MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

DEVELOPMENT PLAN IMPLEMENTATION (DPI) PROGRAMME

FY 2022/2023 ANNUAL PERFORMANCE REPORT

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF BOXES

LIST OF ACRONYMS

ACRONYM	DEFINITION
AAS	Annual Agricultural Survey
AB	Annual Budget
ACODE	Advocates Coalition For Development And Environment
AEOI	Automatic Exchange Of Information
AfDB	African Development Bank
AFIC	Africa Freedom Of Information Centre
AFRITAC	African Regional Technical Assistance Center.
AFROSAI	African Organization Of Supreme Audit Institutions.
AIA	Appropriation In Aid
AMP	Aid Management Platform
APEX	Executive Oversight Framework Under Office Of The President
APRM	African Peer Review Mechanism
BFP	Budget Framework Paper
BTA	Budget Transparency And Accountability
CAO	Chief Administrative Officer
CAP	Chapter
CAPI	Computer Assisted Personal Interview Devises
CDOs	Community Development Officers
CFP	Citizens Feedback Platform
CIPI	Construction Input Price Indices
CIS	Community Information System
CMS	Contract Monitoring System
COBE	Census Of Business Establishments
COVID-19	Corona Virus Disease - 19
CPI	Consumer Price Index
CSBAG	Civil Society Budget Advocacy Group
CSM	Contract Monitoring System
CSOs	Civil Society Organizations
CSpro	Census and Survey Processing System
DARC	Development Assistance and Regional Corporation
DC	Development Committee
DGF	Democratic Governance Facility
DINU	Development Initiative for Northern Uganda
DLGs	District Local Governments
DLI	Disbursement Link Indicator
DMFAS	Debt Management and Financial Analysis System
DP	Development Partner
DPAC	District Public Accounts Committee
DPI	Development Plan Implementation
DRM	Domestic Revenue Mobilization
DRM4D	Domestic Revenue Mobilization For Development
DRMS	Domestic Revenue Mobilization Strategy
DTS	Digital Tax Stamp

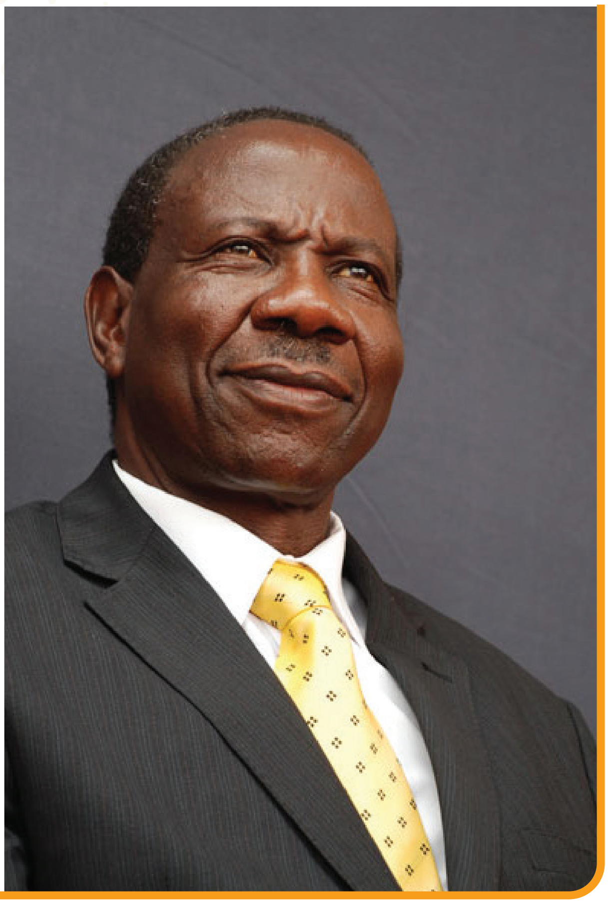
ACRONYM	DEFINITION
EAC	East African Community
EAMU	East African Community Monetary Union (Eamu)
EFRIS	Electronic Fiscal Receipting And Invoicing Solution
eGP	Electronic Government Procurement
EITI	Extractive Industries Transparency Initiative
eLogREV	Electronic Local Government Revenue
EOC	Equal Opportunities Commission
EPSEDEC	Eastern Private Sector Development Centre
ERM	Enterprise Risk Management
EU	European Union
EUR	Euro
FAO	Food And Agricultural Organization
FCDO	Foreign, Commonwealth & Development Office
FDA	Fiscal Decentralization Architecture
FIA	Financial Intelligence Authority
FPC	First Parliamentary Counsel
FY	Financial Year
GAPR	Government Annual Performance Report
GBV	Gender Based Violence
GDP	Gross Domestic Product
GE	Green Economy
GEMIS	Gender And Equity Management Information System
GIS	Geographical Information System
GIZ	German Development Cooperation
GoU	Government Of Uganda
GPA	Government Performance Assessments
HCD	Human Capital Development
HCM	Human Capital Management
HMRC	Her Majesty's Revenue And Customs
HRBA	Human Rights Based Approach
IAG	Internal Auditor General
IBP	Integrated Bank Of Projects
ICF	Integrated Competence Framework
ICT	Information and Communication Technology
IFMS	Integrated Financial Management System
IG	Inspectorate of General
IGC	International Growth Centre
ILO	International Labour Organization
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IPSCM	Institute of Procurement and Supply Chain Management
IRAS	Integrated Revenue Administration System
ISI	International Statistics Institute
IT	Information Technology
IUIU	Islamic University In Uganda

ACRONYM	DEFINITION
JAR	Justice And Accountability Reform
JPY	Japanese Yen
KCC	Kampala Capital City
KCCA	Kampala Capital City Authority
KfW	Kreditanstalt Für Wiederaufbau
KPI	Key Performance Indicator
LC	Leadership Committee
LDC	Low Developed Country
LDU	Local Defence Unit
LED	Local Excise Duty
LG	Local Government
LGA	Local Government Act
LGBTQ	Lesbian, Gay, Bisexual, Transgender, Intersex, Queer
LGFC	Local Government Finance Commission
LGPA	Local G0vernment Performance Assessment
LGPAC	Local Government Public Accounts Committee
LGS	Local Government Systems
LLG	Lower Local Government
LRECC	Local Revenue Enhancement Coordinating Committee
LRMS	Local Revenue Mobilization Strategy
MAAIF	Ministry Of Agriculture, Animal Industry And Fisheries
MAMS	Maquette for MDG Simulations
MC	Municipal Council
MDA	Ministries, Departments And Agencies
MEMD	Ministry of Energy And Mineral Development
MIS	Management Information System
MoES	Ministry of Education And Sports
MOFA	Ministry of Foreign Affairs
MoFPED	Ministry of Finance, Planning And Economic Development
MoGLSD	Ministry of Gender, Labour And Social Development
MoH	Ministry of Health
MoICT	Ministry of ICT
MoLG	Ministry of Local Government
MoLHUD	Ministry of Lands, Housing And Urban Development
MoPS	Ministry of Public Service
MoSTI	Ministry of Science, Technology And Innovation
MoWT	Ministry of Works And Transport
MTDS	Medium Term Debt Management Strategy
MTEF	Medium Term Expenditure Framework
MTR	Mid-Term Review
MUK	Makerere University, Kampala
NAPR	National Annual Performance Review
NCEMS	National Central Electronic Monitoring System
NCHE	National Council for Higher Education
NDP	National Development Plan

ACRONYM	DEFINITION
NEET	Not In Education, Employment, and Training
NGO	Non-Government Organization
NIRA	National Identification and Registration Authority
NITA-U	National Information Technology Authority
NLGRB	National Lotteries And Gaming Regulatory Board
NPA	National Planning Authority
NPHC	National Population And Housing Census
NRM	National Resistance Movement
NSDI	National Spatial Data Infrastructure
NSDS	National Service Delivery Survey
NSI	National Standard Indicator
NSS	National Statistics System
NSSF	National Social Security Fund
NTR	Non Tax Revenue
NUSAF	Northern Uganda Social Action Fund
NWSC	National Water And Sewerage Corporation
OAG	Office of The Auditor General
OBS	Open Budget Survey
ODI	Overseas Development Institute
OECD	Organization For Economic Cooperation And Development
OIAG	Office of The Internal Auditor General
OP	Office of The President
OPM	Office of The Prime Minister
PACOB	Presidential Advisory Committee on Budget
PAP	Project Analysis and Planning
PAYE	Pay As You Earn
PBA	Programme Based Approach
PBB	Programme Based Budgeting
PBFPs	Programme Budget Framework Papers
PBS	Programme Budgeting System
PCC	Project Coordination Committee
PDM	Parish Development Model
PDMF	Public Debt Management Framework
PDMIS	Parish Development Model Information System
PDO	Program Development Objective
PER	Public Expenditure Review
PFM	Public Finance Management
PFMA	Public Finance Management Act
PFMS	Public Financial Management Systems
PGD	Postgraduate Diploma
PhD	Doctor of Philosophy
PIAP	Programme Implementation Action Plan
PIAR	Programme Investment Appraisal and Risk Analysis
PIFS	Public Investment Financing Strategy
PIM	Public Investment Management

ACRONYM	DEFINITION
PIMA	Public Investment Management Assessment
PIP	Public Investment Program
PIRT	Public Investment Review Team
PPDA	Public Procurement and Disposal Authority
PPI	Producer Price Index
PPIH&R	Producer Price Index -Hotels & Restaurants
PPP	Public Private Partnership
PRN	Payment Registration Number
PROFIRA	Project For Financial Inclusion In Rural Areas
PS	Permanent Secretary
PSD	Private Sector Development
PSSO	Public Service Standing Orders
PWG	Programme Working Group
QGDP	Quarterly Gross Domestic Product
RDC	Resident District Commissioner
RIA	Regulatory Impact Assessment
SDG	Sustainable Development Goal
SEATINI	Southern And Eastern Africa Trade Information And Negotiations Institute
SIDA	Swedish International Development Cooperation Agency
SMS	Short Messages
SRHR	Sexual and Reproductive Health and Rights
ST	Secretary to the Treasury
STA	Short-Term Technical Assistance
TA	Technical Assistance
TICC	Technical Implementation Coordination Committee
TINs	Taxpayer Identification Numbers
ToR	Terms Of Reference
TPD	Tax Policy Department
TREP	Tax Payer Registration Expansion Programme
TRN	Transaction Reference Number
TSA	Treasury Single Account
TWG	Technical Working Group
UBOS	Uganda Bureau of Statistics
UDHS	Uganda Demographic and Health Survey
UDN	Uganda Debt Network
UGIFT	Uganda Intergovernmental Fiscal Transfer
UGX	Uganda Shilling
UHIS	Uganda Harmonized Integrated Survey
UHRC	Uganda Human Rights Commission
UK	United Kingdom
UKEF	UK Export Finance
ULGA	Uganda Local Governments Association
UMA	Uganda Manufacturers Association
UMI	Uganda Management Institute
UN	United Nations

ACRONYM	DEFINITION
UNCDF	United Nations Capital Development Fund
UNCHE	Uganda National Council of Higher Education
UNFPA	United Nations Fund for Population Activities
UNHS	Uganda National Household Survey
UNICEF	United Nations Children's Fund
UNPS	Uganda National Panel Survey
UNRA	Uganda National Roads Authority
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
US	United States
USAID	United States Agency for International Development
USD	United States Dollar
USMID	Uganda Support to Municipal Infrastructure Development Program
USS	Uganda Statistics Society
VAT	Value Added Tax
VD	Voluntary Disclosure
VFM	Value For Money
VNG	Association of Netherlands Municipalities
WB	World Bank
WBSCI	World Bank Statistical Capacity Indicator
WHO	World Health Organization
ZARDI	Zonal Agricultural Research Development Institute



FOREWORD

The Financial Year 2022/23 is the third year of implementing the third National Development Plan (NDP III) and specifically, the Development Plan Implementation (DPI) Programme, whose goal is to enhance the efficiency and effectiveness of implementing the NDP III.

This report provides details of the key actions undertaken, results (outputs and outcomes) achieved and challenges faced by the DPI Programme during the Financial Year 2022/23. The report further provides conclusions and recommendations for enhancing the efficiency and effectiveness of implementing the NDP III.

Reading this report will help you fully understand and appreciate the DPI Programme objectives, interventions, results, implementing partners, etc. and how the programme contributes to the overall implementation of the NDP III. I therefore implore you to take time to read and make good use of the contents of this report to inform and enhance your work.

For God and My Country

Matia Kasaija

Minister of Finance, Planning and Economic Development/Chairperson, DPI Programme Leadership Committee

ACKNOWLEDGMENT

The Guidelines for Reporting and Government Performance Assessment under NDP III Programme Approach, issued by the Office of the Prime Minister, require Programmes to produce detailed Programme Annual Performance Reports. It is on this basis that this Development Plan Implementation (DPI) Programme Annual performance Report FY2022/23 was produced.

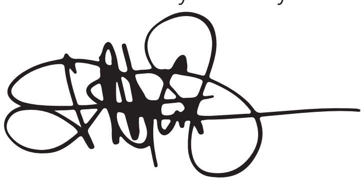
The drafting of this report was consultative and participatory, involving all the DPI Programme Ministries, Departments and Agencies (MDAs), Civil Society and Development Partners representatives. To enhance its content, this report among others considered the key findings, conclusions and recommendations of the NDP III Midterm Review report.

I therefore take this opportunity to appreciate all the DPI Programme MDAs for their contribution to the planning, budgeting, implementation, monitoring and reporting the achievements of the DPI Programme. I thank the Chairperson and all members of the DPI Programme Leadership Committee for the political leadership of the Programme.

I also thank our Development Partners, Civil Society, and other entities that directly or indirectly facilitated, participated and contributed to the implementation of the DPI Programme activities and achievement of its results during FY2022/23.

The Secretariat for the PSD/DPI Programme is particularly appreciated for playing well its coordination role, that has allowed the programme to be active all through the year, meet the expectations of its key stakeholders as well as facilitate the production of this report.

For God and my Country



Ramathan Ggoobi
Permanent Secretary/Secretary to the Treasury, also Chairperson DPI Programme Working Group

EXECUTIVE SUMMARY

Uganda's commitment to advancing its national development agenda is reflected in the ambitious targets outlined in NDP III, which aims at transforming the economy, reducing poverty, and improving the standard of living for all citizens. However, the translation of these aspirations into tangible outcomes requires effective fiscal management strategies, prudent resource allocation, and rigorous monitoring and evaluation mechanisms.

This report tracks the performance of the Development Plan Implementation (DPI) Programme during FY 2022/23 concerning the key Programme targets and outcomes. Insights from this report are expected to guide strategic interventions and policy reforms to strengthen fiscal resilience, promote inclusive development, and expedite progress toward achieving national development objectives.

During the FY 2022/23, the GDP growth rate, a key indicator of economic health, with implications for revenue generation, was reported at 5.2% falling short of the targeted 6.38%. While the economy demonstrated resilience amidst adversity, achieving the targeted growth trajectory requires concerted and coordinated efforts across various sectors, including fiscal policy, investment promotion, and structural reforms, to stimulate economic activity and drive sustainable development.

Despite the less than targeted GDP growth, the Revenue to GDP ratio, reported at 13.78% against a target of 13.2%, signifies Uganda's ability to generate more revenue relative to its economic output. The surpassing of this target reflects positively on the country's revenue mobilization efforts. However, sustained efforts are required to maintain this momentum and further enhance revenue generation capacity to meet the 15.6% long term rebased target.

Although a higher Revenue to GDP ratio as reported above should indicate a healthier fiscal position, enabling the government to finance development projects, reduce dependency on external borrowing, and mitigate debt sustainability risks, domestic arrears as a percentage of total expenditure remained high during the year. Audited accounts show an increase in domestic arrears from UGX 8,049 Bn in FY 2021/22 to UGX 10,818 Bn. These are in addition to the escalating national debt that is reported at UGX 97.5 Trillion, of which domestic debt stands at UGX 44.7 trillion and external debt stock is valued at UGX 52.8. This underscores the challenges in managing debt repayments and payments to suppliers and service providers.

Further still, the management of supplementary budget expenditure continued to be a major challenge, with actual expenditure standing at 6.15% of the approved budget against a target of less than 3%. This reflects challenges in expenditure planning, budget execution, and expenditure prioritization. While supplementary budgets are designed to address unforeseen contingencies and urgent priorities, the deviation from the target indicates inefficiencies in budgetary processes and expenditure management. Enhancing the efficiency and effectiveness of supplementary budget management requires greater transparency in budgetary processes and strengthened oversight mechanisms.

Attaining maximum alignment between the Annual Budgets and the NDP III at national and programme levels is crucial for effective resource allocation and implementation of development priorities. As the country goes through a learning curve on programme budgeting, the actual alignment stands at 60.1% against a target of 80%, indicating gaps in aligning budgetary allocations with development objectives.Efforts to improve coordination between fiscal planning and development programming to achieve synergies between annual budgets and the NDP III, will require more attention to be paid to strengthening alignmnt going forward.

While Uganda has made commendable progress in various fiscal indicators, challenges persist in achieving targeted outcomes. Developing strategic interventions aimed at addressing these challenges will be crucial in steering Uganda towards its development aspirations and realizing economic prosperity for all citizens. Continued commitment to fiscal reforms, institutional strengthening, and policy coherence will be essential in achieving sustainable and inclusive economic growth in Uganda.

1 Introduction and background

1 Introduction and background:

This is the annual Programme performance report of the Development Plan Implementation (DPI) Programme under the NDP III covering the financial year 2022/23. The report aims to provide an assessment of the achievements, challenges, and overall performance of the DPI Programme during the period. This performance is assessed, to the extent possible, against the approved Programme Implementation Action Plan (PIAP) for the same period.

This report is organized into several chapters, each focusing on specific aspects of the DPI Programme's performance during FY2022/23. Chapter 2 presents the financial performance and progress in meeting the key targets set for the Programme under NDP III. Chapter 3 discusses the Programme performance against strategic objectives and key outcomes. Chapter 4 discusses the key challenges encountered in the implementation of Programme activities during the year and emerging issues. Several Annexes are included providing additional information on Programme performance, where necessary, during the year.

1.1 The Third National Development Plan (NDP III)

Approved by Cabinet in 2007, Uganda's Vision 2040 sets out the country's vision for transformation from a predominantly peasant and low-income country to a competitive upper middle-income country. It identifies strategic bottlenecks that have hindered Uganda's socio-economic development over the years, including the weak private sector, inadequate infrastructure, underdeveloped human resources, and underdevelopment of key sectors. The vision statement also identifies 15 strategic interventions and policy reforms to be implemented to achieve its aspirations.

Aligned with Vision 2040, the NDP III builds upon the achievements, challenges, and lessons learned from the previous development plans. Its key objectives are to enhance value addition in key growth areas, strengthen the private sector to create jobs, improve productive infrastructure, enhance population productivity and social well-being, and strengthen the role of the state in guiding and facilitating development. The ultimate goal of NDP III is to increase household incomes and improve the quality of life of Ugandans through sustainable industrialization for inclusive growth, employment, and wealth creation.

NDP III adopts a program-based approach to planning and budgeting, focusing on 20 national programs with clear results and targets. The plan aims to achieve an average economic growth rate of 6.2%, increase income per capita, reduce poverty rates, decrease income inequality, and improve health and education outcomes.

Over the last three years of implementation, the GDP per capita increased from USD957 in FY2020/21 to USD1093 in FY2022/23 surpassing the NDP III target of USD1049. This improvement is attributed to increased government targeted expenditure to support economic recovery to offset shocks such as COVID-19. Economic growth gradually improved over the last three years of NDP III implementation with the annual real GDP growth rate increasing to 5.2% in FY2022/23 from 4.6% in FY2021/22 although below the Plan target of 6.2%.

1.2 The Development Plan Implementation (DPI) Programme

To address the challenges faced during the implementation of NDP II, the DPI program was established as a key Programme of NDP III with the aim to improve the efficiency and effectiveness of plan implementation by addressing weaknesses in implementation planning and budgeting, limited financing, and weak coordination across government levels. By strengthening implementation processes, enhancing monitoring and evaluation systems, and promoting the use of statistics and evidence for planning and accountability, the DPI programme plays a vital role in ensuring the successful realization of NDP III's objectives and accelerating Uganda's socio-economic transformation to a modern and prosperous society.

1.2.1 Objectives of the DPI Programme:

The goal of the DPI Programme is to enhance the efficiency and effectiveness of implementing the NDP III. By establishing mechanisms that facilitate effective implementation, the DPI Programme aims to achieve at least 80% of the plan's targets. Six strategic objectives are mapped under this Programme. Through these strategic objectives, the DPI Programme plays a central role in facilitating the effective implementation of the NDP III by addressing key areas such as planning, budgeting, implementation capacity, coordination, data generation, and research and evaluation.

The six strategic objectives of the DPI Programme are as follows:

Objective 1: Strengthen capacity for development planning across both central and local government units.

This objective focuses on enhancing the ability of government entities at all levels to effectively plan for development initiatives. By strengthening their capacity in development planning, government units can align their strategies with the goals and targets of the NDP, ensuring coherence and coordination in the implementation process.

Objective 2: Strengthen budgeting and resource mobilization at the national level and within local governments.

This objective aims to improve the budgeting processes and to stregthen resource mobilization efforts to support the implementation of the NDP. By strengthening budgeting systems, governments can effectively allocate resources to priority areas, ensuring that the necessary funding is available for the successful implementation of development projects and programs.

Objective 3: Strengthen capacity for implementation to ensure a focus on results across all government units.

This objective emphasizes the need to enhance the capacity of government units to effectively implement development initiatives and achieve tangible results. By building capacity in project management, monitoring, and evaluation, government units can ensure that resources are utilized efficiently, activities are carried out effectively, and desired outcomes are achieved.

Objective 4: Strengthen coordination, monitoring, and reporting frameworks and systems within the Office of the Prime Minister, across Ministries, Departments, and Agencies (MDAs), and local governments.

This objective seeks to improve coordination mechanisms between the different government entities involved in the implementation of the NDP. By enhancing coordination, monitoring, and reporting systems, government units can streamline processes, enhance accountability, and facilitate effective communication and collaboration among stakeholders.

Objective 5: Strengthen the capacity of the national statistics system to generate data for national development within the Uganda Bureau of Statistics (UBoS), MDAs, and local governments.

This objective recognizes the importance of reliable and timely data for evidence-based decision-making. By strengthening the capacity of the national statistics system, government units can generate accurate data that informs planning, policy formulation, and monitoring progress towards development targets.

Objective 6: Strengthen the research and evaluation function to better inform planning and plan implementation across all government units.

This objective emphasizes the importance of research and evaluation in informing development planning and implementation. By enhancing the research and evaluation function, government units can generate knowledge, conduct rigorous evaluations, and draw lessons learned to inform future planning and improve the effectiveness of development interventions.

1.2.2 DPI Programme Targets

Under the NDP III, the DPI Programme has been tasked with achieving six key targets to enhance the implementation of the plan. These targets serve as a guide for selecting and prioritizing interventions and actions within the DPI Programme's work plan also known as the Programme Implementation Action Plan (PIAP). The targets set for the DPI Programme are as follows:

1. Achieve at least 80% of the NDP III targets:
2. Increase the GDP growth rate from 6.3% to at least 7% per annum:
3. Increase the revenue to GDP ratio from 12.95% to 15.43% (re-based) by 2025:
4. Reduce in domestic arrears as a percentage of total expenditure for FYN-1 from 1% in FY2017/18 to 0.2%:
5. Increase the alignment between the annual budgets and the NDP III from 60% to 85% at national and Programme levels:
6. Maintain the proportion of supplementary budget expenditure (net of loan servicing) within 3%:

These targets provide a framework for the DPI Programme's work plan, guiding the selection and prioritization of interventions and actions. Performance against these targets is explained further in Section 2 of this report.

1.2.3 DPI Programme Outcome and intermediate Outcomes

NDP III has identified nine Programme outcomes that are integral to the success of the DPI Programme. These outcomes provide strategic focus and reflect the desired development impacts that the DPI Programme aims to achieve during the implementation period of NDP III.

The fourteen outcomes and intermediate outcomes under the DPI Programme are as follows:

1.2.3.1 Increased Budget Self-Sufficiency:

This outcome refers to the extent to which a country's own generated revenue is able to cover its expenditure without relying heavily on external sources of funding or borrowing. It signifies a strengthening of the government's financial capacity to meet its obligations and implement its programs using domestically generated resources.

1.2.3.2 Sustainable Economic Growth and Stability:

This outcome assesses the long-term growth and stability of the economy, considering factors such as GDP growth rate, inflation rate, employment levels, and overall macroeconomic stability. Sustainable economic growth implies steady expansion of the economy over time without causing negative repercussions on the environment or social stability.

1.2.3.3 Improved Alignment of Plans and Budgets:

This outcome assesses the degree to which government plans and budgets are aligned with national development priorities and goals. It involves ensuring that budget allocations are consistent with the objectives outlined in national development plans and strategies.

1.2.3.4 Statistical Programs Aligned to National, Regional, and International Development Frameworks:

This outcome relates to the alignment of national statistical programs with established frameworks and standards for data collection, analysis, and reporting, both at the national and international levels. It involves improving the quality, coverage, and timeliness of statistical data to support evidence-based decision-making and monitoring of development progress.

1.2.3.5 Evidence-Based Decision Making:

This outcome emphasizes the importance of using empirical evidence, data, and research findings as the basis for formulating policies, making decisions, and implementing programs to enable decision-makers make more informed and rational choices that are more likely to achieve desired outcomes and avoid unintended consequences. Realization of this outcome will enhance the efficiency, effectiveness, and accountability of public policies and interventions, leading to better governance and improved socio-economic outcomes for the population.

1.2.3.6 Effective and efficient allocation and utilization of public resources:

This outcome emphasizes the need for improvements in budget allocation, expenditure, and reporting systems. By enhancing these systems under the NDP III, the DPI Programme aims to ensure that public resources are allocated and utilized in an effective and efficient manner, maximizing their impact on development outcomes.

1.2.3.7 Effective Public Investment Management:

This intermediate outcome focuses on enhancing the management, monitoring, and reporting of public investments throughout the project cycle. By strengthening public investment management under the NDP III, the DPI Programme aims to increase the return on public investments and optimize the use of resources for development projects.

1.2.3.8 Fiscal credibility and Sustainability:

This intermediate outcome seeks to strengthen the reliability and trust in fiscal operations. By enhancing fiscal credibility and sustainability, the DPI Programme aims to create a conducive environment for the delivery of NDP III, ensuring the effective implementation of fiscal policies and practices.

1.2.3.9 Improved budget credibility:

This outcome emphasizes the importance of building trust and reliability in the budget process. By ensuring the credibility of the budget, the DPI Programme aims to enhance transparency and accountability in the allocation and utilization of resources, thus supporting the successful implementation of the NDP III.

1.2.3.10 Improved development results:

This outcome aligns the aspirations of the NDP III with Uganda's Vision 2040. The DPI Programme aims to contribute to improved development outcomes by implementing targeted interventions and initiatives that address key socio-economic challenges and achieve the desired impacts outlined in the plan.

1.2.3.11 Improved compliance with accountability rules and regulations:

This intermediate outcome underscores the importance of adherence to accountability rules and regulations in the delivery of the NDP III. The DPI Programme seeks to promote a culture of compliance, ensuring that all stakeholders involved in the implementation process uphold high standards of accountability, transparency, and integrity.

1.2.3.12 Improved service delivery:

This intermediate outcome focuses on enhancing the delivery of public services to the population. By improving service delivery, the DPI Programme aims to address the needs and aspirations of the people of Uganda, ensuring that essential services are accessible, efficient, and of high quality.

1.2.3.13 Enhanced use of data for evidence-based policy and decision-making:

This outcome recognizes the significance of data in informing policy formulation and decision-making processes. The DPI Programme aims to enhance the use of data as a basis for evidence-based policy choices, ensuring that decisions are grounded in reliable information and analysis.

1.2.3.14 Improved public policy debates and decision-making:

This outcome emphasizes the importance of promoting robust public policy debates and decision-making processes. By promoting public participation, accountability, and transparency, the DPI Programme aims to strengthen the quality and effectiveness of policy debates and decisions, ultimately enhancing the delivery of the NDP III.

1.2.4 Implementation reforms

The successful implementation of the DPI Programme and the realization of its goals require a set of key implementation reforms. These reforms are essential to strengthen coordination, enhance capacity, improve oversight, and facilitate effective resource utilization.

Prioritizing these reforms can address crucial gaps and challenges that hinder effective implementation, thereby positioning the DPI Programme for success. These reforms not only contribute to the achievement of the DPI Programme's expected outcomes and targets but also promote a more transparent, accountable, and efficient approach to national development planning and implementation.

1.2.4.1 APEX Platform:

The APEX platform, launched in April 2021, plays a crucial role in providing oversight and accountability for the delivery of results under the DPI Programme. To ensure its effective implementation, the DPI Programme continues to provide the necessary funding to fully operationalize the platform. This will enable the APEX platform to fulfill its mandate of monitoring and tracking progress, identifying bottlenecks, and facilitating timely decision-making to achieve the expected goals of the DPI Programme.

1.2.4.2 Strengthening the capacity of the Office of the Prime Minister to lead the overall coordination and reporting on implementation of NDP III Programmes and implied results:

The Office of the Prime Minister (OPM) plays a pivotal role in leading the overall coordination and reporting on the implementation of NDP III Programmes and their associated results. To effectively carry out this responsibility, the DPI Programme is enhancing the capacity of the OPM by providing adequate resources, building technical expertise, and establishing robust coordination mechanisms to facilitate effective communication and collaboration across government entities involved in the implementation of the NDP III Programmes.

1.2.4.3 Capacity Development for Planning and Statistical Units:

Strengthening the capacity of planning and statistical units across all government entities is essential for effective implementation. This entails developing the skills and knowledge of personnel involved in planning and statistical functions and enhancing their understanding of the entire value chain of GoU Programmes. By improving capacity in these units, governments can effectively collect, analyze, and utilize data for evidence-based decision-making, ensuring that planning processes are informed by accurate and reliable information.

1.2.4.4 Mechanism for Capturing Off-Budget Financing:

Off-budget financing plays a significant role in supporting development initiatives, and it is essential to capture and account for these resources. Establishing a mechanism to track and document off-budget financing sources will enhance transparency and accountability in resource mobilization and utilization. This will enable a comprehensive assessment of the available resources and contribute to effective planning and budgeting processes across government.

1.2.4.5 Funding of Programme Secretariats:

Programme Secretariats play a vital role in coordinating implementing institutions and tracking progress on implementation of activities and interventions outlined under the NDP III. To ensure their effectiveness, it is essential to allocate sufficient financial resources to support their operations, including staffing, capacity building, monitoring and evaluation, and other essential functions. By providing adequate funding to Programme Secretariats, government can strengthen its capacity to drive implementation, enhance coordination with relevant stakeholders, and facilitate the achievement of desired outcomes and targets.

1.3 The DPI Programme Governance Structure.

The DPI Programme is managed through a three-tiered structure, consisting of the Leadership Committee, the Programme Working Group (PWG), and the Technical Working Group (TWG). These serve as platforms for collaboration among government institutions (MDAs/LGs), development partners (DPs), and Civil Society Organizations (CSOs) at various levels, all working collectively to ensure the successful implementation of the Programme. A dedicated Secretariat oversees the coordination and administrative support necessary to facilitate functioning of these entities.

1.3.4.1 Leadership Committee

At the heart of the DPI Programme's governance structure lies the Leadership Committee (LC). This pivotal entity plays a crucial role in the effective management and oversight of the Programme's implementation. It is composed of political leaders, including Ministers and Board Chairpersons from key MDAs, who are responsible for driving the Programme's activities. The LC serves as the driving force behind policy-level coordination and progress monitoring, ensuring that the Programme progresses towards achieving its desired outcomes. The LC also ensures that the Programme Working Groups (PWGs) remain on track to deliver the expected results. Membership of the Committee is as follows;

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

1.3.4.2 Programme Working Group

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

1.3.4.3 Technical Working Group

Technical Working Groups (TWGs) play a crucial role in the DPI Programme. They are specialized platforms that consider in greater detail specific areas of the Programme to allow the Programme Working Groups (PWGs) to focus on strategic matters. With members drawn from various institutions and, external partners like Development Partners (DPs), Civil Society Organizations (CSO's) and the Private Sector, the TWGs facilitate in-depth technical discussions on Programme matters. Their key responsibilities include detailed planning, coordination, and comprehensive monitoring of Programme implementation, with a clear focus on achieving specific Programme objectives and outcomes. To effectively play this role, the DPI Programme is comprised of the following TWGs;

1. TWG 1: Revenue Mobilization and Budgeting
2. TWG 2: Development Planning, Research and Statistics
3. TWG 3: Oversight, Implementation, Coordination and Results Monitoring
4. TWG 4: Local Governments Service Delivery

1.3.4.4 The Secretariat for the DPI and Private Sector Development (PSD) Programmes

The Secretariat for the PSD/DPI Programmes plays a critical role in providing essential technical and administrative support, as well as effective coordination to ensure the smooth functioning of the Programme structures. This dedicated team is responsible for several key functions, including:

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

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

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

d) Establishing relations and actively coordinating with other related Programmes and strategies including, but not limited to Public Financial Management (PFM) Reform and Private Sector Development (PSD) Structures in place.

e) Preparation and dissemination of quarterly, semi-annual and annual Programme implementation reports and facilitating the annual Programme performance reviews

f) Organizing Programme monitoring, inspection and other activities to enable collection of physical data to facilitate evidence-based reporting;

g) Promoting cooperation, learning and synergies within and outside the Programmes;

h) Ensuring timely sharing and dissemination of key information to PWGs and Programme institutions to facilitate implementation of Programme activities

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

Taxpayer Literacy
Weekly Snippet

URA Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER

PRESUMPTIVE INCOME TAX RATES

These rates apply to Small businesses whose total sales from all businesses in a year are below shillings 150million. Presumptive Income tax excludes professionals.

