THE REPUBLIC OF UGANDA

The Government Annual Performance Report 2012-2013

The Role of Government in Wealth Creation and Increasing Employment and Incomes for the Citizens

- Volume 1 The Report-

March 2014

Department of Monitoring and Evaluation
Office of The Prime Minister

Government Annual Performance Report 2012/13

Volume 1 – The Report

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Foreword

The Government Annual Performance Report (GAPR) for the Financial Year 2012/13 provides a comprehensive assessment of Government's performance and the results of public spending of the year under review. The Report focuses on the progress made in the implementation of key actions agreed on during the Financial Year GAPR 2011/12 retreat and the performance of Ministries, Departments and Agencies (MDAs) against output targets across all sectors of Government.

The aim of the report is to provide a basis for accountability of the use of resources and the results achieved, to provide a basis for policy discussions within Government and to guide decisions on resource allocations in the 2013/14 Financial Year.

The Financial Year 2012/13 was the third year of implementation of the National Development Plan (NDP) but the data was not readily available for some of the critical indicators for measuring progress of NDP implementation. In some cases, the NDP lacked set targets for some of the key performance indicators. However for the indicators that were measured, the Government made significant progress towards achieving some of the set actions in the NDP.

The Government performed fairly well with regard to employment. Available data indicated that the percentage for the working labour force increased from 70.9% in 2008/09 to 75.45 by 2010/11. There was a positive movement in the share of the employed labour force in manufacturing and services sectors in relation to 2008 and 2010 baseline data. Challenges noted are that Uganda has not had significant success in acquiring enough capacity to employ the growing number of youth joining the labour market; The sector composition of employment has not significantly changed in recent years – majority of the working population are still engaged in the agricultural sector contrary to the NDP target; Low prices and low productivity limit gainful employment for the majority of the people in the agriculture sector.

In the area of improving stock and quality of economic infrastructure, Government achieved the performance indicator for the paved roads as a proportion of the total road network but needs to put more effort in increasing the number of households in Uganda accessing power from the national grid.

Further work is needed to ensure that financial allocations in the budget and the medium term expenditure framework are in line with those outlined in the National Development Plan.

According to UBOS 2013, in a period of seven years (2002/03 to 2010/11) good performance was registered in the Health sector. Maternal mortality reduced from 505 deaths to 438 deaths, although the ratio is far from the MDG target of 131 to be achieved by 2015. The Statistical Abstract 2013 indicates that during the same period, the proportion of births attended to by skilled health personnel increased from 39 to 58, while the contraceptive prevalence rate increased from 22.8 to 30. The adolescent birth rate also reduced from 190 in to 134.5. The under-five mortality reduced from 156 to 90 while infant mortality rate reduced from 87 to 54. The proportion of 1 year old children immunized against measles increased from 56.8 to 75.8.

The analysis further indicates that the percentage of Health Centre IV offering HIV/AIDS care providing Anti-retroviral therapy (ART) services has been increasing for the past three years for example in financial years 2010/11, 2011/12 and 2012/13, the percentage of Health Centre IVs offering HIV/AIDS care with Anti-retroviral therapy (ART) services was 88%, 96% and 97.4% respectively. In spite of the interventions by Ministry of Health to combat HIV/AIDS, new infections have been on an increase. For example the prevalence rate of HIV among Antenatal Care clients 15-24 years increased from 7.3% in FY 2011/12 to 8.5% in the FY 2012/13.

Access to safe water in urban areas continued to improve from 66% in FY2010/11 to 69% in FY2011/12 and 70% in FY2012/13. This also means that four million people in urban areas currently have access to safe water. Functionality of water sources in urban areas improved in the last FY from 84% in FY2011/12 to 87%. Access to safe water in rural areas was on target for the FY2012/13 at 64%, the same level attained in the previous FY2011/12

Energy generation, as measured by total installed capacity, rose from 778 megawatts (MW) in FY2011/12 to 835MW in FY2012/13, representing an additional 57MW in the year as a result of commissioning the mini hydro power plants (Buseruka also known as Kabalega and Nyagak). The installed capacity of 835 MW is projected to meet the country's domestic demand up to 2017.

The number of tourist arrivals increased from 1,151,356 visitors in 2011/12 to 1,196,114 visitors in FY2012/13. This is a great increase from the 641,743 visitors in FY2008/09 implying an average increase of 14% per annum. This was as a result of improvement in security in the country and more specifically in the Northern part of the country. The total contribution of Travel and Tourism to GDP in 2012/13 was UGX4993.6 billion (8.8% of GDP and 11% of the services sector) while visitor exports generated US$1003 million up from US$805 million in FY2011/12. Tourism both directly and indirectly supported 483,500 jobs, which is 7.6% of total employment. There is need for heavy and deliberate investment in tourism so as to enhance its productivity. Strategic investment should be done in infrastructure development, training of tourism personnel in customer care and management and strong worldwide branding and marketing of Uganda's tourism potential.

On the 17th-18th January 2014, I presided over a two day retreat of Ministers, Permanent Secretaries and District representatives which discussed this report in detail. This time round, the presentation and discussion focused more on the extent to which Government interventions have made change in the quality of life of our people in the past few years. An approach that ignited debate on what more needs to be done to improve service delivery of our people. Clear key actions to improve the way Government does business were identified, costed, and these have been given to the relevant Ministries, Departments and Agencies to outline strategies and budgets required to implement them. The Vice President opened the retreat.

It is my pleasure to share with you this report. I encourage you to make good use of the findings and recommendations herein.

Amama Mbabazi; SC, MP
Secretary General, National Resistance Movement
Prime Minister
20 March 2014

Executive Summary

This Report outlines the performance of Government during the financial year 2012/13, covering the period July 2012 to June 2013. Progress is assessed against Government's commitments made in the National Development Plan 2010/11 – 2014/15, the Budget Speech 2012/13 and Ministerial Policy Statements for the financial year. It also tracks progress made against actions agreed upon in the Presidential Investor's Round Table (PIRT) meetings and in the Cabinet Retreat of November 2012 at which the Government Annual Performance Report of FY 2011/12 was discussed. The assessment focuses on what has been achieved against what was planned and what difference this has made in terms of improvements in public service delivery, employment generation and social economic transformation, governance and security for the citizens of Uganda.

In addition to using the guiding framework of the National Development Plan, the report uses the sector structure of financing and organisation to assess each and every Ministry, Department and Agency (MDA). Performance targets set by each MDA prior to the start of the financial year provide the benchmark of this assessment. Data for this assessment was primarily provided by the MDAs and validated by Office of the Prime Minister through investigation, documentation and where possible triangulation with other data producers, including Government inspectorates, the Uganda Bureau of Statistics, Ministry of Finance, Planning and Economic Development, Budget Monitoring and Accountability Unit, Economic Policy Research Centre and non-Governmental sources.

The purpose of this Report is to provide Cabinet with an overview of where Government has performed well or not during the previous financial year across all areas of public investment. It is timed to influence planning and budgetary decisions for the coming financial year 2014/2015, particularly in terms of allocations between sectors, as informed by the empirical data of past performance presented herein.

(i) Performance of the Economy

The report highlights the influence of the monetary and financial developments in the country on the performance of the economy. Inflation exhibited a downward trend during the reporting period: headline inflation declined from 18.0 percent in June 2012 to 3.6 percent in June 2013; core inflation fell from 19.6 percent to 5.8 percent over the same period, Inflation fell as a result of weak domestic demand, improved food supply and a stable exchange rate. In addition, food crops and energy, fuel and utilities (EFU) prices exerted considerable disinflation pressures.

In line with the easing monetary policy stance in 2012/13, base money, which is composed of commercial banks' deposits at the central bank plus currency in circulation, grew by 17.5 per cent on an annual basis, compared to 1.5 per cent growth in 2011/12. The volume of all interbank trade amounted to Shs. 17,641 billion in June 2013, an increase of 35 percent from Shs 12,917 billion in June 2012.

In line with fiscal financing needs, BoU conducted regular Treasury bill and bond auctions throughout 2012/13. Over the first quarter of the financial year, interest rates in both primary and secondary Treasury bill markets fell markedly, in part, reflecting the accommodative monetary policy stance.

Lending rates have remained relatively high after the rapid rise during 2011. Accordingly, credit growth, which contracted sharply in 2011/12, continued to remain weak in 2012/13. Furthermore, foreign currency lending, which had been the main driver of credit growth over the year, weakened towards the end of the financial year. Total private sector credit remained subdued mainly due to the under performance of the Shilling denominated loans. Shilling denominated credit grew by 6.8 per cent in 2012/13 compared to 5.2 per cent growth experienced in 2011/12. Foreign denominated credit increased by 10.2 per cent compared to 35.7 per cent growth in the previous financial year. The dominance of foreign currency denominated credit over shilling denominated credit arose from the lesser cost of the former and the relatively stable exchange rate, especially in the second half of the financial year.

Government financing needs over the year resulted in an increase in the domestic public debt as a share of GDP of 12.3 per cent in June 2013 compared to 11.4 per cent in June 2012.

The Nominal Effective Exchange Rate (NEER), which measures the relative value of the Shilling against a trade-weighted basket of currencies of Uganda's major trading partners, appreciated by 4.7 per cent in 2012/13, compared to a depreciation of 6.5 per cent in 2011/12. The Real Effective Exchange Rate (REER), which adjusts the NEER for price differentials and considers the competitiveness of Uganda's traded goods relative to those of Uganda's trading partners appreciated. The REER appreciation edged up to 5.0 per cent in 2012/13 from 4.0 per cent in 2011/12.

(ii) The National Development Plan

Data for FY 2012/2013 was not readily available for some of the critical indicators for measuring progress of NDP implementation; in some cases, the NDP lacked set targets for some of the key performance indicators. For the indicators that were measured, the Government made significant progress towards achieving some of the set actions in the NDP.

With regard to macroeconomic targets, the Government was on course in terms of keeping inflation low and increasing private investment as a proportion of GDP. At 5.1%, the annual GDP growth rate in FY 2012/2013 was below the NDP target of 7.2% in the same year. The Government underperformed in the area of reserves in the Central Bank at 4.1 months of imports against a target of 5.5 months of import for FY 2012/2013. The Government underperformed in the area of public investment as a proportion of GDP and Government domestic revenue.

In the area of improving stock and quality of economic infrastructure, the Government achieved the performance indicator for the paved roads as a proportion of the total road network but needs to put more effort in increasing the number of households in Uganda accessing power from the national grid. With regard to promoting sustainable use of the environment and natural resources, the Government was underperformed on the NDP targets set for FY 2012/2013 – the proportion of forest and wetland cover was declining in the country.

The Government performed relatively well with regard to employment indicators, although recent data for the period under review was not readily available. The percentage for the working labour force increased from 70.9% in 2008/09 to 75.45 by 2010/11; while there was a positive movement in the share of the employed labour force in manufacturing and services sectors in relation to 2008 and 2010 baseline data based on some government's efforts to address job creating challenges in short to medium term through start-up businesses, employment policy and change of attitudes to job creating strategies. Challenges noted are that Uganda has not had significant success in acquiring enough capacity to employ the growing number of youth joining the labour market; The sector composition of employment has not significantly changed in recent years – majority of the working population are still engaged in the agricultural sector contrary to the NDP target; Low prices and low productivity limit gainful employment for the majority of the people in the agriculture sector.

Performance of NDP goals on socio economic transformation equally recorded some positives for instance in Literacy levels that have slowly been rising from 73.6% in 2008/09 to 74.6% in 2011/12; Life expectancy with minor increase from 53.7 year 2010/11 to 54.5 years in 2011/12; Enrolment in education services relative to NDO baseline and within the NDP period, both primary and secondary recorded a worrying declining trend; while targets in several key indicates in areas of health, clean water supplies in urban areas all improved and the level of urbanization equally moved up from 12.0% in 2008/09 to 14.7% in 2011/12 though NDP target were not achieved. Challenges noted that the HDI value of 0.456 in 2012 reflected only a marginal improvement from 0.44 in 2011. The functionality of Uganda's literate population remains very low with 23% having attained secondary education. Global competitiveness index of Uganda fell from 119th out of 183 countries in 2010/11 to 123 in 2011/12. Overall performance score on all the services parameters assessed in health sector between 2010/11 to 2011/12 decline from 58.4 points to 56.8 especially on deliveries in health facilities, DPT3 coverage and TB success rate.

(iii) The NRM Manifesto 2011-16

FY2012/13 is the second year of implementation of the National Resistance Movement (NRM) Manifesto running from 2011-2016. The thrust of the manifesto was on betterment and effectiveness in service delivery, creation of jobs and consolidation of rule of law. Emphasis is to be put on commercialization of agriculture, development of the oil and gas sector so that the proceeds are used in the improvement of infrastructure and human resource development for prosperity for all Ugandans. It is also aimed at delivering services that have a direct link with the quality of life of Uganda's citizens, notably, health, education, water, sanitation, as well as infrastructure, focusing on electricity and the transportation system.

From the assessment carried out on status of implementation of actions and commitments outlined in the NRM manifesto of the 162 specific priorities, commitments and actions identified in the manifesto, 50 are on track and therefore show good progress, 112 require more effort if they are to be achieved or fulfilled by the end of the Term 2016. From the analysis there is also a clear indication of alignment of Manifesto priorities and commitments to the NDP 2010-2015, and Sector work plans. Most of priorities outlined in the Manifesto form priorities of Government and continue to be implemented by the different sectors.

Areas where good progress has been registered include; infrastructure development, energy generation and transmission, rural electrification, enhancing access to judicial services especially on recruitment of Judges, maintenance of security and peace, macroeconomic stability, establishment of youth capital fund and youth business skills development. Legislation for oil and gas, construction of schools, recruitment in police and observance of rule of law have all registered good progress.

Some of the areas that require more effort include; constriction of cross border markets, amalgamation of commercial laws, construction of markets, irrigation, railway transport, computerization and registration of land titles, pension reforms, agriculture finance and insurance, maternal and infant mortality rates, rehabilitation of health centers and hospitals, construction of technical and vocational schools and quality of education services

(iv) Sector Performance

Education

The total approved Sector budget (GoU+Donor) for FY 2012/13 was UGX 1593.48bn, of which 96% was released and 94% was spent. The Ministry of Education and Sports received UGX 397.772bn (100.2%) of its total approved budget of which 93.2% was spent. The public institutions of higher learning had an approved budget of UGX 167.95bn, of which UGX 145.969bn was received and 145.891bn was spent. The Education Service Commission (ESC) received UGX 5.506bn out of which 80.9% was spent. Kampala City Council Authority budgeted for UGX 27.402bn for education services out of which 86.8% was released and 77.1% spent. Only 9% of outcomes were achieved, 91% were not achieved. 9% of outcomes did have a positive trend however 91% had a negative trend. Overall the sector has 61 output indicators, out of which 26% was achieved, 36% was not achieved and 38% was not assessed due to lack of sufficient data.

Enrolment in government aided primary schools increased from 7,537,971 pupils in 2007 to 8,390,674 pupils i 2013. Enrolment in government aided secondary schools increased from 954,328 students in 2007 to 1,257,378 in 2013. Tertiary institutions continued to see increased enrolment. In FY 2012/13, in the primary sub-sector, the sector managed to rehabilitate one primary school and 17 classrooms out of the planned 22 and 42 respectively. There were also 60 classrooms constructed over and above the targeted 25. In the secondary sub-sector, 8 new secondary schools were constructed, 30 existing secondary schools were expanded and rehabilitated out of the targeted 5 and 24 respectively. Similarly there was poor performance in the BTVET sub-sector with 2 libraries constructed out of the planned 8, 3 workshops constructed out of the planned 42 and one new BTVET established out of the planned 8. There were no workshops rehabilitated and no libraries rehabilitated during the financial year.

The quality of education, as measured by numeracy and literacy achievement at P3 and P6 registered a downward trend from the previous FY, registered a downward trend from the previous FY 2011/12. Literacy at primary three was 56.2% down from 58% in the previous FY while Literacy at primary six was 40.15% down from 40.8% in the previous FY. Similarly there was poor performance in the percentage of pupils reaching defined level of competence in Numeracy proficiency in P.6 with 41.4% pupils achieving the defined level in numeracy in FY 2012/13 down from 45.2% in FY 2011/12. This level of performance was still below the target of 54.9%. There were more boys (45.8%) than girls (37.4%) reaching the defined level of numeracy just like in FY 2011/12. Under the Management of Education Service Personnel, ESC planned for UGX 6.72bn and received 81.99% of the planned budget. Out of the targeted 5,000 teachers, 9,606 were recruited resulting to 192.1% teachers recruited.

In FY 2012/13, in the secondary sub-sector, the sector planned to provide 909 science kits to secondary schools and was able to provide 5,113 (562.5%) science kits way above the target. The sector also planned to achieve a student text book ratio of 1:1 and achieved 2:1.

In the FY 2012/13, the sector planned to carry out monitoring and supervision in schools to improve effectiveness and efficiency in the delivery of education services. In the primary sub-sector, the sector received 97.9% and spent 80.3% of its planned budget. The sector inspected all of the primary schools that had been targeted at least once a term. In the secondary sub-sector, the sector received 90.14% and spent 72.54% of its planned budget. 641 (264.9%) schools were monitored out of the targeted 242. Under inspection (Primary, secondary, BTVET) and monitoring of construction works in PTCs, the sector received 88.89% and spent 77.78% of its planned budget. 620 schools/institutions were inspected under BTVET out of the targeted 500, 24 schools/institutions were inspected (Training Colleges) out of the targeted forty three, 1,204 schools/institutions were inspected (Secondary) out of the targeted 2,000

Health

The total approved budget (GoU) of the Health sector for FY 2012/13 was UGX 853.93bn, out of which 117% was released and 113% was spent. Ministry of Health planned for UGX 264.99bn out of which UGX 399.17bn (151%) was received and UGX 369.48bn (139.4%) was spent by the end of the FY 2012/2013. The National Medical Stores on the other hand had a UGX 208.291bn budget, of which 210.379bn was released and 100% was spent. The Health Service Commission had a total budget of about UGX 3.586bn with a general release of 1.778, of which 96% was spent.

According to UBOS 2013, maternal mortality (per 100,000 live births) reduced from 505 deaths in 2002/03 to 438 deaths in 2010/11. This maternal mortality ratio is far from the MDG target of 131 to be achieved by 2015 and thus more effort is needed. According to the Statistical Abstract 2013, the proportion of births attended to by skilled health personnel increased from 39 in 2002/03 to 58 in 2010/11. The contraceptive prevalence rate (i.e., the share of married women between 15-49 years of age who are using any method, traditional or modern, of family planning) increased from 22.8 in 2002/03 to 30 in 2010/11. The adolescent birth rate (in terms of births per 1,000 women aged 15-19 years) reduced from 190 in 2002/03 to 134.5 in 2010/11.

The under-five mortality (per 1,000 live births) reduced from 156 in 2002/03 to 90 in 2010/11. Infant mortality rate reduced from 87 in 2002/03 to 54 in 2010/11. The proportion of 1 year old children immunized against measles increased from 56.8 in 2002/03 to 75.8 in 2010/11.

Good performance was registered with 53% of the health facilities having no stock out of the 6 tracer medicines and supplies i.e. ACT, Paracetamol, cotrimoxazole, measles vaccine, ORS and Depo-Provera, out of the targeted 47% in FY 2012/13, however, the sector registered a decline in performance when compared to that of FY 2011/12.

The percentage of Health Centre IV offering HIV/AIDS care providing Anti-retroviral therapy (ART) services has been increasing for the past three years for example in financial years 2010/11, 2011/12 and 2012/13 the percentage of Health Centre IVs offering HIV/AIDS care with Anti-retroviral therapy (ART) services was 88%, 96% and 97.4% respectively. In spite of the interventions by Ministry of Health to combat HIV/AIDS, new infections have been on an increase. For example the prevalence rate of HIV among Antenatal Care clients 15-24 years increased from 7.3% in FY 2011/12 to 8.5% in the FY 2012/13.

In the financial year under review, the sector planned for UGX 121.65bn in the area of Health system development but received 49 percent and spent 46.8 percent of its approved budget. The sector managed to renovate 13 hospitals out of the planned 17 and construct all of the targeted 3 hospitals for the FY 2012/13. The sector also managed to renovate all of the planned 27 and construct all of the targeted 404 staff houses.

Water and Environment

The Water and Environment Sector budget continued to improve with an approved budget (GoU+Donor+NTR) for FY2012/13 of UGX365.20bn, of which 12% (UGX440.22bn) was released and 61% (UGX268.63bn) spent. The Ministry of Water and Environment received UGX364.09bn (134%) of the approved budget of UGX271.77bn and spent UGX193.36bn (53%). Out of the approved budget of UGX5.5bn for NEMA, UGX9.01bn (164%) was released and UGX7.91bn (88%) spent. The NFA had an approved budget (Incl.NTR) of UGX19.02bn out of which UGX20.35bn (107%) was released and UGX20.58bn (101%). Total grants released to Local Governments from the Ministry of Water and Environment amounted to UGX46.78bn (68%) of the approved budget of UGX68.91bn and all was spent.

The Ministry of Water and Environment had 41% of the annual output indicator targets achieved, 24% moderately satisfactory and 35% not achieved. The National Environment and Management Authority achieved 67% of the output indicator targets while the National Forestry Authority achieved 63% of the total output indicator targets for the FY 2012/2013.

Access to safe and effective sanitation in both rural and urban areas improved although still below the targets. Access to safe and effective sanitation in rural areas slightly improved to 71% in FY2012/13 having stagnated at 70% for the last three years against the target for the year of 75%. In urban areas access to safe and effective sanitation has increased steadily over the years from 73% in FY2008/09 to 81% in FY2011/12 and 82% in FY12/13 although the increase is not sufficient enough to meet the desired level of 100%.

Access to safe water in urban areas (people within 0.2km of an improved water source) continued to improve from 66% in FY2010/11 to 69% in FY2011/12 and 70% in FY2012/13. This also means that four million people in urban areas currently have access to safe water. Functionality of water sources in urban areas improved in the last FY from 84% in FY2011/12 to 87%. Access to safe water in rural areas (people within 1.5km of an improved water source) was on target for the FY2012/13 at 64%, the same level attained in the previous FY2011/12

Cumulative Water for production (WfP) storage capacity in Million Cubic meters – MCM continues to increase from 17MCM in FY2008/09 to 27.3MCM in FY2011/12 and 27.5MCM in FY2012/13 but this progress is still slow to meet the estimated demand of 499MCM. Functionality of valley tanks and dams indicates a marked improvement over the years from 23% in FY2008/09 to 67% in FY2011/12 and 71% in FY2012/13.

For the year under review, National Environment Management Authority had an approved budget of UGX5.5Bn, of which UGX9.01Bn (164%) was released and UGX7.91Bn (88%) of the release spent.

The authority carried eight restoration activities of the planned ten, conducted 1,204 environmental inspections and audits against the targeted 1,200. The Authority reviewed and approved 802 EIA reports out of the planned 800.

Gender, Labour and Social Development

The Social Development sector's focus is to strengthen communities' rights and the provision of social protection. The sector is also mandated to empower communities so that they are able to enhance their potential through skills development and labour productivity. The Ministry (MGLSD) had an approved budget of UGX50.78Bn of which, UGX20.38Bn (40.1%) was released and UGX17.70Bn (87%) spent. The Ministry had identified twenty seven key output performance indicators of which 56% were achieved. 14% of the output indicator targets had no sufficient data to carry out an assessment

From the recent national labour force and child activities survey 2011/12 by UBOS, a total of 2,009,000 children were found to be engaged in some form of child labour, 16% of all children nationally. 1,702,000 (19%) children below the age of 14 years were engaged in child labour. 1.4 million of these children aged 5-11 years engaged in child work.

The ministry championed the dissemination of the Employment (Employment of Children),Regulations, 2011; the Employment (Sexual Harassment) Regulations, 2011; The Labour Unions (Check–Off), Regulations, 2011; The Labour Disputes (Arbitration and settlement) (Industrial Court Procedure) Rules, 2011 and Labour Unions (registration) regulations.

Regulations on occupational safety and health were also developed which include; the dangerous occupancy at workplaces, Lifting equipment and Lifting operations, Pressure System Safety, and Chemical Safety. Although the laws and regulations have been put in place labour complaints are still very high with 4,000 complaints registered in the financial year under review. The industrial court to arbitrate labour disputes has been established but this still lacks a head to become fully operational.

Community mobilization and empowerment vote function had an approved budget of UGX2.26Bn of which 92% (UGX2.07Bn) was released and all spent. The ministry enrolled 20,000 people for FAL programme out of the targeted 200,000. The number of sub counties implementing FAL programme reduced from 80 sub counties in the last financial year to 50 sub counties meeting the target for the year

Energy and Mineral Development

The appropriated budget for the sector for FY 2012/13 was UGX 1,481.8 bn, including UGX 228.3 bn for donor development representing 14.7% of the MTEF. The annual releases, excluding donor disbursements to the sector amount to only UGX 118.7bn, representing 9.5% of the appropriated GoU Budget. The Sector spending was UGX 116.7bn, representing 9.3% of the approved GoU Budget and 98.3% of the budget released. The Sector appropriated budget of UGX 1,043.6 bn for infrastructure development was not released due to the delays in the procurement of the contractor for the construction of the Karuma Hydro Power Project.

Energy generation, as measured by total installed capacity, rose from 778 megawatts (MW) in FY2011/12 to 835MW in FY2012/13, representing an additional 57MW in the year as a result of commissioning the mini hydro power plants (Buseruka also known as Kabalega and Nyagak). The installed capacity of 835 MW is projected to meet the country's domestic demand up to 2017. The construction of Karuma hydro power plant (600MW) did not start due to delays in procurement while Ayago (600 MW) and Isimba (140) projects are at pre-feasibility and detailed feasibility and engineering design stages respectively. The proportion of the population accessing electricity increased by 2 percentage points to 14% over the last four years.

In total, 92 explorations and appraisal wells have been drilled in the country of which 79 encountered oil and /or gas in the sub-surface, a 85% success rate. With the fields explored, a total amount of oil equivalent to 3.5 billion barrels is estimated. However, with only 40% of the total prospective area explored, the number of fields and amount of recoverable oil is expected to increase.

The Petroleum, Exploration, Development and Production law and the Petroleum Refining, Transportation and Storage law were passed and assented to, for effectively operationalizing the National Oil and Gas Policy formulated in 2008. The laws paved way for the establishment of a sound institutional framework which separates policy setting and investment promotion from regulation of the industry and commercial business.

While the plans for local oil production are under way, Uganda still depends on fuel imports that come primarily through Kenya, and consumption has been rising annually. During this financial year, Government completed the refurbishment Jinja Storage Facility of capacity 30 million litres and restocking process started by the end of the financial year. In line with NDP, plans were under way to develop Nakasongola for sufficient stock of petroleum products on the market at all time.

Information and Communications Technology (ICT)

The Government's role is primarily to establish and enforce a policy, legal and regulatory framework to develop the Sector. National Information Technology Authority Uganda (NITA-U) reported that a total of sixteen (16) National IT Standards were reviewed, approved and declared as National IT Standards for adoption by the National Standards Council (NSC).

For this purpose, UGX 15.52 billion was allocated to the Sector (0.15% of the national budget) in FY2012/13; 97% or UGX 12.12 billion was released and by close of that financial year 88% of it was spent.

The sector achieved 49% of its 17 output delivery targets. In terms of developing guidelines, standards and regulations, in addition to the National IT Standards, two (2) MDA IT Standards and Guidelines have been drafted; these are:

(i) Guidelines and standards for acquisition of information technology hardware & software for Government Ministries, Departments and Agencies (MDAs)
(ii) Standards for Structured Cabling for Government Ministries, Department and Agencies (MDAs)

The above draft standards were issued to the MDAs in May 2013 as part of the Strategy for Rationalization of IT Services in Government MDAs to facilitate planning and budgeting for the FY 2013/14.

To deepen the coverage and usage of ICTs in the country, two District Business Information Centres (DBICs) were set up and made operational by close of FY2012/13 as planned. That brings the total of operational DBICs to eleven including the already existing nine DBICs across the whole country. This implies that at the current rate of implementation it will take more than a decade to cover all 112 districts..

The sector also reported that 80% of the population has access to telephone services in the country.

Tourism, Trade and Industry

In FY2012/13, the sector received a total sum of UGX66.58 billion out of the approved UGX72.42 billion translating into 91.9% budget release. Out of the released budget UGX3.24 billion was a supplementary budget to Ministry of Trade, Industry and Cooperatives to cater for COMESA Policy Organs meeting and Heads of State Summit, while UGX 1.8 billion was donor funding. Of the released budget, UGX66.42 billion was spent which is 99.8% budget performance.

With 91.9% of sector budget released and 99.8% spent, the analysis of the 102 sector output indicators revealed 52% of them being achieved, 17% of the indicators had made a significant progress and were on the verge of being achieved while 28% had lagged behind and hence not achieved. 3% of the indicators were not assessed due to inadequate data. Analysis of the 11 sector outcome indicators showed that only 27% of them had a positive change between 2011/12 and 2012/13, 27% showed a negative trend while 46% was not assessed as a result of insufficient data. 90% of the November 2012 Cabinet Retreat actions were found to be on track while 10% of these actions was off-track by the end of the FY2012/13.

Uganda's formal export performance in FY2012/13 grew by 9.2% in monetary terms from US$2.16 billion to US$2.36 billion. Service exports which include; communication services, construction and engineering, educational services, financial services which include banking and insurance, tourism and tourism related services, remittances among others grew by 14% from US$1.45 billion in 2011/12 to US$1.65 in 2012/13, while the informal export earnings increased by 27.5% from US$355.8 million in the FY2011/12 to US$453.73 million in 2012/13.

Overall, export earnings grew by 12.6% in FY2012/13 after an increase of 18.3% in the previous year. However, exports continued to be outpaced by imports and a trade deficit of US$1.87 billion was recorded in the FY2012/13. This was because the contribution of traditional exports to overall formal export earnings decreased from 31.4% in 2011 to 25.1% in 2012 majorly as a result of a significant decrease in the coffee earnings from US$466.7 million in 2011 to US$372.3 million in 2012 due to a reduction in the quantity exported and international market prices of coffee. Petroleum and petroleum products registered the highest import bill of US$1.3 billion accounting for 22.2% of the expenditure on formal imports followed by road vehicles and machinery for specialized industries at US$517.8 million and US$357.9 million respectively. COMESA regional bloc remained the main destination for Uganda's exports accounting for 57.7% of the market share, followed by the European Union, Middle East, and Asia at 14.7%, 6.8% and 5.6% market share respectively. Sudan remained the main destination for Uganda's exports with in COMESA region with 14.5% market share.

The World Bank Doing Business Report released in October, 2013 ranked Uganda 132 out of 189 world economies in the ease of doing business for FY2012/13 as compared to 120 in 2011/12. This implies that it is becoming more costly in terms of money and time for a local entrepreneur to start and run a business in Uganda while complying with all the legal procedures. The low ranking is attributed to poor performance in indicators that involve; getting access to electricity, trading across borders and starting a business, where Uganda was ranked 178, 164 and 151 respectively.

The number of tourist arrivals increased from 1,151,356 visitors in 2011/12 to 1,196,114 visitors in FY2012/13. This is a great increase from the 641,743 visitors in FY2008/09 implying an average increase of 14% per annum. This was as a result of improvement in security in the country and more specifically in the Northern part of the country. The total contribution of Travel and Tourism to GDP in 2012/13 was UGX4993.6 billion (8.8% of GDP and 11% of the services sector) while visitor exports generated US$1003 million up from US$805 million in FY2011/12. Tourism both directly and indirectly supported 483,500 jobs (7.6% of total employment) for people employed in hotels and restaurants, travel agents, airlines and other passenger transportation services, among others. There is need for heavy and deliberate investment in tourism so as to enhance its productivity. Strategic investment should be done in infrastructure development, training of tourism personnel in customer care and management and strong worldwide branding and marketing of Uganda's tourism potential.

Cooperatives play a vital role in job creation, food security and reduction of post-harvest losses. Whereas, 388 cooperative members were trained in management skills and Warehouse Receipt System (WRS) knowledge, a lot is still desired in training of personnel that would facilitate development of cooperatives to enhance their productivity and efficiency. There is still inadequate data regarding operations of cooperatives.

In Industrial Research and Development, the sector through Uganda Industrial Research Institute continued to provide the necessary tools and infrastructure to enhance industrial science, standards and advanced technology. This mainly concentrates on adding value to the locally produced agro-products like; fruits, Irish potatoes, peanuts, bananas, honey, millet, vegetables, ground nuts, soya and dairy products so as to reduce on the post-harvest losses, increase incomes of farmers and fight against hunger and malnutrition among the people of Uganda.

Works and Transport

The 2012/13 national budget sought to remove infrastructure constraints in transport to facilitate private sector development as an engine of growth. To this end, the sector received the highest budget share of

16.4% in FY2012/13. The sector had UGX1696.38 billion released 103% of the approved UGX1650.75bn. The budget release was higher than the approved budget because UNRA received a supplementary budget of UGX154 billion to pay the debt on the development projects. UGX1697.48 billion was absorbed by the sector by the end of the financial year which is 100 percent budget performance.

The national road network in fair to good condition in FY2012/13 was 77% for paved roads from 77.6% and 66% for unpaved roads from 66.6% in the previous financial year. This implies that it may not be possible to achieve the 85% target as projected in the NDP by 2015. This was explained by a reduction in funding for road maintenance for the past two years from UGX177.74 billion in 2010/11 to UGX167.87 billion in 2011/12 and further to UGX138.77 billion in FY2012/13 which is 22% decrease in roads' maintenance budget.

In the financial year under review, a number of roads were upgraded from gravel to bitumen standards with 205.6km upgraded against a target of 135km while 251.7km were rehabilitated against the planned target of 160km. UNRA substantially tarmacked and completed; Fortportal-Bundibugyo-Lamia (39km), Nyakahita-Kazo (68km), Kazo-Kamwenge (42kms), Vura-Arua-Koboko-Oraba (16.5km) and Hoima-Kaiso-Tonya (7km), while a number of other projects are ongoing. However, there was slow progress in the maintenance of national and DUCAR roads as most of the indicators under this output were not achieved. The failure to meet the targets increases the backlog currently at US$826.1 million, increases reconstruction and other associated costs like high vehicle operation and maintenance costs, reduces road safety, thus increasing the cost of doing business. The low performance was attributed to a shortfall in the planned budget as UGX43 billion meant for the fourth quarter was not released to facilitate road maintenance and the repayment of the debt carried forward from FY2011/12 amounting to UGX 13billion.

Performance of the railway system continued to worsen, with the volume of cargo by rail reducing from 153.5 million tonnes in FY2011/12 to 124.4 million in FY2012/13 which is a 19% drop in the net tonne-km despite the track improvement between Mombasa and Nairobi and the installation of the new culverts between Busembatia and Jinja. Locomotive productivity dropped by 15.5% from 168km/loco/day in FY2011/12 to 142km/loco/day in FY2012/13 while Wagon turn-round (Mombasa-Kampala-Mombasa) shot up by 3.8% from 26.6 to 27.6 days in FY2012/13. However, the transit time (Mombasa-Kampala) improved by 30% from an average of 11.5 days in FY2011/12 to 8 days in FY2012/13.

Air transport in Uganda is still dominated by operations at Entebbe International Airport with no alternate modern airport in case of any emergence. The air transport subsector grew at an estimated rate of 15% with an increase in the number of passengers from 1,166,996 in FY2011/12 to 1,342,112 in FY2012/13. Although the majority of the passengers 99% were international, performance for domestic passengers was remarkable in the financial year under review. A total of 13,780 domestic passengers were handled in the FY2012/13 as compared to 9,508 in FY2011/12 representing 45% increase. This was explained by the growing tourist traffic in the country. The volume of air traffic cargo increased by 7.7% from 53,250 tonnes of exports and imports in 2011/12 to 57,328 tonnes in FY 2012/13.

Agriculture

The Agriculture Sector received a total budget (GoU+Donor) of UGX 340.91 billion (90%) out of the approved UGX 378.99 billion. The Annual Budget Performance Report shows that 95% of the sector's released budget was spent by end of FY 2012/13. MAAIF received 86% (UGX 69.05 billion) of the total approved budget of UGX 80.6 billion out of which 88% was spent. Out of the approved budget for of UGX 52.91 billion for NAADS, UGX 42.71 billion was released and all the release spent. For NARO, 85% of the budgeted UGX 87.32 billion was released. UCDA, UCDO and DDA received all their budgets most of which was spent. Performance trends imply that the MDAs' contribution to the sector outcomes via the delivery of outputs is limited.

According to the most recent data from UBOS[1], the agriculture sector employs about 66 per cent of Ugandans and its contribution to total GDP was 23.2 per cent in 2012/13, reducing from 24 per cent last year. In terms of growth, the trend has not been impressive as the sector grew by only 1.4 per cent in FY 2012/13 compared to 3 per cent growth rate in 2011/12 which is far below the economy's average growth rate which has been above 5% for the past ten years. The share of monetary agriculture of total agriculture also reduced from 14.2% in 2011/12 to 13.6% in 2012/13. Generally, this performance implies that the biggest proportion of Ugandans (66 per cent) who are employed by agriculture is less productive while the remaining 34% contribute over 76% to total GDP.

The sector recorded a positive trend for 50 per cent of its outcome level indicator performance compared to FY 2011/12, 50 per cent had a negative trend. Only 17% of the sector's outcome indicators had their targets achieved while 58% not achieved by end of the financial year. The rest had no data on outcome indicator targets.

Only 42% of the sector's output indicator targets were achieved, 25% moderately satisfactory and the remaining 33% of the indicators had their output indicator targets not achieved with over 90% of the budget released. Uganda Coffee Development Authority (UCDA) had the highest performance in terms of reaching the set output indicator targets with 85% of the targets achieved by end of the year. This was followed by National Agricultural Research Organization (NARO) with 60% of the research agency's output indicator targets achieved against plan. The other four MDAs all had less than 50% of their targets achieved, with MAAIF and UCDO being the least performing MDAs despite the fact that they spent a big percentage (88% and 100% respectively) of the release. On the other hand, the sector performed well in terms of implementation of cabinet and Presidential Investors Round Table (PIRT) actions with significant progress.

Lands, Housing and Urban Development

The Lands, Housing and Urban Development Sector was allocated UGX 24.63 billion and UGX 24.71 billion was released by end of the financial year. Out of the release, 96.1% was spent by the Sector. The Ministry of Lands, Housing and Urban Development had an approved budget of UGX 12.98 billion and UGX 13.26 was released out of which 92.8% was spent by end of the year. The Uganda Lands Commission had 98.3% of the approved UGX 11.65 billion released and all of it spent by end of the financial year.

Outcome level performance shows that two of the three sector outcome indicators had a positive trend compared to last year and there was low performance against the financial year target. At output level, the sector achieved 71% of its 24 output indicator targets by end of the financial year. MLHUD achieved most of its output level indicator targets as 79% were rated as achieved and 21% not achieved. Data shows that Uganda Land Commission achieved only 40% of its output indicator targets. This level of performance suggests inefficient spending given that all the release (98.3% of the approved budget) was spent and low results delivered. The other 60% of the five indicator targets for ULC were not achieved.

The percentage of land that is registered slightly increased from 18% in 2011/12 to 19% in 2012/13 but this was below the sector target of 20%. The current status of security of land tenure seems to be a challenge to the country's development and affects wealth creation. According to evidence[2] by Owaraga (2012), presently 90% of domestic disputes in Uganda are related to land conflicts and land often changes hands as a result of these conflicts, as opposed to through sale of property. The sector's submission shows that the level of compliance to physical development plans deteriorated from 70% in 2011/12 to only 30% in 2012/13. This was attributed to low emphasis given to planning by local governments.

[1] UBOS Statistical abstract 2013
[2] Conflict in Uganda's Land Tenure System by Norah Owaraga, May 2012

Accountability

The approved budget for Accountability Sector during the FY 2012/13 was UGX 582.71bn including external support of UGX 75.53bn. The sector budget also includes UGX 0.23bn approved budget of KCCA for vote function 1409 revenue collection and mobilization. The annual releases, including donor disbursements to the sector amount to UGX 555.91bn including UGX 0.961bn to KCCA, representing 95% budget released, and 99.2% of the releases was spent. The Government of Uganda allocation to the Sector was UGX 507.18bn of which UGX 491.16bn was released, representing 96.8% of the appropriated GoU Budget. The Sector spent UGX 486.92bn, representing 96.8% of the approved GoU Budget and 99.1% of the budget released.

The sector's contribution to economic growth and development is measured primarily in terms of GDP growth rate and domestic revenue mobilization. The GDP growth rate recovered from 3.2% in FY 2011/12 to 5.1% in FY 2012/13. The recovery was a result of improved macroeconomic conditions supported by better regional and international economic developments. Revenue as a share of the GDP increased to 13.4% in FY 2012/13 from 12.6% in FY 2011/12 though fell short against a planned target of 14.1%. Revenue performance was impressive in the just ending financial year, with the tax collection of at least UGX 7.14 trillion against a set target of UGX 7.28 trillion reflecting performance of 98.1%. Uganda Revenue Authority performed well in domestic tax collection with UGX 4,274.73bn against a target of UGX 4,072.45bn, reflecting a performance of 104.9% and a surplus of 4.9% (UGX 202.27bn). The International trade taxes collections amounted to UGX 3,070.51bn against a target of UGX 3,392.92bn, reflecting a performance of 90.5% and a deficit of 9.5% (UGX 322.41bn).

At an aggregate level, UGX 9,110.4 bn of the GoU budget was released by end of FY 2012/13 (exclusive of AIA and interest payments). This equates to 87.8% of the approved budget. Of this, UGX 8,797.4 bn was expended (84.8% of the approved budget) representing performance of 96.6%. Aggregate unspent balances stood at UGX 312.99 bn.

The measures used to assess the Government's compliance with accountability policies, standards and regulations show low performance compared to FY 2011/12. The percentage of clean audit reports in local governments in previous financial year declined to 32% in FY 2012/13 from 45% in FY 2011/12. At central government level, the percentage declined to 45% in FY 2012/13 from 59% in FY 2011/12, while for statutory bodies, the figure declined to 41% in FY 2012/13 from 61% in FY 2011/12.

The Government steps in increasing demands for greater transparency and accountability in the management of the public finances. The financial system was strengthened and extended to other Government spending agencies in the financial year. Besides the systemic reforms, legal and legislative reforms were also undertaken, with Public Financial Act passed and consultations on-going on the Public Finance Bill to tighten control and management of public funds.

Justice, Law and Order

The sector continues to get supplementary funding since the last 3 Financial Years with 108% registered in FY2012/13 (UGX 579.99bn released against budget of UGX 537.86bn) although below FY2011/12 budget of UGX 582.4bn representing 8% budget allocation reduction. The previous years' trends as the total annual sector budget for FY2009/10 was UGX344.35bn but the actual release rose to UGX442.05bn - an equivalent to 128%. FY2010/11 registered the highest increase in budget allocation by 55% to UGX532.23bn, and the release increased further by 17.3% to UGX624.07bn. The FY 2011/12 followed the same trend with the release of UGX 582.04bn, surpassing the approved budget of UGX 552.86bn by 5.3%.

The sector data analysis for the FY 2012/13 revealed that 50% of outcome indicators had a positive change (69% for FY2011/12), 30% a negative change (23% for FY2011/12), while 10% remained unchanged (8% for FY2011/12). The sector should provide reasons for the reduced performance in outcome trends. The sector outcomes assessment against annual targets reveals that JLOS was able to achieve 40% of the outcome targets, and 55% of output targets after spending 107% of the approved budget. The sector was not able deliver on 45% of the output targets by the end of the financial year.

The sector registered good progress on only two actions which are: increasing the number of Judges to the High Court and Court of Appeal to meet the recommended numbers and retraining Prison Officers to improve management of prison services, meaning that only 40% of the actions are on track, another 40% off track and 20% did not have data on the status at the time of assessment.

There is increase in demand for rule of law by citizens but data showed a decline in the proportion of the public confident in the enforcement of existing laws from 30% (baseline) in 2008 to 29% in FY2012/13 and still not achieving the annual sector target of 45%. In the FY2012/13, the sector registered an increment in the proportion of districts with complete chain of core JLOS services[1] and institutions from 30% (baseline) in 2010 to 34.5% in FY2012/13 although failed to meet the sector annual target of 38%, due to a 65% of the development budget release

In the reporting period, the disposal of cases by the judiciary dropped to 89.12% from 92.15% in FY2011/12, not achieving the sector annual target of 98.3% although the proportion of backlogged cases in the system reduced to 32.3% from 35% in FY2010/12. The proportion of completed to registered corruption cases which performed at 96% did not meet the annual target of 98% and the Constitutional petition that suspended the operations of the Anti-Corruption Court at Magistrates Court level is likely to worsen disposal of anti-corruption cases by the Court

According to the Police Annual Crime Report 2012, the rate of crime increased by 1.2% in 2012 as an average of 305 persons, out of 100,000 persons of the population, were victims of crime rising from 302 registered in 2011.The high crime rate is a threat to the investment environment of Uganda as has been witnessed by the rampant shootings of business men in Kampala and other Districts in the Country.

Legislature

A total of UGX 235.44bn was allocated to the sector, 98.8% of which was released. During the course of the same financial year, an additional Ushs.1.9bn was released to Parliament in form of a supplementary funding to facilitate members of Parliament carry out consultations on the Marriage and Divorce Bill in their constituencies.

Overall the Sector achieved only 50% of its outcome and 30% of its output indicators in the financial year under review. 13% of the outcome indicators exhibited a positive trend, 38% a negative trend and 50% remained unchanged.

Parliament also deferred Parliamentary business to allow members consult on the Marriage and Divorce bill which affected plenary and committee sittings.

Public Administration

The sector was allocated UShs148.17bn in FY2012/13, constituting 4.3% of the national budget. The financial release was considerably over budget, with UShs296.45bn released, with State House receiving 232% more than originally allocated, Office of the President 15% more than allocated, while Ministry of Foreign Affairs received 36% more than allocated. All of the release was spent apart from Electoral Commission that only spent half of the release.

The major focus of Ministry of Foreign Affairs is to harness the benefits from regional and international cooperation and promote Uganda's interest abroad, Uganda's foreign policy has been designed around three main areas: (i) Peace and security; (ii) Regional cooperation and trade; (iii) Tourism, investment and resource mobilization. This was achieved through Regional and International Cooperation, and Protocol Consular and Diaspora Services. The Ministry therefore provided political and diplomatic support

[1] The core JLOS services are policing, investigation, prosecution, adjudication and correctional services

to the ongoing stabilization and reconstruction efforts in Somalia, furthermore the Ministry in August 2012 produced a reviewed draft of the Uganda's Foreign Policy and much more.

The Ministry was however faced with a challenge of implementing the decision of finding funds for Ambassadors to engage in trade promotion, tourism and investments abroad. The output of promotion of trade, tourism and Investment requires additional Ushs.800million to facilitate promotion of trade, tourism and investments abroad in selected missions including Washington, Berlin, Pretoria, and London.

Public Sector Management

In FY2012/13, the sector was allocated UGX 1,084 billion, 10% of the national budget. 80% of this budget was released. Low releases were registered in the Ministry of Local Government (which received 29% of its allocation. With these resources, the sector as a whole achieved 60% of its output delivery targets.

Considering that staffing of the public service is a critical part of delivering services in the most efficient and time manner, the percentage of declared vacancies filled had been increasing since FY 2008/09 at 68% to 72% in FY2009/10 and 300% in FY 2010/11 but dropped in FY 2011/12 to 87% and dipped further to 85% in the last financial year. In order to strengthen the performance of the public sector, performance contracts for categories of public servants were introduced. However, no data was provided on this matter nor was data provided for vacancy rates in primary and secondary schools and for medical workers in hard to stay areas of the country.

The OPM produced the Government Annual Performance Report (GAPR) FY2011/12 and the Government Half Annual Performance Report for FY2012/13. The report was discussed in the Cabinet Retreat of Ministers, Ministers of State, Permanent Secretaries and Local Governments in November 2012 and February 2013 respectively. Under the Government Evaluation facility, three evaluation studies were initiated; first the evaluation of Government's response to absenteeism in the public service which was completed in draft by year-end and the findings were presented to the Technical Implementation Coordination Committee (TICC) meeting on 27th March 2013.

The vision of LGFC is to have financially sustainable Local Governments that provide efficient and effective services. One of the ways to achieve this is by ensuring effective mobilization and equitable distribution of financial resources for service delivery at LG level, where the services are most needed. In addition, the Ministry of Local Government (MoLG) is mandated among other duties to inspect, monitor, and where necessary offer technical advice/assistance, support supervision and training to all LGs.

The key function of the Ministry of East African community Affairs (MEACA) is to spearhead Uganda's integration agenda into the East African community. The integration process is hinged on 4 major pillars, namely the Customs Union, Common Market, Monetary Union and finally Political Federation. The integration process is done by way of harmonization of diverse policies and programmes in the region, enhancing public participation and awareness in EAC regional integration and providing leadership, guidance and support for strengthening integration. The Sector did not indicate which quality aspects of the integration process have improved during the period under review. In regard to the status of harmonization of Laws (Commercial, Immigration and Labour laws) to conform to the EAC Common Market Protocol, the Ministry reported that Uganda Law Reform Commission (ULRC) hired a consultant for the exercise of identification of the laws that need harmonization in relation with the EAC Common Market Protocol. The consultant finalized the exercise which identified 58 laws. An omnibus bill is being prepared for amendment of these identified laws.

Security

The Sector's approved budget (GOU +External Financing) for FY2012/13 was UGX 945.14bn of which UGX 994.35bn (105%) was released. The budget for FY2012/13 was increased by 455% from UGX 162.7bn of FY2011/12. GOU budget for the FY under review was UGX 699.9bn of which UGX 749.08bn (100.7%) was released and spent implying a supplementary of 7%. The sector continues to receive supplementary funding every Financial Year with Ministry of Defence, ESO and

ISO at 7%, 18% and 15% of their annual budgets of UGX 658.69bn, UGX 10.29bn and UGX 30.89bn respectively in FY 2012/13.

The analysis of Sector outcome data shows that the performance of 100% of the indicators did not change in the trend over the FY 2012/13 and also 100% the annual outcome targets were achieved for the same FY, an improvement from 60% for FY2011/12. At the output level, performance was at 95% of the outputs, achieved their targets while 5% did not achieve the annual targets.

The Sector continued to maintain security of the nation with no armed groups involved in cross-boarder conflicts throughout FY2012/13 although continued existence of Allied Democratic Forces (ADF) and other armed groups inside the Democratic Republic of Congo (DRC) territory poses a threat to homeland security. The sector also continued with its role of supporting and participating in regional peace initiatives following numerous threats and insecurity in the region. To play this role UPDF trained officers and men to enhance combat readiness, improve troop welfare and increase resourcefulness of the Force.

The AMISOM operation has liberated Mogadishu and denied the Al-Shabaab access to their traditional financial bases like the Sea port, Airport, Bakara Market among others and also enabled the Somalia Government to relatively function within the capital city though a few remnants who melted in the population resorted to asymmetrical warfare.

The Ministry of Defence continues to implement its development strategies as stated in the Defence Strategic Infrastructure Investment Plan (DSIIP) of FY2009/10. The long term plan outlined the strengthening of logistical-welfare support in terms of construction, rehabilitation and maintenance of new and old facilities in the areas of accommodation, training, health and storage facilities, and the general infrastructure, with the aim of consolidating the welfare of the national army.

(v) Development Partners and Official Development Assistance

Contribution of ODA to the National Budget

In FY 2012/13, Uganda's National Budget a total of USD 1,050m of external resources were projected as compared to USD 1,178m in the FY 2011/12, of which USD 286.9m were expected to be in form of Budget support and USD 763.7m in form of project support. In terms of its relative contribution to total public expenditure, External Assistance remained at about 19% for the Financial Years 2011/12 and 2012/13.

Predictability of Assistance

The FY 2012/13 National Budget projected external assistance amounting to USD 1,050m as compared USD 1,178 m projected in the FY 2011/12. Actual disbursements fell 8% short of this projected figure, USD 962m about 92% was disbursed in both Project and Budget support. This year's performance indicates a slight decline compared to last year where about 95% of planned external financing was actually realized. Of the total disbursements in 2012/13, USD 166 million or 17% was Budget Support (including Debt Relief) while USD 796 million about 83% was Project Support indicating DPs growing preference for Project support funding modality over Budget Support modality. Other than the PRSC-9 loan from the IDA of the World Bank which was disbursed in June 2013, all Budget Support disbursements registered during the financial year were for HPIC and grant agreements. There are number of factors which explain the low disbursement performance. Project support disbursements are dependent on project performance; overall project performance has been slow. The slow implementation and/or low absorption of resources is attributed to procurement, changes in design, land acquisition, delays in effectiveness, and financial management.

Off-Budget Assistance

There are significant amounts of external resources disbursed outside Government systems (off budget support). Support channelled through off- budget remains a challenge as more than 50% of the total ODA is still channelled through off-budget modalities, through NGOs, CBOs and directly implemented by Development Partners. These projects (mainly grants) are those whose activities or finances are not directly managed by a Government Institution. The Health Sector continued to receive the highest amount of off budget project aid (54% of total off-budget project support), in 2012/12, followed by social development sector, Education, Water, Justice and Law Sector respectively. This trend is projected to continue over the medium term.

Use of Government Systems

Despite Governments efforts to improve Public Financial Management Systems with a view of ensuring transparency and accountability, a significant amount of ODA is still channeled outside Government Systems. During FY2013/13 Uganda received off-budget aid amounting to USD 414m, which is equivalent to 34% of all project aid. This share has remained rather stable in recent years at 43%, 44% and 39% in FY2009/10, FY2010/11 and FY 2011/12 respectively. Meanwhile, the use of budget support as an aid modality has declined substantially from 24% of total on-budget assistance disbursements in 2011/12 to 17% in FY2012/13

Policy Measures to enhance the Coordination and Mobilisation of External Resources

The Government is currently facing a decline in ODA commitments, particularly in terms of budget support. This decline is partly driven by the current global economic crisis, and financial management challenges in the country which has caused many donors to look into their own public finances.

Macroeconomic projections for the medium term covering Financial Years 2012/13 – 2015/16 confirm this declining trend in external assistance. In addition, higher political sensitivity to aid among the general public in partner countries will probably imply a shift from budget support to project support and off-budget support, as budget support is considered more fungible and politically more risky by donor countries. In fact, most DPs in Uganda have been hesitant to commit to scaling up general or sector budget support over the medium term.

Government Led Portfolio Reviews

Government undertook six portfolio reviews with major development partners (World Bank, AfDB, IFAD, USAID, France and Germany) in FY 2012/13, in order to identify and address any implementation issues hindering the achievement of project objectives. The portfolio reviews involved representatives from

GoU aims at undertaking Annual Portfolio reviews with all DPs as part of its increased efforts to ensure timely and efficient disbursement of project aid and the achievement of project objectives. Furthermore, the reviews will help to increase the short-term predictability of project financing by helping to ensure that conditions are met for timely disbursement.

Aid Information Management

The MoFPED is in advanced stages of installing an aid information management system, called the Public Investment Management and Information system (PIMIS), which is expected to improve information flow between Development Partners, MFPED, Bank of Uganda and other stakeholders. PIMIS will provide an online software tool that can improve the availability of aid information and promote sharing of data across the project cycle from planning and implementation to monitoring and evaluation stages. With information stored in an easily accessible system, government will be able to make informed d coordination, harmonization, and alignment of development assistance with national priorities, increase the use of government systems to channel aid, and foster overall transparency during project execution.

1 Introduction

1.1 Background

Article 108A of the Constitution of the Republic of Uganda mandates the Prime Minister to coordinate implementation of Government policies and periodically assess performance and report annually to Cabinet and Parliament. The Prime Minister fulfils this requirement by producing two Government performance reports, the Government Annual Performance Report (GAPR) prepared in November every financial year and the Government Half Year Annual Performance Report produced in February every Financial Year. Parliament

The Government Annual Performance Report for the Financial Year 2012/13 was prepared based on the recommendations of the fourth GAPR for the FY 2011/12 discussed by Cabinet in a retreat held in November 2012. The Report is also consistent with the Government Half-Annual Performance Report (GHAPR) for FY2012/13 produced in February 2013, and discussed at the Cabinet Retreat of March 2013. The theme of this year's GAPR is ***"the role of Government in Wealth Creation and increasing employment opportunities and incomes for the citizens"***. This year, GAPR focuses on the performance of Government against the key objectives and priorities outlined in the National Development Plan 2010/11 – 2014/15 and the NRM Manifesto, and of the medium term objectives and budget spending across the sixteen sectors that implement these plans, and in turn that constitute the annual planning and budgeting framework of all Ministries, Departments and Agencies (MDAs) and Local Governments (LGs).

The GAPR 2012/13 is produced prior to the budget call circular for FY2014/15 and is therefore intended to inform the budget cycle and therein the decisions over allocations between Sectors and Ministries, Departments and Agencies (MDAs) through empirical data of past performance. The GAPR 2012/2013 is based on priorities of the National Development Plan with strict emphasis on the contribution of Sectors and MDAs to increasing production, productivity and generation of income and employment opportunities in the country and to a lesser extent the constraints to service delivery. The GAPR analyses trends over the last 3-5 years in the performance of the NDP core sectors against selected indicators for driving economic growth social economic transformation and employment generation.

1.2 Objectives and Scope

The objective of the Government Annual Performance Report is to provide timely, accurate information to policy makers and implementers, particularly Cabinet and Parliament on the performance of Government during the previous Financial Year. The report analyses the outcomes that are being realized in terms of actual changes in the quality, access and utilization of public services, governance and security. The report provides for accountability of the national budget expenditure, and outlines key areas of performance and under-performance. Fundamentally, the Report is designed and timed to guide key policy makers on areas where emphasis and resources needs to be placed in the coming Financial Year.

The report addresses performance of the sixteen sectors by focusing on three aspects of public sector performance:

(a) Progress made against intended outcomes and planned outputs and the use of resources
(b) Explanation for the performance levels achieved
(c) Proposed measures to improve performance

In terms of scope, the GAPR 2012/13 covers;

(i) Assessment of progress against the National Development Plan and the state of the economy

(ii) Comprehensive assessment of all outcome and output indicators across the budget with a focus on trends,

The Government of Uganda commits itself to certain targets each year, as defined in Ministerial Policy Statements and approved by Parliament alongside the budget. All of these targets are linked to indicators, which in turn measure the level of achievement of given budgetary outputs. In previous GAPRs, selected outputs have been measured, whilst an overview of spending has been provided. The GAPR FY2012/13 has used outcome and output indicator and spending data which has enabled a full assessment of what has been delivered by Government, what has not, and how this relates to spending.

(iii) Trends and the performance on receipt and use of Development Assistance

The GAPR FY2012/13 provides for national accountability against commitments made with international Development Partners, through addressing of the indicators and actions agreed upon within the context of the Joint Budget Support Framework (JBSF) Joint Assessment Framework (JAF). This report covers the agreements outlined in the fourth JAF (JAF 5) between Government of Uganda and JBSF Development Partners. Volume 2 to this report indicates those measures and actions under the JAF with an asterisk (*).The harmonization of the JAF reporting within the national Government Performance Report continues to put Uganda at the forefront of fulfilling its commitments to reduction of transaction costs and the greater ownership of aid processes in line with the Paris Declaration and Accra Agenda for Action.

The Government accounts for the use of resources through Parliament, and through reporting instruments, such as the JAF, to external institutions and nations providing financial support to Uganda. However, there has been little mutual accountability, which tracks the performance against commitments made by bilateral and multilateral agencies. The final section of the FY2012/13 report provides a section on Development Partner Performance, to redress this balance.

This year, the GAPR has a medium to long term outlook and is exhaustive in the performance assessment, including all performance indicators of the application of public resources, while also strategic, in focusing the analysis on the key performance issues within and across the sectors. These strategic issues arise out of the background to the budget and budget speech prior to the start of the Financial Year; the binding constraints and emerging service delivery issues raised in the NDP and NRM Manifesto, previous and related reports, and from the data itself submitted by the sector.

1.3 Methodology

To ensure consistency with the previous year's assessment reports this Report provides two levels of analyses. Comprehensive assessments of all performance indicators outlined in Sector Budget Framework Papers and associated Ministerial Policy Statements are included in Volume 2 of the report. Previous annual reports have taken a selection of outputs and output indicators as the basis for assessment. The second level of analysis focuses on the key performance areas and issues in each sector.

The report relies primarily on secondary data, provided by MDAs/Sectors from the Output Budgeting Tool (OBT). The OBT was designed by Ministry of Finance Planning and Economic Development (MoFPED) to incorporate Sector performance indicators for key inputs, outputs and outcomes Financial information is drawn from the Government Integrated Financial Management System (IFMS) and related systems, such as Legacy. The financial information in this report excludes taxes and arrears. Additional data provided by the sectors and by the Uganda Bureau of Statistics (UBOS) pertains to key outcome indicators that are not currently captured in the BFPs, and explanatory information that details the reasons for good and poor performance. The OPM has also specifically introduced separate sections on performance in the implementation of the NDP, and a broad analysis of development assistance to Uganda.

The submissions by the MDAs/Sectors through OBT are validated by the Office of the Prime Minister through checking for completeness, and where possible, accuracy, through triangulation against previous years' performance, and other sources of information. Sector reports are then compiled into an overall national report for the Rt. Hon. Prime Minister to present to Cabinet. The actions and recommendations derived from this report are followed-up with individual Ministries and Agencies to ensure that actual performance improves.

Consistent with international practice, this report has introduced rating of performance of all output indicators and key actions (Table 1.1). The definition of the performance ratings are as follows:
The calculation of achievement levels for outputs is based on a simple division of actual achievement level over the target level (AT1/YT1*100; where AT1 is the current year actual and YT1 is the current year target). Outcome indicators, by contrast, primarily reflect trends. Thus targets set for each Financial Year reflect a desired increase or decrease against the level achieved in the previous year. The measurement of the percentage of the target achieved in a given year addresses the percentage change that has occurred, not the actual change assuming a zero baseline[1].

Table 1.1 Government-Wide Performance for FY2012/13

SECTOR	OUTCOME PERFORMANCE					
	% POSTIVE TREND	% ACHIEVED AGAINST TARGET	% UNCHANGED TREND	% NEGATIVE TREND	% NOT ACHIEVED AGAINST TARGET	% NO DATA
Energy and Mineral Development	57%	72%	29%	0%	14%	14%
Information and Communication Technology	25%	31%	25%	13%	69%	0%
Tourism Trade and Industry	27%	18%	0%	27%	36%	46%
Works and Transport	57%	64%	7%	36%	36%	0%
Education	9%	9%	0%	91%	91%	0%
Health	42%	17%	8%	25%	58%	25%
Water and Environment	76%	53%	12%	12%	47%	0%
Social Development	75%	100%	0%	25%	0%	0%
Agriculture	50%	17%	0%	50%	58%	0%
Lands Housing and Urban Development	67%	33%	0%	33%	67%	0%
Accountability	42%	50%	0%	58%	50%	0%
Justice Law and Order	50%	40%	10%	30%	60%	10%
Legislature	13%	50%	50%	38%	50%	0%
Public Administration	50%	75%	25%	25%	25%	0%
Public Sector Management	33%	13%	0%	13%	7%	80%
Security	0%	100%	100%	0%	0%	0%
AVERAGE PERFORMANCE	42%	46%	17%	30%	42%	11%

[1] Thus, where the previous year achievement (AT0) should be subtracted from the current year target (YT1) to calculate the denominator, and the actual current year achieved level (AT1) be subtracted from the previous year achievement (AT0), which becomes the enumerator. Hence: (AT1-ATO)/ (YT1-ATO) * 100.

