REPUBLIC OF UGANDA

Uganda Vision 2040

THE CERTIFICATE OF COMPLIANCE FOR THE ANNUAL BUDGET FY2017/18

ASSESSMENT REPORT

BY
THE NATIONAL PLANNING AUTHORITY

(Made as a requirement under Section 13 (7) of Public Finance Management Act, 2015)

1st April 2018

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LIST OF ACRONYMS

Abbreviation	Description
AB	Annual Budget
ADB	African Development Bank
AG	Auditor General
ATT	Agriculture Technology Transfer
AICAD	African Institute for Capacity Development
ANC	Anti Natal Care
ARVs	Anti retro viral
ASSIP	Accountability Sector Investment Plan
AWP	Annual Work Plan
BFP	Budget Framework Paper
Bn	Billion
BoP	Balance of Payments
BoU	Banks of Uganda
BPO	Business Process Outsourcing
BTTB	Background To The Budget
BTVET	Business, Technical and Vocational Education Training
CAIIP	Community Agriculture Infrastructure Improvement Programme
CDD	Community Driven Development
CFR	Charter for Fiscal Responsibility
CNDPF	Comprehensive National Development Planning Framework
CoC	Certificate of compliance
COMESA	Common Market for Eastern and Southern Africa
DSC	District Service Commission
EAC	East African Community
EACAA	East African Civil Aviation Academy
ECD	Early Childhood Development
EMoC	Emergency Obstetric Care
ERA	Electricity Regulatory Authority
ESO	External Security Organisation
FALP	Functional Adult Literacy Programme
FIEFOC	Farm Income Enhancement and Forest Conservation
FY	Financial Year
GDP	Gross Domestic Product
GKMA	Grater Kampala Metropolitan Area
GoU	Government of Uganda
GTS	Global Telecom System
HC	Health Centre
HIV/AIDS	Human Immune Virus / Acquired Immune Deficiency Syndrome
HPP	Hydro Power Plant
ICT	Information Communication Technology
IDA	International Development Agency
IGG	Inspector General of Government
ISO	Internal Security Organisation

IT	Information Technology
JAB	Joint Admissions Board
JCRC	Joint Clinical Research Centre
JLOS	Justice Law and Order Sector
KCCA	Kampala City Council Authority
KIDP	Karamoja Integrated Development Programme
LDC	Law Development Centre
LED	Local Economic Development
LG	Local Government
LLINs	Long Lasting Insecticide-treated Nets
LRDP	Luwero Rwenzori Development Programme
MAAIF	Ministry of Agriculture Animal Industry and Fisheries
MATIP	Markets & Agriculture Trade Improvement Project
MC	Municipal Councils
MDA	Ministries Departments and Agencies
MDGs	Millennium Development Goals
MEMD	Ministry of Energy and Mineral Development
MoFPED	Ministry of Finance Planning and Economic Development
MoH	Ministry of Health
MoLG	Ministry of Local Government
MPS	Ministerial Policy Statement
MTEF	Medium Term Expenditure Framework
NAS	National Ambulance Services
NBFP	National Budget Framework Paper
NCDC	National Curriculum Development Centre
NCDs	Non Communicable Diseases
NCHE	National Council for Higher Education
NDC	National Defense College
NDP	National Development Plan
NEMA	National Environment Management Authority
NHATC	National High Altitude Training Centre
NHSTC	National Health Service training colleges
NOC	Northern Corridor
NPA	National Planning Authority
NTCs	National Teachers Colleges
NTNT	National Trade Negotiation Team
OVC	Orphans and Vulnerable Children
PERF	Performance
PFMA	Public Finance Management Act
PHC	Primary Health Care
PIP	Public Investment Plans
PISD	Project on Irrigation Scheme Development
PLE	Primary Leaving Examinations
PMTCT	Prevention of Mother to Child Transmission
PPP	Public Private Partnerships
PRDP	Peace Recovery Development Programme

PSI	Policy Support Instrument
PSM	Public Sector Management
PTC	Primary Teachers College
PWDs	People with Disabilities
Q	Quarter
R&D	Research and Development
REA	Rural Electrification Agency
REE	Rare Earth Elements
SACCOs	Savings and Credit Cooperative Society
SBA	Skilled Birth Attendants
SBFP	Sector Budget Framework Paper
SCORE	Sustainable Comprehensive Responses
SDP	Sector Development Plans
SDS	Social Development Sector
SEMMA	Strengthening Effective Mobilization, Management and Accounting for the Use of Public Resources
SGR	Standard Gauge Rail
SIP	Sector Investment Plan
SNE	Special Needs Education
TB	Tuberculosis
TDMS	Teacher Development and Management System
TMEA	Trade Mark East Africa
UDB	Uganda Development Bank
UDC	Uganda Development Cooperation
UETCL	Uganda Electricity Transmission Company limited
UHRC	Uganda Human Rights Commission
UNEB	Uganda National Examinations Board
UNHRO	Uganda National Health Research Organization
UNMA	Uganda National Meteorological Authority
UNMHCP	Uganda National Minimum Health Care Package
UPDF	Uganda Peoples Defense Forces
UPE	Universal Primary Education
UPOLET	Universal Post O level Education and Training
UPPET	Uganda Post Primary Educattion and Training
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
USD	United States Dollars
USE	Universal Secondary Education
USMID	Uganda Support to Municipal Development Project
UWEP	Uganda Women Entrepreneurship Programme
VF	Vote Function
WfAP	Water for Agriculture Production
WTO	World Trade Organization
YLP	Youth Livelihood Programme

CERTIFICATE OF COMPLIANCE FOR FY2017/18 ANNUAL BUDGET

National Planning Authority
Planning for Development

Uganda Vision 2040

27th March, 2018

Hon. Minister of Finance, Planning and Economic Development
Ministry of Finance, Planning and Economic Development
KAMPALA

CERTIFICATE OF COMPLIANCE FOR THE ANNUAL BUDGET FOR FY 2017/18

In line with the Public Finance Management Act, 2015 under sections 13(6) and 13(7), the National Planning Authority has assessed the consistency of the Annual Budget for FY 2017/18 with the National Development Plan, Charter for Fiscal Responsibility and the National Budget Framework Paper.

Overall, the Annual Budget for FY 2017/18 was found to be unsatisfactory.

The FY2017/18 Annual Budget is less compliant compared to the FY2016/17 Annual Budget. Specifically, the FY 2017/18 Annual Budget is 54.0 percent compliant compared to 58.8 percent in FY2016/17. The overall decline in compliance scores in the FY2017/18 is mainly attributed to the decline in performance at Macro level at 41.9 percent compared to 48.1 percent in FY2016/17, National level at 59.3 percent compared to 74. 2 in FY2016/17 and Sector level at 53.2 percent compared to 60.1 percent in FY2016/17. However, there was an improvement in performance at Local Government Level at 62.2 percent compared to 51.8 percent, due to the LGs having approved LG Development Plans and good budget release performance by the MoFPED.

