need to provide a detailed official and approved list of administrative units to enable UBoS compile a sealed National geography file.
3. Supplementary expenditure (a key NDP III Target) remained high (9.86% of approved budget) in FY 2021/22. There is urgent need to institute fiscal discipline by eliminating supplementary expenditure or maintaining it within PFMA 2015 limits.
4. Increasing Audit Scope arising from newly established audit entities such as created under the Parish Development Model (PDM). The OAG and OIAG need to be well facilitated to handle this increased demand.
5. Alignment of the budget continued to be a key challenge of the NDPIII in its second year of implementation. Transitional challenges like system readiness (IFMIS and PBS were yet to be adopted to the new Programme structures) continued into the second half of FY 2021/22. MFPED and NPA need to finalise alignment.
6. Limited Follow-Up on Implementation of audit recommendations: Lack of a system to effectively track implementation of audit recommendations as well as the existing backlog in the discussion of audit reports have adversely affected the ability of the Office to take stock and measure the impact of audit work – there is need to fast track the finalization and roll out of the tracking tool that is under development by the AOG.
7. Continued growth in the stock of domestic arrears in spite of MFPED developing a strategy to clear and prevent further accumulation of domestic arrears in 2020/21. There is need to eliminate or prevent further accumulation of arrears by MDA's or keep them within PFMA limits.
8. Funding for the Programme Secretariats - In spite of the important coordination role Programme Secretariats play, these units are unfunded and non-existent in some programmes – Programme lead institutions should budget for Secretariats in their budgets.
9. Budget cuts, under releases and the Government policy on workshop also affected some of the activities including face to face assessment of the BFP and MPSs for compliance with Gender and Equity compliance.
10. Disruption of planned outputs/activities by COVID-19. This has resulted into budget cuts and restrictions which affects implementation of planned activities thus affecting budget execution.
11. Resistance to change as is the case with eGP implementation - Offering continuous support to on-boarded entities to embrace the eGP system
12. LG funds that are appropriated in central MDAs votes due to failure to implement the Fiscal Decentralisation Architecture (FDA) policy 2017. This affects the ability of LGs to attend (plan, budget and allocate) to their local priorities thereby undermining decentralisation principle of devolution of powers.

4 Key Emerging Issues

4. Key Emerging Issues

In the course of implementing the program over the year, the following key issues emerged and will need to be resolved over the next year to improve programme implementation.

1. Coordination, Monitoring & Evaluation;

There is still some confusion and lack of clarity on the roles of OPM, OP, NPA, PWG's, and MDAs. Accordingly, it is not always clear what each institutions requires to fulfil its role. For example, there have been overlapping roles in the collecting and monitoring of project implementation. Multiple monitoring systems are also now storing monitoring data on key results and project implementation. Lack of clarity of boundaries in roles in these areas is affecting their effectiveness. There is urgent need for OP to disseminate the APEX framework, specifically the fish analogy that clearly delineates the institutional mandates and help clarify how the different players relate in carrying out these functions.

2. Strengthening Coordination function at OPM

The NDP III specifies as a key reform, the need to strengthen the coordination at the Office of the Prime Minister for the purpose better reporting and oversight over the NDP III. Two years since the commencement of implementation of the NDP III, this key reform has not been implemented. The need to complete this reform has emerged as urgent requiring immediate attention as it is affecting the NDP III implementation. Undertaking this reform may require an organisational development study clarifying key operational processes, putting in place guidelines and additional staff resources. A clear plan needs to be put in place and funded to guide this key reform so that it is completed in the short-term.

3. Funding for the Programme and its structures

For the second year running, most of the NDP III programmes still did not have functional programme secretariats. Only 4 programmes out of 20 were reported to have functional structures. This continues to pose a serious risk to the implementation of the NDP III. There are two reasons for absence of functional structures. First, guidelines issued by NPA at the advent of the NDP III provided that Secretariat would be established from planning units of Lead programme MDAs. This proved difficult as programmes coordination requires significantly more staff resources than in these units. For example, Secretariats for the 4 programmes considered effective are mainly separate units outside the Planning unit. For this reason, the form and structure of the Secretariats remained a subject of discussion during the year. Secondly, even where MDAs wanted to establish Secretariats, no separate funding were provided for this. Where there existed separate resources, Secretariats functioned quite well. Therefore, the form and structure of the Secretariats needs to be resolved quickly and secretariats provided with resources (staffing and financial) to operate fully.

4. DPI roles in the NDP III management

The Development Plan Implementation (DPI) programme was selected to improve the implementation of the entire NDP III. However, it remains ineffective and narrowly focussed with limited impact on other programmes. For instances, it is felt, that DPI performance should be judged by performance under all programmes. The challenge is lack of clarity on the precise roles to be played by the DPI; how it should relate with other programmes, OPM, APEX, NPA and other coordination bodies. Processes for relating with other programmes requires elaboration to make this effective. Therefore, going into the 3rd year of the NDP III, stakeholder engagement will need to be conducted to urgently to clarify these relations.

5. Gaps in implementation of Decentralisation Policy

A number of financing streams for LGs continue to be implemented by central government institutions contrary and in contravention of the Decentralisation Policy and the Fiscal Decentralisation Architecture (FDA) policy of 2017. Examples are these are NUSAF (OPM); Road maintenance (Uganda Road Fund); Women empowerment and Youth Livelihood (Ministry of Gender, Labour and Social Development); Operation Wealth Creation etc. Maintaining these funds continues to exert control of the MDAs and limit discretion of LGs planning and budgeting in program implementation. The FDA specifically requires that LG funds in MDAs for decentralized services and those focusing on local development be appropriated in respective local government votes. OPM and MoFPED will need to lead efforts to ensure the full implementation of the FDA policy.

6. Appropriateness of Indicators

There are several issues with NDP III indicator framework which make it inappropriate for programme monitoring and reporting. Many indicators for the DPI programme and across most of the 20 NDP III programme do not properly align with the results. Targets are also often ambitious and for many, performance data is not available. This is reflected in many ways in the performance reporting in this report. A thorough overhaul of the indicator framework will be necessary, particularly after the mid-term review, to improve its suitability for monitoring and reporting on programme implementation. A compendium of the new set of indicators will then need to be put in place to promote common interpretation and use in the framework. Secondly, UBoS will need to complete alignment of its key national statistical frameworks with the new indicator framework and not just by including the NDP III indicators in the statistical frameworks but also by reviewing the regularity of statistical activities to align with the needs for reporting on these indicators under the NDP III.

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