SECTOR/MDA	OUTPUT PERFORMANCE				
	ACHIEVED	MODERATELY SATISFACTORY	NOT ACHIEVED	NO DATA	% OF APPROVED BUDGET RELEASED (GoU)
ENERGY MINERAL DEVELOPMENT SECTOR	**68%**	**0%**	**29%**	**4%**	**15%**
Ministry of Energy Mineral Development	68%	0%	29%	4%	15%
INFORMATION AND COMMUNICATIONS TECHNOLOGY SECTOR	**31%**	**13%**	**19%**	**38%**	**33%**
Ministry of Information and Communications Technology	31%	4%	15%	50%	37%
National Information Technology Authority	32%	23%	23%	23%	31%
TOURISM, TRADE & INDUSTRY SECTOR	**52%**	**17%**	**28%**	**3%**	**92%**
Ministry of Tourism, Wild Life & Antiquities	59%	23%	18%	0%	93%
Ministry of Trade, Industry & Co-Operatives	49%	8%	40%	3%	95%
Uganda Industrial Research Institute	75%	25%	0%	0%	86%
Uganda Tourism Board	56%	11%	33%	0%	98%
Uganda National Bureau of Standards	38%	11%	33%	8%	88%
WORKS AND TRANSPORT SECTOR	**42%**	**19%**	**39%**	**0%**	**103%**
Ministry of Works and Transport	43%	18%	39%	0%	68%
Uganda National Roads Authority	36%	28%	36%	0%	112%
Uganda Road Fund	50%	0%	50%	0%	85%
EDUCATION SECTOR	**26%**	**7%**	**26%**	**41%**	**96%**
Ministry of Education & Sports	25%	7%	27%	42%	100%
Education Service Commission	100%	0%	0%	0%	82%
HEALTH SECTOR	**43%**	**7%**	**14%**	**38%**	**117%**
Ministry of Health	52%	7%	15%	26%	151%
Health Service Commission	0%	0%	100%	0%	50%
WATER & ENVIRONMENT SECTOR	**48%**	**22%**	**30%**	**0%**	**121%**
Ministry of Water & Environment	41%	24%	35%	0%	134%
National Environmental management Authority	67%	33%	0%	0%	164%
National Forestry Authority	63%	12%	25%	0%	107%
SOCIAL DEVELOPMENT SECTOR	**61%**	**18%**	**7%**	**14%**	**40%**
Ministry of Gender, Labour & Social Development	61%	18%	7%	14%	40%
AGRICULTURE SECTOR	**42%**	**25%**	**33%**	**0%**	**90%**
ministry of Agriculture, Animal & Fisheries	28%	28%	44%	0%	86%
National Agricultural Research Organisation	60%	20%	20%	0%	85%
NAADS Secretariat	43%	29%	28%	0%	81%
Uganda Cotton Development Authority	85%	15%	0%	0%	96%
Uganda Coffee Development Organisation	27%	46%	27%	0%	98%
Dairy Development Authority	33%	0%	67%	0%	100%
LANDS, HOUSING & URBAN DEV SECTOR	**71%**	**12%**	**17%**	**0%**	**95%**
Ministry of Lands, Housing & Urban Development	79%	11%	12%	0%	92%
Uganda land commission	40%	20%	40%	0%	98%
ACCOUNTABILITY SECTOR	**64%**	**16%**	**20%**	**0%**	**95%**

SECTOR/MDA	OUTPUT PERFORMANCE				
	ACHIEVED	MODERATELY SATISFACTORY	NOT ACHIEVED	NO DATA	% OF APPROVED BUDGET RELEASED (GoU)
Ministry Of Finance, Planning & Economic Development.	60%	15%	25%	0%	92%
Inspectorate of Government	20%	30%	50%	0%	92%
Directorate of Ethics And Integrity	100%	0%	0%	0%	93%
Office of The Auditor General	57%	29%	14%	0%	105%
URA	57%	29%	14%	0%	100%
Uganda Bureau Of Statistics	85%	8%	7%	0%	78%
PPDA	67%	0%	33%	0%	86%
JUSTICE LAW & ORDER SECTOR	**55%**	**21%**	**24%**	**0%**	**108%**
Ministry of Justice & Constitutional Affairs	39%	38%	23%	0%	74%
Ministry of Internal Affairs	33%	19%	48%	0%	94%
Judiciary	34%	22%	44%	0%	92%
Judicial Service Commission	100%	0%	0%	0%	91%
Directorate of Public Prosecution	67%	22%	11%	0%	108%
Uganda Human Rights Commission	56%	0%	44%	0%	101%
Uganda Prisons Services	86%	14%	0%	0%	118%
Uganda Police Force	47%	35%	18%	0%	117%
Uganda Law Reform Commission	86%	0%	14%	0%	98%
Law Development Centre	60%	20%	20%	0%	97%
Immigration	75%	13%	12%	0%	93%
Uganda Registration Services Bureau	50%	50%	0%	0%	186%
LEGISLATURE SECTOR	**30%**	**10%**	**50%**	**10%**	**99%**
Parliamentary Commission	30%	10%	50%	10%	99%
PUBLIC ADMINISTRATION SECTOR	**76%**	**0%**	**12%**	**12%**	**200%**
Office of the President	89%	0%	0%	11%	115%
State House	57%	0%	11%	0%	333%
Ministry of Foreign Affairs	77%	0%	11%	11%	136%
Electoral Commission	43%	0%	29%	29%	100%
PUBLIC SECTOR MANAGEMENT SECTOR	**61%**	**13%**	**17%**	**9%**	**80%**
Office of the Prime Minister	66%	13%	19%	3%	82%
Ministry of Public Service	45%	9%	9%	36%	98%
Ministry of Local Government	43%	29%	21%	7%	29%
Ministry of East African Community	50%	40%	0%	10%	99%
National Planning Authority	67%	0%	33%	0%	99%
Public Service Commission	100%	0%	0%	0%	96%
Local Government Finance Commission	67%	33%	0%	0%	97%
SECURITY SECTOR	**95%**	**0%**	**5%**	**0%**	**105%**
Ministry of Defence	100%	0%	0%	0%	105%
Internal Security Organisation	100%	0%	0%	0%	115%
External Security Organisation	75%	25%	0%	0%	118%
AVERAGE PERFORMANCE	**59%**	**15%**	**22%**	**5%**	**100%**

Overall Sector-Wide Performance

Overall a total of 178 sector wide outcome indicators were identified for assessment. On average 42% showed a positive trend, 46% a negative trend, 17% remained unchanged and 11% was not assessed due to insufficient data. An assessment of the same indicators against their annual targets revealed that on average 46% of the outcome indicators hit their annual targets. This could be attributed to the weak output performance of an average of 59%.

A total of 867 output indicators were identified across the 60 MDAs assessed. On average 59% of the all the output indicator targets were achieved, 15% moderately satisfactory, 22% not achieved and 5% was not assessed due to insufficient data. Overall, good performance was registered by Internal Security Organisation, Ministry of Defence, Directorate of Ethics and Integrity, Education service commission, Judicial Service Commission, Office of the President, Uganda Prisons Services, Uganda Law Reform, Uganda Bureau of Statistics, Uganda Cotton Development Authority, Ministry of Lands, Housing & Urban Development, Ministry of Foreign Affairs, Immigration and External Security Organisation. These institutions delivered 75% and more of their annual output indicator targets.

Overall Ministries, Departments and Agencies had variations in amounts released and their approved budgets. For instance institutions like UNRA, Ministry of Health, Ministry of water and environment, NEMA, Office of the President, Ministry of Foreign Affairs, State House and ESO received over and above their approved budgets for the year. The releases are distributed between the highest beneficiary State House which received 333% of their approved budget and Ministry of Energy and Mineral development that received only 15% of their approved budgets.

1.4 Authorship and Structure of the Report

The Office of the Prime Minister takes lead in producing the Government Annual Performance Report. The report includes assessments by Bank of Uganda on the State of the Economy, Ministry of Finance, Planning and Economic Development on the performance of the budget and of Development Assistance, and National Planning Authority on the implementation of the NDP. The OPM worked closely with the Economic Policy Research Centre (EPRC) and Uganda Bureau of Statistics UBOS) on data and analysis. Information was also sourced from the Budget Monitoring and Accountability Unit (BMAU). .

The report is produced in two Volumes:

Volume 1 Addresses the annual performance of Government in FY2012/13 and in the medium term sector by sector, grouped by economic classification.

Volume 2 Provides a comprehensive data annex. Organized by sector, the volume provides the key performance indicators, targets, actual and explanations for the given performance of all sector outcomes, Ministry, Department and Agency outputs and key Cabinet actions.

2 State of the Economy and National Development

2.1 Economic Performance 2012/13

2.1.1 Monetary and Financial Developments

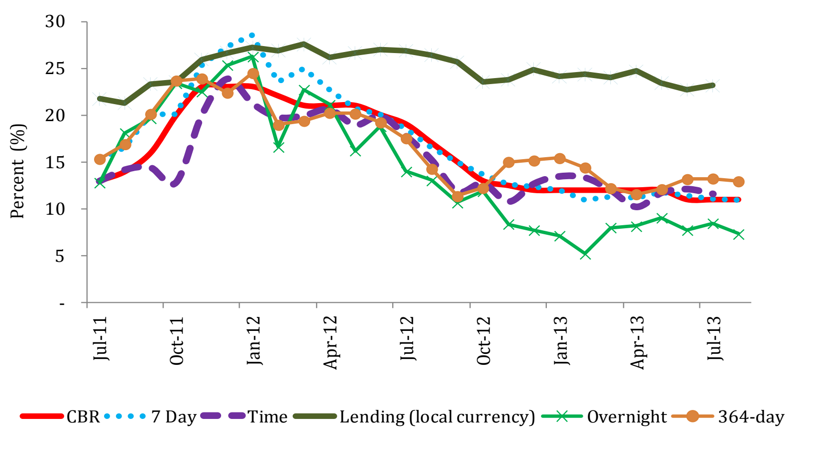
The importance of a well-developed financial system is to efficiently allocate savings and investments to boost real economic activity. In Uganda, the financial sector is highly concentrated and largely dominated by commercial banks. The ability of the domestic financial sector to promote economic growth is thus dependent on banks being able to balance their liquidity requirements efficiently; having easy access to funding through markets such as the interbank money market or investing excess liquidity in assets such as treasury securities and private sector lending.

(a) Monetary Policy

The primary objective of the Bank of Uganda's monetary policy is to keep inflation low and stable. The BOU's medium term target is 5 percent annual core inflation. The BOU has continued to implement the inflation targeting *lite* (ITL) monetary policy framework, which was introduced in July 2011. The ITL employs a short term interest rate called the Central Bank Rate (CBR) as the operating target of monetary policy. The CBR which is set every month is intended to guide the 7-day interbank interest rates. Consequently, changes in the 7-day interbank rates are expected to pass-through to other interest rates in the economy, such as commercial bank deposit and lending rates. The setting of the CBR is guided by a forecast for inflation, which serves as an intermediate variable, along with estimates of the output gap and other macroeconomic fundamentals. After setting the CBR, BOU uses repurchase agreements (Repos) or reverse repos in the domestic money market to either contract or inject liquidity so as to steer the 7-day interbank rate towards the CBR.

In general, the ITL framework has been effective. When ITL was introduced in July 2011, BOU was forced to adopt a highly contractionary monetary stance due to escalating inflation concerns. Initially triggered by supply shocks, the Ugandan economy experienced heightened inflationary pressures; inflation peaked at 30.5 per cent in October 2011. In response, the BOU raised the CBR from 13 per cent in July 2011 to 23 per cent in November 2011. The objective of this policy stance to curb second round effects of inflation and to anchor inflation expectations on a trajectory consistent with the BOU's medium term core inflation target. Consequently, inflation has been on a downward trajectory; headline inflation declined rapidly from 18.0 percent in June 2012 to 3.6 percent in June 2013 and core inflation fell from 19.6 percent to 5.8 percent over the same period. With inflation on a downward trajectory during most of 2012/13, the BOU continued to implement a cautious easing of monetary policy. The easing of monetary policy is reflected by the downward interest rate trajectory in Figure 2.1.1.

Figure 2.1.1: **The CBR and other interest rates in the economy**



Source: **Bank of Uganda**

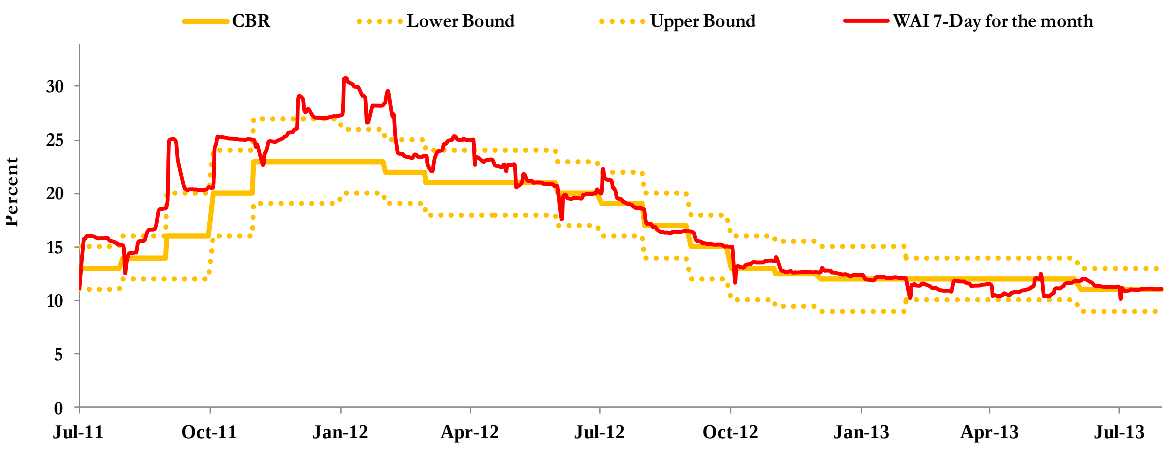
(i) Interbank Money Markets

The activity in the domestic interbank money market increased further over the financial year; the volume of all interbank trade amounted to Shs. 17,461 billion in June 2013, an increase of 35 per cent upon the total of Shs. 12,917 billion in June 2012. However, most of the trade was overnight trade, reflecting the persistent structural liquidity surplus in the financial system. Overnight interbank trades accounted for 49 per cent of all interbank trade over the financial year and totalled Shs. 10,254 billion, compared to Shs. 6,344 billion in the previous financial year. The volume of the 7-day trade also increased, but by a lesser extent. The 7-day interbank trade accounted for 41 per cent of all interbank transactions, increasing from Shs. 5,369 billion in the previous financial year to Shs. 5,902 in 2012/13. In a bid to sterilize the structural liquidity surplus, BoU withdrew Shs. 471 billion from the domestic money market using the REPO and Deposit Auction instruments. Nonetheless, the structural liquidity surplus continued to characterize the system with commercial banks' excess reserves averaging Shs. 80 billion in 2012/13 compared to Shs. 50 billion in 2011/12.

The 7-day interbank rate largely trended within the Central Bank Rate (CBR) band throughout the year, and demonstrated much less volatility when compared to the previous financial year. However the liquidity surplus has affected interbank money market rates during the later part of the financial year, causing the 7-day rate to trend closer to the lower bound of the CBR.

The weighted 7-day interbank money market rate averaged 13.1 per cent in 2012/13, compared to 22.1 per cent in 2011/12. This is consistent with the reduction in the CBR from 19.0 per cent in June 2012 to 11.0 per cent at the end FY 2012/13. The overnight interbank rate similarly fell from an average of 21.1 per cent to an average of 10.3 per cent over the two years. The 60-day deposit auction rate averaged 12.4 per cent, whilst that of the 30-day averaged 12.1 per cent over the year. Figure 2.1.2 compares the evolution of the 7-day interbank money market rate and the CBR.

Figure 2.1.2: **Evolution of the 7-day interbank rate and CBR**



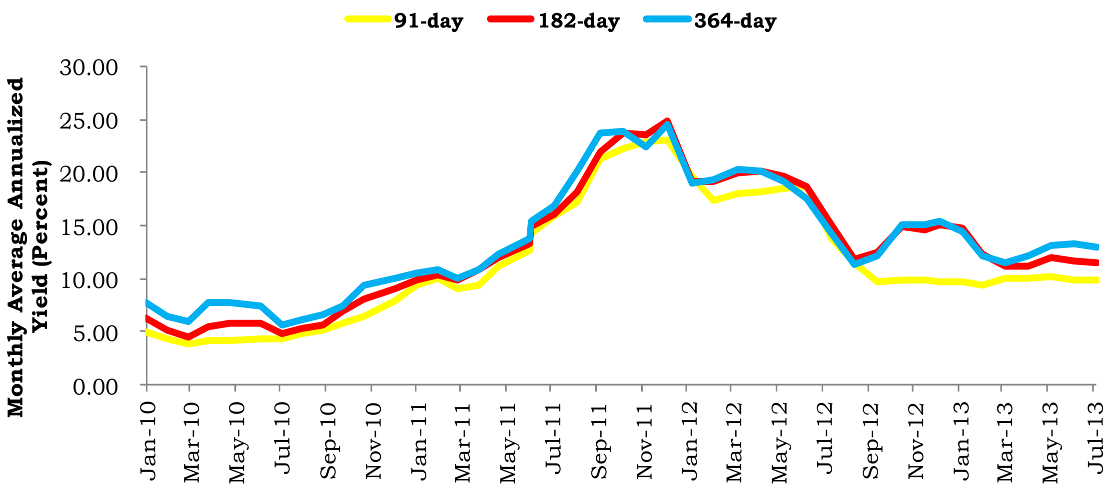
Source: ***Bank of Uganda***

(ii) Treasury Securities Market

In line with fiscal financing needs, BoU conducted regular Treasury bill and bond auctions throughout 2012/13. Over the first quarter of the financial year, interest rates in both primary and secondary Treasury bill markets fell markedly, in part, reflecting the accommodative monetary policy stance. The annualized yields on the 3-month, 6-month and 1-year papers fell from 18.7 per cent, 18.6 per cent and 17.5 per cent in July 2012 to 11.5 per cent, 11.8 per cent and 11.4 per cent respectively in September 2012. Treasury bill yields stabilized in line with BoU's gradual reduction of the policy rate with 3-month, 6-month and 1-year tenors averaging at 9.8 per cent, 13.2 per cent and 13.5 per cent respectively between November 2012 and June 2013. Similarly, average Treasury bonds annual yields-to-maturity on the 2-year, 3-year, 5-year and 10-year papers fell to 14.2 per cent, 14.7 per cent, 14.7 per cent and 15.1 per cent respectively, from 15.2 per cent, 15.2 per cent, 15.4 per cent and 15.3 per cent recorded in each of the respective tenors in the previous financial year.

Government financing needs over the year resulted in an increase in the domestic public debt as a share of GDP of 12.3 per cent in June 2013 compared to 11.4 per cent in June 2012. The outstanding stock of treasury bills and bonds grew to Shs. 7,050 billion by the end of the financial year from Shs. 5,778 at the end of the previous financial year. Although this level of debt remains comfortably below the 15.0 per cent threshold of domestic debt to GDP ratio, any further rapid increase in domestic debt may crowd out private sector borrowing and investment. Figure 2.1.3 depicts Treasury bill yields from 2008 to June 2013.

Figure 2.1.3: **Treasury bill effective yield**



Source: ***Bank of Uganda***

(b) Interest rates, private sector credit and monetary aggregates

Credit growth is necessary for real economic expansion. Efficiency of the financial sector and credit markets may be evaluated with respect to lending and deposit rates and credit growth. Low commercial banks' interest rates are likely to increase credit demand, which in turn can boost economic growth, but enormous credit growth particularly to risky borrowers may cause instability in the financial sector. Furthermore, very high interest rates can stall credit growth, and thereby investment and economic growth, by elevating the cost of borrowing.

(i) Lending and deposit interest rates

Lending rates have remained relatively high after the rapid rise during 2011. As a result, credit growth, which contracted sharply in 2011/12, continued to remain weak in 2012/13. Furthermore, foreign currency lending, which had been the main driver of credit growth over the year, weakened towards the end of the financial year.

The weighted average lending rate on shilling loans fell from 26.9 per cent at the onset of the financial year to 24.8 per cent in December 2012, but remained relatively stable at 24.9 per cent. At the end of 2012/13, the weighted average lending rate on shilling loans stood at 22.6 percent, only 4.5 percentage points below the rate at the end of the previous year. High operational costs, high interest bearing liabilities and the relatively small deposit base are the main drivers of the heightened costs of credit in Uganda.

In comparison, the weighted average lending rate on foreign currency denominated loans has been relatively stable, averaging 9.5 per cent and 9.7 per cent during the financial year. Owing to the high cost of shilling denominated loans, borrowers shifted to foreign currency denominated loans; this shift was particularly noticeable in the first half of 2012/13. In the second half of the financial year, foreign currency denominated loans declined, which may in part, be explained by the prudential limit on the lending ratio.

Commercial banks have consequently been forced to reduce their foreign currency exposures. Banks must therefore raise more foreign currency denominated deposits in order to lend more. Accordingly, the time deposit rate on foreign currency deposits rose from an average of 4.1 per cent in 2011/12 to 5.3 per cent in 2012/13.

The high cost of shilling denominated credit coupled with the prudential limit on the lending ratio of foreign currency loans has slowed credit to the private sector. Developments in commercial banks' interest rates are shown in Table 2.1.1.

Table 2.1.1: Commercial banks' weighted interest rates (annual weighted average)

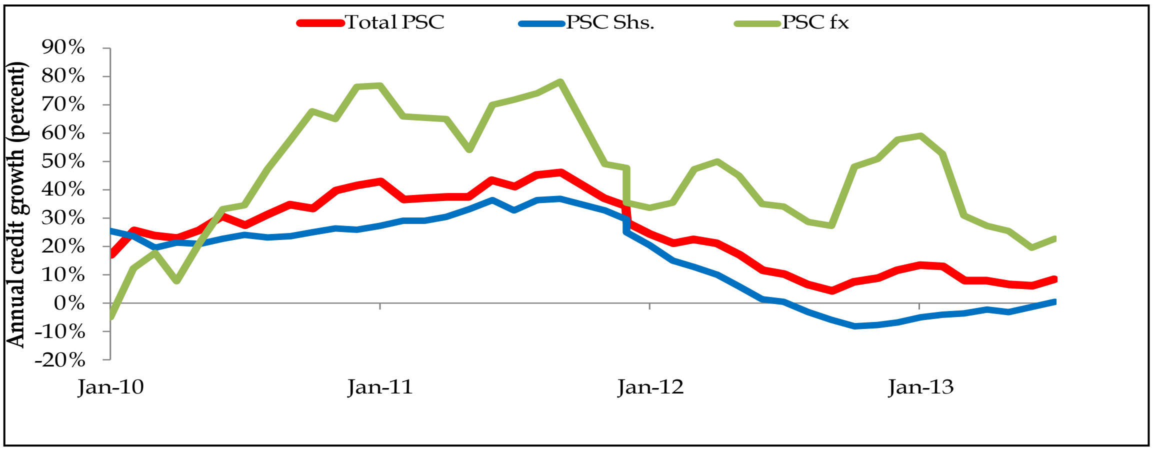
	Jun-10	Jun-11	Jun-12	Jun-13
Weighted Average Interest Rate on Shilling Loans				
Lending	20.07	19.94	27.02	22.72
Demand deposits	1.24	1.13	1.32	1.51
Saving deposits	2.43	2.30	3.27	3.12
Time deposits	7.25	11.01	19.90	12.14
Spread	12.81	8.92	7.12	10.58
Weighted Average Interest Rate on Foreign Currency Loans				
Lending	10.80	9.43	8.44	10.11
Demand deposits	0.96	1.09	0.95	1.01
Saving deposits	1.65	1.49	1.66	1.66
Time deposits	3.17	2.40	5.22	4.46
Spread	7.62	7.03	3.22	5.66

Source: Bank of Uganda

(ii) Loan demand and supply

Total private sector credit remained subdued mainly due to the under performance of the Shilling denominated loans. Shilling denominated credit grew by only 6.8 per cent in 2012/13 compared to 5.2 per cent growth experienced in 2011/12. Foreign denominated credit increased by 10.2 per cent compared to 35.7 per cent growth in the previous financial year. The dominance of foreign currency denominated credit over shilling denominated credit arose from the lesser cost of the former and the relatively stable exchange rate, especially in the second half of the financial year. The slow growth in the stock of loans and advances was further amplified by the closure of the land registry office particularly between December 2012 and May 2013, which impeded banks' ability to verify land titles for collateral purposes. Figure 2.1.4 shows the evolution of credit to the private sector.

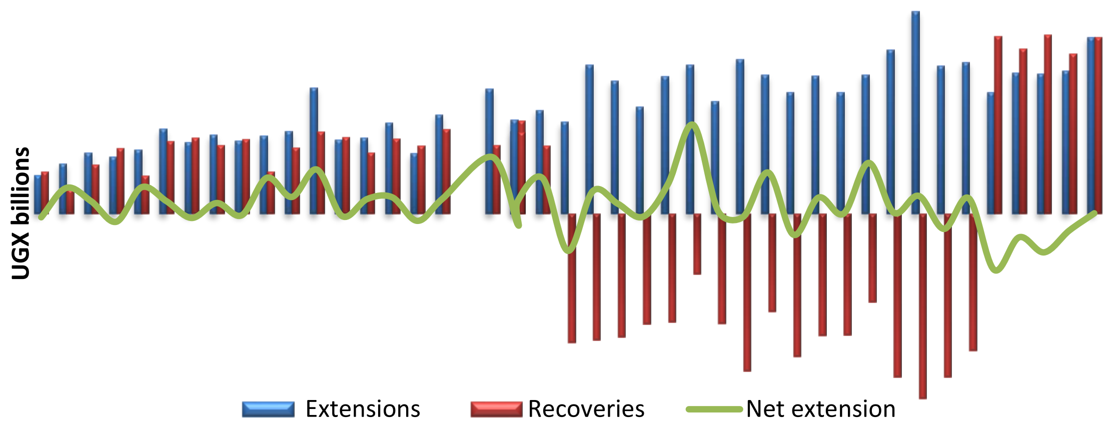
Figure 2.1,4: **Commercial banks credit growth by currency**



Source: ***Bank of Uganda***

Banks appeared to focus more on loan recovery than loan extension. Whereas loan extensions increased by Shs. 647.1 billion, loan recoveries increased by Shs. 1,810.8 billion, resulting in a net extension of *minus* Shs. 778.9 billion or *minus* Shs. 446.3 billion after accounting for capitalized interest (Figure 2.1.5). Capitalized interest increased to Shs. 2,350.3 billion during 2012/13 from Shs. 789 billion in 2011/12 and Shs. 665.8 billion in 2010/11, indicating that borrowers were struggling to meet loan obligations.

Figure 2.1. 5: **Credit extensions and recoveries**



Source: **Bank of Uganda**

(iii) Distribution of private sector credit

The building and construction sector maintained the largest share of commercial banks outstanding stock of credit as at June 2013, accounting for 23.3 per cent. This was followed by the trade and commerce sector at 20.3 per cent. The manufacturing, and personal and household loan sectors accounted for 14.4 per cent and 13.8 per cent of total outstanding credit respectively. Table 2.1.2 shows the outstanding loans and advances, and percentage shares by sectors.

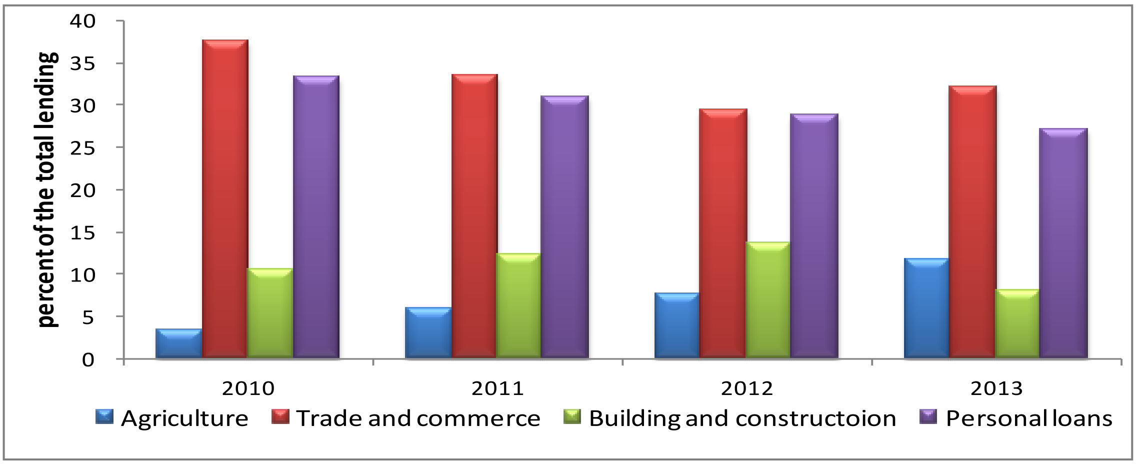
Table 2.1.2: Commercial banks' outstanding loans and advances by sector

	Private sector credit(UGX billions)				Private sector credit (percent of total)			
	Jun-10	Jun-11	Jun-12	Jun-13	Jun-10	Jun-11	Jun-12	Jun-13
Agriculture	292.60	423.44	445.60	561.95	6.45	6.50	6.17	7.32
Mining and Quarrying	37.53	19.35	31.09	27.48	0.83	0.30	0.43	0.36
Manufacturing	618.46	920.12	1002.99	1103.16	13.63	14.12	13.90	14.37
Trade	869.96	1398.17	1565.83	1558.69	19.17	21.46	21.70	20.30
Transport	353.70	506.45	474.40	444.65	7.79	7.77	6.57	5.79
Electricity and water	52.49	60.91	74.38	112.37	1.16	0.93	1.03	1.46
Building and Construction	845.28	1336.58	1681.51	1785.31	18.62	20.51	23.30	23.26
Personal Household Loans	961.88	1032.37	1112.00	1056.15	21.19	15.84	15.41	13.76
Total	4538.97	6516.22	7217.03	7676.43	100.00	100.00	100.00	100.00

Source: **Bank of Uganda**

The trade and commerce sector continued to hold the biggest share of loans offered by credit institutions, equivalent to 32.1 per cent of total loans outstanding, relative to a share of 29.5 per cent in the previous financial year. Personal and household loans followed with a share of 27.0 per cent, relative to 28.9 per cent in the previous year. There was a considerable fall in the share held by the building and construction sector from 13.6 per cent in the previous financial year to 8.0 per cent in June 2013, while the agricultural sector's share of outstanding credit increased from 7.7 per cent to 11.8 per cent. Figure 2.1.6 shows developments in loans and advances of credit institutions.

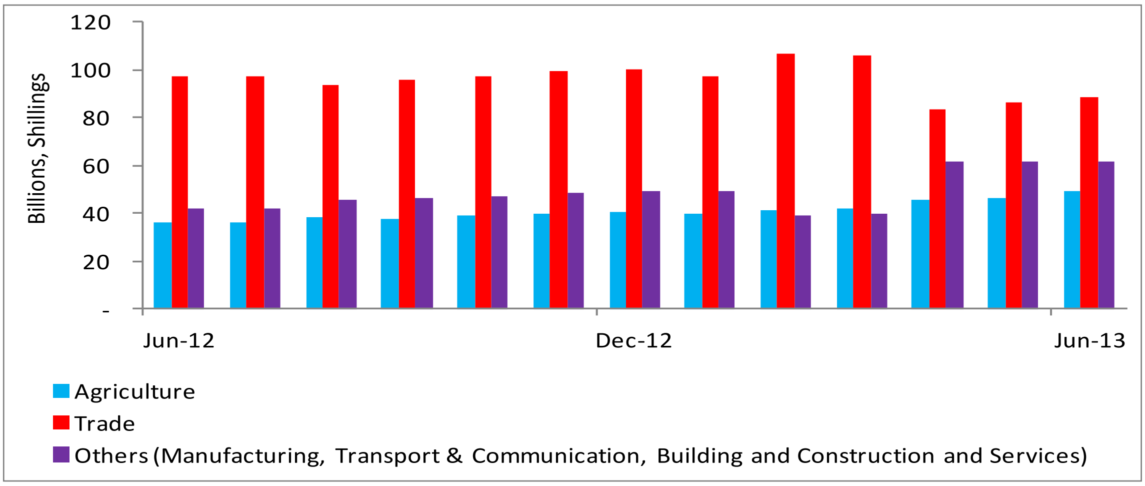
Figure 2.1.6: **Credit Institutions' outstanding loans and advances by sector**



Source: ***Bank of Uganda***

Microfinance deposit taking institutions (MDIs) credit to the private sector is mainly geared towards trading and agricultural economic activities. The trade and commerce sector accounted for the biggest share of MDIs' credit, at 44.4 per cent of total outstanding loans by end-June 2013, followed by the agricultural sector, with a share of 24.6 per cent of total credit. The rest of the economy shared the remaining 31.0 percent of total credit. Figure 2.1.7 shows the evolution of MDIs' credit to various sectors from June 2006 to June 2012.

Figure 2.1.7: **MDI's outstanding loans and advances by sectors**



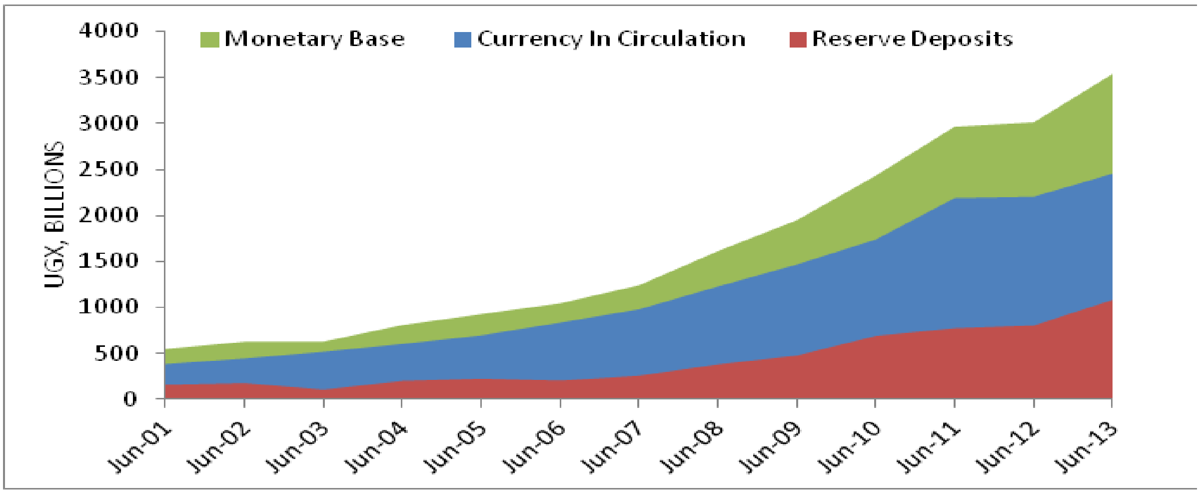
Source: ***Bank of Uganda***

(iv) Monetary Aggregates

Growth of the financial sector may be captured through growth in monetary aggregates, as lending allows commercial banks to create money on their balance sheet portfolios. Stable growth in monetary aggregates tends to result in stable inflation and fosters economic growth.

In line with the easing monetary policy stance in 2012/13, base money, which is composed of commercial banks' deposits at the central bank plus currency in circulation, grew by 17.5 per cent on an annual basis, compared to 1.5 per cent growth in 2011/12. The growth in base money mostly arose from the deposits of commercial banks, which grew by 34.5 per cent. In addition, currency in circulation (CIC) grew by 11.3 per cent. In the previous financial year, commercial banks' deposits and CIC registered lower growths of 0.7 percent and 3.9 percent respectively following the implementation of a tight monetary policy stance by BoU during the period. Figure 2.1.8 shows annual trends in base money and currency in circulation from June 2001 to June 2012.

Figure 2.1.8: **Annual growth rates for base money and currency in circulation**



Source: ***Bank of Uganda***

On an annual basis, Monetary aggregates M1 and M2 grew by 18.5 per cent and 15.7 percent in June 2013 compared to declines of 5.7 per cent and 4.2 percent in the previous year when the BOU pursued a tight monetary policy stance. The rise in monetary aggregates during the year was largely due to a rise in shilling denominated demand, time & savings deposits. M3 also grew by 6.6 percent in the year to June 2013, lower than the growth of 7.2 percent registered in the previous year mainly on account of a 12.9 per cent fall in foreign currency deposits.

Similarly, Net Foreign Assets (NFA) of the banking system increased by 10.8 per cent from Shs. 8,008.5 billion in June 2012 to Shs. 8,872.8 billion in June 2013, although this was lower than the 20.1 per cent growth observed in the previous financial year. The increase in NFA of the banking system resulted mostly from the BoU, whose NFA increased by 17.2 per cent over the year due to foreign currency purchases for reserve build. Other Depository Corporations (ODCs)' NFA, however, declined substantially by 51.6 per cent over the financial year. Commercial banks NFA also declined by 49.5 per cent as they drew down on foreign currency denominated assets in order to meet domestic demand for foreign currency denominated credit.

The net domestic assets (NDAs) of the banking system improved; albeit falling by 3.4 percent for the period under review compared to a decline of 15.1 percent in the previous year. The reduction in the NDA was driven by an increase in liabilities of the central government at the BOU following recapitalization of the central bank that more than offset the increase in holdings of government securities by ODCs.

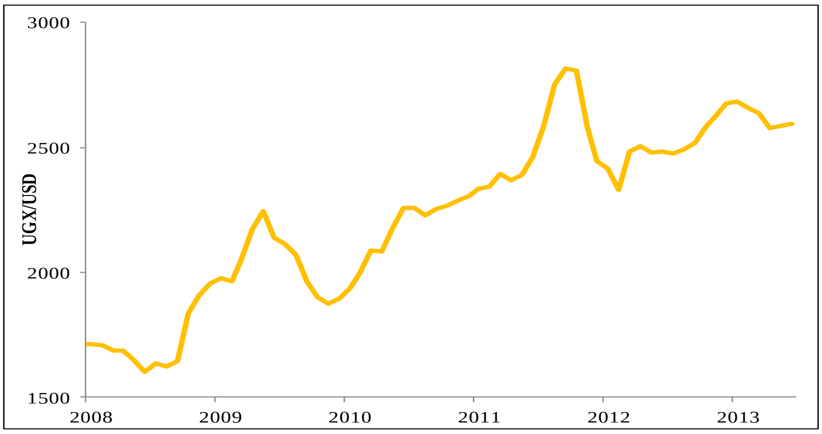
2.1.2 Exchange Rates and Balance of Payments

(a) Exchange rates

Interest rates, inflation and exchange rates are all highly related; movement in one of them affects the others differently: by influencing interest rates, central banks are trying to exert influence over both inflation and exchange rates and currency values. Higher interest rates in the domestic economy offer lenders a higher return relative to other countries. Therefore, higher interest rates attract foreign capital into the domestic economy and cause the exchange rate to appreciate. The impact of higher interest rates is mitigated, however, if inflation in the country is much higher than in others or if there are other factors driving the exchange rate to depreciate. Exchange rates play a vital role in a country's level of trade and they impact the real return of an investor's portfolio. An appreciated currency makes a country's exports more expensive and imports cheaper in foreign markets; while depreciated currency makes a country's exports cheaper and its imports more expensive in foreign markets.

The pace of depreciation of the Ugandan Shilling against the US dollar decelerated considerably during 2012/13; the Ugandan Shilling depreciated by 1.3 per cent in 2012/13, compared to 10.1 per cent in 2011/12. The average bilateral exchange rate in 2012/13 was UGX 2,591.12/USD. At the start of the financial year, monthly depreciation pressures were very low; however, as donor budget support cuts were announced around October 2012, capital outflows increased leading to depreciation pressures which peaked in January 2013 (Figure 2.1.9).

Figure 2.1.9: **The bilateral Ugandan Shilling – US Dollar exchange rate**



Source: ***Bank of Uganda***

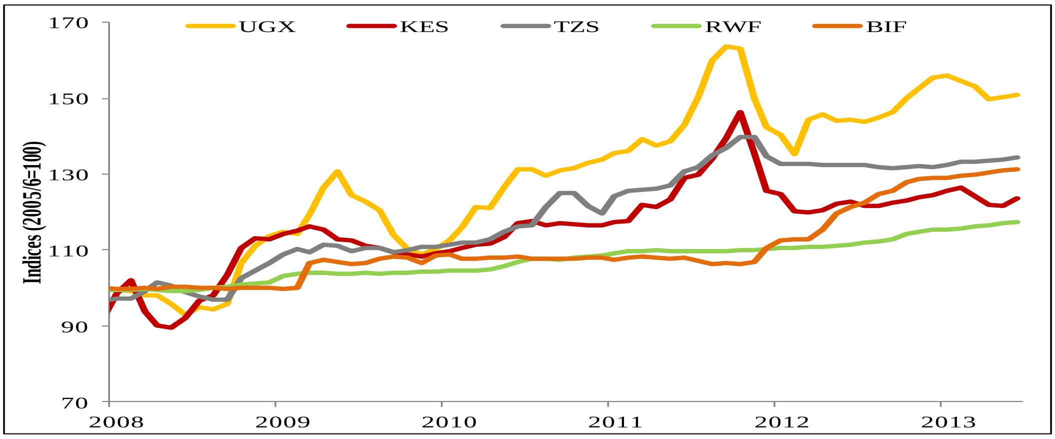
The generally low depreciation pressures experienced in 2012/13 stemmed from the narrowing of the current account deficit; in particular improved export performance and weaker import demand further supported by increased foreign direct investment (FDI) inflows in the financial account.

The BoU continued to pursue a flexible exchange rate policy regime during 2012/13, but occasionally intervened in the Interbank Foreign Exchange Market (IFEM) in order to dampen short-term exchange rate volatility. Over the year, BoU interventions to maintain stability in the IFEM equated to a net sale of USD 133.2 million; USD 165.4 million was sold to reduce volatility emerging from depreciation pressures, particularly in the first half of the year, whilst USD 32.2 million was bought to alleviate excess appreciation pressures, particularly in April 2013.

However, BoU also intervened in the IFEM over the year to conduct targeted interventions and for reserve build up; targeted interventions amounted to a net purchase of USD 175.8 million over the year, while reserve build up purchases amounted to a net purchase of USD 809.0 million over the same period. Overall, BoU's net action in the IFEM during 2012/13 was a net purchase of USD 500.1 million, which was higher than a net purchase of USD 318.5 million in the previous year.

In the EAC region, (Figure 2.1.10), Burundi and Rwandan Francs depreciated, whilst the Kenyan and Tanzanian Shillings appreciated over 2012/13. In 2012/13, the Burundi franc depreciated more than any other regional currency (by 14.0 per cent), which represented a depreciation of 10 percentage points more than the Rwandan franc that depreciated by 4.0 per cent over the year. Meanwhile, the Kenyan and Tanzanian Shillings both appreciated by 3.9 per cent and 1.5 per cent respectively over the year.

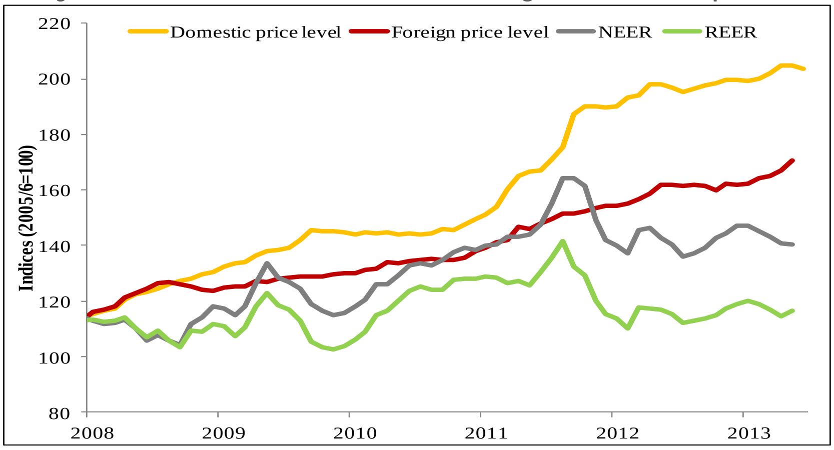
Figure 2.1.10: **EAC bilateral exchange rate indices against the US Dollar**



Source: ***Bank of Uganda***

The Nominal Effective Exchange Rate (NEER), which measures the relative value of the Shilling against a trade-weighted basket of currencies of Uganda's major trading partners, appreciated by 4.7 per cent in 2012/13, compared to a depreciation of 6.5 per cent in 2011/12 (Figure 2.1.11). The NEER appreciation was largely on account of the Ugandan Shilling strengthening substantially against the Sudanese Pound, Indian Rupee, South African Rand, Japanese Yen and the Euro, which in total contributed 5.8 percentage points to the NEER appreciation. Notably, the Sudanese Pound depreciated by 48.0 per cent against the Ugandan Shilling over the year, which alone contributed 4.0 percentage points to the NEER appreciation; whilst the Rupee, Rand, Yen and Euro depreciated by 6.8 per cent, 10.4 per cent, 8.5 per cent and 2.1 per cent respectively against the Shilling. The Shilling was relatively stable against the British Pound over the year.

Figure 2.1.11: **Trends in the real effective exchange rate and its components**



Source: ***Bank of Uganda***

The Real Effective Exchange Rate (REER), which adjusts the NEER for price differentials and considers the competitiveness of Uganda's traded goods relative to those of Uganda's trading partners appreciated. The REER appreciation edged up to 5.0 per cent in 2012/13 from 4.0 per cent in 2011/12. In adjacence with the NEER appreciation, the strengthening of the REER was due to higher domestic inflation compared to foreign inflation. Foreign inflation for the trading partners averaged 5.2 per cent over the year, compared to 5.5 per cent average annual domestic inflation. The Sudanese Pound had the greatest real depreciation compared to the Shilling over the year, equal to 23.0 per cent, whilst the Indian Rupee, Japanese Yen, South African Rand and the Euro all depreciated against the Shilling by 6.4 per cent, 14.7 per cent, 11.3 per cent and 5.7 per cent respectively. Given Uganda's position as a net importer and the appreciation in the REER implies lower marginal import costs for Ugandan traders and lower imported inflation to the economy, although it also indicates weakened competitiveness of the export sector.

(b) Balance of payments

Increased economic activity, deeper financial market structure, stable inflation and exchange rate depreciation will act to attract capital inflows and increase export demand, thereby contributing to a balance of payments surplus. In the long-term, the balance of payments should be neutral, however short-term deviations are to be expected and a surplus is favourable to economic growth. Uganda typically suffers a trade deficit, which consequently demands a net surplus in the capital and financial accounts. However, capital and financial flows tend to be volatile and thus may not necessarily be relied upon to uphold the balance of payments. This section presents the interaction between the current, capital and financial accounts.

(i) Balance of Payments

Preliminary estimates of the external sector showed an overall balance of payments surplus of US$250.3 million (Table 2.1.3). This was on account of improvements in both the current account and the capital and financial account.

Table 2.1.3: Summary of the balance of payment

	2008/09	2009/10	2010/11	2011/12	2012/13
A: Current Account Balance (A1+A2+A3)	**-1,257.31**	**-1,550.34**	**-1,812.23**	**-2,133.83**	**-1,735.01**
A1. Goods Account(Trade Balance)	-1,845.82	-1,799.54	-2,382.71	-2,604.13	-1,960.82
a) Total Exports (fob)	2,216.40	2,317.30	2,297.77	2,660.41	2,940.97
b) Total Imports (fob)	-4,062.22	-4,116.84	-4,680.48	-5,264.54	-4,901.79

	2008/09	2009/10	2010/11	2011/12	2012/13
A2. Services and Income	**-746.34**	**-868.37**	**-1,019.83**	**-912.42**	**-913.04**
Services Account (net)	-440.29	-531.74	-683.59	-437.22	-365.65
Income Account (net)	-306.05	-336.63	-336.25	-475.19	-547.39
A3. Current Transfers	**1,334.84**	**1,117.57**	**1,590.32**	**1,382.72**	**1,138.85**
Inflows	1,754.00	1,478.12	1,848.29	1,582.79	1,264.64
Outflows	-419.15	-360.54	-257.97	-200.07	-125.78
B. Capital and Financial Account Balance (B1+B2)	**1,245.48**	**1,559.59**	**936.97**	**2,511.93**	**2,332.31**
B1. Capital Account (Transfers)	0.00	0.00	0.00	17.60	32.74
B2. Financial Account; excluding financing items	1,245.48	1,559.59	936.97	2,494.34	2,299.57
Direct Investment	785.22	690.66	717.52	1,511.91	1,176.20
Portfolio Investment	-34.70	-31.26	2.10	263.57	-70.85
Financial Derivatives	6.35	-5.34	-2.74	12.32	0.59
Other Investments	488.62	905.54	220.09	706.53	1,193.63
C. Errors and Omissions	**-33.87**	**201.63**	**294.05**	**368.45**	**-347.02**
D. Overall Balance (A+B+C)	**-45.70**	**210.89**	**-581.22**	**746.55**	**250.29**
E. Reserves and related Items	**45.70**	**-210.89**	**581.22**	**-746.55**	**-250.29**
Reserve Assets[1]	61.27	-198.27	584.82	-741.09	-242.18

Note: 1 sign(-): increase in reserves, sign(+): decrease in reserves.
Source: **Bank of Uganda**

(ii) Current Account

The current account deficit, excluding official grants narrowed to 9.1 percent of GDP during the year under review, from a deficit of 13.9 percent of GDP recorded in 2011/12. The improvement in the current account balance resulted largely from lower deficits on the goods and services accounts driven by a decline in imports. This was a result of a slowdown in aggregate demand as the impact of a tight monetary policy implemented by the Bank of Uganda a year earlier started to weigh in. The trade deficit balance improved by 24.7 percent from US$2,604.1 million in 2011/12 to US$1,960.8 million in 2012/13.

In the year, notable improvement in exports earnings were registered; particularly, non-coffee formal exports registered an increase of 9.5 percent in value terms to US$1,864.8 million in 2012/13 from US$1,703.8 million recorded in 2011/12. Similarly, the services account deficit narrowed by 16.4 percent to US$365.7 million in 2012/13 from US$437.2 million recorded in 2011/12, as a result of higher receipts from travel services and lower payments for freight services.

However, the deficit on the income account worsened to US$547.4 million in 2012/13 from US$475.2 million in 2011/12. Income outflows increased by 11.0 percent mainly on account of FDI outbound payments and increased interest payments on public debt.

Net current transfers were estimated at US$1,138.9 million during 2012/13 – 17.6 percent less than the US$1,382.7 million recorded in the previous fiscal year as a result of a cut in donor funds.

(iii) Capital and Financial Account

The capital and financial account recorded a surplus of US$2,332.3 million in 2012/13 compared to a surplus of US$2,511.9 million in 2011/12. There was a reduction in direct investment flows of US$335.7 million. However, the other investment category recorded an increase of US$487.0 million during the year majorly on account of financing from commercial banks’ foreign assets holdings in addition to higher loan disbursements to general government.

During 2012/13, BOU’s foreign exchange reserves, excluding valuation changes increased by about US$242.2 million. The stock of reserves amounted to US$2.93 billion as at end June 2013, representing 4.1 months of future import cover.

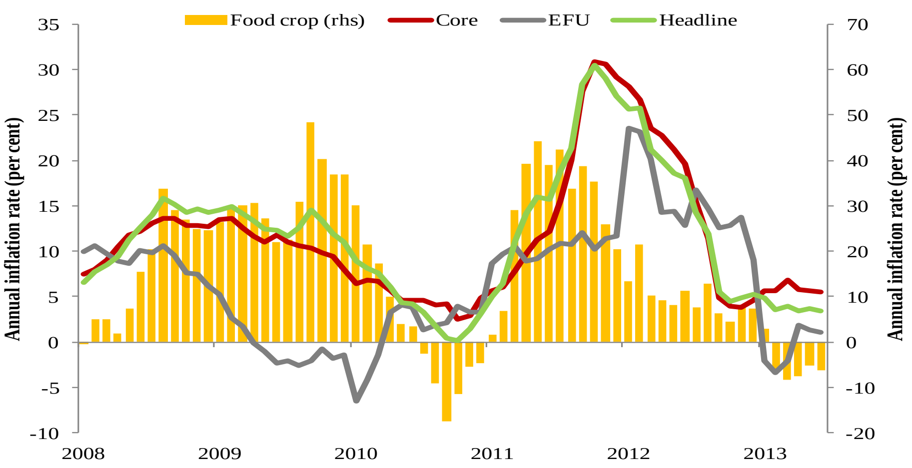
2.1.3 Domestic Inflation

High and volatile inflation increases uncertainty and risks. It reduces people's purchasing power, making them poorer, makes companies more risk averse and less inclined to make long-term investments and therefore hampers economic growth. The Bank of Uganda uses monetary policy to control inflation. Monetary policy influences the level of aggregate demand as faster growth of aggregate demand relative to aggregate supply tends to lead to higher inflation.

(a) Consumer prices

Over the current financial year, both core and headline annual inflation remained slightly above the Bank of Uganda's target of 5 per cent, albeit far below the outturn for the previous financial year. Inflation fell as a result of weak domestic demand, improved food supply and a stable exchange rate. In addition, food crops and energy, fuel and utilities (EFU) prices exerted considerable disinflation pressures and caused headline inflation to fall almost one percentage point below the core inflation rate. Whereas core inflation fell by 18.0 percentage points from 24.6 percent in 2011/12 to 6.6 per cent in 2012/13, headline inflation fell by 17.9 percentage points from 23.7 per cent to 5.8 per cent over the same period. Figure 2.1.12 presents annual inflation developments.

Figure 2.1.12: **Annual Inflation Developments**



*Source: **Uganda Bureau of Statistics***

The fall in headline inflation over the financial year was almost entirely driven by food and EFU prices; EFU inflation fell by 8.6 percentage points to 6.0 per cent in 2012/13, from 14.6 per cent in 2011/12, whilst food inflation fell by 29.6 percentage points to minus 0.6 per cent in 2012/13, down from 29.0 per cent in 2011/12. Favourable climatic conditions benefitted harvests and thus improved overall food supply to markets and established minimal food crops inflation. Developments in annual consumer price inflation are shown in Table 2.1.4.

Table 2.1.4: **Annual Inflation Developments**

	2008/09	2009/10	2010/11	2011/12	2012/13
Headline inflation	14.1	9.4	6.5	23.5	5.6
Core inflation	12.7	7.8	6.3	24.6	6.5
EFU inflation	4.7	-1.0	6.0	14.6	6.0
Food inflation	27.9	16.1	8.9	29.0	-0.6
Non-food inflation	8.9	6.7	5.7	20.3	8.9

Source: ***Uganda Bureau of Statistics***

(b) Producer prices

On the supply side, producer prices fell significantly as reflected in the annual producer price inflation. Annual producer price inflation decreased from 24.5 per cent in 2011/12 to minus 0.5 per cent in 2012/13, as shown in Table 2.1.5. The fall in the annual producer prices was in tandem with the fall in consumer prices over the period.

Table 2.1.5: **Developments in producer price inflation**

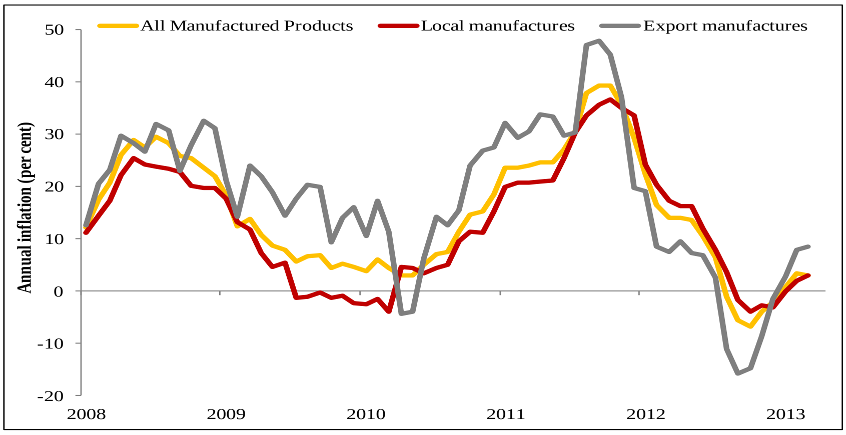
	2010/11	2011/12	2012/13	Jan 13	Feb 13	Mar 13
All Manufactured Products	18.5	24.5	-0.5	0.6	3.4	3.0
Food products	25.2	26.9	-1.1	-1.1	3.7	5.2
Drinks and tobacco	12.7	16.8	0.9	6.8	11.1	6.5
Textiles, clothing and footwear	15.4	106.0	4.1	-2.7	-1.7	-1.7
Paper products	8.6	17.5	-3.8	-2.4	-2.1	-3.0
Chemicals, paint, soap & foam products	24.2	21.5	0.2	5.8	3.9	2.4
Bricks & cement	2.6	20.5	3.4	2.9	3.0	1.1
Metal & related products	11.1	20.7	-1.7	-1.0	-1.0	-2.1
Miscellaneous products	6.2	20.4	4.0	2.7	3.2	3.2

*Source: **Uganda Bureau of Statistics* 2012/13 data ends in Q3 only.***

The annual slowdown in producer price inflation in 2012/13 may be attributed to falling international commodity and energy prices, which both act to lower the cost of production. The stable exchange rate also reinforced the effect of low international commodity prices.

The largest deflationary outturns were experienced in the paper products and metal and related products categories, which experienced respective deflationary outturns of minus 3.8 per cent and minus 6.1 per cent in 2012/13. Furthermore, food products prices, which account for 41.9 per cent of the producer price inflation basket, contracted from 26.9 per cent inflation in 2011/12 to minus 1.1 per cent in 2012/13. The deceleration in food products prices may be largely attributed to a decrease in sugar prices and a general reduction in food inflation. Developments in annual producer price inflation are shown in Figure 2.1.13.

Figure 2.1.13: **Annual Producer Price Inflation**



*Source: **Uganda Bureau of Statistics***

The most recent outturn for producer annual price inflation is for March 2013 and it indicated that the annual producer price inflation fell to 3.1 per cent, from 3.4 per cent in February. However, the two figures capture an increase from the 0.6 per cent annual inflation rate experienced in January and the *minus* 2.2 per cent inflation rate in December 2012. The recent upturn in producer price inflation resulted from increased or persistently high inflation in processed foods, drinks and tobacco, chemicals and bricks and cement. The price of processed foods increased due to coffee, vegetable oil and fats prices. However, producer price inflation was moderated by falls in the price of metal and paper products. Monthly producer price inflation expanded by 0.1 per cent in March 2013, following 0.6 per cent inflation experienced in February. The monthly producer price inflation was driven by inflation outturns in processed food, drinks and tobacco, and bricks and cement of 0.2 per cent, 0.3 per cent and 0.1 per cent respectively in March 2013. The prices of manufactured goods produced for the local market were unchanged in March and February 2013. The price of export oriented manufactured goods increased by 0.4 per cent in March 2013 compared to a monthly contraction of 2.0 per cent in February 2013. Monthly producer price inflation was driven by price increases of processed food and drinks and tobacco in March.

2.1.4 Conclusion

It takes a considerable time (more than one year) for the effect of monetary policy to be fully realised in an economy like Uganda where the financial sector suffers from structural inefficiency. Consequently policymakers require medium to long-term forecasts in order to determine the optimal policy framework. Therefore, all economic influences on the Ugandan economy must be appraised to determine the likely economic trajectory and appropriate policy response. Indeed the tight monetary stance pursued by BOU during the second half of 2011 and early part of 2012 only yielded low inflation during the later part of 2012 and first half of 2013.

More recently the positive results of monetary policy easing implemented by the Bank of Uganda since February 2012 are evident as reflected in the rebound of economic activity. Growth in monetary aggregates continued to pick-up, driven largely by growth in net foreign assets (NFA). The recovery in private sector credit (PSC) growth nonetheless remained constrained and is reflected in the slowdown in private consumption and investment spending, which are critical for economic growth going forward.

The BOU estimates that headline inflation will edge-up slightly in the near term reflecting the effect of prolonged drought on food production. However, the impact of the drought is expected to be temporary as the 12-months ahead forecasts indicate that inflation will stabilise around the BOU's target of 5 percent. The adverse weather condition, particularly drought is expected to keep food prices elevated in the next 3 – 6 months. However, the return of favorable rains as indeed forecast should boost domestic food production, which will in turn keep food price inflation suppressed. Once the effect of the drought on food prices dissipates, headline inflation is expected to fall back towards the BOU target of 5 percent.

2.2 Progress against key NDP Objectives (indicators and targets)

2.2.1 Assessing the NDP Macroeconomic and Financing Strategy

This section tracks the changes in macro-economic indicators against the projections and targets laid out in the National Development Plan. The NDP provides a specific macro-economic framework as the basis for determining levels of public investment in the NDP to ensure outcomes are achieved. Table 2.2.1 Illustrates the progress made during the second year of the plan.

Performance of NDP goals on growth on average reflected mixed results that revealed mixed results for most growth targets, with only positives on GDP at market rates of Ushs 29,972Bn in 2008/2009 to Ushs.49,087bn by 2011/12; agriculture sector showed a marked improvement from 0.7% to 3.0% between 2010/11 - 2011/12 while the value of exports as a proportion of GDP grew from 7.5% in 2008/09 to 16.1% in 2010/11. The challenges observed were that; there was a much smaller rise in GDP at a constant of 2002 prices from UShs19,461Bn in 2008/09 to UShs.22,681 bn in 2011/12; The economy grew at a declining rate between 6.2% in 2008/09 down to 3.2% by 2010/11; There was stagnation of income per capita in constant prices at USD487 in 2011/12 and USD 485 in 2010/11, but down from USD 506 of 2008/09; there was also a decline of the human Development Indictors; The population growth was also noted as a major constraining factor to the achievement of key development targets.

The performance of the economy relies mostly on the Monetary and Financial developments in the country. The importance of a well-developed financial system is to efficiently allocate savings and investments in order to boost real economic activity. In Uganda, the financial sector is highly concentrated and largely dominated by commercial banks. The ability of the domestic financial sector to promote economic growth is thus dependent on banks being able to balance their liquidity requirements efficiently; having easy access to funding through markets such as the interbank money market or investing excess liquidity in assets such as treasury securities and private sector lending.