Gross turnover	With records	Without records
Not exceeding Ugx 10 million	NIL	NIL
Exceeding Ugx 10 million but does not exceed Ugx 30 million	0.4% of annual turnover in excess of 10 million	Ugx 80,000
Exceeding Ugx 30 million but does not exceed Ugx 50 million	Ugx 80,000 plus 0.5% of annual turnover in excess of Ugx 30 million	Ugx 200,000
Exceeding Ugx 50 million but does not exceed Ugx 80 million	Ugx 180,000 plus 0.6% of annual turnover in excess of Ugx 50 million	Ugx 400,000
Exceeding Ugx 80 million but does not exceed Ugx 150 million.	360,000 plus 0.7% of annual turnover in excess of Ugx 80 million	Ugx 900,000

2 DPI Programme Performance during FY2022/23

2 DPI Programme Performance during FY2022/23

This section provides a review of progress of implementation of the DPI Programme for the period FY2022/23. It provides insights into the progress made in the implementation of DPI Programme's interventions and the key results registered by the end of the FY2022/23.

2.1 Programme financial performance

The financial performance of the DPI Programme during the FY2022/23 provides a critical assessment of the allocation and utilization of resources in support of Uganda's NDP III. This performance sheds light on the effectiveness of financial planning, budget execution, and expenditure management within the DPI Programme. By analyzing the financial indicators, such as budget releases, expenditure absorption rates, and the proportion of supplementary budget expenditure, the report provides insights into the degree of financial prudence, adherence to budgetary commitments, and the overall financial health of the Programme.

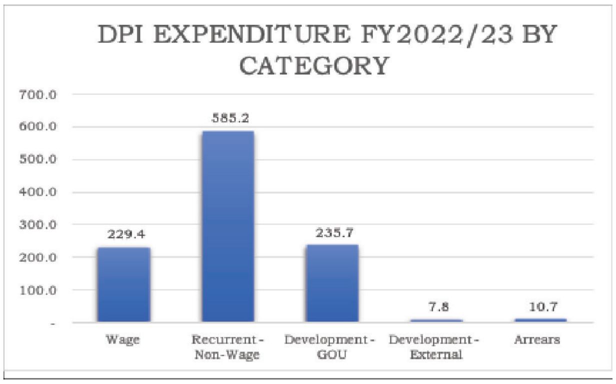
Unlike the previous periods, the revised chart of account taking into account the new Programme structure under the NDP III was implemented for the first time in FY2022/23. This made it possible to identify budget allocations and expenditures by Programme and sub-Programmes within each vote. In this case therefore, DPI Programme budget allocations and expenditures can be clearly traced in each of the contributing vote. This was a major step in strengthening the implementation of the new Programme based approach introduced under the NDP III. However, it is still not possible to break these down further by Programme objectives or interventions.

The DPI Programme is funded by both domestic and external sources, the later mainly dedicated to the Programme's development projects. During FY2022/23, UGX**16.52 Trillion** was appropriated for the Programme (see table below) to finance various activities including debt repayments under Treasury Operations. This was later revised to UGX17.982 trillion during the year upon receipt of supplementary provisions amounting to UGX1.46 trillion (about 8.8% of the approved budget). The overall budget releases amounted to UGX17.8 trillion - nearly 99% of the revised budget, while actual spending remained strong at 83.4% of the final (revised) budget and 84.3% of releases.

Aggregate DPI Programme budget appropriation, excluding Treasury Operations[1], amounted to UGX1.14 trillion. Supplementary expenditure amounting to UGX34.75bn billion (about 3% of the approved budget) were issued for this category of expenditures during the year leading to a revised budget of about UGX1.17 trillion.

By composition therefore, the largest portion of the budget, excluding treasury operations, was spent on recurrent operations (55%). This was followed by GoU financed development expenditures at 22% and wage expenditure at 21%. External partner disbursements under the DPI programme were very small – just about 1%.

Figure 1: DPI Expenditure (UGX Bns) for FY2022/23 by Category



1 Treasury Operations is a special vote under DPI through which debt related disbursements as made. The analysis in this section excludes this portion of the budget as it may be distortionary given that it covers debt expenditures in other programmes as well

The table below presents a breakdown of the budget expenditure by each of the contributing MDA under the DPI Programme.

Table 1: DPI MDA Budget performance for FY2022/23 (UGX Bn)

Vote	Approved Budget	Revised Budget	Budget Released	Spent	% Budget Released	% Budget Spent	% Releases Spent
Office of the President	14.6	14.6	14.6	14.2	100.0%	97.8%	97.8%
Office of the Prime Minister	51.4	57.8	60.3	54.3	104.2%	94.0%	90.2%
Ministry of Foreign Affairs	0.3	0.3	0.3	0.3	100.0%	91.6%	91.6%
MOFPED	384.9	406.0	454.7	387.7	112.0%	91	85.3%
Ministry of Local Gov't	19.5	19.3	15.7	15.5	81.3%	80.5%	99.0%
Ministry of KCC and Metropolitan Affairs	0.1	0.1	0.0	0.0	40.0%	40.0%	100.0%
National Planning Authority	28.6	28.6	28.6	28.6	100.0%	100.0%	100.0%
KCCA	2.5	2.6	2.6	1.8	99.2%	67.4%	67.9%
Nat. Lotteries and Gaming Regulatory Board	0.3	0.3	0.3	0.3	92.1%	90.0%	97.8%
Equal Opportunities Comm.	11.1	14.8	14.4	12.5	97.4%	84.4%	86.7%
Uganda Revenue Authority	539.8	539.8	540.3	509.2	100.1%	94.3%	94.2%
Uganda Bureau of Statistics	72.1	75.8	78.7	70.8	103.9%	93.5%	90.0%
Local Govt. Finance Comm.	1.8	1.8	1.8	1.8	99.8%	99.8%	100.0%
Uganda Missions Abroad	8.1	8.1	7.1	6.9	88.5%	85.5%	96.7%
TOTAL *(excl. Tr Ops)*	**1,135.1**	**1,169.8**	**1,219.4**	**1,103.9**	**104.2%**	**94.4%**	**90.5%**
Treasury Operations	15,387.5	16,812.2	16,569.8	13,887.1	98.6%	82.6%	83.8%
GROSS (incl. Tr Ops.)	**16,522.6**	**17,982.0**	**17,789.3**	**14,991.1**	**98.9%**	**83.4%**	**84.3%**

Overall, budget provisions were made available to each of the vote for planned Programme activities. As has been the case in the previous years, annual budget, releases against the revised budget were very high (98.9%). Expenditure against budget released were equally high at 84.3%. Therefore, programme activities were largely financed.

MoFPED and URA accounted for the largest share of the budget, both in terms of allocations and actual expenditure - taking over 80% between them in both instances; allocation and expenditure. Both MDAs also account for a large portion of the Programme (45% by PIAP actions). URA, accounting for about 47% of total programme expenditure, runs a huge operation for revenue administration across the country. On the other hand, MoFPED accounting for 34% of total expenditure spent UGX186.6bn on projects including under the Resource Enhancement and Accountability Project (REAP)[2] and the ministry's retooling through which construction of a new ministry block is undertaken. Other significant areas of expenditure under MoFPED include about UGX35.4bn on transfers to other bodies under the ministry such as the Tax Appeals Tribunal, Procurement Appeals Tribunal, Extractive Industries Secretariats, etc., UGX30.7bn on IT systems upgrades (to align with NDP III Programme structures) and IT systems recurrent costs, as well as UGX10.7bn on domestic arrears.

2 The REAP is the Government's project through which it finances major PFM reforms

Table 2: PIAP Actions by MDA

MDA	No. of Action	%
MoFPED	76	38.00%
NPA	26	13.00%
OPM	20	10.00%
UBoS	15	7.50%
URA	14	7.00%
OAG	10	5.00%
OP	7	3.50%
Other MDA's	32	16.00%
Total	200	100.00%

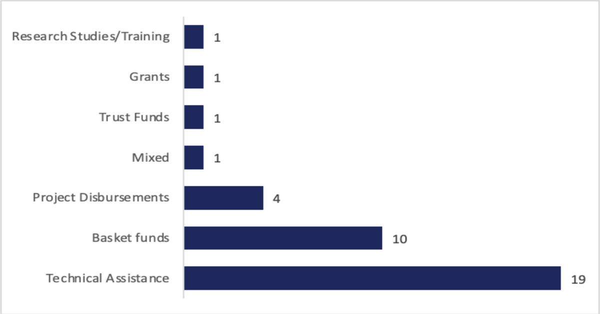
2.2 Development Partner Support

This sub section highlights the contributions made by Development Partners (DPs) to the Development Plan Implementation (DPI) Programme in its third year of implementation. DP support was provided through a total of 38 initiatives[3] – see Annex 3. Most of these 38 DP support initiatives continued from the previous year 2021/22. The Resource Enhancement and Accountability Programme (REAP) managed through the Ministry of Finance, Planning and Economic Development (MoFPED) continued to be a major vehicle for delivering this support accounting for 10 of the 38 initiatives. Most of the support was also off budget; only the support provided through REAP and EU budget support were recorded and delivered through the national budget.

Mode of delivery

During the FY2022/23, DP support to the programme was delivered through different forms. Technical assistance continued to dominate followed by use of basket funding (see figure 2 below.) Other modalities used to deliver this support include project support, specific technical studies, trust fund and one case using a mix of modalities. Noticeably, use of budget support has diminished over time.

Figure 2: Graph showing number of donor initiatives involved in the different forms of donor funding



Partners

Partners have largely remained the same as in the previous year – FY2021/22. EU, Denmark and KfW were the principal providers of support under PFM basket fund under REAP. In general, EU support was identified with the largest number of initiatives. Other participating DPs included Denmark, KfW, USAID, World Bank, GIZ, UK, ODI, AfDB, Sweden, Australia, UN agencies, Ireland, Netherlands, and Norway.

Beneficiaries / implementing units

Most of the DP support was implemented through the MoFPED. Its departments, participated in 23 of the 38 initiatives followed by Local governments (8), PPDA (6) and URA (6). Other key beneficiary units include MoLG, LGFC, NPA, Office of the Auditor General, CSOs, Internal Auditor General, Sector MDAs, OPM and Parliament.

How does the support align with DPI objectives?

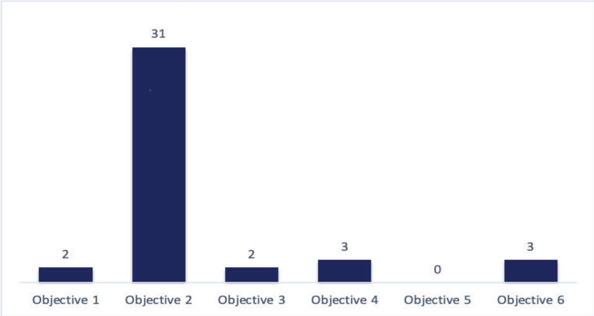
As presented already in this report, the DPI Programme has 6 strategic objectives;

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

It is important to ensure that DP support aligns, to the extent possible, with these strategic objectives in order to maximize benefits to the Programme and the NDP III.

3 The data used in this section was obtained from a database maintained by the PFM Advisor under the REAP. Initiatives not recorded in this database are not used in this discussion.

Figure 3: Distribution of DP funded initiatives across DPI Objectives in FY2022/23



The data source for the data used in the figure above is not classified by objective. The classification used is by the DPI Secretariat based on comparing of the objective and activities under each support with the DPI Programme objectives. Some initiatives cut across DPI objectives.

The distribution of DP supported initiatives was significantly skewed towards Objective 2 with a focus on strengthening capacity for revenue management and PFM systems. This situation appears to have been driven majorly by historical reasons as there has been hardly any new initiatives under the NDP III. Most of the support during the year, such as through the REAP, was carried over from the accountability sector regime under the NDP II. Future DP support may need to re-consider this position in order to improve the balance in distribution.

2.3 Non-financial Performance against Programme targets

The Programme targets outlined under the DPI Programme are crucial benchmarks for assessing the progress and effectiveness of Uganda's NDP III. These targets serve as key indicators of the Programme's success in driving sustainable development, improving economic growth, and enhancing the well-being of Ugandans. Each target is strategically designed to address specific areas of focus, ranging from achieving the desired outcomes of the NDP III to strengthening budget credibility, enhancing service delivery, and promoting evidence-based decision-making.

The NDP III identified 6 key results areas below, together with indicators as measures for assessment of Programme outcomes. Performance against these key 6 indicators is outlined in the table below

Table 3: Status of Programme performance against key outcome indicators

Key DPI Programme Result	Indicator	Baseline	FY2020/21	FY2021/22	FY2022/23		
			Actual	Actual	Target	Actual	Source
Improve achievement of the NDP III targets	Proportion (%) of NDP III Targets archived	0%	16	17%	85%	29%	NPA
Increase the GDP growth rate	GDP Growth Rate	6.20%	3%	4.60%	6.38%	5.2%	MOFPED
Increase the Revenue to GDP ratio	Revenue to GDP ratio	12.95%	13.20%	13.70%	13.2	13.78	MOFPED
Reduction in Domestic Arrears	Domestic Arrears as a Percentage of total expenditure	1%	6.90%	1.50%	0.7%	1%	MOFPED
Attain maximum alignment between the Annual Budgets and the NDP III at national and Programme levels;	Annual Budget alignment to NDP III (%)	60%	54.80%	63.40%	80%	60.1%	NPA
Maintain the proportion of supplementary budget expenditure (net of loan servicing) within 3%.	Supplementary expenditure as a percentage of the initial approved budget	<3%	10.28%	9.86%	<3	6.15%	MOFPED

Overall, performance on Programme outcomes during the year (FY2022/23) improved over the previous year (FY2021/22) but remained weak. There was progress on 4 out of the 6 indicators but the targets were not met on 5 out of the 6 indicators. The section below discusses in detail performance under each of the results.

2.3.1 Improve achievement of the NDP III targets by at least 80%

This indicator is used to measure effectiveness in the implementation of the NDP III. The DPI Programme set a target to achieve 80% of the objectives outlined in NDP III, which is a crucial milestone to maximize the impact and effectiveness of the plan's interventions. For the third year running, performance was less than satisfactory at 29% due to challenges related to transitioning to the Programme approach and effects of the Covid-19 pandemic. This was however an improvement from the 17% performance registered in FY2021/22. Measuring performance against NDP III targets remains a challenge due to the large number of indicators (56%) that had no data in FY2021/22 as evidenced by the NDP III midterm review findings (see table below).

Table 4: Summary Performance against NDP III key indicators based on NDP III Results and Reporting framework (Source NDP III Mid-term review reports, January 2023)

#	Key Results Areas	Achieved		Not Achieved		No Data		Total Indicators
		Indicators	%	Indicators	%	Indicators	%	
1	NDP III Goal	5	45%	6	55%	0	0%	11
2	NDP III Objectives	13	16%	66	84%	0	0%	79
3	Programme Outcomes	126	22%	178	31%	263	46%	567
4	Programme Intermediate Outcomes	140	25%	193	35%	222	40%	555
5	Programme Outputs	487	14%	792	23%	2107	62%	3386
	Overall Performance	**771**	**29%**	**1235**	**27%**	**2592**	**56%**	**4598**

The absence of data for a large number of indicators (56%) arose in part from a large number of indicators which were said to be inappropriate or/and many of which could not be measured annually as they required specialized exercises such as surveys[4]. In FY2023/24, the MoFPED commissioned a special project activity[5], under the Resource, Enhancement and Accountability Programme (REAP) to address these issues; to review and clean up the indicators in order to improve their usability for the purpose of NDP III performance reporting. It is expected therefore that performance against this indicator will improve by the next reporting period.

2.3.1.1 Progress on implementation of the Programme approach.

In the third year (FY2022/23) of implementation, progress continued to be made in implementing the Programme based approach (PBA) to planning and budgeting introduced under the NDP III. The concept of PBA is complex and required changes to organizational processes and systems (IFMS, PBS, etc.) supporting planning and budgeting. It places higher demands for coordination across institutions.

The mid-term review of the NDP III in 2022 concluded however that progress had been made towards operationalization of the programme approach but also noted that the transition to programme approach had been very slow. Understanding and awareness of the approach remained an issue among programme players. Accordingly, the review recommended further deepening and understanding of the PBA among MDAs and stakeholders.

The findings of the mid-term review were collaborated by a limited survey of 8[6] out of 20 Programmes conducted in August 2023 by the DPI Secretariat on the status of implementation of the PBA. All the 8 Programmes reported progress in implementation and improved awareness of the Programme approach across MDAs. Structures required to run these Programmes, including Programme Working Groups (PWGs) and Technical Working Groups

4 In 2022, MoFPED commissioned a study on alignment of PFM systems to the NDP III. The study, and later that year, the NDP III mid-term review identified many indicators which were inappropriate – either input or activity based and which could therefore not used to measure programme performance, these two process also highlighted the lack of ownership for many indicators.

5 The activity under REAP is referred to as "Strengthening performance accountability and will facilitate the clean of NDP III indicators to improve performance reporting under the NDP, strengthen the performance budgeting system to improve the budget response to the NDP, and enhance the medium term expenditure framework (MTEF) to improve estimation of budget resource that are available for allocation to new activities over the medium – in order to avoid over-commitment of the budget and improve NDP implementation.

6 The 8 programmes involved in this survey were Development Plan Implementation, Integrated Transport Infrastructure & Services, Public Sector Transformation, Tourism Development, Sustainable Urbanisation & Housing, Private Sector Development, Legislation, Oversight & Representation, and Community Mobilisation and Mindset Change

(TWGs), were largely established although their operations remained weak. All again reported having some form of Programme secretariat although for most of them (6 of 8), this role continued to be played through other departments, such as planning units, with staff time split with other functions.

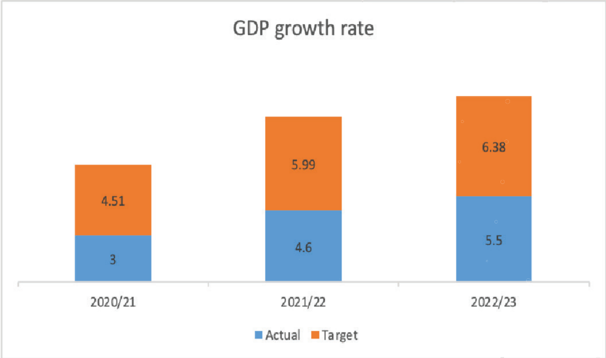
Most of MDAs had put in place strategic plans aligned to NDP III in the FY2022/23, in line with corresponding PIAPs. Programmes felt that these PIAPs were valuable tools in preparing their budgets. All 8 Programmes in the survey also indicated that they had participated in the Programme budget allocation for the FY2023/24 and were largely satisfied with the process however, alignment of MDA expenditures to Programme priorities remained a concern (raised by at least 4 of the 8 Programmes). All of them again had prepared Programme BFPs for FY2023/24 and most of them had drafted and issued annual Programme performance reports for FY2022/23 and organized annual reviews (4 of 8) for FY2022/23.

However, there were still a number of concerns affecting Programme based approach. A number of Programmes felt that gaps still remained in appreciation and awareness of the Programme approach (for at least 4 of 8) and therefore more effort was still required in guiding Programmes on this approach. Such a sensitization Programme needs to be extended to the political leadership as well so that they provide the support needed to the PBA. Many (for at least 5 of the 8 Programmes) also were still concerned about overlap and duplication of activities between Programmes and MDAs. And most (5 /8 respondents) still observed that "silo" approach remained a factor in their operations with many MDAs working without collaborating with others as they should. Regarding the secretariats, low staffing was identified as an issue; the formal structure issued by the MoPS was yet to be implemented across all Programmes. Moreover, except for PSD and DPI Programmes, the other 6 secretariats received no budget allocation in FY2022/23. These areas require to be addressed.

2.3.2 Increase the GDP growth rate from 6.3% to at least 7% per annum

GDP growth is considered a key outcome of the NDP implementation particularly in meeting the government's quest for increasing household incomes and improving the quality of life of Ugandans. This indicator is primarily about economic management and highlights the commitment to accelerate economic growth, which is vital for enabling levels of development and prosperity desired under the NDP III. The target under this indicator was to achieve and sustain a growth rate of 7% by the end of the NDP III. Over the past 3 years of the NDP III, performance against this indicator has remained below target as shown in the figure below.

Figure 4: GDP growth rate



While the actual performance over the year under review reached a commendable 5.2%, it remained below the NDP III target of 6.38% set for the year and falls short of the NDP III target of at least 7% by FY2025/26. This performance, however, was considerably better than the 4.6% in the previous year (FY2021/22) and even much higher than the first year (2020/21) of the NDP III. Growth in the earlier years was constrained by the Covid-19 pandemic and other natural disasters which greatly affected economic activity as well as implementation of Government's investment projects. Economic activity began to improve in the second year (FY2021/22) as the economy opened up and as government initiated targeted interventions to support recovery efforts of the private sector. The growth in FY2022/23 reflects further recovery of the economy[7], building on these earlier initiatives and increased regional trade.

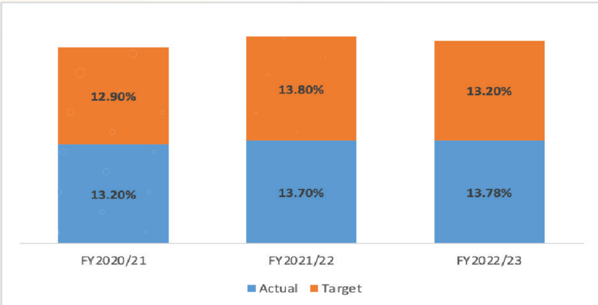
2.3.3 Increase the revenue to GDP ratio from 12.95% to 15.43% (Rebased) by 2025

The revenue to GDP ratio measures the percentage of the country's total revenue in relation to its Gross Domestic Product (GDP). This target highlights the importance of enhancing revenue generation and mobilization efforts. Achieving a revenue to GDP ratio of 15.43% by 2025 was deemed essential for creating a robust fiscal framework that can

7 The FY2023/24 Background to the Budget identifies these initiatives to include; continued funding to EMYOOGA to support small service providers and businesses, Small Business Recovery Fund to support small and medium enterprises, and Uganda Development Bank to support manufacturers, among others

adequately fund development initiatives under the NDP. The FY2022/23 performance stood at 13.78%, against a target of 13.2%. This was an improvement in comparison to the FY2021/22 performance of 13.70%

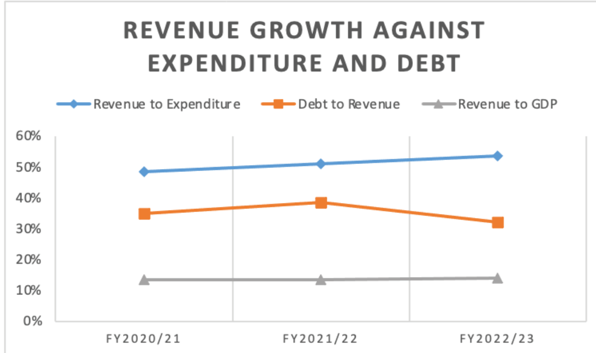
Figure 5: Revenue to GDP



During the FY2022/23, the net revenue collections were UGX25,209.05 billion, against a target of UGX25,151.57 billion registering a surplus of UGX57.48 billion and a performance of 100.23%. Revenue grew by UGX3,551.04 billion (16.40%) compared to the FY2021/22.This performance was in sync with the stable and resilient economic performance during the FY2022-23.

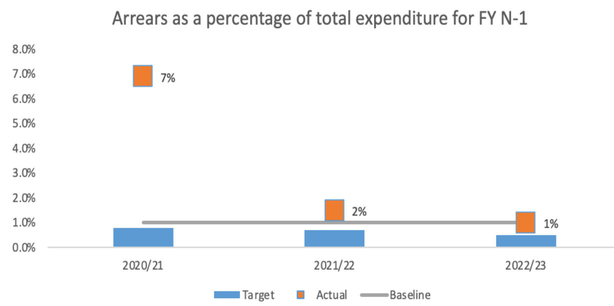
The NDP III identified the low levels of revenues (to GDP) as a major bottleneck to financing its ambition for public investments particularly in term of infrastructure and social services development. Hence the efforts by the Government to increase the revenue to GDP ratio to 15.43% by the end of the NDP III. However, as seen in the figure below, growth has remained marginal compared to overall expenditure (revenue can only meet about half of expenditure needs) and debt repayment obligations (about one third of revenues are still spent on debt payments). Efforts to implement the Domestic Revenue Mobilization Strategy (DRMS) will need to be speeded up over the remaining period of the NDP III to achieve the set target.

Figure 6; Revenue Growth against Expenditure and Debt



1.3.4 Reduction in Domestic Arrears as a Percentage of total expenditure

Figure 7: Arrears as a percentage of total expenditure for FY N-1



Domestic arrears are unpaid obligations by the government to its domestic creditors. Although domestic arrears as a percentage of total expenditure performed at above target (1% against 0.7%) during the FY2022/23, there was a significant improvement from the first two years of the NDP III.

In FY2022/23, domestic arrears increased to UGX10.8 trillion from UGX8.1 trillion in FY2021/22 constituting a 34.1% increase. Total domestic arrears represent a 20.6% of the revised budget for FY2022/23. However, during the year, the Government continued efforts to clear arrears spending up to UGX 785.9 bn – see table below.

Table 5: Summary of FY2022/23 arrears budget expenditure performance by category

Category of Arrears	Approved Budget	Revised Budget	Arrears Released	Arrears Expenditure	% Budget Released	% Release Spent
General Domestic Arrears	515.6	892.8	616.8	613.6	69%	99%
o/w Treasury Operations	*213.4*	*577.8*	*301.8*	*301.7*	52%	100%
Pension and Gratuity	133.3	172.5	172.5	159.8	100%	93%
o/w Ministry of ICT	*74.5*	*113.7*	*113.7*	*113.5*	100%	100%
Salary Arrears	2.5	2.5	2.5	2.0	100%	81%
Utility Arrears	10.6	10.6	10.6	10.6	100%	100%
	661.9	**1,078.3**	**802.3**	**785.9**	**74%**	**98%**

Source: generated from PBS expenditure data

As is shown in the table above, about 74% (UGX802.3bn) of the final arrears budget (revised budget) of 1,078.3bn, including a supplementary of about UGX416.4bn, was released during the year. 98% (UGX785.9bn) of this was spent.

Most of the arrears budget expenditure (UGX614bn or 78% of all arrears expenditure) was disbursed under the general goods and services category (listed as general Domestic Arrears in the table) with about 50% of this (UGX301.7bn) spent on debt payments, court awards and compensation under Vote 130 -Treasury Operations. Pensions and gratuity came in second taking UGX159.8bn - about 20% of all arrears expenditure). UGX113.5bn was spent under the Vote 020 – Ministry of ICT and National Guidance to cover long outstanding pension arrears.

However, arrears remain a difficult issue for the Government with the backlog far exceeding annual budget allocations. The schedule of final verified arrears released by the Auditor General in his report of FY2022/23 (see table below) placed arrears position at UGX10,818.0bn[8] – about 10 times the budget provision of UGX1,078.3bn for FY2022/23. Therefore, at best, the current stock of arrears may go down only marginally.

Table 6: Growth in Domestic Arrears from Previous Financial year

SN	Ministry/Department	FY2021/2022 UGX-Bn	FY2022/2023 UGX-Bn	%age Increase
1	Treasury Operations	4,583.01	5,989.74	30.7%
2	Min. of Finance, Planning & Economic	473.15	976.50	106.4%
3	Uganda National Roads Authority	471.83	621.50	31.7%
4	Ministry of Defense	235.82	425.57	80.5%
5	Ministry of Works And Transport	75.37	215.42	185.8%
6	Ministry Of Water & Environment	93.05	196.03	110.7%
7	Prisons	81.66	182.36	123.3%
8	Ministry Of Education And Sports	77.43	127.21	64.3%
9	Police	77.32	108.97	40.9%
10	KCCA	9.24	103.86	1024.2%
11	NITA-U	21.85	40.20	84.0%
12	Others	1,845.28	1,830.66	-0.8%
	Total	**8,045.00**	**10,818.00**	**34.5%**

Source: Auditor General's report

As seen in the table above, many votes had significant increase in the level of domestic debt during the year. The Auditor General attributed this increase to two factors; failure of the commitment control system and the use of supplementary budget instruments without matching funds. Up to UGX4.417Tn supplementary funding was approved during the year with no matching funding placing pressure on the limited allocations under other many votes.

Accordingly, at minimum, policy actions should specifically target and strengthen the commitment control system making it more effective. More efficient means are required to record and report on arrears timely so that appropriate decisions can be followed up in a timely manner as well. In addition, the use of supplementary budget instruments needs to be better managed ensuring they are backed by new fund sources. Immediate action is also needed to clear and bring down arrears particularly those directly affecting the private sector, consistent with the policy of promotion of the private sector. These include arrears in the category of supply of goods and services, taxes, rent and those specified under others which include the bulk of certificates and penalties under roads (UNRA).

8 Note: In the DPI Annual report for FY2021/22, the figures used for arrears were provisional, giving and aggregate outstanding arrears position of UGX6.2bn. This has since gone up to UGX8.65bn after verification.

2.3.5 Increase the alignment between the Annual Budgets and the NDP III

This target underscores the significance of aligning budgetary allocations with the objectives and priorities of the NDP III, a crucial aspect for delivering policy commitments. The current performance scored at a moderately satisfactory 60.1%, less than the FY2021/22 rating of 63.4%. This drop is largely attributed to lower performance at local governments that scored an unsatisfactory 44.7% down from 60.5% in FY2021/22. The FY2022/23 CoC attributes this poor performance by LGs on non-alignment of annual work plans to the NDPIII. Specifically, the CoC found that the structure of the LG annual work plans and budget did not provide adequate details regarding intermediate outcomes and output performance indicators as required by the PFMA section 13 (15).

Table 7: Summary of Weighted Compliance Scores for Annual Budget for FY2019/20 to FY2022/23

No.	Level of assessment	2019/20	2020/21	2021/22	2022/23	Classification
1	Macroeconomic Compliance	44.5	59.1	75	66.4	Moderately Satisfactory
2	National Strategic Direction	72.3	61	68.4	65.8	Moderately Satisfactory
3	Programmes	NA	48.9	59.9	64.7	Moderately Satisfactory
4	MDAs	58.4	60.8	64.5	65.2	Moderately Satisfactory
5	Local Governments	64.8	51.5	60.5	44.7	Moderately Satisfactory
	Overall Score (Weighted)	**59.7**	**54.8**	**63.4**	**60.1**	Moderately Satisfactory

Enhancing alignment is vital for optimizing the allocation of resources and ensuring that funds are utilized strategically to achieve desired development outcomes. By continuing to focus on better aligning budgetary allocations with the NDP III priorities, the government can unlock the full potential of its financial resources and propel the nation further towards sustainable economic growth and prosperity. The progress made so far serves as a solid foundation to build upon, reinforcing the government's dedication to responsible financial management and delivering positive impact through its developmental initiatives.

2.3.6 Maintain the proportion of supplementary budget expenditure within 3% of approved budget

This indicator measures the extent to which additional funding is allocated to unforeseen expenditures or urgent priorities that were not initially accounted for in the approved budget. Supplementary expenditure as a percentage of the Budget was scored at 6.15%, and while still considerably higher than the target of 3%, this represents a significant improvement and a downwards trend from the past two years (see figure 8 below).

However, supplementary expenditure remains high and continues to have a distortionary effect on the budget objectives. As seen in the table below, because resources will be limited, some Programmes received significantly low releases compared to the originally approved budget.

Figure 8: supplementary budget expenditure as % of approved budget

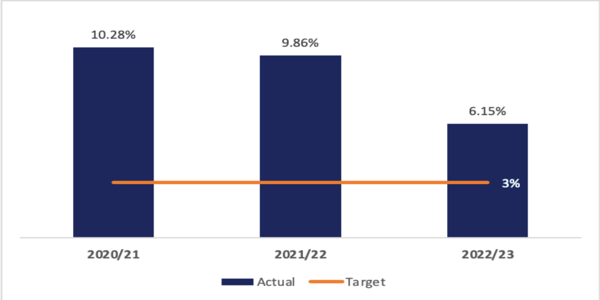


Table 8: FY2022/23 Supplementary Budget and Budget releases by Programme

Programme	Approved Budget UGX(bn)	Supplementary Budget UGX(bn)	Virements UGX(bn)	Revised Budget UGX(bn)	Budget Released UGX(bn)	Release as % of Approved
Administration Of Justice	402.6	2.5	0	405	390.5	97%
Agro-Industrialization	1,450.00	42.6	-0.3	1,492.30	980.9	68%
Community Mob. & Mindset Change	89.4	9.7	0.5	99.7	79.8	89%
Development Plan Implementation	16,522.60	1,453.70	5.7	17,982.00	17,703.50	107%
Digital Transformation	205.1	50.9	-0.1	255.9	215.3	105%
Governance And Security	7,292.90	900.6	0.1	8,193.50	7,523.20	103%
Human Capital Development	9,115.20	357.8	-4.3	9,468.70	13,485.28	148%
Innovation, Technology Devt & Transfer	274.4	20	-	294.4	213.7	78%
Integrated Transport Infr. & Services	4,368.80	43	-4	4,407.70	3,114.00	71%
Legislation, Oversight & Representation	915.1	-	-	915.1	915.1	100%
Manufacturing	419.7	387.4	0	807.1	519	124%
Mineral Development	31.8	-	-	31.8	15.6	49%
Natural Resources, Environment	659.7	-	2.8	662.5	505.1	77%
Private Sector Development	1,656.30	5.3	-0.1	1,661.50	1,586.70	96%
Public Sector Transformation	223.5	9.2	3.1	235.8	220.4	99%
Regional Balanced Development	1,453.60	3.9	-3.7	1,453.80	893.9	61%
Sustainable Petroleum Devt	869.3	11	-	880.3	833.8	96%
Sustainable Energy Development	1,577.90	104.1	-	1,682.00	482.1	31%
Sustainable Urban & Housing	408	2.2	0.4	410.5	389.2	95%
Tourism Development	194.8	9.2	0	204	132.2	68%
TOTAL	**48,131**	[9]3,413[1]	**0**	**51,544**	**50,199**	104.30%

***Source**: MoFPED PBS data*

In the table above, some Programmes (color RED in the last column) received significantly less amounts compared to their budgets while others received significantly above their budget (see color GREEN in the last column). The significant increase in HCD (148%) includes a supplementary of UGX356.7bn but also substantial additional funding amounting to UGX22.66bn for secondary school grant. Additional funding, beyond the supplementary is a worrying trend as it escapes normal PFM checks and the scrutiny of Parliament.