The weak level of budget compliance to the NDPII is mainly attributed to the challenge in translating sector strategic plans into budget actions that contribute to achieving NDPII targets due to weaknesses in planning. Further, the budget macroeconomic targets significantly differ from NDPII targets. In addition, there was low budget release performance and absorption.

The summary performance of the four different levels of assessment is given in the Table 1 below.

Table 1. Compliance at the various assessment levels

S/n	Level of Assessment	Weighted Score	Classification
1	Macroeconomic	41.9	Unsatisfactory
2	National Strategic Direction	59.3	Unsatisfactory
3	Sectors/MDAs	53.2	Unsatisfactory
4	Local Governments	62.2	Moderately satisfactory
5	**Overall score (weighted)**	**54.0**	**Unsatisfactory**

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KEY MESSAGES

1. **In FY2017/18, there is significant improvement in development of plans, however, the challenge of translating these strategic plans into budget actions that contribute to achieving NDPII macroeconomic targets still persists**. Out of the sixteen (16) sectors, fifteen (15) have development plans approved and aligned to the NDPII. Further, out of the 135 MDAs, eighty-nine (89) have approved plans that are aligned to the NDPII strategic direction and time frame, eighteen (18) have existing plans though not aligned to NDPII time frame, eighteen (18) have draft plans and ten (10) have no strategic plans. Despite the good progress in development of plans, due to existing weakness in planning in general particularly at sector level, macroeconomic targets continue to perform at dismal levels as plans are not translated into budget interventions necessary to achieve NDPII macroeconomic targets.

2. **The low economic growth performance for the last three years of NDPII implementation implies that the country may not be able to achieve the lower middle-income status by 2020.** The growth rate was only 4.8 percent and 4.0 percent in FY 2015/16 and 2016/17, respectively and is projected to grow at 5.5 percent in FY2017/18. The NDPII targeted growth rates were 5.8 percent, 5.9 percent and 6.6 percent for the same years. Therefore, for Uganda to achieve lower middle-income status in the remaining 2 years of NDPII implementation, it has to grow by over 15 percent annually. This is very unlikely given the resources available to the country. However, the country should remain focused on the middle-income agenda by pragmatically and prudently implementing the prioritized interventions in the Vision 2040 and its attendant plans.

3. **At macroeconomic level, there is a disconnect between the planning and budgeting**. The budget macroeconomic targets significantly differ from NDPII targets. On average, the budget macro targets differ by 17 percent from the NDPII targets. Instead, the budget targets seem to be more closely aligned to the IMF supported Policy Support Instrument (PSI) targets. This implies that the budget is guided more by the PSI than of the National Planning Framework. There is need to harmonize the national planning, budgeting and the PSI processes.

4. **Uganda is likely to miss the opportunity to enhance fiscal expansion before operationalization of the EAC convergence criteria**. In anticipation of the EAC convergence that puts a limit on the fiscal deficit to 3 percent, to achieve competitiveness, the NDPII planned to frontload major infrastructure investments through deficit financing, peaking at 7.7 percent of GDP in FY2017/18 before consolidation in the later years to 4.3 percent in FY2019/20. However, over the past three years, the average deficit outturn of 5 percent has been less than the average NDPII target of 7.3 percent for the same period. Therefore, the country has to fast track the implementation of key competitiveness enhancing projects such as the SGR before this window of opportunity closes.

5. **Although the public debt is rising and is consistent with the NDPII targets, the borrowing seems not to be for the NDPII core projects which were expected to be the main drivers of the public debt.** The AB projected debt of 40.1 percent of GDP is in line with NDPII targets yet the main drivers of this debt (NDPII projects) are not performing as well. As discussed below, implementation of most NDPII core projects is well behind schedule.

6. **High interest payments are crowding out budget allocations to key sectors and priority infrastructure projects that are key in driving growth and improving competitiveness of the economy.** The domestic interest payments in FY2017/18 were 2.3 percent of GDP compared to 0.8 percent for external interest payments. Interest rate payments and the nature of debt financing are a cause for concern. For example, currently, interest rate payments are second to

works and transport in total budget allocation. There is, therefore, need to ensure prudent debt management taking into account a conducive debt repayment schedule. Further, for Uganda to achieve its development aspirations, enhancing domestic resource mobilization through innovative approaches must be prioritized.

7. **There is a disconnect between the intent of the budget and the actual budget allocations.** The FY2017/18 AB was intended to deliver on industrialization for job creation. However, the means of achieving industrialization in terms of interventions and resource allocations are inadequate. Key NDPII priorities for industrialization such as: scaling up value addition and collective marketing; establishing an integrated steel and iron Industry; zonal agro-processing, re-establishment of cooperatives to support value-addition; re-vitalization of the UDC; Capitalization of UDB to the tune of UGX500 billion, among others, have not been allocated sufficient funds in the budget. In addition, of the nine industrial parks only two (Luzira and Bweyogerere) are operational; three (Namanve, Soroti, and Mbarara) are partially operational and the remaining four are yet to take off due to inadequate funding. Further, the divergence between the focus of the FY2017/18 NBPF (Enhanced Productivity for inclusive growth) and the AB (Industrialization for job creation) shows a disconnect between planning and budgeting. Therefore, planning should initiate the budget strategy process with a view to harmonizing the budget thrust and focus.

8. **The Affirmative Actions or Equalization programmes in the NBFP and AB are not designed to maximize the achievement of NDPII key results.** The NDPII targeted these programmes to reduce income disparities across the country through mainly the Local Economic Development (LED) model/approach. However, the programming as per the NBFP and the AB cannot yield meaningful results. The proposed actions and interventions in the budget such as Luwero Rwenzori Development Program (LRDP), Karamoja Integrated Development Programme (KIDP); NUSAF II and III among others, do not have a clear focus on Local Economic Development and do not provide for harnessing of synergies across the different value chains of investments. There is, therefore, need to redesign these programmes based on the LED approach to deliver the expected outcomes.

9. **The Budget concentrates more on the expenditure side but is weak on how revenue will be innovatively mobilized from domestic sources**. The AB has performed satisfactorily in line to NDPII targets for domestic resource mobilization, due to mainly improved tax administration. However, the BFP lacks a medium-term strategy to holistically strengthen domestic resource mobilization and expand the tax base.In particular a strategy on the maximization and utilization of Non-Tax Revenue (NTR) is still lacking. There are cases where some MDAs such as CAA, UCC, NDA, NFA, NEMA, UWA, UETCL, ERA, UEDCL among others collect and sometimes spend at source NTR. It is not clear whether Government is getting maximum value out of the collection and use of these NTRs. ***To maximize domestic revenue mobilization, all NTRs should be collected solely by URA.***

10. **The progress of implementation of NDPII core projects is unsatisfactory and presents high risk for attaining the planned NDPII outcomes.** Most of the projects are performing below NDPII schedule while others have completely failed to kick off. Of the total 39 core projects in NDPII, only 2 projects (5.2 percent) are being implemented on project schedule, while 7 projects (35.9 percent) are being implemented but below schedule, 17.9 percent are still under preparatory stage and the remaining 28.2 percent have not yet started. At this pace of implementation, realization of NDPII aspirations will be unlikely. For example, while the Agricultural Cluster Development Project (ACDP) was planned to start in July 2013, four years later, the project is still at inception stage. Also, the project on Enhancing National Food Security through Increased Rice production in Eastern Uganda and the Regional Pastoral Livelihood Improvement Project have delayed. Given that these are strategic projects, such long delays

negatively affect the achievement of the project, Agriculture Sector Development Plan (ASDP) and NDPII targets. The tendency of sectors implementing new projects outside NDPII priority projects is crowding out the implementation of the original NDPII core projects.