Table 2.2.1 Progress against NDP macro-economic and financing strategy targets

Sector	Macroeconomic Indicator	Actual 2009/10 (%)	Actual 2010/11 (%)	Actual 2011/12 (%)	NDP Projection 2012/13 (%)	Actual 2012/13 (%)
Real	Annual GDP Growth rate	5.5	6.3	3.2	7.2	5.1
	Private investment (% GDP)	17.8	18.1	17.6	18.1	19.8
	Public investment (% GDP)	5.4	6.7	7.8	8.9	8.1
Fiscal	Government domestic revenue (including oil) (% GDP)	12.4	13.8	12.7	14.1	13.4
	Government Expenditure incl. domestic arrears repayment (%GDP)	19.7	23.4	19.8	19.8	N/A
	Fiscal deficit, excluding grants (%GDP)	7.2	10.5	3.5	5.7	N/A
External	Total Debt stock/GDP	15.5	No Data	29.22	18.9	N/A
	Donor Aid (%GDP)	5.1	6.6	5.7	5.1	N/A
Monetary	Inflation	4.2	15.7	18.0	6.9	3.4
	Reserves in months of imports of gds & SVs	5.2	4.0	3.8	5.5	4.1
	Money (M3) (%GDP)	24	21.7	23.8	19.7	N/A

Sources: ***Bank of Uganda; International Monetary Fund; UBOS, 2012/13***

2.2.2 Progress against NDP Targets

In this financial year under review emphasis has been put on, tracking progress made over the years of implementation of the NDP and how close or far off NDP National indicators are from meeting the final targets for FY2014/15. Overall 46 indicators were identified in the National Development Plan for assessment in FY2012/13. Of the 46 indicators identified, 25 (54%) have sufficient data to carry out an assessment. Out of the indicators with data 10 (40%) have either been achieved or on track to meet their 2014/15 targets, 10 (40%) need more effort and 5 (20%) may not be achieved at the current rate of implementation (Table 2.2.2).

Table 2.2.2 Progress against NDP indicators FY2010/11 to 2012/13

NDP OBJECTIVES	Specific Indicators	Base Year 2008/09	Actual 2010/11	Actual 2011/12	Actual 2012/13	NDP Target 2014/15	Status against NDP target 2014/15
Improving stock and quality of economic infrastructure	Proportion of Paved roads to the total road network (%)	4.0	16.3	15.8	16.6	5.3	**ACHIEVED**
	Proportion of freight cargo by rail (%)	3.5	NO DATA	NO DATA	NO DATA	17.8	NO ASSESSMENT
	Proportion of households accessing power from national grid (%)	11.0	12.1 (2009/10)	12.1 (2009/10)	14 (MEMD)?	20	**NEEDS WORK**
	Power consumption per capita (Kwh)	69.5	NO DATA	NO DATA	NO DATA	674	NO ASSESSMENT
Promoting Science, Technology, Innovation (STI) and ICT to enhance competitiveness	Ratio of national budget allocated STI (R&D) and ICT (%)	0.3	NO DATA	NO DATA	NO DATA	0.6	NO ASSESSMENT
	Ratio of S&T to Arts Graduates	1:5	NO DATA	NO DATA	NO DATA	1:3	NO ASSESSMENT
	Proportion of urban centers with public internet access	NO DATA	36**** (2010/11)	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Proportion of manufactured export to total exports (%)	4.2	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Ratio of manufactured export to GDP	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT

NDP OBJECTIVES	Specific Indicators	Base Year 2008/09	Actual 2010/11	Actual 2011/12	Actual 2012/13	NDP Target 2014/15	Status against NDP target 2014/15
Promoting sustainable population and use of the environment and natural resources	Number of wetlands gazetted and restored	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Level of forestation and re-afforestation	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Forest cover (%)	13	18 (2009)	18 2009)	18	24	**NEEDS WORK**
	Wetland cover	NO DATA	10.9 (2008)	10.9 (2008)	11	30	**OFF TRACK**
	Level of water pollution	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Level of industrial pollution	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
Increase household incomes and promoting equity	Per Capita Income (US Dollars)	506	NO DATA	487		837	NO ASSESSMENT
	Proportion of people living below poverty line (%)	28.5	24.5 (2009/10)	24.5 (2009/10)	24.5 (2009/10)	24.5	**ACHIEVED**
Enhancing the availability and quality of gainful employment	Percentage of total labour force employed	70.9	75.4* (2009/10)	75.4 (2009/10)	75.4 (2009/10)	78.2	**ON TRACK**
Enhancing Human capital development	Life Expectancy	50.4	NO DATA	54	54.5 (2011/12)	52.4	**ON TRACK**
	Literacy	73.6	73 (2009/10)	73 (2009/10)	74.6 (2011/12)	82.2	**OFF TRACK**
	HDI (Score and Rank)	0.438	0.482	0.446	0.456	(0.572+)	**NEEDS WORK**
		157th/183	112/183	161st/ 187^^	NO DATA	142th/183	NO ASSESSMENT
Increasing access to quality social services	DPT3 pentavalent vaccine	85	76 (2010)	90	91 (MoH)	87	**ACHIEVED**
	Proportion of qualified workers	56	56 (2010/11)	58		85	**NEEDS WORK**
	HCs without medicine stock outs	26%	43% (MoH)	49% (MoH)	53% (MoH)	65	**ON TRACK**
	Deliveries in Health facilities (%)	34	39 (MoH)	40^ (MoH)	41 (MoH)	40	**ACHIEVED**
	OPD utilization	0.8	0.9 (2010)	1.0 (MoH)		1.5**	**NEEDS WORK**
	Infant mortality rate (per 1,000 live births)	76	NO DATA	54	54 (2009/10)	41	**ON TRACK**
	Under five mortality rate (per 1,000 live births)	137	NO DATA	90	90 (2009/10)	60	**ON TRACK**
	Maternal mortality ratio (per 10,000 live births)	435	NO DATA	310	438 (2009/10)	131	**NEED WORK**
	Net enrolment rate primary (%)	93.2	107.9 (2009)	96 (2010)	95.7 (2012)	96.4	**ON TRACK**
	Net enrolment rate secondary	23.5	23.8 (2009)	25 (2010)	23.7 (2012)	35	**NEEDS WORK**
	Pupil-Treacher Ratio	53:1	49:1 (2009)	49:1 (2010)	45:1 (2012)	43:1	**ON TRACK**
	Pupil-Classroom Ratio	72:1	70:1 (2009)	58:1 (2010)	57:1 (2012)	61:1	**ACHIEVED**
	Student-Teacher Ratio	18:1	19:1 (2009)	19:1 (2010)	22:1 (2012)	NO TARGET	**NO** ASSESSMENT
	Student-Classroom Ratio	45:1	35:1 (2009)	45:1 (2010)	49:1 (2012)	NO TARGET	NO ASSESSMENT
	BTVET Enrolment (Students)	30,009	39,250	56,482	41,641	390,208	**OFF TRACK**
	Rural water coverage (%)	66	65.8	64 (MWE)	64 (MWE)	77	**OFF TRACK**
	Urban water coverage (%)	60	67	69 (MWE)	70 (MWE)	100	**OFF TRACK**
	Sanitation coverage (%)	62	68	69.6	71	80	**NEEDS WORK**

NDP OBJECTIVES	Specific Indicators	Base Year 2008/09	Actual 2010/11	Actual 2011/12	Actual 2012/13	NDP Target 2014/15	Status against NDP target 2014/15
				(MWE)	(MWE)		
Strengthening good governance, defense and security	Level of representation and participation of marginalized groups in development processes	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Level of transparency in public institutions	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Level of implementation of regional and international protocols and standards	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Level of R&D developed	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Level of core sector capabilities	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT
	Level of capacity built for infrastructure development	NO DATA	NO DATA	NO DATA	NO DATA	NO TARGET	NO ASSESSMENT

Source: NDP Mid Term Review 2013

2.3 Overview of Budget Priorities and Sector Allocations over years

The Government of Uganda adopted a national planning framework, NDP which was operationalized in FY 2010/11. The NDP priorities remain the strategic way of reaching the optimum levels of resource allocation efficiency across Government sectors. In light of this, sectors responsible for core (flagship) projects plan for phased implementation of the projects taking into account available resources. The budgets for FY 2010/11 – FY 2012/13 and the medium term focused on; promoting agricultural production and productivity, removing infrastructure constraints in transport, ICT and energy, improving the quality of social services[1], strengthening Public Sector Management for efficient service delivery and tourism and industry to generate employment and increase production.

The sector allocations over the years reflect the budget priorities as evidenced in Table 2.3.1. In FY 2012/13, transport infrastructure was on top of priorities accounting for 16.4% of the total MTEF. The Works and Transport Sector received a supplementary budget of 2% over and above the allocation. The allocation was meant to enhance the national transport infrastructure; de-congesting urban areas, and developing access routes to the sea through both the southern and northern corridors. In FY 2011/12, the share of the Energy and Mineral Development Sector sharply increased to 14.1% from 5.6% in 2010/11. In FY 2012/13, the budgetary allocation to Energy and Mineral Development accounted for 14.7% of the MTEF. However, the annual budget of UGX 1,043.6 billion under the Large Hydro Power Infrastructure vote function was not released due to the delays in the procurement of the contractor for the construction of the Karuma Hydro Power Project. The sector received only 15% of the annual budget in FY 2012/13.

The improvement of the quality of social services remained fundamental in the budget over the last three years to enhance productivity and employment of the country’s labour force. In FY 2010/12 and FY 2011/12, education was on top of the priorities taking 17.7% and 15.2% of the total MTEF respectively, and 15.8% in FY 2012/13. The share of the Health Sector over the years was relatively stable in FY 2011/12 and FY 2012/13 at 8.6% and 8.5% respectively down from 9.2% in FY 2010/11.

The productive sectors of the economy including Agriculture, Tourism and Industry are driven by the private sector. The Government priority in this area is to promote the critical outputs to increase production and generate employment. Over the last three years, the share of Agriculture continued to decrease from 5.2% in FY 2010/11 to 3.8% in FY 2012/13. In FY 2012/13, the Government prioritized

[1] Social services in Education, Health and access to safe water.

interventions in tourism and industry to generate employment. This was reflected in an increase in the sector budget by 36.3% though its share of total MTEF increased marginally by 1 percentage point.

Improving the effectiveness of public service delivery with special focus on contract management, addressing corruption, salary enhancement, addressing inefficiency and wastage in public expenditure is of high priority. This was aimed to boost the quality of public services and save funds from within the budgets of MDAs. The share of Public Sector Management (PSM) in FY 2012/13 was 10.3%.

Over the past three years, the budget was executed in light of removing infrastructure constraints, improving the quality of social services and strengthening public sector management. Although budgetary allocation for Agriculture, tourism and industry was low, the focus in these sectors was indirectly catered for in infrastructure which is key to boost for the sectors. However, Public Administration, Security and Justice, Law and Order remained paramount in the budget execution though were not priority areas over the last three years. These sectors continued to receive funds over and above their approved budget.

Table 2.3.1: Sector Allocations and Budget Priorities over the last three years

Sector	Approved Budget			Share of Total Sector Budget			% of Budget Released		
	2010/11	**2011/12**	**2012/13**	**2010/11**	**2011/12**	**2012/13**	**2010/11**	**2011/12**	**2012/13**
Works and Transport*	1,038.08	1,290.79	1,650.75	14.8%	13.8%	16.4%	76.3%	94.2%	102.8%
Education*	1,242.65	1,420.27	1,593.48	17.7%	15.2%	15.8%	88.7%	96.1%	96.3%
Energy and Mineral Devt*	391.27	1,319.95	1,481.83	5.6%	14.1%	14.7%	95.6%	83.6%	15.2%
Public Sector Management*	831.18	985.08	1,037.84	11.8%	10.5%	10.3%	88.4%	73.8%	80.2%
Security	649.20	974.87	945.14	9.2%	10.4%	9.4%	314.6%	100.9%	105.2%
Health*	660.44	804.70	853.93	9.4%	8.6%	8.5%	85.4%	75.3%	117.1%
Accountability	492.03	778.65	582.72	7.0%	8.3%	5.8%	68.2%	56.5%	95.4%
Justice, Law and Order	532.23	531.89	537.86	7.6%	5.7%	5.3%	117.3%	112.6%	108.1%
Agriculture*	365.53	434.08	378.99	5.2%	4.6%	3.8%	77.9%	69.5%	90.0%
Water and Environment*	250.29	272.61	354.13	3.6%	2.9%	3.5%	69.5%	65.5%	121.0%
Public Administration	301.30	231.46	238.44	4.3%	2.5%	2.4%	165.3%	146.4%	163.4%
Legislature	162.77	162.75	235.44	2.3%	1.7%	2.3%	98.5%	156.8%	98.8%
Tourism, Trade and Industry*	44.19	53.11	72.42	0.6%	0.6%	0.7%	71.3%	91.1%	91.9%
Social Development	31.92	56.01	59.47	0.5%	0.6%	0.6%	75.3%	64.6%	48.1%
Lands, Housing and Urban Devt	23.59	32.41	26.08	0.3%	0.3%	0.3%	59.5%	76.8%	94.8%
ICT	9.59	12.12	15.52	0.1%	0.1%	0.2%	153.1%	107.2%	97.3%
Total GoU + Donor (MTEF)**	**7,026.24**	**9,360.75**	**10,064.03**				**112.2%**	**88.1%**	**88.9%**

Source: Annual Budget Performance Reports, MoFPED, 2011, 2012 and 2013.

*The budget priority areas in 2010/11, 2011/12 and 2012/13.

**Excludes interest payments, and aid in appropriation (AIA) retained and spent by votes; for the purpose of this table local government releases are equated to expenditure, as LG spending information is unavailable, Arrears and taxes.

2.4 Overview of Employment and Economic Transformation

2.4.1 Introduction

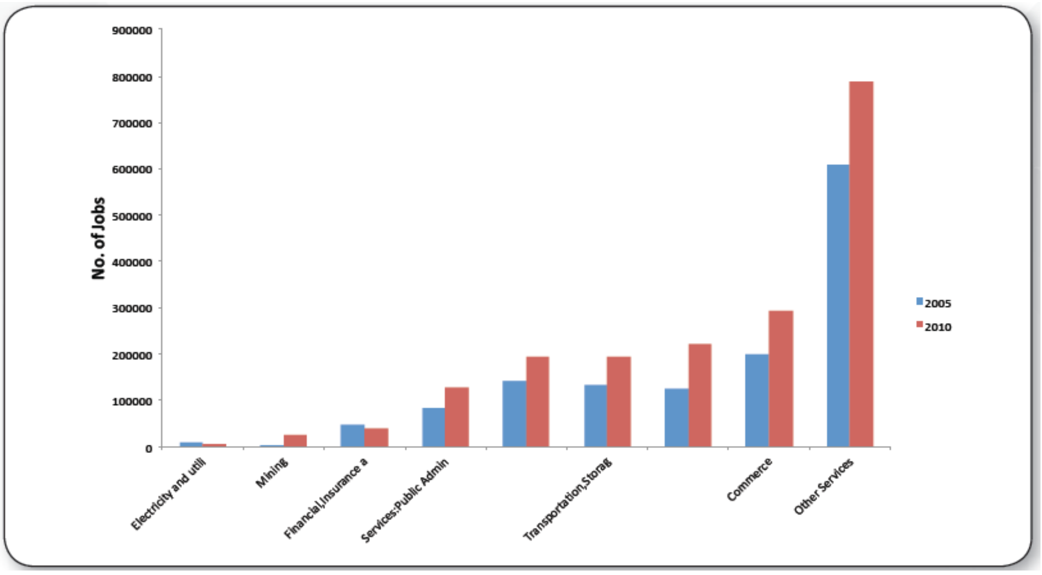
The NRM Government has placed the objective of promoting prosperity for all through socio economic transformation of the Country high on its agenda over the years. The Theme of the National Development Plan: Growth, Employment and Socio-Economic Transformation provided direction for overall policy and strategic direction in the management of the economy. Economic transformation is simply defined as the change in the structure of an economy over time from a subsistence economy, through industrialization, to an industrial, or even post-industrial society. Several policy initiatives and interventions are in place to promote this objective. The policies were envisaged to lead to the attainment of the objective through macroeconomic stability, promoting private sector and export led growth, infrastructure development, investment in energy, modernisation of agriculture and human development. The Government promoted wealth creation amongst the citizens defined in terms of income generation or more broadly as the accumulation of valuable or material resources over time. This could be physical, financial and human capital or the control of such resources. Such wealth can be personal property, monetary savings or capital wealth of income producing assets, including real estate, stocks, bonds, and businesses.

The National Development Plan (NDP) is meant to support the transformation of Uganda into a modern, prosperous country, recognising the need for a development framework that will attract private investment, promote competiveness, and improve quality of life for the citizens. In the Government Annual Performance Report (GAPR), we provide an evaluation of the performance of Government efforts in pursuance of the above objective over the recent years.

2.4.2 Trends in Employment and Job Creation

The NDP mid-term review 2013 established that the percentage of the productive labour force has increased from 70.9% in 2008/09 to 75.4 % by 2010/11, exceeding the target of 73.1% for 2011/12. Abot 16,725 manufacturing jobs were created in 2011/12, up from 13,424 in 2010/11 with limited information available on jobs lost and jobs created in the informal sector. Various studies have pointed out that adequate supply of productive jobs is essential for Uganda's successful economic development. Ensuring that the majority of the able-bodied population of working age has access to gainful employment is the means by which Uganda will reduce poverty, achieve economic transformation, and ensure social cohesion. In Uganda, growth in employment, whether in the wage sector or in self-employed, household-based enterprises, has been a critical means of reducing poverty.

Figure 2.4.1: Uganda's Wage employment has grown rapidly across all sectors, 2005/06 – 2009/10



*Source: **UBOS Integrated National Household Surveys Database 2005/06 – 2009/10***

The proportion of the population employed in productive jobs is strongly related to a country's ability to facilitate economic transformation. In the case of Uganda, whose economy is largely driven by the resources and agricultural sector, this could involve a movement of labour from less productive to more productive sectors, such as from agriculture to industry, or even within agriculture, with a shift toward high yield crops. The faster workers move from low to higher productivity activities within the economy, the faster the pace of transformation.

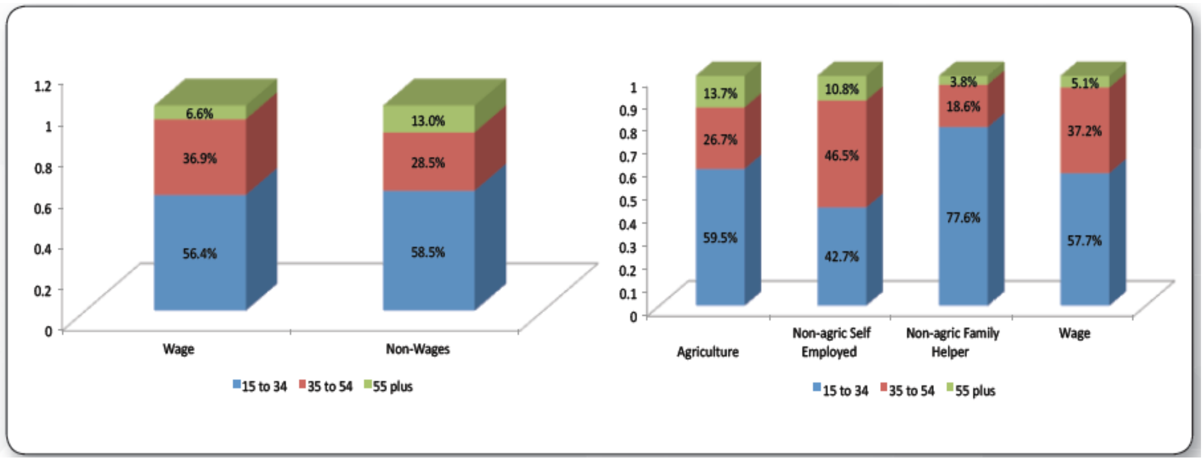
Further data analysis revealed that growth generated employment opportunities. However, these opportunities occurred mostly in low-value added sectors, generating few improvements in labour productivity and thus limited increases in wages. Today, Uganda's labour force consists of approximately 15 million individuals. With the world's most youthful population (48.3 percent under 15 in 2010) and increase in female participation in employment, Uganda has had the world's fastest growing workforce. In contrast, the total number of off-farm jobs in businesses with a fixed location is just over 1 million, having grown fast over the past decade.

Equally, the increasing difficulty faced by approximately 300,000 individuals who graduate from universities and technical colleges every year in obtaining appropriate employment confirms that the rate of job creation is slower than the growth in demand for appropriate jobs. Employment surveys also suggest that the majority of jobs are considered to be casual, providing only short periods of irregular employment.

The NDP mid-term review showed that in the case of youth employment, 83% of youth are unemployed or underemployed in Uganda (World Bank 2011). The problem largely arises from the slow private sector growth compared to the anticipated targets, the negative attitude of the youth towards blue-collar jobs, and high population growth. According to the World Bank Economic Status update, Uganda's job landscape is rapidly evolving, but agriculture remains the most important source of employment. By 2010, 73 percent of working Ugandans were primarily involved in the agricultural sector, a slight decline from the figure of 85 percent at the turn of the 1990s.

In both formal and informal non-agricultural sectors, the greatest proportion of jobs was in the construction and services sector, with manufacturing accounting for only 3.3 percent of the total number of jobs. These categorizations relate to primary employment, although it should be noted that many individuals are involved in a number of secondary activities that span a number of sectors.

Figure 2.4.2: Uganda's Youth Taking a Proportionate Share of Jobs by 2009/10



*Source: **UBOS Integrated National Household Surveys Database 2005/06 – 2009/10***

The young age of workers, between 15 and 34 years of age account for more than half (56 percent) of the working population..According to the 2009/10 National Household Survey, approximately 14 percent of the labour force, or 2 million workers, is employed in the non-agricultural wage sector, mostly within the formal sector. Over the past two decades, the growth rate for private non-agricultural wage and salary jobs averaged about 7.3 percent per year, with the bulk of this growth occurring in the latter part of the decade. The number of wage jobs has increased in all sectors, except finance and insurance (see Figure

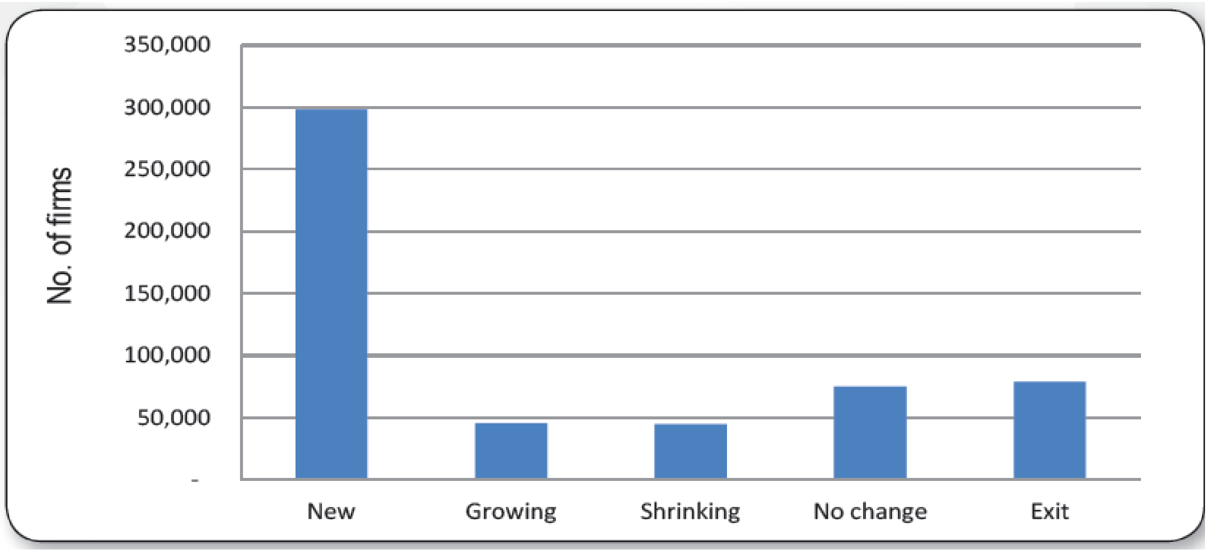
2.4.1) The wage sector has absorbed about 20 percent of the youngest net new entrants into the labour market. The service sector is the major contributor to both job creation and value added in formal enterprises.

Census of Business Establishments conducted by the Uganda Bureau of Statistics reveals that the services sector is not only the largest contributor to growth in value added, accounting for more than 45 percent of GDP, but it is the largest and fastest-growing provider of employment in the formal economy, accounting for 92 percent of all new formal sector jobs by 2010/11. In this area, the shift in the employment structure has matched the structural transformation of the economy.

In the 2011/12 National Budget Framework Paper, it was recognized that the country did not have significant success in acquiring capacity to employ the growing number of youths joining the market every year. The total annual gap was estimated in that BFP to be 394,000 jobs. Besides the national employment policy states that the growth of youth labour force was 6.0%, far higher than the population growth rate. However recent figures from UBOS Statistical Abstract 2012 show that in 2011, there was a decline in labour demand, with the number of jobs advertised dropping from 24,372 in the previous years to 11,978 in 2011, but again this focuses on the formal sector.

Most of Uganda's net formal sector job creation in the first decade of 2000s was driven by the creation of new businesses. On a net basis, jobs created by newly established businesses greatly exceeded both jobs lost as some firms shrunk and others died, here referred to as "exits". The total number of businesses that were established during this decade accounts for approximately 79 percent of all Ugandan firms operating in the formal sector, and provided 74 percent of all jobs in this sector. This phenomenon has become even more apparent over the recent past, as approximately 60 percent of formal sector jobs were in businesses that were established in the preceding 5 years. As a result, the rate of growth in jobs in the last five years accelerated to 13 percent per annum, from 9 percent in the first part of 2000s. There has been a rapid expansion in the number of formal jobs in small firms, but large firms have downsized and reduced the average rate. Micro enterprises increasingly dominate the formal job landscape in Uganda. By 2010/11, 60 percent of formal jobs in Uganda were in micro enterprises (firms employing less than 5 workers), with a further 18 percent in small firms (employing between 5 and 20 workers). Larger firms accounted for only 12 percent of jobs.

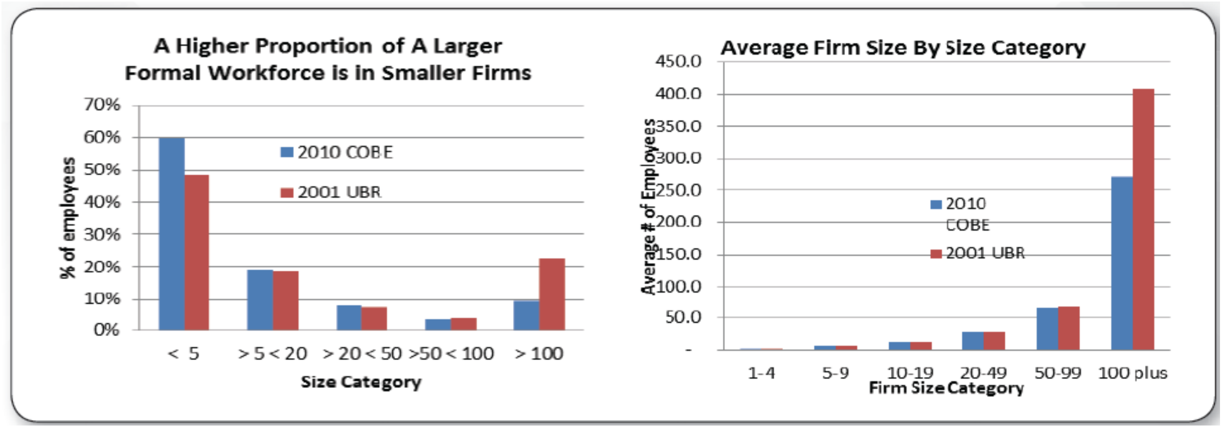
Figure 2.4.3: Uganda: Formal Firm Entry, Exit and Churning during the 2000s



*Source: **UBOS Census of Business Establishments, 2000/01 – 2009/10***

The small- and micro-sized enterprises recruited 20 to 25 employees, implying that when they survived, these firms created jobs faster than their larger counterparts. In contrast, the larger firms have reduced employment. On average, firms with over 100 employees reduced the number of workers they employ from approximately 400 employees in 2001 to about 260 employees in 2010 (see Figure 2.4.4).

Figure 2.4.4: Most of the work force is in micro firms, with large firms getting smaller during the 2000s



*Source: **UBOS Census of Business Establishments, 2000/01 – 2009/10***

Overall, the structural transformation within Uganda's formal sector is growth reduction as it has not enhanced worker productivity. This is because the bulk of new jobs in the sector have a lower average value added per worker than pre-existing formal sector jobs. The average real value added per worker in formal firms in Uganda has fallen by 19 percent between 2000/01 and 2009/10. Changes within product categories accounted for a 14.2 percent reduction, while changes between product categories accounted for a 4.8 percent reduction in average real value added per worker

Generally net job creation in the formal sector in the last 8 years was mostly driven by newly established micro firms, largely in the retail and restaurant sub-sectors, with job creation being concentrated in urban areas. Most jobs are created by new firms, mainly micro enterprises, particularly in the domestic market orientated services sector. The big increase in employment in these new micro service firms, coupled with the decline in the number of jobs at larger firms, seems to have resulted in a growth-reducing structural transformation in the formal sector in Uganda. There is a huge mismatch between the not just the number of graduates supplied to the market and the demand available but also in the skills required. The Employment policy attributes this situation to several factors including skills acquired and the requirements by employers, the development of low skills services and industries, the high growth rate in the labour force and the inability to absorb it. It is interesting to note that of the working population, 73.7% have attained only primary education and below 18.3% secondary education while 6.8% have specialised training or post primary education.

2.4.3 Review of Sector contribution to socio-economic transformation

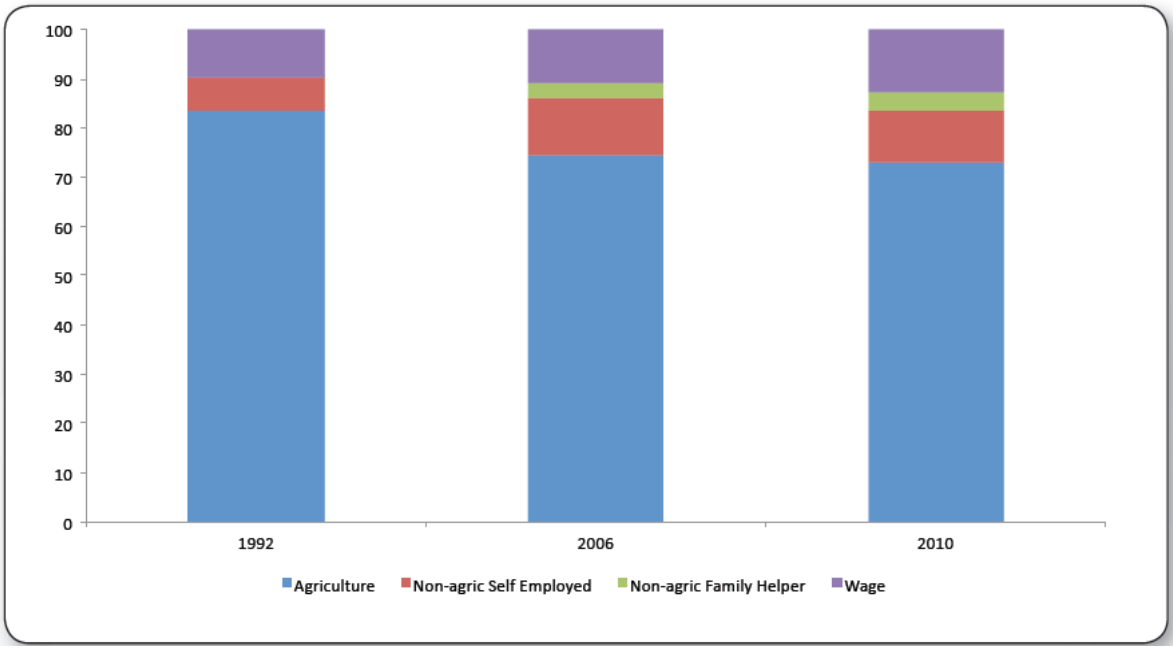
According to the mid-term review, the NDP considers socio-economic transformation both as a result and as a requisite for sustainable growth and employment. The principle of growth promoted in the NDP is one of "growth with equity" which implies a strong reference to the desire to balance wealth creation with sustainable poverty reduction.

There has not been much improvement in the state of human development in the country over the last three years. The Human Development Report (UNDP 2013) still places Uganda in the low human development category with most indicators remaining static and some worsening in relation to previous years. The country's HDI value for 2012 was 0.456, reflecting a marginal improvement from her position in 2011 which was 0.454. In both 2011 and 2012, Uganda ranked 161 out of 187 countries that were assessed. This country ranking fell below the HDI average for countries in the low category (0.466) as well as below the average for countries in sub-Saharan Africa (0.475)

Agriculture remains a central and dominant sector in Uganda's economy; measures to modernise the sectort to improve on people's incomes are critical for providing the poor with opportunities for increasing incomes and wealth creation. In this assessment, the report looks at agricultural production in strategic enterprises, yield rates, volumes and value, traditional and non-traditional enterprises/exports, percentage of seeds certified for farmers per annum and annual growth of established farmers and enterprises.

The Agriculture Sector is the largest source of jobs in Uganda, accounting for more than 70 percent of all employment (Figure 2.4.5). However, other sources of employment are growing faster, especially in the urban areas, where jobs are more diversified toward manufacturing and services. While most people are employed, the majority of workers are stuck in low productivity jobs, both in the informal and formal sectors. Only about 5 percent of job holders in the agricultural sector are in the wage sector. Given the small relative size of the wage sector, agricultural workers who receive wages constitute a significant proportion of that sector, with a quarter of all wage-paying jobs being in the agricultural sector. Such jobs often involve employment in the production and management of traditional cash crops, coffee, tea and tobacco. However, an increasingly large proportion of such jobs involve non-traditional wage jobs in the poultry and dairy industry. The bulk of employment in the agricultural sector involves subsistence or family labor, for which it is hard to quantify the levels of remuneration.

Figure 2.4.5: Sources of Jobs: Most Ugandans work in agriculture



*Source: **UBOS Integrated National Household Survey, 1992/93, 2005/06 and 2009/10***

The proportion of the workforce employed primarily in the agricultural sector declined during the 1990s. In the period from 1992 to 2003, a large proportion of the population moved out of agriculture, reducing the share of the workforce employed in this sector from 85 percent to about 73 percent. Since then, labor has moved in and out of this sector depending on economic and climatic conditions

The analysis reveals that there has been negative trend for some of the indicators for the agricultural performance. The food crop sub sector though registered a higher contribution within the sector of about 13.0 percent (Shs. 5,042 billion) in 2010/11, a decline from 14.3 percent (Shs. 4,987 billion) in 2009/10; fishing at 3.1 percent (Shs. 1,201 billion) an increase from 2.6 percent (Shs. 897 billion), livestock at 1.7 percent (Shs. 677 billion) both in 2009/10 as well as 2010/11.

3 Economic Infrastructure and Competitiveness Cluster

The Economic Infrastructure and Competitiveness Cluster includes four sectors: i) Energy and Mineral Development ii) Information and Communication Technology iii) Tourism, Trade and Industry and iv) Works and Transport. The performance of these sectors during FY 2012/2013 is presented below.

3.1 Energy and Mineral Development Sector

3.1.1 Sector objectives

The Energy and Mineral Development Sector constitutes primary growth sectors namely mining and oil and gas while energy forms the complementary sector.[1] Implementation of sector interventions is led by the Ministry of Energy and Mineral Development (MoEMD).

The Energy and Mineral Development sector (EMDS) is mandated to: "*Establish, Promote the development, Strategically Manage and Safeguard the Rational and Sustainable Exploitation and Utilization of Energy and Mineral Resources for Social and Economic Development*". Over the medium term, the sector continues to focus on increasing electricity generation capacity and transmission network; access to modern forms of energy; promoting and monitoring petroleum exploration and developing and promoting mineral investment.

The institutions which contribute to achieving sector objectives and mandate are: Electricity Regulatory Authority (ERA); Uganda Electricity Generation Company Limited (UEGCL) which manages generation concessions such as Eskom Limited; Uganda Electricity Transmission Company (UETCL); and Uganda Electricity Distribution Company Limited (UEDCL) which manages distribution concessions like UMEME. The players in petroleum sector include Oil and Gas Exploration and Production Companies such as Tullow Oil Limited, Total E&P Uganda Limited and CNOOC Uganda Limited. In the mining sector, the players include Hima Cement Limited and Tororo Cement Limited. Other sector institutions are Electricity Disputes Tribunal (EDT) responsible for resolving electricity disputes and Uganda Energy Credit Capitalization Company (UECCC) responsible to providing a reliable framework for pooling resources from Government, Investors and Development Partners for renewable energy projects.

3.1.2 Overview of the Sector's Performance

The 2012/13 budget consultative meeting emphasised the need for both physical infrastructure and human capital in order to stimulate growth and economic development. Specific emphasis was put on Education, Works and Transport, and Energy and Mineral Development as these sectors play pivotal roles in the rejuvenation of the economy.

The overall sector outcome performance was good, with 72% of the sector outcome measures achieved against annual target; 57% of the sector outcome indicators were on a positive trend, 29% remained unchanged whereas 14% were not assessed due to lack of data (Table 3.1.1). The output performance of Energy and Mineral Development Sector was modest, with 68% of the performance indicators achieved during FY 2012/13; 30% of the output indicators did not reach targets whereas 2% of the output indicators were not assessed due to insufficient data.

In the Cabinet Retreat of November 2012, the Cabinet agreed on actions to address the issues of Land compensation regarding the Muko and Sukuru phosphates projects and Oil and Gas to improve the performance in the sector. All the agreed Cabinet actions were being implemented and were on track during the period of review. The Mining Policy (2001), Mining Act 2003 and Mining Regulation 2004 were reviewed areas of amendments identified for a more effective and efficient management of the Mineral Sector. All the actions from presidential investor round table (PIRT) as well as those from the sector to enhance their performance were being implemented.

[1] The Republic of Uganda (2010), National Development Plan 2010/11 – 2014/15, pg. 15 & 17.

The budget for the Energy and Mineral Development Sector in FY 2012/13 was UGX 1.4 trillion, of which UGX 1.2 trillion was contributed by GoU and UGX 228.3bn the donor development component. The annual releases, excluding donor disbursements to the sector, amount to only UGX 118.7bn; representing 9.5% of the appropriated GoU Budget. The Sector spending was UGX 116.7bn, representing 9.3% of the approved GoU Budget and 98.3% of the budget released.

Table 3.1.1: Annual performance scorecard for the Energy and Mineral Development Sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	57%	72	29%	0%	14%	14%	7

Output Performance

Outputs	% Achieved	% moderately satisfactory	% not Achieved	% No data	Denominator
EMDS*	68%	0%	29%	4%	51
MoEMD	68%	0%	29%	4%	51

Actions Performance

Action	% On Track	% Off Track	% no data	Denominator
Cabinet	100%	0%	0%	3
PIRT	100%	0%	0%	12

Budget Performance

Budget	Approved (Bn UGX)	Released (Bn UGX)	% budget released	Spent (Bn UGX)	% release spent	% budget spent
Sector Total (GoU+Donor)	1,481.83	225.70	15.2%	223.67	99.1%	15.1%
MoEMD (GoU+Donor)	1,481.83	225.70	15.2%	223.67	99.1%	15.1%

Source: **Office of the Prime Minister, Analysis based on OBT, 2012/13**

Large hydro power infrastructure had the largest proportion of GoU budget allocation (83%) to the sector amounting to UGX 1.04 trillion; however no release was made for large hydropower infrastructure development in FY 2012/13 owing to the delays in the procurement of the contractor for the construction of the Karuma Hydro Power Project. UGX 168.38bn was approved for energy planning, management and infrastructure development, but the sector received only UGX 84.76bn, representing 50% of the GoU budget and 99.3% of the release was spent. The Government approved UGX 29.2bn for petroleum exploration, development and production, but the sector received UGX 22.66bn, representing 77% of the GoU budget.

3.1.3 Achievements registered in the Sector

(a) Access to Modern forms of Energy

Modern energy services are crucial to human well-being and to a country's economic development. Access to modern energy is essential for the provision of clean water, sanitation and healthcare and for the provision of reliable and efficient lighting, heating, cooking, mechanical power, transport and telecommunications services. It is alarming that today 86% of Uganda households access to the grid-based and yet insignificant proportion of the population use solar PV and biogas technologies for modern energy.

(b) Modest Increase in Capacity of Hydropower Generation

In line with NDP and NRM Manifesto 2011, the FY 2012/13 budget of the Energy and Mineral Development Sector focused on energy generation infrastructure development. The budget allocation for large hydropower infrastructure was UGX 1.04 trillion for development of large hydropower sites Karuma (600 megawatts), Isimba (140 megawatts) and Ayago (600 megawatts). However, this money was not released and the main Karuma hydropower project was not implemented as planned. The procurement of the EPC Contractor was handled through a bilateral arrangement between Government of Uganda and the People's Republic of China with Sinohydro Corporation as the contractor and civil works were due to commence. The detailed feasibility study for Ayago was completed as planned as well as the pre-feasibility study for Isimba hydropower project.

Government continued with the development of mini-hydropower sites alongside large hydropower sites. The commissioning of Nyagak I (3.5 MW) and Buseruka (9 MW) increased the installed capacity in the country to 835 megawatts in FY 2012/13 from 778 megawatts in FY 2011/12 (Table 3.1.2). The installed capacity remained above the domestic demand projection by the Power Sector Investment Plan 2011.

The construction of Kikagati (16 MW)[1], Nyagak III (3 MW) and Maziba (1 MW) were not undertaken as planned. The IFC was in advanced stages of securing a financing partner for Nyagak III. Procurement for Contractor had commenced. In addition, the feasibility studies for the projects under IsDB funding were completed. Presently Esia (0.5MW), Mitano (2.5MW) and Ndugutu (0.7MW) hydropower projects were being promoted to private sector for development.

Table 3.1.2: the existing Power Generation Plants

Plant Name	Installed Capacity (Megawatts)		
	2010/11	**2011/12**	**2012/13**
Hydro Electricity	**441**	**691**	**704**
Kiira	200	200	200
Nalubale	180	180	180
Kasese Copper Cobalt Company Ltd	9.5	9.5	10.5
Kilembe Mines Ltd	5	5	5
Mobuku III	9	9	9
Bugoye	13	13	13
Mpanga	18	18	18
Ishasha	6.5	6.5	6.5
Bujagali	-	250	250
Buseruka	-	-	9
Nyagak I	-	-	3
Thermal Electricity	**170**	**70**	**102.5**
Electro-maxx	20	20	50
Aggreko (Kiira)	50	-	-
Jacobsen Plant - Namanve	50	50	50
Diesel Generators	-	-	2.5
Aggreko (Mutundwe)	50	-	-
Bagasse Electricity	**17**	**17**	**29.5**
Kakira Sugar Works	12	12	22*
Kinyara	5	5	7.5*
Total Installed Capacity	**628**	**778**	**835**
Target Installed Capacity	**696**	**790**	**835**
% Target reached	77%	90%	100%

Source: **Ministry of Energy and Mineral Development**

Kakira and Kinyara adds 12 MW and 5 MW to the National grid respectively

On thermal power generation, Jacobsen and Electro-max each generate and add 50 MW to the national grid. The construction of thermal power plant in Kabaale, Hoima district was halted awaiting the construction of the refinery.

The Ministry through the Rural Electrification Agency (REA) successfully implemented end-user subsidy programme Photovoltaic Targeted Market Approach (PVTMA) with 7022 solar systems installed against annual target of 7000 systems. The PV system was mainly installed in institutions like public hospitals, schools, National Water and Sewerage Corporation (NWSC) facilities.

In pursued nuclear power development, the sector was engaged in nuclear power roadmap. Cabinet was expected to approve the roadmap in the FY 2012/13 but this was not possible as the development of the Nuclear Energy Roadmap was still in progress. The roadmap presents recommendations on how major nuclear power infrastructure issues can be addressed in short, medium and long term.

(c) Electricity Transmission and Distribution Coverage increased

The Government of Uganda has a vision to ensure that all Ugandans are connected to electricity. In pursuance of this vision, Government embarked on expanding the national grid to evacuate power generated, improve on system reliability, availability and quality of power supply, regional interconnection for power trade and improvement of security of supply. The transmission projects were at different stages of implementation as indicated in Table 3.1.3.

[1] The plan to start construction of Kakagati was mentioned in the MPS 2012/13 of the Ministry of Energy and Mineral Development.

Table 3.1.3: Progress in Implementation of Electricity Transmission projects

Project Name	Plan for FY 2012/13	Status by Jun 2013
1. Bujagali Interconnection Project	Transmission Infrastructure RAP implementation finalized and all the Construction Works and Activities for the Transmission Infrastructure finalised.	Implementation of the RAP for the Bujagali Interconnection was finalized and the Bujagali Interconnection project was completed and commissioned
2. Karuma Interconnection Project	The Consultant for Supervision of Works and EPC Contractor Procured. Implement of RAP for the Karuma Interconnection Line	GoU signed MoU with SINOHYDRO Corporation Ltd for EPC and Financing of Karuma HPP and Interconnection project. RAP implementation was on-going.
3. Mputa Interconnection Project	EPC engineering works for the Nkenda – Hoima transmission line and the substation extension at Nkenda, Fort Portal and Hoima procured	RAP Implementation was on-going; overall clearance is at 71% Evaluation report for procurement of Supervision of Works of Nkenda – Hoima and project management consultant was approved. The EPC Contractor procurement prequalification documents and Tender documents are under review by CC, RNE and AFD
4. Mbarara – Nkenda/ Tororo – Lira Transmission Lines	Implement RAP for the Tororo – Lira and Mbarara – Nkenda lines, procure EPC Contractor and start construction work for Mbarara – Nkenda 132kV (160km) and Tororo – Opuyo – Lira 132kV (260km) transmission lines.	RAP implementation in progress, Mbarara – Nkenda (79%) and Tororo – Lira (53%). EPC contractor procured and the design was reviewed and approved. Detailed route surveying and profiling was completed for both lines
5. NELSAP	Implement the RAP, procure EPC Contractor and construct Bujagali – Tororo – Lessos and Mbarara – Mirama – Birembo transmission lines	RAP Implementation progress is at 55% for Mbarara – Mirama and 62% for Bujagali – Tororo EPC contractor were approved by the UETCL Board, Solicitor General and the Bank.
6. Hoima – Kafu interconnection	Procure Consultant to conduct the feasibility study for the Hoima – Kafu interconnection 220kV Line. Complete the feasibility study for the Hoima – Kafu interconnection 220kV Line.	Procurement consultants for the ESIA, RAP and feasibility Studies completed. Feasibility study, ESIA & RAP Studies on-going.

Source: Ministry of Energy and Mineral Development

In line with the NDP, RESP and the NRM Manifesto 2011, the Government implemented distribution projects alongside transmission projects to realize the primary objective of the Rural Electrification Strategy and Plan (RESP) of reducing inequalities in access to electricity and the associated opportunities to improve social welfare. In 2012/13, UGX 2.9bn was allocated to extend distribution lines and establish independent grids under rural electrification. With slightly below a third (59%) of annual budget released and 93% expenditure, good progress was registered. Rural electrification schemes[1] equivalent to 1,120km were completed against an annual target of 1,000 km. The discrepancy in budget performance and output performance could imply inefficiency in budgeting since 112% of the target was achieved with nearly. 11 district headquarters were electrified as planned, hence a total 99 districts headquarters are electrified out 112 districts.

(d) Improvement in Energy Efficiency

Energy efficiency offers a powerful and cost-effective tool for achieving a sustainable energy future. Improvements in energy efficiency reduce the need for investment in energy infrastructure, cut energy bills, improve health, increases competitiveness and improve consumer welfare. The Government adopted energy efficiency policy and promoted energy efficient technology in buildings, appliances, transport and industry.

[1] The completed electrification schemes are Soroti – Katakwi – Amuria, Ayer – Kamdini and Bobi – Minakulu, Ibanda – Kazo – Rushere and Opeta – Achokora lines.

During FY 2012/13, 42,940 improved cook stoves were distributed against an annual target of 40,000 with the rationale to reduce use of wood fuel and preserve the environment. The gap in distribution of improved stoves was attributed to inability of some households to meet the basic cost of the technology. To-date a total of 837,940 improved household cook stoves have been disseminated and 900 institutional stoves have been disseminated. The effect of the improved cook stove was realized in 2012 with a slowdown in annual production of fuel wood and charcoal. Between 2009 and 2011, annual production of fuel wood and charcoal grew by 7% and slowed down to 6.9% in 2012 (Table 3.1.4) indicating reduction consumption of wood fuel and Charcoal.

Table 3.1.4: Total production (projection) of Round-wood timber ('000 tones)

Year	Fuel Wood - Household	Charcoal	Annual Growth	
			Fuel Wood - Household	Charcoal
2008	21,146	7,452	-	-
2009	21,905	7,975	3.59%	7.02%
2010	22,692	8,535	3.59%	7.02%
2011	23,507	9,134	3.59%	7.02%
2012	24,327	9,766	3.49%	6.92%

Source: **UBOS, Statistical Abstract 2013**

Beyond simply identifying the sources of energy use, the Ministry of Energy and Mineral Development undertook an energy audit seeking to prioritize the energy use to the greatest and in cost effective manner for energy savings. In FY 2012/13, good progress was registered with 70% of the audited institutions[1] implementing energy efficiency recommendations.

Table 3.1.5: Energy usage after Power Factor Correction Equipment

Company/Factory	Power factor before installation of PF correction Equipment	Power factor after installation of PF correction Equipment	Verified KVA Savings after installation of PF correction Equipment
Luuka Plastics - Kawempe	0.7	0.92	93
Lake Bounty - Kampala	0.72	0.96	160
Rwenzori Commodities - Hima Fort Portal	0.65	0.97	134
Uganda Tea Corporation - Kasaku Mukono	0.7	0.97	189
Ugachick Poultry Breeders - Gayaza	0.79	0.93	115
Rwenzori Commodities - Munoba Fort Portal	0.64	0.91	142
SCOUL - Lugazi	0.82	0.92	1,777
Rwenzori Commodities - Kigumba Fort Portal	0.69	0.94	178
Total			**2,788**

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

The installation of the power factor correction equipment makes significant savings in power use. Large commercial power consumers in Uganda use power factor as low as 0.5, representing 51% energy loss. The power factor correction equipment[2] saves significant amount of power, 2788 KVA, equivalent to 2.7MW of power was saved by the eight companies after installing power factor correction equipment (Table 3.1.5). The use of power factor correction equipment is therefore a sustainable method of increasing availability of power for other users. The Government needs to enforce the use of power factor correction equipment.

(e) Good progress on Petroleum Exploration and Production

In order to better address emerging issues in petroleum exploration and production, Government formulated the National Oil and Gas Policy for Uganda. The goal of the National Oil and Gas Policy is ***"to***

[1] Some of the institutions include Uganda Investment Authority and its facilities in Namanve Industrial Park, Golf Course Hotel, Hotel Africana, Bakheresa, Kawacom, Maganjo Grai milling company and Wavah Water.

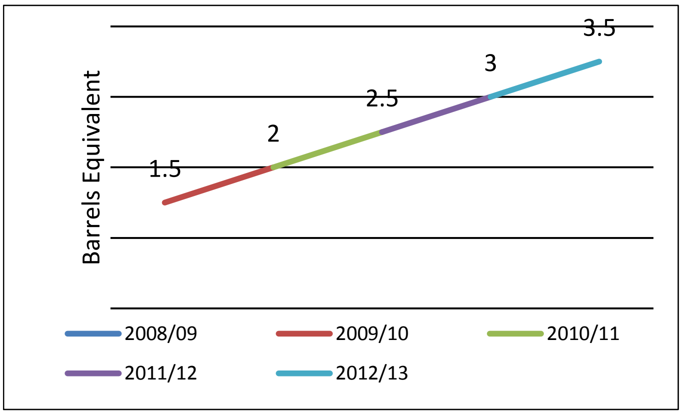
[2] Power factor correction equipment is a device designed to improve utility of electricity by reducing the amount of reactive power that the load draws.

use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society". The Policy set out 10 clear objectives to achieve the goal. During FY 2012/2013, GoU allocated UGX 29.2bn for petroleum exploration, development and production out of which UGX 22.6bn (77%) was released and 97% of the release was spent.

In pursuit of objective 1; "efficiency in licensing Areas with the Potential for oil and gas" of the Policy, 3 international oil companies held exploration licenses in 4 of the 13 EAs in Albertine Graben in FY 2012/13. Licensing of exploration companies was halted pending petroleum resource management law.

On objective 2; "establishment and efficient management of the oil and gas resource potential", 23 oil wells were successfully drilled and appraised against annual target of 14 oil wells. In total, 92 exploration and appraisal wells have been drilled in the country of which 79 encountered oil and/or gas in the subsurface, accounting for 85% success rate. The reserves in place have grown from 300 million barrels in 2006 to 3.5 billion barrels of oil in 2012/13 (Figure 3.1.1). The recovery of the oil resource was estimated between 1.2 – 1.7 billion barrels. The Petroleum, Exploration, Development and Production law and the Petroleum Refining, Transportation and Storage law were passed as planned.

Fig 3.1.1: The Oil and Gas reserve in Uganda



Source: **Ministry of Energy and Mineral Development**

In promotion of valuable utilization of the country's oil and gas resources, UGX 12.44bn was allocated UGX 8.06bn released and 98% of the release was spent. The environmental impact assessment (EIA) for the refinery was undertaken and 90% of the work was done against annual target its completion. The Government Chief Valuer (GCV) approved the valuation report and compensation and resettlement was expected to commence in FY 2013/14.

(f) Petroleum supply industry competitive

As the country waits for own production, 95% of the petroleum products consumed in the country are imported through Kenya and the remaining 5% through Tanzania by Oil Marketing Companies (OMCs). In order to efficiently and effectively manage and regulate the sub-sector, the MoEMD developed the Emergency Petroleum Supply Plan (EPSP) during FY 2012/13 as planned. The downstream petroleum Policy was drafted. In the area of enforcement, illegal facilities and those that did not meet the standards in the petroleum distribution and marketing industry were closed.

A total of 167 petroleum operating companies were licensed to operate in Uganda. By the end of FY 2012/2013 55% of the petroleum facilities monitored were in conformity with standards. The standards of the petroleum facilities improved marginally (by 3 percentage points) in FY 2012/13 compared to the previous financial year. The petroleum supply industry during FY 2012/13 was competitive with Herfindahl index[1] 0.08 in FY 2012/13 from 0.13 in FY 2011/12.The refurbishment of the Jinja storage tank facilities was completed. The facility has a capacity of 30 million litres and restocking process had started by end of FY 2012/13. In line with NDP, the development of Nakasongola for sufficient stock of petroleum products on the market at all time.

On Kenya – Uganda – Rwanda oil pipeline, the Government of Uganda and the Government of Kenya were procuring a private investor for Kenya – Uganda section. The compensation and/or resettlement of project affected persons was expected to commence in FY 2013/14.

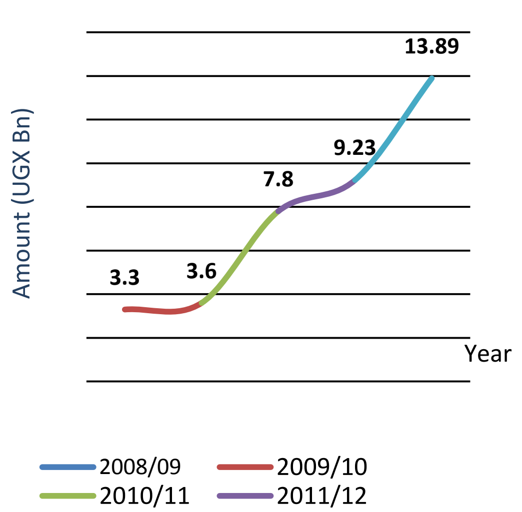
[1] Herfindahl Index (HI) is a measure of competitiveness of the market. HI below 0.1 signifies high competition, while an index above 0.18 signifies low competition or monopoly.

(g) Mining Sector grows

The Mineral Policy of Uganda was developed to stimulate growth in mining sector with the goal ***"to develop the mineral sector for it to contribute significantly to sustainable national social and economic growth".*** The objective was to promote private participation, regulate and manage the industry for sustainable national and economic growth. The Mining sector in Uganda continued to grow. Non-tax revenue (NTR[1]) collection continued to steadily increase over the last five years (Figure 3.1.2). During FY 2012/13, a total of UGX 13.8bn was collected as NTR in from of royalties, mineral license fee and sale of publication and geological data.

In light of the Policy objectives the Ministry received UGX 2.0bn (94%) of the budget allocation (UGX 2.19bn) to explore, develop, promote and add value to the mineral resources; build institutional capacity and monitor operators and enforce regulations in the sector. During FY 2012/13, the Ministry produced and disseminated 265 geological maps against annual target of 250 maps. However, the coverage of geo scientific data for the whole country acquired (Geological and Geophysical mapping) remained 80% of the entire country. Geophysical survey was carried out in Bweyale/Karuma area in order to confirm the magnetic anomaly that was earlier on generated by airborne geophysical surveys. The results were promising and the prospect was being packaged for further development by exploration/mining companies.

Fig 3.1.2: Non-Tax Revenue performance



Source: **Ministry of Energy and Mineral Development**

The development of Sukuru phosphates was on halt amidst the country's daring need for fertilizer. The project affected communities demanded to be compensated or resettled before the development starts. As for Muko iron ore, exploration and mining continued in Kazogo and Nangala within Muko. This calls for review of the licensees in the area to effect development of the ore.

The sector continued to promote value addition in mining through training workshops. During FY 2012/13, 350 mineral artisans and small scale miners were trained against the annual target of 300 artisans and small scale miners.

(h) Licensing and Inspection of Mining sites

The Ministry of Energy and Mineral Development continued to license monitor and inspect the mining activities in the country. A total of 867 licenses[2] and certificates were operational by end of FY 2012/13. During FY 2012/13, 350 mineral licenses were granted against annual target of 300 licenses. With nearly two-thirds of the budget spent, 18 mining sites inspections were undertaken against the annual target of 12 mining sites inspections focusing on 13[3] areas.

[1] Revenue accruing from royalities, mineral license fees and sale of publication and geophysical data.

[2] 203 Prospecting Licenses (PL), 531 Exploration Licenses (EL), 5 Retention Licenses (RL) 38 Location Licenses (LL), 29 Mining Leases, and 61 Mineral Dealers' Licenses (MDL). However for the last six months 443 licenses were issued and 318 revoked during the FY 2012/13.

[3] Monitoring and inspections took place in Mukono (gold), Jinja (copper smelter), Tororo, Busia (gold), Manafwa (vermiculite), Moroto (marble), Dura (limestone), Hima (limestone), Kilembe (copper), Katwe (salt), Ruhizha (wolfram), Kirwa (wolfram) and Muhokya (lime), Mubende (gold at (Kisita and, Kamarenge), Kasese (limestone at Hima and Muhokya; copper at Kilembe; and salt at Katwe).

3.2 Information and Communication Technology Sector

3.2.1 Sector objectives

The Information and Communications Technology (ICT) sector is mandated to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy for the ICT sector. It also ensures sustainable, efficient and effective development; harnessing and utilization of ICT in all spheres of life to enable the country achieve its national development goals. The ICT sector is divided into three levels namely, Policy, Regulatory and Operational. The Regulatory level comprises Uganda Communications Commission (UCC) and the National Information Technology Authority (NITA-U), while the operational level consists of telecommunications, postal, Information Technology (IT) and broadcasting operators.

The Sector is led by Ministry of Information and Communications Technology (MoICT) and includes Uganda Communication Commission (UCC), Broadcasting Council (BC), National Information Technology Authority (NITA-U), Uganda Post Limited (UPL) and Uganda Institute of Information and Communications Technology (UICT).

3.2.2 Overview of Sector Performance

The ICT Sector's function is to increase access and use of information technology across the entire population as a way of improving service delivery. This can be measured through the improved access and utilization of quality and affordable ICT resources and services in all spheres of life and the promotion of ICT business to enhance employment, income and growth as well as improved ICT governance. The Sector registered positive trend of 25% in the outcome indicators while 13% took a negative trend in FY 2012/2013 (Table 3.2.1).

Table 3.2.1: Annual Performance Scorecard for Information and Communications Technology Sector

Outcome Trends*

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	25%	31%	25%	13%	69%	0%	16

Output Performance*

	% achieved	% moderate	% not achieved	% no data	Denominator
Sector	47%	18%	35%	0%	17
MoICT	40%	20%	40%	0%	10
NITA-U	57%	14%	29%	0%	7

Actions Performance*

Action	% On Track	% Off Track	% no data	Denominator
Cabinet	100%	0%	0%	5
PIRT	0%	0%	0%	0

Budget Performance*

	Approved (Bn UGX)	Released (Bn UGX)	Spent (Bn UGX)	% budget released	% release spent	% budget spent
Sector	15.523	15.111	13.314	97%	88%	86%
MoICT	4.923	6.811	7.394	138%	109%	150%
NITA-U	10.600	8.300	5.920	78%	71%	56%

*Source: Budget figures from the ABPR FY2012/13, Outcome and output performance data from Sector annual performance reports

The Sector as a whole received UGX 15.11bn (97%) of the approved budget and spent 88% of the releases. With the resources released, the sector achieved 47% of the planned targets by the end of the financial year and 35% of the output targets were not achieved while 18% of the output targets were nearly achieved. The sector endeavoured to provide reasons for variance in performance especially for indicators in red and amber (GAPR FY 2012/13 Volume II) but not all of the indicators had explanations while some of those that had the explanations were unclear. For example, output: 050202 (Sub-Sector monitored and promoted) did not have a clear explanation for under performance.

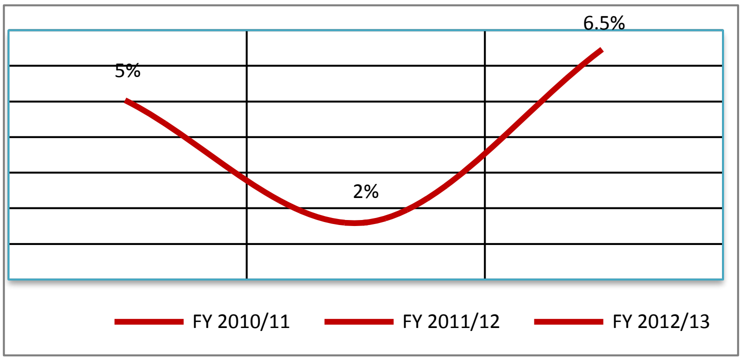
More specifically the performance of institutions in the sector was as follows; the Ministry of ICT achieved 40% of its outputs targets, 20% registered moderate performance and 40% remained behind schedule while NITA-U registered a 57% achievement level of their output targets, 14% were nearly achieved whereas 29% were not achieved. Specifically, the sector's overall performance was poor considering 97% of their budget was released and 88% of that was spent by close of the financial year under review. All the actions concerning the ICT Sector from the Cabinet Retreat of November 2012 were on track by year end.

3.2.3 Achievements registered in the Sector.

(a) Contribution to GDP

As shown in Figure 3.2.1, in the just concluded financial year, the MoICT reported that the percentage contribution of ICT sector to the GDP of the country was 6.5%. This shows that the Sector's contribution to GDP increased last financial year after falling to 2% in FY 2011/12 from 5% in FY 2010/11. This increase was attributed to increased investment in the telecommunications industry and the broadcasting industry.