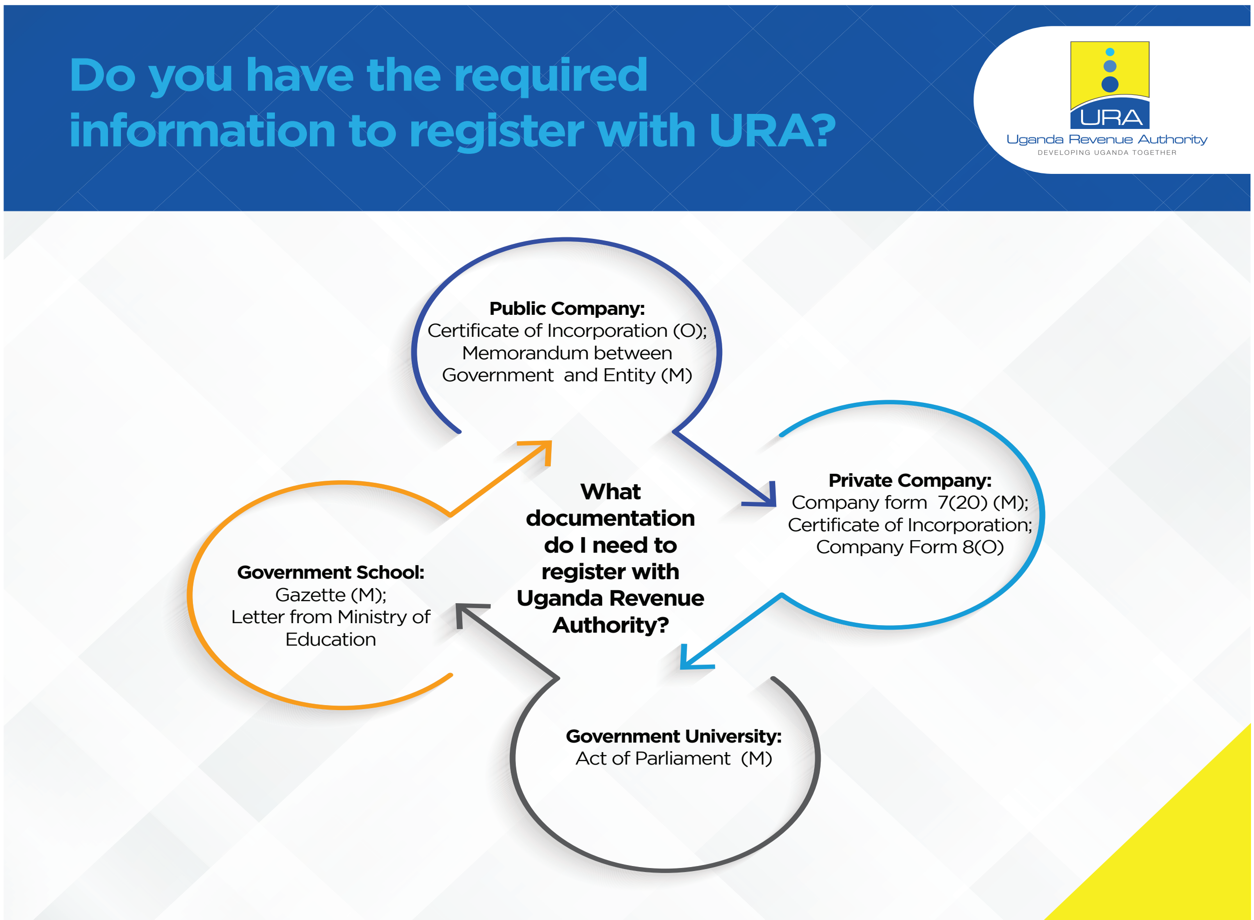
9

Table 9: Distribution of FY2022/23 supplementary expenditure by category

Category of Expenditure	FY2022/23 Supplementary UGX(bn)	Remarks - Key area of expenditure
1 Wage	541.15	
2 Non-wage recurrent	**2,237.46**	
- Treasury Operations	1,336.23	Debt service payments (60% of recurrent)
- Ministry of Trade, Ind. and Co-ops	387.33	Transfer to UDC (17% of recurrent)
- State House	230.71	Classified, logistics, welfare and security (10% of recurrent)
3 Arrears	139.94	
4 GOU Development	292.15	Example: MEND: Lira-Gulu Transmission line works (57bn) + Retooling (45bn) + Police classified (68bn)
5 External Finance	202.46	MoH: Covid19 Immunization Services

Source of data: PBS annual performance report

From the table, based on the information provided, it would seem like the areas to which supplementary provision were made available could have been anticipated at the time of budgeting; wage costs, arrears, and costs for transmission lines and retooling under the Ministry of Energy and Mineral Development (MEMD). The same goes for debt service obligations, transfers to UDC and costs for Covid19 related immunization. A good explanation is that these expenditures could not be accommodated within the resources available at the time of the budget preparation. This approach, similarly, is becoming a convenient way to by-pass resource related controls at the time of budget preparation. Therefore, as part of measures to reduce supplementary expenditure further, MDAs should be held to their budgets and controls must be tightened at entry requiring MDAs, to demonstrate clearly, that supplementary requests could not have been anticipated.



3 Programme performance by strategic objectives and outcomes

3 Programme performance by strategic objectives and outcomes

This chapter provides detailed reporting on progress and performance in implementing the DPI Programme's interventions and assesses the extent to which this has impacted the Programme's six (6) objectives under Uganda's NDP III outlined earlier in Chapter 1. These six objectives cover (i) strengthening development planning capacity, (ii) enhancing budgeting and resource mobilization, (iii) improving implementation effectiveness, (iv) strengthening coordination and reporting frameworks, (v) enhancing the capacity of the national statistics system, and (vi) improving the research and evaluation function. The section that follows is structured along each of these objectives. Within each objective, the performance assessment is carried out based on a set of outcomes (key results) allocated to it under the NDP III.

3.1 Objective 1: Strengthen capacity for development planning:

Under this objective, the NDP III sought to strengthen the capacity for development planning across MDAs and Local Government as part of efforts to enhance orderliness in the management and financing of the NDP III. In practical terms, the DPI Programme aims to improve the skills and knowledge required to effectively formulate and implement development plans at both MDAs and Local Governments, ensuring that they are aligned with national priorities and goals. The principle expected outcomes resulting from these efforts are (i) improved effectiveness in resource allocation and utilization of public resources, (ii) improved alignment of plans and budgets to the NDP, and (iii) enhanced effectiveness in public investment management. Performance under each of these outcomes is discussed further below.

Performance under key interventions

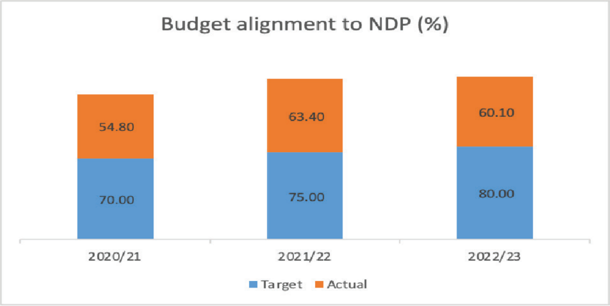
3.1.1 Outcome 1: Improved alignment of plans and budgets.

Effective development planning requires close alignment between plans and budgets. This outcome focuses on improving the integration and coherence between the national development plan and the annual budgets of Ministries, Departments, and Agencies (MDAs) and Local Governments (LGs). By ensuring that budgets are aligned with the goals and priorities outlined in the NDP III, the DPI Programme aims to enhance the efficiency and effectiveness of public expenditure, minimize wastage, and increase accountability in resource management.

The NDP III indicator given to measure this outcome is *budget compliance to the National Development Plan (NDP).* It is used to measure the degree to which the allocated budget aligns with the priorities and targets outlined in the NDP. Performance against this indicator is obtained from the NPA rating under the Certificate of Compliance (CoC) of the annual budget to the NDP. Performance against this indicator in FY2022/23 was reported at 60.1% against a target of 80%. **This performance was weaker than the FY2021/22 performance (63.4%) as shown in the figure below.**

3.1.1.1 Budget compliance to the National Development Plan (NDP).

Figure 9: 3.1.2.1 Budget alignment to the National Development Plan (NDP)



This is a composite indicator, measuring different aspects of the budget i.e.; macro-economic compliance, national strategic direction, Programmes, MDA budgets and Local Government budgets. As discussed in section 2.3.5, this weak performance in FY2022/23 largely arises from poor performance of the Local Governments component – see also Table 7. Key interventions under this outcome are:

3.1.1.1.1 Strengthening capacity for development planning, particularly at the MDAs and Local Governments.

Strengthening capacity for development planning, particularly at the Ministries, Departments, and Agencies (MDAs) and Local Governments (LGs), is a critical intervention to achieve the above outcome. This process translates into MDA and LG plans that are aligned to the NDP and which then provide a basis for annual budget of votes.

During FY2022/23, the National Planning Authority

(NPA) provided technical backstopping to all 178 Local Governments (LGs) to align their plans with the NDP III programs. By the end of FY2022/23, a cumulative 147 LG plans had been approved, while 28 plans were still under review. However, one LG (Namisindwa) had not submitted its plan for review.

Similarly, the NPA offered technical backstopping to all 171 MDAs to align their plans with the NDP III programs. By the end of FY2022/23, 163 MDA plans had been approved, while 8 plans were still under review.

As part of its commitment to align national plans with the global development agenda, including the Sustainable Development Goals (SDGs), Agenda 2063, African Peer Review Mechanism (APRM), and East African Community (EAC) initiatives, APRM Uganda took the lead in hosting the High-Level Forum on South Triangular Cooperation for Sustainable Development. This forum played a crucial role as a platform for sharing experiences and promoting cooperation among stakeholders to address common development challenges. In line with promoting knowledge exchange and enhancing collaboration for sustainable development, a comprehensive report documenting the activities of the 2nd African High-Level Forum was prepared and disseminated to various stakeholders. This report has been instrumental in facilitating information sharing and strengthening partnerships towards achieving sustainable development goals at both regional and global levels.

During the year, the Equal Opportunities Commission (EOC) continued to build capacity among the MDAs and LGs in gender mainstreaming and gender responsive budgeting. The Gender and Equity Management Information System (GEMIS) was improved to support the assessment of Local Governments (LGs) for gender mainstreaming, Vote-specific guidelines were also developed to support ministries, department and agencies in addressing gender and equity issues in their plans and budgets.

3.1.1.1.2 Alignment of budgets to development plans at national and sub-national levels

At the Local Government level, the FY2022/23 AB (annual budget) was rated at 44.7% in terms of its alignment to the NDPIII, a significant reduction from 60.5% in the FY2021/22. However, all LGs, except Namisindwa district, had their Development Plans approved. This was a significant step in alignment with the NDP. In FY 2022/23. The alignment of annual work plans to the NDPIII for the same period was unsatisfactory, as LG, scored only 21.1%. The non-alignment, according to NPA's Certificate of Compliance, is due to the structure of the LG annual work plans and budget which didnot provide adequate details regarding intermediate outcomes and output performance indicators as required by the PFMA section 13 (15). The annual allocation of resources also did not offer opportunity to break down allocations along the results as they appear in the results framework of the local governments.

3.1.1.1.3 Spatial data platform developed and operationalized

Completion of the government geoportal to support the National Spatial Data Infrastructure (NSDI) which will improve access to data for planning and development (Objective 3, Intervention 9 of the Natural Resources, Environment, Climate Change, Land and Water Management NDP III Programme) is a core output of NPA. The geoportal will play a central role in NSDI operations by providing an avenue for accessing authorized spatial data for development planning processes across all levels of government.

The Geoportal will house a large number of administrative shapefiles that will be customized for the 15 national regions, 135 districts, 312 counties, 2,184 sub-counties and 10,595 parishes. Each of these administrative units will have multiple customized shapefiles for roads, schools, electricity infrastructure, health facilities, population statistics, digital elevation information, land cover, geomorphology, water infrastructure and soil composition. Effectively, the implementation of the geoportal has provided for sufficient information that will support government programs such as the Parish Development Model (PDM). As mentioned above, the geoportal will provide regional shapefiles for the 15 national regions that are critical in the ongoing adoption of development and implementation of regional development plans such as the Karamoja regional development plan.

The geoportal is already easing the access of critical geospatial information as evidenced by the more than 2000 users and subsequent 6000 shapefile downloads. It houses an interactive interface for generation of swift cartographic outputs by non GIS specialists that is enabling geospatial data be utilized by a wider range of professionals within the country.

During the financial year, Ministry of Lands, Housing and Urban Development (MoLHUD) further rehabilitated 4 geodetic control points out of the planned 20. The target was not achieved due to insufficient budget. Geodetic control points are fundamental elements for the geospatial infrastructure, ensuring the accuracy and consistency of spatial data for a wide range of applications. Acquisition of required machinery and equipment for NSDI implementation is still awaiting the development and passage of the relevant policy.

3.1.1.1.4 Strengthening human resource planning to inform skills projections and delivery of national human resource capacity to support expansion of the economy;

Under this intervention NPA developed the first National Human Resource Plan for Uganda under the theme; "Positioning Uganda's Human Resources to deliver the Industrialization Agenda for Inclusive Growth, Employment, and Wealth Creation. The objectives of the plan include;

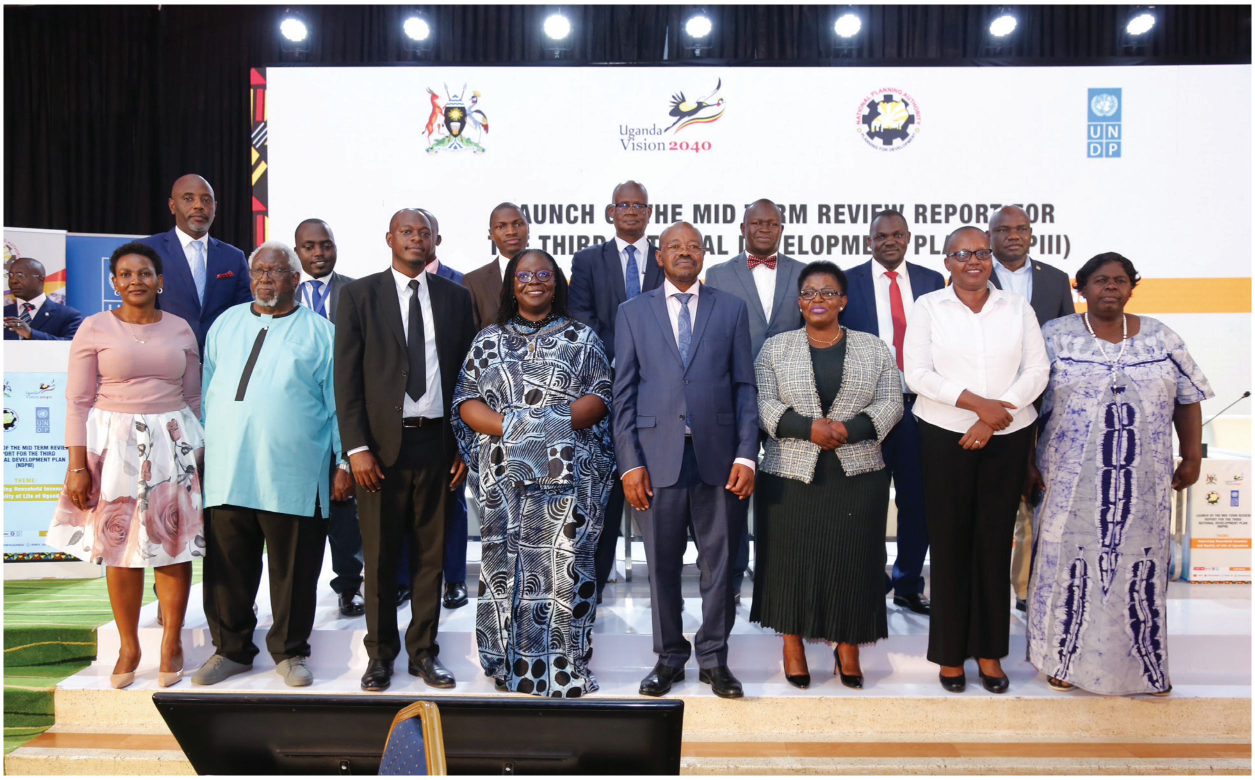
i. Identifying the critical education and skills gaps for employment and employability in the country as well as emerging economic activities.
ii. Reviewing and determining the appropriateness of Uganda's education

The development of this plan is based on the macro model for human resource projection for Uganda as benchmarked from Namibia and South Africa. The model has three components:

i. Manpower demand module which takes stock of the available jobs and projects the number of jobs likely to be created over time based on the macroeconomic projections of NDP III.
ii. Manpower supply module which takes stock of the available workforce by level of education and skills and projects the likely trend of labor supply over time.
iii. Manpower gaps module which compares the manpower supply and demand and determines the gaps in manpower for the country over time

The human resource plan also presents data and needs of national development programs in terms of competency gaps, human resource development objectives, and specific program-level interventions.

By the end of the FY2022/23, the authority disseminated the plan with key stakeholders including; the National Council for Higher Education (NCHE), Ministry of Education and Sports (MoES), Ministry of Gender, Labour and Social Development (MoGLSD) and Ministry of Public Service (MoPS).



The United Nations Resident Commissioner, Hon. Minister of Finance (Planning, 2nd Deputy Prime Minister together with the NPA Executive Board and Staff after the Launch of the NDPIII midterm review and NDPIV road map

3.1.2 Outcome 2: Effective Public Investment Management.

Public Investment Management is a critical aspect of development planning, as it involves the efficient allocation and management of resources towards national development Programmes and other investment projects. The DPI Programme aims to strengthen the capacity for effective public investment management by improving project appraisal and selection processes, enhancing project monitoring and evaluation mechanisms, and promoting transparency and accountability in investment decision-making. This outcome is measured using 3 indicators namely gross capital formation, share of PIP projects implemented on time, and share of PIP projects implemented within the approved budget

Table 10: Performance against Outcome Indicators during the FY2022/23

Outcome	Indicators	Baseline 2017/18	Actual 2020/21	Actual 2021/22	Target 2022/23	Actual 2022/23	
Effective Public Investment Management	1.4 Gross capital formation[10] (% of GDP)	23.8[11]	23.3[12]	24%	27%	24%	MOFPED
	1.6 Share (%) of PIP projects implemented on time	33	33	67.29%	90%	35%	MOFPED
	1.7 Share (%) of PIP projects implemented within the approved budget	62	75	83.1	75	80	MOFPED

3.1.2.1 Gross Capital formation (% of GDP):

This indicator assesses the ratio of investment in fixed assets to the country's Gross Domestic Product (GDP). It provides valuable insights into the country's commitment to long-term economic growth and development. A higher percentage signifies a greater emphasis on investing in critical areas such as infrastructure and productive sectors, contributing to economic expansion and job creation. Moreover, a higher level of capital formation showcases a dedication to enhancing the country's productive capacity, promoting sustainable economic growth over time.

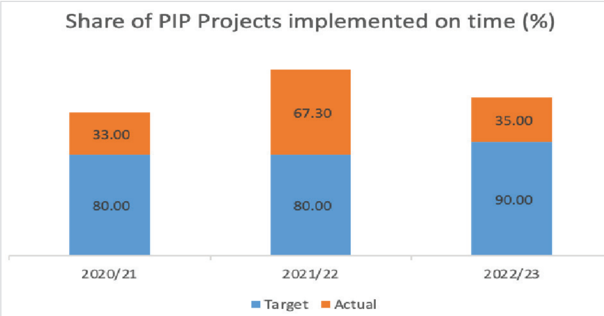
Gross capital formation (% of GDP) was reported at 24 % in 2022[13] according to the World Bank collection of development indicators, compiled from officially recognized sources. This fell short of the target of 27%. This performance is still good to the extent that it reflects a sizeable investment in infrastructure and productive projects which can positively impact economic activity and employment opportunities.

In spite of the Government's efforts to develop and deepen Uganda's financial sector, the rate of growth of the gross fixed capital formation is still lower than the Sub-Saharan average. Uganda's financial sector is still under developed, characterized by a low saving rate and high cost of credit which reduce the sector's capacity for credit expansion which, in turn translates into under-developed capital markets. This has kept the gross fixed capital formation as a percentage of GDP low.

3.1.2.2 Share of Public Investment Program (PIP) Projects implemented on time (%):

This indicator assesses the timeliness of project implementation by measuring the proportion of projects completed according to the scheduled timeline. During the reporting period, the actual performance was 35%, falling short of the target of 90%. This performance also represents a decline from FY2021/22 (67.29%) – see figure below.

Figure 10: PIP Projects implemented on time



10 Gross capital formation also known as the gross domestic investment consists of outlays or additions to the fixed assets of the economy plus net changes in the level of inventories. The last published data on this indicator "Gross capital formation (% of GDP)" was in 2022 and it puts Uganda's Gross Capital formation at 24%, according to the World Bank collection of development indicators, compiled from officially recognized sources.

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

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

13 https://data.worldbank.org/indicator/NE.GDI.TOTL.ZS?locations=UG

This decline in performance was mainly attributed to project implementation challenges encountered during the FY2022/23 including failure to meet project readiness conditions in time, long procurement delays, limited funding, and failure to secure or acquire right of way for infrastructure projects, among others. It must be said though that, FY2021/22 performance appears to be an outlier rising steeply from FY2020/21. The FY2022/23 appear more in line with FY2020/21 performance. Clearly, significant issues remain which affect project timeliness and which need to be resolved, otherwise performance will continue to remain significantly below target.

3.1.2.3 Share of PIP Projects implemented within the approved budget:

This indicator assesses the financial management and cost control practices within the Public Investment Program. It measures the proportion of projects that are completed within Development Committee (DC) approved cost and without cost-overruns.

Performance of 84% against the target of 75% was impressive demonstrating a significant majority of projects were executed within approved project cost. This performance is higher than FY2021/22 performance (83.1%) and is a strong indication that project cost controls imposed under the PIMS framework are being applied and largely working.

Key interventions that were planned under this outcome are;

3.1.2.3.1 Strengthen Public Investment Management across the entire government to be able to develop bankable projects on time

Contract management has consistently been sighted as a critical factor in improving of public investment management. As part of efforts to strengthen contract management, a total of 2,072 MDA and Local Government staff (69% of the target) were trained in contract management during the period. These staff included Accounting Officers, User departments, Contracts Committee members, and Procurement Officers. Cumulatively from FY2020/21 to FY2022/23, a total of 7,146 participants (71% of the target) have been trained in contract management. These participants are spread across different regions, with the highest numbers in the Central region at 42%, followed by the Western region at 23%, the Northern region at 22%, and the Eastern region at 13%. The outcome of this capacity-building effort is evident in the improvement of contract management practices across government.

NPA also engaged in the following key PIMs capacity strengthening activities;

- Preparing and supporting 12 feasibility and pre-feasibility studies where six (06) were completed and six (06) are still on going. The completed studies include; Livestock vaccine manufacturing and commercialization in Uganda, Agriculture cold chain storage in Uganda, Soroti, Jinja, and Kasese industrial parks as well as the Pre-feasibility study for the Construction and Equipping the planning House. These studies helped to identify and assess the viability of potential investment projects, and have made it more likely that these projects will be bankable.
- Monitoring implementation and reporting for all government projects and Programmes to ensure that they are on track. This helps to identify any potential problems early on and take corrective action.
- Proactively coordinating government programs through various platforms, such as the Public Investment Review Team (PIRT), the Technical Implementation Coordination Committee (TICC), and the Project Coordination Committee (PCC). This helps to ensure that government programs are aligned and that resources are used efficiently.

Despite these efforts, there have been some challenges such as the delays in fund disbursements from development partners, and the lack of capacity in some government agencies to effectively manage and implement projects. These challenges will need to be addressed in future.

Significant progress was also achieved under the Ministry of Finance, Planning, and Economic Development (MoFPED) through a series of actions to strengthen PIM practices across government entities. This includes the automation of business processes for PIMs that was carried out in phases and the acquisition of the Risk Ease Master Edition software. Notably, 50 perpetual licenses were procured for the software, facilitating prefeasibility and feasibility studies on the Integrated Bank of Projects (IBP). Over 26 MDA staff underwent training in the Basics of PIM, while several officers received comprehensive training in the Financial Analysis Module through the program on investment appraisal and Risk Analysis (PIAR). Notably, 33 officers completed training in Basic PIM. The Development

Committee guidelines underwent rigorous review and updating, with a focus on integrating gender equity and green growth principles.

Finally, the draft PIMs Policy was updated and was awaiting Cabinet approval by the close of the reporting period. This policy is set to provide a foundational framework for Public Investment Management practices.

3.1.2.3.2 Strengthen capacity for PIMS, particularly at the MDAs and Local Governments

A capacity building strategy for PIM was developed by MoFPED to strengthen capacity for development planning, particularly at the MDAs and Local Governments levels. The capacity building workshop for all DC members to critically screen public investment projects was conducted from 13th and 14th April 2023 at Speke Resort Munyonyo.

3.2 Objective 2: Strengthen budgeting and resource mobilization:

Under this objective, the Government intends to improve capacity for budget management and to enhance its revenues for the purposes of budget financing under Uganda's NDP III. The key outcomes under this objective are (i) increased budget self-sufficiency, (ii) sustainable economic growth and stability, (iii) fiscal credibility and sustainability, and (iv) improved budget credibility. These outcomes

are crucial for achieving the goals outlined in the NDP III, namely promoting economic development, attracting investment, and ensuring prudent fiscal management. Resource mobilization and improved budgeting is also crucial for achieving fiscal sustainability, enhanced economic performance and sustainable and inclusive development.

3.2.1 Outcome 1: Increased budget self-sufficiency.

Budget self-sufficiency refers to the ability of the government to generate sufficient revenue to fund its budgetary expenditures without relying heavily on external sources of financing. By reducing dependency on borrowing, Uganda can have greater control over its fiscal policies, achieve fiscal stability, and enhance its ability to implement development programs.

The DPI Programme aims to enhance budget self-sufficiency by improving revenue mobilization efforts, expanding the tax base, and promoting compliance with tax regulations. The NDP III uses the following indicators to assess Uganda's progress towards achieving increased budget self-sufficiency:

Table 11: Performance on Increased Budget self sufficiency

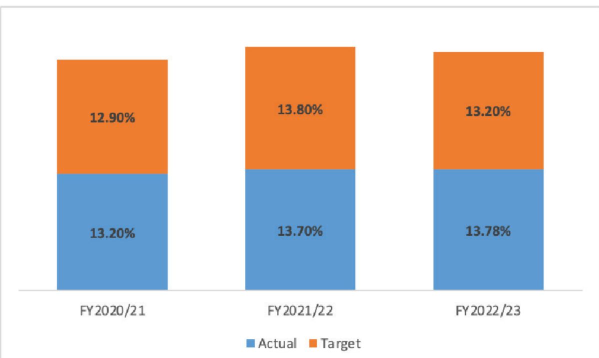
		Baseline	Actual	Actual	Target	Actual
Outcome	**Indicator**	**2017/18**	**2020/21**	**2021/22**	**2022/23**	**2022/23**
Increased Budget self sufficiency	**Revenue to GDP (%)**	12.1	13.2	13.7	13.69	13.78
	Tax to GDP ratio	11.6	12.4	13.51	12.77	12.93

3.2.1.1 Revenue to GDP (%):

Revenue to GDP (%) is a key indicator that reflects the proportion of a nation's internal income, generated through various sources including taxation, in relation to its Gross Domestic Product (GDP). Higher percentages denote greater revenue resources, enabling the government to allocate a larger portion of its budget using internally generated revenue.

In FY2022/23 Revenue to GDP was reported at 13.78% above the annual target of 13.2% and better than FY2021/22 (13.7%).

Figure 11: Revenue to GDP ratio

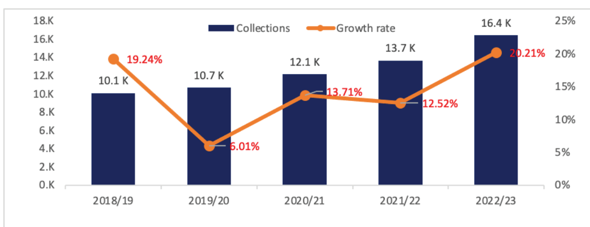


Revenue growth rate slowed down significantly between the second and third year to less than 0.01% compared to about 0.04% between FY2020/21 and FY2021/22.

The gross domestic revenue collected during the year was UGX16,425.41 billion, which exceeded the target of UGX16,188.51 billion by 1.46% or UGX236.89 billion. This was also a 20.21% or UGX2,761.52 billion increase from the previous year. The domestic revenue sources included direct taxes, non-tax revenue (including stamp duty and embossing fees), and indirect taxes. Direct taxes performed the best with a surplus of UGX724.62 billion (8.8%), followed by non-tax revenue with a surplus of UGX65.81 billion. Indirect taxes performed the worst with a deficit of UGX553.54 billion. Domestic revenue accounted for 63.78% of the total gross revenue collected.

The Non-Tax Revenue collections including Stamp duty & Embossing Fees were UGX1,587.69 billion against a target of UGX1,521.88 billion, posting a surplus of UGX65.81 billion and a performance of 104.32%.

Figure 12: Trend Analysis for revenue collection: July 2022 - June 2023



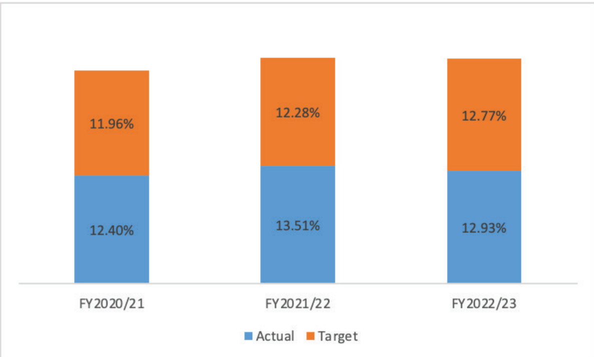
As is seen in figure 12 above, the trend, including the growth rate, has remained positive over the years reflecting continuous efforts to improve revenue mobilization.

3.2.1.2 Tax to GDP ratio:

Tax revenue is the primary income source for governments, supporting crucial services like education, healthcare, and infrastructure. The tax to GDP ratio measures government's total tax collection as a percentage of its GDP. This indicator also aids in evaluating the impact of fiscal policies on revenue collection and enables international comparisons of tax policies.

In FY2022/23, the tax to GDP ratio was recorded at 12.93% slightly above the annual target of 12.77%, but still lagging behind the end of plan (NDP III) target of 15.65% of FY2025/26.

Figure 13: Tax to GDP performance



Box 1: Factors affecting revenue performance in FY2022/23 as explained by MoFPED

- **The effect of government contractionary policy** in quarter one of the FY2022/23 to control inflation. This reduced consumption and resulted into the reciprocal effect of low demand and supply in the economy leading to low consumption tax yield. The delays in payment for government supplies during financial year also greatly influenced the performance of indirect taxes in the FY2022/23.
- **The inflation was largely two digits during the five months of the FY2022-23 with an average of 8.84%.** This was further associated with global inflation which created a conservative demand behavior both for imports and local products. This explains the deficit in the consumption tax and low imports taxable base. The two-digit inflation was consistent since September 2022 until January 2023.
- **Global impact of the Russia-Ukraine** war that started on 22rd February 2022 created global supply distortion that affected global food supply and industrial agricultural input supply chain as well as fuel prices. Customs taxes were highly affected by global shocks that were sparked by the war that remained ongoing throughout the FY2022/23.

To meet its long-term revenue targets, the Government, through the URA and MoFPED, continued to implement its Domestic Revenue Mobilization Strategy (DRMS). The DRMS includes 111 reform actions mainly in the areas of revenue policy and administration addressing three goals broadly; (i) raising additional revenues to support the government's budgetary position, (ii) encouraging a healthy flow of investment, and (iii) addressing issues of fairness and transparency in the tax system. By the close of the year, 5.4% of these actions, on a cumulative basis, had been completed and implementation of 44%[14] was underway. Therefore, implementation of about half the actions was yet to start by the end of the FY2022/23.