11. **Land Compensations are crowding out the impact of infrastructure projects and slowing the progress of implementation of NDPII core projects**. Land compensations alone account for about UGX1.0 trillion for the roads projects. This is equivalent to about 300 kms of paved roads For instance, Land compensation for the Entebbe-Kampala expressway cost over UGX308 billion, equivalent to about 100kms of paved road. This has increased the infrastructure costs and reduced value for money on public investments. Further, due to the complicated land compensations, it has also delayed implementation of projects and the realization of NDPII targets. This is not sustainable and government should devise all means possible to deal with this matter urgently if we are to realize our infrastructure development strategy.

12. **Sector interventions implemented outside the sector plans distort the sector focus thus resulting in poor implementation of the NDPII.**This creates challenges to the effective planning and budgeting within the sector wide approach. For example, the budget for agricultural financing is managed and financed through the Bank of Uganda. In addition, a number of MDAs budget through other sectors where they do not contribute to the sector's objectives. These institutions include: Uganda Aids Commission (Vote 107) that could fit better under the Health sector budgeting process; and Foreign Affairs which would plan and budget better under Tourism, Trade and Industry. There is need to review the institutional delivery mechanisms with a view of creating synergies for enhancing efficient use of the public resources.

13. **The development budget over estimates the magnitude of public investment as some projects in AB are recurrent in nature**. Several projects implemented by some MDAs are of an operational nature rather than focusing on capital and infrastructure development. For example, the recurrent budget for Luwero-Rwenzori Triangle Project is 13 times greater than the development budget (UGX 2.57 billion to UGX33.41billion). As such the budget appears to overestimate the amount of the development budget component, which is misleading. There is need to fully separate the development component from the recurrent expenditure component to provide a clearer picture.

14. **Off budget financing clearly undermines the planning and budgeting processes.** A number of sectors and MDAs continue to receive off budget support that is not integrated into the overall planning and budgeting processes. In particular, MGLSD attracted off budget financing for projects which include: Integrated Community Learning for Wealth Creation (ICOLEW)-DVV International UGX 663 Million, Transition Programme on Gender Based Violence prevention and response for Busoga sub-region- Irish Aid UGX 520 million, National Integrated Early Childhood Development- UNICEF UGX1000 million: Uganda Child Helpline- UNICEF UGX999 million, Alternative care- UNICEF UGX 600 million. There is therefore need to put in place a mechanism to capture the off-budget resources to allow for their integration into the budgeting process.

15. **Despite the country's rapid urbanization that has created several challenges the AB does not holistically cater for dealing with the urbanization challenge.** The current urbanization trend is characterized by congestion, informal settlements and slums, poor infrastructure and services, uncontrolled sprawl, a costly business environment, and a huge informal sector indicating that urban planning has not kept pace with the rapid population growth. The Greater Kampala Metropolitan Area (GKMA) alone contributes over 31.2 percent to the GDP amidst

these challenges. There is need for more effort in order to harness the benefits of planned urbanization to propel the country to a faster growth path.

16. **To achieve SDGs targets the Budget has to be aligned and compliant to delivery of NDPII.** SDGs alignment to the AB is to the extent that SDGs are aligned to NDPII. The level of Budget alignment to SDGs is at 60 percent. There is need to further align the SDGs to the NDPIIs.

17. **Several recommendations provided in the previous CoCs remain unimplemented.** There is need for Parliament to provide sanctions on failure to implement recommendations in the CoC.

EXECUTIVE SUMMARY

Background

The issuance of the Certificate of Compliance (CoC) is a requirement under the Public Finance and Management Act (PFMA) 2015, Section 13 (7). CoC aims at ensuring that the National Budget, comprising the Sector, MDA and Local Government (LG) budgets focus on implementation of the National Development Plans (NDPs). This requirement is expected to guarantee that planning and budgeting frameworks are aligned to achieving Vision 2040 through the NDPs. In particular, Section 13 (6) requires that the National Budget Framework Paper (NBFP) and Annual Budget (AB) should both be aligned to the NDPs.

The Public Finance and Management Act, 2015 Section 13 (6) requires that the AB shall be consistent with the NDP, the Charter of Fiscal Responsibility (CFR) and the NBFP. To implement this Section 13 (7) requires the issuance by NPA of a CoC for the AB of the previous financial year to accompany the AB for next financial year.

In light of the PFMA requirement, the assessment for compliance of the AB is in line with sections 13 (6) and 13 (7) of the PFMA, 2015.

Methodology

The methodology uses a step-wise approach for four different levels of assessment namely: Macroeconomic, National, Sector/MDA and LG. In the first step, the macroeconomic level assesses whether the AB macroeconomic targets are consistent with the NDPII medium-term macroeconomic targets and outcomes. In the second step, the national level assesses whether the AB strategic directions are consistent with the NDPII strategic directions. In the third step, the sector/MDA level assesses whether the AB strategic directions are translated into sector/MDA specific interventions to deliver the NDPII targets and results. Lastly, the LG level assesses whether the LG interventions are focusing towards delivering the NDPII targets and outcomes.

The overall compliance score is then computed as a weighted average of these four levels of assessment at 20, 20, 40 and 20 percentage weights, respectively.

Key Findings

The FY2017/18 Annual Budget is less compliant compared to the FY2016/17 Annual Budget. Specifically, the FY 2017/18 Annual Budget is 54.0 percent compliant compared to 58.8 percent in FY2016/17. The overall decline in compliance scores in the FY2017/18 is mainly attributed to the decline in performance at Macro level at 41.9 percent compared to 48.1 percent in FY2016/17, National level at 59.3 percent compared to 74. 2 in FY2016/17 and Sector level at 53.2 percent compared to 60.1 percent in FY2016/17. However, there was an improvement in performance at Local Government Level at 62.2 percent compared to 51.8 percent, due to the LGs having approved LG Development Plans and good budget release performance by the MoFPED.

Overall, the Annual Budget for FY 2017/18 was found to be unsatisfactory. The details are summarized below and in (Annex 1).