Fig 3.2.1: Percentage contribution of ICT sector to GDP



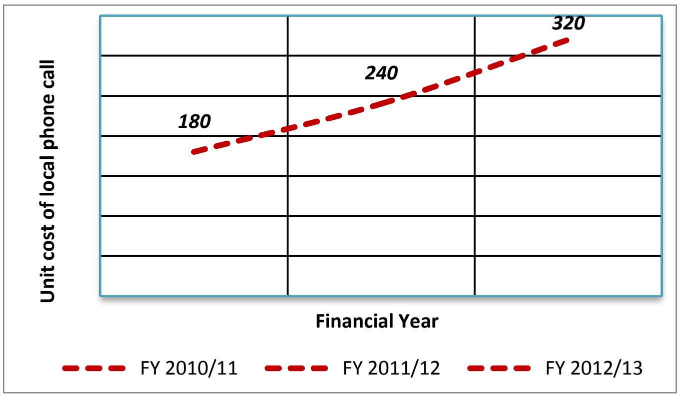
Source: GAPR FY 2010-2012 and ICT sector annual performance reports.

(b) Access and utilization of quality and affordable ICT resources

It was reported in the Sector's annual performance report that one million people were employed in the ICT sector in the last financial year more than the planned target of 950,000. The Ministry attributed this performance to increase in the number of operators and value added services within the sector. The percentage of Government institutions providing services online has remained at 63% for the last two financial years. The online services provided included; downloading and printing online forms, completion of interactive online forms, payment of bills and online feedback. However, some Government websites do not perform optimally for example the MoICT website had a none functional download command under the publications category.

For the last three financial years (as show in Figure 3.2.2) a negative trend in call costs has been registered because the goal of making the unit cost of making a local phone call (shillings per minute) cheaper has not been realized. In FY 2010/11 the cost was UGX 180 which increased to UGX 240 in FY 2011/12 and in FY 2012/13 it increased to UGX 320. The objective of the sector is to make the cost of phone calls cheaper as reflected in last financial year's target of UGX 300 per minute for a local phone call but as recorded above that target was not achieved. The Ministry reported that this was due to inflation.

Figure 3.2.2: Unit cost of making a local phone call (UShs)

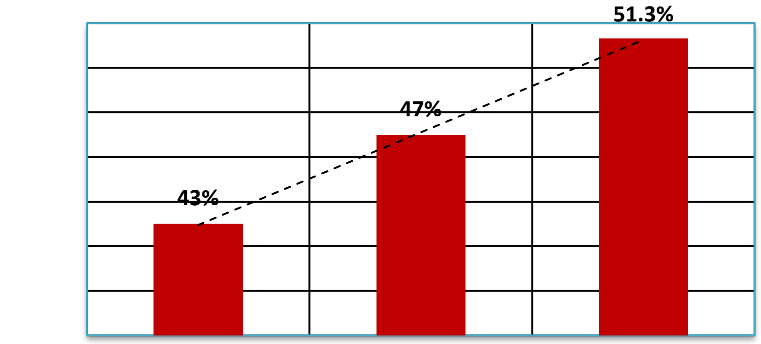


Source: GAPR FY 2010-2012 and ICT sector annual performance reports.

(a) National Tele-density (percentage number of fixed lines and mobile lines)

For the last three years data from the sector as show in Figure 3.2.3, the National tele-density (percentage number of fixed lines and mobile lines) has been increasing by a rate of four percentage points between FY 2010/11 and 2012/13. This positive trend should be scaled up in order to improve access to ICT resources namely telephones and extended to other ICT services like cheaper internet access. This performance has been attributed to among others, the increased number of people with more than one mobile number SIM card and affordable services like cheaper dominions of airtime. However, by close of FY 2012/2013, the sector did not achieve the target it set of 60% national tele-density. It registered 51% national tele-density by close of last financial year.

Figure 3.2.3: National Tele-density



Source: GAPR FY 2010-2012 and ICT sector annual performance reports.

(b) Global Information Technology Report (GITR)

The Global Information Technology Report (*GITR) 2013*[1], analyses the impact and influence of ICTs on economic growth and jobs in the world. The report highlights the lack of progress in bridging the new digital divide – not only in terms of developing ICT infrastructure but also in economic and social impact. Despite rapid adoption of mobile telephony, most developing economies lag behind advanced economies due to environments that are insufficiently conducive to innovation and competitiveness.

Table 3.2.2 shows how Uganda ranks against 144 nations of the world in terms of impact and influence of ICTs. Uganda ranked 110 overall according to the report. The report states that the development and general uptake of ICTs depend on the capacity of a country to provide an institutional framework with reliable and efficient rules and regulations; favorable business conditions for the founding and growth of new (social and commercial) enterprises; an innovation-prone environment, capable of developing and absorbing new knowledge; and an ICT-friendly government policy.

Table 3.2.2: Impact and influence of ICTs -Uganda ranking

	Rank /144	Score
Overall	**110**	**3.30**
Environment	**88**	**3.71**
Political and regulatory	60	3.83
Business and innovation	115	3.59
Readiness	**104**	**3.76**
Infrastructure and digital content	106	2.88
Affordability	75	5.07
Skills	125	3.33
Usage	**117**	**2.89**
Individual	131	1.65
Business	106	3.13
Government	84	3.90
Impact	**115**	**2.86**
Economic	121	2.65
Social	111	3.07

Source: The Global Information Technology Report 2013

[1] World Economic Forum (2013), The Global Information Technology Report: Growth and Jobs in a Hyper connected World. Retrieved from http://www3.weforum.org/docs/WEF_GITR_Report_2013.pdf

As shown in table 3.2.2 Uganda ranks 88th in offering the conducive environments for ICT development. Under the business and innovation environment sub category which gauges the existence of conditions that permit innovation to flourish, Uganda performs poorly (115th) but fairs better (60th) in offering a conducive political and regulatory environment[1] for ICT development. Uganda ranked 104 out of 144 countries under the readiness index which measures the degree to which a society is prepared to make good use of an affordable ICT infrastructure and digital content. The index also shows that Uganda does not have sufficient skills capacity (ranking 125th) in order to make effective use of ICTs. The report also points out that Uganda ranks poorly (115th) on the broad economic and social impacts accruing from use of ICTs to boost competitiveness and well-being of the Country.

In East Africa, Rwanda is the highest ranked country (88th) followed by Kenya (92nd) then Uganda in 110th place while Tanzania and Burundi taking 127th and 144th positions respectively as shown in table 3.2.3[2].

Table 3.2.3: NRI ranking of East African Community Countries

Economy	Rwanda	Kenya	***Uganda***	Tanzania	Burundi
Rank	88	92	***110***	127	144
Score	3.68	3.54	***3.30***	2.92	2.30

Source: The Global Information Technology Report 2013

(c) Information management and Information technology governance services

The ministry reported that by the end of the financial under review, the two planned dissemination activities on the e-government policy framework were carried out. Furthermore, it was reported that one monitoring activity was carried out at the Government aided Business Process Outsourcing (BPO) center. It was reported that the second monitoring activity was not carried out due to limited funding. However, UGX 0.10bn (125%) of the budget was released for this activity and 110% spent. The ministry reported that all the three targeted software and hardware promotion campaigns were undertaken. The promotion campaigns coordinated were the development of software quality assurance standards, the development of security standards and the setup of Microsoft Innovation Centre at Makerere University. By year end, the status of implementation of the strategy[3] on transition from IPV4 to IPV6 was at stage five as planned. Stage five of this strategy involved carrying out one technical training exercise on IPv6 and one dissemination event was carried out at the Uganda Internet Governance Forum. The ministry reported that these activities were done by the end of the financial year. In order to develop human resource base for IT, the ministry drafted the guidelines for ICT professional training. This is one of the necessary pillars for the Country to develop ICT capacity in terms of human resource and benefit from ICT sector economically and socially, as reported in the GITR 2013.

The National Information Technology Authority – Uganda (NITA-U), reported that by end FY 2012/13, 16 IT standards and regulations[4] were developed and gazetted. This performance out stripped the annual target of three. NITA-U reported that the National IT Standards were developed and reviewed jointly with the Uganda National Bureau of Standards (UNBS) through the Technical and Sub-Committee established under the UNBS. The National IT Standards were reviewed, approved and declared as National IT Standards for adoption by the National Standards Council (NSC). In addition to the National IT Standards, two (2) MDA IT Standards and Guidelines were drafted [5] as part of the Strategy for Rationalization of IT Services in Government MDAs to facilitate planning and budgeting for the FY 2013/14.

[1] Assesses the extent to which the national legal framework facilitates ICT penetration.

[2] http://www3.weforum.org/docs/GITR/2013/GITR_OverallRankings_2013.xlsx.

[3] ***Stage 1***: drafting, ***Stage 2***: First consultations, ***Stage 3***: Draft two, ***Stage 4***: approval, ***Stage 5***: Implementation

[4] The sixteen (16) IT standards cover the following areas: Information Technology (IT Security Management), Information Technology Cyber Security, Information Technology Security Incident Management , Information and Communications Technology (ICT) Disaster Recovery Services, IT Security Risk Management, Audit and Certification of IT Security Management Systems, IT Network Security, IT Corporate Governance and Software Acquisition.

[5] These are: a) Guidelines and standards for acquisition of information technology hardware & software for Government Ministries, Departments and Agencies (MDAs), b) Standards for Structured Cabling for Government Ministries, Department and Agencies (MDAs).

The NITA-U also provided technical support on e-government and e-commerce: the Authority planned to support eight MDAs operating VOIP and UMCS[1], however only three MDAs were supported by year end. The Authority attributed this under performance to limited funding. For this activity, UGX 0.47bn (48.5%) was released and all was spent. It was reported that under this activity MDAs were surveyed for readiness to undertake Unified Communications and VoIP and maintenance of UMCS and VoIP was carried out in the 3 MDAs currently using the systems.

(d) Communication infrastructure

The Authority planned to procure and distribute bulk internet bandwidth to eight MDAs through the National Data Transmission Backbone Infrastructure (NBI); however only three (3) MDAs were covered. The explanation given for this performance was that procurement of the internet bandwidth services was in final stages and modalities for payment and distribution of the bandwidth had been worked out with the Ministry of Finance Planning and Economic Development. About 1552 Kms were covered in the connection of the National Transmission Backbone. This was above the annual target of 1349 Kms. The target was achieved as planned at the start of the financial year as two (2) District Business Information Centers (*DBICs*) were set up in Tororo and Kitgum districts. In total that brings the total of operational DBICs to eleven including the already existing nine DBICs[2].

[1] Voice over Internet Protocol (VOIP) and Unified Messaging and Collaboration Services (UMCS)

[2] In Lira, Rukungiri, Kamwenge, Busia, Iganga, Mityana, Amuru, Hoima, Rakai.

3.3 Tourism, Trade and Industry Sector

3.3.1 Sector objectives

The National Development Plan 2010/11-2014/15 defines tourism and manufacturing among the primary sectors that can transform Uganda from a peasant to a modern and prosperous country within the next 30 years. Trade and cooperatives are mentioned among the complimentary sectors that would support the primary sectors to achieve this long term goal. This spells out the role the Tourism, Trade and Industry sector plays towards the economic development of the country.

The Tourism, Trade and Industry Sector constitutes two ministries; the Ministry of Trade, Industry and Cooperatives (MTIC) and the Ministry of Tourism, Wildlife and Antiquities (MTWA). The Agencies in the sector include; Uganda National Bureau of Standards (UNBS), Uganda Tourism Board (UTB), Uganda Industrial Research Institute (UIRI), Uganda Export Promotion Board (UEPB), Uganda Commodity Exchange (UCE), Management Training and Advisory Centre (MTAC), Uganda Wildlife Authority (UWA), Uganda Wildlife Education Centre (UWEC),and Uganda Development Corporation (UDC).

The Sector's key medium term objectives focus on the development and promotion of a competitive and export oriented industrial sector, advancement of Uganda's tourism domestically and internationally and support to nationwide efforts for improved product competitiveness in terms of export quality, quantity and high manufacturing standards.

3.3.2 Overview of the Sector Performance

The sector's performance for FY2012/13 is reflected in Table 3.3.1. The sector received a total sum of UGX 66.58 billion out of approved UGX 72.42 billion for 2012/13 financial year, translating into 91.9 percent budget release. Of this release, 99.8 percent was spent. The Ministry of Trade Industry and Cooperatives received the highest share of the sector budget with UGX 34.4 billion (94.9%) of the approved UGX 36.25 billion being released and 99.7% of it spent. The ministry received a supplementary budget worth UGX3.24 billion in the FY2012/13 to facilitate the COMESA Policy Organs meeting and Heads of State Summit. The Ministry of Tourism received 92.7% of its approved budget, UNBS got 87.8%, UIRI received 85.8% while Uganda Tourism Board received 97.9% of its approved budget for FY2012/13.

Table 3.3.1: Annual performance scorecard for the Tourism Trade and Industry Sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	27%	18%	0%	27%	36%	46%	11

Output Performance

	% achieved	% Moderately Satisfactory	% not achieved	% no data	Denominator
Sector	52%	17%	28%	3%	102
MTIC	49%	8%	40%	3%	35
MoTWA	59%	23%	18%	0%	22
UNBS	38%	21%	33%	8%	24
UTB	56%	11%	33%	0%	9
UIRI	75%	25%	0%	0%	12

Actions Performance

Action	% On Track	% Off Track	% no data	Denominator
Cabinet	90%	10%	0%	10
PIRT	N/A	N/A	N/A	N/A

Budget Performance

Budget	Approved (Bn UGX)	Released (Bn UGX)	% budget released	Spent (Bn UGX)	% release spent	% budget spent
Sector	72.42	66.58	91.9%	66.42	99.8%	91.7%
MoTIC	36.25	34.40	94.9%	34.31	99.7%	98.0%
MTWA	10.90	10.10	92.7%	10.03	99.3%	92.1%
UNBS	11.21	9.84	87.8%	9.847	100.1%	87.8%
UTB	1.419	1.389	97.9%	1.384	99.6%	97.5%
UIRI	12.64	10.843	85.8%	10.843	100%	85.8%

However, with 91.9% of the sector budget released and 99.8% spent, the analysis of the 11 sector outcome indicators shows that only 3 (27%) had a positive change, 3 (27%) had a negative change while 5 (46%) of the indicators were not assessed due to inadequate data. In addition, only 2 (18%) of the indicators were achieved as planned while 4 (36%) were not achieved, and 5(46%) had no data. Analysis of the 2012 Cabinet Retreat Actions showed 90% of the 10 planned actions being on track and 10% being off track by the end of the FY2012/13.

On output performance, the sector fully achieved 52 percent of its total output targets, 17% wwere on the verge of being achieved, 28% lagged behind and were not achieved while 3% lacked adequate data. The Ministry of Trade, Industry and Cooperative achieved 49 percent of its annual targets, Ministry of Tourism, Wildlife and Antiquities achieved 59 percent, Uganda National Bureau of Standards (UNBS) achieved 38 percent, Uganda Tourism Board (UTB) achieved 56 percent of the targets while Uganda Industrial Research Institute (UIRI) achieved 75% of its intended annual output targets for the FY2012/13.

Given that none of the MDAs in this sector received less than 85 percent of their approved budget, this level of performance does not match with the released funds; ironically all the MDAs in this sector attributed the low level of performance to inadequate funding coupled with budget cuts in the FY2012/13.

As compared to FY 2011/12 where UGX 52.10 billion (90%) of the approved UGX 58.03 billion was released, the sector registered an improvement in both the amount approved and the proportion of the budget released as UGX 66.58 billion (91.9%) was released out of the UGX 72.42 billion planned for 2012/13.

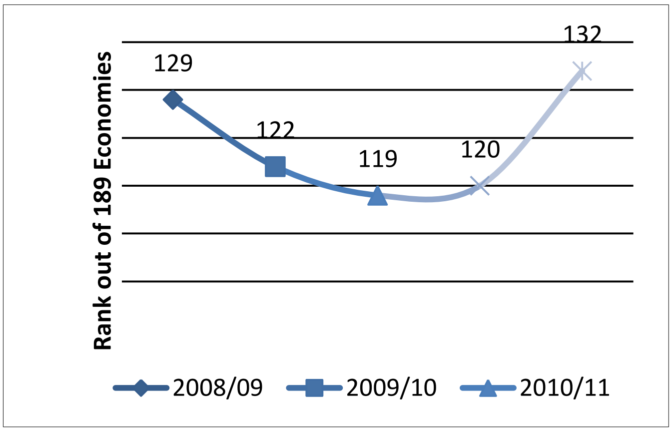
Of the released budget, UGX 66.42 billion (99.8%) was spent indicating a good absorption capacity of the sector in the FY2012/13.

3.3.3 Achievements registered in the Sector.

(a) Cost of Doing Business in Uganda

In the 2012/13 budget speech, the Government expressed its intention to commence efforts aiming at reducing time and cost of doing business in Uganda. Among the proposed efforts were; comprehensive review of business licenses to simplify requirements, reducing discretionary powers, and eliminating redundant procedures. As a result of this review, the Government would eliminate about 27 licenses all of which were found to be either obsolete or redundant. According to the Doing Business Report 2014 by the World Bank, Uganda's overall ranking in

Figure 3.3.1: Uganda Ranks in Doing Business out of 189 Economies 2008/09-2012/13



Source: World Bank Doing Business Reports, 2010, 2011, 2012, 2013 & 2014 the ease of doing business continued to worsen in FY 2012/13 being ranked 132 out of 189 economies assessed, as compared to 120 rank for FY 2011/12. The findings suggest that the regulatory environment in Uganda is becoming less conducive to the starting and operation of a local firm.

Figure 3.3.1 shows Uganda's rank slightly improving over the years from 129 in 2008 to 122 in 2009 and then 119 in 2010 before it fell back by one position to 120 in 2011 and further down to 132 in FY 2012/2013.

Overall, Rwanda was ranked the best economy in East Africa ranked 32nd followed by Kenya at 129th position while Uganda comes in at 132nd out of 189 economies assessed in the ease of doing business.

For example to start business in Uganda involves 15 procedures, 32 days and 78.3% of the income per capita as compared to only 2 procedures, 2 days and 4.4% of income per capita for Rwanda. To get a construction permit in Uganda involves 16 procedures, 146 days and a cost (%income per capita) of 742.9% as compared to Rwanda's 13 procedures, 104 days and a cost of 375.7%

Uganda needs to take steps towards making it easier to do business, streamlining procedures by setting up a one-stop shop, making procedures simpler or faster by introducing technology and reducing or eliminating minimum capital requirements. In the long run, greater benefits are created, among which is greater firm satisfaction, growth in savings and more registered businesses, financial resources and job opportunities.

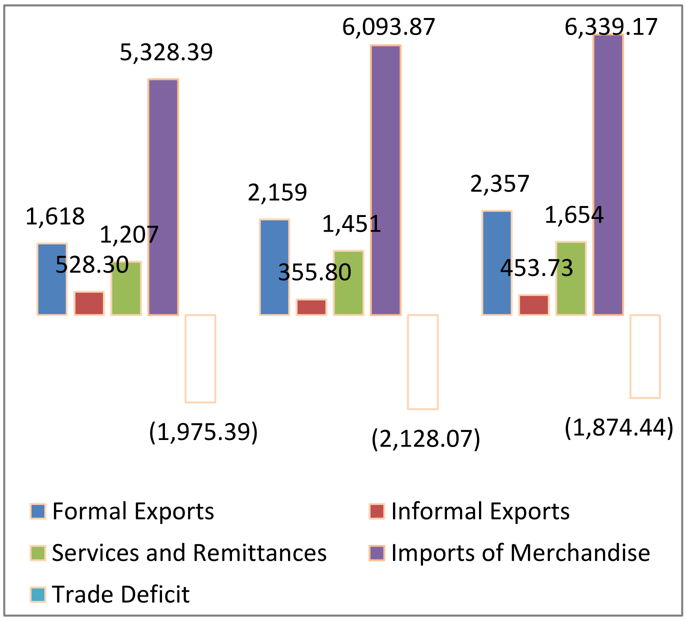
(b) Cross Border Trade Still Relatively Costly

From Figure 3.3.2, Uganda formal export performance in the FY2012/13 has grown by 9.2% from US$ 2.16 billion in 2011/12 to US$ 2.36 billion. Service exports which includes; communication services, construction and engineering, educational services, financial both insurance and banking, tourism and travel related services, computer and professional services among others, earned the country US$ 1.65 billion in FY2012/13 up from US$ 1.45 billion in 2011/12 which is a 14% increase. Informal earnings increased by 27.5% from US$355.8 million in 2011 to US$453.73 million in 2012/13.

Overall, export earnings grew by 12.6% in 2012 after an increase of 18.3% in the previous financial year.

Imports in the financial year under review reached US$ 6.34 billion from US$ 6.09 billion in FY2011/12.

Figure 3.3.2: Uganda's Balance of Trade 2010/11-2012/13 (US$ M)



Source: Uganda Export Promotion Board-UEPB

[1]The contribution of traditional exports to overall formal export earnings decreased from 31.4 percent in 2011 to 25.1 percent in 2012. Similarly, the quantity of coffee exported decreased from 188,623 tonnes in 2011 to 161,656 tonnes in 2012. Nonetheless, coffee remained the major foreign exchange earner. The contribution of non-traditional exports some of which are re-exports to formal export earnings (cellular phones, petroleum products, fish and fish products, sugar and its confectionary , animal/vegetable fats and oils and cement) improved from 68.6 percent in 2011 to 74.9 percent in 2012.

[1] Uganda Bureau of Statistics, Statistical Abstract 2013

Petroleum and petroleum products registered the highest import bill of US$ 1.3 billion accounting for 22.2 percent of the expenditure on formal imports.

The Common Market for Eastern and Southern Africa (COMESA) regional bloc remained the main destination for Uganda's exports in 2012. Export earnings from COMESA increased from US$ 1.3 billion to US$ 1.6 billion in 2012 with its market share rising from 52.6 percent in 2011 to 57.7 percent in 2012 followed by EU with a market share of 14.7%, Middle East at 6.8% and Asia at 5.6% market share. Sudan remained the main destination for Uganda's exports with in COMESA region with a market share of 14.5%. Other destinations for Uganda's exports within COMESA are; DRC, Kenya and Rwanda.

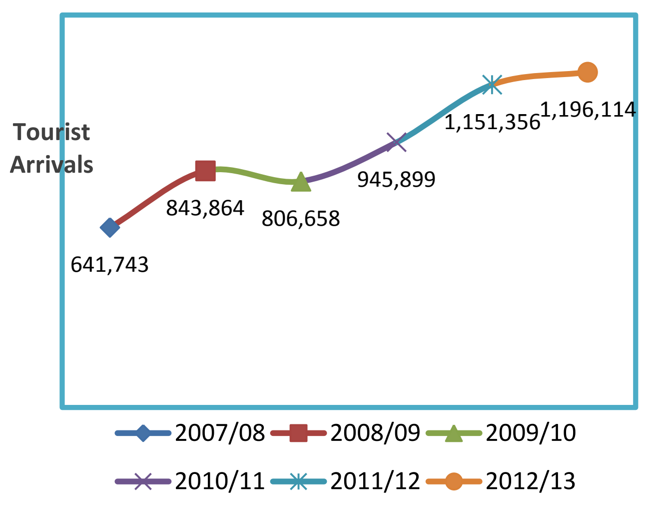
From the World Bank rankings 2013, Kenya tops East African Economies in cross border trading and is ranked 156 out of 189 economies; Rwanda follows at 162 while Uganda is ranked 164. Generally, East African economies are still not doing well as far as trading across borders is concerned though these economies subscribe to the East African Community and other regional integrations. In Uganda particularly, it is estimated that it requires 30 days to export a standard container of goods from the country to the nearest sea port as compared to Kenya's and Rwanda's 26 days. Time to import follows the same path as 33 days are still required to import goods into Uganda compared to 26 days and 30 days for Kenya and Rwanda, respectively. The costs on each container exported and/or imported in Uganda is still too high at US$ 2,800 and US$ 3,375 per container respectively as compared to Kenya's at US$ 2,255 and US$ 2,350 respectively. Therefore, Uganda in particular and East Africa countries in general need to come up with strategies aiming at reducing the cost of trading across borders so as to be more competitive and attractive to both international and local investors.

(c) Tourism Registering a Continuous but Slow Progress

Tourism is prioritized in the National Development Plan 2010/11-2014/15 as one of the primary growth sectors that would foster the country's social and economic development. Uganda has been recognized both outside and within Uganda for its tourism potential. Uganda was published by a high profile publication, Lonely Planet as the World's number one tourist destination in the year 2012, CNN listed Kidepo Valley National Park as one of the top 10 National Parks in Africa, River Nile was listed on the 7 wonders of Africa while Queen Elizabeth national park has been honoured a top performing national park as reviewed by travellers on the World's Largest Travel Site, Trip Advisor. However, the question remains unanswered on how Uganda intends to take advantage of such accolades to enhance the growth and contribution of the sector by increasing on the number of tourist arrivals and their stay in the country. Given Uganda's diverse landscape, flora and fauna, and its national parks, the country enjoys large potential for the development of nature tourism if large and sustainable investment is made in the sector.

While presenting the budget for FY2012/13 to Parliament, the Minister of Finance, Planning and Economic Development highlighted strategies aimed at enhancing the contribution of tourism to the country's GDP. These were; improving accessibility to tourist sites by upgrading road infrastructure, supporting enactment of hospitality standards through grading hotels and hospitality training, promoting eco-tourism and implementation of cost effective tourism promotion using tourist companies and on-line.

Figure 3.3.3: Trend in Total Tourist Arrivals 2007/08-2012/13



Source: Uganda Bureau of Statistics

The MTWA made some tremendous steps in implementing these strategies although a lot needs to be done, especially in training of the tourism resource and promoting a much stronger marketing strategy for Ugandan tourism.

Over the last decade, tourism in Uganda has continued to grow tremendously following the improvement in security in the northern part of the country. Figure 3.3.3 depicts the trend of tourist arrivals since 2007. The trend has almost doubled from 641,743 visitors in FY2007/08 to 1,196,114 visitors in FY2012/13 an average increase of 14% per annum.

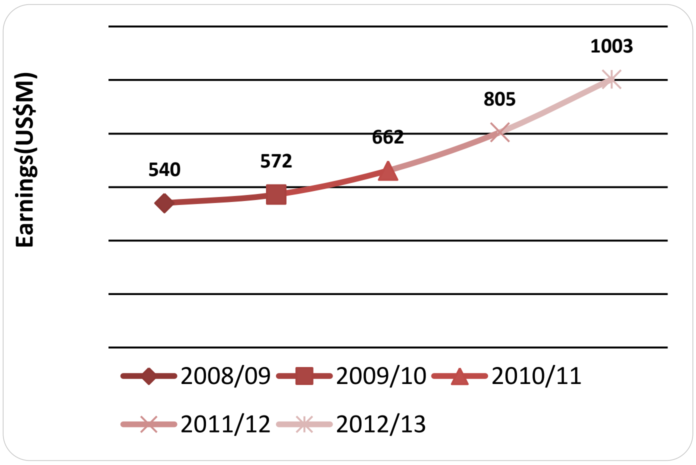
However, the growth in tourism slowed down in FY 2009/10 with a negative growth rate of 3% as a result of the 2008 global economic downturn; the situation improved in FY2010/11 with a growth rate of 17% from 806,605 arrivals in FY2009/10 to 945,899 arrivals in FY2010/11.

In FY 2012/2013, the Tourism sector received 1,196,114 visitor arrivals as compared to 1,151,356 arrivals for FY2011/12 which is a 4% increase as compared to 22% growth rate in FY2011/2012.

Statistics show that 148,000[1] visitors (12% of total visitors) specifically came for tourism. The rest of the arrivals were for business, visiting relatives and friends, meetings and conferences as well as for other reasons like education, spiritual, cultural and treatment among others, implying that a small proportion of the arrivals actually contribute to the sector. In addition, National Park arrivals decreased from 208,000 visitors in FY2011/12 to 182,000[2] visitors in FY2012/13 which is a 13% decline. The slow growth in the number of tourist arrivals and further decline in the number of visits to national parks has been attributed to the incidences of Marburg and Ebola in Western Uganda, the economic meltdown in the source market countries, negative security advisories on Uganda and the persistence of the civil war in Eastern DRC.

Nonetheless, tourism is known as one of the largest contributors of the country's GDP. During the FY2012/13, the total contribution of Travel and Tourism to GDP was UGX 4,993.6 billion (8.8% of GDP and 11% of the services sector). Visitor exports generated UGX 2,607.9 billion[3] (23.9% of total exports) in FY2012/13. This has made tourism a major foreign exchange earner for the country which in turn improves the country's balance of payments. Travel and Tourism directly and indirectly supported 199,500 jobs (3.1% of the total employment) and 483,500[4] jobs (7.6% of the total employment) respectively in FY2012/13. The jobs supported were in areas of hotels and restaurants, airlines and other passenger transportation services, tour guides and agents among others.

Figure 3.3.4: Foreign Exchange Earnings from Tourism 2008/09-2012/13 (US$M)

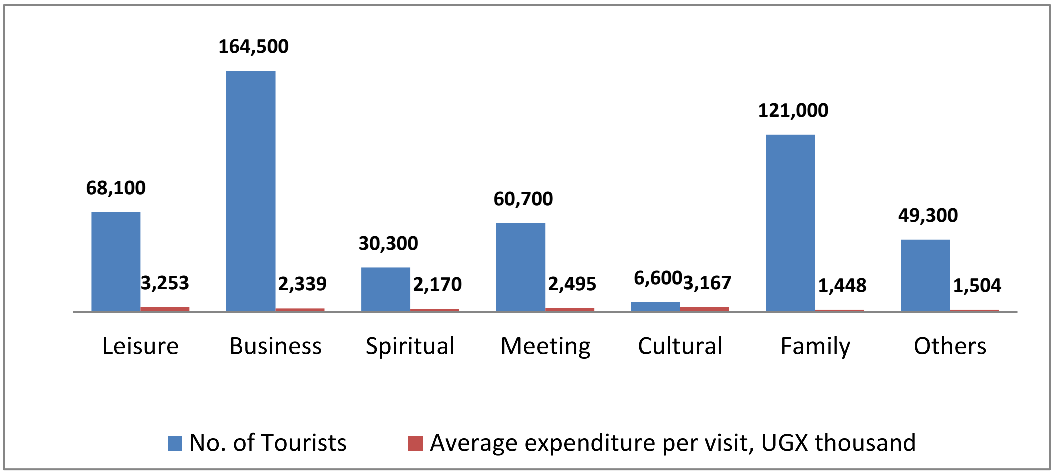


Source: ***GAPR 2009/2010, World Travel and Tourism Council Report 2013, Uganda***

Foreign exchange earnings from tourism increased from US$540 million in FY2008/09 to US$1,003million in FY2012/13 (Figure 3.3.4), an average growth of 17% per annum and a good indicator of the role played by the sector in the economy of Uganda.The largest number of tourists to Uganda was on business or visiting family and friends, with leisure (nature) tourists coming in third. Cultural tourists were the smallest category of visitors (Figure 3.3.5). The biggest spenders per visit were leisure and cultural tourists. These tourists should be an

[1] Uganda Bureau of Statistics, Statistical Abstract 2013
[2] Uganda Wildlife Authority
[3] World Travel and Tourism Council, Travel and Tourism Economic Impact 2013, Uganda
[4] World Travel and Tourism Council, Travel and Tourism Economic Impact 2013, Uganda

Figure 3.3.5: Number of Tourists who spent at least One Night in Uganda by type and the Average Expenditure per Visit UGX'000, 2012



Source: ***Economic and Statistical Analysis of Tourism in Uganda-World Bank Report 2013***

attractive target for government policy because they spend 30 to 100 percent more per visit than any other categories of tourists.

Attracting 100,000 additional tourists to visit Uganda would add 11% to exports and 1.6% to GDP, while persuading each tourist to spend one more night in Uganda would add 7% to exports and 1.0% to GDP according to the World Bank report on tourism, 2013.

Tourists' overall satisfaction with their trip to Uganda was high. However, local transport in Uganda and insufficient visitor information plus quality of customer service is the most frequently cited sources of dissatisfaction and suggested areas for improvement[1].

On output performance, the Ministry of Tourism, Wildlife and Antiquities had 13 (59%) of its targeted 22 output indicators for the FY2012/13 achieved while 9 (41%) of the output indicators were not achieved. The Uganda Tourism Board (UTB) on the other hand had 4 (56%) of its targeted 7 output indicators achieved and 3 (44%) not achieved. On the budget performance, the ministry had 92.7% of its approved budget released and 99.3% of the release spent. The UTB received 71.4% of its approved budget with100% of it being spent. The above absorption capacity for both the ministry and its agency is good budget performance, though the output performance does not match the budget performance implying too high targets being set or inefficiency in the use of resources.

In FY 2012/2013, the ministry trained 222 airport taxi drivers, tour guides and police in guiding services and customer care. Good performance was registered in building human resource capacity in hospitality and wildlife conservation where a total of 308 against a target of 240 students graduated at Hotel and Tourism Training Institute (HTTI), a number the Ministry attributes to students carried forward from the previous year and presence of short courses whose enrollment is not predictable. In addition, the ministry carried out inspection of hospitality facilities to ensure safety and hygiene of tourists; 480 hospitality establishments were inspected throughout the regions of the country. This was followed by sensitization of 360 hotel owners on the standard criteria on hotels and restaurants to prepare them for the exercise of grading and classification. All the above is done to increase both the quantity and quality of tourism human resource that can improve the quality of customer service which has always been cited as one of the factors hindering tourism in the country.

Infrastructure being cited as one of the areas for improvement in tourist areas and national parks, the Ministry through Uganda Wildlife Authority and working with the Ministry of Works and Transport did maintenance of 1540kms of roads to ease access to the tourist areas and 13kms at UWEC. Procurement

[1] Economic and Statistical Analysis of Tourism in Uganda, World Bank Report 2013

of contractors to work on critical roads for tourism was ongoing by the close of the financial year. The status of some of these roads at the end of the financial year was as follows; the road leading to Kidepo Valley National Park was under maintenance; Works on the Ishasha – Katunguru road had started; Kyenjojo-Hoima-Masindi road was under procurement; Kabwoya – Kyenjojo was under procurement. Kabale-Kisoro and Fortportal-Bundibugyo roads were tarmacked among others. Refurbishment of the Uganda Museum and thatching of the cultural village was also completed in the year under review.

On promotion and marketing of tourism services, Uganda Tourism Board registered some success in the financial year under review. The agency produced and distributed 10,000 assorted promotional materials worldwide and participated in exhibitions both local and international namely; the World Travel Market London, ITB Berlin fair in Germany, FLY @50 FOR 50K Campaign, Busoga Tourism Expo, The 7th E-governance Africa Forum 2013, Kagulu Hill Climbing Challenge, and Bunyoro Kitara Tourism Expo, among others. All these aimed at marketing and promoting tourism within and outside Uganda.

However, there is little information regarding tourism by nationals; the sector relies heavily on the international visitors with few local tourists being attracted to tourism centers. It has been reported that most tourists obtain information regarding their trip to Uganda mainly through personal networks/friends; leisure tourists rely heavily on travel agents, guidebooks, and the World Wide Web and sometimes on personal networks. Only 5%[1] of all tourists use the Uganda Tourism Board's website as their main source of information. Strong branding of the country's tourism potential could attract more tourists such as through exploiting the historical background of Uganda named the 'Pearl of Africa' or the 2007 CHOGM slogan of Uganda, 'gifted by nature'.

Generally, slow progress was registered in areas of Policies, Strategies and Monitoring Services especially with regard to presentation of the Uganda Wildlife Act to Parliament, revision of the Historical monuments Act and presentation of the Regulations on the use of firearms by UWA staff and Revenue sharing to PParliament. None of these policies was delivered on as planned. The delay was attributed to delayed procurements, consultations taking longer than expected on some key issues among others. On ensuring quality of the tourism facilities, only 10 out of the targeted 100 tourism facilities were registered while none out of the targeted 200 accommodation and hospitality facilities were classified and graded.

In summary, there is need for heavy and deliberate investment in this sector to increase its productivity and exploit its full potential. While the Cabinet Retreat of November 2012 had recommended prioritizing increased budget allocation for the Tourism sector from 0.15% of the Budget in FY2012/13, the total budget has increased by UGX 0.912bn up from UGX10.9bn in 2012/13 to UGX11.812bn in 2013/14. However, the 2013/14 budget allocation is 0.11% of the total budget as compared to 0.15% in the previous budget implying a decrease in the budget allocation. The sector has over the years proved to be a viable source of the country's foreign exchange earner and a big contributor to the country's GDP with UGX 4,993.6 billion (8.8% of GDP and 11% of the services sector) realized in the FY2012/13. Thus, strategic investment in the sector to improve on the infrastructure, promotion, marketing and branding strategy, leisure and hospitality facilities, quality of human resource and protecting the existing natural assets could double the contribution of the sector to the economy.

(d) Slow Progress in Cooperative Development

According to the 2010/11-2014/15 NDP, cooperatives are listed among the complementary subsectors providing both institutional and infrastructure support to other sectors. Cooperatives play a vital role in the nation's economic development as they have a direct impact on job creation, food security and reduction of post-harvest losses as well creating a wider market for the goods produced.

In the FY 2012/13, UGX 0.83billion was released to the Ministry of Trade, Industry and Cooperatives out of the approved UGX 0.95billion to facilitate cooperative growth and development. The ministry's role is to create an policy and regulatory environment that facilitates enhanced growth of cooperatives, monitor, supervise and regulate cooperative activities, develop cooperative infrastructure as well as creating skills and awareness among cooperative members.

[1] Economic and Statistical Analysis of Tourism in Uganda, World Bank Report 2013

However, with UGX 0.83billion (87.4%) of the budget released, the sector achieved only 4 out of the 9 output indicators under cooperative development. The sector supervised 25 cooperatives out of the targeted 4 for FY 2012/13 in the districts of Kampala, Mpigi, Mbale, Bududa, Kibuku, Gulu, Nebbi. Kyegegwa, Jinja, Kyenjojo and Lukaya Town Council; registered and captured 2187 cooperatives in the Cooperative Data Analysis System (CODAS) out of the targeted 1000; and 388 cooperative members out of the targeted 200 were trained in Warehouse Receipt System (WRS) knowledge. All the above were achieved with support from Rural Financial Services Programme, Microfinance Support Centre and Bank of Uganda.

Slow progress was noted in auditing of cooperatives as only 3 out of the targeted 12 were audited. Some of those audited were; Kasawo Namuganga Cooperative Savings and Credit Society Ltd and Uganda Cooperative Transport Union Ltd. Same as in FY 2011/2012, under cooperative infrastructure development, no new storage facility was established out of the targeted 3 and none of the existing storage facilities was refurbished although the ministry targeted to refurbish 5 facilities in FY 2012/13. The failure to construct and refurbish storage facilities implies low or no progress in fighting post-harvest losses, ensuring food security and fighting hunger and malnutrition that is endemic in Uganda.

Secondly, there is still inadequate data regarding operations of cooperatives. There was no data for volume of Business turnover by cooperatives, growth in the number of cooperative members and the volume of lending by SACCOs in the economy. Without adequate information, it is hard to assess the performance of cooperatives over a period of time and the impact they create on society.

(e) Quality Assurance for Goods and Services in the Market

The sector through the Uganda National Bureau of Standards (UNBS) achieved a lot regarding quality control, market surveillance and public awareness and standardization issues. This was aimed at enhancing global competitiveness of the economy, protection of public welfare, and the overall national interests. The UNBS received UGX 9.84 billion (87.8%) of the approved UGX 11.21 billion in FY 2012/13; 100% of the released funds were spent indicating high absorption capacity.

However, there was mixed performance by UNBS during FY 2012/13. The UNBS registered success in inspection of imported consignments as 60,106 against the targeted 25,000 consignments were inspected. This great success was attributed to increased vigilance and increased importation. Additionally, 8,678 samples were tested against the 6,000 target, 10 regulatory frameworks agreed with bodies such as EAC, URA as planned and 5 inspection schemes were harmonized with the EAC schemes as planned. Good progress was also made in increasing public awareness to quality and standardization (SQMT) issues through mobilization, sensitization seminars and school outreach, television news items, talk shows, spot messages and jingles as well as through the print media.

However, low progress was made towards development and harmonization of standards as 145 standards against the 160 target were developed and only 19 out of 30 targeted standards were harmonized. Also in calibration and verification of equipment, only1,469 out of the targeted 1,815 equipment were calibrated. Under Quality Assurance of goods & Lab Testing, 335 out of the targeted 420 products were certified Q mark while 72 out of the targeted 120 products were certified S mark.

There is still public outcry over the number of counterfeit and substandard products on the Ugandan market which calls for the Government intervention and more vigilance by the UNBS.

(f) Industrial Research, Incubation and Value Addition Centres

The Sector through Uganda Industrial Research Institute (UIRI) received UGX 10.843 billion (85.8%) of the approved UGX 12.64 billion for FY2012/13 and the entire amount (100%) was spent. Out of the planned outputs and targets for FY 2012/13, the UIRI had 75% of the targets achieved and 25% not achieved. The failure to achieve the remaining 25% was attributed to the institute's failure to receive any release of funds for the development budget during Q4 of FY 2012/13 leading to a shortfall of UGX 1.5 billion. In comparison with the budget release (85.8%), the 75% output performance is work fairly done.

In Industrial Research and Development, the sector continued to provide the necessary tools and infrastructure so as to enhance industrial science, standards and advanced technology. The UIRI received UGX 1.35 billion in the FY2012/13 to undertake activities aimed at supporting industrial research and development. The institute undertook 28 against the targeted 25 research projects to enhance value addition for rural industrialization so as to reduce post-harvest losses. In addition, 55 against a target of 40 new innovations and value added products were developed in the financial year under review. Research was undertaken to add value to agro processed products like fruits, irish potatoes, peanuts, millet, honey, groundnuts, soya, dairy products among others into a number of products which include; juice, jam, sauces, nectar, dried fruits and vegetable products.

Under industrial incubation and value addition centres, UIRI received UGX 0.96 billion of the approved UGX1.29billion and UGX0.35billion out of UGX0.46billion respectively to facilitate industrial and technological incubation and establishment of model value addition centres. With the releases, 44 SMEs were created and supported through incubation out of the targeted 40 SMEs; 12 technologies out of the targeted 10 were deployed with incubatees while 6 model value addition centres were established out of the targeted 5 for FY2012/13.

The institute undertook a number of projects in FY 2012/13 including: wine processing equipment from South Africa were delivered to Mbarara Winery Facility, construction works and installation of a complete functional processing plant at the Blueswan Tissue production in Namugongo was completed, a fruit processing facility has been established in Arua and Nabusanke, a peanut processing facility in Lira, a potato processing facility in Kabale and a mushroom training and research center was established in Kabale, Pamoja, the UIRI business incubation program has a portfolio of 43 incubatees in different enterprises producing various products and creating employment, Technological Needs Assessment for Ntungamo and Mbarara (Karubunga dairy farm &Nyarubanga dairy farm) has been made and report completed, over 100 people have trained in the various course modules coordinated by UIRI Business Development Center's ICT outreach and Arua Business development programs for trainers, small and micro enterprises,15 youth received training in cow horn processing from KabaleYouth Action plan.

Other activities that were implemented during FY 2012/2013 included: Laboratory records and live cultures were stored and are continuously monitored; Submission of Samples for testing to Pan African Veterinary Center (PANVAC) for final testing to obtain market authorization; Research experiment aimed at production of wine from passion fruit with aim of retaining the fruit flavor; sixty (60) litres of the first batch were filtered ready for consumer testing; Consumer sensory studies are underway; 5 species of aromatic plants were established at Adeke Farm Limited the anchor host of the Essential Oil Pilot Project. Several studies of plant management and performance, weed, pests and diseases resistance are under way; designs and bills of quantities for a functional water bottling plant in Bushenyi are being prepared; and civil works for a complete functional juice processing plant at Luwero Kika and Maziba Winery Project in Kabale are at procurement level.

3.4 Works and Transport Sector

3.4.1 Sector Objectives

The National Development Plan 2010/11-2014/15 identifies an efficient transport system as a prerequisite for economic and social transformation of the country. The Works and Transport Sector, aims at promoting adequate, safe and well maintained works and transport infrastructure and services for social economic development of the country. The sector set budget priorities for FY2012/13 were; supporting primary growth sectors through reduction of road constraints; improvement of road safety;, reducing the national road maintenance backlog; redeveloping infrastructure in Northern Uganda; designs for reopening/reconstruction of the railway lines and standardization of gauges; improvement of inland water infrastructure services and rehabilitation of upcountry aerodromes. The 2012/13 national budget sought to remove infrastructure constraints in transport to facilitate private sector development as an engine of growth.

The sector is constituted of the Ministry of Works and Transport, and its agencies namely; Uganda National Roads Authority (UNRA), Uganda Road Fund (URF), Uganda Railways Corporation (URC), and Civil Aviation Authority (CAA). The Local Governments (LGs) are responsible for local road maintenance through the District Urban and Community Access Roads (DUCAR).

3.4.2 Overview of the Sector's Performance

The sector's performance for FY2012/13 is reflected in Table 3.4.1. The sector had UGX 1,696.38 billion (103%) released out of an approved budget of UGX 1,650.75 billion for the FY2012/13 and all the funds were 100% utilized. The release was higher than the approved budget because Uganda National Roads Authority received a supplementary of UGX 154 billion to pay the debt on development projects.

Table 3.4.1: Annual performance scorecard for the Works and Transport Sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	%no data	Denominator
Total	57%	64%	7%	36%	36%	0%	14

Output Performance

	% achieved	% moderately satisfactory	% not achieved	% no data	Denominator
Sector	42%	19%	39%	0%	48
MoWT	43%	18%	39%	0%	28
UNRA	36%	28%	36%	0%	14
URF	50%	0%	50%	0%	6

Actions Performance

Action	% On Track	% Off Track	% no data	Denominator
Cabinet	100%	0%	0%	8
PIRT	N/A	N/A	N/A	N/A

Budget Performance

Budget	Approved (Bn UGX)	Released (Bn UGX)	Spent	% budget released (Bn UGX)	% release spent	% budget spent
Sector	1,650.75	1,696.37	1,697.48	102.8%	100%	102.8%
MoWT	107.768	73.068	70.863	67.8%	97%	65.8%
UNRA	1,203.19	1,344.81	1,343.20	111.8%	99.9%	111.6%
URF	280.284	237.185	236.75	84.6%	99.8%	84.5%

Over the last 3 years, the release to the Works and Transport sector budget almost doubled from UGX 858.31 billion in FY2010/11 to UGX 1228.41 billion in FY2011/12 and then to UGX 1,696.38 billion in FY2012/13 (Table 3.4.1). This has been as a result of the Government's effort and commitment to improve the stock and quality of transport infrastructure in the country.

An analysis of individual MDA performance reveals that Ministry of Works and Transport achieved 11 (43%) of 28 output indicators, Uganda Road Fund achieved 3 (50%) out of 6 output indicators, while Uganda National Roads Authority had 5 (36%) of the 14 output indicators achieved. Good performance was noted in areas of data availability as all the indicators in the sector were assessed for the financial year under review.

3.4.3 Achievements registered in the Sector.

(a) Stock and Quality of Road Network

Road transport is by far the most dominant mode of transport accounting for over 95% of freight cargo in Uganda. The Government has prioritized improvement of the quality and quantity of national road transport network to reduce time delays and lower transport costs.. The national road network is 21,000km, of which 3,489.6km (16.6%) were paved and 17,510.4km (83.4%) were unpaved by the end of June 2013.

The cumulative stock of paved road network as indicated in Table 3.4.2 has continued to increase over the past five years from 3034.6km in FY2008/09 to 3489.6km in FY2012/13. However, the growth is very marginal with negative trend noticed in financial years 2010/11 and 2011/12. In the year under review, the sector had 172.5km added on the stock of the paved roads, twice the 53km added in the FY2011/12. The stock of unpaved roads decreased by 0.3 percent from 17,736 Km in 2011 to17,683 Km[1] in 2012.

Table 3.4.2: Stock of the National Paved Road Net Work

Financial Year	2008/09	2009/10	2010/11	2011/12	2012/13
Stock of Paved Roads(Km)	3034.6	3200	3264	3317	3489.6
Annual Increase(Km)	159	165.4	64.1	53	172.5
% Annual Growth	5%	5%	2%	2%	4.9%

Source: Works &Transport Sector Annual Performance Report, 2013

The stock of national paved roads has been increasing at an average rate of 123km per year, a rate far below the annual average increase of 220kms targeted in the NDP 2010/11-2014/15. The NDP targeted to have 21% (4,105km) of the national roads upgraded from gravel to class I and class II bitumen standard. The NDP target was to add 1,100km onto the stock of the paved roads (3034.6km) in FY2008/09. However, since then, only 455km have been added leaving a deficit of 645km that need to be worked on in the remaining two financial years (2013/14 and 2014/15) of the NDP. This implies that it may not be possible to achieve the NDP target by 2015 unless an extra effort and maximum commitment is made towards increasing the stock of paved roads.

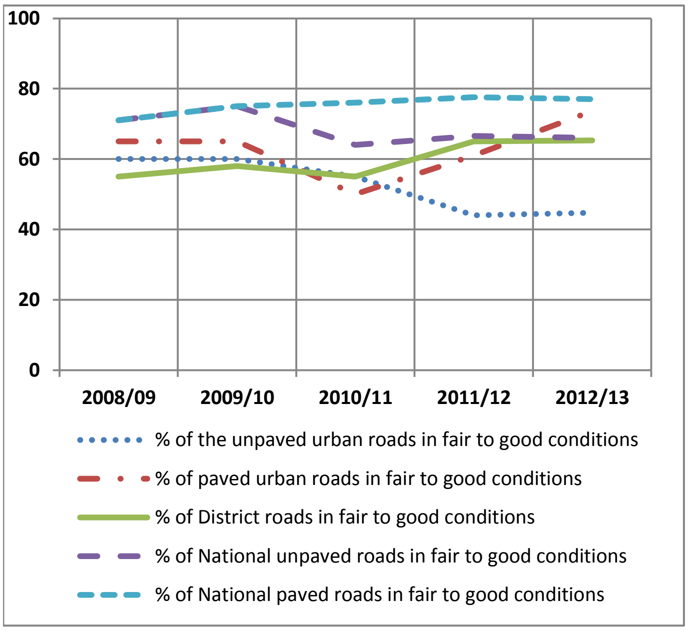
(i) Condition of the National Road Network

There was mixed performance in the condition of national roads over the period 2008/09-2012/13 (Figure 3.4.1). Improvement was realised with regard to the condition of the paved and district roads while the condition of the unpaved roads has continued to worsen. The national road network in fair to good condition in FY2012/13 was 77% for paved roads from 77.6% in FY 2011/2012 and 66% for unpaved roads in FY 2012/2013 from 66.6% in the previous financial year. Implying that the national road condition deteriorated by 0.6% during FY 2012/2013. This was attributed to to a reduction in funding for the road maintenance for the past two years from UGX177.74 billion in 2010/11 to UGX167.87 billion in 2011/12 and UGX138.77 billion in FY2012/13 which is 22% decrease in roads' maintenance budget. The NDP target was to improve the condition of the national roads network in fair to good condition to 85% by 2015. With 77% of the paved and only 66% of the unpaved roads in fair to good condition in FY2012/13, an extra effort is still needed if the 85% target is to be achieved by 2015.

[1] Uganda Bureau of Statistics, Statistical Abstract 2013

Considering a five year trend, , the proportion of national paved roads in fair to good condition increased from 71% (2008/09) to 77% in FY2012/13, 8 percentage points below the programmed 85% of the National Development Plan. The proportion of paved urban roads in fair to good condition increased from 65% in FY2008/09 to 73.7 percent in 2012/13; the proportion of district roads in fair to good condition increased from 55% in FY2008/09 to 65.3% in FY2012/13 an indicator of enhanced access across national roads network (Figure 3.4.1).

Figure 3.4.1: Proportion of National Roads in Fair to Good Conditions



Source: ***GAPR 2009, 2010 & MoWT ASPR 2013***

The sector attributed the good performance to reforms that placed the management of the national road network under UNRA which exhibited efficiency and effectiveness in expanding the road network. Also the nominal increase in sector's share of the national budget over the past three years partly explains the performance.

The proportion of the unpaved urban roads in fair to good conditions has declined from 60% in FY2008/09 to 44.7% in FY2012/13 while the proportion of national unpaved roads in fair to good condition has worsened as evidenced in the percentage fall from 71% in FY2008/09 to 66% in FY2012/13. The decline in the condition of these roads was attributed to moving responsibility of 10,000km of district and urban roads to UNRA.

Under output performance, the quality of road network improved from gravel to bitumen standards with 205.6km-equivalent upgraded, a performance far above the annualized target of 135km; and 251.7km-equivalent were rehabilitated against a planned target of 160km. This was attributed to ongoing/running contracts plus good and timely performance by the contractors coupled with the 121.6% budget performance realized under National roads construction/rehabilitation (Bitumen standards) output.

The UNRA substantially tarmacked and completed; Fort portal-Bundibugyo-Lamia (39km), Nyakahita-Kazo (68km), Kazo-Kamwenge (42kms), Vura-Arua-Koboko-Oraba (16.5km) and Hoima-Kaiso-Tonya (7km). In addition to the above, a number of projects are ongoing; Kafu-Karuma(85km), Atiak-Moyo-Afoji (104km), Matugga-Semuto-Kapeeka(41km), Kamdini-Gulu (65km), Kampala-Entebbe express highway (51km), Gulu-Atiak-Bibia/Nimule(104km), Ishasha-Kagamba(35km), Mbarara-Ntungamo-Katuna(124km), Mbarara-Kikagati-Murongo Bridge (74km), Moroto-Nakapiripirit (90km) Mukono-Jinja (52km), Malaba/Busia-Bugiri (82km), Jinja-Kamuli (57km) among others.

(ii) Poor Routine and Periodic Maintenance of Roads

Whereas, the works and transport sector budgetary allocations have been expanding over the past three years from UGX858.31 billion in FY2010/11 to UGX1696.37 billion in FY2012/13, the Ministry and UNRA did not make much progress on routine and periodic maintenance of national and urban roads in FY2012/13. This was attributed to inadequate funds being released for the maintenance of roads.

Table 3.4.3 shows progress in routine and periodic maintenance of DUCAR and national roads during FY2012/13.Slow progress was registered in routine and periodic maintenance of the national roads; UNRA maintained 59% (periodically) and 91% (routinely) of the unpaved national road network while 0% (periodic) and 93% (routine) was maintained for the paved national road network. Under District, Urban and Community Access Roads (DUCAR), routine and periodic maintenance of urban roads also lagged behind as the set targets for FY2012/13 were not met; 95% of the urban paved roads were maintained periodically and 94% of the urban unpaved roads were routinely maintained while 65% of urban roads were resealed.

The failure to meet the set targets increases the maintenance backlog currently at US$ 826.1 million and the reconstruction costs as the roads continue to peel off/deteriorate. Other associated costs also set in like high vehicle operation and maintenance costs, which in turn increase the cost of doing business given that these roads connect urban centers with production areas. The failure to meet the target was attributed to a shortfall in the planned budget as UGX43 billion meant for fourth quarter was not released to facilitate the maintenance of all the national roads.

Table 3.4.3 Routine and Periodic Maintenance of DUCAR and National Roads for FY2012/13

Indicator	Annual Target 2012/13	Actual Reached 2012/13	% Target Reached	Performance Rating
No. Km of unpaved national road maintained (Periodic)*	855	502	59%	Not Achieved
No. Km of paved national road maintained (Routine Mechanized)*	1611	1,500	93%	Not Achieved
No. Km of paved national road maintained (Periodic)*	50	0	0%	Not Achieved
No. Km of unpaved national road maintained (Routine Mechanized)*	11370	10,362	91%	Not Achieved
No. Km of urban paved roads maintained (Periodic)*	40	38	95%	Not Achieved
No. Km of urban unpaved roads maintained (Routine)*	2,550	2400	94%	Not Achieved
Length of Urban roads resealed.	4.3	2.8	65%	Not Achieved

Source: *OPM Analysis based on OBT data FY2012/13.*

(iii) Slight Improvement in the Condition of the Metropolitan Roads

The Kampala Capital City Authority (KCCA) is mandated with provision of services in the city that enable residents and businesses operating in the city to function in an environment that supports development within the Greater Kampala Metropolitan Area. Decongestion of the city, enhancement of connectivity between towns, improvement of traffic flow and ensuring public safety and maintenance of the road network are priority actions for KCCA.

In FY2012/13, KCCA received UGX22.61 billion (74.1% of the approved UGX30.5 billion) for urban road network development and rehabilitation. UGX27.97 billion was spent (123.7% of the release and 91.7% of the approved budget). With this budget performance, the length of paved road network increased from 422km in FY2011/12 to 463km in FY2012/13. A number of roads were rehabilitated by the end of June 2013 including; Butikiro road 1km, William Street 0.29km, Kisenyi road 0.78km, Ben Kiwanuka Street 1.22km, Kisota road 1km, Ntinda-Kiwatule road 2.8km, Kawempe-Mpererwe 3.5km, Bukoto-Kisasi 3km, Kalerwe-Ttula road 3.79km among others. Works were ongoing at Nakasero road 1.56km, Lumumba Avenue 0.55km, Buganda road 2.12km, Wandegeya Lane 0.5km, Lourdel road 1km, Kisasi road 2.2km, Old Mubende road, Nabunya road 0.3km, Mutungo-Biina 2.08km, Mbogo road 1.9km and Ssekabaka-Kintu road 1.1km.

However, connectivity across urban centers still remains a challenge characterized by congestion and high traffic jams especially during the morning and evening rush hours. This is as a result of absence of a high volume transport system as commuter taxis and boda-bodas are the dominant mode of passenger transport in the metropolitan Kampala.

(iv) Axle load control still lacking

The UNRA operates and maintains 9 weighbridges (7 fixed and 2 mobile). The weigh bridges are meant to regulate overloading of vehicles especially long distance trucks since overloading is a hazard to the national roads. In FY2012/13, UNRA weighed 203,000 vehicles against the annual target of 200,000 vehicles which was good performance. The UNRA targeted to reduce the percentage of overloaded vehicles from 55% in FY2011/12 to 40% in FY2012/13. However, the percentage of overloaded vehicles was 54%,t a 1% point improvement in FY2012/13. The failure to meet the target was attributed to weaknesses in the current law as well as frequent strikes by the transporters. The current axle load control law is not deterrent as transporters can afford to pay court fines (maximum of UGX 1 million) and still make a profit from the overload.

The Ministry of Works and Transport is reviewing the regulations on axle load control to meet the current challenges and harmonize the regulations to EAC standards. In addition, the UNRA intends to install networked devices at its weigh bridges at Busitema, Lukaya and Mbale stations. These devices are aimed at increasing drivers' compliance with the law as well as fighting against fraud practiced by some officials at the weigh bridges.

(v) Bridges on National Roads

In FY 2012/13, the sector did not rehabilitate all the bridges as planned; 5 (71%) of the targeted 7 bridges were rehabilitated and 1 new bridge (20%) was constructed out of the 5 annual target. The low performance was attributed to poor performance on the part of contractors coupled with delays in procurement for the construction of new bridges. The new bridge constructed was Bulyamusenyu Bridge connecting Nakaseke and Masindi districts while rehabilitated bridges included: Kazinga Channel, Nyamweru, Rwempunu and Kaizi bridges on Ishasha – Katunguru road; and Mpanga Bridge on Kyenjojo-Fort Portal road. Bridges under construction are; Apak bridge on Lira-Moroto road, Dala, Uve, Envette and Uzurugo bridges on Arua-Yumbe road.

(vi) Decreased Road Safety of Road Users

In the year under review, the MoWT inspected and licensed 19,558 public service vehicles against a target of 18,000. The performance was more than the target because of the increased enforcement on boda-bodas towards the end of the financial year. Due to limited funds, the sector conducted only 2 (50%) of the planned 4 Road Safety Awareness Campaigns for FY2012/13. The increase in vehicle licensing indicates an increase of pressure on the existing infrastructure.

In 2012, the Uganda Police Force recorded a total of 20,000 road traffic crashes with the majority of the accidents being serious or minor. This represents a decline of about 11% in 2012 from 22,272 crashes in 2011. A total of 18,000 casualties of road traffic crashes was recorded in 2012, a reduction of 10% in the number of traffic causalities in 2011. Most of the casualties (73%) sustained serious injuries. The findings further reveal that 16 persons died in every 100 accidents that occurred in 2012 as compared to 15 persons in 2011[1].

The general public has continued to react negatively against the mode of operation of bodabodas especially in the city. Bodabodas are characterized by reckless, careless and dangerous riding, leading to increased road accidents and a heavy injury burden in the country that pauses a strain to the health services. This is evidenced by the existence of the 'Bajaj' ward for bodaboda victims in Mulago national referral hospital.

The road users are not adequately sensitized so as to value their lives while on the road.

(b) State of Water Transport

Ferry Services: Enhancing Inland Water Transport

Water surface coverage constitutes 18% (36,902.9 square km) of the total land coverage, suggesting Uganda's wealth of transport modes. In FY 2012/13, Works and Transport sector in response to the NDP

[1] Uganda Bureau of Statistics, Statistical Abstract 2013

strategy to increase navigable routes and improve marine transport infrastructure, operated a total of 9 ferries. Ferries were operated at 95% availability at Obongi, Laropi, Masindi port, Wanseko, Kiyindi and Kyoga; Lwampanga-Namasale ferry was commissioned, the Mbulamuti ferry (Bugobero)-Kasana(Kayunga) ferry landing sites were constructed and the ferry started operations; Laropi ferry linking Moyo to Adjumani was delivered and assembled; procurement of the contractor for rehabilitation of Kiyindi ferry was finalized and Bukakata new ferry (linking Masaka-Kalangala) operated by Kalangala Infrastructure Services (KIS) was commissioned in August 2012.

On inland water transport inspection and licensing, 250 (63%) of the inland water transport vessels were inspected out of the annual 400 target. The low performance in inspection was attributed to lack of internet network coverage at landing sites since the e-Tax platform that would enhance inspection and licensing of inland water transport vessels requires internet availability/connection. Only 1 water accident out of the targeted 4 for FY2012/13 was investigated because it was the only major accident that occurred involving MV Kyoga. However, with the numerous small crafts operating on inland water ways in Uganda whose safety standards are low, standards must be developed for these vessels to ensure their safety.

(c) Railway Infrastructure Development

In FY2012/13, the railway system did not operate as expected. Locomotive productivity dropped by 15.5% from 168km/loco/day in FY2011/12 to 142km/loco/day in FY2012/13 while Wagon turn-round (Mombasa-Kampala-Mombasa) shot up by 3.8% from 26.6 to 27.6 days in FY2012/13. Total volume of freight cargo by rail also dropped further from 153.5million tonnes in FY2011/12 to 124.4million tonnes in FY2012/13, a 19% drop in the net tonne-km. This occurred despite of the track improvement between Mombasa and Nairobi and the installation of the new culverts between Besembatia and Jinja. The transit time (Mombasa-Kampala) improved by 30% from an average of 11.5 days in FY2011/12 to 8 days in FY2012/13.

Table 3.4.4 shows that the rolling stock of wagons continued to decrease from 1,378 in FY2010/11 to 1,353 in FY2011/12 and further to 1,322 wagons in FY2012/13. This represented a decrease of 56 wagons in 3 years implying a continued reliance on the road network which is more expensive as compared to the railway system.