14 These figures are based on information provided by Tax Policy Department, MoFPED

Box 2: KEY DRMS STRATEGIES EMPHASISED DURING FY2022/23

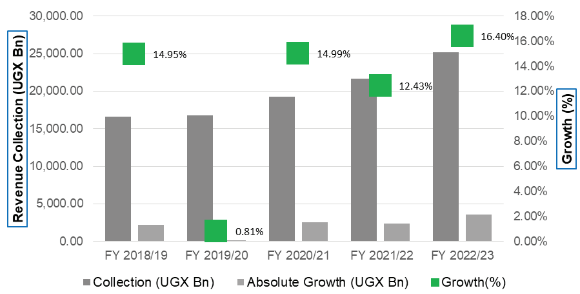
SOME KEY DRMS STRATEGIES EMPHASISED DURING FY2022/23 BY THE MOFPED

1. Digitization of the tax system.
2. Enhancing the audits and taming tax evasion and avoidance;
3. Adequate staffing and training of URA staff.
4. Rationalizing tax expenditures, and also publishing them regularly to facilitate cost-effective assessments, ultimately helping to reduce wasteful tax expenditures.
5. Strengthening the social contract of the tax system. Effective service delivery to justify to Ugandans why they should pay taxes.
6. Undertaking fiscal adjustments to generate higher growth and support faster socio-economic transformation;
7. Reducing wasteful expenditures, through repurposing the large public administration budget, improving efficiency across government, strengthening anti-corruption systems through digitization and automation (e-government), and repurposing the budget;
8. Undertaking policies to reduce inefficiencies in the social sectors, especially education and health. These inefficiencies include absenteeism of teachers, repetition and drop out of students as well as diversion of funds.
9. Reducing borrowing, particularly from domestic resources and external commercial loans which have high debt service cost and have resulted into a narrow fiscal space for development spending;
10. Effective implementation of the Charter of Fiscal Responsibility, and the EAC fiscal Convergence Criteria of limiting the budget deficit to 3% of GDP in the medium term and
11. Improving efficiency in the execution of projects and public investments, especially with respect to project implementation and maintenance of physical assets. In addition, incorporating climate change perspectives in managing these investments.

The strategy's goal is to improve revenue collection and raise Uganda's tax to Gross Domestic Product (GDP) ratio from 12.5% to 16%-18% within the five years - 2019/20-2023/24. Based on the FY2022/23 performance discussed earlier - both in terms of actions completed and domestic revenue growth rates, it is unlikely that the strategy's targets will be achieved by the end of the FY2023/24. This will require the end dates to be revised.

In spite of not achieving the NDP III target for the year, the total net revenue collected in FY2022/23 was UGX25,209.05 billion, surpassing the budget of UGX25,151.57 billion (0.23%) or UGX57.48 billion. This was also a 16.40% or UGX3,551.04 billion increase from the previous year – see figure 14 below.

Figure 14: Revenue Collection Performance over the years. (Source: URA)



The international trade revenue collected in FY2022/23 were UGX9,326.64 billion, missing the target of UGX9,462.70 billion by 1.4% or UGX136.06 billion deficit. In spite of missing the target, there was a 10.58% (UGX892.47 billion) increase from the previous year. The international trade revenue sources include import duty, petroleum duty, environmental levy, infrastructure levy, withholding tax on imports, VAT on imports, and excise duty on imports. Import duty performed the best with a surplus of UGX275.17 billion, while petroleum duty performed the worst with a deficit of UGX152.89 billion. International trade revenue accounted for 36.22% of the total gross revenue collected in FY2022/23.

Table 12: International Trade Taxes

Tax Categories	Target	Actual	Performance	Growth (UGX)	Growth (%)
Petroleum duty	**2,978.06**	**2,825.17**	**94.87%**	**138.89**	**5.17%**
Import duty	**1,707.60**	**1,982.77**	**116.11%**	**425.71**	**27.34%**
Excise duty	**323.54**	**268.19**	**82.89%**	**-0.5**	**-0.19%**
VAT on Imports	**3,688.69**	**3,527.12**	**95.62%**	**235.48**	**7.15%**
Withholding Taxes	**228.97**	**205.18**	**89.61%**	**37.4**	**22.29%**
Surcharge on Imports	**271.04**	**256.12**	**94.49%**	**-1.09**	**-0.42%**
Temporary Road Licenses	**110.82**	**123.48**	**111.42%**	**44.68**	**56.70%**
Infrastructure levy	**137.06**	**117.96**	**86.07%**	**3.64**	**3.19%**
Export levy	**16.92**	**20.67**	**122.17%**	**8.26**	**66.57%**
Total International Trade Taxes	**9,462.70**	**9,326.64**	**98.56%**	**892.47**	**10.58%**

Tax refunds were UGX543.00 billion against a projection of UGX499.64 billion. The actual refunds were more than the projected refunds in the period by UGX43.36 billion (108.68 percent). The excess refunds were spill-overs of the refunds for the last FY2021/22. As a result, 96.30% (UGX522.93 billion) of the refunds were domestic revenue refunds, and 3.70% (UGX20.07 billion) of the refunds were customs.

The tax policy and administrative measures pronounced at the beginning of the FY2022/23 yielded revenue gain of UGX1,141.91 billion by the end of June 2023. This was against a target of UGX1,500 billion leading to a performance of 76.13%. These measures alone were UGX1,474.12 billion. Measured against the target, the administrative measures performed at 98.27% of the annual target of UGX1,500 billion. However, International trade amendments resulted into a revenue loss of UGX322.21 billion during the FY2022/23 which reduced the revenue gain by the same amount by the end of FY2022/23.

Box 3: Administrative factors enabling enhanced domestic revenue performance (Source: URA)

Enhanced administrative measures at URA in form of increased working operational hours, arrears management, deliberate compliance engagements with the tax payers, use of the mobile office, increased sensitization, use of alternative dispute resolution, compliance initiatives (audits/vetting), use of information, tax investigations, New performance management approach and use of technology in custom processes. The initiatives resulted in two-digit growth in tax revenue of 16.40% reported in the FY2022/23.

The implementation of EFRIS & Digital Tax Stamps (DTS) as major sources of information. This supported timely and improved accuracy in the declaration for VAT & LED. Deliberate enforcement activities and monitoring of stamps have created a compliance culture with the new system rules among tax payers. In addition, staff have been fully deployed to monitor the enforcement of DTS at factories.

As at 30th June 2023, the total EFRIS register stood at 62,266 taxpayers out of which 35,021 are VAT registered taxpayers and 27,245 are not VAT registered. EFRIS usage was at 96% (22,667 taxpayers issuing against 23,525 Active/Filing Taxpayers). In comparison with the entire EFRIS VAT register, issuance is at 67% (22,667 taxpayers issuing against 35,021 taxpayers on the EFRIS VAT register). EFRIS usage of non-VAT registered persons is 43% (11,700 persons issuing e-receipts against 27,245 non-VAT registered persons).

A total of 1,191 VAT taxpayers are not registered on EFRIS (representing 3.52% of the VAT register). These include Diplomats, Diplomatic missions and public international organizations that are not required to register for EFRIS. Focus is on the major business sector categories and hubs such as; hard wares, supermarkets, whole sellers, retailers, manufactures, bars & restaurants & Kikuubo, through issuance of public notices, stakeholder engagements, offering hands on support to taxpayers and other monitoring initiatives like receipts campaigns, on site spot checks, deployments & penalty issuance to habitual offenders.

Increased demand for government services and enforcement of Non-Tax revenue led to UGX65.81 billion in surplus during the FY2022-23

Progress On Key Interventions Under This Outcome

3.2.1.2.1 Reducing informality and streamlining taxation at national and local government levels

In fast-tracking the implementation of the Tax Payer Registration Expansion Programme the URA has seen the total number of taxpayers increase to 3,500,294 in FY2022/23 (by 33.7%) from 2,618,008 in 2021/22, with 194,143 being non-individuals and 3,306,151 being individual taxpayers. Non individual Tax payers grew by 23,789[15] during the financial year 2022/23 compared to 18,614 in FY2021/22. High value tax payers were 102,216 from whom UGX47.76 billion was generated.

Under the Tax Payer Registration Expansion Program (TREP), Kampala Capital City Authority (KCCA) embarked on a comprehensive initiative aimed at refining existing revenue data to simplify taxation processes

15 URSB FY2022/23 annual report

and promote better compliance. In FY2022/23, the TREP project facilitated the collection of UGX32.8 billion through business licenses, local service tax, and local hotel tax. Notably, efforts to broaden tax registers yielded substantial results with increased taxpayer registrations and updates across various categories, including 25,492 new business license holders, 867 property valuations for property rates, 961 local service tax contributors, and 33 participants in the local hotel tax category. Continuous expansion of these registers remains a priority, evidenced by the ongoing valuation process and draft roll presentation for Central Division.

KCCA's proactive engagement with taxpayers and potential contributors through targeted sensitizations and public notices has proven impactful. During the FY, an impressive array of activities was undertaken, including 129 sensitization sessions and stakeholder engagements, 7 newspaper public sensitization notices, 17 radio talk shows, and the dissemination of 51 Bulk SMSs to over 876,764 clients to enhance demand and awareness. Moreover, capacity-building initiatives comprising 7 training sessions were conducted for elected leaders, ensuring a comprehensive understanding of revenue-related matters.

Additional revenue management measures are underway, such as the piloting of the Automated Arrears Management and Reports Module in central division. This module, which is currently being piloted for properties with arrears aged 36 months and above, is set to facilitate effective arrears management. Furthermore, KCCA has successfully automated markets collections, transitioning to a cashless system and introducing e-payments to streamline transactions. A significant stride toward formalization and improved revenue administration was made through the geo-referencing of all businesses in Kampala, ensuring real-time tracking and enabling informed decision-making.

By the close of FY2022/23, a total of 30,893 businesses had been successfully geo-referenced, demonstrating KCCA's commitment to comprehensive reform and modernization in revenue mobilization and administration. These combined efforts underscore KCCA's unwavering dedication to strengthening financial sustainability and promoting formal economic activities within the city, while maximizing revenue streams to support developmental initiatives.

3.2.1.2.2 Facilitate the development of an integrated identification system

The integration of the URA with the National Identification and Registration Authority (NIRA) system was completed. Additionally, the URSB-URA System enhancement was also completed, and functionality for the issuance of instant TINs for Non-Individuals was undergoing user acceptance testing by the close of the year. This was expected to be released to the live environment in September 2023.

URA continued to implement electronic tax systems at both the national and local government levels, including E-invoicing, e-logrev, and Digital stamps. These initiatives are designed to streamline tax processes and provide a more transparent and convenient tax-paying experience for businesses and individuals. Improvements in efficiency in revenue administration through these advancements and engagements are expected to enhance tax compliance among the private sector players.

To further improve Tax compliance, URA undertook the following activities during the financial year;

- A study was conducted with support from the USAID-DRM4D Project to implement an internal integration platform called Fiorano, which connects the NWSC system and EFRIS. The study proposed the implementation of an Enterprise Service Bus to improve integration. The implementation of this integrations between the NWCS and EFRIS is expected to improve data and information available on tax-payers.
- Another study was carried out to assess the effectiveness of tax education and sensitization initiatives for the informal sector.
- A taxpayer education strategy was developed, and outreach and client support programs were executed across regions and different sectors. The strategy aims to increase tax compliance by improving taxpayers' understanding of their obligations. This will not only lead to fewer errors in tax filings, but also cultivate a sense of voluntary compliance, ultimately enhancing the overall efficiency of URA operations. Through these efforts, URA also hopes to not only strengthen their relationship with taxpayers, but also foster greater inclusivity, ensuring that all members of the taxpayer community contribute fairly and diversely. Moreover, this initiative is expected to have a lasting impact, instilling

a culture of knowledgeable taxpayers who actively contribute to economic growth.

- The Data Analysis function was established at URA and has been operational throughout the year. This function developed a management report identifying tax payer data gaps. The report also highlights the level of data usage for decision-making and the need for the institutionalization of a data governance framework to promote data integrity for revenue mobilization.
- An Anti-corruption campaign was held on 9th December 2022, concluding the Anti-corruption week activities to raise awareness of URA's fight against corruption.
- A total of 133 Tax clinics/katales/Barazas were conducted across regions. The tax Katales involve camping in a trading Centre or a business concentrated area to reach out and register new tax payers while also providing other services. This has proved very effective and has improved tax compliance for both tax education, filling, and payment in upcountry areas.
- More than 150 sector-based engagements took place within the year, including with political leaders, professional bodies, public sector agencies, business communities, media houses, construction sector, tourist sector, youths, agricultural sector, private sector entities, NGOs, and special interest groups. The ultimate purpose of this program was to cultivate a comprehensive understanding of tax payer responsibilities among various demographics. Its primary objective was to demystify tax procedures, target specific concerns within different industries, and encourage the voluntary fulfillment of taxation. By personalizing the approach for each sector, the goal was to effectively resonate with individuals and provide accessible, applicable tax information. The result has been a better informed and collaborative taxpayer community, leading to improved compliance, decreased errors in submissions, and an overall boost in economic growth. Additionally, these interactions facilitated a reciprocal exchange of insights, enabling URA to adapt its strategies to the specific challenges and expectations within each sector.

3.2.1.2.3 Expand financing beyond the traditional sources.

In addition to tax revenues, exploring and maximizing non-tax revenue sources, such as user fees, royalties, licenses, and fines, has also contributed to increased budget self-sufficiency. Identifying potential revenue streams and implementing effective mechanisms for their collection and management can provide an additional source of funding for public expenditure.

Efforts under MOFA: The Ministry of Foreign Affairs (MOFA) engaged in various initiatives to promote investment and development cooperation. They coordinated an Afro-Indian investment summit, raising $190 million in investment capital. The MOFA also facilitated a donation of JPY 5 million from the Japanese Red Cross for relief efforts related to displacement in Uganda and signed a development assistance agreement of 68.8 million euros with Germany for Uganda. Additionally, the MOFA sourced and coordinated grants and loans from Japan for medical equipment, food production, and the Kampala Flyover project, totaling $165.15 million. (The funding before FY2022/23 was meant for LOT 1 which was covering 70% of the total project cost. The 30% will cover LOT 2 of the Project). They conducted due diligence on a railway project and secured support for financing from UK Export Finance (UKEF) and other financiers estimated at USD 1.8 billion (UKEF is expected to guarantee financing for the project under concessional terms. The funds were yet to be disbursed to Uganda by the close of the reporting period).

Efforts under LGFC: The Local Government Finance Commission (LGFC) initiated an inventory of best practices in local revenue mobilization and generation in 2003 to enhance local revenue performance. In 2021, the inventory was updated to align with reforms in Public Financial Management. This comprehensive inventory highlights fair, efficient, and effective practices for local revenue generation, offering local governments options and procedures to enhance revenue collection and management. Over 20 best practices were documented, with notable ones including automation of revenue administration, computerized revenue registers, tax education, and e-property valuation.

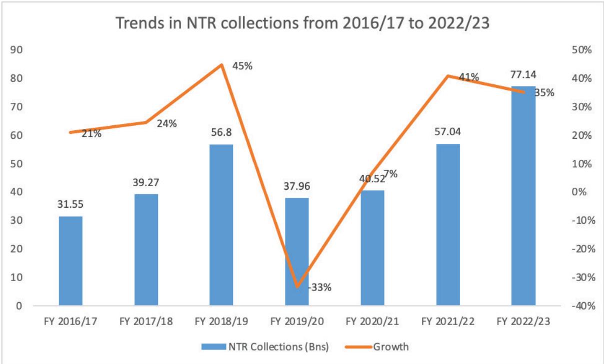
During the year, implementation of these best practices took place across 13 Local Government Systems (LGS), namely Lira, Tororo, Kalungu, Mbarara, Kiryandongo, Bukedea, Soroti, Luuka, Luwero, Bushenyi, Mubende, Gulu, and Pakwach districts. The focus was on improving property rates collection through property register compilation, property valuation, forming property owners/ occupants' associations, and managing property tax funds. Notably, by the end of the FY2022/23, 73 local governments, including cities and municipal councils, had e-valuation lists ready for property taxation.

LGFC also collaborated with various stakeholders and finalized the Local Revenue Mobilization Strategy (LRMS). This strategy involved a diagnostic study of local governments' revenue sources, a review of the legal and policy framework, and a technical assessment of revenue management systems. The LRMS was approved in December 2022 and features strategies like automating revenue administration and revising legal provisions for local revenue mobilization.

LGFC also streamlined the management of royalties for local governments, identifying revenue potential from royalties and suggesting improvements. The report indicated potential revenue of UGX16.5 billion from royalties, prompting recommendations for better management through memoranda of understanding between Operating Companies and Local Governments. The projected revenue was updated to UGX50 billion in the FY2022/23.

Efforts under URSB: URSB collects revenue from the registration services it offers as per its mandate from the Uganda Registration Services Bureau CAP 210. In 2022/23, URSB collected UGX77.14 Billion against the annual target of UGX69.6 Billion, representing a performance of 110.83% and a surplus of over UGX7.54 Billion. This performance represents a 35% growth compared to the FY2021/22 NTR collections of UGX57.04 Billion. Overtime, the NTR collections have increased from UGX32.55 Billion in 2016/17 to 77.14 Billion in 2022/23 as depicted in the figure below.

Figure 15: Trends in URSB's NTR collections



To ensure compliance to gaming regulations, the Board took decisive actions, including confiscating 1,289 unlicensed gaming equipment and devices, shutting down 18 non-compliant gaming premises, and issuing cautions to 132 operators of non-compliant gaming establishments. Furthermore, through investigations and enforcement efforts, the Board targeted and closed seven illegal operations which included entities like BLQ football Uganda, Uganda Bettors Association, and cases of Board Staff Impersonators.

Efforts under KCCA: Kampala Capital City Authority (KCCA) also continued to actively pursue diverse revenue sources beyond traditional methods. The authority identified prospects include a congestion charge to manage urban traffic, event and theater charges, potential issuance of municipal bonds, and investments in revenue-generating infrastructure such as street lights supporting advertising and parking towers. KCCA also continued to explore partnerships with the private sector, introducing surcharges on utilities, and considering property rates for utility lines. These strategic measures underline KCCA's commitment to fiscal innovation and resilience, aiming to secure robust revenue streams for the city's development and operational needs.

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

Under this intervention, MoFPED through the Tax Policy Department (TPD) submitted proposals for amendment of the Income Tax Act, VAT, and Excise Duty Act within the East African Community (EAC) Harmonization framework to facilitate tax harmonization. The review of the excise duty regime and the Excise Duty Act was conducted through a comprehensive study. Additionally, collaborations with stakeholders led to the updating of Key Performance Indicators (KPIs) and a study on the economic impact of tax incentives was carried out.

The Lotteries and Gaming Act and the income tax Act were amended to facilitate effective and efficient resource mobilization. The gaming tax rate for Casinos and slot operations was adjusted from 20% to 30% in the Lotteries and Gaming Amendment Act, 2023 and the 15% Withholding tax on Winnings was repealed from the income tax Amendment Act 2023. Through these amendments, the gaming tax is projected to increase from UGX49.8 billion in FY2022/23 to 74.7Billion un the FY2023/24

The NLGRB is developing the National Central Electronic Monitoring System (NCEMS) to help in analyzing and reporting the data in accordance with the prescribed requirements. The NCEMS is a system that detects and monitors significant events associated with casinos, gaming and betting machines or gaming and betting activities. The development of the system reached a completion rate of 60% by the end of the year. Notably, the online sports betting and Casino module was fully developed and was ready for seamless integration with Operator/licensee systems. Once completed and rolled out, this system will ease the enforcement of regulatory compliance, and overseeing gaming operators to ensure adherence to legal and regulatory requirements, including age verification to prevent underage gambling. It will also play a pivotal role in revenue tracking, guaranteeing the collection of appropriate taxes and fees, and contributing to player protection through tools for responsible gambling.

The rigorous compliance monitoring undertaken by NLGRB during the FY2022/23 yielded substantial results, with tax collection from the gaming sector increasing to UGX151.9 Billion, marking a remarkable 38% increase in comparison to FY2021/22. Within this total, direct taxes contributed UGX145.3 Billion, while non-tax revenue constituted UGX6.58 Billion.

Efforts to combat money laundering were also strengthened through enhanced awareness and compliance measures in Casinos following comprehensive training provided by the Financial Intelligence Authority (FIA).

To improve revenue collection in LGs, LGFC conducted a review of legal provisions for local revenue management, involving the Local Revenue Enhancement Coordinating Committee (LRECC). The objective was to strengthen weak provisions and facilitate effective revenue collection, ultimately improving service delivery. Key target acts, such as the Local Governments Act, Trade Licensing Act, and Income Tax Act, were under consideration. A framework was devised to motivate tax collectors, administrators, and payers, including incentives like rewards, bonuses, grants, and recognition for top performers.

The Kampala Capital City Authority (KCCA) undertook comprehensive measures to enhance its revenue generation strategies, with a specific focus on refining the legal and regulatory frameworks governing various revenue streams. Notable among these efforts were the initiatives related to outdoor advertising, park user fees, commercial motorcycle taxis ("Boda-Bodas") registration and management, as well as the administration and regulation of markets. These measures are aimed at optimizing revenue collection, promoting fiscal sustainability, and ultimately improving the capacity to deliver essential urban services.

Box 4: Revenue streams under KCCA for which legislation was streamlined

1. *Outdoor Advertising Ordinance*: KCCA's Council approved the Outdoor Advertising Ordinance, and this was awaiting clearance from the Attorney General and Minister for Kampala Capital City & Metropolitan Affairs by the close of the reporting period. The implementation of this ordinance is expected to yield an annual revenue source of UGX5.6 billion from outdoor advertising.
2. *Park User Fees*: The Park User Fees legal instrument was effectively implemented, resulting in the Directorate's collection of UGX3.55 billion by the end of FY2022/24, surpassing the target of UGX2.25 billion by 158%.
3. *Boda-Boda Registration and Management*: KCCA introduced a registration system for commercial motorcyclists ("Boda-Bodas") to regulate their operations and determine applicable fees. 42,427 Boda-Bodas were registered, however due to a directive, the implementation and collection of fees were deferred. Upon enforcement of the Kampala Capital City (Commercial Road Users) Regulations, 2015, an estimated UGX3.8 billion is projected to be realized from this sector.
4. *Markets Administration and Regulation*: The Markets Act was assented to by the President in May 2023. KCCA's efforts resulted in the collection of UGX224.1 million in dues by the close of FY2022/23. Furthermore, a data cleaning project was executed to ensure accurate client information and GIS-enabled location data, facilitating timely collection and enhancing revenue source identification.

KCCA has also engaged in comprehensive research endeavors to maximize revenue realization. This included a dedicated study on optimizing property tax collections and the introduction of a progressive banding system. Moreover, the implementation of a Data Cleaning project, complemented by Geographical Information System (GIS) technology, demonstrates the Authority's resolve to modernize revenue management practices.

3.2.2 Outcome 2: Fiscal credibility and sustainability

Fiscal credibility and sustainability are critical for maintaining sound fiscal management, ensuring financial stability, and promoting long-term economic growth. Fiscal credibility refers to the trust and confidence of stakeholders in the government's ability to manage its finances effectively and sustainably. The DPI Programme aims to enhance fiscal credibility by improving fiscal transparency, accountability, and prudent financial management through adoption of sound budgetary practices, ensuring timely and accurate financial reporting, and implementing effective fiscal control mechanisms. The NDP III lists 3 indicators for the purpose of measuring fiscal credibility and sustainability. These are provided in the table below, together with performance against them during the FY2022/23:

Table 13:Performance against Fiscal credibility and Sustainability indicators

Outcome	Indicator	Baseline 2017/18	Actual 2020/21	Actual 2021/22	Target 2022/23	Actual 2022/23
Fiscal credibility and Sustainability	External resource envelope as a percentage of the National Budget.	20	10	8.3	19	47.7
	Present Value of Public Debt stock /GDP	30.8	37.6	40.2	38%	39
	Proportion of direct budget transfers to local government	12.9	11.7	13.7	24.06	11.8

3.2.2.1 External resource envelope as a percentage of the National Budget:

This indicator measures the proportion of external resources, such as foreign grants or loans, relative to the total national budget. Actual performance in FY2022/23 showed this ratio at 47.7%, surpassing the target of 19%. This was significantly above the target and worse than the 8.3% in FY2021/22. Such high percentage indicates a greater dependency on external financing, which can pose risks to fiscal sustainability.

3.2.2.2 Present Value of Public Debt stock/GDP:

This indicator represents the current worth of the government's total outstanding debt, considering the time value of money, compared to the size of the economy. This indicator is crucial in evaluating the sustainability of a nation's debt burden and its ability to service its debt obligations over time.

The performance against this indicator in FY2022/23 was 39%, slightly exceeding the target of 38%. According to the Auditor General's report for FY2022/23 public debt has more than doubled from UGX46,057 Billion in FY2018/19 to UGX97,499 billion as at 30th June 2023.

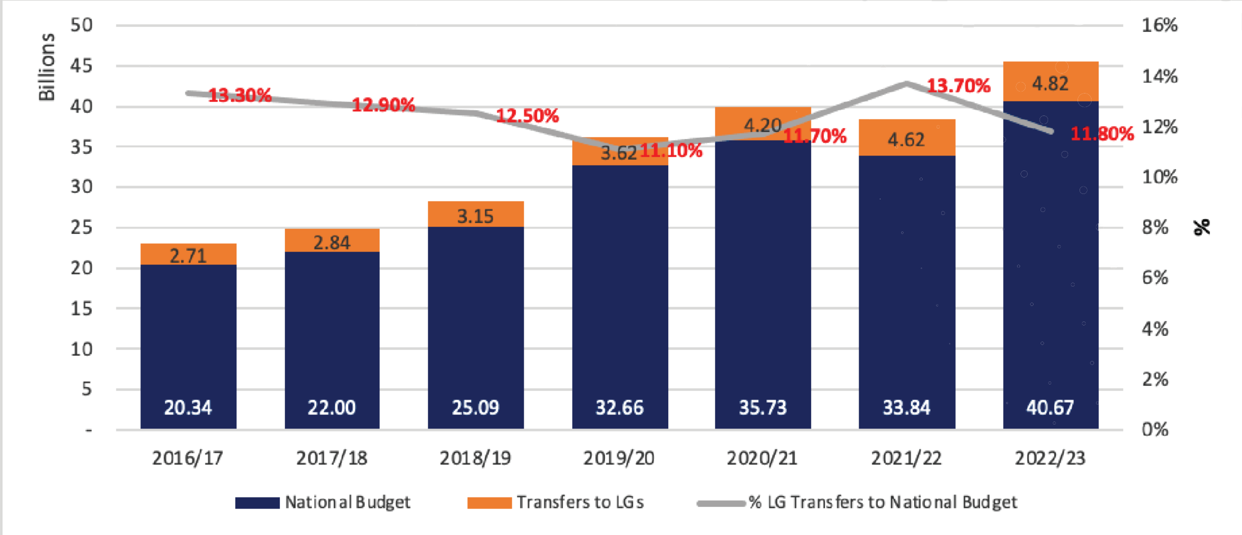
The Debt Sustainability Analysis published in December 2022 projected the Present Value of debt to GDP to remain below its associated benchmark of 55% over the medium term. This ratio is likely to remain below the more stringent threshold of 50% stipulated in both the Public Debt Management Framework and the convergence criteria of the EAMU Protocol. In nominal terms, debt to GDP was forecast to decline from 48.6% in FY2021/22 to 42.3% in FY2026/27. This public debt path is well within the requirements of the Charter for Fiscal Responsibility.

3.2.2.3 Proportion of direct budget transfers to local government:

Effective fiscal decentralization involves allocating resources directly to local governments to empower them in delivering services and implementing development projects. This indicator therefore measures the proportion of such direct budget transfers made from the central government to local government entities.

The proportion of the direct LG transfers out of the National Budget decreased from 13.7% (FY2021/22) to 11.8% (FY2022/23) against a target of 24.6%. While the national budget increased (20%), the same increase was not translated in the share to LGs – see figure 16 below. However, nominally, the LG transfers increased from UGX4.62 trillion to UGX4.82 trillion, reflecting a 4.2% increase. This gap between the actual performance and the target for FY2022/23 raises concerns about the potential implications for fiscal credibility and sustainability, as insufficient transfers to Local Governments may hinder their capacity to effectively address local development priorities and meet the needs of their constituents.

Figure 16: Proportion of direct budget transfers to local government (LGFC Databank)



However, going by the performance over the past years, it appears, on reflection, that the targets for the indicators was set very high and is not likely to be achieved within the NDP III period. Therefore, a review of this target is necessary.

Implementation of the UGIFT Program

With support from the World Bank, Government has, since FY2020/21 been implementing the Uganda Intergovernmental Fiscal Transfer reform (UGIFT)[16] Program with Development Objective (PDO) "to improve the adequacy and equity of fiscal transfers and improve management of fiscal resources by Local Governments (LGs). The program effectively supplements transfers to Local Governments by providing direct disbursements for education, health, water and environment, and micro scale irrigation services

As a result of efforts through UgIFT, in FY2022/23, grant transfers in the selected services such as Health, Education, Water and Micro-Scale Irrigation were significantly enhanced.

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

Progress on Key Interventions under this Outcome

3.2.2.3.1 Implement electronic tax systems to improve compliance both at National and LG levels.

In May 2020, the Uganda Revenue Authority (URA) implemented the Electronic Fiscal Receipting and Invoicing Solution (EFRIS), which is a Government smart business solution that provides businesses with a platform to maintain records in an easy, secure and retrievable digital format, quick processing of tax claims or refunds, fair tax assessments, track and validate business transactions in real time, among others. In accordance with the Tax Procedures Code Act 2014 section 73A, a person who conducts business and is Value Added Tax (VAT) registered is required to issue an e-invoice or e-receipt for any supply or sale regardless of whether the supplied or sold good is subject to VAT at a standard rate, zero rate or exempt.

As at 30th June 2023,

- The total EFRIS register stood at 62,266 out of 194,143 non-individual taxpayers. Of these 35,021 are VAT registered taxpayers and 27,245 are not VAT registered.
- EFRIS usage was at 96% (22,667 taxpayers issuing against 23,525 Active/Filing Taxpayers).
- In comparison with the entire EFRIS VAT register, issuance was at 67% (22,667

16 The Uganda Intergovernmental Fiscal transfer programme (UGIFT), funded by the World Bank, is a financing vehicle for the Intergovernmental Fiscal Transfer Reform Program (IGFTRP) aiming specifically to address the issues of inadequacy, inequity and inefficiency in grant funding to LGs

taxpayers issuing against 35,021 taxpayers on the EFRIS VAT register).

- EFRIS usage of non-VAT registered persons was 43% (11,700 persons issuing against 27,245 persons on the EFRIS non-VAT register).
- A total of 1,191 VAT taxpayers are not registered on EFRIS (representing 3.52% of the VAT register). These include Diplomats, Diplomatic missions and public international organizations that are not required to register for EFRIS.
- Significant focus was placed on the major business sector categories and hubs such as; hardware, supermarkets, whole sellers, retailers, manufactures, bars & restaurants & Kikuubo. This was through issuance of public notices, stakeholder engagements, offering hands on support to taxpayers and other monitoring initiatives like receipts campaigns, on site spot checks, deployments & penalty issuance to habitual offenders.

During the year, the URA Electronic Tax (E-tax) system also underwent upgrade and integration with - IRAS, resulting in several noteworthy outcomes. These include the successful completion of electronic payments registration through IRAS, enabling efficient payment reconciliation reports at the Local Government level. Additionally, the system is poised to introduce the issuance of instant Taxpayer Identification Numbers (TINs) through IRAS, enhancing the overall user experience and streamlining the registration process. The anticipated release timeline for this functionality is September 2023.

Efforts to enhance Value Added Tax (VAT) filing by Local Governments were underway during the year, with completion planned for September 2023. This move is expected to improve the accuracy and efficiency of VAT reporting and compliance. Additionally, plans for the automatic exchange of data on taxpayer registers and revenue collections were also underway, aimed at improving data transparency and accuracy. Another significant development was the scheduled assessment of presumptive taxpayers. This was set for finalization by September 2023.

The upcoming enhancements, particularly the issuance of instant TINs and the automation of data exchange, are expected to contribute positively to the overall growth in revenues as they will enable smoother tax processes and promote higher levels of taxpayer participation.

Local Government Finance Commission

During the year, Local Government Finance Commission (LGFC) commenced research on alternative financing for Local Governments to identify innovative and sustainable methods of generating revenue beyond traditional sources. This effort aims to improve financial sustainability, support service delivery, facilitate infrastructure development, and reduce reliance on central government funding. The aim was also to encourage local governments to be more creative and efficient in funding public services and projects, ultimately contributing to the overall development of the communities at Local Government levels.

LGFC continued to lead efforts for revenue automation across Local Governments using the Integrated Revenue Administration System (IRAS). IRAS is a comprehensive digital platform that streamlines tax collection and management for governments. It enables taxpayer registration, electronic filing, and payment of taxes. The system automates tax assessments and enhances compliance management. It has capabilities to handle various revenue streams and provide data analytics and reporting tools for decision-making.

By the close of the FY2022/23, IRAS had been implemented in 104 Local Governments (9 cities, 24 municipal councils, and 71 districts) with positive outcomes. Revenues improved in councils where it was implemented for over one year. Overall, local revenue mobilization increased from the targeted-15% in FY2021/22 to 25% in FY2022/23. LGFC reported that LGs where IRAS was implemented registered a 300% increase in local revenue performance over two financial years (2021/22 to 2022/23)

Figure 17: IRAS team paying a courtesy visit to Mityana District Local Government

3.2.3 Outcome 3: Sustainable economic growth and stability

A strong and stable economy is essential for sustainable development. The DPI Programme recognizes the importance of sustainable economic growth as a key outcome of resource mobilization and budgeting. Sustainable economic growth, coupled with effective resource allocation, is vital for long-term development and poverty reduction.