At macroeconomic level

The key emerging issues arising out of the analysis are as follows:

i) There is a disconnect between planning and budgeting processes at macroeconomic level. The PSI is the main driver of budgeting at macroeconomic level.

ii) The low economic growth performance for the last three years of NDPII implementation implies that the country is unlikely to achieve the low middle-income status by 2020.

iii) Uganda has not fully utilized the window of deficit financing to frontload infrastructure investments to drive growth before the EAC convergence constraints become operational.

iv) While the Annual Budget has largely been compliant with the NDPII debt targets, the AB expenditure outturns for infrastructure projects for which new debt is contracted have consistently been less than the planned infrastructure expenditures.

v) The low private sector credit growth has been a persistent constraint to economic growth.

vi) Debt interest payments, which are second to Works and Transport sector in budget allocation, are a cause for concern.

At National Strategic Level

The key emerging issues arising out of the analysis are as follows:

i) The inadequacy of budgetary focus on planned interventions for enhancing competitiveness and achieving sustainable wealth creation, employment and inclusive growth poses a risk for attaining the NDPII goals. It will therefore be necessary for the budget to focus on the inadequacies in the identified areas particularly of: establishment of industrial parks, light manufacturing and agro-processing industries; forest and wetlands restoration; improving access to financial services; and implementation of the LED program.

ii) There are specific interventions that require immediate attention in order to ensure achievement of the NDPII objectives. These include: improving access to water for agricultural production; promotion of value addition to the various prioritized commodities; rural feeder roads maintenance; linking of the remaining local governments through the NBI to improve internet connectivity; implementing the Early Childhood Development policy; implementation of the five-regional skills development centres; teacher recruitment; and enhancing government effectiveness and efficiency.

iii) There are notable delays in the implementation of infrastructure and other projects that directly affect the country’s competitiveness. This is likely to make the country miss the opportunity to enhance fiscal expansion before operationalization of the EAC convergence criteria.

iv) The budget has weak focus on industrialization albeit its role in employment creation, household incomes and expansion of the tax base. It will be necessary for the budget to put greater focus on areas of: establishing agro-processing and mineral beneficiation industries; light manufacturing; and technology transfer, as these are a springboard for realizing an industrial society.

v) The budgetary allocations to the recapitalization of UDB and UDC continue to be too inadequate to yield the required impact on access to long term credit and government participation in undertaking investment in priority enterprises that are not attractive to the private sector. There is need for government to support and strengthen its Banks such as Posta Bank and Housing Finance to leverage access to affordable credit, private sector growth and faster export growth and diversification.

vi) The low budget release outturn (25.9 percent) coupled with the low expenditure outturn (49.5 percent) and the low project implementation performance (39.7 percent) on the 39 NDPII core projects presents high risk for attaining the planned NDPII outcomes. Going forward, it will be necessary to focus the budgets on the core projects, including their readiness (with feasibility studies already done) in order to realize the necessary development thrusts.

At the sector and MDA level

The key emerging issues arising out of the analysis are as follows:

i) Good progress has been made in development of strategic plans aligned to NDPII. Out of the sixteen (16) sectors, fifteen (15) have development plans approved and aligned to the NDPII. Further, out of the 135 MDAs, eight-nine (89) have approved plans that are aligned to the NDPII strategic direction and time frame, eighteen (18) have existing plans though not aligned to NDPII time frame, eighteen (18) have draft plans and ten (10) have no strategic plans.

ii) Poor absorption capacity is affecting service delivery and realization of NDPII targets. For instance, in Health sector despite a good release compliance at 86.9 percent, the budget outturn compliance at 4.2 percent affects service delivery in the sector.

iii) Weak Public Investment Management System has resulted into weak budget performance on releases and expenditure outturns which has led to delayed implementation of projects.

iv) Overall, off budget financing within most sectors has posed challenges to harmonized implementation, monitoring and effective achievement of results. A number of sectors/MDAs and local governments have off-budget support that is way above the direct budget financing and is not integrated into the overall planning and budgeting processes, which leads to duplication of effort, double accountability and reporting issues and diversionary implementation.

v) Land Compensations are crowding out the impact of infrastructure projects and slowing the progress of implementation of NDPII core projects. Land compensations alone account for over UGX1.5 trillion for the roads projects. For instance, Land compensation for the Entebbe-Kampala expressway cost over UGX308 billion and are expected to cost over UGX520 billion for the Standard Gauge railway. This has increased the infrastructure costs and reduced value for money on public investments. Further, due to the complicated land compensations, it has also delayed implementation of projects and the realization of NDPII targets.

vi) Despite the country's rapid urbanization that has created several challenges the AB does not holistically cater for dealing with the urbanization challenge. The current urbanization trend is characterized by congestion, informal settlements and slums, poor infrastructure and services, uncontrolled sprawl, a costly business environment, and a huge informal sector indicating that urban planning has not kept pace with the rapid population growth. The Greater Kampala Metropolitan Area (GKMA) alone contributes over 31.2 percent to the GDP amidst these challenges. There is need for more effort in order to harness the benefits of planned urbanization to propel the country to a faster growth path.

vii) A strategy on the maximization and utilization of Non-Tax Revenue (NTR) is still lacking. There are cases where some MDAs such as CAA, UCC, NDA, NFA, NEMA, UWA, UETCL, ERA, UEDCL among others collect and sometimes spend at source NTR. It is not clear whether Government is getting maximum value out of the collection and use of these NTRs. To maximize domestic revenue mobilization, all NTRs should be collected solely by URA.

viii) Sectors with an effective Sector Wide Approach (SWAp) tend to perform better in planning, budgeting, implementation and reporting (e.g JLOS) than those with weak sector coordination mechanisms.

ix) Some MDAs have huge recurrent budgets which are at times also reflected in projects. Most projects are of an operational nature rather than focusing on key strategic/development issues of the sector. This is common for the "support to Vote" projects. These projects have been recurring without specific start and end timeframes and specific performance targets thus subjecting them to budget misuse. There is need therefore, to review all sector projects and refocus them to the key development agenda of the sector.

x) Also, there is increasing development expenditure in some cases that is not accompanied by proportionate allocation for the required recurrent expenditure. For example, constructions of regional service delivery infrastructure not accompanied by adequate operational funds hence rendering the infrastructure idle and non-functional; recruitment of extension workers without corresponding support to enable them deliver extension services; among others.

At the Local Government level

The key emerging issues arising out of the analysis are as follows:

i) Transfers to Local Governments remain inadequate to support effective delivery of decentralized functions and local Economic development interventions. The transfers are at 12.1 percent of the total national budget, which remains way below the NDPII target of 30 percent

ii) Despite prioritizing local revenue collection, locally raised revenue by local governments remains too low at an average of less than 5 percent of their total budgets. This could be an indication that there are deeper rooted issues affecting generation of local revenue by local governments that are not being addressed by current interventions. This may call for Government to develop a policy on LG own revenue within the National Tax Policy to ensure consistency of local and national tax policy measures and the assignment of meaningful revenue sources to LGs.

iii) LGs are not prioritizing skills development and this has serious implications on solving the unemployment problem in local governments. This is an area that needs to be taken seriously by all LGs.

iv) There is inadequate prioritization and allocations to physical and urban planning interventions by LGs which are critical for improved urbanization and desired transformation of the country's urban centers yet urbanization is a key strategy for social economic transformation of the Uganda.