Table 3.4.4 Overview of the Rolling Stock

Description	FY2010/11	FY2011/12	FY2012/13
Diesel Locomotives	43	43	43
High open wagons	21	25	21
Covered wagons	496	490	473
Fuel tank wagons	202	198	200
Flatbed container wagons	552	520	513
Low open wagons	34	47	34
Ballast Hopper wagons	51	51	51
Others(Passenger and Departmental coaches and wagons)	22	22	30
Total Wagons	**1,378**	**1,353**	**1,322**

Source: *W&T Sector Annual Performance Report FY2012/13*

Currently, the operational length of the track is 337km and includes the 250km Kampala-Malaba section, the 55km Tororo-Mbale section of the Tororo-Pakwach line, the 9km Kampala-Port Bell line, the 6km Kampala-Nalukolongo section of the Kampala-Kasese line and the 15km section of the Busoga loop line. However, this railway infrastructure is remarkably uncompetitive and highly unproductive, characterized by continuous poor operational performance in real terms, low volume of freight, low labor productivity and low levels of both locomotive and wagon productivity among others. This poor performance in the railway line system pauses a threat to Uganda as far as doing business is concerned.

In FY2012/13, an interim report for preliminary engineering design for Kampala-Malaba (215km) railway line was produced; proposals were invited for conducting preliminary engineering design for the Kampala-Kasese railway line after the feasibility study was done. In addition, Kenya-Uganda Bilateral agreement to develop and operate Kampala-Malaba-Mombasa railway lines with branches to Kisumu and Pakwach/Nimule was prepared.

(d) Unlocking Air Transport Barriers to Private Sector Development

Air transport in Uganda is still dominated by operations at Entebbe International Airport with no alternate modern airport in case of any emergence. The air transport subsector grew at an estimated rate of 15% with an increase in the number of passengers from 1,166,996 in FY2011/12 to 1,342,112[1] in FY2012/13. Although the majority of the passengers 99% were international, performance for domestic passengers was remarkable in the financial year under review. A total of 13,780 domestic passengers were handled in the FY2012/13 as compared to 9,508 in FY2011/12 representing 45% increase. This was explained by the growing tourist traffic in the country.

The volume of air traffic cargo increased by 7.7% from 53,250 tonnes of exports and imports in 2011/12 to 57,328 tonnes against a target of 55,900 tonnes in the FY2012/13. Of the total air cargo, 62% were exports while 38% were imports. Secondly, freight imports fell short of the target as 21,849 tonnes out of the targeted 22,500 tonnes were handled. This was attributed to the fact that importers prefer other entry points (Busia, Malaba) to Entebbe International Airport (EBB). At EBB, tax assessment is done item by item resulting into high tax as compared to other entry points where sampling is done resulting into considerably less tax due to the large volumes of cargo. Air transport is suitable for transporting perishable products like flowers, vegetables, fruits, dairy products among others. There was 8% growth in international aircraft movements from 39,896 in FY2011/12 to 43,115 against a target of 41,000 movements in FY2012/13

In the financial year under assessment, the sector through Civil Aviation Authority embarked on increasing stock of air and aviation infrastructure to unlock the air transport barriers in the country. Among the interventions in the FY2012/13 were: a master plan and detailed engineering designs for Kasese aerodrome were completed;, Phase 1 of passenger terminal building at Arua was completed, Murram run ways at Soroti, Pakuba and Arua were re-graveled; 10% Construction of the perimeter fence at Kasese was completed; Routine maintenance and Operations of 13 aerodromes namely; Arua, Pakuba, Masindi, Kidepo, Moroto, Lira, Tororo, Jinja, Mbarara, Kisoro,Kasese, Soroti and Gulu Aerodromes was done, in an effort to improve their performance.

[1] Uganda Bureau of Statistics, Statistical Abstract 2013

4 Human Development Cluster

The chapter presents performance in the education, health, water and environment and social development sectors. For each sector, an outline of the objectives, overview of the performance and analysis of the achievements registered during financial year 2012/13 are presented.

4.1 Education Sector

4.1.1 Sector objectives

The objectives of the Education Sector are; to increase and improve equitable access to education; improve quality and relevance of education; and improve the effectiveness and efficiency of the delivery of education services at all levels. The sector is led by the Ministry of Education and Sports, and includes the Education Service Commission and National Council for Higher Education. The sector also includes the public higher institutions of learning which namely: Makerere University, Mbarara University, Kyambogo University, Gulu University, Makerere University Business School, Busitema University, and the Uganda Management Institute.

4.1.2 Overview of the Sector's Performance

The total approved budget (GoU+Donor) of the sector for FY 2012/13 was UGX 1593.48bn, of which 96% was released and 94% was spent (Table 4.1.1).

Table 4.1.1: Annual Performance Scorecard for Education Sector

Outcome Trend Analysis

	% Positive Trend	% Achieved against target	% un-changed against target	% negative trend	%not achieved against target	%no data	Denominator
Total	9%	9%	0%	91%	91%	0%	23

Output Performance

	% achieved	% moderately satisfactory	% not achieved	% No data	Denominator
Sector	26%	7%	26%	41%	61
MoES	25%	7%	27%	42%	60
ESC	100%	0%	0%	0%	1

Action Performance

Action	% On-Track (achieved)	% Off- Track (not achieved)	% No data	Denominator
MoES	35%	59%	6%	17
ESC	67%	0%	33%	3
PIRT				

Budget Performance

Budget	Approved (UGX Bn)	Released (UGX Bn)	Spent (UGX Bn)	% budget release	% release spent	% budget spent
Sector Total	1593.48	1534.18	1504.41	96%	98%	94%
MoES	397.096	397.772	370.792	100%	93.2%	93.4%
ESC	6.721	5.506	5.44	81.9%	99%	80.9%
KCCA	27.402	23.791	21.139	86.8%	89%	77.1%
Total of all public universities	167.95	145.969	145.891	86.9%	100%	86.9%

Source: OPM analysis based on OBT and other relevant data sources FY 2012/13

The Ministry of Education and Sports received UGX 397.772bn (100.2%) of its total approved budget by the end of the half FY2012/2013.Overall the ministry has 60 output indicators, out of which 25% were achieved, 7% were almost achieved at between 75% and 99.9% performance level, 26% were not achieved and 42% were not assessed due to lack of sufficient data. This level of performance is low when compared to the budget released since more than 90% of the released budget was spent.

The Education Service Commission (ESC) received UGX 5.506bn out of which 80.9% was spent. There was good performance registered by ESC with 100% of its output indicators achieved by the end of the FY 2012/13.

The Annual Budget Performance Report FY 2012/13 indicates that the public institutions of higher learning had a total approved budget of UGX 167.95bn, received UGX 145.969bn (86.91%) and spent UGX 145.891bn (86.87%).

The Kampala City Council Authority budgeted for UGX 27.402bn for education services out of which 86.8% was released and 77.1% spent.

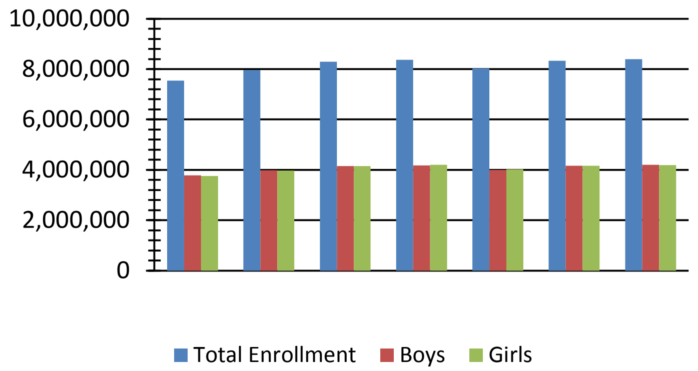
4.1.3 Achievements registered in the Sector.

(a) Improved access and equity in education services at all levels

Since the introduction of Universal Primary Education (UPE) in 1997 and Universal Secondary Education (USE) in 2007, there has been a drastic increase in enrollment both at primary, secondary and BTVET levels.

Total enrollment in Government aided primary schools increased from 7,537,971 pupils in 2007 to 7,963,969,, 8,374,648 and 8,390,674 pupils in 2008, 2010 and 2013 respectively (Figure 4.1.1). Enrollment by gender has registered a positive trend with 4,205,388 boys enrolling into primary schools in 2013 up from 3,779,338 in 2007; the total enrollment for girls improved from 3,758,633 pupils in 2007 to 4,185,286 pupils in 2013. The performance trends show that more boys are enrolling into primary schools than girls and hence more effort is needed in this area in order to close the gender gap to achieve the MDG by 2015.

Figure 4.1.1 Enrolment at Primary

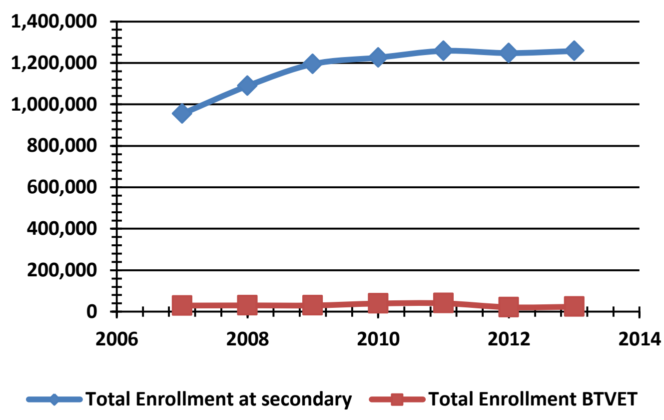


Source: Ministry of Education and Sports- EMIS 2013

The Ministry attributes the increase in enrolment levels to the implementation of UPOLET program.

In the secondary sub-sector, total enrollment in government aided schools increased from 954,328 students in 2007 to 1,257,378 students in 2013. By gender more boys (669,334) enrolled in this sub-sector than the girls (578,103). Total enrollment under USE increased from 1,155 students in 2007 to 1,490 students in 2010 and 1,919 students in 2013. Comparing enrolment at primary, secondary and BTVET levels, there is limited absorption of pupils from primary into the secondary and BTVET sub-sectors. Therefore there is need to devise strategies to absorb the primary graduates into these sub-sectors for the economy to benefit from their education.

Figure 4.1.2: Enrolment at secondary and BTVET sub-sectors



Source: ***Ministry of Education and Sports- ESSAPR 2013***

The sector has continued to promote equitable access to education by ensuring construction and rehabilitation of classrooms at primary, secondary and BTVET levels, in line with NDP priorities.

In FY 2012/13, in the primary sub-sector, the sector rehabilitated one primary school and 17 classrooms out of the planned 22 and 42, respectively; 60 classrooms were constructed over and above the targeted 25.

In the secondary sub-sector, 8 new secondary schools were constructed, 30 existing secondary schools were expanded and rehabilitated out of the targeted 5 and 24, respectively. Poor performance was registered in the secondary school classrooms targeted for rehabilitation; 0nly 14 out of the targeted 26 classrooms were rehabilitated. A total of 20 secondary school classrooms were targeted for completion; however, 15 where achieved while of the 42 new secondary classrooms targeted for construction, only 24 were constructed (Table 4.1.2).

Table 4.1.2: Construction at Primary, Secondary and BTVET

Infrastructure outputs	Target FY 2012/13	Actual FY 2012/13	% target reached
Primary			
No of rehabilitated primary schools established	22	1	4.5%
No. of classrooms rehabilitated (primary)	42	17	40.5%
No of classrooms constructed (primary)	25	60	240.0%
Secondary			
No. of secondary school classrooms targeted for rehabilitation	26	14	53.8%
No. of secondary school classrooms targeted for completion	20	15	75.0%
No. of new secondary schools constructed	5	8	160.0%
No. of new secondary classrooms constructed	42	24	57.1%
No. of existing secondary schools expanded and rehabilitated	23	30	130%
BTVET			
No. of libraries constructed	8	2	25%
No. of workshops constructed	42	3	7%
No. of workshops rehabilitated	12	0	0%
No. of New BTVET established**	8	1	13%
No. of libraries rehabilitated	5	0	0%

Source: OPM analysis based on OBT FY 2012/13

Similarly there was poor performance in the BTVET sub-sector with 2 libraries constructed out of the planned 8, 3 workshops constructed out of the planned 42 and one new BTVET established out of the planned 8. There were no workshops rehabilitated and no libraries rehabilitated during the financial year.

(b) Quality and relevance of Education services

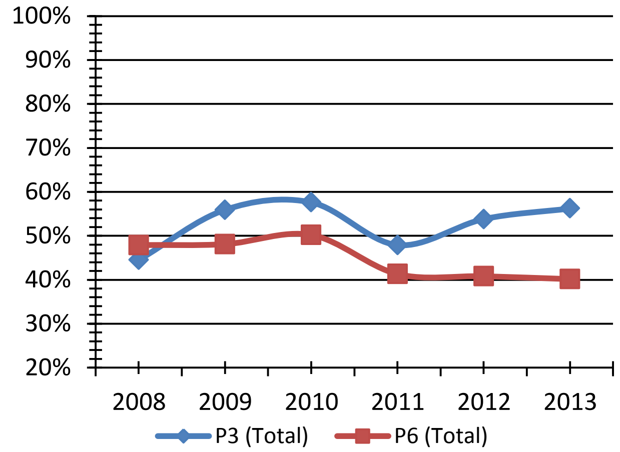
Quality of education has been measured by the MoES' Basic Education department as having the following skills: reading, writing, listening and speaking as well as good basic knowledge of mathematics. In order to achieve quality and relevance of education services, the sector planned to; improve the Pupil Teacher ratio through recruitment of teachers, as well as provide instructional materials at both secondary and primary levels.

(c) Literacy and numeracy levels still on a decline for P3 and P6 levels

During FY 2012/2013, the level of performance at P6 was still below the target of 50.3% (Figure 4.1.3). Considering gender, there were more girls (40.1%) at primary six achieving the required literacy levels than boys (38.7%).

The NAPE report (2010) indicates that pupils who had gone through pre-school performed better than their counterparts and thus, there is need to enhance support towards Early Childhood Development to achieve worthwhile results for literacy at Primary six. The MoES attributes the poor performance to a number of factors including; insufficient reading materials; lack of skills by some teachers in reading, limited exposure especially in rural areas; inappropriate assessment which does not enhance critical skills; lack of practice because some teachers find it hard to write comprehensive passages; lack of Primary School Course Books leading to lack of uniformity in teaching and learning process in schools; and the high Pupil Teacher ratio schools.

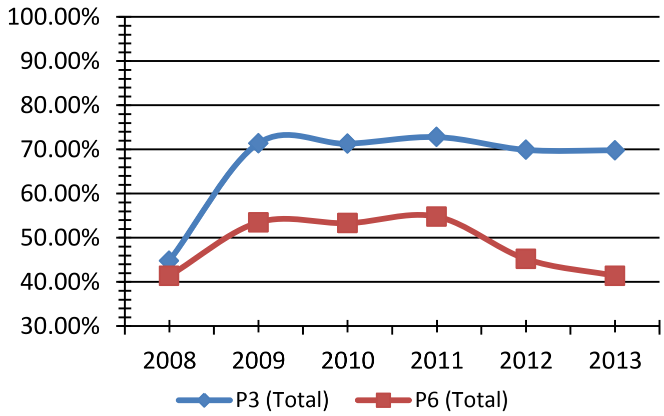
Figure 4.1.3: Literacy rates at p3 and p6



Source: Ministry of Education and Sports -EMIS 2013

There was poor performance in the percentage of pupils reaching the defined level of competence in numeracy proficiency at P3 and P6. At P3, numeracy rates reduced from 69.9% in 2012 to 69.8% in 2013. At P6, 41.4% pupils achieved the defined level in numeracy in 2013 down from 45.2% in 2012. This level of performance was still below the target of 54.9% at P6. There were more boys (45.8%) than girls (37.4%) reaching the defined level of numeracy in P6 just like in FY 2011/12. The sector attributes the poor performance to: teaching theoretically without practical application; teachers who are deficient in skills of teaching geometry; insufficient geometry instruments for teachers and pupils; inadequate practice by pupils; exercises and tests which do not encourage application of learnt concepts in novel situations; ineffective use of assessment; high Pupil Teacher ratio; lack of a primary school course book, as well as teaching that is not related to real life situation.

Figure 4.1.4: Numeracy rates at p3 and p6



Source: Ministry of Education and Sports-EMIS 2013

(d) Good performance in the number of personnel recruited by the Education Service Commission (ESC)

Under the Management of Education Service Personnel, the ESC planned for UGX 6.72bn and received 81.99% of the planned budget. Out of the targeted 5,000 teachers, 9,606 were recruited (192.1% performance).

(e) Good performance in instructional materials

In FY 2012/13, there was good performance in instructional material in the secondary sub-sector; the sector planned to provide 909 science kits to secondary schools and was able to provide 5,113 (562.5%) science kits, way above the target. The sector also planned to achieve a student text book ratio of 1:1 and achieved 2:1.

However, performance in instructional materials was not assessed in primary schools due to lack of sufficient data from the sector.

(f) Improving efficiency and effectiveness in delivery of education services

Inspection in schools

In FY 2012/13, the sector planned to carry out monitoring and supervision in schools to improve effectiveness and efficiency in delivery of education services.

In the primary sub-sector, the sector received 97.9% and spent 80.3% of its planned budget. The sector inspected all of the primary schools that had been targeted at least once a term.

In the secondary sub-sector, the sector received 90.14% and spent 72.54% of its planned budget. A total of 641 (264.9%) schools were monitored out of the targeted 242. This excellent performance was because the sector undertook comprehensive induction training of inspectors and distributed 6 series of quality enhancing booklets to districts. In the financial year under review, the subsector provided support to monitor the functionality of School Management Committees (SMCs) in the 12 worst performing districts (QEI Districts) to improve pupils' performance in these districts.

For inspection (Primary secondary BTVET) and monitoring of construction works in Primary Teachers Colleges (PTCs), the sector received 88.89% and spent 77.78% of its planned budget. A total of 620 schools/institutions were inspected under BTVET out of the targeted 500; 24 schools/institutions were inspected (Training Colleges) out of the targeted 43; 1,204 schools/institutions were inspected (Secondary) out of the targeted 2,000 while the number of teacher instructors supervised was not assessed due to insufficient data.

Under Higher Education, the sector received 100.00% and spent 100.3% of its planned budget. The sector was not assessed under monitoring and supervision for tertiary Institutions (AICAD, NCHE,JAB) due to insufficient data.

4.2 Health Sector

4.2.1 Sector objectives

The Health Sector is focused on the attainment of a good health standard for all Ugandans through promotion of a healthy productive life and reduction in mortality and morbidity from major causes of ill health and premature death. These objectives are in line with the National Development Plan which calls for increased access to quality social services and promoting sustainable population.

The sector is led by the Ministry of Health (MoH) and includes the Health Service Commission, National Drug Authority, Mulago Hospital Complex, Butabika Hospital, Uganda Aids Commission, Uganda Heart Institute, Uganda Cancer Institute, Referral Hospitals, Uganda Blood Transfusion Service and National Medical Stores.

4.2.2 Overview of the sector's Performance

The total approved budget (GoU) of the Health sector for FY 2012/13 was UGX 853.93bn, out of which 117% was released and 113% was spent (Table 4.2.1).

Table 4.2.1: Annual performance scorecard for the Health sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	42%	17%	8%	25%	58%	25%	12

Output Performance

	% achieved	% moderately satisfactory	% not achieved	% no data	Denominator
Sector	43%	7%	14%	38%	37
MoH	52%	7%	15%	26%	27
HSC	0%	0%	100%	0%	1
NMS	22%	0%	0%	78%	9

Actions Performance

Action	% Achieved	% Not Achieved	% no data	Denominator
MoH	83%	17%	0%	6
HSC	67%	33%	0%	3
NMS	0%	100%	0%	3
PIRT				

Budget Performance

Budget	Approved (Bn UGX)	Released (Bn UGX)	% budget released	Spent (Bn UGX)	% release spent	% budget spent
Sector (GoU)	853.93	999.96	117%	968.55	97%	113%
MoH	264.99	399.17	151%	369.48	92.6%	139.4%
HSC	3.586	1.778	50%	1.708	96%	47.6%
NMS	208.291	210.379	101%	210.376	100.00%	101.00%
Mulago Hospital	32.226	31.740	98.5%	29.695	93.6%	92.1%
Referral Hospitals	58.339	45.765	78%	45.248	99%	78%
Butabika Hospital	18.232	11.630	63.8%	11.625	100.0%	63.8%

Source: ***OPM analysis based on OBT and other relevant data sources FY 2012/13***

The sector registered 42% of the outcome indicators with positive trends, 25% with negative trends while 25% had no data because it is only collected through Annual Panel Surveys by UBOS and there were no results for the year under assessment.

The Ministry of Health planned for UGX 264.99bn out of which UGX 399.17bn (151%) was received and UGX 369.48bn (139.4%) was spent by the end of FY2012/2013. Overall, the Ministry achieved 17% of the outcome indicators against target; 58% of the outcome indicators were not achieved while 25% of the indicators were not assessed due to lack of sufficient data. At output level, MoH has 27 output indicators, out of which 52% were achieved, 7% were moderately satisfactory between 75% and 99.9% performance level, 15% were not achieved and 26% were not assessed due to lack of sufficient data. This level of performance reflects low efficiency given that more than the approved budget was released and 139.4% spent.

The National Medical Stores (NMS) has 9 output indicators, out of which 22% were achieved and 78% were not assessed due to lack of sufficient data. This level of performance is inefficient when compared to the budget released since more than the approved budget was released and spent.

The Mulago Hospital Complex planned for UGX 32.226bn out of which 98.5% was released 92.1% of the budget was spent. The total approved budget for all the referral hospitals in Uganda was UGX 58.339bn out of which 78% was released and spent.

The Health Service Commission (HSC) received UGX 1.778bn out of which 96% was spent. There was poor performance registered by the HSC with 100% of its output indicators not achieved by the end of the FY 2012/13.

The fore going analysis shows that there was inefficient performance of the sector MDAs and thus the sector outcomes could not be met.

4.2.3 Achievements registered in the Sector.

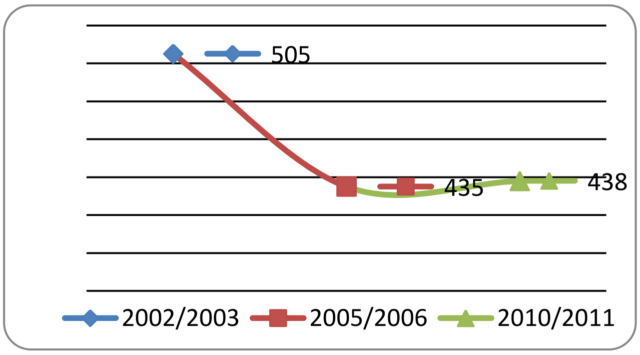
(a) Improving maternal health (MDG) below target

Maternal health refers to the health of women during pregnancy, child birth, and the postpartum period. It encompasses the health care dimensions of family planning, preconception, prenatal, and post natal care.

The Millennium Development Goal (MDG) 5 aims to "Improve maternal health" with two indicators: i) reducing mortality rate by ¾ between 1990 and 2015, and ii) achieve universal access to reproductive health.

According to UBOS 2013, maternal mortality (deaths per 100,000 live births) reduced from 505 deaths in 2002/03 to 438 deaths in 2010/11 (Figure 4.2.1). This maternal mortality ratio is far from the MDG target of 131 to be achieved by 2015 and thus more effort is needed.

Figure 4.2.1: Maternal mortality (per 100,000 live births)



***Source:* UBOS statistical Abstract-2013**

(b) Improved proportion of births attended by skilled health personnel and Contraception use

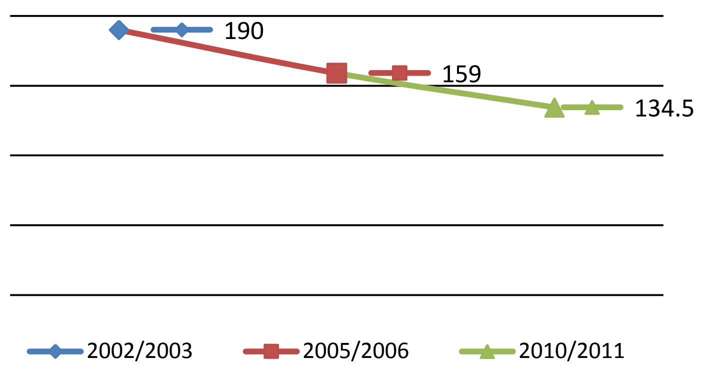
The Statistical Abstract 2013 shows that the contraceptive prevalence rate (i.e., the share of married women between 15-49 years of age who are using any method, traditional or modern, of family planning) increased from 22.8% in 2002/03 to 30% in 2010/11 (Figure 4.2.2). The use of contraception is essential preventive health care. It makes for healthier mothers and children as well as reduces health care costs, like those associated with preterm births. There is need to put more effort to achieve the MDG target of 90% by 2015.

The proportion of births attended to by skilled health personnel increased from 39% in 2002/03 to 58% in 2010/11 according to the Statistical Abstract 2013. Skilled attendance at all births is considered to be the single most critical intervention for ensuring safe motherhood, because it hastens the timely delivery of emergency obstetric and new born care when life-threatening complications arise.

(c) There was significant decline in the rate of deliveries in adolescents.

The adolescent birth rate measures the annual number of births to women 15 to 19 years of age per 1,000 women in that age group. It represents the risk of childbearing among adolescent women 15 to 19 years of age. It is also referred to as the age-specific fertility rate for women aged 15-19. The Statistical Abstract 2013 shows that the adolescent birth rate (in terms of births per 1,000 women aged 15-19 years) reduced from 190 in 2002/03 to 134.5 in 2010/11 (illustrated in Figure 4.2.3). Babies born to adolescents have higher rates of neonatal mortality. Many adolescent girls who become pregnant have to leave school. This has long-term implications for them as individuals, their families and communities and consequently on economic development.

Fig 4.2.3 Adolescent birth (births per 1000 women aged 15-19 years)



Source: UBOS statistical Abstract-2013

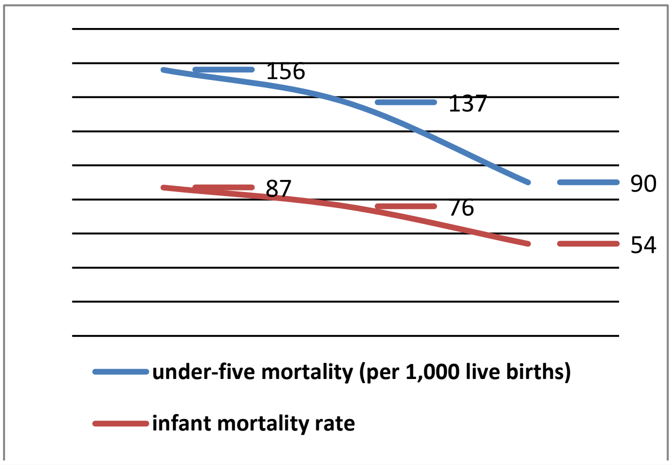
(d) Reducing child mortality (MDG) is likely to be achieved with more effort.

Child mortality, also known as under-5 mortality, refers to the death of infants and children under the age of five.

According to UBOS 2013, the under-five mortality (per 1,000 live births) reduced from 156 in 2002/03 to 90 in 2010/11 (Figure 4.2.4). There is still need to put more effort to achieve the MDG target of 56 deaths per 1,000 live births

Infant mortality; is measured as the death of an infant (less than 1 year old) per 1,000 live births; the rate reduced from 87 in 2002/03 to 54 in 2010/11. Therefore there is need to put more effort to achieve the MDG target of 31.0 by 2015.

Figure 4.2.4 Trend of Child mortality (MDG) in Uganda



(e) Decline in the proportion of health facilities with no stock outs of the 6 tracer medicines

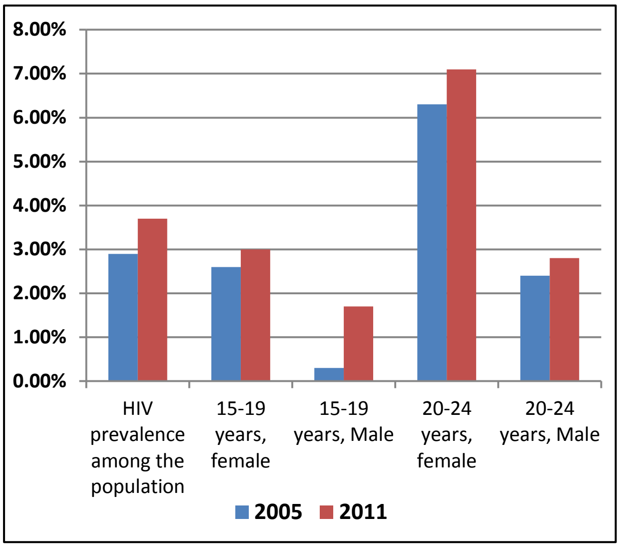
Good performance was registered with 53% of the health facilities having no stock out of the 6 tracer medicines and supplies i.e. ACT, Paracetamol, Cotrimoxazole, measles vaccine, ORS, Depo-Provera out of the targeted 47% in FY 2012/13. However, the sector registered a decline in performance when compared to that of FY 2011/12. This raises the issue of under targeting as the sector set a lower target (below 70% which was the actual performance for FY 2011/12)

(f) Improved HIV/AIDS Care services but the prevalence is still on the increase.

The eighth Millennium Development Goal requires implementing countries to; have halted and begun to reverse the spread of HIV/AIDS by 2015; achieve by 2010 universal access to treatment for HIV/AIDS for all those who need it and to have halted by 2015 and begun to reverse the incidence of malaria and other major diseases. In order to achieve this goal, the Ministry of Health laid strategies by providing adequate stock of essential medicines and health supplies to all health facilities throughout the country.

The National HIV Indicator Survey of 2011 indicates that Uganda is the only country in Eastern and Southern Africa where HIV infections have been on an increase. The rate stood at 7.3 per cent and even higher in women at 8.3 per cent up from 6.4 per cent in the 2004-2005 survey. This is also supported by the World Health Organization, 2011 (Figure 4.2.5). This therefore calls for a more effort to in order to achieve the MDG target of halting and reversing the spread of HIV/AIDS before 2015 thereby creating a healthy and productive population for economic development.

Figure 4.2.5 HIV/AIDS prevalence in numbers



Source: ***National HIV indicator survey and World Health Organization, 2011***

(g) Poor performance in staffing levels

In FY 2012/2013, the proportion of approved posts filled by health workers increased from 58% in FY 2011/12 to 63% in FY 2012/13; however, the target of 70% was not achieved.

The Health Service Commission planned for UGX 0.9bn out of which 43% was released and 35.56% spent under Health Workers Recruitment services. The commission recruited 172 workers way below the target of 1,020 workers. Poor performance was attributed to suspension of recruitment. This level of performance is likely to continue if the budget allocation to the sector and staffing are not improved.

(h) Infrastructural Development

In the financial year under review, the sector planned for UGX 121.65bn in the area of Health system development but received 49 percent and spent 46.8 percent of its approved budget. The sector renovated 13 hospitals out of the planned 17 and constructed all of the targeted 3 hospitals for the FY 2012/13. The sector also renovated all of the planned 27 and constructed all of the targeted 404 staff houses (Table 4.2.2).

Table 4.2.2: Status of Infrastructural Development

Infrastructure outputs	Target FY 2012/13	Target FY 2012/13	% of target reached
Number of hospitals renovated	17	13	76.5%
Number of hospitals constructed	3	3	100.0%
Number of staff houses rehabilitated	27	27	100.0%
Number of staff houses constructed	400	404	101.0%

This level of performance is high considering that less than half of the approved budget was released. The staff houses were constructed in the Karamoja region districts of Kabong, Abim, Kotido, Moroto, Amudat, Napak and Nakapiripirit. However this level of performance is a cumulative number from 2009.

4.3 Water and Environment Sector

4.3.1 Sector objectives

The Water and Environment Sector focuses on the provision of safe water and hygienic sanitation facilities within easy to reach areas and managing and developing the water resources of Uganda in an integrated and sustainable manner. This is intended to secure and provide water of adequate quantity and quality for all social and economic needs of the present and future generations with the full participation of all stakeholders. The sector is also responsible for environment and natural resources management to ensure a clean, healthy and productive environment as well as increased production.

The Sector is led by Ministry of Water and Environment and has other constituent institutions including the National Environment Management Authority (NEMA), National Forestry Authority (NFA), National Water and Sewerage Corporation[1] and Local Governments.

4.3.2 Overview of the Sector's Performance

The Water and Environment Sector budget continued to improve with an approved budget (GoU+Donor+NTR) for FY2012/13 of UGX365.20bn, of which UGX440.22bn (121%) was released and UGX268.63bn (61%) spent (Table 4.3.1). The Ministry of Water and Environment received UGX364.09bn (134%) of the approved budget of UGX271.77bn and spent UGX193.36bn (53%). Out of the approved budget of UGX5.5bn for NEMA, UGX9.01bn (164%) was released and UGX7.91bn (88%) spent. The NFA had an approved budget (Incl.NTR) of UGX19.02bn out of which UGX20.35bn (107%) was released and UGX20.58bn (101%). Total grants released to Local Governments from the Ministry of Water and Environment amounted to UGX46.78bn (68%) of the approved budget of UGX68.91bn and all was spent.

Table 4.3.1: Annual performance scorecard for the Water and Environment Sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	76%	53%	12%	12%	47%	0%	17

Output Performance

Outputs	% achieved	% Moderately satisfactory	% not achieved	% no data	Denominator
Sector	48%	22%	30%	0%	40
MWE	41%	24%	35%	0%	29
NEMA	67%	33%	0%	0%	3
NFA	63%	12%	25%	0%	8

Actions Performance

Action	% On Track	% Off Track	% No Data	Denominator
Cabinet	50%	50%		8

Budget Performance

Budget	Approved (Bn UGX)	Released (Bn UGX)	% budget released	Spent (Bn UGX)	% release spent	% budget spent
Sector (GoU+Donor)	365.20	440.22	121%	268.63	61%	74%
MWE (GoU+Donor)	271.77	364.09	134%	193.36	53%	71%
NEMA (GoU+Donor)	5.50	9.01	164%	7.91	88%	144%
NFA (GoU+Donor)	19.02	20.35	107%	20.58	101%	108%
LG (GoU+Donor)	68.91	46.78	68%	46.78	100%	68%

Overall, the Sector had seventeen outcome indicators, of which 76% showed a positive trend, 12% remained unchanged and 12% exhibited a negative trend. Assessment of these indicators against their annual targets indicates that only 53% were achieved.

[1] A parastatal that operates and provides water and sewerage services and gets resources under the sectors' Off-budget component.

The Water and Environment Sector had a total of 40 output indicators that were assessed of which 48% hit their annual targets, 22% was moderately satisfactory and 30% was not achieved. This performance points to a general slow progress in implementation by the sector that needs to be addressed in the coming financial year considering that 39% of the release to the Sector remained unspent by year end.

With regard to performance of individual MDAs within the sector, the Ministry of Water and Environment had 41% of the annual output indicator targets achieved, 24% moderately satisfactory and 35% not achieved. The National Environment and Management Authority achieved 67% of the output indicator targets while the National Forestry Authority achieved 63% of the total output indicator targets for the FY 2012/2013.

4.3.3 Achievements registered in the Sector.

(a) Access to safe water and effective sanitation

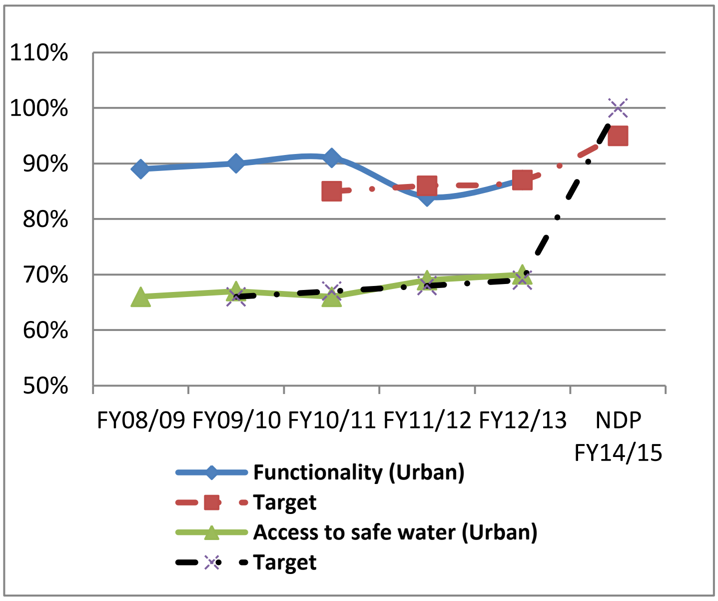
(i) Progress in access to safe water in urban areas

Access to safe water in urban areas (people within 0.2km of an improved water source) continued to improve from 66% in FY2008/09 to 69% in FY2011/12 and 70% in FY2012/13. This also means that about 4.5 million people in urban areas currently have access to safe water from 3.1 million people served in FY2009/10 (Figure 4.3.1)

Functionality of water sources in urban areas declined from 91% in FY2010/11 to 84% in FY2011/12 and improved to 87% in FY 2012/2013.

The NDP and Millennium Development Goals targets that by 2014/15, all (100%) people in urban areas should have access to safe water. The UBOS Statistical Abstract of 2013 estimates urban population to have increased rapidly over the years from three million in 2002 to 6.4 million in 2013.

Figure 4.3.1: Trend on access to safe water in urban areas



Source:* *MWE, 2013

With the rapid increase in population in urban areas and an annual incremental increase in access to safe water of about one percentage point, it remains unclear whether the Millennium Development Goal on water and NDP target will be met.

During FY2012/13, urban water supply and sanitation had an approved budget of UGX122.42Bn of which UGX64.44Bn (52.6%) was released and UGX30.24Bn (46.9%) of release spent. The Ministry extended 41km of water supply pipeline against the targeted 53km; 16 new piped water supply systems were constructed as planned and 20 more designs have been completed in preparation for construction. Nine energy packages for pumped water schemes were installed against the annual target of seven.

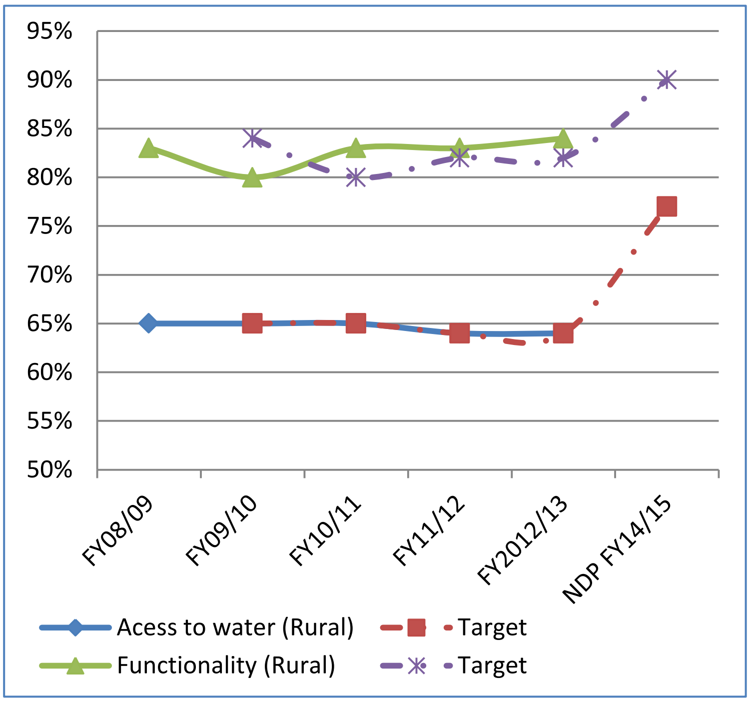
(ii) Access to safe water in rural areas stagnates

Access to safe water in rural areas (people within 1.5km of an improved water source) was on target for the FY2012/13 at 64%, the same level attained in FY2011/12 (Figure 4.3.2)

Functionality of improved water sources registered a one percentage point increase from 83% in FY2011/12 to 84% in FY2012/13. The target for the year was 82%.

New people served in rural areas each year have over the years fluctuated between 670,910 in FY2009/10 and 535,586 in FY2012/13. Data from UBOS Abstract 2013 estimates rural population to be 28.9 million and growing.

Figure 4.3.2: Trend on access to safe water in rural areas



Source: ***MWE, 2013***

The NDP targets 77% of the people in the rural areas having access to safe water by FY2014/15, the same target for the Millennium Development Goals 2015.

Basing on the performance in this area over the years, it is unlikely this target will be met if the current rate of implementation is maintained. There is thus need for the sector to devise strategies and approaches that will reverse the trend and deliver the desired results.

For the financial year under review, rural water and sanitation had an approved budget of UGX37.82Bn of which 91% (UGX34.32Bn) was released and 44% (UGX15.1Bn) of the release spent. The ministry achieved three of seven output indicator targets under this vote function. Only two out of the planned six piped water systems/GFS were constructed in rural areas. All the planned five piped water schemes were designed and approved; 70 boreholes were drilled out of the targeted 100.

(iii) Access to safe and effective sanitation improves at household level but deteriorates in school

Access to safe and effective sanitation in both rural and urban areas improved during FY2012/2013 although still below the annual targets. Access to safe and effective sanitation in rural areas slightly improved to 71% in FY2012/13 having stagnated at 70% for the last three years against the target for the year of 75%. In urban areas access to safe and effective sanitation has increased steadily over the years from 73% in FY2008/09 to 81% in FY2011/12 and 82% in FY12/13 although the increase is not sufficient enough to meet the desired level of 100%.

Although there is some improvement in access to safe and effective sanitation in rural and urban areas, the situation in schools continues to deteriorate. The ratio of pupils to latrine/toilet in schools was 43:1 in FY2008/09, this worsened in FY2010/11 to 66:1 and 70:1 in FY2012/13 against the desired level of 43:1

The Ministry carried out all the planned nine sanitation and hygiene campaigns in rural areas; 180 campaigns in urban areas against the target of 190; 100 masons were trained to construct toilet facilities against the target of 105 andall the planned 150 staff in Local Governments were trained in sanitation and hygiene. There is need for Government to invest more in addressing the sanitation situation in schools.

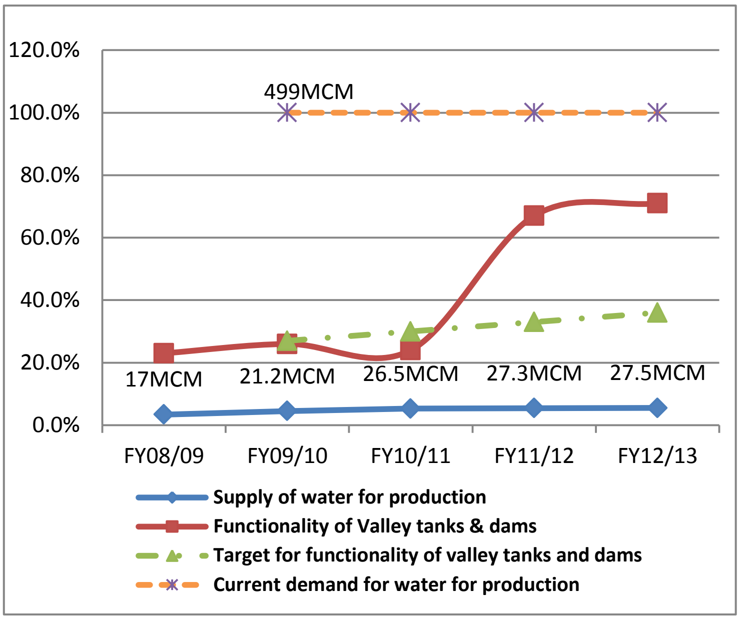
(b) Water for production: Positive trend registered in capacity of water for production

The NDP (2010/11-2014/15) lists water for production as one of the priority areas of Government that requires increased financing. Specific interventions of focus highlighted in the NDP include; increasing the acreage under irrigation from 14,418 ha to 22,000 ha in FY2014/15; increasing the supply of water for livestock watering in the cattle corridor from 36% to 50% and those outside the cattle corridor from 21% to 30%; and increase water supply systems for rural industries to facilitate agro-processing and other industrial activities.

The funding to the water for production sub sector has increased over the years from UGX22.44Bn in FY2009/10 to UGX51.35Bn in FY2012/13. The ministry was able to absorb UGX29.32Bn (57%) of the funds released.

As illustrated in Figure 4.3.3, cumulative Water for production (WfP) storage capacity in Million Cubic Meters (MCM) continued to increase from 17MCM in FY2008/09 to 27.3MCM in FY2011/12 and 27.5MCM in FY2012/13. This progress is still slow to meet the estimated demand of 499MCM. Functionality of valley tanks and dams registered a marked improvement over the years from 23% in FY2008/09 to 67% in FY2011/12 and 71% in FY2012/13. (This is based on a total of 605 valley tanks, 28 dams and 78 fish ponds constructed in the 54 districts so far covered since 2000).

Figure 4.3.3: Trend in supply of water for production



Source: MWE, 2013

During the FY2012/2013, the Ministry constructed one valley tank in Kajodi Mityana district out of the planned three valley tanks. Under construction of dams, the Ministry completed Nakakabala dam in Kiboga district out of the planned three dams. The slow progress in valley tank and dam construction was attributed to changes in the procurement method from direct to open bidding. Construction of the bulk water system in Rakai was still in its preliminary stages with only 32% completed. The delays in construction of the scheme have been attributed to the adverse ground conditions that required design modifications.

(c) Compliance and enforcement of water and environmental laws remains weak

Compliance by water abstraction permit holders (waste water discharge) improved significantly from 22% in FY2011/12 to 48% in FY2012/13 against the target for the year of 62%. Surface water abstraction was at 65% from 60% last FY2011/12 against the annual target of 74%. Ground water abstraction also showed some significant improvement from 60% in FY2011/12 to 68% in FY2012/13 against the target of 75%. The assessment by the Ministry further revealed low compliance levels to effluent standards as observed through the effluent quality in the receiving waters with respect to total suspended solids, total nitrogen (TN), Biological oxygen demand (BOD) and chemical oxygen demand (COD). This has been attributed to lack of trained personnel to operate treatment plants, poor maintenance of treatment facilities, inefficiencies in the treatment of the wastewater loads partly due to under-designed treatment plants.

Rukungiri, Kasese and Fort Portal were not assessed due to inadequacy of funds. Under sewerage effluent quality, only 37% of all the samples taken from final effluent points complied with the National standards for effluent discharge for biological Oxygen demand (BOD) of maximum 50 mg/l (53% of the samples checked complied to the total suspended solids standard of 100 mg/l and 68% complied with the faecal coliforms standard of 10,000 CFU/100ml).

Forest cover has remained at 18% and wetland cover at 11.9%. This performance is still far below the NDP targets for FY2014/15 of 24% for forest cover and 30% for wetland cover.

In FY 2012/2013, the National Environment Management Authority (NFA) had an approved budget of UGX5.5Bn, of which UGX9.01Bn (164%) was released and UGX7.91Bn (88%) of the release spent. The Authority achieved 2 (67%) of its total three output indicator targets. The Authority carried eight restoration activities out of the ten planned for, conducted 1,204 environmental inspections and audits against the target of 1,200. The Authority also reviewed and approved 802 EIA reports out of the targeted 800. NEMA is in the process of reviewing the National Environment Act and Regulations to incorporate the aspects of oil and gas which process needs to be expedited.

National Forestry Authority had an approved budget of UGX19.02Bn of which 107% (UGX20.35Bn) was spent and 104% (UGX20.58Bn) of the release spent. Over all the Authority achieved 5 (63%) output indicator targets out of 8.

The Authority recruited an additional 313 personnel of the targeted 247. Out of the targeted 961Ha of formerly encroached area, 7,084Ha was replanted; 822Ha of forest plantation was established against a target of 1386Ha and 11.8 million tree seedlings were also raised against the target of 9.9M seedlings

4.4 Social Development Sector

4.4.1 Sector objectives

The Social Development Sector works to strengthen communities' rights and provide social protection. Its major focus is to empower communities to harness their potential through cultural growth, skills development and labour productivity. The sector is led by the Ministry of Gender, Labour and Social Development (MGLSD) and works closely with affiliated statutory institutions established by the Acts of Parliament which include, *inter alia,* the National Women's Council, the National Youth Council, and the National Council for Children, the National Cultural Center, the National Library and the Industrial Court.

4.4.2 Overview of the sector's Performance

The Sector had eight outcome indicators of which six (75%) showed a positive trend and two (25%) remained unchanged. In output performance, the Ministry had 28 key output indicators of which, 61% hit their annual targets, 18% were moderately satisfactory, 7% did not achieve their targets and 14% could not be assessed due to insufficient data (Table 4.4.1).

Table 4.4.1: Annual performance scorecard for the Gender Labour and Social Development sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	75%	100%	25%	0%	0%	0%	8

Output Performance

Outputs	% achieved	% Moderately Satisfactory	% not achieved	% no data	Denominator
Sector	61%	18%	7%	14%	28
MGLSD	61%	18%	7%	14%	28

Actions Performance

Action	% On Track	% Off Track	% no data	Denominator
Planned				

Budget Performance

Budget	Approved (Bn UGX)	Released (Bn UGX)	% budget released	Spent (Bn UGX)	% release spent	% budget spent
Sector	50.78	20.38	40.1%	17.70	86.8%	34.9%
MGLSD	50.78	20.38	40.1%	17.70	86.8%	34.9%

The Ministry (MGLSD) had an approved budget of UGX50.78Bn of which, UGX20.38Bn (40.1%) was released and UGX17.70Bn (87%) spent. The Ministry had identified twenty seven key out performance indicators of which 56% were achieved; 14% of the output indicator targets had no sufficient data to carry out an assessment.

4.4.3 Achievements registered in the Sector

(a) Empowerment, support, care and protection of vulnerable groups

Vulnerable children

According to UBOS Abstract 2013, a vulnerable child is a person below 18 years living in a situation that exposes him/her to significant, emotional or mental harm.

The Abstract further reveals that during 2009, Zombo district reported the largest proportion of households headed by children at 1.2%, followed by Nebbi district at 0.7% while Kiryandongo and Ngora had the least proportion at 0.1%. In 2010 Amolatar district did not report any child headed households. Kanungu in 2011 had the least proportion of 0.1%.

For children aged 12 – 17 years, the Abstract shows that in 2011, Abim district had the highest proportion of married children at 22.3%. Previously in 2009, Zombo district had the highest proportion of early marriages at 14% while Ngora, Kiruhura and Kumi districts had the least proportions at 1.2%, 1.3% and 1.4% respectively.

Information on the survival status of parents for children aged below 18 years obtained in 2009 also revealed that Rakai district had the highest proportion of children below 18 years who were double orphans (both parents are dead) at 5.9%, while Kyankwanzi had the least proportion of orphans at 0.6%.

During the financial year under review, the Ministry received UGX5.35Bn of the approved budget of UGX37.18Bn (14.4%) for social protection for vulnerable groups and UGX4.48Bn (84%) of the release was spent. With these funds the Ministry removed 751 children from the streets of the targeted 1,200. All the targeted 90,000 vulnerable people were supported; 50 vulnerable and marginalized groups were supported with seed/start-up capital out of the planned 65; A total of 65 vulnerable groups were supported and empowered to participate and benefit from the development process; 5259 vulnerable persons were trained in vocational, entrepreneurial and life skills against the targeted 5995 persons. All the planned three councils for the vulnerable groups were also supported by the Ministry. Government needs to invest more in improving the plight of the vulnerable persons.

Community mobilization for development

Community mobilization and empowerment vote function had an approved budget of UGX2.26Bn of which 92% (UGX2.07Bn) was released and all spent. The Ministry enrolled 200,000 people for FAL programme as targeted. This is a sharp decline from 200,000 people enrolled in the last financial year and the sector attributes this to number of sub counties implementing FAL programme reduced from 80 sub counties in the last financial year to 50 sub counties meeting the target for the year. 11 cultural leaders were also supported.

Child labour on the rise

According to the national labour force and child activities survey 2011/12 by UBOS, children (aged less than 18 years) constitute 58% of the total population while the youths (aged 18 – 30 years) constitute 20% of the total population. Thus, the Children and Youths combined account for more than three quarters of the total population. Overall 89% of the children aged 6-17 years were attending school and 39 percent were involved in some kind of work. Thus, one-third (33%) of the children were combining working with school. Most of the working children (93%) were in the primary sector (agriculture, forestry and fishing), and worked mainly as contributing family workers (81%).

According to the National Legislation, child labour includes all children aged 5-11 years old at work, children aged 12-13 years who were at work except those in light work, and all 14-17 year olds in hazardous work or working excessive hours. From the recent national labour force and child activities survey 2011/12 by UBOS, a total of 2,009,000 children were found to be engaged in some form of child labour, 16% of all children nationally;1,702,000 (19%) children below the age of 14 years were engaged in child labour; 1.4 million of these children aged 5-11 years engaged in child work (Table 4.4.2).

The report also revealed that Central region had the highest proportion of working children below 14 years (29%) while Kampala had two percent.

Table 4.4.2: Estimation of Child Labour by Age of Child

Background Characteristic	children aged 5-11 years in economic activity		children aged 12-13 years in economic activity excluding those in lighteconomic activity		Total in child labour, 5-13		Children aged 14-17 years in hazardous work or working excessive hours(ii)		Total in child labour, 5-17 years	
	% of total child ren	No. ('000)	% of total children	No. ('000)	% of total children	No. ('000)	% of total children	No. ('000)	% of total children	No. (000's)
		(a)	(b)		(a) & (b)		(c)		(a)&(b)&(c)	
Sex										
Male	21.5	734.1	12.4	128.6	19.4	862.7	10.5	183.3	16.9	1,045.9
Female	21.1	715.7	11.3	123.6	18.7	839.4	7.3	124.0	15.6	963.4
Residence										
Urban	6.9	60.7	6.4	17.5	6.8	78.2	13.3	67.1	8.8	145.3
Rural	23.3	1,389.2	12.7	234.7	20.9	1,623.9	8.2	240.2	17.4	1,864.0
Region										
Central	33.8	458.6	12.7	55.4	28.6	514.1	12.0	92.7	23.7	606.8
Eastern	20.8	431.8	8.5	54.3	17.9	486.2	4.8	48.0	14.4	534.2
Northern	13.5	184.9	18.5	78.5	14.7	263.5	9.6	58.6	13.4	322.0
Western	21.0	370.4	10.9	61.8	18.6	432.2	9.4	86.8	16.0	519.0
Sub-Region										
Kampala	1.8	4.1	3.5	2.1	2.1	6.2	15.8	21.2	6.4	27.4
West Nile	4.3	18.5	8.3	11.7	5.3	30.2	4.2	8.0	5.0	38.2
Karamoja	17.5	37.4	37.9	22.6	21.9	59.9	27.1	19.7	23.0	79.7
Total	21.3	1,449.8	11.9	252.2	19.1	1,702.0	8.9	307.3	16.3	2,009.3

Source: National Labour Force and Child Activities Survey 2011/12, UBOS

Overall 252,000 children (8%) aged 12-13 year-old were found to be engaged in non-light economic activity which is below the minimum age for this type of work or hazardous work. Males were slightly higher at 12% compared females 11%. The situation was found to be higher in rural areas (13%) than in urban areas at 6%. Northern and Central regions had the highest proportion of working children aged 12-13 year-old involved in non-light economic activity or hazardous work (13%).

Labour laws and policies both nationally and internationally prohibit employment of children in any work that is injurious to their health, or is dangerous or hazardous or otherwise unsuitable for them. However, the survey indicates that 307,000 of the 2 million children in child labour were engaged in hazardous work. Kampala City had the highest proportion of children in hazardous work (88%) compared to all other regions. The sector needs to come up with new strategies to combat this growing but dangerous phenomenon.

(b) Promotion of labour, employment and productivity

Labour policies and laws reviewed and disseminated

During FY 2012/2013, the Ministry reviewed 12 out of the targeted 15 labour laws and guidelines and disseminated some of them. The Ministry championed the dissemination of the Employment (Employment of Children) Regulations, 2011; the Employment (Sexual Harassment) Regulations, 2011; The Labour Unions (Check –Off), Regulations, 2011; The Labour Disputes (Arbitration and settlement) (Industrial Court Procedure) Rules, 2011 and Labour Unions (registration) regulations. The rest of the laws could not be reviewed due to insufficient release of funds.

Regulations on occupational safety and health were also developed which include; the dangerous occupancy at workplaces, Lifting equipment and Lifting operations, Pressure System Safety, and Chemical Safety. Although the laws and regulations have been put in place, labour complaints are still very high with 4,000 complaints registered in the financial year under review.

Skills development

Under training and skills development, the Ministry trained 5259 vulnerable persons in vocational, entrepreneurial and life skills of the targeted 5995.

Youth unemployment

According to the National Labour Force and Child Activities Survey 2011/12, there are 6.3 million youth in Uganda of which 51% are females, 9.9% of the these youths have no education, 47% have primary education, 34% secondary education, 6.1% above secondary education, 1.9% post primary specialized training, 2.9% post secondary specialized training, only 1.3% had a degree or above and 4% with an area of specialization.

The overall youth unemployment rate was 5.2%, with unemployment rate in urban areas at 12.3% and 3.4% in rural areas.

Government has put in place some measures like the Youth Venture Capital Fund to address the plight of the youth. However these measures, are not sufficient as the youth constitute the majority part of the population. During the financial year under review, there were no specific measures implemented by the Sector to address this situation. There is thus need for Government to put in place strategies and interventions aimed to addressing youth unemployment in the country.

(c) Mainstreaming gender and rights

Under this vote function, the Ministry, received UGX2.24Bn (99%) out of the approved budget of UGX2.27Bn and all was spent. Six sectors mainstreamed gender and other social development concerns into their plans and budgets in the last financial year surpassing the target for the sector of four. A total of 22 Local governments were provided with technical support on mainstreaming of equity and rights of the planned 40; 95 Local government staff and other stakeholders from organisations focusing on rights of the vulnerable were sensitized of the targeted 100. More efforts needed in mainstreaming of gender and rights across government.

5 Rural Development Cluster

The Rural Development cluster includes the sectors of i) Agriculture and ii) Lands, Housing and Urban Development. The performance of these sectors during FY 2012/2013 is presented below.

5.1 Agriculture Sector

5.1.1 Sector objectives

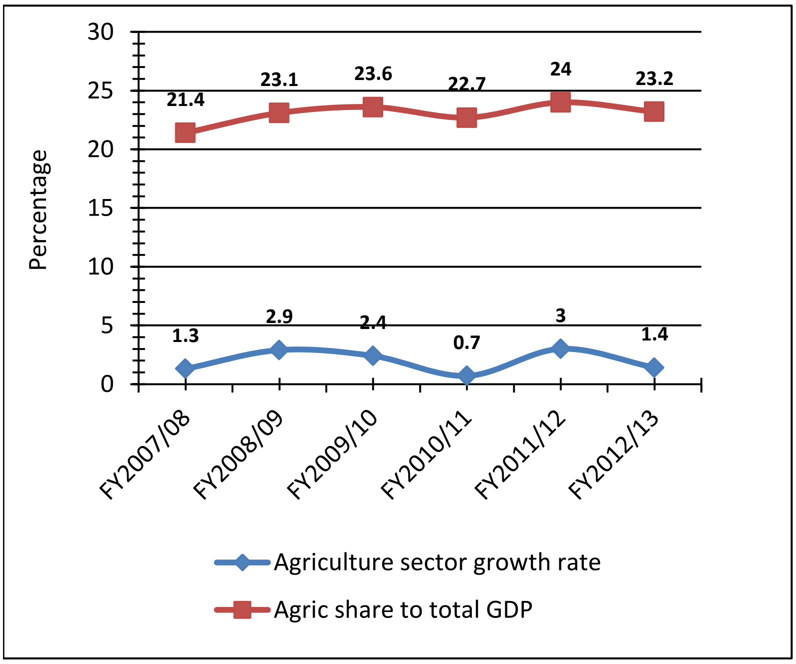
The vision of the Agricultural Sector is to be a competitive, profitable and sustainable. The objectives of the Development Strategy and Investment Plan (DSIP) are to increase rural incomes and livelihoods and to improve household food and nutrition security. This is to be achieved through enhancing factor productivity (land, labour and capital) in crops, livestock and fisheries, developing markets for primary and secondary agricultural products within Uganda, the region and beyond and ensuring favourable legal, policy and institutional frameworks that facilitate private sector expansion and profitability.

The Sector is led by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), and includes the National Agricultural Research Organization (NARO), the National Agricultural Advisory Service (NAADS), the Plan for the Modernization of Agriculture (PMA) Secretariat, Cotton Development Organization (CDO), Dairy Development Authority (DDA), Uganda Coffee Development Authority (UCDA), the National Genetic Resource Information Centre and Data Bank (NAGRC&DB) and the Coordinating Office for Control of Trypanosomiasis in Uganda (COCTU).

5.1.2 Overview of the Sector's performance

According to the most recent data from UBOS[1], the Agriculture Sector employs about 66 per cent of Ugandans and its contribution to total GDP was 23.2 per cent in 2012/13, reducing from 24 per cent last year. In terms of growth, the trend has not been impressive as the sector grew by only 1.4 per cent in FY 2012/13 compared to 3 per cent growth rate in 2011/12 which is far below the economy's average growth rate which has been above 5% for the past ten years. Last year's growth rate is the highest that the sector has reported since 2007/08. The share of monetary agriculture of total agriculture also reduced from 14.2% in 2011/12 to 13.6% in 2012/13. Generally, this performance implies that the biggest proportion of Ugandans (66 per cent) who are employed by agriculture is less productive while the remaining 34% contribute over 76% to total GDP. However, despite the various efforts, the sector's growth rate has remained low over the years.

***Figure 5.1.1:* Agriculture sector Growth rate and share to total GDP**



Source: **OPM, based on data from UBOS and MAAIF (2011, 2012, 2013)**

The Sector recorded a positive trend for 50 per cent of its outcome level indicator performance compared to FY 2011/12, 50 per cent a negative trend. Regarding performance against outcome targets, only 17%

[1] UBOS Statistical abstract 2013

of the Sector's outcome indicators had their targets achieved while 58% not achieved by end of the financial year. The rest had no data on outcome indicator targets (Table 5.1.1).