The NDP III identifies two indictors to measure this outcome namely (i) GDP growth rate, and (ii) nominal Debt to GDP ratio. Performance against these two indicators in FY2022/23 is listed in the table below:

Table 14: Performance against Sustainable economic growth and stability indicators

Outcome	Indicator	Baseline 2017/18	Actual 2020/21	Actual 2021/22	Target 2022/23	Actual 2022/23
Sustainable economic growth and stability	**GDP growth rate**	6.2	3	4.6	6.38	5.2
	Nominal Debt to GDP ratio	41.5	46.8	48.6	45.29	46.2

3.2.3.1 GDP growth rate:

The GDP growth rate measures the annual percentage change in the country's Gross Domestic Product. Considering challenges posed by the global impacts of COVID-19 and the Russia-Ukraine conflict, Uganda's achievement of a 5.2% GDP growth rate in FY2022/23, though slightly below the 6.4% target, underscores the commendable resilience and adaptability of the economy. This growth was mainly driven by a significant pickup in the level of economic activity in the service sector 6.2%, agriculture 5%, livestock 8.9%, and fishing sectors 7.7%. The economic activity in industry saw a decline from 5.1% in FY2021/22 to 3.9% due to slowed growth in manufacturing and construction activities[17].

17 FY2023/24 Budget strategy

3.2.3.2 Nominal Debt to GDP ratio:

A Nominal Debt to GDP ratio of 46.2% in FY2022/23 which was below the target of 45.2%, underscores the nation's challenge in debt management and fiscal prudence. However, this was an improvement from the FY2021/22 performance of 48.6% which signifies the government's dedication to containing and optimizing its debt levels. During the FY2022/23, these efforts comprised, among others:

1. **Fiscal consolidation.** This was done through, (i) aggressive mobilization of domestic revenues. (ii) rationalizing government spending and (iii) prudent planning and budgeting to minimize supplementary requests.
2. **Sequencing projects and slowing down the rate of debt accumulation**. This was done by instituting a more stringent process for prioritizing, vetting, and rescheduling projects to be financed using borrowed resources.
3. **Implementation of the Public Investment Financing Strategy (PIFS)**. This aimed at streamlining the process of identifying and matching development financing to priority projects, improving efficiency in the use of available finance and assisting to mobilize additional finance to support the achievement of NDP III.
4. **Implementation of the Public Investment Management System (PIMS).** Government introduced the Public Investment Management Systems (PIMS) framework, which essentially is a series of readiness conditions that projects undergo before financing is sourced.
5. **Improved adherence to the Public Debt Management Framework (PDMF) and Medium-Term Debt Management Strategy (MTDS).** Adherence to the PDMF and MTDS ensures that Government's financing needs are met bearing in mind the cost and risk tradeoff, while maintaining debt sustainability over the medium to long term.

This is despite global economic challenges exacerbated by factors such as increased expenditure pressures, as the economy started to recover from the socioeconomic impact of the Covid-19 pandemic during the financial year. As at 30th June 2023, Uganda's public debt stood at UGX97.5 trillion of which domestic debt was UGX44.7 trillion and external debt stock was valued at UGX52.8 trillion representing an increase of 10.74% compared to a total debt stock of UGX86.3 trillion reported as at 30th June 2022.

Table 15: Government Debt 2018/19 to FY2022/23

Financial year ended	Domestic debt (UGXBn)	Foreign debt (UGXBn)	Total (UGXBn)	% change
June 2023	44,673	52,862	97,499	12.27%
June 2022	38,376	48,463	86,839	15.60%
June 2021	30,806	44,313	75,119	32.04%
June 2020	17,975	38,196	56,892	23.5%
June 2019	15,221	30,905	46,057	-

Source: OAG

During FY2023/24 and the medium term, government intends to further reduce domestic borrowing from 2.1% in FY2022/23 to 0.9% of GDP in FY2023/24 and increase external borrowing for priority projects. This will in turn support the growth of private sector credit which is necessary for a private sector led economic growth.

Progress on key interventions under this Outcome

3.2.3.2.1 Align Government Borrowing with NDP Priorities

As part of the effort to align government borrowing practices with NDP priorities, MoFPED undertook a comprehensive analysis of Cash Flow performance to ensure it matched the NDP borrowing targets. This analysis led to the drafting of an annual cash flow plan for the financial year 2023/24. In addition, MoFPED successfully prepared both domestic and external financing cash flow forecasts aligned to national development priorities, further reinforcing the alignment of borrowing practices with the NDP objectives.

MoFPED through the Development Assistance and Regional Corporation (DARC) unit played a pivotal role in integrated debt management by conducting technical working meetings with various sectors and Ministries, Departments, and Agencies (MDAs). These meetings facilitated the alignment of project loans and grants with the goals of NDP III. Additionally, MoFPED monitored progress and performance of donor-financed projects, such as the Uganda Multi-Sectoral Food and Nutrition Project and the Farm Income Enhancement and Forest Conservation Programme, among others. The unit also followed up efforts to upgrade and update the debt management system (DMFAS), ensuring it was current with new loans and payments.

3.2.3.2.2 Build capacity in government agencies to negotiate better terms of borrowing and PPPs

During the year, MoFPED provided training to government officers to improve their negotiation skills, particularly in the context of implementing the debt financing strategy. DARC successfully trained two officers in negotiation techniques based on the guidelines for loan/grant negotiations in government (2018), improving their ability to secure beneficial terms for borrowing and PPP agreements.

3.2.4 Outcome 4: Improved budget credibility.

Improved budget credibility is essential for effective fiscal management and ensuring that the allocated resources are utilized in line with the country's development priorities. The NDP III provided a set of indicators for assessing budget credibility. These, together with performance against them, are listed in the table below.

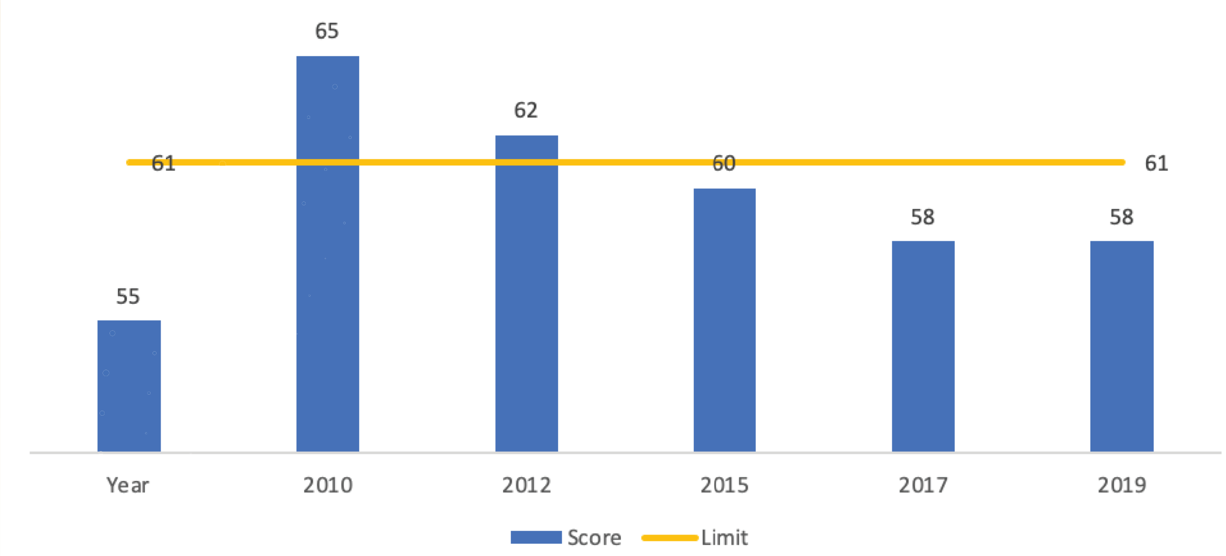
Table 16: Performance against Improved budget credibility indicators

		Baseline	Actual	Actual	Target	Actual
Outcome	**Indicator**	**2017/18**	**2020/21**	**2021/22**	**2022/23**	**2022/23**
Improved budget credibility	Budget transparency index	60	0		70	58
	National Budget compliance to Gender and equity (%)	55	65	60.02	82	53
	Supplementary as a percentage of the Initial budget	5.89	10.28	9.86	3	6.15

3.2.4.1 Budget transparency index:

The budget transparency index assesses the extent to which the government provides comprehensive and accessible information about the budgetary process, including budget formulation, execution, and reporting. The Open Budget Survey (OBS) evaluates public participation opportunities in various budget stages, involving the executive, legislature, and supreme audit institution, using 18 indicators aligned with fiscal transparency principles. The 2021 Open Budget Survey report indicates that Uganda scored 58 in transparency, 19 in public participation, and 59 in budget oversight, all below the 61 threshold.

Figure 18: Uganda's Budget Transparency ranking over the years. (Open Budget Survey 2022).



Although Uganda has consistently missed the mark since 2015, it still leads in budget transparency in the East African region and is closely followed by Kenya with a score of 50 and Rwanda with a score of 45.

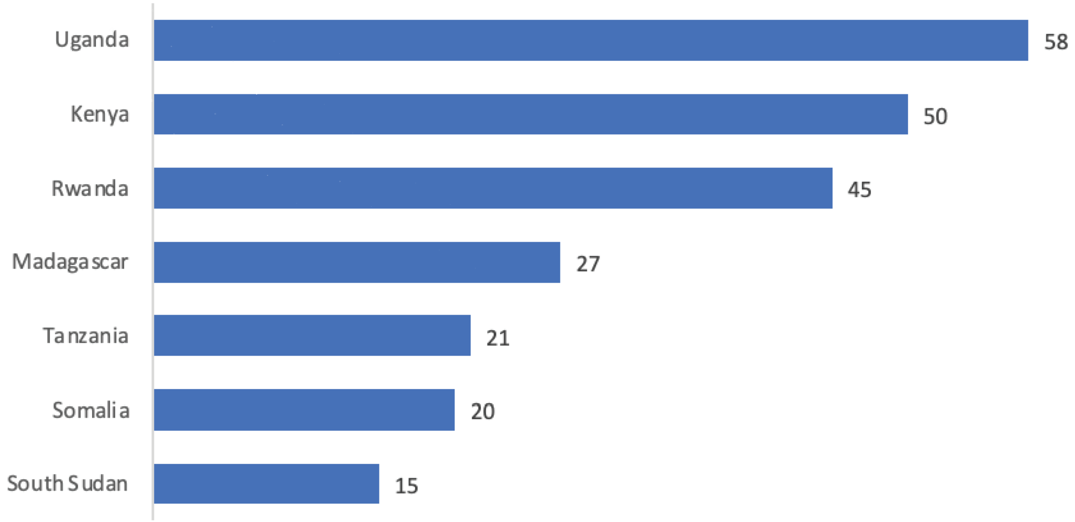


Figure 19: Budget Transparency in Uganda compared to other countries in the EAC and beyond (Open Budget Survey 2022)

While Uganda's Ministry of Finance, Planning, and Economic Development has introduced pre-budget submissions and e-consultations, government can further improve budget transparency, engagement, and accountability by:

- Proactively disclosing and making accessible budgetary information through user-friendly platforms.
- Creating avenues for meaningful public participation at all stages of the budget process.
- Strengthening the capacity and independence of oversight institutions like the Office of the Auditor General (OAG), District Public Accounts Committees (DPACs) and Parliamentary committees.
- Providing training and capacity-building programs for government officials, civil society organizations, and citizens.
- Implementing and enforcing anti-corruption measures, including transparent procurement processes, whistleblower protection, and strong legal consequences for corrupt practices.
- Leveraging technology to facilitate public access to budget information and participation.
- Pushing for policy reforms that promote transparency, accountability, and citizen engagement in budgetary matters.

- Promoting a culture of transparency and accountability within government institutions through leadership commitment, clear guidelines, and rewards for good governance practices.

3.2.4.2 Compliance of the National Budget to Gender and Equity

FY2023/2024 was the 9th Financial Year of implementing gender and equity responsive planning and budgeting. Gender and Equity responsive planning and budgeting is mandatory in accordance with the PFMA and it requires government under the respective Programme secretariats to allocate and implement the budget in a way that is more inclusive, efficient and effective so as to achieve the 2030 Sustainable Development Agenda.

The Assessment Report issued by Equal Opportunities Commission (EOC) examined the extent to which the national budget framework paper (BFP) and the twenty Programmes incorporated gender and equity requirements as stipulated in the legal framework.

Compliance of the National Budget Framework Paper (BFP) with Gender and Equity requirements for the FY2023/24-2027/28 was assessed in accordance with Schedule 3 of the Public Finance Management Act, 2015. The overall compliance of the National BFP with Gender and Equity requirements was found to be 54.3%, a considerable fall from 67.6% in the previous year 2022/23. The reduction in performance was explained by the Commission as resulting from the review and alignment of the 2023/2024 gender and equity Programme BFP assessment tools. This led to the enhancement of the performance grading and effectively affected the performance across all Programmes.

DPI Programme was specifically rated at 61% compliance falling from 73% in FY2022/23. The factors for this performance are explained by poor performance on the key indicators that have a direct bearing on the wellbeing of vulnerable people.

The table below presents the Programme BFP score for the FY2023/24;

Table 17 Programme BFP Gender and Equity Compliance Scores FY2023/24:

S/N	Programme	2021/22	2022/23	2023/24
1	Community Mobilization and Mindset Change	79.00%	79%	68.00%
2	Mineral Development	63.00%	59%	62.00%
3	Sustainable Urbanization and Housing	63.00%	65%	61.00%
4	Human Capital Development	82.00%	80%	61.00%
5	Development Plan Implementation	63.00%	73%	61.00%
6	Legislation, Oversight and Representation		69%	60.00%
7	Digital Transformation	66.00%	67%	60.00%
8	Tourism Development	61.00%	63%	60.00%
9	Sustainable Development of Petroleum Resources	58.00%	59%	57.00%
10	Agro-Industrialization	68.00%	69%	56.00%
11	Governance and Security	68.00%	68%	56.00%
12	Natural resources, Environment, Climate Change, Land and Water Management Development	76.00%	75%	55.00%
13	Integrated Transport and Infrastructure Services	66.00%	68%	54.00%
14	Public Sector Transformation	62.00%	70%	53.00%
15	Sustainable Energy Development	57.00%	54%	53.00%
16	Innovation, Technology Development and Transfer	70.00%	69%	52.00%
17	Private Sector Development	62.00%	61%	51.00%
18	Administration of Justice		70%	50.00%
19	Regional Development	63.00%	65%	31.00%
20	Manufacturing	59.00%	68%	26.00%
	Average	**65.75%**	**67.60%**	**54.35%**

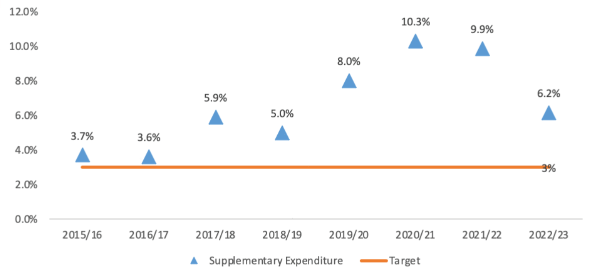
Key: Green = Achieved | Yellow = Moderately Satisfactory | Red = Not Achieved

3.2.4.3 Supplementary expenditure as a percentage of the initial approved budget:

Supplementary budgets/expenditures are additional funds that are requested by the government to meet unforeseen or urgent expenditure needs that are not covered by the original budget. These are authorized by Article 156 of the Constitution and Section 25 of the Public Finance Management Act.

Under the NDP III, these supplementary expenditures have become larger and more frequent, raising concerns about their impact on the economy, fiscal discipline, transparency, and accountability, if not well managed.

Figure 20: Proportion of supplementary Expenditures against approved budgets (FY2015/16- FY 2022/23).



By the FY2020/21, the supplementary expenditure had escalated to 10.3%, indicating a substantial deviation from the PFMA target of <3%. This elevated expenditure was notably driven by COVID-19 related factors that warranted additional financial allocations beyond the original budget. Despite efforts by government to control expenditures, the FY2021/22 still saw supplementary spending at 9.9%, further underscoring the challenge of adhering to the PFMA target. Financing for these high supplementary expenditures has been from borrowing (domestic and external), external funding, re-allocations and suppression of releases across votes, and additional revenue from taxes and appropriation in aid (AIA)

In FY2022/23, there is a notable reduction in the rate of supplementary expenditure, coming down to 6.2%, though still above the PFMA target. This decline suggests a potential shift towards more controlled and efficient budget management. However, it is important for government to continue monitoring and managing supplementary expenditures closely to ensure alignment with fiscal goals and objectives.

Supplementary expenditure in FY2022/23 amounted to UGX4.417Tn. Out of which UGX1.437Tn (2.99%) was within the allowable limit of the PFMA 2015 of 3%. However, approval of new supplementary expenditure does not require confirmation of source of the funding. In the absence of new funding, this often results in suppression of budget allocations in other votes. Overall, the high supplementary expenditure beyond the PFMA 2015 target highlight the need for improvements in the revenue and expenditure forecasting framework.

Further improvements could be achieved through the following;

- Strengthening the legal framework and oversight mechanisms for supplementary budgets to ensure their compliance with fiscal rules and transparency standards.
- Enhancing the planning and forecasting capacity of the government to reduce the need for supplementary budgets and improve their allocation and prioritization.
- Promoting public participation and accountability in the budget process to increase public awareness and scrutiny of supplementary budgets.
- Diversifying revenue sources and mobilizing domestic resources to reduce dependence on external borrowing and grants for financing supplementary

Progress on key interventions under this outcome

3.2.4.3.1 Asset management policy developed and implemented

As part of this initiative, asset accounting guidelines were developed and disseminated to various stakeholders. Fixed asset registers were updated pending migration. Efforts were also made to implement IPSAS Accrual Accounting and reporting through a new project submitted through the PIMs process. However, certain components such as the development of an asset management information system, asset management framework and guidelines, and the inventory management system were still pending completion as of June 30, 2023.

3.2.4.3.2 Fast-track the review and amendment of the relevant procurement laws, policies and regulations to simplify the procurement process

The review of PPDA Regulations, 2014 and LG (PPDA) Regulations, 2006 was initiated to align them with the amended PPDA Act, 2021, with the aim of harmonizing them and standardizing bid documents. However, by the end of the financial year, the process was still pending finalization by the First Parliamentary Counsel, Ministry of Justice and

Constitutional Affairs.

A diagnostic assessment of Uganda's public sector procurement system was conducted using the Methodology for Assessment of Procurements Systems (MAPs) tool. While the assessment was carried out and its report approved, its publication was pending from the MAPs secretariat. Recommendations from this assessment were, however, gradually being implemented.

The diagnostic assessment above revealed that a number of milestones in the procurement function have been achieved including: the legal and regulatory framework being comprehensive and following a well-established order of precedence; well-functioning regulatory and oversight body; decentralization of the procurement functions with Procurement and Disposal Entities (PDES) fully authorized to manage and conduct their procurements; and regular dissemination of information on procurement notices, among others. Even with the above achievements, a number of issues still remained, that include among others;

1. The need to develop and include a methodology for accurately estimating costs of goods, works and services, such as market research, and their proper packaging into procurement contracts, which were presently not provided in the procurement plans. And while multi-year procurement planning had been stipulated in the 2021 amendment to the Act, it was yet to be implemented. The weak procurement planning also leads to situations where PDEs must make procurement requests which are not budgeted for.
2. The Act does not include a provision on correct estimation of costs of the required goods, works, and services. There is no feedback mechanism reporting on budget execution, regarding the completion of major contracts. Moreover, budget allocation and expenditure continue to be tracked only annually - a limitation for tracking multi-year procurement contracts and commitments.
3. Procurement data collection is manual. PPDA collects procurement data, but it is neither complete nor accurate as the data is not yet fully captured automatically at the source.
4. Similarly, as much as key procurement information, such as procurement plans, invitations to bids, etc., are published, procurement data analyses are not systematically used for policy formulation and performance measurement.
5. With the e-GP roll out, PPDA should be able to capture procurement data at the source and analyze it to support procurement improvements, keep the concerned government agencies informed about the procurement system performance, and generate more meaningful reports for the public. There is need to take urgent measures to increase publication of key procurement information.
6. The amendment of the PPDA Act provides for aggregation of procurement requirements from PDEs' procurement plans. Such aggregated requirements shall be procured according to a guideline to be issued. This is not being implemented.
7. While PPDA carries out procurement training programs for different stakeholders, these do not fulfill the country's procurement training needs. Furthermore, procurement skills gap analysis and a training needs assessment have not yet been carried out. Similarly, professionalization of public procurement has been made but this remains inadequate and slow. A competencies framework for public procurement also needs to be developed.
8. Provisions for citizens' engagement and for a formal transparent process of consultation with different stakeholders on public procurement improvements are not included in the framework.
9. Monitoring of integrity breaches in public procurement is inadequate. National Statistics on corrupt activities specific to procurement is not collected.

Efforts were also made to set up the Institute of Procurement and Supply Chain Management of Uganda by an Act of Parliament and attendant Regulations aimed at regulating the conduct, practice and behavior of procurement and supply professionals. The development of these legal frameworks has progressed; the Institute of Procurement and Supply Chain Management (IPSCM) Principles was approved by cabinet and forwarded for drafting of the Bill by the first Parliamentary Counsel, Ministry of Justice and Constitutional Affairs.

3.2.4.3.3 Harmonize the PFMA, PPDA, LGA, and regulations to improve the Public Financial Management systems (PFMs).

Harmonization of PFMA-LG Act has been ongoing, spearheaded by an inter ministerial task force composed of MOFPED, Ministry of Justice and Constitutional Affairs (MoJCA)/FPC, Ministry of Local Government (MoLG), Uganda Local Governments Association (ULGA) and Local Government Finance Commission (LGFC). During the year, a technical working group composed of MoFPED, MoJCA/FPC, and MoLG drafted a report for PFMA-LG Act harmonization and submitted to the task force for review. By the end of the financial year, this activity was still awaiting comments on the report from the steering committee.

3.2.4.3.4 Integrate GoU Public Financial Management (PFM) Systems.

MoFPED reviewed the 13 system integrations and interfaces. Interfacing systems directly facilitate their sharing of data for improved speed and reduced human interference which increase the risk to data quality. The Ministry of finance embarked on developing, deploying, and/or enhancing the following systems interfaces; IFMS - NSSF TRN Interface, IFMS - PBS Interface, IFMS - URA PRN Integration, IFMS – DMFAS Integration, IFMS – e-GP Integration, IFMS - HCM Integration, IFMS - IBP Interface development, BLQ Interface, PBS - HCM Interface, PBS – IBP Interface, IBP – e-GP Interface, IBP – NDP/M&E System Interface and E-Reg – NIRA System Interface. The upgraded IFMS environment and eGP production servers were integrated with a comprehensive suite of security monitoring tools, for proactive monitoring and taking appropriate actions. The network and infrastructure security was monitored to identify, alert and address risks. Suspected security incidents such as malware attacks, were promptly addressed or escalated.

3.2.4.3.5 Strengthen Parliament to effectively play its role in the national budget processes for proper implementation of NDPIII priorities.

MoFPED through the Accountant General's Office seconded staff to four (4) Accountability Oversight Committees of Parliament to provide technical support and guidance during the Committee meetings, report writing sessions and fieldwork. These Committees are; Public Accounts Committee – Central Government (PAC-CG), Public Accounts Committee - Local Government (PAC-LG), the Public Accounts - Committee on Statutory Authorities and State Enterprises (PAC-COSASE), and Government Assurances and Implementation Committee.

MoFPED also conducted capacity building on PFM across Government for Political leaders, Accounting Officers, Heads of Department and Project Managers. Specifically, MoFPED coordinated change management and stakeholder engagements by holding Seventy-three (73) change management and stakeholder engagements during the period. These engagements were mainly online and were an effective way of supporting PFM practitioners on various PFM topical issues.

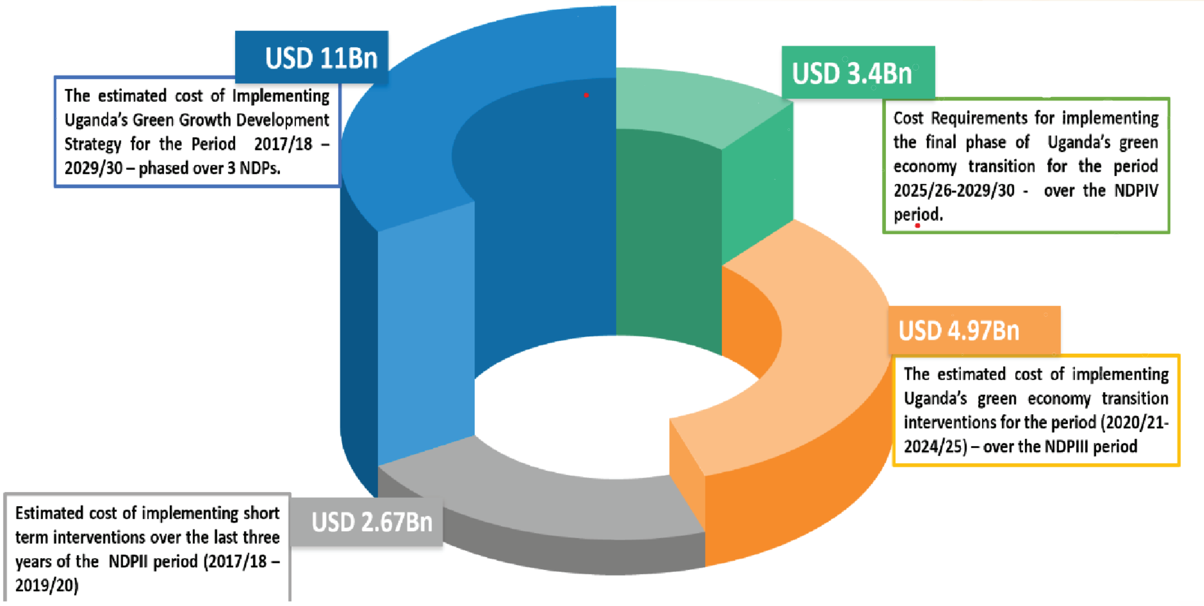
3.2.4.4 Green Economy (GE) Public Expenditure Review (PER) grading:

The National Planning Authority in partnership with the Ministry of Finance Planning and Economic Development with financial support from the European Union undertook a Public Expenditure Review of Green Growth for the period 2015/16 - 2017/18. The review sought to ascertain the adequacy and efficiency of current Green Growth Public Expenditure and involved two major aspects namely; the identification of Green Growth Expenditures and the analysis of the expenditures based on Economy, Efficiency, and Effectiveness.

In FY2022/23, the Green Economy (GE) PER was ranked average against an above-average target. This was a result of direct government involvement and integration of green economy principles into its budget. The review proposed Government can improve the PER grading by; Increasing the allocation of public funds to green economy initiatives, such as renewable energy, energy efficiency, and sustainable agriculture; investing in research and development to support the development of green technologies; and providing financial incentives to businesses that adopt green practices, and raising awareness of the benefits of green economy among the public and policymakers.

The figure below summarizes the Estimated Cost required for Uganda's Transition to a Green Economy by 2030

Figure 21: Estimated Cost for Uganda's Transition to a Green Economy by 2030



3.2.4.4.1 Strengthen expenditure tracking, inspection and accountability on Green Growth

As part of strengthening expenditure tracking, inspection and accountability of green growth as recommended by Green Expenditure Review report of FY2021/22 was to develop a National Green Growth Financing Strategy. The Goal of the Strategy is to achieve sustainable financing of Uganda's transition to an inclusive green economy with strategic objectives including;

i. Increase green financing streams for Uganda
ii. Strengthen national capacity to plan, coordinate, and utilize green finance.
iii. Enhance sustainability of resource flows to finance green growth initiatives.
iv. Channel green finance and investments towards poverty alleviation and green job creation.

A vibrant financing framework is necessary to guide the mobilization of green finance, fast-tracking expenditures as well as the development of bankable project proposals in response to the priority investment areas identified under the strategy**.** The strategy, if implemented, will address the challenges and emerging issues and enumerate strategies for green finance mobilization, including developing green financing instruments, utilization, and management. Some key deliverables of the strategy include; the development of feasibility studies on value chains of oil waste and electronic waste and the development of eco-industrial park guidelines.

3.2.4.4.2 Analytical report on the Cost benefit analysis for Gov't tax exemptions and Subsidies.

As of June 30, 2023, MoFPED had finalized the development of a Tax Expenditure Governance Framework, which was pending publication upon being signed by the President. The goal of this framework is to improve effectiveness in the use of Tax expenditures and positively contribute to the domestic revenue mobilization efforts. This will enhance the monitoring of tax-exempted firms, study cost benefit aspects of the tax incentives and ensure that they perform as expected in their respective strategic sectors.

3.2.5 Outcome 5: Effective and efficient allocation and utilization of public resources;

Originally a key outcome of strengthening capacity for development planning, this outcome ensures the effective and efficient allocation and utilization of public resources. This involves developing robust mechanisms for budget formulation, resource allocation, and expenditure tracking. By enhancing the capacity of planners and policymakers to prioritize and allocate resources based on strategic objectives and desired outcomes, the DPI Programme aims to optimize the impact of public investments and improve the delivery of essential services to the population.

The section below provides insight into the progress made over the years in enhancing efficiency and effectiveness of resource allocation and utilization. Performance under this outcome is measured using two indictors; percentage of Budget released against originally approved, and percentage of funds absorbed against funds released. The table here below lists the performance against each of these indicators.

Table 18: Performance against Key Indicators

Outcome	Indicators	Baseline 2017/18	Actual 2020/21	Actual 2021/22	Target 2022/23	Actual 2022/23	
Effective and efficient allocation and utilization of public resources	1.1 Percentage of budget released against originally approved budget.	108.2	78.4	107.6	100	104.3	MoFPED
	1.2 Percentage of funds absorbed against funds released.	99.2	90.8	90.7	100	98	MOFPED
	1.3 Budget alignment to NDP (%)	60	54.8	63.4%	80%	60.1%	COC

3.2.5.1 Percentage of budget released against originally approved budget:

In FY2022/23 total approved budget was UGX 48,131 billion. However, by the end of the financial year, UGX 50,199 billion had been released, recording a performance of 104.3%. Supplementary financing amounting to UGX 3,414 billion were issued during the year explaining the higher than approved budget performance. It must be said that, consistently, over the NDP III period, budget releases have remained very high as shown in the table above. However, performance on releases is not uniform across all Programmes with some Programmes far exceeding 100% while others remained below 100%.

In terms of spending, 98% of released funds were spent, which illustrates that while funds were released beyond the initial budget, they were not entirely utilized. Possibly, as indicated in the report of the Auditor General, releases may not have been matched with existing cash revenues.

3.2.5.2 Percentage of funds absorbed against funds released:

During FY2022/23, 104.3% of the original budget was released across various budget categories, encompassing recurrent, non-recurrent expenditure, and debt servicing. The absorption rate of released funds by all votes stood at 98%, indicating an effective use of available resources. This underscores the proficient utilization of allocated funds, emphasizing that the majority of resources earmarked for diverse programs were used by close of the fiscal year. However, this does not say much about the efficiency of use of these measures. This assessment will be provided by the next audit.

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

Implementing development plans requires a strong focus on achieving tangible results and outcomes. Strengthening the capacity for implementation under the DPI Programme is crucial to ensure effective delivery of development initiatives. The key outcomes intended under this objective are (i) improved development results, (ii) alignment of statistical programs, and (iii) improved service delivery. These outcomes are crucial for achieving the desired impact of the NDP III and improving the well-being of the population.

3.3.1 Outcome 1: Improved development results

One of the primary outcomes of strengthening implementation capacity is to improve development results. This involves enhancing the efficiency and effectiveness of development interventions to achieve the desired outcomes and impact. The DPI Programme has a special goal to build the capacity of implementing agencies to effectively plan, execute, and monitor projects to enhance the delivery and impact of development initiatives. This outcome is measured using a single indicator – proportion of NDP results on target, as listed in the table below

Table 19: Performance against Improved development results indicators

Outcome	Indicators	Baseline	FY2020/21	FY2021/22	FY2022/23	
			Actual	**Actual**	**Target**	**Actual**
Improved development results	Proportion of NDP results on target (percentage)	NA	16[18]	17	85	29

3.3.1.1 Proportion of NDP results on target

Based on the data provided, the proportion of NDP results on target stood at 29% against a target of 85% during the year. This was however an improvement compared to the previous year's (FY2021/22) performance of 17% as reported by the NDP III mid-term review findings. The poor performance is attributed to challenges of fully transitioning to the Programme approach, covid-19 effects and the gaps in performance data for many of the indicators.

Key among the interventions in the NDP III to realize this outcome indicator are discussed here below;

3.3.1.1.1 Reviewing and reforming the Government Annual Performance Report (GAPR) to focus on achievement of key national development results.

The Government Annual Performance Report (GAPR) now renamed NAPR (National Annual Performance Report), is a tool that is used to assess the performance of government entities against their annual targets. The tool was reviewed to focus it better on the achievement of key national development results under NDP III and hence the renaming to NAPR. OPM has conducted 2 NAPR assessments with the first conducted in FY2021/22 and the second one conducted in FY2022/23. These assessments acknowledged the shortcomings of indicators across all Programmes but also made several key recommendations for improvement in service delivery.

Further still, OPM, using jointly (Government/World Bank) agreed Disbursement Linked Indicator (DLI) performance targets under NAPR, assessed and recommended the central government entities to benefit from World Bank funding. The DLI is assessed based on the performance of the entities against their set targets. This is used to reward MDAs for performing well on their services delivery targets.

3.3.1.1.2 Strengthening implementation, monitoring and reporting of Local Governments.

During the year, the Government of Uganda developed a data collection tool to guide MDAs in Monitoring & Evaluation. The tool is aligned with the NDP III and it will be used to collect data on the implementation of the NDP III at the Local Government level. A draft implementation strategy with a well-defined governance structure for coordinating the implementation of the NDP III was also developed. This will help to ensure that the NDP III is implemented effectively at the Local Government level.

The National Planning Authority also revised the NDP III results and reporting Framework for LGs leading to Programme Implementation Action Plans (PIAPs) tailored to the specific requirements of Local Governments. These new PIAPs were therefore the basis for the assessment of LGs for the Certificate of Compliance for FY2022/23.