Recommendations

The following are the recommendations arising out of the analysis:

i) To ensure that plans are fully translated into budget actions that contribute to achieving national targets, in line with NDPII, NPA should expedite the development of Planning Capacity Building Project and work with all stakeholders to strengthen the planning capacity in Government and at all levels.

ii) In spite, of the uncertainty to achieve the lower middle-income status by 2020, Uganda should remain focused on the middle-income agenda by pragmatically and prudently implementing the prioritized interventions in the Vision 2040 and its attendant plans.

iii) There is need to harmonize the national planning, budgeting and IMF's supported Policy Support Instrument (PSI) processes to minimize the disconnect between the national development planning and budgeting.

iv) Uganda should fast-track the implementation of key core projects such as the Oil pipeline, National Airline, Oil Roads, Kabale airport, Jinja-Kampala Expressway, Bukasa port, petroleum refinery before operationalization of the EAC monetary union. In addition, there is need to focus the ABs on the core projects, including their readiness (with feasibility studies already done) in order to realize the necessary development thrusts.

v) Public debt should fund only projects identified in NDPII. Further, debt management needs to be strengthened to appropriately schedule debt repayments by adequately balancing the structure of the debt incurred.

vi) To align the objectives of the budget to the actual budget allocations, planning should initiate the budget strategy with a view to harmonizing the budget allocations to its objectives.

vii) Redesign and harmonize Affirmative Actions or Equalization programmes using the LED approach to deliver maximum outcomes.

viii) To maximize domestic revenue mobilization, enforce the collection of all Non-Tax Revenue (NTR) and AiA by URA so as to ensure maximization and utilization of NTRs and AiA.

ix) The tendency of sectors implementing new projects outside NDPII projects should be restrained.

x) Government should devise all means possible to deal with land compensation that are affecting infrastructure budgets and implementation. Illegal occupants on government owned land and gazetted areas should be dealt with by the law without compensation.

xi) In order to ensure achievement of the NDPII objectives the AB should prioritize: improving access to water for agricultural production; promotion of value addition to the various prioritized commodities; rural feeder roads maintenance; linking of the remaining local governments through the NBI to improve internet connectivity; implementing the Early Childhood Development policy; implementation of the five-regional skills development centres; teacher recruitment; and enhancing government effectiveness and efficiency.

xii) Ministry of Finance, Planning and Economic Development should rationalize development budgeting in view of the required recurrent/operational expenditure so as to maximize return/performance from project expenditure.

xiii) As recommended in FY2016/17 CoC, the Ministry of Finance, Planning and Economic Development should put in place a system to capture off budget resources and integrate them in the budgeting process in a timely manner.

xiv) As recommended in FY2016/17 CoC, the Office of the Prime Minister should spearhead a process to review and rationalize the composition of sectors and MDAs with a view to streamline the strategic functioning of Government. This rationalization should ensure that all MDAs plan and budget through sectors where they contribute to the sector objectives and outputs. In addition, OPM should enhance sector coordination through strengthening the Sector Wide Approach.

xv) There is urgent need to harness the benefits of planned urbanization to propel the country to a faster growth path.

xvi) There is urgent need to review the decentralization policy and the national budgeting frameworks to incorporate the local economic development and other emerging functions. Additionally, there is need to clarify roles of the sectors/MDAs and LGs with respect to devolved functions.

xvii) To achieve SDGs targets the Budget has to be aligned and compliant to delivery of NDPII.

SECTION ONE: INTRODUCTION

1.1 Legal Basis

The issuance of the Certificate of Compliance (CoC) is a requirement under the Public Finance and Management Act (PFMA) 2015, Section 13 (7). The CoC is aimed at ensuring that the National Budget, comprising the sector, MDA and local government budgets are focused on implementation of the National Development Plans (NDPs). This requirement is expected to guarantee that planning and budgeting frameworks are aligned to achieving Vision 2040 through the NDPs. In particular, the Section 13 (6) requires that the Budget Framework Paper (BFP) and Annual Budget (AB) should be aligned to the NDPs.

The Public Finance and Management Act, 2015 Section 13(6) of the PFMA requires that the AB shall be consistent with the NDP, the Charter of Fiscal Responsibility (CFR) and the Budget Framework Paper (BFP). To implement Section 13 (6) of PFMA, Section 13(7) requires a CoC for the AB of the previous financial year to accompany the AB for next financial year issued by the NPA.

Overall, the PFMA 2015 provisions on the CoC strengthens implementation of national priorities as identified in the national planning frameworks – Vision 2040, NDPs, sector and MDA strategic plans and local government plans. Therefore, the PFMA, 2015, seeks to align the budgeting process to the planning process and to ensure that the national budget implements agreed priorities, programs/projects and plans.

1.2 The Planning and Budgeting Processes

1.2.1 The Planning Process

In 2007, the Government of Uganda (GoU) approved the 30-year National Vision to be implemented through: Three (3) 10-year plans; six (6) 5-year NDPs; Sector Development Plans (SDPs); Local Government Development Plans (LGDPs); Annual Work Plans (AWPs) and budgets. This, together with the detailed bottom-up and top-down development planning processes, constitute the Comprehensive National Development Planning Framework (CNDPF) that defines the planning process in Uganda.

As part of the National Vision, Government of Uganda approved the Vision Statement of "A transformed Ugandan society from a peasant to a modern and prosperous country within 30 years". To operationalize this statement Government formulated the Uganda Vision 2040 that provides the overall strategies and priorities for transforming Uganda into a competitive upper middle income within 30 years. Vision 2040 also outlines the 5-year target milestones to be achieved over the 30-year period. To this end, two 5-year NDPs have since been developed to operationalize the Vision 2040.Besides providing the 5-year strategic direction and priorities, the NDPs provide annualized macroeconomic targets, including the real sector and fiscal expenditure and monetary targets, which are critical for the budgeting processes.

1.2.2 The Budgeting Process

The budget process is a cycle that runs through the entire financial year (table 1). This process is participatory. It begins with the review and update of the Medium-Term Expenditure Framework (MTEF), and a country Portfolio Performance Review between July and August each year. This is followed by the zonal local government Budget consultative workshops, the sector review meetings and the first national Budget consultative workshop that take place between September and November. Subsequently, all Sector Working Groups and Local governments begin the task of preparing Budget Framework Papers (BFPs) and Ministerial Policy Statements, which lead to the preparation of the draft National BFP. Once Cabinet approves the draft National BFP, it is presented to all stakeholders in a national budget workshop called the Public Expenditure Review Meeting. Each Accounting Officer prepares and submits a Budget Framework Paper by 15th November. The Final National BFP is then submitted to parliament by 31st December.