Table 5.1.1: Annual Performance Scorecard for Agriculture Sector

Outcome Trends

	% positive trend	% achieved against target	% un-change trend	% negative trend	% not achieved against target	% no data	Denominator
Total	50%	17%	0%	50%	58%	0%	12

Output Performance

	Achieved	Moderately satisfactory	Not Achieved	No Assessment	Denominator
Sector	42%	25%	33%	0%	71
MAAIF	28%	28%	44%	0%	29
NAADS	43%	29%	28%	0%	7
UCDO	27%	46%	27%	0%	11
UCDA	85%	15%	0%	0%	13
DDA	33%	0%	67%	0%	6
NARO	60%	20%	20%	0%	5

Actions performance

Action	% on Track	% Off track	% no data	Denominator
Cabinet	100%	0%	0%	4
PIRT	92%	8%	0%	24

Budget Performance

MDA	Approved (UGX Bn)	Released (UGX Bn)	Spent (UGX Bn)	% budget released	% release spent	% budget spent
Sector Total (GoU+Donor)	**378.99**	**340.91**	**323.21**	**90%**	**94.8%**	**85.3%**
Sector Total (GoU)	**305.03**	**279.18**	**271.63**	**91.5%**	**97.3%**	**89%**
MAAIF (GoU+Donor)	80.6	69.05	60.82	85.7%	88.1%	75.5%
MAAIF (GoU)	55.64	45.87	38.71	82.4%	84.4%	69.6%
NAADS (GoU+Donor)	52.9	42.71	42.45	80.7%	99.4%	80.2%
NAADS (GoU)	52.9	42.71	42.45	80.7%	99.4%	80.2%
UCDO (GoU+NTR)	6.45	6.32	6.32	98%	100%	98%
UCDO (GoU)	3.61	3.29	3.29	91.3%	100%	91.3%
UCDA (GoU+NTR	15.74	15.07	15.04	95.7%	99.8%	95.6%
UCDA (GoU)	2.91	2.91	2.88	100%	98.9%	98.9%
DDA (GoU+Donor)	4.03	4.03	3.99	100%	99%	99%
DDA (GoU)	4.03	4.03	3.99	100%	99%	99%
NARO (GoU+Donor)	87.32	74.53	65.48	85.4%	75%	87.9%
NARO (GoU)	34.09	33.72	33.72	98.9%	100%	98.9%

The Agriculture Sector received a total budget (GoU+Donor) of UGX 340.91 billion (90%) out of the approved UGX 378.99 billion. The Annual Budget Performance Report shows that 95% of the sector's released budget was spent by end of FY 2012/13. MAAIF received 86% (UGX 69.05 billion) of the total approved budget of UGX 80.6 billion out of which 88% was spent. Out of the approved budget for of UGX 52.91 billion for NAADS, UGX 42.71 billion was released and all the release spent. For NARO, 85% of the budgeted UGX 87.32 billion was released. Performance trends imply that the MDAs' contribution to the sector outcomes via the delivery of outputs is limited.

With the above, the Sector's output performance does not reflect efficiency in terms of expenditure. Only 42% of the sector's output indicator targets were achieved, 25% moderately satisfactory and the remaining 33% of the indicators had their output indicator targets not achieved despite over 90% of the budget having been released. The Uganda Coffee Development Authority (UCDA) had the highest performance in terms of reaching set indicator targets with 85% of the targets achieved by end of the year. This was followed by National Agricultural Research Organization (NARO) with 60% of the research agency's indicator targets achieved against plan. The other four MDAs all had less than 50% of their targets achieved, with MAAIF and UCDO being the least performing MDAs despite the fact that they spent a big percentage (88% and 100% respectively) of the release. On the other hand, the sector performed well in terms of implementation of cabinet and Presidential Investors Round Table (PIRT) actions with significant progress.

5.1.3 Achievements registered in the Sector.

(a) Agricultural production and productivity

The production and productivity of agriculture in Uganda is currently contributed to by the Sector's investment in quality assurance of agro inputs, training in production technologies, crop pests, disease and vector control, advisory services to farmers as well as creation of an enabling environment for increased production and productivity. The Sector also has special agencies responsible for strategic crops and functions like agricultural research, coffee development, cotton development, dairy development and advisory services to enhance production and productivity.

Crop protection

The crop protection function received UGX 1.04 billion out of the approved UGX 1.18 billion for crop quality assurance systems along the value chain and 88% of the release was spent. By the end of FY 2012/13, 13,500 metric tons of seed had been certified against the planned 8,000 tons. The 169% performance against target resulted from private sector interventions with performance depending on demand. The number of seed inspections carried out was 20 out of the targeted 24 inspections. The number of farmers trained on good cocoa production technologies was 81% of the targeted 2,000 farmers due to resource constraints. The trainings were conducted in eight districts of Kamuli, Luuka, Wakiso, Hoima, Bundibugyo, Luwero, Mayuge and Iganga.

Crop pest and disease control is very important towards increasing production and productivity but had an approved budget of only UGX 0.58 billion, of which 88% was released. Even with a small budget, only 77% of the released UGX 0.51 billion was spent by the Crops department. Performance against indicator targets for this output indicates that 64 chemical dealers and premises were registered instead of the planned 70. The number of agro chemicals registered was also 79% of the 120 agro chemicals that had been planned to be registered. The Sector performed well in terms of surveillance, monitoring and forecasting of pests and disease outbreaks, training of staff in pest surveillance, diagnostics and control as well as operationalization of mobile plant clinics and diagnostic centres as their performance was above target. The Sector does not explain how this target performance relates with a small budget which was not all spent. The Presidential Investors Round Table (PIRT) recommended that the sector expedites the registration of chemicals which have already been registered in other EAC countries.

The Crops Department of MAAIF planned to promote production and productivity of priority commodities with an approved budget of UGX 2.92 billion of which UGX 2.31 billion (79%) was released. Whereas 81% of the release spent, none of the set indicator targets was achieved for this output. Submitted data shows that only 600,000 cocoa seedlings were procured out of the planned 1,400,000 seedlings. The number of tea seedlings procured and distributed was also 63% of the planned 1,600,000 whereas only 7,050 out of the planned 10,000 Kgs of foundation rice seed were distributed. This low performance was blamed on shortage of funds and procurement delays.

Efforts to increase fertilizer usage

The usage of fertilizers remains low leading to low productivity due to declining soil fertility and degradation of land. For example, it is reported (EPRC, 2012)[1] that the majority of farmers in Uganda do not use fertilizer due to high cost. Results also indicate that lack of information and technical advice related to use of fertilizer and ease of access to input and output markets significantly impact on fertilizer adoption and use. Based on that background, Cabinet made two recommendations; to expedite implementation of the strategy on stimulating fertilizer demand at farmers' level and prioritizing funding for increased use of fertilizers. Efforts towards implementing these Cabinet recommendations are reported to be progressing well. However, the issue of high cost of fertilizers seems to still pose a challenge to the Sector and some efforts need to be made. For the PIRT recommendations to evaluate

[1] Constraints to Fertiliser Use in Uganda: Insights from Uganda Census of Agriculture 2008/9

both the potential of national fertilizer production and upcoming fertilizer production initiatives in the EAC region there has been remarkable progress. The Ministry has partnered with Kinyara Sugar Works to establish an organic fertilizer plant. In the medium term, Government through a PPP arrangement is undertaking initiatives to exploit the Sukuru Hills Tororo Rock Phosphates with the Nilefos Consortium led by Madhvani International and comprised of Industrial Development Corporation and the Gujarat State Fertilizer and Chemicals Ltd of India. Under the framework of the East African Community (EAC), Uganda is part of the initiatives for fertilizer production within the region which includes the exploitation of the rock phosphates in Tororo Hills- Uganda.

Irrigation

. The dependence of the Agricultural Sector on rain has continued to pose a challenge to Uganda's macroeconomic performance, agriculture production and productivity. On several occasions, statistics have indicated prolonged drought (leading to high food prices) as a cause of inflation pressures in the country. In order to mitigate this far-reaching challenge, the Sector has been urged to invest in the construction of irrigation schemes but the pace remains low.

Whereas the Sector received 92% of its budget for construction of irrigation schemes which was all spent, the reported performance was low. Out of the 33 that were planned for construction, only 7 small scale irrigation demonstrations had detailed designs completed. It should be commended however, that the sector is putting in place interventions to mitigate the challenge of over dependence on rain-fed agriculture which was a major concern during last year's retreat. A draft irrigation policy has been developed, presented to TPM and stakeholder consultations ongoing. Thirty (30) small scale irrigation/water harvesting demonstrations have been planned for 2013/14 in the districts of Kiboga, Luwero, Lyantonde, Mubende, Rakai, Wakiso, bukwo, Kibuku, Kamuli, Manafwa, Pallisa, Kamwenge, Ibanda, Kiryandongo, Kyenjojo, Mitooma, Ntoroko, Ntungamo, Rukungiri, Adjumani, Alebtong, Amudat, Arua, Kitgum, Koboko, Pader, Lira, Nakapiripirit, Oyam and Zombo. In addition, the Ministry has acquired three sets of heavy equipment for agricultural mechanization to develop infrastructure for water for agricultural production (WfAP). There are also plans to rehabilitate and expand other irrigation schemes. It will be an important milestone if these are implemented as planned.

Cotton development

Outcome data shows a significant fall in the quantity of cotton produced. While 254,000 bales of cotton were produced in FY 2011/12, only 102,000 bales were produced in 2012/13. This was below the targeted 200,000 bales for the financial year 2012/13. It is also not clear why the sector/agency targeted less number of bales of cotton in 2012/13 than what was realized in 2011/12 yet the goal should be more production. For the last four years, 2012/13 inclusive, the agency has been explaining the fluctuating trends in cotton production on two factors which are beyond their control; favorable/unfavorable weather conditions and international price fluctuations..

Output level performance assessment shows that only 27% of the indicator targets were achieved by UCDO, 45% almost achieved and 27% not achieved. The quantity of cotton planting seeds procured, treated and distributed to farmers was below target with 4,357 metric tons achieved against 5,000 metric tons. It is reported that the quantity was reduced due to low demand from farmers arising from the previous season's drop in cotton prices. Under seed multiplication, none of the indicator targets were achieved with the entire budget received and spent. The quantity of seed produced, number of acres planted and quality of seed produced were all below the target and performance blamed on adverse weather conditions. The MDA needs to address the factors that continuously hinder the outcome performance of the cotton sub-sector.

In order to mobilize and sensitize cotton farmers, it was planned to establish 3,000 demonstration plots but 98% of this was achieved, due to adverse weather conditions. The agency also procured and distributed 5,000 spray pumps and 1,000 oxen and ploughs as planned.

Coffee production and productivity

The Uganda Coffee Development Authority is responsible, among others, for increasing coffee production and productivity of farmers. The agency received a total budget of UGX 2.75 billion for coffee production, research and coordination, 96% of which was spent.

In terms of production, the number of coffee bags produced increased slightly from 3.114 (60 Kg) million bags in FY 2011/12 to 3.118 (60 Kg) million bags in 2012/13. The agency had targeted the country's coffee production to be only 3.05 (60 Kg) million bags, below last year's performance.

In order to increase coffee production and productivity, the agency planned to produce 36 million coffee seedlings and achieved 116% of the target. The number of established and supported district coffee platforms facilitated for coffee activities were both achieved above target with 44 and 22 realized by end of year respectively. One of the strategies to increase coffee production is through coffee development in Northern Uganda given the region's potential. The agency did not provide data on how much money was released and spent for this output. Out of the planned 3 million seedlings, 2.95 million were raised and 17 out of 20 technology development sites were established. This performance below target was explained to be as a result of changes in weather patterns characterized by the long dry spell. On the other hand, the targeted workshops on business and nursery management were held as planned.

Agricultural research

The mission of National Agricultural Research Organization (NARO) is "the generation, adoption and dissemination of appropriate and demand-driven technologies, knowledge and information through an effective, efficient, sustainable, decentralized and well-co-ordinated agricultural research system". This is supposed to greatly contribute to increased production and productivity in the Sector.

The NARO was allocated a total budget of UGX 87.32 billion of which UGX 74.53 billion (85%) was released. Out of the total released budget, 88% was spent by end of the financial year. The agency had budgeted to spend UGX 1.9 billion for generation of agricultural technologies. By end of the financial year, 111% of the budget had been released and spent. Output performance data indicates that only 13 research studies were carried out under the competitive grants scheme against the planned 60. They also planned to generate 80 production technologies and had generated 90 by the end of the financial year. The number of new varieties/ prototypes submitted to the Variety Release Committee for release also reported good performance as 34 were submitted against the planned 33.

Under the promotion and strengthening of research extension interface, 106% of the UGX 0.52 billion was released and spent for this output. With that budget, the performance on the delivery of technological innovations to uptake pathways was 10 against the targeted 5 technological innovations. This over performance was reported to be as a result of strengthened linkages between NARO and NAADS. In addition, out of the planned 30, 29 technological innovation platforms were established and supported hence not achieving the target. It was recommended that the sector should enhance research, training and education to develop better resistant products for better yields. Available information suggests that the sector has registered good progress on this. Efforts have been made in developing resistant/tolerant varieties to specific pest, vector, diseases, pressures of planting and stocking materials for crops, livestock and fish are priorities under research (NARO). Seven varieties of resistant coffee wilt, Cassava Mosaic, Cassava Brown Streak resistant varieties have also been developed. Research including local research is being done on Banana Bacterial Wilt resistant variety. It was also recommended that support be given to PPPs in Research and Development. It is reported that MFPED is spearheading the development and finalization of the PPP Policy which will provide a framework for partnering with the private sector in research and development.

The Sector has continued to grow below the national GDP growth rate, even lower than during the early 2000s before such interventions were put in place.

(b) The food security situation in Uganda

The issue of food security is of critical importance in Uganda where the growth rate of the Agriculture Sector has remained far lower than the average growth rate of the economy in the past ten years. At the same time, the country's population continues to expand rapidly with the biggest percentage employed by agriculture.

The current statistics on Uganda's food security situation indicate a challenge to the country's development efforts aimed at transforming people's livelihoods. A report[1] by the Journal of Development and Agricultural Economics (2013) shows Uganda as being among the worst performers in terms average annual food production growth rate in Sub-Saharan Africa – Table 5.1.2.

Table 5.1.2: **Country performance ranking based on food (PIN) average annual growth rate (AAGR) (1968 to 2008) - net production value (constant 2004 to 2006 1000 I$) -** *Part A*

Country	Annual average growth rate food PIN			
	Pre-reform 1968-1983	Transition 1984-1993	Post-reform 1994-2008	Whole period 1994-2008
Better performers				
Benin	1.8	3.8	4.6	4.1
Burkina Faso	1.5	6.1	3.8	4.1
Nigeria	0.1	8.0	3.5	4.0
Côte d'Ivoire	4.9	3.3	2.3	3.8
Ghana	-1.4	5.7	4.4	3.5
Niger	2.6	4.7	6.4	3.3
Sudan	3.7	2.8	3.0	3.2
Malawi	3.2	-0.1	6.9	3.1
Kenya	3.6	4.4	3.5	3.1
Mean	2.2	4.3	4.3	3.6
Medium performers				
Central African Republic	2.8	3.1	3.0	2.8
Mali	2.7	3.1	4.4	2.8
U.R. of Tanzania	3.8	1.1	4.4	2.8
Cameroon	2.2	2.3	3.4	2.6
Guinea	1.3	3.4	2.9	2.6
Chad	0.9	3.9	3.3	2.6
Togo	0.9	3.2	2.7	2.5
Zambia	2.5	3.8	2.7	2.3
Congo	1.1	0.5	3.0	2.1
Mean	2.0	2.7	3.3	2.6
Poor performers				
Rwanda	3.8	1.1	6.4	2.0
Ethiopia	1.5	1.0	4.9	2.0
Uganda	0.5	4.0	2.7	1.8
Mauritania	0.7	2.3	2.3	1.6
Senegal	0.2	2.4	2.2	1.5
Madagascar	1.5	1.5	1.6	1.5
Liberia	2.9	-3.6	3.5	1.2
Mozambique	-0.7	-1.0	2.6	1.2
Sierra Leone	1.2	0.2	3.8	1.1
Somalia	2.3	-2.4	1.2	1.1
Democratic Republic of Congo	2.0	3.1	-1.2	1.0
Burundi	0.7	2.8	1.1	1.0
Mean	1.4	1.0	2.6	1.4

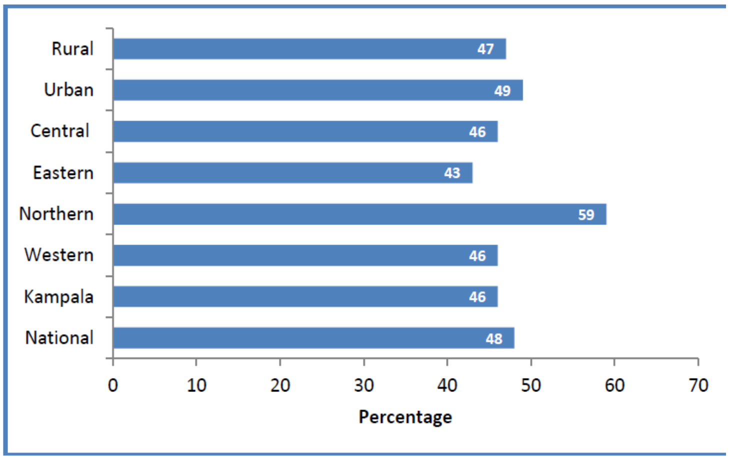
Source: Journal of Development and Agricultural Economics (2013)

[1] Understanding the performance of food production in sub-Saharan Africa and its implications for food security

According to the Comprehensive Food Security and Vulnerability Analysis report (UBOS and WFP, 2013), almost a half (48%) of Ugandans nationally are food energy deficient, spiking at 59% in Northern Uganda which is the most food insecure region (Figure 5.1.2).

The report continues to show that food insecurity and malnutrition are strongly associated with monetary poverty, which is firmly entrenched in rural areas, especially in the Northern region. The situation is worsened by over dependence on rain-fed agriculture especially in drought-prone areas of Uganda like Karamoja.

Figure 5.1.2: **Percentage of population that are energy deficient**



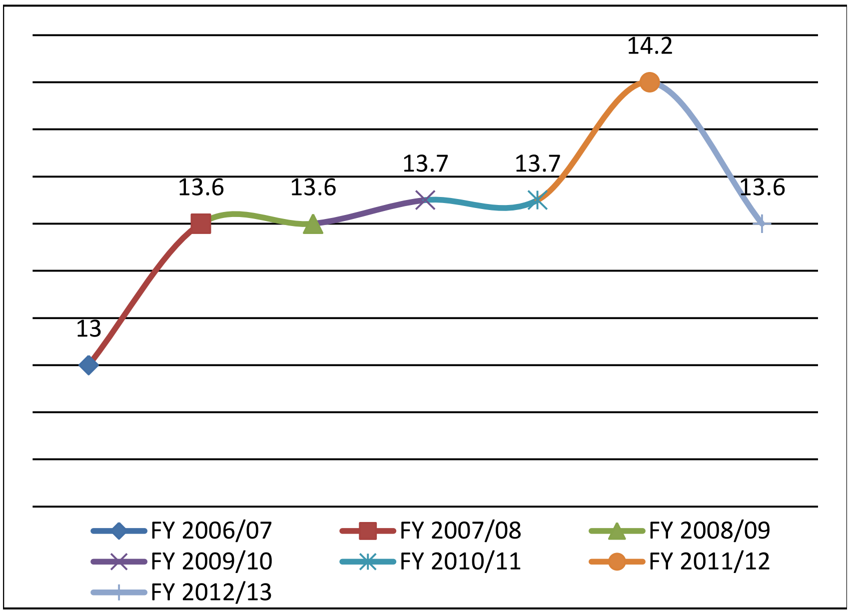
Source: UBOS and WFP (2013)

(c) Commercialization, marketing and value addition

The National Development Plan 2010/11-2014/15 states two objectives of the Agriculture Sector; first, “improve access to and sustainability of markets” and secondly, “create an enabling environment for competitive investment in agriculture”. These were to be achieved through strategies aimed at value addition and increased capacity for quality assurance, regulation, food and safety standards for outputs and products across all sub sectors.

The UBOS Statistical Abstract of 2013 (figure 5.1.3) shows that the percentage share of monetary agriculture of total agriculture reduced from 14.2% in 2011/12 to 13.6% in 2012/13. This share has not significantly changed in the last seven years as seen in the graph. Outcome performance data reveals that tea and cocoa had a positive trend in terms of value fetched in 2012/13 compared to 2011/12 with USD 102.6 million and USD 46.6 million earned respectively from these crops. That notwithstanding, the performance was below what had been targeted for the financial year. Cotton and coffee had a declining trend compared to last year. USD 30.2 million and USD 371.3 million was earned in 2012/13 compared to USD 47.9 and USD 392.7 million from cotton and coffee exports respectively in 2011/12. The outcome targets were also not achieved.

Figure 5.1.3: **%Share of Monetary Agriculture of total Agriculture**



Source: OPM calculations based on data from UBOS (2012, 2013)

Apart from NARO, all the MDAs in the Agriculture Sector contribute to commercialization, marketing and value addition through various outputs. The Annual Budget Performance Report (ABPR) shows that

MAAIF budgeted for only UGX 30 million to increase value addition in the Sector. Out of the budget, only UGX 20 million (67%) was actually released and spent by end of the financial year.

All the output indicator targets were not achieved by end of the financial year due to resource constraints. The number of farmer groups involved in primary processing was only 102 against the targeted 150. The Ministry also planned to train 400 farmers in primary processing of cocoa in Bundibugyo, Luwero, Luuka, Kiboga and Mayuge districts but 310 were trained by end of FY 2012/13. In order to improve market access for livestock and livestock products, the Ministry planned to spend UGX 1.16 billion and received UGX 1.03 billion. With only 52% of the release spent, the Sector disseminated livestock marketing infrastructure operational guidelines and standard operating procedures to 82 districts, above the targeted 60 districts. The fact that 48% of the release was not spent but the indicator performance was achieved above target may point to the likelihood that low targets were set and achieved at a low cost.

The Uganda Coffee Development Authority delivers some outputs towards increased commercialization, marketing and value addition. The agency did not provide financial data under quality assurance but achieved all the indicator targets for this output. It is reported that 3.36 million 60 Kg bags of coffee were certified for export against a target of 3.2 million bags. The over performance was attributed to increased yield, high export volumes and some stocks from the last coffee year. The agency also issued 10,412 quality certificates, above the 9,600 that was planned. This was as a result of high export volumes.

The UCDA budgeted for UGX 160 million to undertake value addition and generic promotion and all the budget was released and spent. Six trade fairs to showcase coffee were held; UMA, Word Food Day, the Golden Jubilee Independence Show, MAAIF Jinja, Uganda North America Association-UNAA and Specialty Coffee Association of America-SCAA. These exceeded the original plan to have five as one of them; Uganda Golden Jubilee Independence Show was not originally planned. The agency also participated in two international exhibitions, in Japan and Korea as planned. Though there is no financial data, all indicator targets for information dissemination were achieved as planned. These included the dissemination of 12 monthly market reports and release of two production forecasts. Considering that the agency did not provide financial data on a number of outputs, it is difficult to determine whether or not the programme kept within the budget and the resources expended justified.

Available data indicates that all indicators for Dairy Development Authority (DDA) are related to commercialization, marketing and quality assurance. The agency received and spent all the budgeted UGX 0.82 billion for promotion of dairy production and marketing but none of the output indicator targets was achieved. Out of the planned training of 5,282 stakeholders, only 1,849 were trained attributed to having few vehicles and staff. They also targeted to have 1,214 functioning milk collection centers and 1,236 functional cold chain milk units by end of the financial year. However, performance was just slightly above 50% of the target and no reasons were given for this. For quality assurance and regulation, DDA budgeted for UGX 0.61 billion which was all released. Two of the three indicators for this output had their targets achieved. 62 milk and dairy products awareness campaigns were undertaken, above the planned 48 campaigns. The number of dairy premises registered was also at 1,430 achieved against the targeted 1,387. Whereas the agency planned to undertake 228 quality assurance exercises, only 118 were achieved due to insufficient vehicles.

Available empirical evidence shows that there are many untapped opportunities in the dairy/livestock sub-sector. According to EPRC (2012)[1], opportunities in the milk value chain can be expedited to generate development impacts, and indirectly reduce poverty impacts via rural employment in Uganda, by addressing how to have more milk marketed in processed form. This is based on the fact that only about 52% of the raw milk produced reaches the second level of the market value chain and marketed to off-farm consumers. It is recommended that DDA fosters mechanisms to draw most milk traded informally back to the formal system to regulate and enforce quality standards. The other recommendation is fostering the development of primary dairy farmers' cooperatives to enable farmers to engage in milk value chains through mini-dairies.

[1] Widening Opportunities for Increased Marketing of Processed Milk in Uganda.

The other general challenge to commercialization, marketing and value addition in Uganda's Agriculture Sector is the limited access to agricultural credit. Anecdotal evidence suggests that current efforts towards changing the status quo have not yet yielded results. The EPRC (2012)[1] found that, at national level, only 11.3 percent of total 3.9 million agricultural households accessed credit. Of these, 61 percent accessed credit through informal sector, 29 percent through semi-informal and 10 percent through formal financial institutions. With a higher percentage of the few farmers accessing credit through informal sources, this poses a high risk to agriculture. Besides, informal sources have limited source of funding and may not satisfy the growing demand for farmers. There is therefore need to transform all the various agricultural financing initiatives so that they can become effective and meet the demands of agriculturalists. Commodity and rural cooperatives as well as farmer associations also need to be supported.

(d) Efficiency and effectiveness of advisory services

The National Agricultural Advisory Services (NAADS) Programme is the main provider of agricultural extension and advisory services in Uganda. The NAADS Secretariat had a total budget of UGX 52.91 billion, of which UGX 42.71 billion (81%) was released and spent.

The agency delivers its mandate through a number of outputs and activities. Under Farmer Institutional Development, the agency's target was to strengthen 70,000 high level farmer groups through training and other capability building. These would then be linked to national level farmer organizations. With UGX 1.27 billion (84% of the budget) released, UGX 1.39 billion was spent and 68,200 (97% of target) high level farmer groups benefitted. They also received 129% of the original budget (UGX 7.3 billion) for technology promotion of priority commodities and farmers access to information. The 13 strategic enterprises were promoted as planned through provision of inputs and value addition technologies.

Under Agri-business Development and Market Linkages, UGX 1.03 billion was budgeted but only UGX 0.54 released and spent. A key indicator for this output was to promote 200 agri-business and value addition units by providing agro-processing equipment and technologies. By the end of the financial year, only 37% of the target was achieved and this was attributed to over targeting at the planning stage. This calls for addressing the problems of target setting by seeking OPM's guidance at the planning stage.

It is also reported that the percentage of service providers and programme officers trained in specialized skills was below the targeted 100% as 77% was achieved. No explanation was given for this off-target performance. The NAADS performed on target in terms of joint prioritization and planning for adaptive research as the number of farmers participating in generating research needs was 70,000. This performance resulted from strengthened NARO-NAADS interface and other key stakeholders at zonal level. The number of farmers/ groups hosting adaptive research or multiplication sites was also on target with 448 realized by end of the year.

In terms of effectiveness and efficiency of NAADS, many empirical studies have been carried out by local and international organizations. Most of this evidence shows that there are still a number of challenges facing the programme. According to a study by the Africa Growth Initiative (2013), despite the fact that the NAADS programme has had a commendable impact on participants' access to extension services, the quality of extension services is still a major challenge due to the large pool of unqualified service providers, the limited attention that service providers give to farmers and the theoretical nature of their training. These factors contribute to the programme's limited impact on increasing technology adoption, productivity and output commercialization among NAADS beneficiaries.

[1] Access and Use of Credit in Uganda: Unlocking the Dilemma of Financing Small Holder Farmers

5.2 Lands, Housing and Urban Development Sector

5.2.1 *Sector objectives*

The vision of the Sector is that Uganda's land resources are used productively and sustainably for security of livelihoods and poverty eradication. The key objectives of the sector include: security of land tenure and productive use of land resources; efficient, effective and sustainable physical planning and urban development; and improved housing quality and increased housing stock that meets the housing needs of the population. The Sector comprises of two MDAs; Ministry of Lands, Housing and Urban Development (MLHUD) and the Uganda Land Commission (ULC).

5.2.2 *Overview of the Sector's Performance*

The Lands, Housing and Urban Development Sector was allocated UGX 24.63 billion; UGX 24.71 billion was released by end of the financial year out of which 96.1% was spent. The Ministry of Lands, Housing and Urban Development had an approved budget of UGX 12.98 billion; UGX 13.26 was released out of which 92.8% was spent by end of the year. The Uganda Lands Commission had 98.3% of the approved UGX 11.65 billion released and all the released funds spent by end of the financial year.

Outcome level performance shows that two of the three sector outcome indicators had a positive trend compared to last year but there was low (33% achieved against outcome indicator targets) performance against the financial year target. At output level, the sector achieved 71% of its 24 output indicator targets by end of the financial year. The MLHUD achieved most of its output level indicator targets as 79% were rated as achieved, 11% moderately satisfactory and 12% not achieved. Data shows that Uganda Land Commission achieved only 40% of its output indicator targets. This level of performance suggests inefficient spending given that all the release (98.3% of the approved budget) was spent and low results delivered by the Commission. The other, 20% of the five indicator targets for ULC were moderately satisfactory and 40% not achieved. A summary of the sector performance is indicated in Table 5.2.1.

Table 5.2.1: Annual Performance Scorecard for Lands, Housing and Urban Development Sector

Outcome Trends

	% positive trend	% achieved against target	% un-change trend	% negative trend	% not achieved against target	% no data	Denominator
Total	67%	33%	0%	33%	67%	0%	3

Output Performance

	Achieved	Moderately satisfactory	Not Achieved	No Assessment	Denominator
Sector	71%	12%	17%	0%	24
MLHUD	79%	11%	12%	0%	19
ULC	40%	20%	40%	0%	5

Actions performance

Action	% on Track	% Off track	% no data	Denominator
Cabinet	80%	20%	0%	5
PIRT	100%	0%	0%	1

Budget Performance

MDA	Approved (UGX Bn)	Released (UGX Bn)	Spent (UGX Bn)	% budget released	% release spent	% budget spent
Sector Total (GoU+Donor)	26.08	24.71	23.74	94.8%	96.1%	91.0%
Sector Total (GoU)	24.63	24.71	23.74	100.3%	96.1%	96.4%
MLHUD (GoU+Donor)	14.43	13.26	12.31	91.9%	92.8%	85.3%
MLHUD (GoU)	12.98	13.26	12.31	102.2%	92.8%	94.8%
ULC (GoU+Donor)	11.65	11.45	11.43	98.3%	99.8%	98.1%
ULC (GoU)	11.65	11.45	11.43	98.3%	99.8%	98.1%

5.2.3 Achievements registered in the Sector.

(a) Security of land tenure in Uganda

The percentage of land that is registered slightly increased from 18% in 2011/12 to 19% in 2012/13 but this was below the sector target of 20%. The reason given for this was that most of the land transactions take place in Buganda area while in other parts of the country the rate of registration is very low. Hence, the addition to the total land area that is registered is small.

In order to improve security of land tenure, the Sector through MLHUD is mandated to ensure that there are proper land policies, plans and strategies. It also carries out land registration, surveys and mapping as well as land information management systems. The ministry planned to handle two land related laws, regulations and guidelines. By the end of the year, three laws were at bill stage namely; Survey Act, Survey Registration Act and the Land Information System. It was also planned to disseminate the National Land Policy to 40 districts but nothing was done due to lack of funds for dissemination. Both indicators under land registration had their targets achieved with 75% of the budget released for this output.

Data shows that 1,200 leases were drafted as planned and the number of certificates of title processed was 176% of the targeted 10,800; this was attributed to the need to clear the backlog that resulted from the closure of the registry. For surveys and mapping, UGX 1.19 billion was released against the approved UGX 1.29 billion. In terms of output performance, all the indicator targets under this output were achieved. Three technical meetings to establish international border points were also held with Rwanda and DRC as planned. In addition, 50 geodetic control points were established in the districts of Nakasongola, Nakaseke and Luweero against the planned 40. The sector also approved 2850 deed plans, more than the targeted 2000.

Land information management received UGX 3.14 billion which was 365% of the approved budget for the output in order to implement a more efficient Land Information System (LIS) to improve the registration process. Data indicates that the Ministry sorted, scanned and entered into the LIS database 187,691 against the targeted 12,500 titles. The overwhelming performance was attributed to improved capacity among staff and the increased budget for this output aimed at expediting the process of implementation of the system. All the six Ministry zonal offices were also equipped to handle the Land Information System as planned. The local governments equipped are Jinja, Wakiso, Mukono, Masaka, Mbarara, KCCA offices and Kampala headquarters. A study on how much the zonal offices have contributed to achieving a secure land tenure system in Uganda may be an important evaluation for the Sector to undertake in future.

Under government land administration, the Uganda Land Commission processed 518 lease applications slightly higher than the targeted 500; the commission did not achieve their target to collect UGX 3 billion in non-tax revenue as UGX 2.79 billion was realized in 2012/13. The Commission reported that the processing of government land titles and registration of bonafide occupants could not be done due to the closure of the land registry during the scanning and computerization process. However, financial data indicates that the commission spent all the 96% of the approved budget that was released for these activities. No information was given regarding the activities to which the spent funds were channelled.

The current status of security of land tenure seems to be a challenge to the country's development and affects wealth creation. According to evidence[1] by Owaraga (2012), presently 90% of domestic disputes in Uganda are related to land conflicts and land often changes hands as a result of these conflicts, as opposed to through sale of property. Other evidence indicates that the incidence of these disputes is higher in Northern Uganda. The percentage of registered land in Uganda that stands at 19% reveals that much effort needs to be done to improve on this performance indicator. The new National Land Policy was one of the interventions to address this challenge but the sector has continued to be constrained. Due to lack of evidence and security on

[1] Conflict in Uganda's Land Tenure System by Norah Owaraga, May 2012

land ownership, access to credit and productive use of land negatively impacts on Uganda's development. The new Land Information System is expected to ease the process of land registration but more sensitization needs to be done by the sector.

(b) Orderly and sustainable development of Urban and Rural areas

The sector's submission shows that the level of compliance to physical development plans deteriorated from 70% in 2011/12 to only 30% in 2012/13. This was attributed to low emphasis given to planning by local governments.

In terms of performance against set targets, the sector disseminated the physical planning guidelines to 16 districts which performance was 160% of the target as more districts were reached through other field inspections and workshops. Also, 20 against the planned 10 urban councils were monitored for compliance to land use regulatory framework. In order to build capacity for urban management, five trainings were carried out higher than the targeted four and established 14 urban fora as planned. The sector disseminated the urban solid waste management guidelines to 16 municipalities though only 56% of the budget for this output was released. The end of year performance was 114% of the target due to financial support from development partners. The cabinet retreat of the FY 2011/12 made a recommendation to expedite the process of development of the National Urban Policy but the status of this is off-track as the sector reports that stakeholder consultations are still on-going. It is important for the Sector to ascertain whether dissemination of these guidelines and policies is the top-most effective strategy to ensure compliance or there are other efforts to be taken.

(c) Decent housing

One of the Sector outcomes is adequate housing for socioeconomic development in order to ensure decent housing for Uganda's fast-growing population. Due to the fact that the country has not carried out a national population and housing census, there is no adequate data to report on the number of housing stock in the country. Projections are based on the last census. The projections indicate that the current housing stock is 6,301,500 units. At output level, the sector did not achieve any of its available housing indicators. It was planned to divest 500 pool/institutional houses but only 450 houses were divested by the end of the financial year attributed to the computerization process for land registration. The number of condominium properties registered was at 80 units instead of the targeted 100 due to delays at local government level. The National Housing policy and guidelines were also not disseminated to the ten districts as the ministry had planned since it was not yet in place.

The survey indicates that Uganda has a housing deficit of 550,000 units and about 160,000 of this backlog are in urban areas. Kampala alone has a housing deficit of 100,000 units. The report estimated that in the next two decades, Uganda will have a housing shortage of close to 8 million units, of which 2.5 million will be in urban centers and one million in Kampala alone if the current pace is maintained. There is therefore need to pursue efficient and effective policies aimed at reducing the cost of housing materials, access to affordable housing credit as well as low-cost housing arrangements for those that cannot afford to own decent houses.

6 Security, Justice and Governance Cluster

The Security, Justice and Governance cluster includes the sectors of Accountability, Justice, Law and Order, Legislature, Public Administration, Public Sector Management and Security.

6.1 Accountability Sector

6.1.1 Sector objectives

The Accountability Sector objectives include effective budget preparation and monitoring, increasing citizens' demand for accountability; establishing value for money in service delivery; compliance to procedures and efficient tax collection. The Sector is led by the Office of the Accountant General, and comprises of the Ministry of Finance, Planning and Economic Development (MoFPED), Office of the Auditor General (OAG), the Directorate of Ethics and Integrity (DEI), the Inspectorate of Government (IG), Uganda Bureau of Statistics (UBOS), Public Procurement and Disposal of Assets Authority (PPDA) and Uganda Revenue Authority (URA).

6.1.2 Overview of the Sector's Performance

The overall sector performance in FY 2012/13 was fair, with 50% of outcome measures reaching targets while 50% were not achieved; 42% of the sector outcome measures were on positive trajectory whereas 58% of the outcome measures were on negative trajectory (Table 6.1.1). Some outcome measures were in negative trajectory even when the annual targets were achieved because the annual targets in FY 2012/13 were lower than the actual in the previous year. The overall sector output performance was modest, with 64% of the sector output measures hit the annual targets, the performance in 16% of the output indicators was moderately satisfactory, while 20% of the output measures did not hit targets.

The above performance was contributed to by the following Ministries, Departments and Agencies (MDAs) performance; URA, 57% of its output indicators were achieved, 29% of the output indicators were moderately satisfactory, whereas 14% were not achieved. The Ministry of Finance, Planning and Economic Development, 60% of the output indicators were achieved, 15% of the output indicators were moderately satisfactory, whereas 25% were not achieved. PPDA contributed 67% whereas 33% of their output indicators were not achieved. OAG contributed 57% of their output indicators, 29% of the output indicators were moderately satisfactory, while 14% were not achieved. UBOS, 85 of their output indicators were achieved, 8% of the output indicators were moderately satisfactory, whereas 7% were not achieved. Inspectorate of Government, 20% of their output indicators were achieved, 30% of the output indicators were moderately satisfactory, whereas 50% were not achieved. Directorate of Ethics and Integrity, all their output indicators were achieved.

The retreat of Cabinet Ministers, Permanent Secretaries and Local Government representatives in December 2011 and November 2012 agreed on actions to improve performance in the Government. During FY 2012/13, the accountability sector implemented 81% the agreed actions from the retreats.

The budget of Accountability Sector during the FY 2012/13 was UGX 582.71bn including external support of UGX 75.53bn. The sector budget also includes UGX 0.237bn approved budget of KCCA for vote function 1409 revenue collection and mobilization. The annual releases, including donor disbursements to the sector amount to UGX 555.91bn including UGX 0.961bn to KCCA, representing 95% budget released, and 99.2% of the releases was spent. The Government of Uganda allocation to the Sector was UGX 507.18bn of which UGX 491.16bn was released, representing 96.8% of the appropriated GoU Budget. The Sector spent UGX 486.92bn, representing 96.8% of the approved GoU Budget and 99.1% of the budget released.

Office of the Auditor General received the highest proportion (104%) of its approved budget. The Office of the Auditor General received a supplementary funding of UGX 3.15bn to audit the national backbone project, implement phase I of the voluntary retirement scheme and carry out the expanded scope audit explaining 4% releases over and above the approved budget. The releases in other MDAs are as follows: Uganda Revenue Authority (100%), Directorate of Ethics and Integrity (93%), Inspectorate of Government (92%), Ministry of Finance, Planning and Economic Development (90%), Public Procurement and Disposal of Public Assets Authority (86%) and Uganda Bureau of Statistics (77%).

Table 6.1.1: Annual performance scorecard for the Accountability Sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	**42%**	**50%**	**0%**	**58%**	**50%**	**0%**	12

Output Performance

Outputs	% achieved	% moderately satisfactory	% not achieved	% no data	Denominator
Sector	**64%**	**16%**	**20%**	**0%**	**69**
MoFPED	60%	15%	25%	0%	20
URA	57%	29%	14%	0%	7
UBOS	85%	8%	7%	0%	13
OAG	57%	29%	14%	0%	7
DEI	100%	0%	0%	0%	9
IG	20%	30%	50%	0%	10
PPDA	67%	0%	33%	0%	3

Actions Performance

Action	% On Track	% Off Track	% no data	Denominator
Cabinet	**81**	**0**	**19**	**21**
PIRT	-	-	-	-

Budget Performance

Budget	Approved (Bn UGX)	Released (Bn UGX)	% budget released	Spent (Bn UGX)	% release spent	% budget spent
Sector Total (GoU + Donor)*	**564.66**	**537.73**	**95.2%**	**533.66**	**94.5%**	**99.2%**
URA (GoU + Donor)	207.12	207.12	100.0%	207.12	100.0%	100.0%
MoFPED (GoU + Donor)	225.03	207.03	92.0%	207.01	100%	92.0%
PPDA (GoU + Donor)	6.91	5.95	86.0%	5.94	99.9%	86.0%
OAG (GoU + Donor)	55.66	58.19	104.5%	55.29	95.0%	99.3%
UBOS (GoU + Donor)	35.59	27.73	77.9%	27.72	100.0%	77.9%
IG (GoU + Donor)	30.08	27.75	92.2%	26.66	96.1%	88.6%
DEI (GoU + Donor)	4.22	3.94	93.3%	3.92	99.3%	92.7%

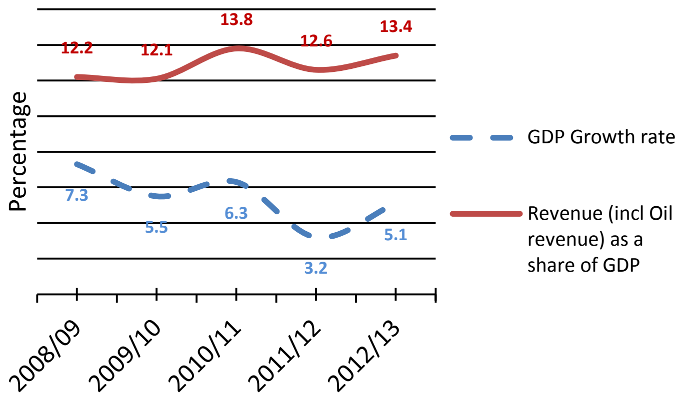
*Sector total includes approved budget of UGX 0.237bn for KCCA and releases amounting to UGX 0.961bn. The Budgets excludes Arrears and Taxes

6.1.3 Achievements registered in the Sector

(a) Economic and Resource performance

The economy recovered during the FY 2012/13. The GDP growth rate improved from 3.2% in FY 2011/12 to 5.1% in FY 2012/13. The recovery was a result of improved macroeconomic conditions supported by better regional and international economic developments. The recovery was also attributed to better electricity supply and weather conditions. Uganda's revenue performance was impressive in the just ending financial year, with the tax collection of at least UGX 7.14 trillion against a set target of UGX 7.28 trillion reflecting performance of 98.1% and a deficit of 1.9%. The strategies URA used to gain its annual performance were increasing tax registers by hitting a 91% increase against a targeted 30%. The revenue as a share of GDP increased by 1 percentage point from 12% in FY 2011/12 to 13% in FY 2012/13. The revenue performance was in line with the performance of the economy (Figure 6.1.1).

Fig 6.1.1: GDP Growth rate and Revenue (including Oil revenue) as a share of GDP



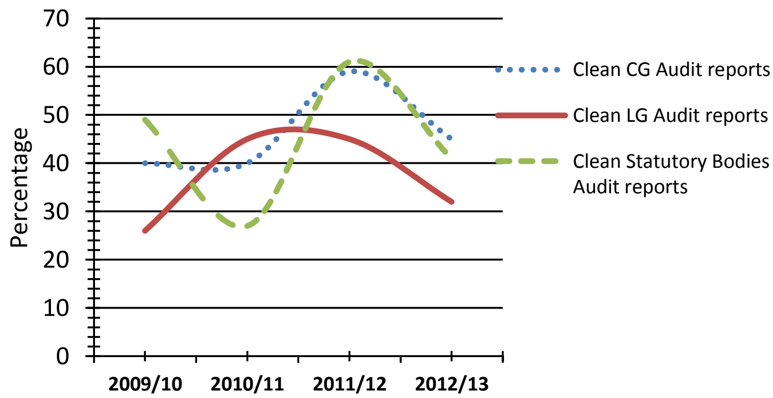
Source: Ministry of Finance, Planning and Economic Development

Domestic taxes collections for FY 2012/13 were UGX 4,274.73bn against a target of UGX 4,072.45bn, reflecting a performance of 104.9% and a surplus of 4.9% (UGX 202.27bn). The good performance in the domestic taxes last financial year is attributed to high value added taxes as a result of the increased power capacity from the 3 power plants commissioned during the year.

The International trade taxes collections amounted to UGX 3,070.51bn against a target of UGX 3,392.92bn, reflecting a performance of 90.5% and a deficit of 9.5% (UGX 322.41bn). Total NTR collected performed above target by Shs.30.8bn against the target of Shs.160bn. The good performance was on account of revenues collected by URA on behalf of MDAs that raised UGX 25.9bn compared to the programmed UGX 6.1bn. The ministry also concluded 2 Grant Financing Agreements with Development Partners USD 1.33 million for DOAG I under USAID and USD 2.5 million for the Agro processing and marketing strategy with KOICA. USD 18.55 million in Grant and USD 169.99 in loan disbursements were realized.

The Ministry of Finance, Planning and Economic Development closely monitored the execution of 2012/13 budget to ensure efficient service delivery. In FY 2012/13, 84% of the approved budget was released to all government spending agents. 80% of the central government agents received funds as per agreed cash flow plans. All the central government projects and programmes assessed were satisfactory. 99% of the budget released to the central government was utilized. All the Local Government (LG) performance contracts were satisfactory and 86% of the LGs submitted quarterly performance report within 3 months after the end of a quarter.

Fig 6.1.2: Compliance with Accountability Policies, Service Delivery Standards and Regulations



Source: Office of the Auditor General

The level of compliance with accountability policies, standards and regulations dropped in all levels of government in FY 2012/13 (Fig. 6.1.2), suggesting inadequate enforcement of public financial management (PFM) laws by accounting officers. 45% of central government (CG) audit reports were clean, 32% of local governments (LG) audit reports were clean whereas 41% of statutory bodies audit reports were clean. There was significant decline in compliance level with accountability policies, service delivery standards and regulations in statutory bodies, with 20 percentage points from 61% in FY 2011/12. The compliance level declined by 14 and 13 percentage points from 59% and 45% in FY 2011/12 in central government institutions and LGs respectively.

Public Financial Management

Government's financial management systems and processes are critical in response to increasing demands for greater transparency and accountability in the management of the public finances. In FY 2012/13, UGX 44.66bn (GoU component UGX 14.26bn) was allocated to strengthen public financial management, provide timely and accurate financial information for statutory reporting requirements and for decision making in such critical areas as budget planning and management, procurement and asset management. By end of the financial year, UGX 51.89bn (GoU component UGX 25.38bn) was released and spent.

The Government strengthened and extended the financial system to other Government spending agencies. The integrated financial management information system (IFMIS) was deepened in all the 22 hybrid votes in Central Government and 6 Local Governments. The system was also rolled out to 10 Donor funded projects and 2 referral Hospitals. Besides the systemic reforms, legal and legislative reforms were also undertaken. Through the Tax Appeals Tribunal, 20 Disputes worth UGX 245bn were handled against annual target of UGX 200bn. The tribunals eased revenue payment and collection and 26 tax disputes were investigated to facilitate delivery of rulings. The Public Financial Act was passed and consultations were on-going on the Public Finance Bill to ***tighten control and management of public funds***. Bills on Stamps Duty, Excise Duty, Lotteries and Gaming and Tax Procedures Code were reviewed and updated in accordance with drafting practices of the Office of the First Parliamentary Counsel.

Investment and Private Sector promotion

Investment infrastructure, conducive environment and entrepreneurial skills are fundamental for enhancing investment. In FY 2012/13, UGX 21.53bn (GoU component UGX 14.66bn) was allocated for investment and private sector promotion, UGX 30.57bn (GoU component UGX 13.82bn) was released and 100% of the release was spent. In view of promoting Uganda as a leading world investment destination, MoFPED reviewed and concluded Investment Protection Agreements (IPAs) with Thailand, 38 individual missions and 37 group inward missions were also serviced. The Ministry trained 5844[1] participants in entrepreneurial skills.

In FY 2012/13, the Government planned to designate 4 industrial parks in provision of investment infrastructure. However, none of the four industrial parks planned were designated. The delay in the acquisition of land in Masaka due to urgency in the installation of boarder markers in Kampala Industrial and Business Park affected provision of serviced investment infrastructure. Nonetheless, investment worth UGX 765bn was registered against annual target of UGX 940bn translating to 81% performance level.

Microfinance

The microfinance industry has been recognized by Government as a poverty reduction and employment generation. The Government shifted the direction of its microfinance (MF) policy from integrating microfinance institutions into the financial sector, allowing them to take deposits to establishing and supporting savings and credit cooperative organisations (SACCOs); with the view of having SACCOs in every sub-county in the country. In order to enhance financial service delivery, the government planned to register 2000 SACCOs during FY 2012/13. However, no savings and credit cooperative organisation (SACCO) was registered as the Development Partner halted the formation of new SACCOs. The Ministry of Finance, Planning and Economic Development continued to support the established SACCOs. Loans worth UGX 22.3bn was disbursed to microfinance institutions (MFIs) and small and medium enterprises (SMEs) against annual target of UGX 32.6bn. The low disbursement was attributed to tight appraisal process resulting into few loan applicants accessing loans.

According to the Budget Monitoring and Accountability Unit (BMAU), most of the SACCOs (80%) use manual accounting systems, affecting efficiency in tracking and reconciliation critical for SACCOs

[1] 3986 participants were equipped with BEST training, 1454 participants in follow up mentoring and coaching clinics, 23 participants attended the Entrepreneurship Training Workshop in kampala, 14 participants of World Food Program equipped with Financial Literacy Training, 40 young entrepreneurs trained in business planning and 25 SMEs equipped with management and entrepreneurial skills and provided business advisory and counseling to 302 entrepreneurs in Mukono and Kayunga-115; KACITA-90; Kampala-57; Masaka-40.

operations. The case was worse among Foundation and Start-up SACCOs, with 90% using manual accounting systems. The asset base and profitability of the SACCOs measured by operational and financial sustainability, return on assets and portfolio at risk indicated that the SACCOs were sustainable except formation SACCOs.

(b) Compliance with Public Procurement and Disposal Public Assets Laws

The Government through the Public Procurement and Disposal of Public Assets Authority (PPDA) developed a strategic plan in line with the country's vision on Growth, Employment and Socio Economic transformation for prosperity. As recognized in the key policy documents including the National Development Plan (NDP) 2010/11 – 2014/15, there is a rising cost of procurement of various goods, services and works, partly due to high cost of inputs, weak private sector capacity and weaknesses in the procurement system. To enable the Authority deliver its mandate, the strategic plan identifies the key result areas for the strategy period as; legal and advisory services, capacity building and public awareness, compliance monitoring, enforcement, governance, systems and processes among others.

The Government approved UGX 6.92bn towards the implementation of the PPDA strategic plan in FY 2012/13. A total of UGX 5.95 was released, representing 86% of approved budget and 99.9% of the release was spent. In FY 2012/13, the Authority intensified its efforts in procurement audits and investigations, with 91 procurement audits conducted and completed. The extra 60 procurement audits over and above the annual target of 31 were conducted with support from Financial Management and Accountability Programme (FINMAP). The compliance with PPDA law was good, with 69% of the inspected MDAs adhering to service standards.

(c) Audit of the Public Sector

The auditing function of Uganda's public sector lies in the Office of the Auditor General (OAG). In FY 2012/13, the Government allocated UGX 55.67bn for audit function of the public sector. UGX 58.19bn of the annual budget was released and 95% of the release was spent. Financial audit was focal to the OAG in FY 2012/13. More statutory bodies, projects and Ministries, Departments and Agencies (MDAs) were audited than the annual targets. Underperformance was recorded in the areas of special projects, higher Local Governments (LGs) and Lower Local Governments (LLGs). The underperformance was attributed to a shift of focus to audit MDAs.

The Office of the Auditor General conducted 24 Value for Money (VFM) audits during FY 2012/13 against annual target of 15 VFM audits. The office received more specialised audit requests than what was planned following the fraud detected in Office of the Prime Minister and Ministry of Public Service; explaining the over performance.

(d) Corruption Investigation and Litigations

The Government of Uganda is in the forefront in the fight against corruption. The Inspectorate of Government (IG) which is mandated to fight corruption plays a critical role in partnership with various Government agencies and Non-Governmental Organizations to promote the rule of law, and inculcate ethics and public service values among public officials to ensure that public authority is used for the public good rather than for private gain.

In FY 2012/13, UGX 30.08bn annual budget was approved for Inspectorate of Government including Donor support of UGX 1.78bn. UGX 27.75bn of the approved budget was released and 96% (UGX 26.66bn) of the release was spent in the fight against corruption. The Inspectorate of Government did not receive the donor component. In FY 2012/13, 75% of the annual target of 500 complaints were investigated and 59% of corruption cases were prosecuted and completed against annual target of 50 cases. The High court and Anti-corruption division handled the cases expeditiously leading to high disposal rate. There was less focus on civil litigation with 60% of the annual target of 10 civil litigations concluded during FY 2012/13.

Lack of Leadership code Tribunal and delayed amendment of the of the Leadership code Act affected the enforcement of the declaration of income, assets and liabilities to the Inspector General of Government.

(e) Governance and Accountability

Governance and accountability is at the center stage of the national agenda. The NDP 2011/12 – 2014/15 set to develop and nurture a national value system. The Directorate of Ethics and Integrity (DEI) fosters Integrity, Transparency, Honesty and Accountability in realization of the national value by developing anti-corruption policies and legal framework, monitoring the implementation of ethical standards and anti-corruption legislations and providing political cloud in the fight against corruption.

In FY 2012/13, UGX 4.22bn budget was approved for Directorate of Ethics and Integrity. The directorate received 93% of the appropriated budget and 99% of the release was spent. In pursuit of its mandate, the directorate disseminated the Anti-Corruption law to the stakeholders[1] as planned. The directorate embarked on reviewing and developing policies and laws to realize national value which were at different stages. The Leadership Code Act amendment bill and the draft National Ethical Values Policy were before the Cabinet for approval. The Anti-pornography bill was in Parliament for consideration.

(f) Statistical Production and Services

Uganda Bureau of Statistics (UBOS) is responsible for coordinating, monitoring and supervising the National Statistical System. In FY 2012/13, UGX 35.59bn budget was approved for UBOS including donor support of UGX 6.66bn. UGX 27.73bn (78%) was released and all the release was spent.

The bureau produced statistics on economic indicators, population and social statistics and industrial and agricultural statistics. The bureau produced statistics on GDP, informal cross border trade and environment. On population and social statistics, the bureau produced information on annual urban unemployment rate and the Uganda Demographic and Health Survey[2] (UDHS). The preliminary information on the 2012 population and housing census was not produced. On industrial and agricultural statistics, the bureau compiled industrial/producer price indices reports, construction and energy sector statistics report and annual census of business establishment report as planned.

The UBOS continued to strengthen statistical development of the National Statistical System (NSS) in order to support the results-based policy agenda of the country through Plan for National Statistical Development (PNSD). The PNSD envisions Uganda's NSS to be *"A World Class National Statistical System*" with key partners playing lead roles in nurturing the system through innovative and responsive processes, procedures and practices in accordance with sector mandates and competencies. The PNSD now fosters the collaboration and cooperation among MDAs and LGs in data production and utilization, adherence to standards and overall harmonization of statistical production. In FY 2012/13, the bureau focused on improving district statistics and capacity building. As a result, 139 Higher Local Government compiled annual district statistics against 85 Higher Local Governments targeted and 49 districts were implementing community information system (CIS) as planned.

[1] The dissemination was conducted in five Sub regions covering the following districts; Mbarara, Kiruhura, Ntungamo, Ibanda, Masaka, Sembabule, Rakai, Lyantonde, Lwengo, Mbale and Budaka, Mpigi, Wakiso, Mubende. Kyegegwa, Kiboga, Mityana, Kabarole, Kyenjojo, Kasese and Kamwenge.

[2] Uganda Demographic and Health Survey 2011 produced in August 2012.

6.2 Justice, Law and Order Sector

6.2.1 Sector objectives

The sector's performance in the Financial Year 2012/13 is based on the Third Sector Strategic Investment Plan (SIP III) of 2012/13-2016/17, whose primary focus is to Strengthen legal and policy frameworks for JLOS operations and national development; enhancing access to JLOS services particularly for the vulnerable persons; and promotion of observance of human rights and accountability.

The Ministry of Justice and Constitutional Affairs (MoJCA) leads the Justice, Law and Order Sector (JLOS). Other sector members include: the Judiciary, Ministry of Local Government (Local Council Courts), Ministry of Gender Labour and Social Development (Juvenile Justice Department), Uganda Law Reform Commission, the Directorate of Public Prosecutions (DPP), Judicial Service Commission, Uganda Law Society, Uganda Prisons, Uganda Police Force, Uganda Human Rights Commission, Law Development Centre, Ministry of Internal Affairs, , National Citizenship and Immigration Control, Centre for Alternative Dispute Resolution (CADER) and the Tax Appeals Tribunal (TAT).

6.2.2 Overview of the sector's Performance

The sector continues to get supplementary funding since the last 3 Financial Years with 108% registered in FY2012/13 (UGX 579.99bn released against budget of UGX 537.86bn) although below FY2011/12 budget of UGX 582.4bn representing 8% budget allocation reduction. The previous years' trends as the total annual sector budget for FY2009/10 was UGX344.35bn but the actual release rose to UGX442.05bn - an equivalent to 128%. FY2010/11 registered the highest increase in budget allocation by 55% to UGX532.23bn, and the release increased further by 17.3% to UGX624.07bn. The FY 2011/12 followed the same trend with the release of UGX 582.04bn, surpassing the approved budget of UGX 552.86bn by 5.3% (Table 6.2.1).

This assessment reveals that the beneficiaries of the supplementary funding for FY under review include: Uganda Prisons Services, Uganda Police Force, Directorate of Public Prosecutions and Uganda Registration Services Bureau with 18%, 17%, 8% and 86% respectively above their annual budgets. However the Ministry of Justice and Constitutional Affairs received below 74% of her annual budget of UGX 47.943bn.

The sector data analysis for FY 2012/13 revealed that 50% of outcome indicators had a positive change (69% for FY2011/12), 30% a negative change (23% for FY2011/12), while 10% remained unchanged (8% for FY2011/12). The sector should provide reasons for the reduced performance in outcome trends. However, the sector registered a good start of SIP III implementation with scoring highly in the use of Alternative Dispute Resolution (ADR) mechanisms to settle disputes and reduction in average length of stay on remand for capital offenders.

The sector outcomes assessment against annual targets reveals that JLOS was able to achieve 40% of the outcome targets, and 55% of output targets after spending 107% of the approved budget. The performance in 21% of the output indicators was moderately satisfactory[1] while 24% of the output indicators did not achieve their annual targets by the end of the financial year.

The Cabinet retreat that discussed the Government Annual Performance Report for FY2011/12 agreed upon key actions aimed at improving sector performance in selected areas. These include, increasing the number of Judges to the High Court and Court of Appeal to meet the recommended numbers, prioritizing resources for recruitment of State Attorneys to cover all the established Courts across the country, enhancing the usage of community service programme, retraining Prison Officers to improve management of prison services and initiation of extradition agreements with the Government of South Sudan and the Democratic Republic of Congo. The sector has registered good progress on only two actions which are: increasing the number of Judges to the High Court and Court of Appeal to meet the recommended numbers and retraining Prison Officers to improve management of prison services,

[1] Moderately satisfactory means the sector output indicators whose targets were scored ranging from 75% to 99.9%

meaning that only 40% of the actions are on track, another 40% off track and 20% did not have data on the status at the time of assessment.

Table 6.2.1 Annual Performance Scorecard for Justice, Law and order Sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	50%	40%	10%	30%	60%	10%	11

Output Performance

Outputs	% achieved	% almost achieved	% not achieved	% no data	Denominator
Sector	55%	21%	24%	0%	115
MoJCA	39%	38%	23%	0%	13
MoIA	33%	19%	48%	0%	21
Judiciary	34%	22%	44%	0%	9
DPP	67%	22%	11%	0%	9
JSC	100%	0%	0%	0%	6
ULRC	86%	0%	14%	0%	7
UHRC	56%	0%	44%	0%	9
UPF	47%	35%	18%	0%	17
UPS	86%	14%	0%	0%	7
NC&IC	75%	13%	12%	0%	8
URSB	50%	50%	0%	0%	4
LDC	60%	20%	20%	0%	5

Actions Performance

Action	% On Track	% Off Track	% no data	Denominator
Cabinet	40%	40%	20%	5

Budget Performance

Budget	Approved (Bn UGX)	Released (Bn UGX)	% budget released	Spent (Bn UGX)	% release spent	% budget spent
Sector Total	537.85	579.96	108%	577.02	99.4%	107%
MoJCA	47.94	35.33	74%	34.97	99.1%	73%
MoIA	9.57	9.00	94%	8.84	98.2%	92%
Judiciary	61.73	56.99	92%	56.26	98.7%	91%
DPP	12.59	13.65	108%	13.60	83.9%	108%
JSC	2.29	2.09	91%	2.06	98.6%	90%
ULRC	5.17	5.04	98%	4.89	100%	95%
UHRC	10.70	10.77	101%	9.99	97.6%	93%
UPF	272.20	318.63	117%	318.54	100%	117%
UPS	74.30	87.31	118%	87.05	99.7%	117%
NC&IC	35.43	33.01	93%	32.67	99%	92%
URSB	2.71	5.04	186%	5.04	100%	186%
LDC	3.22	3.11	97%	3.11	100%	97%

6.2.3 Achievements registered in the Sector.

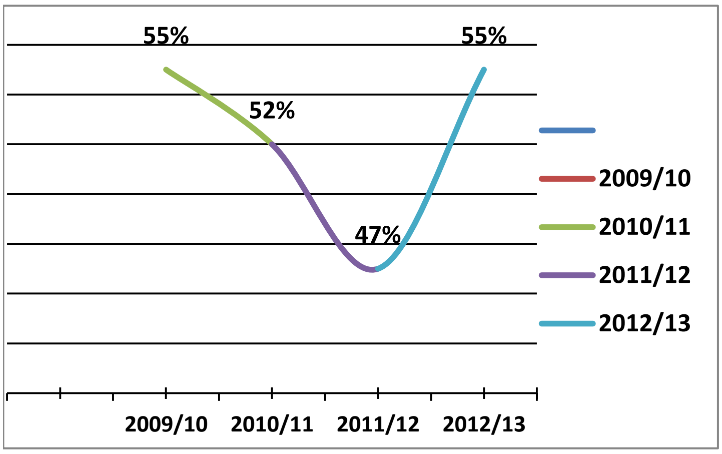
(a) Improvement in use of legal frame work to settle disputes

One of the core undertakings by the sector under SIP III is to provide a strong, harmonized and consistent legal, regulatory and policy environment conducive for national development. This is aimed at increasing the proportion of the public confident in the enforcement of existing laws, increasing the use of Alternative Dispute Resolution Mechanisms and also increasing target population with access to updated laws in Uganda.

The assessment of the outcome trends (Figure 6.2.1) in FY2012/13 shows that the sector registered a positive change in increase in the proportion of target population with access to updated laws from 52% in 2010 to 52.3% in FY2012/13. However, this FY2012/13 achievement did not meet the annual target of

60% which was an 8% increase from 2010 baseline that the sector attributed to non-release of funds for publication of revised laws. Increasing the proportion of the population with access to updated laws is aimed at drawing people to use sector services (legal processes) as opposed to taking the law into their own hands.