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

During the year, the institutional architecture for community development was reviewed by the Ministry of Public Service (MoPS) to focus on mindset change and poverty eradication. MDA Technical structures were reviewed to include staff positions for implementing government programs and policies like Parish Development Model (PDM) with a focus on mind-set change and poverty eradication. This was also intended to enhance within these structures, a stronger community service orientation and better service provision.

The Ministry of Gender, Labour and Social Development (MoGLSD) further designed a community mobilization and mindset change household visioning model to help bring about positive change and development at the community

18 This performance was not listed in the past report as data had not been provided. NPA has since provided data and this is amended accordingly

level. This will work by engaging and empowering individual households. The model is also intended to promote a sense of ownership, responsibility, and collective action within the community members. A total of 3,782 (1,965 CDOs and 1,817 special Interest groups) stakeholders were trained on this model. It will be rolled out to households and parishes in all 176 Local Governments.

3.3.2 Outcome 2: Statistical programs aligned to national, regional, and international development frameworks.

Accurate and reliable data is essential for evidence-based decision-making and effective development planning. The DPI Programme recognizes the importance of aligning statistical programs with national, regional, and international development frameworks. This outcome involves strengthening statistical systems, improving data collection and analysis methodologies, and aligning statistical frameworks with the goals and targets of the NDP III as well as regional and international frameworks. By ensuring harmonization and comparability of data, the Programme aims to enhance the availability and quality of statistical data based on evidence to better inform policy formulation and monitoring of development progress.

3.3.2.1 World Bank Statistical Capacity Indicator (WBSCI) score

The World Bank Statistical Capacity Indicator (WBSCI) score provides an assessment of a country's statistical capacity and the extent to which statistical programs are aligned with development frameworks. Uganda's Statistical Capacity Index in 2020 was 71.1[19] against a global average of 74.4 with a data quality rating of D (Poor). This index has no current performance data beyond 2020. The Statistical Capacity Indicator score is calculated as the average of the scores of the 3 dimensions, i.e. Availability, Collection, Practice.

Uganda can enhance its World Bank Statistical Capacity Indicator (WBSCI) score by investing in strengthening its statistical infrastructure through deliberately allocating adequate resources and building the capacity of its statistical agencies, and prioritizing the alignment of its statistical programs with national development priorities and international frameworks. This involves conducting regular assessments to ensure that statistical activities are closely linked to the country's development goals and global reporting requirements.

3.3.3 Outcome 3: Improved service delivery.

The DPI Programme aims to strengthen the capacity for implementation to enhance service delivery to the citizens of Uganda. This involves building the capacity of service providers, improving infrastructure, enhancing coordination among stakeholders, and implementing innovative approaches to service provision. By focusing on improving service delivery in sectors such as healthcare, education, infrastructure, and agriculture, the Programme aims to enhance the quality of public services and meet the needs and aspirations of the population.

Improved service delivery is a critical component of effective governance and public administration. The following indicators contribute to assessing and enhancing service delivery:

Table 20: Performance against Improved service Delivery indicators

Outcome	Indicators		Baseline	FY2020/21	FY2021/22	FY2022/23		Source
				Actual	Actual	Target	Actual	
Improved service Delivery	Level of satisfaction of public service by service	Water transport (%)	69	83	77.1	83	77.1	MoPS
		Electricity(%)	61.8	82		82		MoPS
		Extension services(%)	75	94	78.8	94	78.8	MoPS
		Administrative and Legal Services(%)	60	85	57	85	57	MoPS

3.3.3.1 Level of satisfaction of public service by service (Administrative and Legal Services):

The level of satisfaction of public service by service (Administrative and Legal Services) measures the satisfaction level of the public regarding administrative and legal services provided by the government. These are specifically water,

19 https://www.worldeconomics.com/National-Statistics/Statistical-Capacity/Uganda.aspx

electricity, extension services and administrative and legal services. It assesses factors such as responsiveness, transparency, fairness, and the ease of access to these services. A higher level of satisfaction indicates effective service delivery, public trust, and confidence in the government's ability to address these services in an efficient and effective manner.

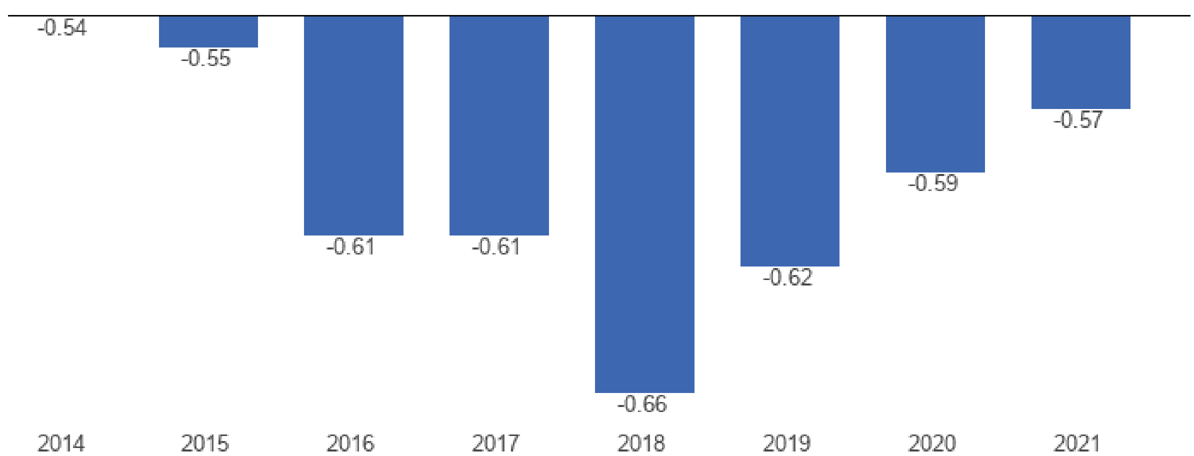
The Ministry of Public Service (MOPS) carries out a survey every 4 years, with the last survey having been released in FY2020/21 which showed performance was above the target for all the four parameters. Therefore, there is no update on these statistics.

3.3.3.2 Government Effectiveness Index:

The Government Effectiveness Index specifically measures the perception of the quality of public services, and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. It evaluates how well a government is able to carry out its functions, deliver services to its citizens, and implement and maintain effective policies.

According to the World Bank collection of development indicators, Uganda was reported at -0.57023 in 2021 (0.66 in 2017/18) compared to the world average of -0.02 points based on 192 countries[20]. The average value for Uganda between 1996 and 2021 is -0.57 points with a minimum of -0.69 points in 1996 and a maximum of -0.46 points in 2003. However, there is no current data on this index to inform the FY2022/23 performance.

Figure 22: Uganda's Government Effectiveness Index from 2014 to 2021



To address performance weaknesses in this area, Government now requires conducting Regulatory Impact Assessments and employing a consultative approach to policy development. The Office of the Prime Minister (OPM) enhanced monitoring and reporting mechanisms for government interventions where significant efforts were invested in strengthening the oversight institutions of the government, including the Inspectorate General (IG), the Uganda Human Rights Commission (UHRC), the Equal Opportunities Commission (EOC), Parliament, and the Office of the Office of the Auditor General (OAG). These collective actions are having positive impact on overall governance and service delivery, resulting in and likely to lead to the enhanced score.

During FY2022/23, the Office of the President registered the following achievements;

3.3.3.2.1 Operationalize the High-Level Public Policy Management Executive Forum (Apex Platform)

Among the key interventions to achieve a better Government effective index is the operationalization of the High-Level Public Policy Management Executive Forum (Apex Platform) by the Office of the President (OP). APEX Platform is, a renewed effort by the Office of the President is intended to strengthen its oversight function under NDP III on public policy management and promotion of good governance practices. It is a high-level forum that brings together government officials, private sector representatives, and civil society organizations to discuss and develop public policy.

The expected key outputs from this intervention during the financial year were (i) Developing the Apex Platform Communication Strategy, (ii) Developing the Apex Platform MIS, (III) operationalizing the APEX

20 https://www.theglobaleconomy.com/Uganda/wb_government_effectiveness/

Platform (iv) Monitoring the implementation of the Manifesto commitments and (v) ensuring Oversight Monitoring Reports of NDP III Programmes are produced by the RDCs.

A number of activities were undertaken by the Office of the President in FY2022/23 to operationalize the Apex Platform, among which were the following.

1. The APEX Platform Management Information System (MIS) was developed to fast-track the Implementation of the APEX Platform recommendations. The System will be fully operational in Financial Year 2023/2024.
2. A report for the second APEX Platform titled, "Impact of Agriculture Commercialization on Local Economic Development for Socio-Economic Transformation in the period 2010 to 2021" was produced. Based on the Study Findings, there was slow transition of Subsistence Farming Households to Commercial Agriculture.
3. A status implementation report on the Manifesto commitments of the Greater Eastern Region, Bunyoro, West Nile and Karamoja Sub Region was produced. Key challenges highlighted in the report are; weak coordination between the central and local governments in project implementation, particularly in central-initiated procurement; slow fund recovery for Government Programs like Emyooga, and difficulties with swiping and re-voting funds for UGIFT projects.
4. Five [05] reports on Service delivery in the sub regions of Greater Masaka, Acholi, Lango, Kigezi and Ankole Sub regions were produced. Some of the key findings of these reports include; Inadequate supervision of both central and local government projects, the risky practice of advancing payments to contractors by the local government for incomplete works to avoid funds being returned to the treasury, contracts lotting to one contractor with inadequate capacity (financial and technical) to deliver quality and timely output, several PDM Implementation challenges such as prioritization of the Parish Revolving Fund at the expense of other pillars, poor coordination and linkages between MDAs and other stakeholders, inadequate capacity and readiness of PDM implementers, which are likely to delay the attainment of the objectives of the Programme.

Figure 23: Participants attending the Pre-APEX Validation Meeting Held on the 30th of March 2023.

The Office of the President (OP) also monitored the status of establishment of Agro Processing Plants in Acholi and Lango Sub-Regions in line with the President's Directive of May, 2018 in which he directed the establishment of grain, fruits and feeds processing plants in the districts of Nwoya, Gulu, Pader, Lira, Yumbe, Nakaseke and Kayunga among others. Findings show that the directive was not fully implemented due to delays in completing feasibility studies, and challenges related to land acquisition and funding.

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

Effective coordination is essential for ensuring synergy and coherence among different stakeholders involved in plan implementation. By focusing on outcomes such as compliance with accountability rules and regulations, enhanced coordination mechanisms, and strengthened monitoring and reporting systems, the DPI Programme aims to ensure effective plan implementation and accountability. The NDP III has identified one key outcome under this objective namely ***Improved compliance with accountability rules and regulations***. Performance under this outcome is discussed in the section that follows

3.4.1 Outcome 1: Improved compliance with accountability rules and regulations.

Accountability is a cornerstone of good governance and effective resource management. The Development Plan Implementation Programme recognizes the significance of improving compliance with accountability rules and regulations. This outcome involves strengthening mechanisms for monitoring and enforcing compliance, enhancing transparency and disclosure practices, and promoting adherence to ethical standards in public service and effective governance.

Three indicators are used in measuring this outcome. These are: (i) proportion of prior year external audit recommendations implemented, (ii) percentage of internal audit recommendations implemented, and (iii) external auditor ratings defined in terms of MDA external audit statement unqualified at the end of each year. Performance on these indicators – over the past three years is listed in the table here below.

Table 21: Performance against Improved compliance with accountability rules and regulations indicators

Outcome	Indicators	Baseline	Actual 2020/21	Actual 2021/22	Target 2022/23	Actual 2022/23	Responsible Institution
Improved compliance with accountability rules and regulations	Proportion of prior year external audit recommendations implemented (%)	31	26	29	46	35	OAG
	Percentage of internal audit recommendations implemented (%)	65.5	67.3	85	89	80	MOFPED
	External auditor ratings (% -unqualified)	40	93.17	94.7	71	97.7	OAG

3.4.1.1 Proportion of prior year external audit recommendations implemented

This indicator assesses the extent to which recommendations made by the Auditor General in previous years' audits are implemented. Timely and effective implementation of external audit recommendations demonstrates a commitment to addressing identified weaknesses and improving financial management practices. High implementation rates indicate responsiveness to audit findings, strengthening accountability, and enhanced compliance with accountability rules and regulations.

Performance over the year against this indicator was 35% against a target of 46% in FY2022/23. While considered poor, this performance was higher than the two earlier years (FY2020/21 and FY2021/22) of the NDP III representing a degree of progress. This weak performance is attributed to the lack of a system to effectively and comprehensively track implementation of audit recommendations as well as the existing backlog in the discussion of both financial and value for money audit reports. However, efforts to boost this implementation rate have seen the development of an integrated system for tracking the implementation of audit recommendations developed under the leadership of the Office of the Auditor General (OAG) and is due to be piloted by the OAG in 2023/2024. Ecorys is the Company that developed the system and, provided training for back-end users, system administrators, and selected audit staff during FY2022/23. By the close of the year, templates had been distributed to facilitate the uploading of audit recommendations from the previous four financial years onto the customized system. Additionally, a change management roadmap had been developed, with training and sensitization workshops scheduled for early 2024, following the anticipated system rollout.

3.4.1.2 Percentage of internal audit recommendations implemented:

The percentage of internal audit recommendations implemented measures the extent to which recommendations made by the internal audit function are implemented by the audited entities. In FY2022/23, this indicator was reported at 80% against a target of 89%. This performance was also weaker than FY2021/22 performance. Though short of the annual target, this relatively high implementation rates indicate a strong commitment to addressing control weaknesses, improving processes, and enhancing compliance with internal control standards. Effective implementation of internal audit recommendations strengthens accountability, identifies areas for improvement, and enhances overall governance and risk management.

3.4.1.3 External auditor ratings (unqualified):

External auditor ratings provide an assessment of the reliability and accuracy of financial statements and the adherence to accounting standards and regulations. An unqualified audit opinion indicates that the financial statements are free from material misstatements and comply with accounting principles and regulations. Achieving unqualified auditor ratings demonstrates a high level of compliance with accountability rules and regulations.

During FY2022/23, unqualified external auditor ratings were reported at 97.7% better than the target of 71% and also reflecting improvement over the FY2021/22 performance (94.7%). Such a high rate of unqualified opinions indicates that the majority of government entities had their financial statements thoroughly reviewed and found to be in compliance with accounting principles and regulations. This outstanding achievement in unqualified external auditor ratings reflects entrenchment of sound financial management practices, which are vital for promoting trust among stakeholders, ensuring adherence to budgets and expenditure objectives.

This extraordinary performance is also explained by increased use of automated financial management systems like IFMS, E-GP, and HCM etc. which have streamlined financial processes, reduced errors, and improved overall financial transparency.

3.4.1.4 Develop an effective communication strategy for NDP III

For effective communication among institutions and with external stakeholders across the NDP III, developing a well-defined and comprehensive communication strategy is crucial. During the year, the Government through the National Planning Authority developed a communication strategy for National Development Plan III with an aim to ensure that the plan is well understood and can be effectively implemented. The strategies to operationalize this communication strategy include; a comprehensive dissemination strategy of the NDP III across the country which was accomplished, developing citizen guides to the NDPIII in multiple languages such as English, Kiswahili, Acholi, Lusoga, Ateso, Luganda, and Runyankole, along with braille and audiovisual versions as well. Additionally, several workshops to continuously popularize the NDP III were conducted, including the launch of the Mid-Term Review Reports, and digital dissemination efforts were carried out through YouTube, Twitter, and the NPA website. Despite Radio and Television productions having been developed for the NDPIII, there were budget constraints during the Financial Year which hindered a complete rollout to the public.

Hon. Amos Lugolobi during the Launch of the Midterm Review Report of the NDP III

3.4.1.5 Develop an integrated M&E framework and system for the NDP.

Monitoring and reporting systems are crucial for tracking progress, identifying bottlenecks, and facilitating evidence-based decision-making. The DPI Programme aims to strengthen monitoring and reporting systems to enhance the timeliness, accuracy, and reliability of information. This outcome involves developing clear monitoring frameworks, establishing performance indicators, and improving data collection and reporting processes. By strengthening these systems, the Programme seeks to improve the availability of real-time information, promote accountability, and facilitate informed decision-making at all levels of plan implementation.

The National Planning Authority and the Office of the Prime Minister with support from European Union developed an Integrated M&E NDP System which was launched in FY2021/22. During the FY2022/23, the system was rolled out to key coordination institutions including, National Planning Authority, Office of the Prime Minister, Office of the President, National Information and Technology Authority-Uganda, Ministry of Finance, Planning and Economic Development and Uganda Bureau of Statistics. The actual operationalization of the system was however, affected by the capacity at OPM to undertake this activity and the quality of indicators. The system will now be fully rolled out in FY2023/24 to all Government MDAs.

Through the OPM, the Government of Uganda conducted 42 Barazas at the sub-regional, district, and sub-county/town-council levels. The Barazas are fora for stakeholders to discuss the implementation of the NDP III and to make recommendations for improvement. The Office also conducted Baraza follow-ups in 17 LGs (Lyantonde, Kyotera, Kasese, Fort Portal City, Hoima City, Sheema O, Kiruhura, Budaka, Namutumba, Nakaseke, Adjumani, Kasanda, Pader, Oyam, Zombo, Amuria & Moroto). The purpose of these follow ups was to fast-track the implementation of the findings and recommendations from the Barazas carried out in the previous Financial Year.

During the financial year, the Office of the Prime Minister also developed the National Evaluation Agenda. The National Evaluation agenda is a comprehensive framework that outlines the priorities and objectives for conducting evaluations across government programs, policies, and initiatives at the national level. This agenda will serve as a strategic roadmap for evaluating the effectiveness, efficiency, and impact of various government programs. The agenda awaits clearance by the Office of the Prime Minister.

3.4.1.6 Develop and roll out of the National Public Risk Management system in line with international best practices.

Efforts have been dedicated to the development and implementation of the National Public Risk Management system, aligning it with international best practices. In line with this, one asset register was successfully developed during the year. Furthermore, the capacity of internal auditors was enhanced through training, focusing on the application of Enterprise Risk Management (ERM) within their respective votes. This initiative included ERM readiness assessment for 10 cities, 31 municipalities, 31 Town Councils, and 24 District Local Governments (DLGs). In particular, the health sector had risk dashboards for 23 referral hospitals developed.

3.4.1.7 Enhance staff capacity to conduct high quality and impact-driven performance audits across government.

Significant progress has been achieved in enhancing the capacity to conduct impactful performance audits across government entities. During the year, the Office of the Auditor General developed and implemented the annual training plan for FY2022/23. Trainings for the staff were carried out both virtually and physically where possible. Prior to this, the Office undertook a Training Needs Analysis with the intention of informing the development of a multi-year capacity building Programme. At the time of reporting, 292 staff had been facilitated to participate in 49 trainings and professional development programs while 2 refresher trainings were undertaken in which 389 and 173 staff were trained respectively.

Also, during FY2022/23 the Office adopted the AFROSAI-E Integrated Competence Framework (ICF) as one of its pathways to enhancing staff professionalization. The framework provides a set of competencies to be used by staff and supervisors to guide learning and development initiatives within the Office. The framework is meant to establish an inclusive mechanism for growth and development of all the different professions within the Office. The ICF has been conceptualized and approved by the Office's top executive management. Full roll out of the ICF is subject to development of a customized curriculum which has been planned for FY2023/24.

The office planned to carry out 12 IT Audits however at the time of reporting, 3 IT Audits had been completed while 9 audits were deferred to future periods. These audits were primarily affected by the shortfalls on quarterly releases which disrupted planned activities. However, it should be noted that the special audit of the Government of Uganda payroll and personnel verification exercise across government took the central focus of staff efforts and required a lot of resources. Therefore, all on – going and scheduled activities were put on hold until completion of this special audit.

In regard to developing manuals, and improving standards and guidelines for performance audit across Government, the Energy and Extractive Industries Audit Strategy was reviewed and the Local Government Audit strategy revised to cater for Parish Development Model and incorporate aspects of Value for Money and special audits. These both were yet to be approved by top executive management by the end of the year. Additionally, the review of the performance (Value for Money) Audit manual as well as the development of Real Time Audit Guidelines, Infrastructure/Public Works Audit Manual and PPP Audit Guidelines have been scheduled for FY2023/24.

Under the Ministry of Finance, Planning and Economic Development, the internal audit strategy was developed and its implementation was central to improving the overall audit framework. Additionally, during the FY2022/23, consultations were undertaken with key stakeholders such as Audit Committees and Accounting Officers to ensure the operationalization of this strategy. Training of Internal Auditors on the operational aspects of the internal audit strategy was successfully carried out. The audit committee manuals were developed and updated. In a bid to enforce accountability and deliver high-quality results, the Ministry also sanctioned 7 performance audits which included; Performance Audits on Water and Sanitation, PROFIRA, UGIFT, inspection in Local Governments, disposal of waste in selected cities, skills development projects, and Foot and Mouth Disease control.

3.4.1.8 Develop an integrated system for tracking implementation of internal and external audit recommendations

An integrated system to track implementation of audit recommendations was developed under OAG. Ecorys Company was hired to develop the platform in collaboration with implementing MDAs namely Parliament, Office of the Internal Auditor General, Public Procurement and Disposal of Assets Authority, Ministry of Local Government, and Accountant General's Office.

During FY2022/23, it was resolved that OAG pilots the implementation of the platform and other participating institutions join at a later stage. At the time of reporting, templates had been circulated to facilitate uploading of audit recommendations for the previous 4 financial years onto the customized system. A change management roadmap had also been developed with trainings and sensitization workshops planned after which roll to all MDAs in 2024.

3.4.1.9 Expand the Performance/Value for Money Audits, Specialized Audits and Forensic Investigations undertakings.

During the FY, the OAG planned to undertake 25 VFM Audits, engineering audits on 416 public works projects in 14 entities, and 82 special audits/forensic investigations.

However, 17 VFM audits, 31 special audits/forensic investigations and engineering audits on 154 public works projects had been completed as at 30th June 2023. The under performance was mainly attributed to budget shortfalls and the huge demand on resources for the whole of Government payroll audit as reported earlier.

During the Financial Year, the Equal Opportunities Commission produced the Annual Report on the state of Equal Opportunities in Uganda for the FY2021/22. They also produced and disseminated the abridged versions of the annual report whose theme was Unlocking Socio-Economic potential for Inclusive Development. The Commission also collected data and by the time of reporting the following audit reports had been produced;

i. the report on the status of agricultural financing and inputs (which is Pillar 3 of the Parish Development Model) by the youth, women, older persons in rural and urban Uganda,

ii. a report on Equitable Access to Justice among the youth, women, elder persons, persons with disabilities in Uganda,

iii. a report on Equitable Access to Nutrition and Food Safety on children aged under 5, school children, adolescents, pregnant and lactating mothers in Uganda, and

iv. a report of a study on the Universal Secondary and Primary Education carried out in 16 districts which was also disseminated to key stakeholders.

The following reports were yet to be finalized by the end of the FY;

i. an audit report for the implementation of national strategy for youth employment in Uganda and compliance to Equal Opportunities by Northern Uganda Social Action Fund (NUSAF),
ii. a report on land as a factor of production among the youth, women, older persons and persons with disabilities in Northern, Eastern, Western and Southern Uganda, and
iii. a report on equitable access to disability and older persons' services in the health sector in Uganda.

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

This objective recognizes the importance of reliable and timely data for evidence-based planning and decision-making. It seeks to strengthen the capacity of the national statistics system (NSS) to collect, analyze, and disseminate data that is crucial for monitoring and evaluating the progress of development programs. The capacity of the national statistics system to generate accurate and reliable data is crucial for evidence-based policy and decision-making. Strengthening the capacity of the national statistics system under the DPI Programme focuses on the following outcomes:

Table 22: Performance against Enhanced use of data for evidence-based policy and decision making Indicators

Outcome	Indicators	Baseline	Actual 2020/21	Actual 2021/22	Target 2022/23	Actual 2022/23	Responsible Institution
Enhanced use of data for evidence-based policy and decision making	5.1 Proportion of NDP III baseline indicators up-to-date & updated	60	N/A	66	85	66	UBOS
	5.2 Proportion of key indicators up-to-date with periodic data	40	N/A	44	83%	44	UBOS

Source: NPA M&E dept.

3.5.1 Outcome 1: Enhanced use of data for evidence-based policy and decision-making.

The DPI Programme aims to promote the use of data in policy formulation and decision-making processes. This outcome involves improving data collection methods, data quality assurance, and data analysis techniques. Enhanced use of data, grounded on reliable evidence, will improve policy making and implementation and increase the likelihood of achieving desired outcomes.

The NDP III lists two indicators for measuring this outcome namely; (i) proportion of NDP III baseline indicators up-to-date & updated, and (ii) Proportion of key indicators up-to-date with periodic data

3.5.1.1 Proportion of NDP III baseline indicators up-to-date and updated:

The NDP III baseline indicators are useful in measuring progress towards development goals. The proportion of up-to-date and updated baseline indicators indicates the level of data availability in tracking the implementation of the development plan. By ensuring that indicators are regularly updated, policymakers can monitor the effectiveness of interventions, assess progress, and make informed decisions on policy adjustments.

During FY2022/23, 66% of the NDP III baseline indicators were reported as being up to date though short of the 85% target. Up to **4,598** indicators were listed for measuring NDP III results at different levels (NDP III Goal, NDP III objectives, Programme outcomes, Programme intermediate outcomes, and Programme Outputs). This performance of 66% however, remained consistent with the 2021/22 performance. There are two factors why this is so; first, a large number of indicators cannot be measured and have no data (see section 3.2.5). Secondly, there continues to be issues of owning indicators by MDAs. And so, in such cases, MDAs do not associate with some of these indicators.

The issues of appropriateness of indicators have affected NDP III performance assessment and reporting. To address these issues, the DPI Program Secretariat working with MoFPED, OPM, UBoS and NPA initiated a reform activity under the Resource Enhancement and Accountability Programme (REAP) to review and cleanup the indicators across all NDP III Programmes. The intention will be to improve the framework of NDP indicators by reducing them to what is appropriate and improving their quality for the purpose of measuring Programme performance. This activity will produce an indicators' manual which will clarify results and indicators concepts and provide detailed rules and guidelines for developing indicators and targets at all levels.

3.5.1.2 Proportion of key indicators up-to-date with periodic data:

This indicator measures the extent to which key NDP III result monitoring and indicator framework is regularly updated with current and accurate data. During FY2022/23, this indicator was reported at 44% against a target of 83%. This is however, consistent with FY2021/22. The issues enumerated above similarly affected these indicators.

3.5.2 Outcome 2: Evidence-based decision-making.

Building on the previous outcome, the DPI Programme seeks to promote evidence-based decision-making across government sectors. This outcome involves promoting a culture of using data and research findings to inform policy debates and decisions. By encouraging decision-makers to consider empirical evidence, research studies, and statistical data, the Programme aims to enhance the quality and effectiveness of public policies.

Evidence-based decision-making improves the chances of implementing strategies that address the root causes of development challenges and maximize the impact of interventions, ultimately leading to better outcomes for the society as a whole.

Performance under this objective was driven by the following interventions;

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

A number of surveys and censuses are aligned to the development frameworks through the National Standard Indicator Framework whose update is done on an annual basis. This culminated into for example the production of the GDP estimates before the budget is read. Other key products produced include; key economic indicators, consumer price indices (weekly and monthly), Real Estate surveys (quarterly), Community information System (PDM), surveys on GBV and SRHR (ad hoc), National Service delivery Survey (every 5 years), Uganda National Household survey (every 3 year), National Panel Survey (yearly), Annual agricultural survey (yearly), Producer price indices (quarterly), construction sector indices (quarterly), water, Oil and Gas, Energy and Mineral, Infrastructure, statistics (annual), migration statistics (monthly), National Labour Force surveys (every 5 years). National Population and Housing Census (Aligned to Calendar for Censuses in the region), National Livestock and Agricultural Census (every 10 years), Census of Business Establishments (COBE) every 10 years. These statistics are also available on the UBoS website (www.ubos.org). Also refer to Annex 2 for detailed discussions of some of these statistics.

Figure 30: Hon. Muruli Mukasa, the Minister for Public Service launches the National Service Delivery Survey Report 2021at UBOS Conference Hall

3.5.2.2.2 Harness new data sources including big data, data science, block chain technologies and geospatial technologies in statistical production;

Figure 26: A Mapping field team conducting an interview with one of the respondents

During the year, the Bureau carried out census mapping exercise to update boundaries, facilities, features and Households for purposes of establishing enumeration areas in preparation for the upcoming National Population and Housing Census 2024 using geo spatial methods - a non-traditional source.

3.5.2.2.3 Amend the UBOS Act, 1998 to be inclusive of the National Statistical System (NSS) to better coordinate the NSS and define the roles of other players within the NSS Framework;

The amendment process involves a number of steps including; conducting a Regulatory Impact Assessment (RIA) and formulating a RIA report, developing principles and justifications to support the proposed amendments, drafting a Cabinet memorandum to Cabinet, etc. Regulatory Impact Assessment (RIA) sessions were conducted and completed in May 2023 and a draft Regulatory Impact Assessment Report and Principles were completed. The Draft RIA report and Principles are to be presented to UBOS Management and MOFPED respectively in FY2023/24 for approval before a Cabinet Memorandum can be forwarded to Cabinet for consideration.

3.5.2.2.4 Review and update the National Standard Indicator (NSI) Framework in line with the NDP III, Agenda 2063 and SDGs;

The NSI Framework was reviewed and through a quadripartite arrangement involving OPM, MOFPED, NPA and UBOS, a four-level hierarchical structure was adopted.

- Level I: Presents key indicators that track monitoring of the country's graduation from LDC to Medium-Income Country. These indicators are defined by the United Nations Department for Economic and Social Affairs.

- Level II: presents indicators that facilitate tracking progress towards realization of the NDP III Goal, Objectives and Key Result Areas.
- Level III: presents indicators that measure progress towards realization of the NDP III Programme objectives and outcomes. It covers the 20 NDP III programs.
- Level IV: Presents indicators that track implementation of the Programme Implementation Action Plans (PIAPs) in Ministries, Departments and Agencies (MDAs). These are mainly output indicators and intermediate outcome indicators.

The Bureau compiled data/statistics and updated levels I and II of the NSI Framework. In collaboration with MDAs, the Bureau continued to compile data for the update of NSI Level III indicators in light of the reprioritized NDP III Results and Reporting Framework.

3.5.2.2.5 Standardize and operationalize use of standard statistical infrastructure including the rules, regulations and instruments for conducting Censuses and Surveys among data producers;

To popularize, statistical rules, regulations and standards guidelines for undertaking surveys and censuses which can be used across the National statistical system, during the year, the bureau conducted a sensitization workshop for stakeholders including; MDAs, LGs, CSOs and media on the rules and regulations for conducting censuses and surveys. The Bureau also developed draft operational guidelines for production of quality statistics. These were presented and discussed with stakeholders.

3.5.2.2.6 Mainstream documentation of methodologies (Metadata) for National Statistical System (NSS) indicators.

A Metadata Handbook for Sustainable Development Goals (SDGs) was developed and disseminated to the NSS community in Uganda. It presented the Compendium of Statistical Concepts and Definitions for SDG and selected NSI indicators as required by the NDPIII. The primary role of metadata is to facilitate sharing and appropriate interpretation of statistics by both users and producers at national, regional and international levels. Metadata further calls for integrating international standards in statistical production. Update and compilation of the statistics standards profile was completed and was in draft form by the end of the financial year. Operational guidelines for the production of quality statistics in the NSS were also drafted and a stakeholder consultative workshop with MoFPED, OPM and NPA was also conducted.

3.5.2.2.7 Build the capacity of the civil society and Private Sector organizations in the production and use of statistics.

During the FY2022/23, the Bureau;

- Undertook a capacity gap and needs assessment for all local governments, NGOs, CSOs, UNCHE and USS. A report was developed however implementation was yet to be undertaken by end of the year.
- Built capacity in data management for a workforce of 80 personnel responsible for handling data at the National Drug Authority.
- Built capacity for statistics champions in Buganda Kingdom within the framework of the MOU signed with the kingdom.
- Drafted a UBOS course curriculum, a module distributer, and a course catalogue.
- Developed training modules in Microsoft excel and Stata, introductory modules on the statistics eco-system.

3.5.2.2.8 Undertake research to improve methodologies for key statistics and indicators

Improved measurement of informal employment, Pilot study in Uganda:

Informal employment refers to jobs and enterprises that lack coverage by formal arrangements, in law or in practice. Countries have different measurement criteria for informality making it challenging for international comparison. This and recent developments in measuring status at work and employment led to the need to update international standards that guide measurement of informality. Uganda in collaboration with the International Labour Organization (ILO) undertook an engendering informality pilot study to compile informality statistics and inform the development of the new standards in the lead up to the 21st International Conference of Labour Statisticians (2023). The study focused on engendering informality statistics in Labour Force Survey methods by testing questions and question sequencing.

Uganda Bureau of Statistics through her demand driven approach and strategic objective of strengthening statistical production and development agreed to undertake the pilot study in order to contribute towards development of standards by testing new questions and modules for measuring informality. This exercise provided the Bureau an opportunity for capacity building in conducting qualitative studies that complement quantitative studies. UBOS also gained more understanding of the informal economy (gender perspective) for evidence-based planning and policy formulation given the 2021 National Labour Force Survey estimated that 92% of Ugandans were in informal employment including agriculture. The study had 2 stages of testing; (1) ***Qualitative (cognitive interviews)*** conducted by the Centre for Basic Research in August and December 2021 with the objective of identifying any problems in understanding questions and (2) ***Quantitative data collection from 1,600 households undertaken by UBOS*** with the objective of generating evidence and supporting development of international guidance and tools. The results from the survey will be used in formulating and refining questions relating to informality in household surveys.