Parliament reviews and approves the BFP by the 1st of February, of each year. The Ministers and Chief Executives responsible for votes submit to Parliament, by the 15th of March, the policy statements outlining performance of their MDAs to be used as a basis for discussions that inform the Parliamentary budget appropriations.

According to the PFMA 2015, the Minister shall, on behalf of the President, present the proposed annual budget of a financial year to Parliament, by the 1st of April of the preceding financial year. This is then followed by the development of the Background to the Budget and the detailed development of budget estimates for each Ministry and institution. The Ministry of Finance, in close consultation with the Parliamentary Committee on Budget, then compiles these into the draft estimates of revenue and expenditure and starts preparation of the Budget Speech, which must be presented, to Parliament by the 15th day of June of each year.

Parliament approves the annual budget by the 31st of May of each year considering and approving the annual budget and work plan of Government for the next financial year. The annual budget is effective from the 1st of July of each year and it shall be consistent with the national development plan, the charter of fiscal responsibility and the budget framework paper.

In light of this budget process, the PFMA, 2015, seeks to align the budget process to the planning process and ensure that the budgets' main goal is to facilitate and support implementation of national strategic plans.

Table 1: The Budgeting process

No.	Key Process	Timelines
1.	Review and update of the Medium-Term Expenditure Framework (MTEF), and a country Portfolio Performance Review	July – August
2.	First Budget consultative workshop	October – November
3.	Sector Working Groups and Local governments begin preparation of BFPs and Ministerial Consultations	November
4.	Presentation of draft National BFP to Cabinet	November
5.	Public Expenditure Review Meeting	November
6.	MDAs submit BFPs	15thNovember
7.	Submission of Final National BFP	31stDecember
8.	Parliament reviews and approves the BFP	1stFebruary
9.	MDAs submit Policy Statements	15thMarch
10.	Presentation of the Annual Budget and Certificate of Compliance to Parliament	1st April
11.	Approval of the annual budget by Parliament	31stMay
12.	Presentation of the Budget Speech to Parliament	By 15th June
13.	Implementation	Effective 1st July

Source: MoFPED

1.3 Use of the CoC in Budget and Plan Implementation Oversight

The CoC to the Budget is required to be submitted to the Parliament of Uganda to support execution of oversight functions, particularly regarding budget appropriation. The CoC report provides insight into the extent of alignment of the BFPs and ABs to the NDPs, instruments through whose implementation the National Vision 2040 is to be realized. In particular, FY2017/18 CoC provides information to guide Parliament in the appropriation of the FY2018/19 budget.

The CoC is also intended to inform Cabinet decision making and the review of implementation of budgets and Plans during Cabinet retreats and policy formulation meetings.Other oversight users of the CoC include the Office of the Auditor General and Non-State Actors, that may use the findings and recommendations to inform their oversight activities.

MDAs and local governments should use the CoC recommendations to improve performance towards achievement of the NDP and Vision 2040 targets and goals. Overall, the CoC scores may serve as a key guide for corrective performance measures and reprimand for recurring planning and budgeting weaknesses.

The international community should use the CoC to gauge Uganda's commitment to achieving the international agenda that is delivered through Budget interventions and allocations. NPA is in the process of developing a standard framework that reports on alignment of the Budget on different international agenda, including SDGs, Climate Change and HRBA. In this CoC a preliminary framework is used to report on SDGs, Climate Change and HRBA. These will be developed further to comprehensively report on the agendas in the forthcoming CoCs.

To the general public, the CoC helps to inform them about the transparency, consistency and effectiveness of planning and budgeting processes in the country and whether the budgets are compliant to the agreed NDP priorities. It further sets a milestone in Uganda's Budgeting process and transparency that is regarded as best practice in level of transparency and information provided.

1.4 Organization of the report

The report is a presented in seven sections. In particular, the introduction provides information on the legal basis for producing the Budget Certificate of Compliance (CoC), some contextual highlights of the budgeting and planning processes and an outline of the technical uses of this report.

The second section of the report provides an overview of the full assessment of the FY2016/17 based on full year data.

The third section presents the detailed assessment framework for the FY2017/18 CoC, which comprises the scope, methodology and data sources. The detailed methodologies, approaches and scoring criteria for the five levels of the assessment (Macroeconomic level, National level, Sectoral level, MDA level and Local Government level) are illustrated in this section.

The fourth section of the report presents the results of the analysis obtained using the methodologies given in section three above. This section is presented in four sub-sections; Overall results, results of the assessment of the national level, sector and MDA assessment and local government level assessment. Each of the sub-sections provides an overview of the results of the respective sub-sections covering; the planning (existence of relevant plans), PIP implementation progress, budgeting processes (alignment of the NBFP and Annual Budgets) to the NDPII and budget performance (allocation against release outturn) results.

The fifth section of the report presents an overview of the cross-cutting issues, SDGs and HRBA alignments mainly at sector level. While the framework for assessing cross-cutting issues such as climate change and SDGs will be developed through a multi-sector collaboration, this CoC provides preliminary findings from a draft framework. The HRBA results are from a fully developed assessment framework.

The sixth section of the report provides an overview of the FY2018/19, that was recently tabled in Parliament. The details of this assessment will however be in next year's (FY2018/19) CoC. This section is largely to provide Parliament a preliminary assessment of the alignment of FY2018/19 BFP to inform the oversight function in the approval of FY2018/19 budget.

Lastly, the final section gives the conclusion and recommendations.

SECTION TWO: OVERVIEW OF 2016/17 CERTIFICATE OF COMPLIANCE (BASED ON FULL YEAR ASSESSMENT)

2.0 Background and Scope

The 2016/17 Certificate of Compliance was developed and issued by the National Planning Authority in line with sections 13(6) and 13(7) of the PFM Act, 2015. A standard framework and approach was used to measure compliance of the FY2016/17 AB. Compliance was assessed on the basis of consistence of the Annual Budget and National Budget Framework Paper with the NDPII. The assessment framework used NDPII as a benchmark against which budgeting instruments and outcomes were expected to be consistent. The assessment covered four broad levels: the Macroeconomic Level; NDP National Strategic Level; Sector Level and MDA/Vote Level and; LG Level.

2.1 Summary of Findings

Overall, the FY2016/17 Annual Budget (AB) was 58.8 percent compliant at half year assessment and 57.9 percent compliant after taking into account a full year (four quarters) of assessment. The full year assessment updates the assessment framework with four quarters budget release and outturn data to generate results. Overall, like the finding of FY2016/17, the results indicate that doing the CoC assessment at either half or full year does not matter, since they produce almost similar results.

The average performance at the four broad levels is: at the Macro level, the AB was 48.1 percent using half year data and 46.8 percent compliant using full year data. At the National Strategic level, the AB was 74.2 percent and 66.4 percent complaint for the same comparison. At Sector and MDA level it was 60.1 percentat half year and 63.3 percent complaint at full year. At LG level it was 51.8 percent and 49.5 percent compliant for similar comparisons. The detailed assessment of the full year assessment results and report is given in Annex 6. The summary of the findings in FY2016/17 CoC are as below.