Figure 6.2.1: Proportion of target population with access to updated laws



Source: JLOS secretariat

To substantiate this performance, the sector reported reduction in cases of mob-justice by 30%, increase in number of cases reported at Police including the non-criminal cases which stood at 273,957, as well as the 56% increase in cases filed in court. In addition, according to the global competitiveness report 2012-13, Uganda is now ranked 49th out of 144 countries from 54th in 2011/12 as having an efficient legal framework for settling disputes with a score of 4.1 out of 7, compared to Denmark at 13th, Kenya at 72nd, Ghana at 50th, and Burundi at 134th.

Access to updated laws requires that the laws enacted, revised, simplified and translated into languages for the target population to understand them. In the period under review, only 37% (7 out of 19) of the bills were drafted and published by the Ministry of Justice and Constitutional Affairs and these include: The Trade (Licensing) (Amendment) Bill, 2012; The Free Zones Bill, 2012; The Public Private Partnerships Bill, 2012; The National Biotechnology Bill, 2012 and The East African Development Bank (Amendment) Bill, 2013. This is reportedly attributed to the reduction in the number of requests and instructions to draft legislation coupled with insufficient funds to process and publish legislation.

There was good performance by Uganda Law Reform Commission in areas of publication of laws at 100% (3 out of 3) and these are pocket size law books of the mortgage Act & Contracts Act, the Constitution and the Anti Corruption Act. Another area of good performance was also registered in revision of laws[1] at 225% of the annual target of 9 laws and simplification of laws at 200% (1 out of 2) of annual target. The simplified law was the contentious Domestic Violence Act and Prevention of Female Genital Mutilation Act – The commission received bilateral funding from Ministry of Gender Labour and Social Development. However, the translation of laws into local languages did not meet the target by achieving 50% of the annual target.

According to the sector, there is continued effort by the Justice Centres Uganda to resolve disputes through Alternative Dispute Resolution and in the period under review, 689 cases (329 female, 360 male) were processed through mediation with 321 (151 male and 170 female) cases successfully resolved. 294 cases are in the final stages of conclusion, while 74 cases failed because the parties failed to reach a compromise and as such they were filed in court.

(b) Decline in the proportion of the public confidence in the enforcement of existing laws

Much as there is a positive change in the access to updated laws, there was a decline in the proportion of the public confident in the enforcement of existing laws from 30% (baseline) in 2008 to 29% in FY2012/13 and still not achieving the annual target of 45%. This implies the much as there is demand for use of rule of law, confidence in the delivery of justice in the judicial system in Uganda is low, and therefore an area the sector should pay attention to.

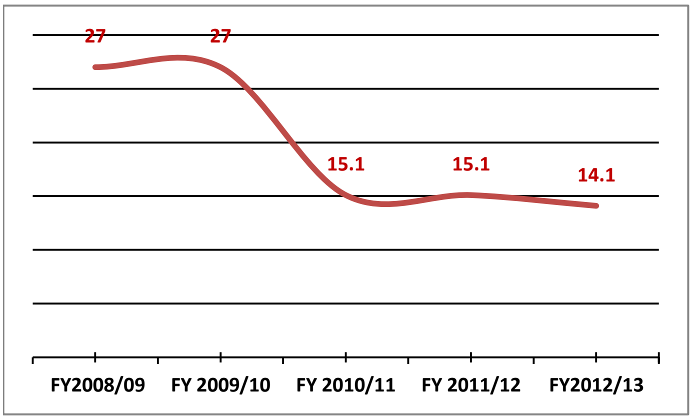
[1] Nine (9) laws were revised in 2012 plus other 202 laws that were passed after 2000. The 9 include: Companies Act, Act 1 of 2012; Transfer of Convicted Offenders Act, Act 2 of 2012; Prevention and Prohibition of Torture Act, Act 3 of 2012; Income Tax (Amendment) Act, Act 4 of 2012; Excise Tariff (Amendment) Act, Act 5 of 2012; Finance Act, 2006 (Amendment) Act, Act 6 of 2012; East African Excise Management (Amendment) Act, Act 7 of 2012; Value Added Tax (Amendment) Act, Act 8 of 2012; Uganda National Meteorological Authority Act, Act 11 of 2012

(c) Enhancement of access to Justice Law and Order services particularly for the vulnerable persons

The sector institutions are mandated by the Constitution to deliver services to users including the vulnerable persons; whose access to JLOS services is limited by age, material and knowledge poverty, powerlessness, gender, internally displaced persons, migrants, suspects and prisoners, refugees, persons living with HIV/AIDS, persons with disability among others.

In the FY2012/13, the sector registered an increment in the proportion of districts with complete chain of core JLOS services[1] and institutions from 30% (baseline) in 2010 to 34.5% in FY2012/13 although failed to meet the sector annual target of 38%, due to only 65% of the development budget release. The increment of extension of JLOS core services led to a decrease in the average number of days of stay on remand for capital offences to 14.1 days in FY2012/13 from 15.1 days in FY 2010/11 – 2011/12 and 27 days in FY2009/10, implying good performance over the past four Financial Years (figure 6.2.2)

Figure 6.2.2: Average stay on remand for capital offences (months)



Source: Uganda Prisons Services

Efforts to improve access to justice have also been seen in the reduction of average time (days) taken to guide investigations by Directorate of Public Prosecutions at 101 days against target of 120 days although further reduction in the days is required. This performance in FY2012/13 is attributed to prosecution-led investigations that turned out to be more time saving and proved very efficient and effective since prosecutors were closely working with Police investigators in gathering evidence. 106 such cases were handled, out of which 76 were perused and 22 prosecuted. The 106 cases fall in the following categories :- (Office of the Prime Minister- 76 case files perused and 4 prosecuted, 7 Other high profile cases prosecuted, 63 Global fund cases investigated and 5 prosecuted, 43 NAADS cases investigated and 5 prosecuted, 1 case prosecuted in the Ministry of Public Service) hence the conviction rate was at 67%.

Of the 141,322 cases received by DPP from crime investigating authorities and eventually registered, all were perused and 81,961cases were sanctioned, 21,107 were closed while 35,108 cases files were placed aside for further inquiries and were returned to the originating crime investigating authorities for further investigations.

(d) Reduction in the disposal rate of cases

In the reporting period, the disposal of cases by the judiciary dropped to 89.12% from 92.15% in FY2011/12, not achieving the sector annual target of 98.3%. The sector was performing better as evidenced in the improvements of disposal rates of previous years as follows: 92.7% in FY2010/11 from 47% and 27.4% in FY2009/10 and FY2008/09, respectively. The decline in the FY2012/13 is attributed by the sector to limited man power at higher levels of the bench and zero release of SWAP funding in the fourth quarter which limited the number of sessions.

In addition, the proportion of completed to registered corruption cases which performed at 96% did not meet the annual target of 98% and the Constitutional petition that suspended the operations of the Anti-Corruption Court at Magistrates Court level is likely to worsen disposal of anti-corruption cases by the Court.

[1] The core JLOS services are policing, investigation, prosecution, adjudication and correctional services

According to the sector, the proportion of backlogged cases in the system in the FY under review reduced to 32.3% from 35% in FY2010/12. This is attributed to quick-wins programmes that concentrated on clearing the backlog cases.

During the FY2012/13, there was poor performance registered by the Judiciary as follows: Supreme Court disposed of a paltry 6% (3 out of 53 cases) and 32% (9 out of 28 cases) of the criminal and civil appeals. Court of Appeal disposed of 28% (of targeted 277 cases) which was also attributed to lack of quorum with only five (5) out of the required fifteen (15) Justices in place by financial year end. The disposal of civil suits and appeals in the High Court (family, land, civil and commercial) did not meet the annual targets as 16% (502 of 3,070 cases) was scored by the end of FY.

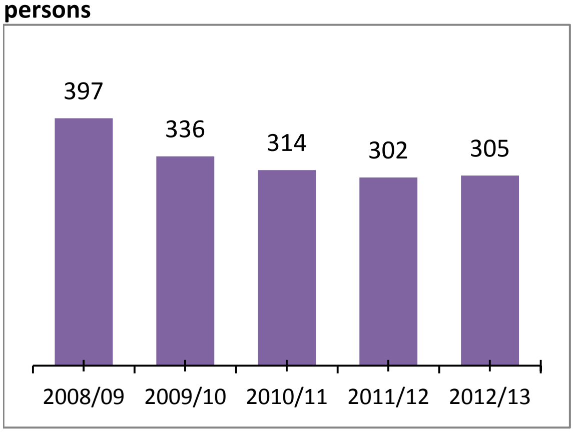
The Judiciary however notes that the earlier appointment of 40 Magistrates boosted the disposal of cases at this Magistrates Court level. This was the worst annual performance by the Judiciary over the last two financial years.

The only good performance by the Judiciary was registered in disposal of criminal suits and appeals in the High Court at 217% where 9,763 were concluded out of the targeted 4,500 cases; the Judiciary also registered a moderately satisfactory performance in the disposal of civil appeals in the Court of Appeal and suits (Family, Criminal, Civil, Land and Anti-Corruption) in the Magistrates Courts at 85% and 91% of the annual targets respectively. However, there is hope of better performance as the judiciary is on track with implementation of Cabinet action of increase the number of Judges to the High Court and Court of Appeal to meet the recommended numbers.

(e) Increase in the crime rate

According to the Police Annual Crime Report 2012, the rate of crime increased by 1.2% in 2012 as an average of 305 persons, out of 100,000 persons of the population, were victims of crime rising from 302 (Figure 6.2.3) registered in 2011. The report adds that the categories of crime that registered marginal increase were: Corruption (49%), Economic Crimes (15%), Defilements (4%), Narcotics (1%), and Robberies (0.1%).

Figure 6.2.3: Trends in Incidence of crime 100,000 persons



Source: Uganda Police Force

In addition, Police was able to investigate and submit to Directorate of Public Prosecutions 57% (33,657 crime cases) of the targeted 59,543 which the Police attribute to increased police response to incidence of crime and the public embracing popular vigilance and neighbourhood watch strategy and also because of the establishment of the case monitoring committees in each district that is ensuring quality and speedy investigations. However, in addition, the case load per CID is 21 cases above the target of 20 and above international standard of 15 cases something that compromises the quality of investigations.

During the year under review, Uganda Police Force intensified the use of canine in tracing and arresting suspects where 2,960 arrests out of target 900 arrests were done using Police trained dogs. This performance is as a result of the expansion of the area coverage of the canine units from 36 to 46 thereby increasing demand for the services.

The increase in crime could also be attributed to the deteriorating Police to Population ratio which is currently as 1:754 against the target of 1:639 (below international standard of 1:500). Cabinet retreat that discussed GAPR2010/11 recommended recruitment of 2,500 personnel; however, Police was not able to recruit which would have reduced the then police to population ratio from 1:709 to 1:693 (basing on 30 million people). The high crime rate is a threat to the investment environment of Uganda as has been witnessed by the rampant shootings of business men in Kampala and other Districts in the Country.

(f) *Improvement in observation of Human rights over last two years*

According to the Uganda Human Rights report (UHRC) 2012, there was a 24.3% reduction in the complaints lodged against the Uganda Police Force (UPF) from 457 in 2011 to 346 in 2012 although the UPF still had the highest number of complaints lodged at 346 out of 706 complaints, followed by the private individuals at 190, Uganda Peoples' Defence Forces (UPDF) at 85, Uganda Prisons Services (UPS) at 34, Local Governments at 20, and among others.

In FY2012/13 , UHRC investigated 117% - 658 of the registered 767 cases reportedly due to availability of funds and more emphasis on the investigation of the backlog cases. However the Commission was only able to conclude on 16% of the investigated cases.

In addition, the Commission made a follow up of the referred cases to other institutions for better management and examples are: Refugee Law Project, KCCA Labour Office. Legal Aid Clinic- Uganda Law Society, FIDA-Uganda and Platform for Labour Action and the Commission observed, among other things, that some of the institutions did not keep track of matters that had been referred, therefore not possible for feedback.

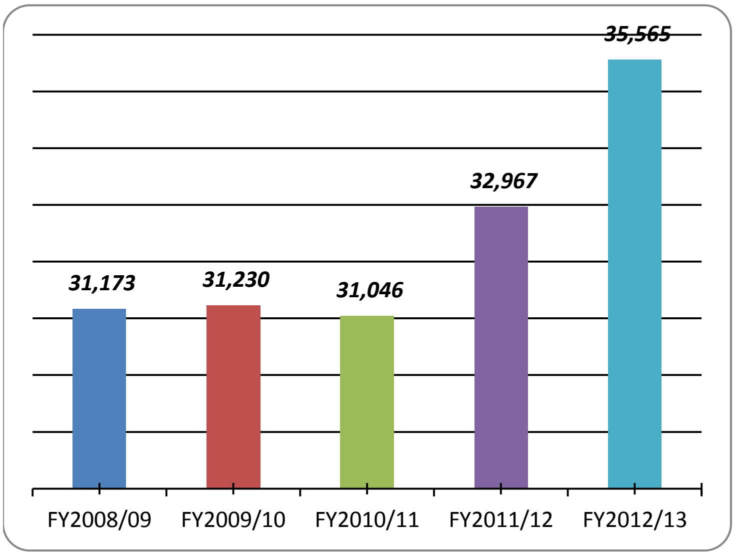
In the effort to increase coverage of human rights education awareness campaigns, the Commission was able to cover 84% of the planned 40% of the districts in Uganda. Proportion of security agents trained on different human rights was at 66.9% meeting the annual target of 5% and Commission attributes this to agents' also willingness to learn about human rights, where 14 trainings and workshops were held for security agents and a total of 1,337 agents were trained of which 1,063 were males and 274 females. In the same effort, the availability of funds from JLOS enabled the Commission to achieve the annual target of inspecting 1,000[1] detention facilities in the country achieving the annual target at 112%. Intensifying inspection is likely to improve the quality of detention centres in line with human rights observations.

(g) *Improvement in Prisons rehabilitation and re-integration amidst deteriorating prisons carrying capacity*

A prison is regarded as a place for rehabilitation and correction of prisoners; In the FY2012/13, Uganda Prisons Services (UPS) planned to provide counselling and guidance services to 1,500 prisoners but performance was at 1040.5% (15607) of the target, and this was attributed to Prisons intensity and partnership with external counsellors to supplement the UPS staff although the annual target appears to low given a daily average of 32,967 prisoners.

In additional, 158% (7,127) of the target 4,500 prisoners were trained in agricultural and vocational skills and this good performance for the year under was attributed to support by the 10th European Development Fund (under human rights programme of the Uganda Prisons Services) and intensity in rehabilitation programmes;

Figure 6.2.4: Prison carrying capacity



Source: Uganda Prisons Services

The UPS over hit the target of prisoners fed on daily average by 4% (35,565 of targeted 34,200). It was also noted that the Prisoner population increased by 8% from a daily average of 32,967 prisoners in FY 2011/2012 to 35,565 surpassing the projected number of a daily average of 34,200 prisoners.

[1] 674 Police Posts, 237 Police Stations, 182 Prisons, 14 military barracks, 8 Central Police Stations, 3 for UPDF and 2 children remand homes.

Also to note from the analysis is the deteriorating warden to prisoner ratio of 1:6.7 against targeted 1.6 in the FY under review. The UPS explains that the current custodial staffing is 5,548 against a projected prisoner population of 38,684 and that the last recruitment of 700 wardens was done in FY2010/2011 but the Service has lost 503 staff (attrition) since then, and the request for recruitment was declined by Public service Ministry. Increase in prisoner population affects performance in most of the service delivery areas as priorities have to shift hence there is need for improvement in staffing.

According to Uganda Prisons Services, the prisons carrying capacity was at a daily average of 14,898 prisoners. Prisoners' population is projected to be 38,684 in FY 2013/14 and congestion level is at 258%. Overall population growth is 14% not matched with expansion in accommodation at 5%.

6.3 Legislature

6.3.1 Sector objectives

The key sector objectives are to improve attendance and participation in plenary sittings and committee meetings, strengthen the oversight role of Parliament and provide tools necessary for members and staff to perform their duties well. Parliamentary Commission is the sole Vote that constitutes the sector.

6.3.2 Overview of the Sector's Performance

Table 6.3.1 below is a summary of the sector's overall outcome trend, and output performance against the budget in the FY2012/13. The total approved annual budget for the sector in FY 2012/13 was UGX 235.44bn, but UGX 232.63bn, representing (98.8%) was released and UGX 231.74bn, representing (99.6%) was spent. The sector reported that UGX133.86bn (57.5%) was spent on the mandatory payment of salaries and emoluments to staff and Members of Parliament, UGX 12.54bn went into Standing Committee meetings against a budget of UGX 11.76bn and UGX 79.79bn was released for Parliamentary Support Services against an initial budget of UGX 72.19bn.

At output level the sector achieved targets in 30% of the indicators and almost achieved their targets in 10% of outputs. 3 outreach programs were carried out against a target of 4 giving it a 75% level of performance. The reason provided by the sector for such performance was that the Forth Outreach Program that had been scheduled to take place in West Nile was pushed to FY 2013/14. However 50% of the sector's indicators did not meet their targets which means that their performance was actually registered below 75%.

Data from the sector indicates a total of 8 outcome indicators of which only 50% have their performance on target by year end and 50% not achieved, the sector also had only 13% of its outcome indicators with a positive trend from last year's performance (FY2011/12), 50% with un changed trend and 38% with negative trend(table 6.3.1 below)

Table 6.3.1: Annual performance scorecard for the Legislature sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	13%	50%	50%	37%	50%	0%	8

Output Performance

Outputs	% achieved	% Almost achieved	% not achieved	% no data	Denominator
Sector	30%	10%	50%	10%	10
Parliamentary Commission	30%	10%	50%	10%	10

Actions Performance

Action	% On Track	% Off Track	% no data	Denominator
Planned	100%	0%	0%	3

Budget Performance

Budget	Approved (Bn UGX)	Released (Bn UGX)	Spent (Bn UGX)	% budget released	% budget spent	% release spent
Sector	235.44	232.63	231.74	98.8%	98.4%	99.6%
Parliamentary Commission	235.44	232.63	231.74	98.8%	98.4%	99.6%

A decline in the level of MP's participation in Parliamentary debates was registered as shown in the above graph, from 90% FY2011/12 to 50%FY2012/13. This indicates that fewer MPs participated in Parliamentary debates last financial year. This indicator is very important because of the implications it has on the length of time it takes to pass a single bill. Furthermore 75% of the plenary sittings had quorum against a target of 100%, 40% questions were answered as a percentage of those asked, and 50% of accountability committee reports were actually considered by plenary against a target of 100%. On the other hand data from the sector shows that all Committees had CSO participation reason given for such performance is that all committee meetings are open to the public.

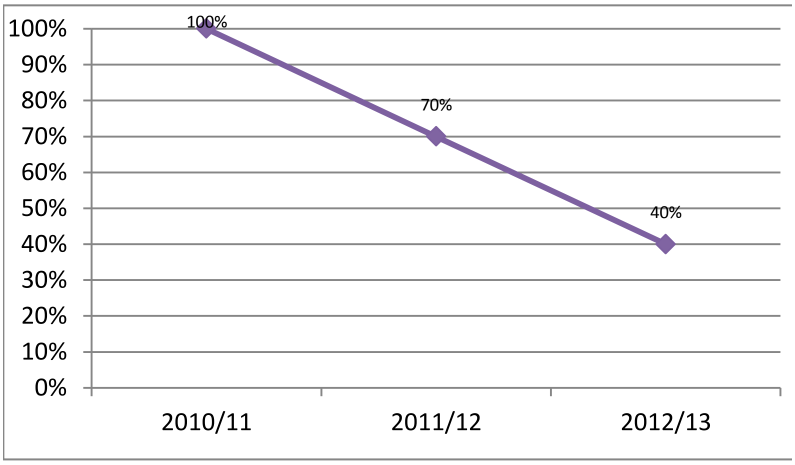
Figure 6.3.1: **Average % of MPs participating in Parliamentary debates**

Source: Parliament of Uganda

Much as Parliament put a calendar in place this has not improved its performance and in terms of wealth creation. We see a delay in the passage of bills, though data from the sector indicate that 45 days are taken to pass a bill and yet the poor performance is attributed to time taken consulting on the Marriage and Divorce Bill; and suspension of Parliamentary business in order to prepare for the Parliamentary week to mark 50 years of Independence.

For the past two years there has been a decline in the percentage of questions asked out of those answered as illustrated in figure (6.3.1). In 2010/11 all the asked questions were answered, FY2011/12 only 70% of the asked questions were answered and finally last financial year only 40% of the asked questions were answered .however there is no reason provided for such a decline in performance

Figure 6.3.1: Questions answered as a percentage of questions asked



Source: Parliament of Uganda

6.3.3 Achievements registered in the Sector

(a) Assessment of Performance by the second edition of African Parliamentary Index (2012)

The African Parliamentary Index (API) is a set of indicators that shows the level of engagement of selected African Parliaments in the budget process for which the Ugandan Parliament is a member. The purpose of the index is to present a standard and simplified system for assessing the performance of

Parliament in Africa, especially the seven partner Parliaments[1]. The assessment of the Ugandan Parliament used two groups of respondents: Parliamentarians and Parliamentary Staff and Civil Society Organizations where CSOs were brought together with Parliamentarians and Parliamentary Staff to validate the responses the latter have provided.

The self-assessment process covered six (6) core areas related to Parliamentary budget oversight and other functional activities that are related directly to the legislature's core functions and related performance. These are Representation, Legislation, Financial, Oversight, Institutional Capacity and Transparency and Integrity. Rating was made on the scale of 0-6 and performance ranged from 1-6 as follows: 0= not applicable, 1 = completely disagree, 2 = Disagree, 3 = somewhat disagree, 4 = somewhat agree, 5 = Agree, 6 = completely agree

(i) Representation Function

Accessibility and Outreach

Parliamentarians and staff agreed that Parliament was accessible to the public and through its outreach efforts the citizens were aware of their role in the budget process. Participants pointed out that all Parliament deliberations were open to the general public. The legislators and staffers also noted that Parliament had an open-door policy to the media as provided for by the new Rules of Procedures. Indeed, the participants agreed that the new rules provided for access by the press to conduct live broadcasts of the Parliamentary proceedings. This function was rated as follows:

Table 6.3.2 Budget Act and the Budget Office

Questions	Score
There is a Budget Act that clearly defines the role for the legislature in the budget process.	6
The legislature has a Budget Office that is established by law to assist Parliament undertake a thorough review of the draft budget.	6
The Parliamentary Budget Office has qualified and competent officers and it is equipped to efficiently and effectively assist Parliament with informed analysis.	3
The Budget Office has power to call for information and documents from government departments and the private sector and in good time (Power of Subpoena).	6
The legislature (or the appropriate committee) considers and approves the budget estimates for Defense and Intelligence Services and is given full disclosure on the budget estimates/figures.	6

(ii) Legislative Function

Legal mandate

The self-assessment revealed that Parliament had power to make laws including those that pertain to the Appropriations Act. Legislature also had the powers to enact and amend laws Nevertheless, the MPs and the staff underscored the need for more time and more public sensitization about the powers of the public to discuss and contribute to issues related to the budget, based on the constitution and the law.

(iii) Financial Function

The financial function is one of the major responsibilities of the legislature. In the Parliamentary parlance, by implication the legislature is the central point of reference in terms of public accountability. For the legislature controls the resources of the State and therefore it holds the responsibility to appropriate such resources. In that regard, members of Parliament approve of taxes and also determine how those taxes are expended.

[1] Benin, Ghana, Kenya, Senegal, Tanzania, Uganda, and Zambia

Table 6.3.3 Periodic review of the budget, budget review and hearing

Questions	Score
The budget is reviewed by the executive periodically during implementation (Number of reviews in a year and types).	6
All reviews of the budget are presented to the legislature and approved by the legislature.	6
Adequate time is allocated for consideration of the reviewed budget both at plenary and at committees level	5
The legislature has enough time to review the budget	4
The legislature has a Budget/Estimates/Finance Committee exists with the sole mandate of reviewing the budget.	6
The Budget/Estimate/Finance Committee and/or sector Committees hold public hearings on the budget where evidence from the executive and the public is taken.	5
The legislature has an effective and well documented process for citizen participation in the budget process which is known to the public.	2
The legislature has authority to amend the budget presented by the executive including spending and revenue proposals	5
The legislature has the power to send back proposed budget to the executive for adjustments.	6
The legislature is able to make bidding amendments on spending and revenue proposals.	2
The Appropriations Act approved by the legislature has details on all allocations to MDAs.	6

(iv) Oversight Function

The oversight function refers to the legislature's power and capacity to carry out monitoring as well as holding the executive accountable. This is especially in relation to spending and includes the process whereby the legislature and executive work together to ensure that laws are operating as designed. Accordingly, Parliamentary oversight is of great significance in as far as democracy and good governance is concerned. In the evaluation of this function, the following indicators were examined

Table 6.3.4 Assessment of PAC

Questions	Score
The legislature has a Public Accounts Committee that examines the expenditures of government.	6
Public Accounts Committee is chaired by a member who does not belong to the party in government	6
The PAC has power to subpoena witnesses and documents and is backed by the law.	6
All who use public funds including ministers are obliged to appear before the PAC when summoned.	6
The PAC is required by law to hold its proceedings in public.	4
The PAC reviews all reports of the Auditor General and in a timely manner.	3
The PAC can initiate independent investigations into any matter of public interest.	2
The executive is bound by law to implement the recommendations of the PAC and this is strictly enforced.	3
Adequate mechanisms exist for the PAC to track the implementation of its recommendations and this can be accessed and verified by the public.	2
The PAC is adequately resourced to undertake its activities.	3
The PAC collaborates freely with other anti-corruption institutions without any hindrance.	3

(v) Institutional Capacity

Financial and Material Resources

The legislature usually derives its legitimacy from the national constitution, accordingly, the institutional and legal framework delineates the basic organization of Parliament and the financial and material resources available for it to carry out its functions This framework also guarantees the general democratic structure; that is the electoral law, freedom of information, freedom of assembly, independence of media, among others and the immunities available to Parliament and its members. To this end the MPs and staff assessed the institutional capacity of Parliament, in view of the financial and material resources available to support MPs in the budget process using the indicators below.

Table 6.3.5: Financial and Material Resources

Questions	Score
The legislature is financially independent; it prepares its annual budget and the executive cannot vary it.	5
The legislature has adequate logistics including office space to enable it perform its functions.	4
MPs have a constituency development fund that is effectively managed.	1
The legislature has a structured system for receiving technical and advisory assistance from external sources.	6
The legislature is an equal opportunity employer	6
The legislature has adequate and highly skilled research and staff support.	5

(vi) Transparency and Integrity

There were rules governing what was appropriate for MPs to do. However there are also no mechanisms to prevent or detect MPs and staff engaged in corrupt practices. And this was measured using the following indicators.

Table 6.3.5:

Questions	Score
The legislature has an enforceable code of conduct that guides the behavior and actions of MPs.	5
MPs maintain high standards of accountability, transparency and responsibility in the conduct of public and Parliamentary work.	5
Anti-corruption networks exist in Parliament and MPs are free and motivated to participate in the activities of such networks.	5
Efficient and effective mechanisms exist to detect and prevent corrupt practices among MPs and legislative staff and to bring to justice any person engaged in such activities.	1

When Uganda was celebrating her 50 years of independence on October 9, 2013, the Parliament held activities such as fundraising to preserve the crested crane, Launching of Parliamentary Centre, charity walk and recognition of Past speakers and clerks.

(b) A decline has been registered under output performance

The sector has a total of only 10 output indicators and out of those only 3 output indicators performed above target, such are : 44(126%) reports were disposed of against a target of 35, Standing Committee meetings held standing at 1539 (257% performance) out of the 600 targeted, a target of 100% was performed on both capacity building workshops for MPs and number of outreach Parliamentary programs. much as the sector received 98.8% of its budget its performance is not in line with the release, with only 40% achievement at output level, 50% not achieved and 10% of the output indicators with no data. According to the sector's submissions, there was poor performance on petitions disposed of at (40%) (6 against a target of 15) compared to 56 in FY2011/12; Ministerial Statements disposed of were also at 40% (19 against 48), a big decline from 100 in the FY 2011/12. There were 24 (53%) motions passed against a target of 45, which also dropped from 100 in the FY 2011/12 and 16 (47%) bills passed as compared to the 89 passed in FY 2011/12. The legislators also conducted 72 field visits and public hearings – equivalent of 48% - up from 101 in the FY 2011/12 and against the annual target of 150. It is important to note that this poor performance was due to the fact that Parliament deferred Parliamentary business to allow members consult on the Marriage and Divorce Bill which affected Plenary and Committee sittings. However the submission from the sector indicates that the Parliamentary calendar is being adhered to but this is not reflected in the performance scores.

In order to fulfil the mandate of providing the necessary tools to facilitate performance, the key action for the sector was to provide adequate space for offices and committee meetings by constructing and equipping new Parliamentary Chambers. Reports indicate that works on the construction of the multi-level car park was in advanced stages and the remaining works on the project were expected to be completed before the end of second quarter of the FY2013/14, given that the completion level now stands at 94%.

6.4 Public Administration Sector

6.4.1 Sector objectives

The public administration sector is led by the Office of the President, and includes State House, Ministry of Foreign Affairs and Electoral Commission. The sector comprises of the following functional areas: facilitating the presidency in fulfilling its constitutional mandate; promoting and managing International relations and commercial diplomacy; strengthening policy development and management across government; and managing elections.

6.4.2 Overview of Sector Performance

The approved budget for the sector was UGX 148.17bn of which UGX 296.45bn, representing 200.1% of the approved budget was released and UGX 275.91bn, representing 93.1% of the release, was spent. The high release of funds that exceeds the overall sector budget does not much the 76% overall sector achievement.

Table 6.4.1: Annual Performance Scorecard for Public Administration Sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	50%	75%	25%	25%	25%	0%	4

Output Performance

Outputs	% achieved	% Almost achieved	% not achieved	% no data	Denominator
Sector	76%	3%	9%	12%	34
OP	89%	0%	0%	11%	9
MoFA	78%	0%	11%	11%	9
EC	43%	0%	28%	29%	7
SH	89%	11%	0%	0%	9

Actions Performance

Action	% On Track	% Off Track	% no data	Denominator
OP	100%	0%	0%	3
MoFA	100%	0%	0%	3
EC	0%	100%	0%	4
SH	0%	0%	0%	0

Budget Performance

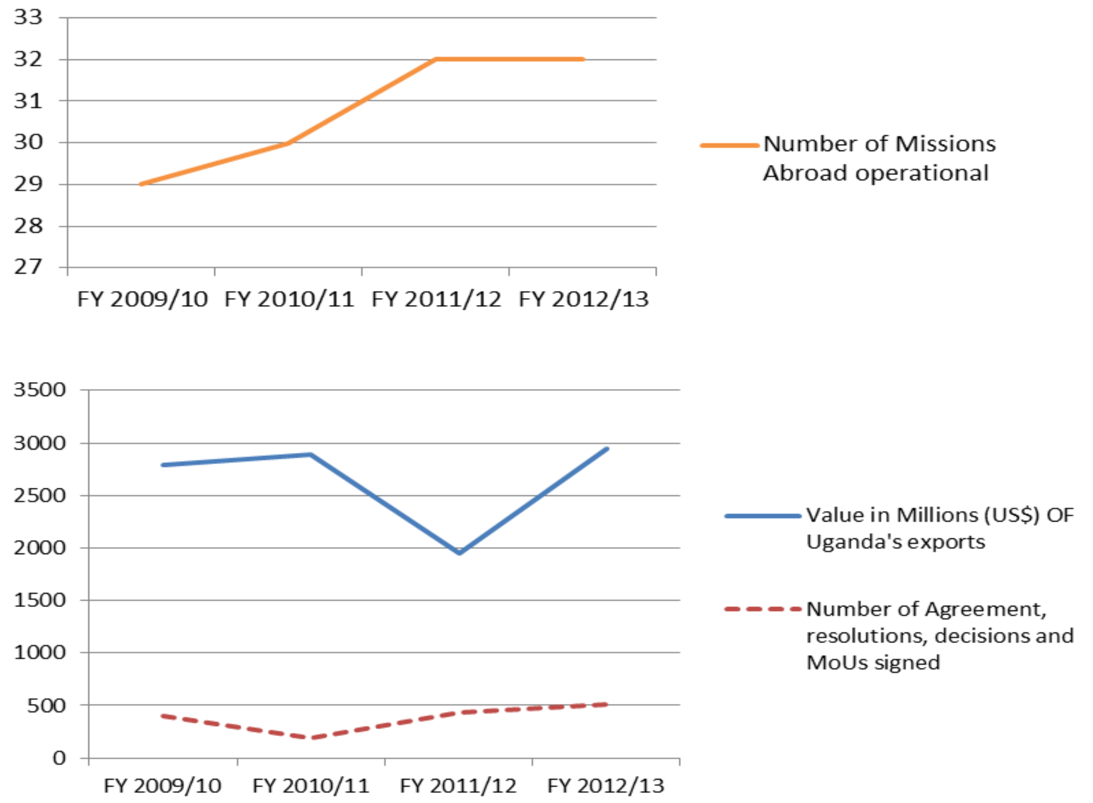
Budget	Approved (Bn UGX)	Released (Bn UGX)	% budget released	Spent (Bn UGX)	% release spent	% budget spent
Sector	170.60	315.89	185.2%	294.51	93.2%	186.2%
OP	53.324	54.825	102.8%	53.99	98.5%	114.6%
MoFA	10.20	13.89	136.2%	13.89	100%	136.2%
EC	46.85	46.82	99.9%	26.73	57.1%	57.1%
SH	60.23	200.35	332.6%	199.90	99.8%	331.9%

Budget figures from the ABPR FY2012/13

Source: OPM analysis based on the OBT FY2012/13

Table 6.4.1 above shows the sector outcome indicators with 50% of them having an upward trail, 75% achieved their stated targets for FY2012/13. Which is a great improvement from that of FY2011/12 where the sector only had 25% of its outcome indicators on target, 25% showed a negative trend and 25% with an unchanged trend as shown in the summary score card above. At output level the Sector had 34 output indicators of which 76% met their targets, 3% had a moderately satisfactory performance thus for those indicators whose targets were met between 75% and 99.9%, and 12% of the output indicators were not achieved.

Figure 6.2.1: Number of Missions Abroad operational



Source:

Data from the sector indicates that since 2009 at least one mission has been opened apart from last financial year when the sector simply maintained those that already existed, and this enabled the sector to concentrate on the operationalization of the already existing mission which led to an increase in the value of Uganda's exports from 1952.3m FY2011/12 to 2941m FY2012/13 which is the highest so far in the past four years. Furthermore is that the number of agreements, resolutions, decisions and MoUs signed have been increasing for the past three years from 189 FY2010/11, 430FY 2011/12, and finally to 507 FY2012/13.

With regard to the overall output performance, the Sector achieved 76% of the original target, 12% were not achieved and 12% had inadequate data and could therefore not be assessed. Office of the President and Ministry of Foreign Affairs had all its planned actions on track, while Electoral Commission had all its 4 planned actions off track.

Office of the President and State House had a fairly good performance registered at 89% of their output indicators hitting their targets for FY2012/13, MoFA registered an average performance with 77% of their output indicators on target, however EC its performance below average.

6.4.3 Achievements registered in the Sector

(a) Enhance regional and International Cooperation

The sector has one outcome with four outcome indicators of which all are contributed to by Ministry of Foreign Affairs. As such through making missions abroad operational[1], 2 Joint Permanent Commissions (JPCs) were held out of the target of 5 indicating a decline from the 3 held FY2011/12, In December,

[1] There are 32 (FY2012/13) the same number as that of FY 2011/12

2012, the Ministry held a JPC with South Sudan. Under the JPC it was further agreed that the Uganda Police, Prisons and Judiciary shall engage in capacity-building programs with their counter parts in South Sudan. 507 Agreement, resolutions, decisions and MoUs were signed, The Ministry provided political and diplomatic support to the ongoing stabilization and reconstruction efforts in Somalia through IGAD, AU and the UN. It further lobbied for United Nations Security Council (UNSC) Resolution 2036 (2012), where AU requested for increase in troop levels for AMISOM by more than 5,000 and formation of police units. This gave AMISOM the necessary troops and resources to help it consolidate the gains made and increase the military pressure on Al-Shabaab. In order to further these efforts, a Uganda Resident Diplomatic Mission is being established in Mogadishu. As the Chair of the International Conference on the Great Lakes Region (ICGLR), Uganda promoted the deepening of the Foreign Policy doctrine of "Regional-led Peace Initiatives" supported by the AU and the UN/ International Community. Since July, 2012, the Ministry hosted 4 Extra Ordinary ICGLR Summits aimed at finding a lasting solution to the security situation in eastern DRC. On 24 February, 2013, a Peace, Security and Cooperation Framework for DRC and the region was signed by Heads of State of ICGLR member states, witnessed by the UN Secretary General and Chairpersons of SADC, and AU Commission. The UNSC also approved the establishment of an intervention brigade as part of MONUSCO. As one of the guarantors of Sudan's Comprehensive Peace Agreement (CPA), Uganda continues to engage regional and international actors to support efforts made by IGAD and AU to resolve outstanding post referendum issues.

(b) Promotion of trade, tourism, education and investment

The Ministry coordinated the official working visits of the Heads of State of Rwanda and Kenya in June. 2013, during which trilateral talks on Infrastructure development, energy, trade and EAC integration were held and agreed to revamp the existing railway network and also construct new standard gauge railway line and extend it to Rwanda, including joint mobilization of resources. Develop an oil pipelines for finished products from Eldoret to Kampala and extend it to Rwanda. Develop a crude oil pipeline from Uganda to Kenya link to South Sudan. Explore the possibility of EAC partner states to invest in the oil refinery to be constructed in Uganda. To enhance electricity generation and distribution by exploring and utilizing the resources within each partner State, including exploring other alternative sources like renewable energy, nuclear and geothermal.

The Ministry participated in various market access negotiations including:

(i) Negotiations in Brussels for the regional economic partnership that will facilitate Uganda's goods access the EU market.

(ii) Negotiations in Geneva aimed at creating rules and a more conducive environment for market access for our products to the markets in developed countries. It continued to negotiate for aid-for-trade, and policy space to allow for industrialization in Uganda. Negotiations that resulted into the signing of the Free Trade Area, this is positive step towards securing markets in the 19 COMESA member states. The Ministry in conjunction with the Ministry of International Cooperation of Egypt successfully sourced for investors in Uganda's beef industry. The investors incorporated the Egypt-Uganda Food Security Co. to operate a modern abattoir in Bombo. The implementation of this project is on course.

The Ministry coordinated meetings that led to signing of MOUs between the Ministries of ICT of Uganda and Egypt covering the following;

(i) Communication Technology Infrastructure

(ii) ICT Capacity Building Program

(iii) Documentation of Cultural Heritage and History

(iv) Cyber Security

(v) Establishment and Management of an IT Park in Uganda.

In November, 2012 Uganda and South Africa jointly chaired the Inaugural session of their Joint Commission of Cooperation (JCC), at which a wide range of bilateral, regional and international issues of mutual interest were reviewed. These include deepening cooperation in the fields of trade, social development and public works. We also agreed to broaden cooperation to new sectors, including tourism, human settlement, health and higher

(c) Deepening Democracy

The Electoral Commission's objective is to deepen democracy through strengthening citizen's participation in political and economic governance. By improving the quality of the voters' register, and conducting the adult suffrage elections both at national and local government level. The sector had a budget of UGX46.85bn but UGX46.82bn was actually released of which the sector only managed to absorb UGX26.73bn. It's not clear why there is poor performance registered by the sector given the fact that it received the whole budgeted amount with only 43% of its output indicators achieved, 29% not achieved and 29% no adequate data. Data submitted by this Institution shows that the proportion of eligible voters in voter registers is only 80% out of the 200% targeted, all by elections were conducted, given the fact that by-elections are held as and when they occur due to death, resignation or court order, 6 vacancies were filled at all levels out of the 10 planned.

(d) Good performance registered in economic policy monitoring, evaluation and inspection

Office of the president registered good performance with 89% of its output indicator on target and only 11% with no data, however there is need to note that OP received additional funding of UGX 375million which was secured following a reallocation by Parliament to implement activities under the DEAR. In addition, supplementary funding was secured to support the activities under ISO which was worth 4.5bn and Security coordination office 1.5bn.

Data from the sector indicates that it managed to monitor the performance of government projects in sampled districts under PAF, SACCOs, NAADS, Education, Roads and Health. Inspection was conducted to track the progress on implementation of 3 government investment projects thus Markets under the MATIP project, Youth job stimulus project, and Development of Mines.

Cabinet secretariat effectively developed policy and facilitated the policy decision process which was the bedrock for efficient service delivery, wealth creation and ultimate improvement of the quality of life for the citizens. In order to fulfill its policy development mandate, the Cabinet Secretariat facilitated Cabinet in making policy decisions and communicated these within four working days after confirmation of Minutes; tracked implementation of Cabinet decisions by Line Ministries; produced a framework for designing the Comprehensive Long Term Policy Capacity Development Plan; distributed to various MDAs policy guides including the Government Communications Strategy and the Cabinet Handbook; launched the Government Communications Strategy on 11th June 2013 and conducted a training of trainers (ToT) of Government Communications experts as well as Public Relations Officers on their roles in the Government Communication process.

(e) Support to the presidency

State House plays a major role of providing support to the Presidency, where the effectiveness of the three arms of government are supposed to be enhance, through promoting regional integrations and international relations, data from the sector indicates that 22(314%) regional and international meeting were attended out of the 7 targeted, 33 heads of state were hosted out of the 7 targeted. Trade, tourism and investment have been promoted by attending 8(400%) international trade meetings out of a target of 2 meetings planned.

State House also embarked on a number of outreach programs and welfare activities where 425(708%) health units [1]were monitored against the 60 targeted, 8720(99%) students benefited from the Presidential Scholarship Scheme FY2012/13 against a target of 8800 funds to this effect were mobilized by Ministry of Education, so many households were enabled to establish income generating activities, and all regions were mobilized by the Presidency for Peace transformation and Prosperity for all.

[1] in the following Districts: Sironko, Mbale, Bulambuli, Kween, Kapchorwa, Jinja, Mityana Sheema, Arua, Adjumani, Yumbe, Kalangala, Buvuma, Hoima, Kiryandongo, Kibaale, and Moyo.

6.5 Public Sector Management

6.5.1 Sector objectives

The key objectives of the Public Sector Management Sector focus on establishing mechanisms that will promote coordinated and harmonized policy, planning, budgeting, monitoring and evaluation at National and Local Government levels, attracting, recruiting and retaining a highly-skilled and professional workforce, developing management and operational structures for an efficient and effective decentralized service delivery system, implementation of East African Integration through implementation of the East Africa Customs Union, establishment of the EA Common Market and a Monetary Union and ultimately the East African Federation.

The sector is led by Office of the Prime Minister and includes the Public Service Commission, Ministry of Public Service, Ministry of East African Community Affairs, Ministry of Local Government, Local Government Finance Commission, Kampala Capital City Authority and National Planning Authority.

6.5.2 Overview of the Sector's Performance

Following the assessment shown in the summary score card (Table 6.5.1), 33% of all sector outcome indicators exhibited a positive trend over the three year period from 2010/11 to 2012/13. In the same period, 13% of the outcome indicators showed a negative trend and 80% had no data. In view of the trend, it is apparent that the MDAs contribution to the Sector outcomes is limited; this could be attributed to the poor delivery of the MDA outputs.

The sector was allocated UGX 1,083.94bn of which UGX 867.95bn (80%) was released and UGX 835.79bn (96%) of the release was spent. Ministry of Local Government (MoLG) received significantly lower funds than budgeted (29% of their budget was released) as shown in Table 6.5.1. With the total resources released by end of the financial year under review The Sector achieved 61% of the outputs' original targets, 13% registered moderate performance and 17% were not achieved whereas 9% had no data and could not therefore be assessed. 75% of the actions arising from the Cabinet Retreat of November 2012 were on track while 25% did not have data. (Table 6.5.1).

Table 6.5.1: Annual Performance Scorecard for Public Sector Management Sector

Outcome Trends

	% positive trend	% achieved against target	% un-Changed trend	% negative trend	% not achieved against target	% no data	Denominator
Total	33%	13%	0%	13%	07%	80%	15

Output Performance

	% achieved	% almost achieved	% not achieved	% no data	Denominator
Sector	63%	12%	16%	9%	139
OPM	74%	10%	13%	3%	31
LGFC	67%	33%	0%	0%	3
NPA	67%	0%	33%	0%	3
PSC	100%	0%	0%	0%	5
MoLG	43%	29%	21%	7%	14
MEACA	50%	40%	0%	10%	10
MoPS	45%	9%	9%	36%	11
KCCA	63%	6%	21%	10%	62

Actions Performance

	% On Track	% Off Track	% no data	Denominator
Cabinet	75%	0%	25%	8%
PIRT	0%	0%	0%	0

Budget Performance

	Approved (Bn UGX)	Released (Bn UGX)	% budget released	Spent (Bn UGX)	% release spent	% budget spent
Sector*	1,083.94	867.95	80.1%	835.789	96.3%	77.1%
OPM	178.238	146.409	82.1%	146.268	99.9%	82.1%
LGFC	3.979	3.859	97.0%	3.752	97.2%	94.3%
NPA	8.896	8.786	98.8%	8.751	99.6%	98.4%
PSC	4.516	4.350	96.3%	3.929	90.3%	87.0%
MoLG	195.082	56.887	29.2%	52.807	92.8%	27.1%
MEACA	19.571	19.523	99.8%	19.477	99.8%	99.5%
MoPS	318.541	311.109	97.7%	284.553	91.5%	89.3%
KCCA**	189.367	136.481	72.1%	137.069	100.4%	72.4%

Source: Budget figures from the ABPR FY2012/13, Outcome and output performance data from Sector annual performance reports
*Excluding Taxes, Arrears
**Includes grants from other sectors

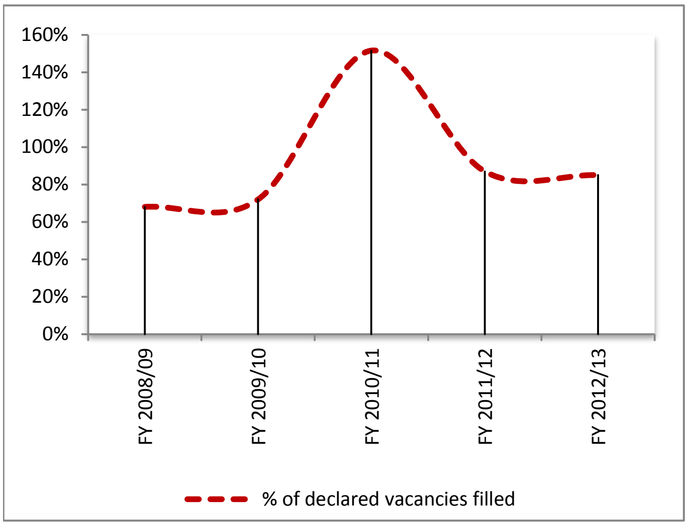
6.5.3 Achievements registered in the Sector

(a) Recruitment and Retention of Public Servants

The key function of the Public Service Commission (PSC) is to recruit and retain a highly skilled and professional workforce for the public service. This is done through filling declared vacancies, handling recruitment submissions, conducting the annual Graduate Recruitment Exercise (GRE) and supporting, monitoring and building capacity of District Service Commissions (DSCs). Together with the MoPS, PSC aims to develop and implement performance contracts/agreements, reduce vacancy rates, develop competence based tests for different professions in the service and develop performance standards for DSCs.

Data submitted by PSC shows (as shown in Figure 6.5.1) that the percentage of declared vacancies filled had been increasing since FY 2008/09 at 68% to 72% in FY2009/10 and 152% in FY 2010/11 but dropped to 87% in FY 2011/12 to 85% in the last financial year[1], against the 100% target. It is not clear whether; the drop was at the Central Government or Local Government level. The clarification would help in targeting the interventions aimed at addressing the matter. The Commission reported that the unfilled vacancies were as a result of not finding suitable candidates to fill certain posts and therefore need for re-advertisement and vacancies submitted for filling towards the end of the financial year.

Figure 6.5.1: Percentage of declared vacancies filled



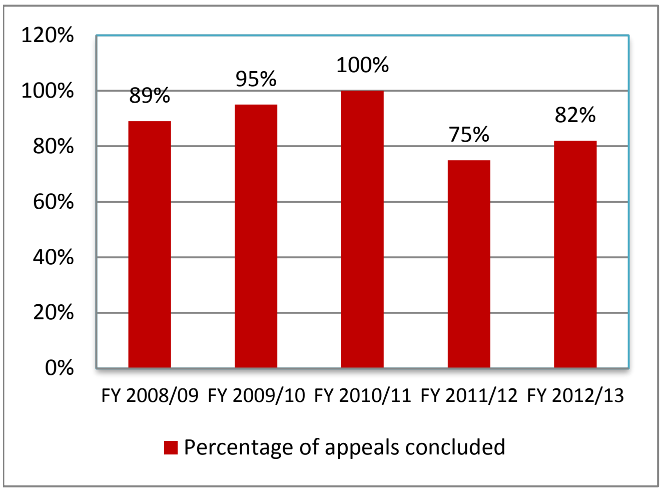
Source: GAPR FY 2008-2012/13 and PSC annual performance reports

As shown in figure 6.5.2, the percentage of concluded appeals has been increasing since FY 2008/09 at 89% to 95% in FY 2009/10 and 100% in FY 2010/11 but dropped in FY 2011/12 to 75%. However, an increase was registered in the last financial year[2] at 82% up from the previous FY 2011/12. The

[1] The appointment for the vacancies were in the categories below; appointment on probation, appointment on promotion, Appointment on accelerated promotion, appointment on contract, appointment on transfer of service, appointment on transfer within service, appointment on attaining higher qualifications.

[2] Appeals processed and concluded include; Masindi (2), Manafwa (1), Buyende (2), Rukungiri (2), Butambara (1), Budaka (1), Bududa (1), Apac (1), Gombe (1), Bukwo (10), Kamwenge (1), Gomba (1), Kibale (1), Buhweju(1), Mbarara(1), Alebtong(1), Butaleja(1), Ntoroko(1), Kiboga(1), Moyo(1), Jinja(1), Rakai(1), Kibuku(1), Min. of Internal affairs (1), Min. of Local Government(3), Min. of Public service (1) Min. of Water and Environment (1), Min. of Finance, planning and Economic Development (1),KCCA (1).

Figure 6.5.2: Percentage of appeals concluded



Source: GAPR FY 2008-2012/13 and PSC annual performance reports

Commission attributed this performance to ongoing cases being received in the last quarter of the last financial year, which have been carried forward to FY 2013/14. Also, there were incomplete submissions that required further clarification and some cases pending further consultations.

The objective of having a high retention rate in hard to reach areas is so that the recruited personnel are not leaving their places of work, and eventually the vacancy rate in these areas will drop. In this regard, at the beginning of the financial year, the MoPS planned to achieve a retention rate of 60% of staff in hard to reach areas. This means that the target at the beginning of FY2012/13 was lower than the mark registered the previous FY 2011/12 of 83%. This trend is against the objective of this indicator. However, by close of last financial year 2012/13, the retention rate achieved was 68% more than the annual target.

(b) Role of Performance Frame works in improving service delivery

In an effort to improve effective and efficient delivery of service in the Country, the Government implemented the roll out of performance contracts for top civil servants and Heads of Departments. This has been led by MoPS, whose mandate is to develop, manage and administer human resource policies, manage systems and procedures for the public service, strengthen Results Oriented Management (ROM) and strengthen service delivery through implementation of client charters across MDAs and LGs.

In an effort to manage the public service payroll and wage bill, the MoPS is embarking on operationalization of Integrated Public Payroll System (IPPS)[1] across MDAs and LGs. The IPPS is a human resource (HR) management information system that will be used to deliver automated and integrated HR services across the public service. Data from the Ministry shows that all the targeted 28 MDAs/LGs have had IPPS operationalized[2]. This was achieved with UGX 1.43bn (155%) of the budget released and 94% of releases spent. Considering that the exercise is not on pilot basis, all MDAS should be selected, otherwise the Sector will continue setting lower targets which are easy to achieve, which does not help in the attainment of the set objective. The Sector should indicate the factors that support or hinder the roll out country wide of the intervention.

In order to streamline services, MoPS carries out reviews and development exercises of organizational structures. At the beginning of the last financial year, the Ministry planned to cover 28 MDAs and LGs under this exercise, by year end 48 MDAs and LGs were covered exceeding the target. However, no explanation for this performance was given. This exercise was done with UGX 0.14bn (54%) of the budget released and 93% of releases spent. 97% of MDAs and LGs were able to mainstream the results

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[1] The IPPS is a human resource (HR) management information system that will be used to deliver automated and integrated HR services. It uses modern information and communication technologies that will help the Government of Uganda manage the public service more efficiently and effectively.

[2] The payroll module and EDMS rolled out to 28 sites in the following MDAs and LGs: Ministry of Foreign Affairs, Ministry of Agriculture, Ministry of Works and Transport, Ministry of Internal Affairs, Ministry of Water and Environment, Ministry of Lands, Housing and Urban Development, Ministry of Gender, Labour and Social Development, OPM, State House, Office of the President, Ministry of EACA, Ministry of ICT, Ethics, Ministry of Defense, Ministry of Local Government, Ministry of Energy and Mineral Development, Ministry of Trade & Industry, Ministry of Tourism, Mulago, Police, Prisons, Ministry of Justice and Constitutional Affairs, Mbale, Masaka, Mpigi, Bushenyi, Mbarara and Soroti. Functional and Technical Support provided to 11 pilot sites including; MoPS, MoH, MoFPED, MoES, ESC, MoJCA, JSC, PSC, HSC, Lira and Jinja.

framework into their work process through linkages with the output oriented budgeting[1] . In addition, two (2) sectors disseminated service delivery standards hitting the target[2]. However it is not clear whether the standards were put to use the two sectors and the extent to which the quality of the service delivery improved. This was done with UGX 0.02bn (50%) of the budget released and half of the releases spent. With UGX 0.10bn (50%) of the budget released and 80% of releases spent, all the targeted 21 MDAs and LGs[3] developed and implemented client charters by the end of the financial year. However, it is not clear, what aspects of the quality of the public service delivery have improved as a result of the intervention.

The mission of PSC is to provide Government with competent human resource for effective and efficient service delivery. One of the ways to do perform this function if by issuing competence based selection instruments which help in identification of relevant competences for a given position or job/post. The Commission planned to develop 15 of these tests in the last FY. By year end, 35 competence based selection instruments were developed[4]. This was possible with UGX 0.50bn (83%) of the budget released and 88% of releases spent. The Commission reported that capacity gaps were identified and technical guidance tendered[5] to a total of 37 District Service Commissions (DSCs) more than the annual target of 18. This training and technical guidance is given to new DSCs and new secretaries in DSCs to help improve service delivery at the LGs.

(c) Progress towards East African Community integration

The key function of the Ministry of East African Community Affairs (MEACA) is to steer Uganda's regional integration agenda into the East African Community (EAC) in accordance with the treaty for establishment of the EAC. The integration process is hinged on 4 major pillars, namely the Customs Union, Common Market, Monetary Union and finally Political Federation. The integration process is done by way of harmonization of diverse policies and programmes in the region, enhancing public participation and awareness in EAC regional integration and providing leadership, guidance and support for strengthening integration. The Sector did not indicate which quality aspects of the integration process have improved during the period under review.

In regard to the status of harmonization of Laws (Commercial, Immigration and Labour laws) to conform to the EAC Common Market Protocol, the Ministry reported that Uganda Law Reform Commission (ULRC) hired a consultant for the exercise of identification of the laws that need harmonization in relation with the EAC Common Market Protocol. The consultant finalized the exercise which identified 58 laws.

At the beginning of the financial year, the Ministry planned to prepare 18 Country position papers and back to office reports on the EAC regional meetings. By the end of the financial year 14 were prepared which is below the target. The Ministry attributed this performance to inadequate funding even though UGX 0.16bn (94%) of the budget was released and spending all. In order to track compliance of stakeholders with EAC decisions and directives, progress reports are produced quarterly. By end of the financial year, all the planned four quarterly reports were produced. In addition, all four planned Cabinet information papers on the implementation of EAC decisions and directives were also produced by close of the financial year under review. The development of the National Policy on EAC integration was planned in phases with the first phase dedicated to the development of an issues paper (IP) to inform the

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[1] Five DLGs of Soroti, Amuria, Tororo, Rukungiri, and Bushenyi were supported to implement ROM/OOB frame work. Demand driven support was given to Ministry of Energy and Mineral Development and MEACA to sensitize staff on Performance Management in and develop key performance indicators.

[2] The sectors are: Ministry of Health, Ministry of Education and Sports, Ministry of Water and Environment, Ministry of Works and Transport and Ministry of Public Service.

[3] Uganda Human Rights Commission, Uganda Virus Research Institute, Ministry of Energy and Mineral Development and Maracha DLG were supported to produce client charters; Introduced Client Charters in Ministry of Internal Affairs, Directorate of Public Prosecutions and National Blood Bank. The Client Charter development process was initiated in Prisons Department and Prisons Authority. Consultative meetings were held with the Sector Ministry. (MoES), Mukono District Local Government launched its Client Charter. Uganda Virus Institute and MEACA launched their client charters. Demand driven support was given to the following; Uganda Prisons Services Regional Centres of Gulu, Masaka and Mukono.

[4] Competence based selection instruments were developed for the central Government Ministries. The other selection instruments developed for other agencies like KCCA, NWSC, Parliament of Uganda and OAG whose funding came from the agencies involved.

[5] The DSCs include: Kamwenge, Adjumani, Ntoroko, Buhweju, Kiboga, Lamwo, Kole, Alebtong, Kabarole, Mayuge, Mbarara, Insigiro, Luwero, Apac, Dokolo, Masindi, Manafwa, Kyenjojo, Kamwenge, Moroto, Napak, Lira, Kisoro, Abim, Iganga, Namayingo, Kiryandongo, Rukungiri, Kiboga, Arua, Bukomasimbi, Hoima ,Bugiri, Kapchorwa, Moyo, Nebbi and Pader

development of the policy. The second phase is the development of the policy itself, which includes drafting and validation.

Furthermore, MEACA also carries out public awareness campaigns and public participation activities in EAC regional integration process. Under this the Ministry planned to carryout sensitization campaigns in schools targeting 5000 students at the beginning of the financial year, by year end 4000 students were sensitized missing the target. 32 LGs were also targeted under the EAC integration sensitization campaigns and by the end of the FY, 25 LGs were covered below the target. Furthermore, by year end 20 information education communication (IECs) materials were developed and media space obtained for mass media communication, below the annual target of 22. The Ministry attributed this performance to underfunding but under this output UGX 0.35bn (97%) of the budget released and all spent.

(d) Progress towards improved coordination, monitoring, planning and budgeting at National level

One of the key functions of OPM is to coordinate, monitor and implement Government policies across Ministries, Departments and other public institutions. In this regard, data from OPM shows that the Presidential Directive on implementation of the Baraza initiative was carried out in 94% of the districts[1] less than the planned 100% in the last financial year. OPM is to enhance the factors that support the continuation of the quality of the improvements of the baraza initiative. Besides, OPM intends evaluate whether there has been a change in service delivery as a result of the baraza initiative or due other factors. In this regard, OPM commissioned a baseline survey and a needs assessment exercise on the Baraza to provide an accurate status of the communities in terms of knowledge on resources available and knowledge of resources spent on public programmes in their areas and also establish information related needs of the communities on public programmes before and after the Baraza were started. A report of the survey was produced and the recommendations are being used to improve the modalities of the implementation of the Baraza initiative. Furthermore, an impact evaluation of Barazas in being undertaken which will establish the exact impact the barazas have had on service delivery.

All the planned 16 cross and intra-sectoral issues [2]were resolved through the institutional coordination framework. The report on Government Business in Parliament was produced

OPM reported that production of the Government Annual Performance Report (GAPR) FY2011/12 and the Government Half-Annual Performance Report (GHAPR) FY2012/13 was done as planned. These reports were discussed during the Retreat of Ministers, Ministers of State, Permanent Secretaries and LGs in November 2012 and February 2013 respectively. Thereafter GAPR FY 2011/12 was disseminated widely to the Local Governments through regional workshops held in the month of April and May 2013. The aim of the dissemination was to provide credible first-hand feedback on performance of the Government Sectors by specifying good practices/achievements, constraints and emerging challenges experienced in attaining the set targets basing on the GAPR FY 2011/12. In addition the dissemination was aimed at strengthening the public support for the review progress of the Government performance. The findings of the dissemination workshops included but not limited to;

(i) Inadequacy of data that is not accurate and relevant. Also existence of multiple data centers within the districts
(ii) Weak and unrealistic indicators and targets
(iii) Lack of harmonized standard monitoring tools and reporting frameworks

[1] The implementation of the Citizen's Demmand for Accountability (Baraza) initiative was conducted in 43 districts (86 sub counties) in FY 2012/13. These included; Pader, Kole, Moroto 2, Kyegegwa, Kotido 2, Kanungu 2, Katakwi, Nakasongola, Alebtong 2, Dokolo 2, Abim 2, Kaliro, Kyankwanzi, Buhweju, Gulu 2, Jinja 2, Masaka, Bushenyi (District level), Ntoroko, Lwengo, Kumi , Nebbi, Maracha, Mitooma, Sembabule, Katakwi, Sheema, Butaleja, Arua (District level), Wakiso (District level), Mpigi, Kabale (District level), Kyenjojo (District level), Sembabule, Iganga, Kaberamaido, Bugiri, Tororo, Kiboga, Lira , Busia, Mubende, Rakai..

[2] [2] The coordination framework covered the; (1) Coordination the implementation of the Uganda Nutrition Action Plan (UNAP), (2) Comprehensive regulation of tier 4 Microfinance Institutions and SACCOS, (3) National NGO Policy coordination, (4) Improving Monitoring of Health Service Delivery, (5) Quality Assurance of BFPs and Ministerial Policy Statements for alignment to the NDP and NRM manifesto, (6) Ghost Pupils, teachers and schools, (7) The lightening problem in schools, (8) Creation of the Intellectual Property Rights Protection special unit in the Uganda Police Force, (9) Creating a One-Stop-Centre at Uganda Investment Authority, (10) Inter-Agency coordination on water for production, (11) Implementation of East African Community resolutions and protocol, (12) Harmonization of the Social Protection Framework, (13) Improved Coordination in the Sanitation sub sector, (14) Joint Budget Support Framework.(JBSF), (15) Ownership of Airport land by MAAIF and MoWT, and (16) Development of a National Coordination Policy.

(iv) Absence of outcome indictors for LGs in the Output Budgeting Tool (OBT)

(v) Inadequate capacity and resources for Monitoring and Evaluation for both technical and political staff.

The GAPR FY2011/12 Cabinet Retreat recommendations and actions for Sector and MDAs' informed the Ministerial Policies FY2013/14, and the National Budget FY 2013/14 as well as the GAPR 2012-13 preparation processes. However, whether the GAPR has led to improvement in Government Performance is matter that has to be appraised. Therefore there is need for an evaluation of the performance of the GAPR as a monitoring and an evaluation tool.