3.5.2.2.9 Support Statistical professional development and application through collaboration with the academia and relevant international organizations:

Regarding partnerships with academia, on March 1st, 2023, the Bureau welcomed its inaugural cohort of Graduate Trainees from diverse universities offering statistics training. A group of 11 trainees commenced a one-year, full-time, fixed-term engagement with UBOS at the entry level of its staff. The Graduate Trainee initiative aims to enhance the statistics production process and functions as an accelerated professional development platform, fostering the skills and workplace proficiency of potential statisticians, data scientists, economists, and other allied professionals.

During the year, the Bureau established collaborative arrangements with academic institutions, particularly those offering higher education in statistics and related fields. As a result of these efforts, a Memorandum of Understanding (MoU) was executed between the Bureau and Uganda Christian University- Mukono to enhance collaborative statistics capacity building. This MoU outlines the specific ways in which both parties will collaborate to advance research and the development of statistical skills among university staff and students. Furthermore, it aims to enhance the application of statistical knowledge within the National Statistical System. The implementation plan for this MoU was formulated by the university in conjunction with the Bureau. Subsequently, the execution of outlined activities commenced, beginning with an assessment of the capacity needs of both students and staff at the university, conducted by the Bureau.

The Bureau collaborated with the School of Statistics and Planning at the College of Business and Management Sciences in Makerere University Kampala. This collaboration involved taking part in a consultative meeting aimed at evaluating academic programs, as mandated by the National Council for Higher Education. The discussions revolved around the proposal to launch six new graduate courses; the PhD in Quantitative Economics, PhD in Statistics involving both coursework and research, Postgraduate Diploma (PGD) in Actuarial Science, Master's in Actuarial Science, PGD in Data Analytics, and Master's in Data Analytics.

The Bureau has provided financial backing to organizations dedicated to the promotion and advancement of the field of statistics. The Bureau subscribed to the International Statistics Institute (ISI) and the Uganda Statistics Society (USS) for the year 2022/23. This funding facilitated statistical journal publications, research activities, and stakeholder networking. In addition, the Bureau continued to offer technical assistance during seminars organized by the Uganda Statistics Society at various universities. Throughout the year, the USS conducted seminars at Uganda Christian University – Mukono, Kyambogo University, and the Islamic University in Uganda (IUIU) Mbale University, with exclusive facilitation by UBOS staff.

3.5.2.2.10 Enhance the compilation, management and use of Administrative data among the MDAs and LGs

The Bureau is spearheading the collection of administrative data in the central and local governments. Several initiatives have been undertaken including but not limited to the following:

Community Information System (CIS):

- Strategy document reviewed to address upcoming community data dynamics for the operationalization of the CIS

- Harmonized the community data collection tool with the PDMIS and 2023 National Population and Housing census community modules
- Revised the CIS Indicator framework
- Reviewed functional guidelines for the design of the online CIS platform
- Undertook community profiling in Karamoja and Acholi sub-regions for the **PDMIS**

Local Government Administrative Data

- Oriented LG staff on the revised structure and guidelines for the compilation of the LG Statistical Abstract
- Harmonized the data compilation tool for the Trade, Industry, Local Economic Development (TI-LED) sector
- Drafted strategy for the improvement of Administrative data compilation
- Identified priority sectors for improvement of Administrative data and gender mainstreaming

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

To enhance the effectiveness of development planning and implementation, this objective aims to strengthen the research and evaluation function. It emphasizes the need for evidence-based decision-making, the evaluation of program impacts, and the identification of best practices for improved development outcomes. Strong research and evaluation capacities play a crucial role in informing planning processes and assessing the effectiveness of interventions.

Strengthening the research and evaluation function under the DPI Programme focuses on improving public policy debates and decision making and is measured by the proportion of government Programmes evaluated.

3.6.1 Outcome 1: Improved public policy debates and decision-making in government.

The DPI Programme aims to enhance the research and evaluation function to better inform public policy debates and decision-making processes. This outcome involves facilitating research, evidence generation, and evaluation studies within the government. By strengthening the capacity of policymakers and government officials to access, interpret, and utilize research findings, the Programme seeks to improve the quality of public policy debates.

Informed policy debates, supported by sound research and evaluation, can lead to more effective planning, better-targeted interventions, and improved outcomes in addressing societal challenges. The DPI Programme is therefore committed to working with policymakers, government officials, and other stakeholders to enhance public policy debates and decision-making in Uganda, in addition to achieving the Sustainable Development Goals (SDGs) by 2030.

In order to do this, the Government is taking the following steps to strengthen the research and evaluation function. This will help to ensure that planning and plan implementation are informed by evidence and that resources are used efficiently and effectively.

3.6.1.1 Develop the National Development Planning Research Agenda

The Government issued statutory instrument No.37 of 2018 to provide for the development of a National Research Framework and a National Research Agenda for development planning, as tools to guide the conduct of research activities for evidence-based planning and policy development.

The National Research Framework has since been developed through a concerted effort of the research community under the guidance of the National Planning Authority. The framework aims at providing for a national mechanism for identifying strategic research priorities, aligning research efforts and funding to the national development agenda, and strengthening coordination of the roles and research activities of different MDAs and partners along the research and development value chain. At the time of reporting, the framework was awaiting NPA board clearance and thereafter Ministry of Finance, Planning and Economic approval. On approval, it will then guide the development of the National Development Planning Research Agenda.

Throughout the FY2022/23, the NPA also prepared 5 policy papers including; Affordable Housing, Textile and Apparel, Animal Vaccine, Youth Not in Education, Employment and Training (NEETs). All these papers apply evidence based research modelling techniques.

3.6.1.2 Strengthen the follow up mechanism to streamline the roles of the relevant oversight committees to avoid duplication of roles

During the FY, OPM conducted Presidential Advisory Committee on Budget (PACOB) meetings to interrogate and align the National Budget to the NDP III, NRM Manifesto and other planning frameworks by scrutinizing work plans and budgets of the twenty (20) NDP III Programmes. A number of issues and recommendations arose from the discussions held; Among these, the duplication of indicators at both Programme outcome and intermediate outcome level in the PIAPs across the NDP Programmes and hence the need to review all the PIAPS to eliminate the duplications, the lack of funding to operationalize the NDP Programme Secretariats and its adverse effect on implementation of NDP III across government. It was agreed to review future Programme budgets to designate funding for operationalizing all NDP III Programme Secretariats and to facilitate operations of PWGs.

3.6.1.3 Promote the use of big data analysis techniques in Audit and Investigations

As part of the efforts to promote the use of big data analysis techniques in Audit and Investigations, the Office of the Internal Auditor General (OIAG) undertook targeted capacity-building initiatives. Specifically, 30 staff members from ministries and agencies received training in Enterprise Risk Management integration. This training comprised the development of entity risk profiles and risk registers, empowering these professionals with valuable skills for robust risk management practices. Despite the strides taken, the implementation of a capacity building plan for using big data analysis techniques in financial analysis and management to aid decision and policy formulation was yet to be completed. Efforts remain ongoing to achieve this goal, with the intention of enhancing analytical capabilities for better informed decision-making and policy formulation.

URA on the other hand trained 37 staff in big data analytics. From this training, staff have been able to develop revenue models that predict risky taxpayers who were targeted for potential revenue recoveries. They were also able to develop a model to analyze the effect of tax exemptions on trade and tax collections which has provided recommendations for managing exemptions to avert their negative consequences on revenue collection.

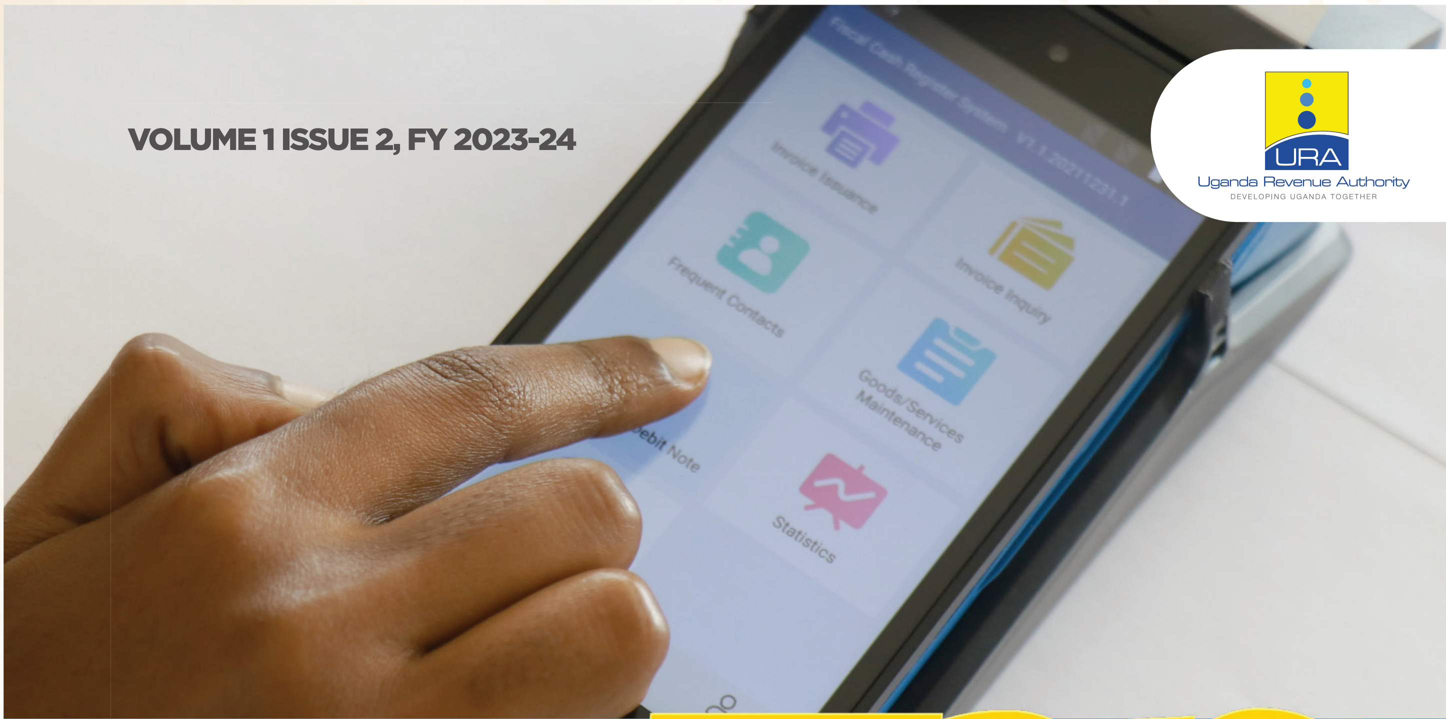
These efforts promote evidence-based policymaking, accountability, and contribute to the development of effective, responsive, and sustainable public policies.

2.6.1.4 Build research and evaluation capacity to inform planning, implementation as well as monitoring and evaluation;

In effort to build research and evaluation capacity to inform planning, the OPM conducted five quarterly M&E capacity building sessions on a variety of topics, including the NDP III M&E Web-based System, field-based multi-agency training on conducting Rapid Evaluations, and National Annual Performance Review (NAPR) reforms and assessment system training for NDP III Programme specialists. In addition to building capacity, the OPM also conducted evaluations on key Government programs, policies, and projects including a rapid evaluation on commercialization of agriculture, which made seventy-four (74) policy and operational recommendations across the agriculture commercialization value chain, and a study on the current use of M&E evidence in Uganda's public sector planning and budgeting.

The National Lotteries and Gaming Regulatory Board (NLGRB) conducted national research on the socioeconomic and health effects of gambling and drivers of problem gambling in Uganda. The findings of this research provided useful insights for policymaking, including the need to institutionalize evaluation processes, engage a diverse range of stakeholders, communicate evaluation findings effectively, and promote a culture of learning and knowledge sharing. The NLGRB also made recommendations for how to improve the use of evaluation findings in policymaking, such as establishing formal mechanisms and frameworks for program evaluation, setting evaluation standards and allocating resources for evaluation activities, involving stakeholders in the evaluation process, communicating evaluation findings effectively, and promoting a culture of learning and knowledge sharing. These recommendations are important for ensuring that evaluation findings are used to inform evidence-based policymaking in Uganda. By following these recommendations, the NLGRB and other government agencies can improve the effectiveness and impact of their programs, and better serve the needs of the people of Uganda.

VOLUME 1 ISSUE 2, FY 2023-24



Uganda Revenue Authority
DEVELOPING UGANDA TOGETHER

WHAT YOU NEED TO KNOW ABOUT EFRIS

EFRIS is the Electronic Fiscal Receipting and Invoicing Solution. It is a business solution, that enables businesses to record transactions and share transaction information with the Uganda Revenue Authority (URA) in real-time. The system ensures transparency and accuracy and this enables collection of correct taxes.

A) Who is required to use EFRIS?

All VAT-registered taxpayers are required to use EFRIS to issue e-invoices to their customers. However, non-VAT registered taxpayers can also voluntarily use EFRIS (in this case, they issue clients with e-receipts).

B) How do we use EFRIS

To use EFRIS taxpayers can choose any of the following options that may suit them;

BUSINESS	PLATFORM	HOW IT WORKS
Shops / Mobile Distributors / Route Sales	THE EFRIS APP (On Mobile Smartphones)	Download the app from AppStore or Play Store and install it on your phone. Set up the app with your goods or services and start to issue e-invoices. It works with the internet but can operate offline for up to 5-days.
	Electronic Fiscal Device (EFD)	An EFD is a portable device used to conduct sales. It has a Point of Sale system (POS) and a virtual Sales Data Controller (SDC) connected to produce e-receipts and e-invoices. It has a secure memory where all data is kept and transmitted to URA when transactions are made. Traders may purchase the EFD from Rank Consult (U) Limited, the accredited supplier at SMS House 7th Street Industrial Area at a cost UGX 1,100,000.
Wholesale and Retail Shops	The Desktop (Client Application) Software:	Can be installed on your preferred device like desktop computers, laptops, or tablets. Suitable for moderate sales. Download it from the URA website (http://ura.go.ug) under the e-invoicing downloads menu on the EFRIS link. It works with the internet but can operate offline for up to 5-days.

4 Programme challenges and emerging issues.

4 Programme challenges and emerging issues.

This chapter delves into the challenges and emerging issues encountered during the implementation of the DPI Programme for the FY2022/23. In this chapter, we examine the obstacles that impeded progress, the factors contributing to these challenges, and the proactive measures taken to address them. Furthermore, the chapter highlights emerging issues that emerged during the last Programme annual review and their potential implications for the future implementation of the Programme. By understanding these challenges and staying tuned to emerging trends, the DPI Programme can adapt its strategies to ensure continued effectiveness and progress towards achieving the overarching goals of the NDP III.

4.1 Challenges

1. The ascension of the Anti-Homosexuality Bill into law in 2023 strained Uganda's relationships with several countries, particularly in Europe and the Americas. The Act triggered concerns about human rights and LGBTQ+ rights, resulting in decreased bilateral and multilateral resources being made available to Uganda which has affected sectors such as health, education, and infrastructure.

In response to the situation, the Ministry of Foreign Affairs and its missions abroad engaged in proactive communication with the respective countries to provide clarification in order to promote better understanding and address any misconceptions or misinterpretations that may have arisen from the Act's passage.

2. Failure to operationalize Programme Secretariats due to lack of funding in spite of the important coordination role Programme Secretariats play, these units are unfunded and non-existent in most programs.

Because of this, Programmes did not function as they should with limited internal coordination and oversight of programme implementation. This continued to delay the full implementation and therefore the benefits of the programme based approach introduced under the NDP III. Program Working Groups have been advised in future to budget for their Secretariats to improve coordination and synergies among MDAs.

3. Supplementary expenditure (a key NDP III Target) remained high (6.15% of approved budget) in FY 2022/23 against a target of <3%.

Supplementary appropriation continued to have a distortionary effect on the budget objectives. As there was limited growth in additional revenues, these were financed mostly by suppressing expenditures under some of the programmes. Releases to 7 over the 20 programmes were less than 80%.

4. Escalating national debt that is currently standing at UGX 97.5 Trillion, of which domestic debt was UGX 44.7 trillion and external debt stock was valued at UGX 52.8.

The expanding national debt has increased the debt service burden. As of June 2023, debt service as a percentage of revenue amounted to 32.6 percent. This growth is crowding out discretionary space and imposing a major constraint on budget financing.

5. Continued growth in the stock of domestic arrears (Audited by OAG) from UGX 4,814Bn to UGX 10,818 Bn an indication of the failing commitment control system and may expose government to litigation risks

The growth in arears against slow growth in revenues affected the Government's ability to meet supplier payments. Moreover, Budget allocation (1.1tn) during the Financial Year was significantly lower than the stock of arrears. This led to major delays in supplier payments.

6. The slow performance against NDP III targets with the proportion of NDP results on target standing at 29% against a target of 85% during the year. This poor performance is partly attributed to weaknesses in the M&E System, where 56% of the NDP III indicators were not reported on due to absence of data. The DPI Programme is implementing an intervention that will help to ensure only realistic and reportable indicators are developed and maintained by all programs. This intervention will also inform the design of the NDP IV results monitoring framework.

7. The increasing levels of corruption and resource leakages have a negative impact on the achievement of the NDP III goal of increasing household incomes and improving the quality of life of Ugandans, and ultimately on the projected economic growth rate.

Uganda continued to be ranked high (141/180 countries) on the Corruption index with the key institutions of Police, Judiciary, URA mostly affected. This continued to affect public service delivery, and accordingly impacting the NDP III implementation.

8. Weak commitment to the Fiscal Decentralization Architecture (FDA) policy 2017. This has affected the ability of LGs to attend (plan, budget and allocate) to their local priorities thereby undermining decentralization principle of devolution of powers

A number of LG programmes continued to be implemented through central government MDAs - this undermines the decentralisation policy. As a result of this and the low commitment to the policy, fiscal transfer to LGs continued to perform (11.8% of national budget) well below targets (24.06%). This weakens ability of LGs to meet own service delivery obligations.

9. Poor infrastructure, characterized by narrow and less developed road networks, leading to high transportation costs, reduced market access, and constraints on various economic sectors, including agriculture, manufacturing, and tourism which impacts on revenue mobilization and economic growth.

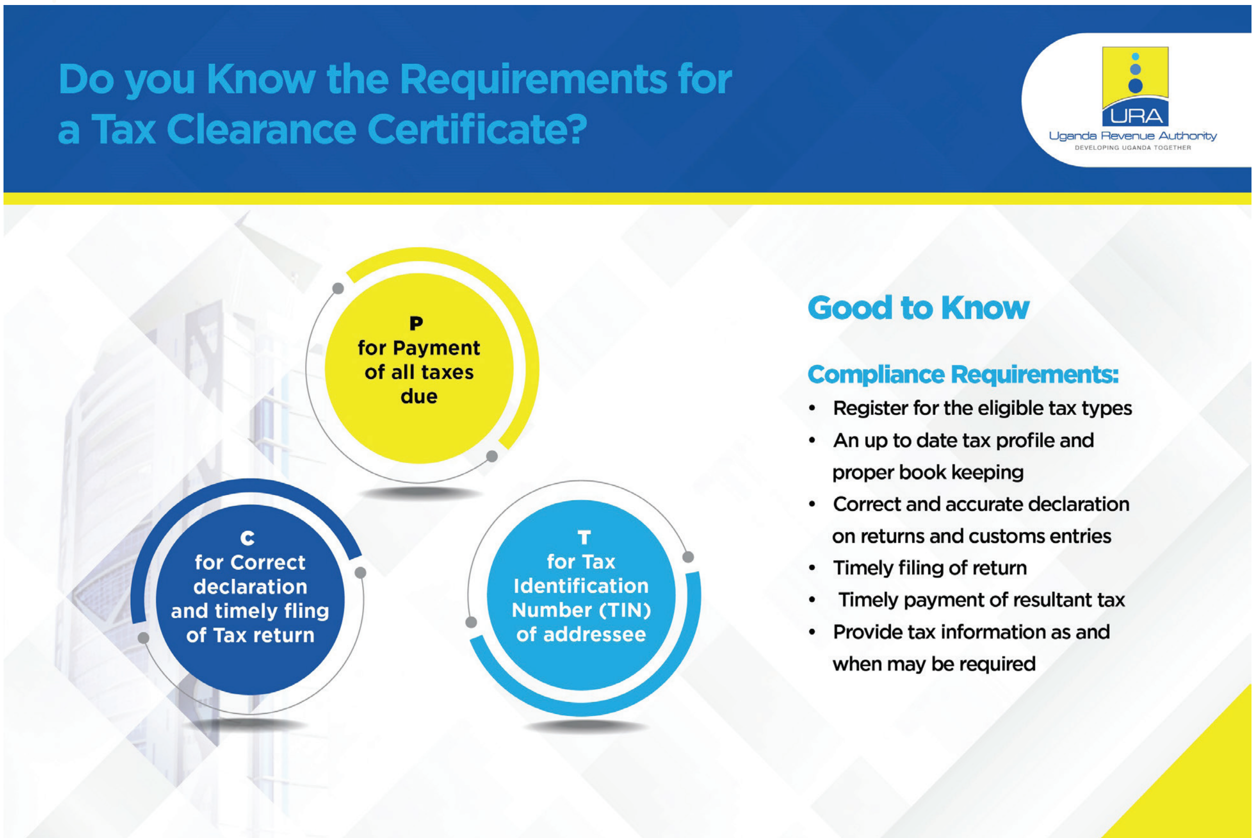
4.2 Emerging Issues

The following table presents an overview of the critical challenges and areas requiring attention to ensure the effective implementation of the National Development Plan and the achievement of its objectives. Each issue is accompanied by a risk assessment and proposed mitigation measures, reflecting the programme's commitment to addressing challenges and enhancing its impact on national development.

Figure 24: Key emerging issues

#	Emerging Issue	Risk	Mitigation Measures
1	Politicization of the parish development model and failure to implement other strategic pillars.	Diversion of resources for political gain, and inefficiencies in its implementation may lead to its failure to realize the intended objective.	Ensure adherence to transparent and merit based selection processes;
			Remove politics from development initiatives
2	Growth in informal activities	Increases administrative burden and reduces tax compliance	Enhance tax enforcement measures, incentivize the informal sector to formalize, and simplify tax compliance procedures
3	Youth unemployment	Hinders economic productivity, social cohesion, and political stability	Implement youth oriented employment initiatives, enhance skills development programs, and promote entrepreneurship
4	Rising cost of public administration	Strains fiscal resources and limits government effectiveness	Trim down the size of government, enhance efficiency in public service delivery, and streamline bureaucratic processes
5	Climate change and environmental sustainability	Threatens economic stability, exacerbates vulnerabilities	Implement climate resilient policies, promote sustainable practices, and invest in adaptation and mitigation strategies
6	Increasing rate of corruption	Undermines public trust, diverts resources, and distorts markets	Strengthen anticorruption measures, enhance transparency and accountability, and enforce stringent governance reforms
7	Deteriorating state of Uganda's gateway for imports and exports.	Disruptions in trade flow, increased cost of business, economic slowdown, and decline in revenue mobilization.	Prioritize infrastructure maintenance and upgrades; Invest in road rehabilitation and city infrastructure development to facilitate trade and economic growth
8	The high cost of systems development and maintenance across government	Inflates government expenditure and reduces efficiency	Adopt an integrated and standardized systems development approach that can be deployed in all MDA's
9	Poor work ethics and mindset among youth	Undermines productivity and and contribution to economic growth	Enhance youth training on work ethics, promote values of professionalism and responsibility, and provide mentorship programs

#	Emerging Issue	Risk	Mitigation Measures
9	Taxation fatigue by formal and tax-compliant businesses	Negative impact on investment and economic growth	Review and simplify tax policies to reduce compliance burden, Enhance transparency and fairness in tax administration, Provide tax incentives for compliance and investment
10	The growing state of poor service delivery to citizens	Reduced citizen satisfaction may lead to protests with a negative impact on economic growth.	Strengthen public service delivery mechanisms by investing in infrastructure and human resources, Enhance monitoring and evaluation systems to ensure accountability and efficiency, Promote transparency and citizen participation in service delivery processes
11	Low resilience to external shocks	Vulnerability to economic downturns and global crises due to disruption in trade and investment flows	Diversify the economy to reduce reliance on vulnerable sectors, Build up foreign exchange reserves and establish trade agreements with multiple partners
12	Rapid urbanization	Strain on urban infrastructure and services due to increased demand for housing and utilities	Invest in urban planning and development to accommodate population growth and implement policies that promote affordable housing and sustainable urban development



ANNEXES

Annex 1: Update on the FY 2021/22 emerging issues and undertakings

During FY 2021/22 Annual Programme review, the DPI Programme identified several emerging issues and came up with undertakings aimed at addressing each issue comprehensively in order to enhance coordination mechanisms, ensure better alignment of budget allocations with national development priorities, plug leakages in tax collection, improve revenue management, strengthen public investments oversight, enhance the reliability of NDP III indicators, streamline mandates, and foster decentralization through the establishment of LG Programme Implementation Action Plans etc. In the table below, we present progress made on these undertakings as of June 30th, 2023, although ongoing efforts are required to achieve lasting solutions.

Table 23: DPI PROGRAMME 2021/22 ANNUAL REVIEW RECOMMENDATIONS IMPLEMENTATION MATRIX

#	Undertakings	Implementing MDA	Progress as at June 2023
	RESOURCE MOBILIZATION & BUDGETING TWG		
	Emerging Issue: Gaps remain with respect to budget allocation in line with the NDP III.		
1.	Government should expedite the implementation of the Domestic Revenue Mobilization Strategy to increase the level of resources for allocation.	MOFPED	The DRMS implementation plan was developed and the implementation is on course as per the timelines. A copy of the implementation plan was shared with stakeholders.
2.	Strengthen implementation planning and budgeting across institutions at all levels of government to improve alignment of resources to the NDPIII.	MOFPED, NPA	NPA has continuously provided support through trainings to MDAs and LGs enabling them to develop and align their plans to the NDPIII. With the start of Financial Year 2022/23, the budget structure was fully aligned to the NDP III.
3.	Restrict the use of supplementary budgets to minimize distortions in the implementation of the NDP III.	MOFPED	Supplementary budgets have been restricted to areas of Government commitment especially industrial policy and unforeseeable areas.
	Emerging Issue: Leakages in Value Added Tax Collection		
4.	Expedite the automation of tax enforcement to strengthen the level of tax administrative capacity.	TPD/MOFPED, URA	The Electronic Fiscal Invoicing System (EFRIS) is now fully functioning, which has brought on board more tax payers and enhanced VAT revenue.
	Emerging Issue: Increased losses in Government revenue as a result of tax exemptions		
5.	Formulate and implement a policy to reduce tax exemption while upholding tax compliance	TPD/MOFPED, URA	Government undertook to review and update the VAT law which is now the VAT Bill 2023. The Bill was presented to the respective Regulatory Impact Assessments and awaits Cabinet Approval.
	Emerging Issue: Inadequate Public Investments Management		
6.	Strengthen mechanisms of the quality of projects both at entry and during execution to eliminate bad projects.	MOFPED	Mechanisms by the Development Committee are in place to ensure that only bankable projects are admitted into the Public Investment Plan.
7.	Enact a legal framework on PIMS.	MOFPED	PIMA (Public Investment Management Assessment) is in place. Awaiting approval from Cabinet.

#	Undertakings	Implementing MDA	Progress as at June 2023
8.	Strengthen multi-annual planning and forecasting of project commitments to keep projects within the medium term resources framework	MOFPED	MOFPED under the PAP department continuously carries out trainings to ensure that MDAs implement this.
	DEVELOPMENT PLANNING, RESEARCH AND STATISTICS TWG		
	Emerging Issue: Unreliability of the quality of indicators in the NDP III.		
9.	Holistic review of the indicator framework to ensure the indicators in the NDP III are measureable and achievable.	UBOS, NPA	1) MFPED, OPM, NPA, UBoS are currently developing an M&E Manual and PBB Manual to guide the development, approval and reporting of NDP indicators and targets. 2) The operationalization of the Integrated NDP M&E System is ongoing and training of Programme key actors on its use and also bring on Board NITA-U for purposes of sustainability and continuity of the system.
10.	Strengthen systems for statistical development and use of statistics for evidence based planning, budget allocation and accountability.	UBOS	Activities undertaken under Activity 1 above will include cleanup of data to support the use of the indicators.
11.	Strengthen the coordination and oversight of the monitoring framework in order to achieve consensus on appropriate indicators and agreement on key targets to assess Programme performance.	OPM	The work undertaken under Activity 1 will include strengthening institutional mechanisms to ensure quality control of the indicators and framework used for monitoring the National Development Plans.
	OVERSIGHT, IMPLEMENTATION, COORDINATION AND RESULT MONITORING TWG		
	Emerging Issue: Weak coordination among Government Ministries, Departments and Agencies		
12.	Fast track the operationalization of the coordination Secretariat at OPM and the NDP III Programme secretariats at Lead Ministries.	NPA, OP, OPM, MOFPED	1) A coordination Secretariat has been set and Programme Coordinators to support coordination of NDP III Programmes have been assigned at OPM. It however needs to be expanded.
			2) Guidelines on the establishment of Program Secretariats were issued by MoPS including ToRs for TWGs, PWGs, & Leadership Committees (Ministers) as well as approval of a structure for Programme Secretariats.
	Emerging Issue: Overlaps and duplications of mandates with respect to coordination, monitoring and oversight of the NDPIII.		
14.	Engage responsible MDAs to clearly identify and resolve the challenges regarding the colliding M&E and coordination mandates of the institutions.	OPM	The Ministry of Public Service's approved the M&E cadre as a Department within the Public Service which will clarify the M&E function across Government. The Office of the Prime Minister is also planning to commission a study (name) to further clarify and resolve this.
	LOCAL GOVERNMENT TWG		
	Emerging Issue: Local Government funds appropriated through central MDAs Votes		

#	Undertakings	Implementing MDA	Progress as at June 2023
15.	Implement a program of actions to review Local Government programs implemented through central MDAs and decentralize these consistent with the Decentralization policy and the Fiscal Decentralization Architecture.	MOFPED, LGFC	A directive from PS/ST was issued directing LG funds to be sent to them directly with an exemption to a few projects that require technical expertise. However, there are still ongoing discussions within the Ministry of Finance to effect the directive.
	Emerging Issue: Weak management of the Parish Development Model Funds		
16.	Implementation of PDM should be embedded in the administrative structures of Local Governments and existing accountability systems.	MOFPED, MOLG	1) PDM has hired Parish Chiefs &Ward Agents in all the 10,594 Parishes. 2) There are Parish Development Committees in all Parishes. 3) Every LG has a Focal Person appointed by the CAO/TC. 4) The PDM Secretariat has established a team of Master trainers across the 18 zones of Uganda. 5) Two trainers for every Sub region, totaling to 36. 6) The Secretariat assigned each zone/sub region an officer to support coordination.
17.	Carry out a forensic audit into the management of PDM funds to inform the establishment of an appropriate recovery mechanism.	OAG	The Office takes note of this proposal and recommends that a formal request be written to the Auditor General to conduct this audit in line with the Office's procedures for undertaking Special audits and Forensic Investigations. Nonetheless, the Office has taken steps to ensure it can provide assurance on the implementation of the Parish Development Model to the extent resources permit. In 2022, the Office produced a standalone thematic report on the Government preparedness to implement the PDM. In addition, the Office undertook a review of the Parish Development Model to assess the extent of service delivery and these details are contained in the Annual Report of the Auditor General as at December, 2022. For FY2023/24, the Office has planned to produce 200 reports on implementation of the PDM in selected parishes. Owing to resource constraints, the Office is unable to audit all 10,597 parishes. It is our hope that resources shall be made available to enable the Office conduct these audits as required.
	Emerging Issue: Absence of a LG Programme Implementation Action Plans (PIAPs) weakens decentralization with respect to the choice of priority interventions that are unique to a Local Government.		

#	Undertakings	Implementing MDA	Progress as at June 2023
18.	Develop a LG PIAP that brings out the National focus as well as the specific LG priority focus.	NPA	Customized PIAPs for Local Governments were developed from all Programmes and submitted to MoFPED (Directorate of Budget) to be uploaded on the PBS. There are also proposals for NDPIV PIAPs to have customized deliverables for LGs implementation in all the Programmes. This will make it easier for adoption in the LG plans and Budgets.
	Emerging Issue: Lack of NDPIII Coordination Structures at the LGs level leads to coordination issues and a multiplicity of reporting centers.		
19.	Expand the NDPIII Structures of Leadership Committee, Programme Working Groups and Technical Working Groups at the Center to include Local Governments as well.	NPA, OPM	The proposal is to include Chairpersons/ representatives of the Local Government structures within the NDP III structures. In order to strengthen the implementation of the Development Plans, there is ongoing work to ensure that these structures are extended and operationalized at the Local Government in the upcoming NDP IV.

Annex 2: Programme Lead Institutions

The Program Lead Ministry responsible for overseeing the DPI Programme is the Ministry of Finance, Planning, and Economic Development, with the Minister serving as its head. The Permanent Secretary & Secretary to the Treasury (PS/ST) is the Program Technical Leader, and chairperson of the Programme Working Group. The Government institutions directly contributing to the implementation of the Programme, known as Lead Implementing Partners, are as follows:

Lead Implementing Partners

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

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

1. Local Governments (LGs)
2. National Information Technology Authority (NITA-U)
3. Development Partners (DPs)
4. Civil Society Organizations (CSOs)

5. Uganda Management Institute (UMI)
6. Public Universities

Annex 3: Key statistics produced by UBoS that inform the NDPIII targets

Annual Gross Domestic Product (Revised): The size of the economy is estimated to have expanded by 5.3% during the year, up from the 4.6% (revised) in FY2022/2023. In nominal terms, the economy expanded to UGX184,228 Billion, compared to UGX162,883 Billion registered in FY2021/22 (Table 1).