At Macro level, the following were the key findings;

i) Attaining the NDPII macroeconomic targets and outcomes, particularly the middle-income target by 2020 will be a challenge without accelerating the implementation of NDPII.

ii) Weak budget implementation, particularly towards NDPII growth enhancing sectors has partly contributed to weaker macroeconomic outcomes, thereby slowing the pace to middle-income target. While at the level of budgeting process, the AB is compliant to NDPII, this is not the case for the expenditure outturns, indicating that there are sector/MDA implementation challenges. This limits efficient and effective delivery of growth enhancing NDPII priority interventions which has in turn resulted into slow growth outcomes. It is possible to attain higher growth outcomes of at least 7.0 percent envisaged under the NDPII and accelerate progress to middle income status if budget implementation is strengthened.

iii) Weak private sector credit growth below the NDPII target is further constraining Uganda's growth potential and efforts for Middle income target.

iv) Weak domestic resource mobilization particularly for Non-Tax Revenue (NTR) limits appropriate financing of NDPII interventions and puts pressure on domestic borrowing.

At National Strategic Level, the following were the key findings;

i) At the national strategic level, the AB is more compliant as it is better aligned to NDPII strategic direction. Nevertheless, the AB is not compliant and consistent in translating the strategic direction of NDPII into sector/MDA/LG specific interventions.

ii) Several core projects that are key in achieving the NDPII targets remain either unprepared or unbudgeted for or unfinanced and therefore are not or under implemented. These projects are mainly in the NDPII priority Sectors.

At the Sector and MDA level, the following were the key findings;

i) With regard to planning, by end of FY2016/17, out of the 16 sectors, only seven (7) had development plans approved and aligned to the NDPII. These are: Public Administration; Legislature; ICT; Health; Energy; Defense; and Social Development Sectors. Six (6) sectors have draft plans that are aligned although not approved: Lands, Housing and Urban Development; Justice Law and Order; Accountability; Agriculture; Environment and Education and three (3) sectors have no plans, that is: Works and Transport; Tourism, Trade and Industry; and Public-Sector Management.

ii) Weak Public Investment Management System has resulted into weak budget performance on releases and expenditure outturns which has led to delayed implementation of projects.

iii) Overall, off budget financing within most sectors has posed challenges to harmonized implementation, monitoring and effective achievement of results. A number of sectors/MDAs and local governments have off-budget support that is way above the direct budget financing and is not integrated into the overall planning and budgeting processes, which leads to duplication of effort, double accountability and reporting issues and diversionary implementation.

iv) As in FY2015/16 CoC assessment, the challenge of collecting and spending Non-Tax Revenue at source without clear and aligned development planning and budgeting processes still persists. Most of the funds collected and spent at source are not linked to the achievement of common NDP national targets and results.

v) Most of the priority interventions identified in NDPII were targeted in the sector plans and budgets. However, the allocations were too thinly spread to generate the desired impacts to meet the NDP II targets. For instance, UCDA targets of increasing coffee production from 4.3 million to20 million bags by 2020 and a number of interventions are required to realize this goal. However,in the budget allocations for FY 2016/17, over 80 percent of the budget was allocated only toraising, purchase and distribution of seedlings. In addition, the budget is too low to realize thedesired target.

vi) A number of MDA budget through the sectors where they do not contribute to the sector's objectives. This creates challenges to the effective planning and budgeting within the sector wide approach. These institutions include: Uganda Aids Commission (Vote 107), and Foreign Affairs; Presidential Initiatives on Banana Industrial Development (PIBID), National Housing and Construction Corporation (NHCC) and Uganda clean cooking supply chain expansion project under Accountability Sector.

vii) Sectors with an effective Sector Wide Approach (SWAp) tend to perform better in planning,budgeting, implementation and reporting e.g. JLOS than those with weak sector coordination mechanisms.

viii) Some MDAs have huge recurrent budgets which are at times also reflected in projects. Most projects are of an operational nature rather than focusing on key strategic/development issues of the sector. This is common for the "support to Vote" projects. These projects have been recurring without specific start and end time frames and specific performance targets thus subjecting themto budget misuse. There is need therefore, to review all sector projects and refocus them to thekey development agenda of the sector.

ix) Also, there is increasing development expenditure in some cases that is not accompanied by proportionate allocation for the required recurrent expenditure. For example, constructions of regional service delivery infrastructure is not accompanied by adequate operational funds,whichhas led to none delivery of the infrastructure development funds.

x) Non-rationalization of budget cuts. Overall, where institutions received budget cuts, there was no review of planning and budgeting processes for proper re-prioritization. As a result, budget cuts affect overall performance of key institutional deliverables. Therefore, there is need for institutions to review their budgets in consultation with planning units after budget cuts.

At the Local Government level, the following were the key findings:

i) The budget transfers from the central government are not corresponding to the devolved and delegated mandates of LGs. Whereas the provision of services is devolved, the sectors have largely decentralized management of wages and pension and retained budgets for core LG services such as; infrastructure provision in vocational, tertiary and secondary education, construction of health centres and district hospitals, among others. This has distorted the planning and budgeting at the LG level.

ii) Whereas the decentralization policy specifically outlines the devolved functions to LGs that should be the basis for LG planning and budgeting, the local economic development has evolved to include previously un-devolved functions such as tourism, industrialization, water for production, energy, ICT, among others. This may call for policy and budget review.

iii) Alignment of strategic interventions of LGDP to the NDPII is still weak for some sectors while relatively strong for traditional decentralized service sectors.

2.2 From the FY2016/17 CoC to the FY2017/18 CoC

The FY2017/18CoC extends the scope for the previous certificate to include, a detailed assessment of the PIP implementation. The FY2017/18 certificate also provides a preliminary compliance assessment for Cross Cutting area of climate change, SDGs and HRBA. Therefore, the FY2017/18 provides a wider scope to the assessment of the consistency and alignment of the Annual Budget and therefore draws more recommendations to guide continuous improvements in planning, budgeting and implementation processes.

SECTION THREE: METHODOLOGY AND DATA SOURCES

3.0 Methodology for Assessment of annual budget compliance

FY2017/18 CoC uses the same methodology as used in the FY2015/16 and FY2016/17 CoCs. However, it is refined to incorporate the NDPII results framework indicators to assess compliance. The details are given in the sections below.

Like the past CoCs, the overall compliance of the AB to the NDP is derived from a step-wise assessment approach undertaken at four different levels namely: Macroeconomic, National, Sector/ MDA and Local Government (LG) levels. In the first step, the macroeconomic level assesses whether the AB macroeconomic goals are geared to attain NDPII broad macroeconomic goals. In the second step, the national level then broadly assesses whether the AB strategic direction is consistent to deliver the NDP broad strategic direction. In the third step, the sector/MDA level goes a step further to assess whether the AB broad strategic direction is translated into sector/ MDA specific results targets to deliver the NDP. And lastly, the LG level goes another step further to assess whether sector/MDA level direction is translated in LG results targets to deliver the NDP. The overall compliance score is a weighted average of these different levels at 20, 30, 30 and 20 percent weights for each level respectively (Annex 7).