Under the Government Evaluation Facility, three evaluation studies were initiated; first the evaluation of Government's response to absenteeism in the public service which was completed in draft by year-end and the findings were presented to the Technical Implementation Coordination Committee (TICC) meeting on 27th March 2013. The key findings and recommendations of the study are:

(i) Over 90% of the public servants were aware of the existence of absenteeism within the service however only 57% of the public servants acknowledged that absenteeism was still a big problem especially in the schools and health facilities.

(ii) 52% of the cases are due to personal related weaknesses such as; alcoholism, poor health, family responsibilities, poor attitude towards work and engagement in secondary activities;

(iii) 30% of the cases are situational factors which include; low payment, limited staff incentives, location of the work place, over whelming workloads;

(iv) 18% of the problem is due to permissive institutional and environment factors. Such factors include poor working environment, political instability, unfavorable weather, poor road access to the service unit etc. it was further revealed from the evaluation that the standing orders were designed to address absenteeism at the institutional level and so do not necessarily deal with the individual and situational factors that contribute to it.

(v) According to the administrators, interventions that aimed at motivating the workers such as recognizing staff with outstanding performance and building capacity in leadership, management and attendance control had the biggest impact on the intention to curb absenteeism while some interventions like stern warning, dismissal/termination, provision of housing, provision of transport, improved work environment through favorable policies & work safety improvements, close supervision were recorded to have no significant impact.

(vi) The major reasons for the failure of some interventions are weak implementation, poor methodological design and lack of resources to support the implementation of the interventions.

(vii) At least 44% of the administrators in the public offices cited lack of awareness of the absenteeism control measures amongst their staff.

The second evaluation is on the Public Procurement Disposal of Public Assets Authority's (PPDA) development impact and its role in ensuring efficiency and effectiveness of public procurement in NDP priority sectors in Uganda led by OPM/World Bank. The report was presented to the Evaluation Sub Committee (ESC) for discussion. The key findings of the evaluation are as follows:

(i) Different Financial Years followed by Procuring and Disposing Entity(ies) (PDEs)

(ii) Since 2003 (inception of PPDA), the procurement thresholds have not been revised duly to take into account inflation and fluctuation in conversion rate of currency;

(iii) Many procurement methods with minor difference and the same Standard Bidding Documents (SBD) is being used for various procurement methods with same set of General Conditions of Contract (GCC);

(iv) The user departments prepare the work plan(s) and the PDU prepares the Procurement Plan (PP). The PP is not used as monitoring tool systematically. Current template of the PP does not have provision to track salient dates between approved, revision(s), if any;

(v) There is an absence of specialized/customized SBDs for Infrastructure Sector such as Design and Build, performance based contracting.

(vi) Approval from Contract Committee is required at almost all stages of the procurement cycle;

(vii) There is delay in obtaining Solicitor General's approval for contracts above UGX 50m;

(viii) Procurement documents are dispersed among the constituents of PDEs mainly between Procurement Disposal Unit and User Departments;

(ix) There are multiple audits by oversight agencies and compliance check by the PPDA;

(x) Provider capacity and participation in capacity development needs to be strengthened substantially.

The action to address the above enlisted findings falls under the collective purview of PPDA, MoFPED, GoU and few of them fall under the purview of PPDA/PDEs.

The third evaluation is on the Effectiveness of the Land Act and Registration of the Titles Act in curbing the practice of illegal land evictions which is at the design phase: a letter was written to Ministry of Lands, Housing and Urban Development (MoLHUD) on the proposed study.

(e) Special programmes and disaster management in disadvantaged areas of Uganda

The Government for some time now has been committed to promoting development in regions of Northern and Eastern Uganda as an incentive to peace and an alternative income source. The Government has implemented a number of special programmes targeting conflict stricken areas of Uganda, programmes such as the Peace Recovery and Development Programme (PRDP), Luwero - Rwenzori Development Plan (LRDP), Karamoja Livelihood Program (KALIP), Northern Uganda Agricultural Livelihoods Recovery Programme (ALREP) and the Northern Uganda Social Action Fund Phase II-(NUSAF II).

In Karamoja region, data from OPM shows that a food situation assessment was carried out to determine the gravity of food insecurity and starvation in the districts of Kaabong and Napak. Distribution of emergency food to mostly affected families was carried out in the Karamoja region. In order to ease the transportation of food to Karamoja region the Nakapiripirit – Moroto road has been commenced with road widening and grading[1]. It was reported that 63% of road works in Amudat and Nakapiripirit districts were completed and 39.1 Km of community roads are under construction in Abim, Napak and Moroto districts. By end of the financial year 49 micro dams in Kotido and Kaabong were excavated and the stone pitching of the dams' inlets and outlets were commenced. Considering the relevance of the outputs to the needs and priorities of the two districts, the target number of micro dams that were to be constructed should be given, so as to know whether the 49 was achieved or not.

Additionally by close of the FY 2012/13, 14,255 acres of land were ploughed in Karamoja sub region; this was below the annual target of 16,000. All the planned 10 valley tanks were constructed in Kotido and Amudat districts. The construction of valley tanks in Kaabong was moved to FY 2013/14. Three (3) hydra form machines were provided in Karamoja sub region.

During the financial year 2012/13, NUSAF2 focused on completion of the existing sub projects. Among the sub projects that were funded for completion included a borehole, 212 staff houses for health workers, 503 houses for teachers, and 9 Community Access Roads. In addition NUSAF2 also undertook the following: i) conducted the Mid Term Review of the project in June 2013, (ii) provided Technical Support to Sub project implementation to all implementing districts and (iii) rolled out implementation of the project in Karamoja sub region including commencement of implementation of 72 Community Infrastructure Rehabilitation (CIR) sub projects and training 54 Extended Participatory Rural Appraisal (EPRA) facilitators under two implementing partners namely CARITAS and KDDS to roll out Household Income Support Program (HISP) implementation in the sub region.

In LRDP areas, by end of the FY 2012/13, 2619 civilian veterans were paid a one off gratuity against the annual target of 2500, showing that the target was met by close of the financial year. 39 micro projects were supported to enhance household incomes for the youth, women and veterans in 12 districts[2]. One

[1] KALIP quarterly progress report 1 April to 30 June 2013.

[2] In Kasese, Kiboga, Kyenjojo, Kyegegwa, Luwero, Mpigi, Mityana, Mubende, Mukono, Nakaseke, Nakasongola, and Wakiso.

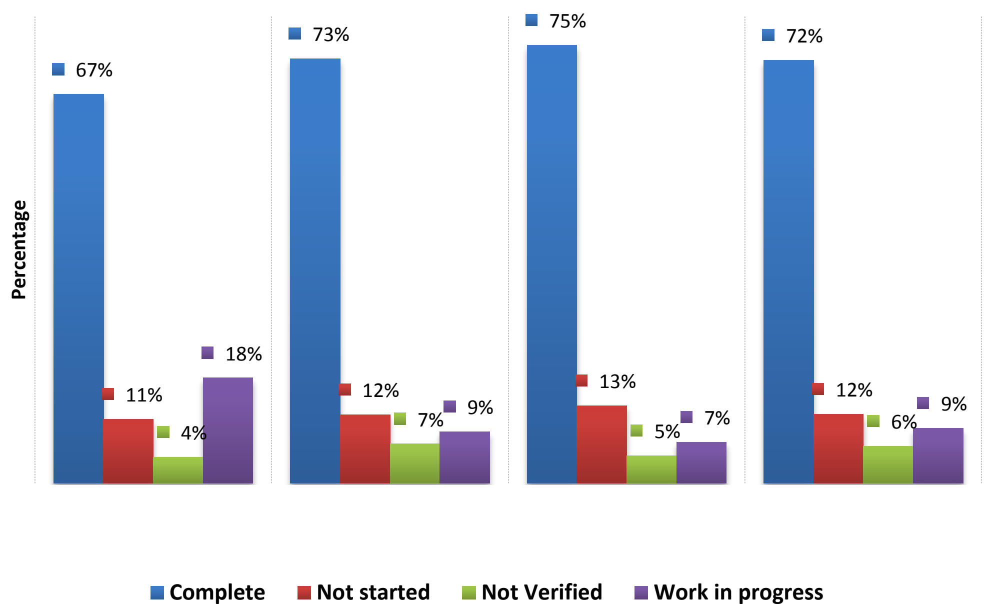
GIS/GPS[1] mapping exercise of LRDP facilities for FY 2010/11 was undertaken in 29 districts[2]. Whereas the output (Payment of gratuity and coordination of war debts' clearance) delivered is relevant to the targeted beneficiaries, it did not meet the target yet UGX 7.86bn (99.5%) of the budget was released and 98.5% of the budget released was spent; which points to the level of inefficiency in the delivery of the output. However the annual target of distributing 4000 (bags of cement and iron sheets) was not met by close of the financial year 2012/13.

In Teso region, OPM reported the Ministry of Teso Affairs activities to operationalize the ministry in Kampala and Soroti were under taken like procurement of equipment like computers and furniture for the offices. Additionally, four consultative meetings were held to develop the Teso development plan; this document is to guide the implementation of various interventions in the Teso sub region. Two monitoring visits were conducted for PRDP investments in the Teso sub region. One hydra form machine was procured and 200 ox ploughs were procured and distributed.

In regard to Bunyoro region, five consultative meetings were held to develop the concept paper on the Bunyoro integrated affirmative development plan. In addition, four coordination and monitoring visits of Government programmes were conducted in Bunyoro sub region. However, it was not possible to gauge performance because the planned targets for the activities were not provided.

The regions covered under PRDP planned for a number of investments for their areas to be implemented in the four sectors of health, water, education, and works under PRDP1 which covered the previous three financial years (2009/2010, 2010/2011 and 2011/2012). In Northern sub region (Acholi, West Nile, Bukedi, Bunyoro, Elgon and Lango) planned for a total of 7481 investments, Karamoja 722 and Teso 814. Data from Northern Uganda Data Center–OPM (NUDC-OPM) shows that commendable progress has been made regarding the implementation and completion of the planned investments in the regions covered under PRDP as shown in figure 6.5.3. Overall 72% of all PRDP I investments planned for over

Figure 6.5.3: Completion Status of PRDP I facilities by 30th March 2013 by Sub-Region



Source: **Northern Uganda Data Center (NUDC - OPM)**

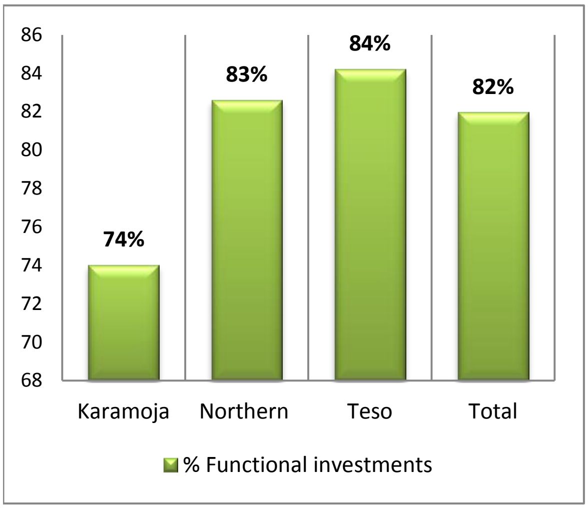
the past three Financial Years were completed, 12% had not yet kicked off, 6% were not verified to ascertain whether they exist and 9% were still work in progress. Of all the completed investments up to

[1] GIS/GPS – *Global Positioning System* (*GPS*) is a space-based satellite navigation system that provides location and time information in all weather conditions. A *geographic information system* (*GIS*) is a system designed to capture, store, manipulate, analyze, manage, and present all types of geographical data.

[2] The mapping was done in: Mpigi, Masaka, Lwengo, Lyantonde, Sembabule, Mbarara, Isingiri, Ibanda, Kiruhura, Buikwe, Buvuma, Kalangala, Kalungu, Kayunga, Mukono, Mityana, Mubende, Kyegegwa, Kyenjojo, Kamwenge, Kabarole, Kasese, Ntoroko, Bundibugyo, Hoima, Bulisa, Kirayandongo, Kibaale, Masindi, Nakasongola, Bukomansimbi, Butambala, Gomba, Kiboga, Kyankwanzi, Luwero, Nakaseke, Rakai and Wakiso districts.

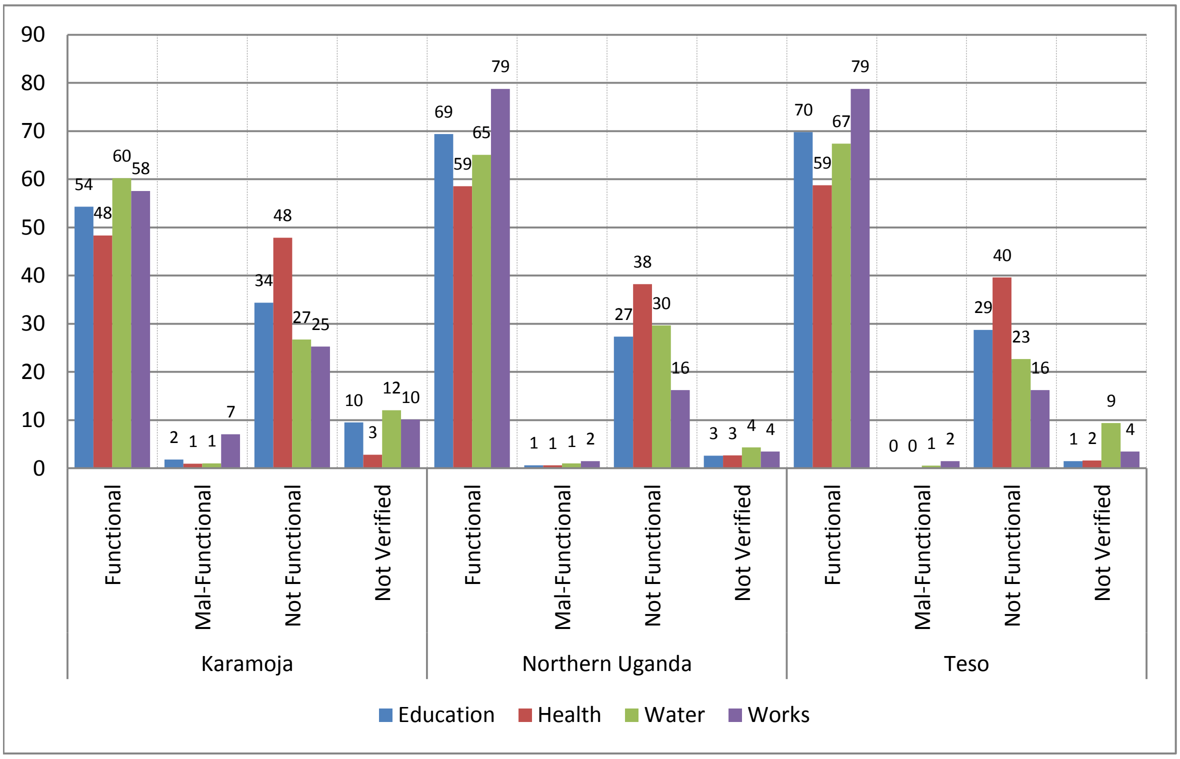
82% are functional across the PRDP region as of March 2013 with most functional investments coming from Teso (84%), Northern (83%) and Karamoja (74%) sub-regions as shown in figure 6.5.4. The numbers of investments that are functional categorized by sector for each region are shown in figure 6.5.5. It is clear to see that the numbers of functional investments in each sector are more than the non-functional ones or the mal-functional ones. An indication that they are being put to use in order to make a positive impact in the lives of the people in these regions. The report submitted by NUDC-OPM report that the investments which were malfunctioning were Out-patient department (OPD), Class rooms, Boreholes and VIP latrine stances as a result of shoddy work and lack of maintenance

***Figure 6.5.4:* Percentage of PRDP I functional investments by region**



Source: Northern Uganda Data Center (NUDC - OPM)

***Figure 6.5.5:* Functionality of PRDP1 investments by sector**



Source: Northern Uganda Data Center (NUDC - OPM)

Under PRDP2 in FY 2012/13, 5 PRDP monitoring visits were conducted in all the 55 PRDP districts and 9 municipalities and monitoring reports produced. 1000 ox-ploughs were procured for Acholi and Lango sub regions. Additionally, 12 PRDP coordination meetings were held by end of the FY 2012/13. Four hydra form machines were also procured for Northern Uganda. The tractor hire scheme was scaled up in Alebtong and Agago district. By close of the financial year under review, 54 Acholi traditional leaders' houses were fitted with water harvesting facilities. Furthermore, five traditional houses were constructed for Acholi chiefs[1]. While the output- Implementation of PRDP coordinated and monitored - is relevant to the local needs and priorities of the targeted districts, the output target was not met because only 70% of the action arising from meeting and monitoring were implemented. This target was not met because there was zero release of development grants in the final quarter under PRDP2. Consequently, most of these actions have been prioritized for FY 2013/14.

To effectively prepare and respond to disasters, 110 risk, hazard and vulnerability assessments were conducted by year end exceeding the targeted 4[2]. The Ministry reported that this over performance was a result of there being an unprecedented increase in number of disaster occurrences, which prompted the need to increase the number of vulnerability assessments. 24 DDMCs (District Disaster Management Committees) were established and trained by end of the year against the target of 50, however it is not clear what led to the over performance as the reason was not given. 13846 bags of maize flour and 6112 bags of beans were distributed to disaster victims across the Country as relief supplies by close of the FY under review. The target (13846) for the bags of maize flour was exceeded but the target (7893) for the bags of beans was not achieved but registered moderate performance as mentioned. These outputs were achieved with UGX 1.11bn (94.9%) of the budget released and 98.5% of these funds spent.

The contribution of the outputs (130201, 130204, 130205, 130206 and 130207) under Disaster Management and Refugees to the achievement of the promotion of food security and enhancement of the wellbeing and livelihood of persons in disaster stricken area was noteworthy save for one indicator under output 130203 which was not achieved. The reason given for non-achievement of this indicator was shortage of resources but 99.6% of the budget was released under this output. In addition under the Refugees and host community livelihoods improved output, refugees and host communities were supported with 9000 grafted seedlings. 8009 plots demarcated and 8009 households settled in Rwamwanja, Nakivale and Oruchinga. Furthermore, identification documents were processed for 12,318 refugees over the planned target of 5,000.

(f) Progress made by National Planning Authority

The major function of NPA is to coordinate and harmonize national development planning and provide support and guidance to the national and local bodies responsible for the decentralized planning process and to produce comprehensive and integrated development plans and provide evidence based public policy guidance for the country. Data from NPA shows that the Uganda Vision 2040 was finalized and launched. The authority further reports that implementation of Vision 2040 will require actions and measures from Government, private sector, civil society and individuals through short and medium-term National Development Plans.

NPA reported that the Annual National Development Report (NDR)[3] on the performance of the economy for the FY2011/12 was produced. In addition, the mid-term review of the National Development Plan (NDP) 2010/11 - 2014/15 was commenced during the last Financial Year and the final report is expected in August 2013[4]. Status studies on service & service delivery standards were carried out for selected Sectors (Environment, Housing, Physical Planning, Health, Education and Works and Transport). The status will be used to inform the review and/or development of service and service delivery standards in key sectors. In order to strengthen capacity of oversight functions in Government, NPA undertook studies

[1] OPM Ministerial Policy Statement (MPS) FY 2013/14.

[2] Vulnerability assessments are a continuous process and are conducted on continuous basis especially in disaster prone regions

[3] The NDR provides update of the development status and overall performance of the economy of Uganda, including progress of the NDP implementation.

[4] The overall objectives of the mid-term review are: Review progress and challenges encountered during the two and half years of implementation of the NDP, Make recommendations for corrective implementation measures over the remaining period; and
guide choice of priorities and further research for the second NDP 2015/15-2019/20

and produced two (2) reports on: (i) the National and Institutional Oversight Requirements; and (ii) the Capacity needs for strengthening NPA's Oversight Monitoring. The two reports are being used to put in place an Oversight Platform that will produce an annual oversight reports by Parliament.

In order to strengthen planning capacity at National and LG Levels, the authority planned to cover 12 LGs in an effort to build capacity of planning at LGs. In collaboration with UNDP, by end of the financial year 2012/13 NPA supported capacity building of 12 newly created districts and 9 municipalities in development planning[1]. This was achieved with UGX 0.46bn (87%) of the budget released and 96% of the releases spent.

(g) Progress towards improved Service Delivery at Local Government level

One of the pillars of delivering services at Local Government level is effective mobilization and utilization of resources. The vision of LGFC is to have financially sustainable Local Governments that provide efficient and effective services. One of the ways to achieve this is by ensuring effective mobilization and equitable distribution of financial resources for service delivery at LG level, where the services are most needed. One of the functions of LGFC is to help LGs to effectively mobilize resources, ensure equitable distribution of financial resources as well as analyze their budgets to ensure compliance to budgetary regulations. In addition, the Ministry of Local Government (MoLG) is mandated among other duties to inspect, monitor, and where necessary offer technical advice/assistance, support supervision and training to all LGs.

With UGX 3.86bn (98%) of budget released and 97% spent under the vote function of coordination of LG financing, the LGFC reported that by the end of the financial year 133 LGs had their annual budgets analyzed against the annual target of 43 LGs. This involved checking for compliance with budgetary guidelines and taking into account sector priorities and issues. However no explanation was given to this over performance. By year end, it was reported that sixty eight out of seventy LGs were applying best practices[2]. This involved checking whether LGs are complying with the criteria during revenue collection. Furthermore, all the targeted seven sectors guidelines at the beginning of the FY were reviewed and applied by the LGs through negotiations.

Data submitted by MoLG shows that under the output of monitoring and support supervision of LGs, against the target of 90% of LGs, 69% of LGs had functional Technical Planning Committees (TPCs), Public Accounts Committees (PACs), District Service Commissions (DSCs), Land Boards and contracts committees, lower than the target. This performance was attributed to carrying out support supervision and provision of technical guidance to the respective LGs. 80% of LGs was supported in conflict resolution, lower than the target of 90%. This performance was achieved with UGX 0.25bn (81%) of the budget released and 92% of releases spent. No explanation for performance was given by the Ministry. By year end, 16 out of the 30 targeted urban councils had been supported, monitored, supervised and mentored. The Ministry reported that the small coverage was due to insufficient funds.

Under the output on inspection and monitoring of LGs, 96 LGs were covered by routine inspection by year end, overshooting the target of 80. This was achieved with UGX 1.41bn (116.5%) budget released and all spent. Under the Annual National Assessment of LGs output, 84% of districts against the 90% target and 84% of municipal councils were meeting the minimum conditions set by the Ministry. This performance was achieved with UGX 1.07bn (125.9%) of the budget release and 114% of releases spent. The good performance by municipal councils that are meeting the minimum conditions was attributed to improved compliance towards the relevant laws and regulations. Under financial management and accountability in LGs strengthened, 32% of LGs had clean audit reports against the annual target of 40%.The Ministry reported that this under performance was attributed to donor financing being withdrawn in November 2012.

Under the output on urban market construction, KCCA received UGX 1.86bn (100%) of the budget and spent all on activities such as the construction of the Wandegeya market which is still ongoing with 75%

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[1] Computers, GPS and printers provided to 21 LGs.

[2] The Commission provides technical support on local revenue mobilization and generation to LGs in the areas of Property Rates, LST, LGHT, Royalties, Trade Licenses, Markets and other sources of revenues.

of civil works completed. The Market is expected to be completed by October 2013. The Nakulabye and Kasubi markets are awaiting acquisition of land. Designs for Busega were completed and procurement of the contractor commenced. The Authority reported that there are land wrangles that have hampered purchase of land for Nakulabye and Kasubi hence the delays in construction. Under the VF output of urban planning, security and land use, KCCA reported that 2958 streetlights were installed / maintained against the annual target of 2800. An automated street lighting switching system had been installed, maintenance work was done on the existing network of 2,800 lights and 94km of underground cables were replaced. 158 new lights were installed and wooden poles reinstated at Makerere University; Yusuf Lule Road and Muyenga. As planned 3.16arces of public open green areas were designed and these include Bombo Road Junction Island (Watoto Church) (0.16 acres), Sheraton and Independence Gardens, Nsambya-Kibuye open space, Pedestrian walkway on Parliamentary avenue (0.975Km), Jinja Road Cemetery (3 acres).

In addition, under output of Economic Policy Monitoring, Evaluation and Inspection, KCCA reported that it had prepared 2 statutory instruments to regulate the operation of taxi cabs, buses, motor cycles and goods vehicles and for property standards. Furthermore, a total of 193 procurement contracts were prepared for the supply of various goods and services.

6.6 Security Sector

6.6.1 Sector objectives

The key objectives of the sector are to preserve and defend the sovereignty and territorial integrity of Uganda, build adequate and credible defense to address both internal and external threats, provide intelligence information to support national security and stability, and create military alliances that enhance regional security and stability. The portfolio of the Minister for Security falls under this sector although its budget is provided for under the Vote 001 of the Office of the President. Overall, this sector is led by the Ministry of Defense (MoD), and its other members include Internal Security Organization (ISO) and External Security Organization (ESO).

6.6.2 Overview of the Sector's Performance

The Sector had an approved budget (GOU +External Financing) for FY2012/13 was UGX 945.14bn of which UGX 994.35bn (105%) was released. The FY2012/13 budget was increased by 455% from UGX 162.7bn of FY2011/12. The GOU budget for the FY under review was UGX 699.9bn of which UGX 749.08bn (100.7%) was released and spent implying a supplementary of 7%. The sector continues to receive supplementary funding every Financial Year with Ministry of Defence, ESO and ISO at 7%, 18% and 15% of their annual budgets of UGX 658.69bn, UGX 10.29bn and UGX 30.89bn respectively in FY 2012/13 (Table 6.6.1).

However, as recommended by Cabinet retreat that discussed the Government Annual Performance Report 2010/11, Ministry of Defence MTEF ceiling was only raised for Classified (UGX 90bn) and 4% increment in salaries) in next FY2013/14 would help reduce on future supplementary requests. The sector report indicates that in FY 2012/2013, the Ministry of Defence over spent above the budget by UGX 48.9bn which was used to clear the outstanding bills on the food, fuel, clothing, maintenance of vehicles, hired transport and electricity bills and therefore the need for Government to raise MTEF ceiling for the same. The Ministry got an overall supplementary funding of UGX 43bn, but had domestic arrears worth UGX 48.9bn Over spending is mainly in the areas of food, fuel, medical, electricity and maintenance of vehicles.

Table 6.6.1: Annual Performance Scorecard for Security Sector

Outcome Trends

	% positive trend	% achieved against target	% un-change trend	% negative trend	% not achieved against target	% no data	Denom-inator
Total	0%	100%	100%	0%	0%	0%	5

Output Performance

	Achieved	Not Achieved	No Assessment	Denominator
Sector	95%	5%	0%	20
MoD	100%	0%	0%	11
ISO	100%	0%	0%	5
ESO	75%	25%	0%	4

Actions performance

Action	% on Track	% Off track	% no data	Denom-inator
Cabinet	n/a	n/a	n/a	0

Budget Performance

MDA	Approved (UGX Bn)	Released (UGX Bn)	Spent GX Bn)	% budget release	% release spent	% budget spent
Sector Total (GoU+Donor)	945.14	994.35	994.12	105%	100%	105%
Sector Total (GoU)	699.86	749.08	748.84	107.0%	100.0%	107.0%
MoD (GoU+Donor)	903.96	946.86	946.63	105%	100%	105%
MoD (GoU)	658.69	701.59	701.36	107%	100%	106%
ISO (GoU+Donor)	30.89	35.39	35.39	115%	100%	115%
ISO (GoU)	30.89	35.39	35.39	115%	100%	115%
ESO (GoU+Donor)	10.29	12.09	12.09	118%	100%	118%
ESO (GoU)	10.29	12.09	12.09	118%	100%	118%

The analysis of sector outcome data shows that 100% performance in FY 2012/13 and 100% of the annual outcome targets were achieved, an improvement from 60% for FY2011/12. At the output level, performance was at 95% of the outputs, achieved their targets while 5% did not achieve the annual targets. Specifically, 11 output targets for Ministry of Defence, 5 output targets for ISO and 3 of 4 output targets for ESO were met.

6.6.3 Achievements registered in the Sector

(a) Uganda remains stable and peaceful despite existence of threats

The Security Sector is focused primarily on protecting the country's sovereignty and territorial integrity. It is, therefore, mandated with the responsibility of ensuring a stable, peaceful and secure nation, and this is reflected in reduced cross border armed conflicts, reduced internal security threats and high safety level of security for people and property.

The sector maintained security of the nation with no armed groups involved in cross-border conflicts throughout FY2012/13; continued existence of Allied Democratic Forces (ADF) and other Armed groups inside the Democratic Republic of Congo (DRC) territory poses a threat to homeland security. This is because the group has taken advantage of Uganda's porous border and some loopholes in National Security systems to continue recruiting and training within their camps in the DRC. The level of national security was high in FY2012/13 an achievement above the annual target of medium high. This is attributed to strengthened surveillance and UPDF's fulfilment of its mandate of providing security to the People of Uganda and their property. Threats and challenges that could impact on the overall security of the country such as terrorism threats by Al Shabaab and Al Queda whose possibility of revenge being very high due to Uganda's involvement in Somalia (AMISOM), Allied Democratic Forces (ADF) and other Armed groups.

(b) Readiness to address threats strengthened

The sector continued with its role of supporting and participating in regional peace initiatives following numerous threats and insecurity in the region. To play this role UPDF trains officers and men to enhance combat readiness, improve troop welfare and increase resourcefulness of the Force. Hence the sector in FY2012/13, the sector trained and retrained 6000 UPDF personnel in several high class professional and leadership skills within and outside Uganda. In addition, there was acquisition, upgrading and maintaining of weapon system spending UGX 124.2bn although above the budget for this line item by 2%. Intelligence information under Internal and External Security Organisations was collected and analysed with ISO generating 208 (100% of the target) reports in FY2012/13.

(c) Strong contribution to peace in African region and UN member states

By end of FY2012/13, Uganda continued to participate in eight (8) regional/international peace initiatives involving Ugandan security forces. UPDF's continued presence in Somalia since 2007 under the AU (AMISOM) has registered success since the beginning of AMISOM operation. This operation (AMISOM) has liberated Mogadishu and denied the Al Shabaab access to their traditional financial bases like the Sea port, Airport, Bakara Market among others and also enabled the Somalia Government to relatively function within the capital city though a few remnants who melted in the population resorted to asymmetrical warfare.

According to the sector, many roads have been opened in Somalia including the main road which links Mogadishu to Baidoa in Central Somalia. Because of the conducive environment that UPDF created, Burundi and other countries like Kenya, Djibouti, Sierra Leone, Nigeria (Police) joined AMISOM. In addition, of recent, there has been increasing international community interest in Somalia as evidenced by the influx of foreign delegations and opening up of foreign Embassies e.g. UK, European Union (EU), Turkey, Egypt and increasing confidence in Somali Federal Government which is evidenced by the transfer of the training of Somali Forces from Uganda to Mogadishu.

(d) Logistical support registers highest Supplementary funding

The Ministry of Defence continues to enhance welfare and logistical support as reflected in subsequent annual expenditures. This is a critical component in the effective functioning of a national army and this involves acquisition and maintenance of equipment, purchase and supply of stocks such as food, fuel, spare parts and uniforms. In FY 2012/13, targets of various indicators under welfare and logistics were either achieved or surpassed, all of which having huge supplementary funding. For example, fuel procurement and supply consumed up to UGX 38.61bn (375% of the budget of UGX 10.291 bn) although less than last FY's spending of UGX 47.54bn which amounted to amounting to 460% of the initial budget. The Ministry of Defence got a supplementary of UGX 18.394bn for item, however, still crossed over with a domestic arrear of UGX 9.939bn (beyond half the supplementary).

Foodstuff expenditure also followed the same trend with 283% (UGX 52.454bn) of the budget spent above previous FYs spending of UGX47.47bn (212%)-FY2011/12 and UGX35.15bn spent in FY2010/11. In FY 2012/13, The Ministry got a supplementary of UGX 22.606bn for this item, but still crossed over with a domestic arrear of UGX 11.310bn. On the same note, uniform procured suffered underfunding which led to a UGX 5.1bn over expenditure which now form part of the domestic arrears.

(e) Welfare of officers and staff maintained

In FY 2012/13, the sector achieved annual target of paying salaries and emoluments by 28th day of the month and spent on salary UGX 325.147bn and this is attributed to the Integrated Resource Management Information System. In addition, pay roll was monitored and kept clean and monthly routine allowances for staff were processed on time

However, the Ministry reportedly faced a big challenge in treatment of officers abroad as the number of patients that were recommended by the medical board for treatment abroad were many which overwhelmed the annual budget of treatment abroad of UGX 567million yet an annual requirement is of UGX 2bn. The sector suggests there is need for extra funding in this area to enable construction of a referral hospital which will in the long run improve the Force's welfare and also cut on costs on seeking treatment abroad.

Under the processing of Pensions and Gratuity, 5,589 files worth UGX 28.5bn were forwarded to Ministry of Public Service and others worth UGX 996.685bn are still under process in Ministry of Defence. The Ministry reported a backlog of unpaid files hence need for Government to lay strategies to clear the backlog.

(f) The Defence Strategic Infrastructure Investment Plan registers progress amidst financial constraints

The Ministry of Defence (MoD) continues to implement its development strategies as stated in the Defence Strategic Infrastructure Investment Plan (DSIIP) of FY2009/10. The long term plan outlined the strengthening of logistical-welfare support in terms of construction, rehabilitation and maintenance of new and old facilities in the areas of accommodation, training, health and storage facilities, and the general infrastructure, with the aim of consolidating the welfare of the national army.

In the FY 2012/13, MoD/UPDF continued with implementation and consolidation of the Defence Strategic infrastructure Investment Plan (DSIIP). However, this was challenged by insufficient funding hence affected attainment in provision of required welfare and capability facilities as only UGX 16.62bn was spent under this item. By the end of FY, the following projects had been completed: borehole sinking at Kata Barracks; Construction of Administrative house, HC III and administrative block at Bondo Baracks; Two-six bed houses at Singo Training School; Construction of eight classroom block at Barlege Primary School; Health Centre III at Rubongi barracks; Construction of mortuary and fence for HC II at Hima Barracks among others. Assessment of performance was not possible due to lack of clear set performance indicators and annual targets for FY2012/13.

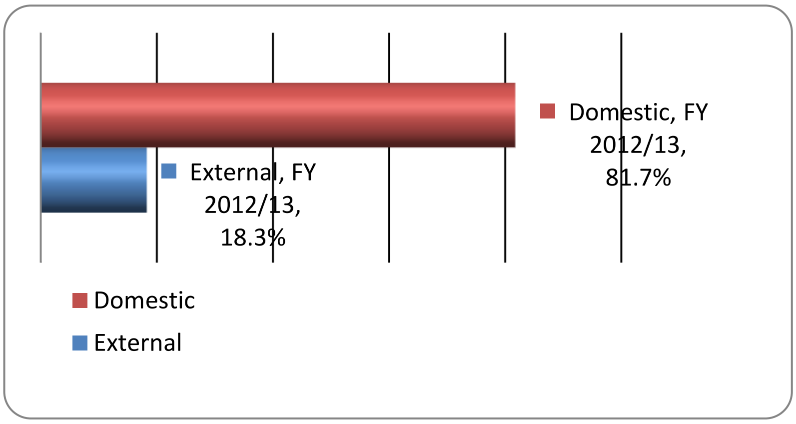
7 Development Partners and Official Development Assistance

This chapter provides a basis for mutual accountability between GoU and its Development Partners (DP) for the effective delivery of Official Development Assistance (ODA) resources and the achievement of results.

7.1 Contribution of ODA to the National Budget

In the FY 2012/13 National Budget, a total of USD 1,050m of external resources were projected as compared to USD 1,178m in FY 2011/12, of which USD 286.9m were expected to be in form of Budget support and USD 763.7m in form of project support. In terms of its relative contribution to total public expenditure, External Assistance remained at about 19% for the Financial Years 2011/12 and 2012/13, as illustrated in figure 7.1.1 below.

Figure 7.1.1: External vs. Domestic Resource Mobilisation



In FY2012/13 nine (9) new loans and twelve (12) new grant agreements were signed, amounting in total to USD 496.1m. The entire new committed resource envelope was committed in the form of project support[1]. There was no budget support commitment made during the year (Table 7.1.1).

Source: MFPED

This may be explained by the donors' loss of confidence in the Budget Support modality as a consequence of the financial challenges at the Office of the Prime Minister. All new loans committed during the financial year goes to priority sectors of infrastructure investments in Education, Energy, Water and transport sectors. This is line with the National Development Plan and Debt Strategy that stresses on restricting borrowing to sectors that have a higher a multiplier effect to growth and development as outlined in the NDP. The total volume of new external resources contracted as percentage of overall new external resources mobilised during 2012/13, decreased both in share and absolute amount of total new financing compared to previous year. The decrease is partly attributed to the financial crisis in Development Partner countries and governance challenges that befell the country during the year under preview.

Table 7.1.1: Total New Loan and Grant concluded in USD m (2010/11-2012/13)

	FY 2010/11		FY 2011/12		FY 2012/13	
	Amount	Share	Amount	Share	Amount	Share
Total New External Financing	1,422		1,120		496	
New Loans Signed	1,174	82.60%	620	44.70%	98.8	19.50%
New Grants Signed	248	17.40%	500	55.34%	399.1	80.50%

Source: *MFPED*

[1] New external financing in a given financial year refers to multi-year loan and grant agreements signed during that period and do not represent actual aid flows.

7.2 Predictability of Assistance

The National Budget for FY 2012/2013 projected external assistance amounting to USD 1,050m as compared USD 1,178 m projected in FY 2011/12. Actual disbursements fell 8% short of this projected figure; USD 962 m or about 92% was disbursed in both Project and Budget support. This year's performance indicates a slight decline compared to last year where about 95% of planned external financing was actually realised. Of the total disbursements in 2012/13, USD 166 million or 17% was Budget support(including Debt Relief) while USD 796 million about 83% was Project indicating DPs growing preference for Project support funding modality over Budget Support modality. Other than the PRSC-9 loan from the IDA of the World Bank which disbursed in June 2013, all Budget Support disbursements registered during the financial year were for HPIC and grant agreements. There are number of factors which explain the low disbursement performance. Project support disbursements are dependent to project performance; overall project performance has been slow. The slow implementation and/or low absorption of resources is attributed to procurement, changes in design, land acquisition, delays in effectiveness, and financial management.

The slow disbursement jeopardizes the credibility of the budget. In order to ensure credibility of the budget, Government has undertaken reforms for better planning at budget preparation stages through improved coordination with DPs to ensure better estimation of foreign inflows at the beginning of the financial year.

Regarding slow project implementation, the Government is the process of strengthening Public Investment management with a view of improving project selection, appraisal and analysis (including economic analysis) before the project is approved and sanctioned for funding. Furthermore, the Government has improved its ability to monitor project implementation and aid information management. Government has installed a web based aid information management system as a means of enhancing aid information management. This will greatly improve GoU ability to monitor disbursement performance (table 7.1.2)

Table 7.1.2: Disbursement Performance of Loans and Grants (including Debt Relief)

	2011/12			**2012/13**		
	Approved	**Outturn**	Disbursement Rate (%)	Approved	**Outturn**	Disbursement Rate (%)
	GRANTS (*millions of USD*)					
Total Grants	555	476.4	86%	498.5	350.3	70%
Budget Support	260	226.7	87%	183.9	66.9	36%
Projects	295.1	249.7	85%	314.6	283.3	90%
	LOANS (*millions of USD*)					
Total Loans	506.7	537.1	106%	552.1	612.1	111%
Budget Support	50.7	48.7	96%	103.0	99.5	97%
Projects	456	488.4	107%	449.1	512.6	114%

Source: *MFPED*

7.3 Off-Budget Assistance

There are significant amounts of external resources disbursed outside Government systems (off-budget support). Support channelled through off- budget remains a challenge as more than 50% of the total ODA is still channelled through off-budget modalities, through NGOs, CBOs and directly implemented by Development Partners. These projects (mainly grants) are those whose activities or finances are not directly managed by a Government Institution.

Figure 7.1.2 and Table 7.1.3 show the Health Sector continued to receive the highest amount of off budget project aid (54%of total off-budget project support), in 2012/12, followed by social development sector, Education, Water, Justice and Law Sector respectively. This trend is projected to continue over the medium term.

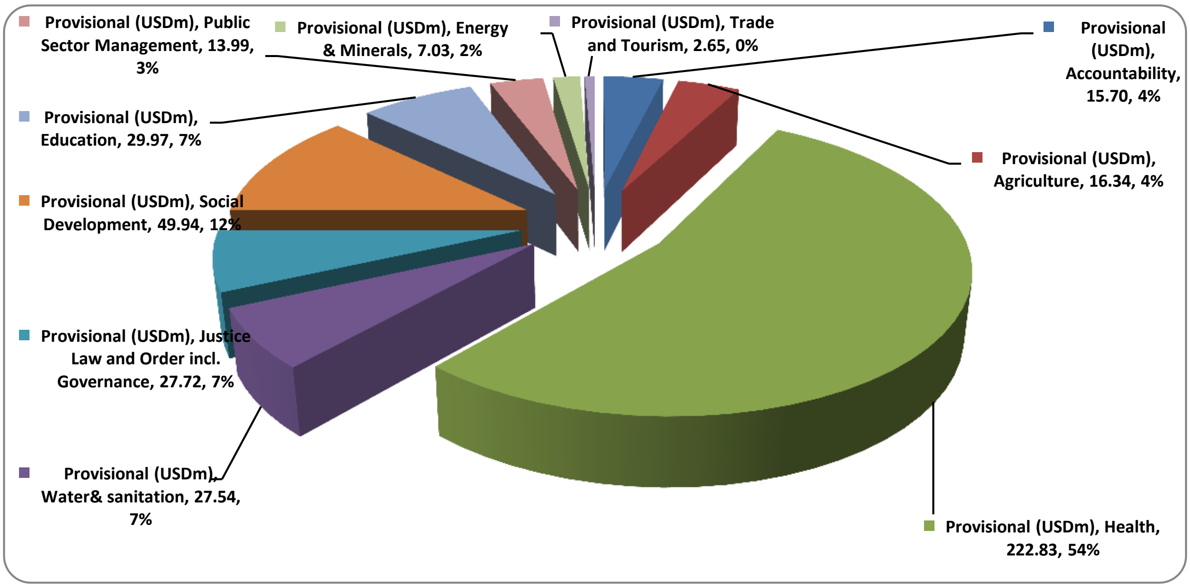
***Table 7.1.3:** Off-Budget Disbursement Performance in millions of USD*

Sector	Provisional (USDm)
Accountability	15.70
Agriculture	16.34
Health	222.83
Water& sanitation	27.54
Justice Law and Order incl. Governance	27.72
Social Development	49.94
Education	29.97
Public Sector Management	13.99
Public Administration	0.00
Roads, Works & Transport	0.00
Energy & Minerals	7.03
Trade and Tourism	2.65
TOTAL	**413.71**

***Source:** MFPED*

Development partners who channel their support outside government systems reveal that they base their decision on the view that Government institutions lack the capacity to implement projects efficiently and therefore prefer to exercise direct control by channelling support outside Government Systems. The fiduciary risk associated with using Government systems also prompts donor management of projects outside government systems. The financial management, procurement and audit functions are perceived to be either weak in process or the capacity to follow correct processes is not robust enough to convince development partners to channel support through Government systems.

Figure 7.1.2: Off-budget Disbursements by Sector



7.4 Alignment of Priorities

Alignment of external assistance to National development priorities is critical for development effectiveness. The importance of close alignment of external support is one of the key principles of the Paris Declaration and Busan outcome on Development effectiveness.

In FY2012/13 the overall distribution of project money was broadly in line with the expenditure framework under the National Development Plan. Most project funds were allocated towards Works, Health, public Sector Management, Energy and Education, categories to which the NDP earmarked substantial funding (see Table 7.1.3).

Table 7.1.4: *Summary of Donor Disbursements by Sector FY 2011/12 in million USD*

Development Partner	Agriculture	Lands & Housing	Energy	Works	ICT	Trade & Industry	Education	Health	Water & Env	Soc. Dev't	Security	JLOS	P.Sec Mgt	Accountability	Legislature	Public. Admin	G.B.S	Total	%ge of total Disbursement
ADF	-	-	15.76	47.67	-	-	20.78	3.71	27.82	-	-	-	38.22	5.35	-	-	-	**159.31**	16.6%
EU	-	-	-	34.18	-	-	-	-	-	-	-	2.55	-	1.83	-	-	0.05	**38.61**	4.0%
IDA	42.42	1.08	29.75	39.08	-	-	29.76	22.65	6.29	-	-	-	49.54	12.95	-	0.08	99.54	**333.14**	34.6%
IFAD	5.19	-	-	-	-	-	-	-	-	-	-	-	21.21	4.09	-	-	-	**30.49**	3.2%
IDB	-	-	-	-	-	-	-	0.15	-	-	-	-	0.17	-	-	-	-	**0.32**	0.0%
OPEC	-	-	-	-	-	-	0.49	-	-	-	-	-	-	-	-	-	-	**0.49**	0.1%
NDF	-	-	2.64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2.64**	0.3%
UN	-	-	-	-	-	-	-	0.65	-	-	10.65	-	-	-	-	-	-	**11.29**	1.2%
GEF	-	-	2.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2.07**	0.2%
ACBF	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-	**0.03**	0.0%
GLOBAL FUND	-	-	-	-	-	-	-	131.96	-	-	-	-	-	-	-	-	-	**131.96**	13.7%
AU	-	-	-	-	-	-	-	-	-	-	74.93	-	-	-	-	-	-	**74.93**	7.8%
GAVI	-	-	-	-	-	-	-	1.37	-	-	-	-	-	-	-	-	-	**1.37**	0.1%
AUSTRIA	-	-	-	-	-	-	-	-	6.49	-	-	-	-	-	-	-	4.94	**11.43**	1.2%
BELGIUM	-	-	-	-	-	-	-	0.69	-	-	-	-	-	-	-	-	-	**0.69**	0.1%
CHINA	-	-	-	69.71	-	-	-	-	-	-	-	-	-	-	-	-	-	**69.71**	7.2%
DENMARK	-	-	-	-	-	-	-	-	-	-	-	-	0.82	-	-	-	7.06	**7.88**	0.8%
FRANCE	-	-	-	-	-	-	-	-	3.67	-	-	-	-	-	-	-	-	**3.67**	0.4%
GERMANY	-	-	-	-	-	-	-	-	3.49	-	-	-	-	1.31	-	-	3.70	**8.50**	0.9%
JAPAN	-	-	10.67	4.89	-	-	-	-	-	-	-	-	-	-	-	-	-	**15.56**	1.6%
NORWAY	-	-	0.69	-	-	-	-	-	-	0.09	-	-	-	-	-	-	-	**0.78**	0.1%
SAUDI ARABIA	-	-	-	-	-	-	0.75	-	-	-	-	-	-	-	-	-	-	**0.75**	0.1%
SWEDEN	-	-	-	-	-	-	-	-	-	-	-	4.48	-	-	-	-	-	**4.48**	0.5%
UK	-	-	-	-	-	-	-	-	-	-	-	-	-	1.08	-	-	4.22	**5.30**	0.6%
HIPC/Debt Relief	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46.97	**46.97**	4.9%
Total	**47.61**	**1.08**	**61.57**	**195.53**	**-**	**-**	**51.78**	**161.18**	**47.76**	**0.09**	**85.57**	**7.04**	**110.00**	**26.61**	**-**	**0.08**	**166.48**	**962.38**	
	4.9%	0.1%	6.4%	20.3%	0.0%	0.0%	5.4%	16.7%	5.0%	0.0%	8.9%	0.7%	11.4%	2.8%	0.0%	0.0%	17.3%		

Source: *MFPED*

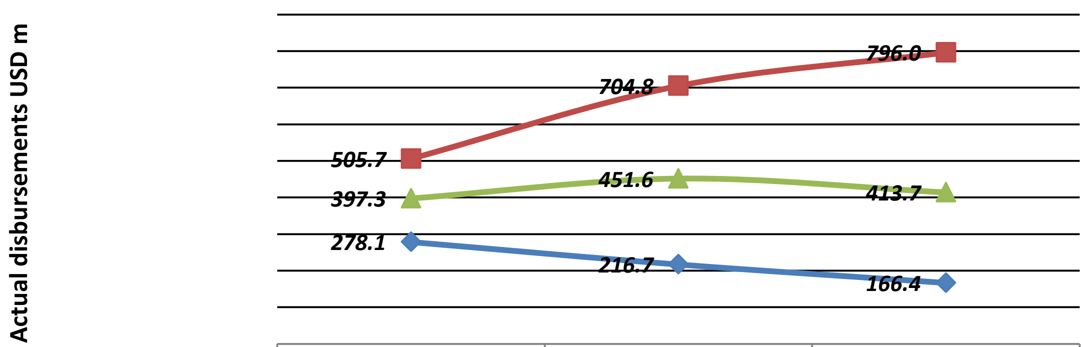
7.5 Use of Government Systems

The use of country systems to manage ODA resources has long been recognised as a crucial principle for the effective use of aid resources and is central to the aid effectiveness agenda. Both the Paris Declaration, Accra Agenda for Action and Busan Outcome Document affirm the importance of partner government's capacity to implement its policies and manage public resources through its own institutions and systems in order to achieve and account for development results. The ODA should be delivered in a way that supports Government ownership and strengthens, rather than undermines, country systems. Despite these commitments, the results of the 2011 Paris Monitoring Survey indicate that progress in many countries in increasing the use of government Public Financial Management (PFM) and procurement systems was particularly slow.

Inspite of Government's efforts to improve Public Financial Management systems with a view to ensuring transparency and accountability, a significant amount of ODA is still channelled outside Government systems. During FY2013/13, Uganda received off-budget aid amounting to USD 414m, which is equivalent to 34% of all project aid. This share has remained rather stable in recent years at 43%, 44% and 39% in FY2009/10, FY2010/11 and FY 2011/12 respectively. Meanwhile, the use of budget support as an aid modality has declined substantially from 24% of total on-budget assistance disbursements in 2011/12 to 17% in FY2012/13[72].

On-budget (MTEF) projects make use of Government PFM systems such as planning, appropriation and budgeting procedures but vary in the extent to which they make use of other systems such as budget execution, financial reporting and auditing procedures. Off-budget ('Non-MTEF') project support or technical cooperation is not integrated into Government spending plans and the appropriation of project funds are not subject to Parliamentary approval. Government planning, PFM and/or procurement procedures are, to a large extent, not used in full in the management and disbursement of these resources/projects. Budget support is the aid modality which uses country systems to its fullest extent, as it uses country PFM systems and is completely integrated into the budget planning and execution process. Figure 7.1.3 illustrates the composition of aid inflows according to different aid modalities.

***Figure 7.1.3**: External Assistance by Aid Modality*



	2010/11	2011/12	2012/13
Budget Support	278.1	216.7	166.4
On-Budget Projects	505.7	704.8	796.0
Off-Budget Projects	397.3	451.6	413.7

***Source**: MFPED*

[72] Budget support disbursements mmeasured against actual total disbursement for the year including Project Support + Budget support (incl. HPIC) disbursements

7.6 Policy Measures to enhance the Coordination and Mobilisation of External Resources

The Government is currently facing a decline in ODA commitments, particularly in terms of budget support. This decline is partly driven by the current global economic crisis, and financial management challenges in the country which has caused many donors to look into their own public finances. Macroeconomic projections for the medium term covering Financial Years 2012/13 – 2015/16 confirm this declining trend in external assistance. In addition, higher political sensitivity to aid among the general public in partner countries will probably imply a shift from budget support to project support and off-budget support, as budget support is considered more fungible and politically more risky by donor countries. In fact, most DPs in Uganda have been hesitant to commit to scaling up general or sector budget support over the medium term.

Absorption capacity in a number of Ministries, Departments and Agencies (MDAs) has remained low, due to delays in implementation and accountability of aid-funded interventions. At the same time, accurate and timely ODA reporting, especially when it comes to tracking ODA channelled outside government systems (off-budget) to MDA, NGOs and the private sector, also remains a challenge.

In light of these developments, GoU has embarked on measures which aim at enhancing the management and timely disbursement of project aid, such as the promulgation of the PP, continued donor portfolio reviews, a review of the Public Investment Management System, the implementation of an enhanced framework for monitoring externally-financed projects, and installation of a web based aid information management system.

7.6.1 Government-Led Portfolio Reviews

The MFPED continues to undertake portfolio reviews with development partners, in order to identify and address any implementation issues hindering the achievement of project objectives. The portfolio reviews involves representatives from DPs, implementing agencies and civil society.

Government undertook six portfolio reviews with major development partners (World Bank, AfDB, IFAD, USAID, France and Germany) in FY 2012/13, in order to identify and address any implementation issues hindering the achievement of project objectives. The portfolio reviews involved representatives from DPs and implementing agencies.

Several cross-cutting issues affecting the absorption and effective utilisation of project loans and grants were identified by the reviews and were subsequently addressed. Problematic areas included procurement delays caused by the complex procurement procedures required by some DPs, capacity constraints on the part of project implementers, weaknesses of internal audit functions within some MDAs and delays in the Parliamentary approval of some loan agreements.

GoU aims at undertaking Annual Portfolio reviews with all DPs as part of its increased efforts to ensure timely and efficient disbursement of project aid and the achievement of project objectives. Furthermore, the reviews will help to increase the short-term predictability of project financing by helping to ensure that conditions are met for timely disbursement.

7.6.2 Aid Information Management

Over time there has been a significant improvement in data collection and reporting. While the collaborative effort of MoFPED and the donor community in Uganda has improved data collection and reporting considerably, institutionalisation of data collection into a single data source for Government remains a challenging task. The MoFPED is in advanced stages of installing an aid information management system, called the Public Investment Management and Information system (PIMIS), which is expected to improve information flow between Development Partners, MFPED, Bank of Uganda and other stakeholders. PIMIS will provide an online software tool that can improve the availability of aid information and promote sharing of data across the project cycle from planning and implementation to monitoring and evaluation stages. With information stored in an easily accessible system, government will be able to make informed decisions about resource allocation and in turn strengthen donor coordination, harmonization, alignment of development assistance with national priorities, increase the use of government systems to channel aid, and foster overall transparency during project execution. PIMIS will include the geo-coding module to enable government visualize development activities across the country. This will be useful in assisting assessment of Development Partner proliferation and fragmentation and the extent to which aid activities are duplicating efforts. It will provide geo-spatial data and maps to help in determining the extent to which donor activities are complementing domestically-financed investments.

8 Annexes

8.1 Summary of Progress on the High Level Government Financial Management Reform Action Plan

Key Recommendation / reform	Action	Status
1) Effective Coordination and Communication of Reform Strategy	1.1) Government has committed to effective coordination and communication of the reforms under the leadership of the Prime Minister.	(i) Regular meetings have been held to improve dialogue with Development Partners and the Government Anti-corruption working Group has been reconstituted.
2) Repayment and Recovery of Public Funds lost through Fraudulent Acts of Public Officials	2.1) Enforce administrative measures and legal remedies to discipline officials found guilty in corruption and recover lost funds from convicted officers, persons and private firms. This reform has key result areas with timelines for implementation and repayment of funds to Development Partners.	(i) Several officers have been interdicted and private firms contracts terminated as investigations continue. Investigations by the Criminal Intelligence Investigations Department of the Police, the DPP and the IGG are on-going and some officers have been prosecuted in the courts of law. A total of UGX 45,570,064,146 has been refunded to Development Partners.
3) Provide assurance of the Fidelity of Government Financial Management Systems	3.1) Government undertakes to widen the forensic audit to other Departments, review and strengthen public financial management procedures and systems and address all Actions specified in Budget Monitoring, Internal and External Audit Reports. In addition the Accountant General is required to review dormant accounts and establish action plan for the implementation of a Treasury Single Account for MDAs subject to laws of Uganda. A key result is implementation of key recommendations of previous IFMS/IT security audits and fixing known weaknesses. Government commits to strengthening monitoring of Government programmes at frontline services delivery level by the RDCs through sub-county Barazas.	(i) The OAG has undertaken the audit of the IFMS and established a directorate of forensics and investigations to handle all investigations/special audit requests by the various stakeholders. The Public Finance Bill is under consideration in Parliament. The PFAA, 2003 is currently undergoing amendments to consolidate and strengthen public finance management and accountability laws and streamline the budgeting cycle, among others.
		(ii) BOU has closed dormant Accounts and Donor receipts for FYs 2007/08, 2008/09, 2009/10, 2010/11, 2011/12 and part of 2012/13 (up to Oct. 2012) have been compiled and submitted to DPs.
		(iii) Regular transferring of Local Government Accounting Officers, Accountants, Internal Auditors, and Procurement is ongoing
		(iv) Active Payroll Data Migration from the Payroll at the Ministry of Finance, Planning and Economic Development-Uganda Computer Services (UCS) to IPPS is ongoing

Key Recommendation / reform	Action	Status
		(v) On the Pension Payroll Data Migration, the Internal Audit Division at the Ministry of Public Service was strengthened and the audit of the MoPS Pension Payroll. A comprehensive audit of the Government Payroll and Quality Assurance Review of the IPPS is undertaken by OAG
		(vi) The OPM is working with Office of the President to roll out Sub-county Baraza implementation Countrywide. All Districts have conducted at-least one round of sub-county Barazas.
4) Strengthen anti-corruption institutions and legislation	4.1) Government commits to Strengthen the Offices of the IGG, DPP and CID and to strengthening anti-corruption laws and regulations. A key result is to fully constitute the Inspectorate of Government by appointing the 2nd Deputy IGG and a firm commitment for the timely replacement of the 1st Deputy. It also commits to establish a leadership Code Tribunal.	(i) A 2nd Deputy IGG has been appointed and the IGGs office strengthened with additional resources. The Leadership Code Tribunal and Anti Money Laundering bill have been prepared. Currently the Qui tam bill is under preparation after which the regulations for whistle blower protection will be prepared. The Witness Protection Bill is under preparation by Law Reform Commission
5) Budget Management to achieve overall Economic Objectives for FY 2012/13 and the Medium Term	5.1) The objective is to ensure maintenance of expenditures to Key Growth Areas especially in Development Budget and improve public expenditure management.	(i) This has been achieved.
6) Fight Corruption and Embezzlement of public funds	6.1) Government has put in place other measures to fight corruption with specific actions on a number of key high profile corruption cases such as the pension case of the MoPS and the LC bicycle case of MoLG among others.	(i) Major case files have been opened for investigations on all the cases as Government seeks legal redress on these cases

8.2 Acronyms

ADF	Allied Democratic Front
AMIS	Aid Management Information System
AMISOM	African Mission in Somalia
AU	African Union
BFPs	Budget Frame Papers
BMAU	Budget Monitoring and Accountability Unit
BoU	Bank of Uganda
BPO	Business Process Outsourcing
BTVET	Business Technical Vocational Education Training
CAADP	Comprehensive Africa Agriculture Development Program
CADER	Centre for Alternative Dispute Resolution
CCF	Commercialisation Challenge Fund
CDO	Cotton Development Organisation,
CHOGM	Commonwealth Heads of Government Meeting
COCTU	Coordinating Office for Control of Trypanosomiasis in Uganda
COMESA	Common Market for East and Southern Africa
CSOs	Civil Society Organisations
DBICs	District Business Information Centers
DDA	Dairy Development Authority
DEAR	Directorate of Economic Affairs and Research
DEI	Directorate of Ethics and Integrity
DPP	Directorate of Public Prosecutions
DRC	Democratic Republic of Congo
DSIIP	Defence Strategic Infrastructure Investment Plan
DUCAR	District Urban and Community Access Roads
EA	Exploration Area
EAC	East African Community
EC	Electoral Commission
ESO	External Security Organisation
EU	European Union
FINMAP	Financial Management and Accountability Programme
GAPR	Government Annual Performance Report
GDP	Gross Domestic Product
GEF	Global Environment Facility
GOU	Government of Uganda
GRE	Graduate Recruitment Exercise
HDI	Human Development Index
ICT	Information and Communications Technology
IDA	International Development Agency
IFEM	Interbank Foreign Exchange Market
IFMS	Integrated Financial Management System
IG	Inspectorate of Government
IPPS	Integrated Personnel and Payroll System
ISO	Internal Security Organisation

IT	Information Technology
JAF	Joint Assessment Framework
JBSF	Joint Budget Support Framework
JLOS	Justice, Law and Order Sector
JPCs	Joint Permanent Commissions
KCCA	Kampala City Council Authority
LGFC	Local Government Finance Commission
LGs	Local Governments
LRA	Lord’s Resistance Army
LRDP	Luwero-Rwenzori Development Plan
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MATIP	Markets and Agricultural Trade Improvement Project
MCM	Million Cubic Metres
MDAs	Ministries Departments and Agencies
MDG	Millennium Development Goal
MEACA	Ministry of East African Community Affairs
MEMD	Ministry of Energy and Mineral Development
MFPED	Ministry of Finance, Planning and Economic Development
MLHUD	Ministry of Lands, Housing and Urban Development
MoES	Ministry of Education and Sports
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
MoICT	Ministry of Information and Communications Technology
MoJCA	Ministry of Justice and Constitutional Affairs
MoLG	Ministry of Local Government
MoU	Memorandum of Understanding
MoWT	Ministry of Works and Transport
MTEF	Medium Term Expenditure Framework
MWE	Ministry of Water and Environment
NAADS	National Agricultural Advisory Service
NAGRC&DB	National Genetic Resource Information Centre and Data Bank
NARO	National Agricultural Research Organisation
NEMA	National Environment Management Authority
NDF	Nordic Development Fund
NDP	National Development Plan
NEER	Nominal Effective Exchange Rate
NFA	National Forestry Authority
NGOs	Non-Governmental Organisations
NITA-U	National Information Technology Authority
NMS	National Medical Stores
NPA	National Planning Authority
NTR	Non-Tax Revenue
NUSAF	Northern Uganda Social Action Fund
OAG	Office of the Auditor General
OBT	Output Budgeting Tool
OPD	Outpatient Department

OPEC	Organisation of Petroleum Exporting Countries
OPM	Office of the Prime Minister
PAF	Poverty Alleviation Fund
PIRT	Presidential Investors Round Table
PMA	Plan for the Modernisation of Agriculture
PPDA	Public Procurement & Disposal of Assets Authority
PPP	Public Private Partnership
PRDP	Peace Recovery and Development Plan
PSC	Public Service Commission
PSM-SIP	Public Sector Management Strategic Investment Plan
REER	Real Effective Exchange Rate
SACCOs	Savings and Credit Cooperatives
SADC	Southern African Development Cooperation
SIP	Sector Investment plan
TAT	Tax Appeals Tribunal
UBOS	Uganda Bureau of Statistics
UCC	Uganda Communication Commission
UCDA	Uganda Coffee Development Authority
UETCL	Uganda Electricity Transmission Company Limited
UGX	Uganda Shillings
UHRC	Uganda Human Rights Commission
UIRI	Uganda Industrial Research Institute
ULC	Uganda Land Commission
UNBS	Uganda National Bureau of Standards
UNRA	Uganda National Roads Authority
UPDF	Uganda People's Defence Force
UPL	Uganda Post Limited
URA	Uganda Revenue Authority
URF	Uganda Road Fund
USD	United States Dollar
UTB	Uganda Tourism Board

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