Revised Annual Gross Domestic Product for FY2022/23 (Base=2016/2017)

Table 24: Revised Annual Gross Domestic Product for FY2021/22 (Base=2016/2017)

	2018/19	2019/20	2020/21	2021/22	2022/23
GDP at market prices					
At current prices (Billion shillings)	132,105	139,718	148,328	162,883	184,288
At constant 2016/17 prices (Billion shillings)	122,787	126,411	130,884	136,936	144,231
Quantity index (2016/17=100)	113.1	116.5	120.6	126.2	132.9
Constant price growth rates (%)	6.4%	3.0%	3.5%	4.6%	5.3%
Implied deflators (2016/17=100)	107.6	110.5	113.3	118.9	127.8
GDP per capita at current prices					
GDP per capita (UGX'000)	3,321	3,403	3,501	3,723	4,100
GDP per capita (US $)	889	916	957	1,042	1,093

Quarterly Gross Domestic Product: Q3 2022/23 QGDP Estimates disseminated under which; Year on year Quarterly Gross Domestic Product for Q3 of FY2022/23 grew by 4.9% compared to 5.1% registered in Q3 of FY2021/22 (Table 2).

Quarterly Gross Domestic Product up to Q4 FY2022/23(Base=2016/2017)

Table 25: Quarterly Gross Domestic Product up to Q4 FY2022/23(Base=2016/2017)

Sector	2021/22				2022/23		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GDP at market prices	35,720	34,094	32,559	34,564	39,082	35,835	34,141
Agriculture, Forestry & Fishing	10,730	7,355	6,094	7,704	10,712	7,931	6,562
Industry	8,425	9,536	9,046	9,261	9,544	9,197	9,105
Services	14,454	14,829	14,950	15,201	16,433	16,353	16,020
Adjustments							
Taxes on products	2,110	2,374	2,468	2,398	2,392	2,354	2,455

1. **Consumer Price Index (CPI) - Inflation figures:**

   Inflation figures were disseminated for the period ended 30th June, 2023. Monthly Consumer Price Indices for Uganda disseminated under which; the Annual Inflation as measured by the Consumer Price Index for Uganda for the 12 months to July 2023 is registered at 3.9 % compared to the 4.9% registered in the year ended June 2023. The detailed Index number trends are shown in Table 3.

2. **Annual Inflation Rates up to June 2023 (FY2016/17=100)**

Table 26: Annual Inflation Rates up to June 2023 (FY2016/17=100)

GROUP	Core	Food Crops	EFU	Headline
Weights	**839.62**	**95.1**	**65.28**	**1000**
Financial Years				

GROUP	Core	Food Crops	EFU	Headline
2019/20	109.08	102.16	118.86	109.06
2020/21	112.89	97.8	117.74	111.77
2021/22	116.49	102.11	123.88	115.61
2022/23	125.15	125.30	134.93	125.80
Calendar Years				
2019	107.68	100.27	117.48	107.61
2020	111.16	99.72	118.96	110.58
2021	114.23	106.67	118.1	113.02
2022	121.07	113.58	133.16	121.15

3. **Producer Price Index –Manufacturing and Utilities (PPI-M&U)**:

   Producer Price Indices and Inflation in Manufacturing and Utilities was disseminated under which, inflation as measured by the Producer Price Index for manufactured goods and utilities for the 12 months to March 2023 slowed down to 1.6% compared to 5.3% registered for the year ended February 2023. This was mainly attributed to the 1.5% slowdown in inflation of the manufacturing sector for the year ending March 2023 compared to 5.5% registered for the year ended February 2023.

4. **Producer Price Index for Hotels and Restaurants Services (PPIH&R)**:

   The Annual Inflation as measured by the Producer Price Index for Hotels and Restaurants Services in the Second quarter (Q_2) FY2022/23 compared to Quarter Four (Q_4) FY2021/22 reduced to 3%.

5. **Construction Input Price Indices (CIPI):**

   The Bureau compiled the CIPI up to May 2023. Construction Input Price Index (CIPI) and Construction Sector Inflation report for the 12 Months up to May 2023 for inputs into the Construction Sector was registered at 3.7% compared to 5.1% registered for the year ended April 2023. Annual construction Sector inflation of inputs for specialized construction activities, which was registered at 4.4% for the year ending May 2023 compared to 6.4% registered in April 2023 with a new base period of 2016/17.

6. **External trade statistics bulletin for May 2023:**

It indicates that; in March 2023, total external trade increased by 34.4 % from that recorded in February 2023. Total exports increased by 110.3% in March 2023 recorded in February 2023. The sharp increase in exports earnings was due to high exports of gold and gold compounds which contributed 42.4% to total exports. Total import flows increased by 5.5% in March 2023 from that registered in February 2023.

Annually, trade flows in March 2023 increased by 30.8% recorded in March 2022. Imports increased by 3.8% in March 2023 compared to that recorded in March 2022. Similarly, Exports increased by 99.2% in March 2023 in comparison to that registered in March 2022.

2023 National Population & Housing Census:

The Bureau continued with preparations to undertake the 2023 NPHC. During this period, the Bureau conducted the Pilot Census; a comprehensive test of all Census Procedures. The Pilot Census was conducted in 13 districts of Bunyangabu, Kisoro, Buhweju, Buliisa, Nakasongola, Koboko, Kole, Omoro, Kotido, Serere, Tororo, Mbale City and Namayingo. The Census Pilot provides a comprehensive test of the entire Census structure including recruitment, training, data collection, processing and dissemination.

The Mapping exercise facilitates effective Census enumeration. It determines the number of enumeration area and therefore the total number of enumerators who shall be required to conduct interviews during data collection. The Mapping exercise has covered 61% of the villages. The Bureau decentralized the Mapping and the exercise is expected to be completed in the Q1 FY2023/24.

Figure 25: 1. The Hon. Ministers lead by the Rt. Hon. 3rd Deputy Prime Minister Rukia Nakadama and member of Uganda Executive Committee during the first National Census Council Meeting at the office of the Prime Minister

The Mapping exercise facilitates effective Census enumeration. It determines the number of enumeration area and therefore the total number of enumerators who shall be required to conduct interviews during data collection. The Mapping exercise has covered 61% of the villages. The Bureau decentralized the Mapping and the exercise is expected to be completed in the Q1 FY2023/24.

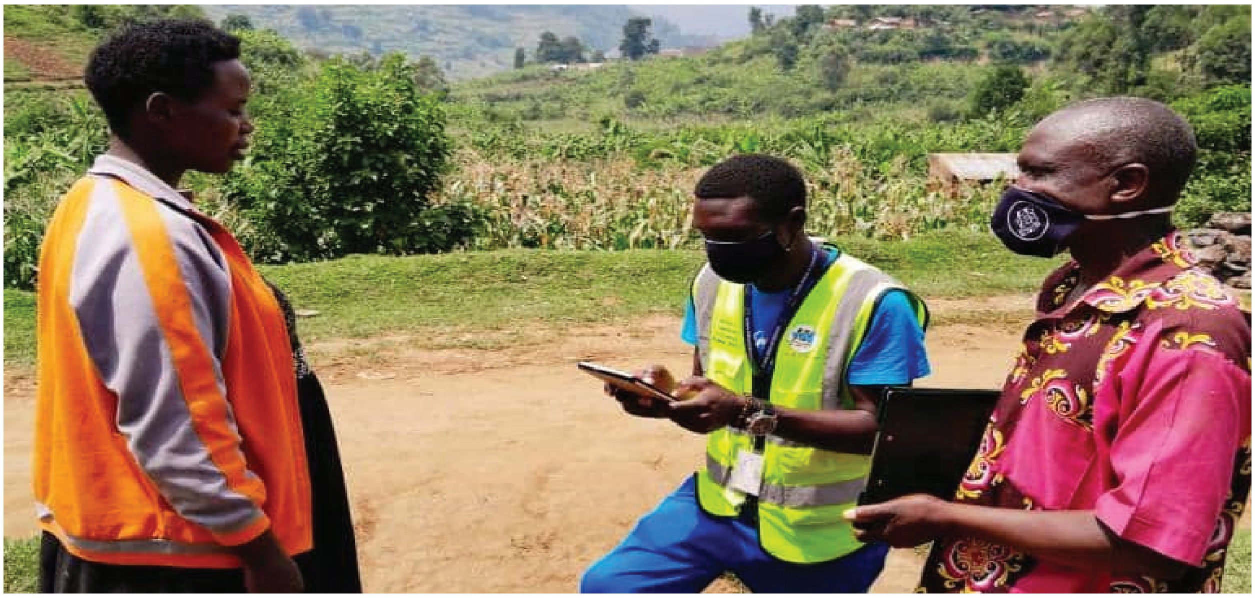


Figure 27: A Mapping field interviewer picks information from one of the respondents

National Livestock Census 2021:

Data processing was completed and the draft Report compiled. The draft Report has been prepared and is under review before dissemination. The Livestock Census presents current indicators that supports improved planning in the Livestock sector. Progress is being made to ensure that the main report is produced and disseminated.

Uganda National Household Survey (UNHS):

Completed training of enumerators and embarked of data collection. Four (4) out of the 12 rounds of data collection have been undertaken. The UNHS presents information about household characteristics including their welfare status conducted after every three years.

Demographic and Health Survey (UDHS):

The field activities for UDHS were completed and the Bureau is compiling the survey report. The report will provide up-to-date information on demographic, health, and family planning status and trends in the country.

Figure 28: UDHS Field staff display their Computer Assisted Personal Interview devises (CAPI)- Tablets and readiness to go to the field.

As part of data quality assurance, the UDHS data and processes have been peer reviewed by a team from the UN family (UNFPA, WHO and UNICEF).

The consultants based their concern on five result areas to guarantee the quality of UDHS report. Some of the parameters included ascertaining if all collected data were transmitted to the server and compiled into data sets, establishing survey representation in terms of weights for the various questionnaires, reviewing data quality both on data set and the response rate, compiling the key indicators that have been listed using Stata and CSpro and to identify skills development in terms of data compilation and development of tables.

During the meeting, the UNFPA Deputy Resident Representative Mr. Daniel Alemu, committed continuous support by UNFPA towards statistical surveys as Censuses. He noted that UNFPA will provide part of the tablets that shall be used for the forth coming Census enumeration. In addition, other support efforts shall go towards benchmarking which is very critical for delivering an inclusive National Population and Housing Census.

Figure 29: Members from the UN fraternity together UBOS staff during the UDHS peer review meeting

Uganda Harmonized Integrated Survey (UHIS) -Panel:

The Bureau continued with the implementation of the Uganda Harmonized Integrated Survey (UHIS) integrating the activities of Uganda National Panel Survey (UNPS), and the Annual Agricultural Survey (AAS) with support from WB, FAO and GOU during the quarter. The UNPS is a longitudinal survey with a sample of approx. 6,000 agricultural and non-agricultural households. The Bureau completed data collection for Wave I and is compiling the Report. Wave II data collection is scheduled to undertake during in FY2023/24.

Uganda Harmonized Integrated Survey - Agriculture:

The Annual Agricultural Survey (AAS) is a cross sectional survey with about 3,000 households and aims to collect data from agricultural households only and provide estimates at national level and for the 10 Zonal Agricultural Research Development Institutes (ZARDIs) aligned to the 10 Agro-ecological zones in Uganda. During the period, the Bureau disseminated the 2020 AAS report, generated interactive tables using the AAS 2019 and 2020 datasets. The interactive tables were uploaded on the Bureau's Open Data Portal.

The National Service Delivery Survey (NSDS):

The Bureau in collaboration with Ministry of Public Service completed and disseminated the National Service Delivery Survey report. The overall objective of this NSDS 2021 was to provide a comprehensive assessment of the trends in service delivery in the areas of Education, Health, Water and Sanitation, Environmental Management, Energy Use and Minerals, Lands and Housing Conditions; Justice, Law and Order, Agricultural services, Transport services (Road Infrastructure, Water and Air transport), Public Sector Management and Accountability; and Projects implemented. A summary of some of the findings are highlighted;

Annex 4: Development Partners support to DPI Programme during FY2022/23

Table 27: Development Partners support to DPI Programme during FY2022/23

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
TAX POLICY / Revenue Mobilization								
Denmark / EU / KfW	**Part of REAP Outcome 1 - Sustainable Resource Mobilization Cluster**	To enhance resource mobilization for Uganda's sustainable development	i) Capacity building for DRM; ii) Tax policy and legal framework reviewed; iii) Compliance Improvement Plan operationalized through effective data management; risk management policy; and taxpayer education Programme; ii) Regulatory framework for revenue management of oil, gas and minerals developed.	MoFPED (TPD) & URA	Basket funding through GoU	Jul 2019 to Jun 2025	richard.ojilong@finance.go.ug	Ongoing
ODI, Institute of Fiscal Studies	**Tax Dev II**	Strengthening Tax Policy Formulation	Technical Assistance to TPD through embedded advisor. Tax-Policy making review study and follow up by senior expert. Assistance in advising on strengthening Tax Policy making process and institutional reform supported by a senior expert. This follows up from a 2020 study on tax Policy Making in Uganda.	MoFPED (TPD)	Technical Assistance	2023-25	Hazel Granger, h.granger@odi.org.uk	Ongoing
USAID	**Domestic Revenue Mobilization for Development (DRM4D)**	Technical support aiming to increase revenue mobilization including support to revenue administration, tax legislation and local government revenue	(i) Promote integrity, modernize organization structure, human resources function and streamline rewards structure; (ii) Maintain eTax system, whilst planning for a replacement system, (iii) Enhance taxpayer audit program (covering VAT audits and VAT offsets and complex audits); (iv) Enhance debt management and enforcement strategies; (v) Improve taxpayer information exchange mechanisms and taxpayer services; (vi) Strengthen public-private engagements by URA and other revenue collection MDAs; (vii) Support CSO capacity to advocate for higher spending on social sectors (Grants issued to CSBAG, SEATINI, ACODE, UMA, and EPSEDEC)	URA/TPD / CSOs & Private Sector	Mainly TA support	2020-25	Kieran Holmes (COP)-KHolmes@nathaninc.com Felix Kazahura -fkazahura@usaid.gov	Ongoing

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
REVENUE ADMINISTRATION / URA								
IMF	**AFRITAC East**	TA capacity building support to A. Strengthen revenue administration and governance; and B. Strengthen customs and tax administration and core functions;	A (i) Assist with medium term revenue strategy; (ii) Support sector audit techniques; (iii) peer to peer learning in tax administration - attachment for audit of the manufacturing sector and dealing with forensic and digital evidence B. (i) Improve customs valuation systems; (ii) Strengthen risk management for enforcement and border controls	URA, and TPD / MoFPED	Technical Assistance	to 2025	IKarpowicz@imf.org (IMF Rep, Uganda)	Ongoing
USAID	**Domestic Revenue Mobilization for Development (DRM4D)**	Technical support aiming to increase revenue mobilization including support to revenue administration, tax legislation and local government revenue	(i) Promote integrity, modernize organization structure, human resources function and streamline rewards structure; (ii) Maintain eTax system, whilst planning for a replacement system, (iii) Enhance taxpayer audit program (covering VAT audits and VAT offsets and complex audits); (iv) Enhance debt management and enforcement strategies; (v) Improve taxpayer information exchange mechanisms and taxpayer services; (vi) Strengthen public-private engagements by URA and other revenue collection MDAs; (vii) Support CSO capacity to advocate for higher spending on social sectors (Grants issued to CSBAG, SEATINI, ACODE, UMA, and EPSEDEC)	URA/TPD / CSOs & Private Sector	Mainly TA support	2020-25	Kieran Holmes (COP)-KHolmes@nathaninc.com Felix Kazahura -fkazahura@usaid.gov	Ongoing
IGC	**Fiscal Capacity and Tax Revenues**	To improve the use of information and human resources in revenue collection	Research support including studies on private sector response to tax audits, linking procurement data with etax data, construction sector mapping; and tax morality / attitudes, tax and accountability,	MoFPED (TPD)	Research studies	?	Nicole Ntungire: nicole.ntungire@theigc.org	Ongoing

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
HMRC (UK - FCDO)	**Technical Support**	Technical support: Peer-to-peer partnership to support capacity building across the URA in order to strengthen a) tax administration, b) organizational capabilities and c) revenue collection.	Technical Support on (i) **Human Resources**: develop competency frameworks, training and development activities. developing job families across URA, identifying competencies and proficiency. Identify training needs & potential career paths. Support Career/ Talent Management, Succession Planning, Leadership Development and aspects of URA's Tax Academy. ii) **Automatic Exchange of Information** (AEOI): Support to the A EPSEDEC EOI Unit underway covering technical, policy and legislative support - due to go live in Sept 2025 (iii) **Tax Crime Investigations**: to provide technical assistance so that URA has a modern TI department utilizing enhanced investigative techniques to target the highest levels of tax criminality and has maximum impact on the frauds being committed at any one time. (iv) **Voluntary Disclosure technical support** - in relation to the Tax Transparency common reporting standards data and a wider strategy for VD opportunities for different customer groups.	URA	Technical Assistance	Presence since 2018. Latest arrangement from June 2021 to June 2024	lynne. shahkarami@ hmrc.gov.uk Lesley Ennin: lesley.ennin@ hmrc.gov.uk	Ongoing
PLANNING AND BUDGET / PIM MOFPED								

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
KfW / Denmark/ EU	**REAP - Outcome 2: Planning and Budgeting Cluster**	Enhanced Policy-Based Budgeting & Planning for Allocative Efficiency	i) Strengthen National Planning; ii) Capacity building for planning and budgeting across GoU; iii) PBB reform reviewed & strengthened, including review of PWGs; iv) Multi-year fiscal planning v) Gender Equity Budgeting; vi) Budget Transparency and Accountability (BTA) Strategy; (vii) Implement recommendations in Fiscal Decentralization Architecture report;(ix)) Tools, guidelines and capacity development for evidence based planning (X) NDP performance monitoring / indicators	MoFPED (Budget) / NPA		July 2019 - June 2025	richard.ojilong@ finance.go.ug	Ongoing
KfW / Denmark/ EU	**REAP - Outcome 3: Public Investment Management**	Strengthened Public investment management (PIM) for increased development returns on public spending	i) PIM system developed; ii) IT-based Integrated Bank of Projects (IBP); iii) Regulatory and institutional framework for management of PIMs and PPPs; iv) Sector Specific Project preparation and appraisal manuals; (v) Support to improve efficiency and systems of MDAs and regulatory agencies in the energy and water sectors; (vi) Capacity building Programme (building on sector diagnostic studies in works and energy); vii) Modalities for independent appraisal; viii) Asset Management Framework	MoFPED (PAP/ PPP)		July 2019 - June 2025	richard.ojilong@ finance.go.ug	Ongoing
WB (FCDO/ UK Trust Fund)	**Strengthening Capacities and Institutions for PIM, PPPs and DRM**	To strengthen capacities in management and financing of public investments, including through public-private partnership and in domestic revenue mobilization.	**a) PIM institutional and regulatory strengthening** (i) Formulation of a PIMS policy and Assessment of the Legal and Institutional framework surrounding PIMS; (ii) Development and roll out of phase II of the Integrated Bank of Projects (IBP) to monitor the full project cycle, including strengthening capacity in preparation and appraisal of projects for selected MDAs & LGs. **b) PIMs training -** develop sustainable and institutionalized capacity building for PIM through establishment of a Centre of Excellence at Makerere University **PPP**s: TA to enhance capacity through in-house advisors to the PPP unit.	MoFPED (PAP) / PPP Unit/ MUK	$2.8m	2019-2022	rsebudde@ worldbank.org	Completed

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
IMF	**AFRITAC East**	STA support for credible policy-based budgeting, improved management of assets and liabilities; and strengthened Public Investment management	**Budgeting**: i) Integrating budget costing into budget preparation systems; ii) Strengthen the recording of multi- year project commitments; **PIM**: (i) Support for a Public Investment Management Assessment (PIMA); (ii) Integration of PIM and PFM systems; (iii) Improvements to asset management	MoFPED (PAP/ Budget)	Technical Assistance	to 2025	IKarpowicz@imf.org (IMF Rep, Uganda)	Ongoing
EU	**Design of a web-based M&E System for NDP III**	To strengthen results and performance monitoring under the NDP	Technical assistance to strengthen capacities of Ministries, Departments, Agencies and Local Governments for the web-based M&E of Uganda's 3rd National Development Plan	NPA / MoFPED (REAP)	TA	2019-2023	Enora.Marenne@eeas.europa.eu	Completed
US Treasury Office	**Budget Advisor to MoFPED**	TA to Budget in MOFPED	Provision of 1 TA advisers on PBB, including budget formulation, execution and general capacity building	MoFPED (Budget)	TA	2022-26	David.Kinsey@otatreas.us	Ongoing
EU	**TA to NDP III**	To strengthen governance arrangements for the implementation of the Programme approach under NDPIII,	TA to review governance arrangements and recommend improvements to strengthen coordination and oversight at APEX and Programme Working Group Levels	NPA/OPM	TA	2021-2022	tarik.KUBACH@eeas.europa.eu	Completed
DEBT MANAGEMENT / MoFPED - DEBT AND CASH DIRECTORATE								
KfW / Denmark/ EU	**REAP - Outcome 1: Sustainable Revenue Management**	Sustainable debt and Development financing	i) Develop a public financing strategy; ii) Alternative financing instruments introduced; iii) Monitoring framework for debt management strengthened; iv) Capacity building Programme for Debt Management v) Development Cooperation Policy	MoFPED / Debt Management		July 2019 - June 2025	richard.ojilong@finance.go.ug	Ongoing
ACCOUNTING SYSTEMS / TREASURY								

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
KfW / Denmark/ EU	**REAP - Outcome 4 Accountability and Compliance cluster**	Strengthened effectiveness of accountability systems and compliance in budget execution	i) Capacity building for Accounts and Audit Cadres in MDALGs; ii) Rollout of IFMS to remaining MDALGs; integration of core PFM accountability systems; guidelines on reporting and aging of arrears; iii) IFMS application functionality, system security and processing enhancement; iv) Cash management operations strengthened.	MoFPED - Treasury		July 2019 - June 2025	richard.ojilong@finance.go.ug	Ongoing
IMF	**AFRITAC East**	STA support for asset management and transition to Accrual based accounting	(i) Support to TSA and cash management; (ii) TA support on transition to accrual-based IPSAS accounting	Treasury / MoFPED	Technical Assistance	to 2025	IKarpowicz@imf.org (IMF Rep, Uganda)	Ongoing
PUBLIC SERVICE & PAYROLL / MOPS								
KfW / Denmark/ EU	**REAP - Outcome 4 & 6: Compliance & Accountability; Oversight Governance**	Effectiveness and accuracy of the payroll and pension management systems increased	i) New Human Capital Management system rolled out to all MDALGs; i) Comprehensive review of standing orders and disciplinary processes; ii) Guidelines for implementing the disciplinary procedures; iii) Change management support on revised PSSO	MoPS/ NITA-U	Basket funding through GoU	July 2019 - June 2025	richard.ojilong@finance.go.ug	Ongoing
PROCUREMENT / PPDA								
KfW / Denmark/ EU	**REAP- Outcome 3 PIM and Outcome 4: Compliance and Accountability; and Outcome 5: PFM in LGs**	Strengthen accountability systems and compliance systems	i) Integrated E-procurement system rolled out to MDALGs (starting with six selected sectors). Under PIM: ii) Capacity building for large/ complex public procurement management; ii) Alignment of the legal and regulatory framework to procurement policy; iii) Monitoring for large and complex procurements in selected sectors/ MDAs; iv) Procurement Integrity Survey in LGs; v) Regulatory framework for LG procurement reviewed	PPDA/ MoFPED	Basket funding through GoU	July 2019 - June 2025	richard.ojilong@finance.go.ug	Ongoing

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
Sweden (SIDA)	**Sustainable Procurement Capacity Building Programme**	TA implemented through Crown Agents	Support will include - TA to strengthen regulations, training of procurement officials, TOT, developing eco-labeling / standards, piloting sustainable procurement, sensitization of management, benchmarking visits; drafting specifications and guidelines.	PPDA/ MoFPED	TA	2022-	Sarah.Hare@ crownagents. co.uk	Ongoing
Germany, implemented by GIZ	**Strengthening Accountability Component under the Governance and Civil Society Program**	1. Development of a Contract Monitoring System (CMS) for the implementation of the PPDA-CSO-PDE engagement framework. 2. Emergency Procurement Guidelines 3. Organization Development Assessment	1. The CMS shall help CSOs to easier provide information to PPDA on issues in contract implementation. The CMS is a digitalization of the paper based contract monitoring tool developed in partnership between PPDA and CSOs. There will also be a webpage to record contract monitoring. 2. To develop an emergency procurement guideline to guide procurements done under emergencies such as the Covid-19 pandemic. 3.To support an organizational development assessment in the PPDA	PPDA	TA	2020-202?	TA embedded at OAG - einar. fogh@giz.de	Ongoing
World Bank	**Regional Infrastructure Communications Programme**	(i) lower prices for international capacity and extend the geographic reach of broadband networks (ii) improve GoUs efficiency and transparency through e-Government applications (includes e-Procurement)	(i) Strengthen IT legal, policy, regulatory and technical support framework; (ii) Extension of National Backbone Infrastructure broad links to underserved regions,& network links to MDAs; (iii) Support eGovernment IT systems, including shared central IT services, and design and piloting e-Procurement system	NITA-U, MoFPED. PPDA	$75m IT Infrastructure / software	2016-2022		
AfDB	**MAPS Study**	Review of the public procurement system using the OECD MAPS methodology	Technical support to undertake MAPS review of public procurement system	MoFPED/ PPDA	TA	2022		completed
INTERNAL AUDIT - MOFPED								

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
KfW / Denmark /EU	**REAP - Outcome 6: Oversight and PFM Governance**	Enhanced Assurance (governance, risk and control) by the internal audit function for Compliance of PFM systems	i) Computer Assistance Audit Tools availed for internal auditors in MDALGS; ii) Capacity building Programme for internal audit function in LGs and MDAs; and, iii) Risk Management and quality assurance frameworks established	MOFPED - IAG	Basket funding through GoU	July 2019 - June 2025	richard.ojilong@finance.go.ug	Ongoing
EXTERNAL AUDIT - Office of the Auditor General								
KfW / Denmark/ EU	**REAP - Outcome 6: Oversight and PFM Governance**	Enhanced impact of financial and VFM audit reporting and oversight	i) OAG MIS rolled out; ii) Integrated tracking system for audit recommendations for stakeholders; iii) Mechanisms for dialogue and political engagement on PFM oversight and accountability; iv) Policy on effective audit planning developed; v) Capacity building Programme of PFM oversight	OAG / Parliament / IAG / MoLG		July 2019 - June 2025	richard.ojilong@finance.go.ug	Ongoing
Germany, implemented by GIZ	**Strengthening Accountability Component under the Governance and Civil Society Program**	Development of a Citizens Feedback Platform (CFP) for the OAG	The CFP shall help the OAG to receive feedback from citizens on service delivery issues that can inform future audits. The CFP will also allow the OAG to push data to registered users of the CFP and create polls to get specific information.	OAG	TA	2020 to 2023	TA embedded at OAG - einar.fogh@giz.de	Ongoing
EU	**Shared Platform for Tracking Audit Recommendations**	Strengthen follow up of audit recommendations	TA to assist with design of a shared IT system to track implementation of audit recommendations	OAG/ Parliament/ IAG / PPDA	TA	2020-22	Tarik.KUBACH@eeas.europa.eu	Completed
LOCAL GOVERNMENT PFM SUPPORT								

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
KfW / Denmark / EU	**REAP - Outcome 6: PFM in Local Government for Service Delivery**	Improved transparency and accountability of Local Government PFM systems	i) LG revenue strategy and policy developed; ii) Guidelines for revenue; iii) IRAS revenue admin system rolled out and collection capacity enhanced; iv) Retooling LG revenue management units; v) Harmonized budgeting cycles for LGs; Vi) Retooling planning units; vii) Oversight and accountability functions under LGs strengthened; viii) Guidelines for LGPACs and regional Audit committees; ix) Retool LGPACs and internal audit units; x) Capacity building for PFM systems; xi) Simplified computerized financial reporting tool rolled out to LLGs and service delivery units; xii) Public Expenditure Reviews in service delivery sectors; xiii) Tracking system to monitor service delivery standards;	MOLG/ LGFC / LGs	Basket funding through GoU	Jul 2019 to Jun 2025	richard.ojilong@ finance.go.ug	Ongoing
WB	**Municipal Infrastructure Support Programme (USMID)**	To strengthen quality of infrastructure, planning and implementation in selected Municipal Governments. Disbursement linked to results.	The Programme includes support for the roll out of IFMS/IT system for 12 local municipal governments	MoLG + Municipal LGs		2018-23		
WB	**Inter-Government Fiscal Transfers Program (UgiFT)**	Program for Results - To improve the adequacy and equity of fiscal transfers and fiscal management of resources by Local Governments for health and education services.	Support increased funding for health, education water and micro scale irrigation services delivery at the LG level. Funding to Government released on achievement of Disbursement Linked Indicators and to LGs based on improved allocation formula for equity and adequacy of funding to LG's, annual Performance Assessments of LGs followed by targeted support for poor performers, improved PFM guidance and procedures in the 4 sectors	MoFPED, MoH, MoES, MAAIF, MoLG, the LGFC and the LGs	$500m	2017-2024	Zubhair Bhatti	Ongoing

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
EU	**Fiscal Decentralization and Service Delivery**	To improve equitable service delivery at sub-national level, contributing to social development and social cohesion.	Budget support provision (€32m) to support increased funding for LGs for service delivery with funding linked to progress on fiscal Decentralization and PFM reform, and budget transparency. Also a performance component linked to indicators on LG staffing, use of service delivery targets, gender equity budgeting, LG performance assessments and expenditure tracking. The program will also provide TA to fiscal Decentralization reforms, research studies, and support for employment and social development governance at LG level.	MoFPED/ LGs	TA / Budget Support €41.3 (includes 7.1 m for REAP)	2019-2024	Enora. Marenne@eeas. europa.eu	Ongoing
USAID	**Domestic Revenue Mobilization for Development (DRM4D)**	Technical support aiming to increase revenue mobilization including support to revenue administration, tax legislation and local government revenue	(i) Assist 10 cities (Arua, Gulu, Lira, Soroti, Mbale, jinja, Masaka, Mbarara, Fort Portal, and Hoima) to strengthen revenue from property (including valuation process), business licenses, market fees, other non-tax revenue and property development; (ii) training staff on billing, revenue collection & taxpayer education, and designing a M&E framework (iii) Analysis of regulations for Business License and Markets Fees; (iv) Review of IRAS and eLogREV LG revenue admin systems	MoLG / 10 Cities	Mainly TA support	2020-2025	Kieran Holmes (COP)- KHolmes@ nathaninc. com, Patrick Kandole patrick. kandole@ cardno. com (TA -LG component)) Felix Kazahura -fkazahura@ usaid.gov	Ongoing
The Netherlands (VNG)	**Sustainable Development through Improved Local Governance**	To empower local governments and their representative bodies to shape a more sustainable future for their communities.	One component is on Local Revenue mobilization - with links to experiences gained by Municipalities in the Netherlands providing TA support to strengthen LG revenue admin processes and systems. Support will include roll out of IRAS in selected Districts; training sensitization of leaders, change management support and dialogue fora with CSOs and private sector, review of LG laws and regulations advocacy to strengthen LG revenue policies opportunities.	MoLG / LGFC / selected LGs		2022-2027	Daniel.Ibaga@ vngi.org and Irene.Oostveen@ vng.nl	Ongoing

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
EU / UNCDF (+ SDG funding)	**Support to Northern Uganda (DINU)**	Targeted PFM support to Districts in Northern Uganda, including West Nile and Karamoja regions	Aims at improved efficiency in allocation, use and availability of public resources, elimination of corruption, better accountability and strengthened PFM systems, localization and tracking of the SDGs as well as promotion of customary land tenure systems. The program supports revenue collection, administration and automation in 18 LGs	Selected LGs	10m euro	2018-2023	joel.mundua@uncdf.org	Ongoing
CROSS-CUTTING - ACCOUNTABILITY / GOVERNANCE / ANTI-CORRUPTION								
Austria, Denmark, EU, Ireland, Netherlands, Norway, Sweden	**Democratic Governance Facility (DGF)**	To support state and non-state partners to strengthen democratization, protect human rights, improve access to justice and enhance accountability in Uganda.	CSOs Grants - Assistance includes support for CSO Budget Advocacy Group (CSBAG) to strengthen PFM systems by membership on the Budget Monitoring and Accountability Unit Task Force; Voluntary Accountability Committees at LG level under Transparency International, Action Aid working on issues of revenue mobilization in a few districts, SEATINI on tax justice/ tax policy, AFIC working with PPDA on the procurement portal and training of District LGs on access to information	CSOs - CSBAG, TI, UDN, AFIC, SEATINI		2018-2022		Completed
EU	**TA (linked to JAR budget support)**	To improve the governance of public funds, including the mobilization, strategic allocation and efficient use of public resources, for improved service delivery.	(i) Support GoU with requirements for EITI ; ii) Support to Accountability sector coordination, monitoring & reporting; iii) Short-term TA to support the sector objectives and budget support indicators	TA	5m euro	2019-2021	Enora. MARENNE@eeas.europa.eu	Completed

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact	Status
EU	**Extractive Industries Transparency Imitative**	Technical Support for the production of Uganda's Second EITI Report	Procurement of the Independent Administrator in charge of supporting the EITI Multi-Stakeholder Group in the preparation of the 2nd EITI progress report; trainings to Government and businesses on the use of the EITI templates; training to OAG	EITI Multi-Stakeholder Group/ MoFPED	175,000 EUR	2022-2023	Enora. Marenne@eeas. europa.eu	Ongoing

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