At the Macro level, compliance assesses whether the AB is consistent with the Charter for Fiscal Responsibility (CFR) on one hand and the NDPII on the other hand. The CFR is assessed for consistency with NDPII. As such, the overall compliance score at this level of assessment is two-step weighted sum of: first step-90 percent for the AB, and; second step-10 percent for CFR. The first step is further divided into two weighted stages at: 30 percent for budgeting and 70 percent for actual budget performance compliance with NDPII. The actual budget performance carries a higher weight than budgeting since actual implementation counts more to realization of the NDPII. Within the budgeting stage an additional two weighted stages is carried out at: 40 percent for BFP and 60 percent of AB. The AB carries a higher weight than the BFP since the BFP is an indicative estimate that informs the AB and ultimately the AB is the final operational tool that implements the NDP.

At the national level, compliance is assessed at four broad NDPII areas: the NDPII Theme/Goal; Objectives; Development strategies, and Core projects. The overall score at this level is a weighted sum of these focus areas with each contributing 20, 25, 25, and 30 percent respectively to the final score. These NDPII broad focus areas are disaggregated and further broken down to form checklist items that have been drown from the NDPII Results and reporting framework.

At Sector level, the methodology is refined to use the NDPII results framework indicators instead of interventions. Further, the weights for planning instruments are reduced because the NDPII is in the third year of implementation and the planning instruments should have been fully developed by now. Also, the PIP score is refined to include budget performance of PIP. Compliance is assessed at four components of alignment to NDPII, namely: i) sector planning instruments; ii) sector Public Investment Planning (PIP); iii) budgeting instruments; and iv) actual budget performance.

For the planning instruments component, sectors/MDAs are assessed upon whether they have a strategic plan that is aligned to NDP. The budgeting instruments component assess whether the budgeting process (BFP and AB) is geared to delivering NDPII priorities. The sector/MDA Public Investment Planning level assesses whether sector projects in the PIP are consistent with NDPII PIP. Further, this level assesses whether sector projects are being implemented as planned through both release and outturn project budget performance. The budget performance level assesses whether actual budget execution and implementation is in line with NDPII strategic direction. The overall sector level compliance score is a weighted sum of 10, 30, 30, and 30 percent weights assigned to the 4 components. MDA level assessment is similar to sector level assessment. The details of each level assessment are provided in Annex 7

At Local Government (LG) level assessment is done at three levels of alignment to NDPII, that is: i) LG planning instruments; ii) budgeting instruments; and iii) actual budget performance. At Planning instruments level, LGs are assessed upon whether they have a strategic plan that is aligned to NDP. Budgeting instruments level, whether the budgeting process (AWP) is geared to delivering NDPII priorities. The budget performance level assesses whether the releases are according to approved estimates. The final score at this level is a weighted sum of 40 percent for planning instruments, 40 percent for LG budgeting process, and 20 percent for budget performance.

3.1 Data Sources

Data to assess the compliance of the AB to NDPII was obtained from different sources that included: the NDPII, NDPII results and reporting framework, NDPII Public Investment Plan, National Budget Framework Paper, Background to the Budget, Budget Speech, Annual Budget estimates, three-year MoFPED Public Investment Plan for 2016/17 and 2017/18 and Semi-Annual Budget Performance Report. Further, sector, MDA and LG specific consultations, interviews and discussions were also carried to understand sector issues.

At the sector/MDA level, the assessment utilized: Sector Development Plan and MDA Strategic plans (2015/16-2019/20), MDA BFPs for FY 2017/18 & 2018/19, Ministerial Policy statement for FY 2016/17 and FY 2017/18,Annual and Semi and Annual budget performance reports, feasibility study reports, Cumulative progress report up to Q4 for FY 2016/17 and Cumulative progress report up to Q2 for FY 2017/18. For MDAs that do not have votes, such as public corporations and state enterprises, assessment was based on Strategic Plans, Annual work plans and budget, Cumulative progress reports up to quarter 4 for FY2016/17 and half year cumulative progress report.

At the Local Government level, the assessment was based on the Local Government Development Plan (LGDP), the Quarter 4 physical progress report for FY2016/17 and Annual Work plan and Budget for 2017/18.

SECTION FOUR: RESULTS OF THE ASSESSMENT FOR CONSISTENCY OF THE ANNUAL BUDGET TO NDPII

4.0 OVERALL ASSESSMENT OF BUDGET COMPLIANCE

The FY2017/18 Annual Budget (AB) is less compliant when compared to the FY2016/17 Annual Budget. Specifically, the FY 2017/18 Annual Budget is 54.0 percent compliant compared to 58.8 percent in FY2016/17. The overall decline in compliance scores in the FY2017/18 is mainly attributed to the decline in performance at Macro, National and Sector levels. The lower performance of the sectors was mainly due to low releases at half years and very low absorption capacity. However, there was an improvement in performance at Local Government Level due to the LGs having progressed in finalizing their LG Development Plans and having them approved, and a good budget release performance.

4.1 MACRO LEVEL COMPLIANCE ASSESSMENT

The primary NDPII macroeconomic strategy is to achieve macroeconomic stability while improving the country's competitiveness through frontloading infrastructure investment and consolidating gains of human capital development. The specific macroeconomic policy objectives include, among others: average growth rate of 6.3 percent; improved domestic resource mobilization; keeping inflation within single digit; fiscal balance initially driven by infrastructure spending with a peak of 7.7 percent in 2017/18 and thereafter to decline to 4.4 percent in 2019/20; maintaining the gross public debt within sustainable threshold; and maintaining external stability.

4.1.1 Overall Assessment

At the macroeconomic level of assessment, the FY2017/18 Annual Budget (AB) is 41.9 percent compliant with the NDPII which is much lower than the benchmark of 70 percent. Specifically, while the Charter of Fiscal Responsibility (CFR) is 100 percent aligned to the NDPII, alignment at budgeting level at 36.9 percent and budget outturn at 30.8 percent which explains the poor overall macroeconomic level performance. The CFR assessment is restricted to the objectives which are measurable and these are: fiscal balance (including grants) and public debt objectives which are found to be in line with the NDPII targets. The FY2017/18 significant decline in macroeconomic level compliance is attributed to the weaker alignment between strategic planning and budgeting.

This weak compliance at macroeconomic level makes it even harder to attain the overall NDPII macroeconomic targets and goals, particularly with regard to achieving the middle-income status by 2020. The NDPII identifies three critical growth areas: Agriculture; Tourism; Minerals, Oil and Gas; and the fundamentals: Infrastructure and Human Capital Development that should drive Uganda to lower middle income status by 2020.

A detailed breakdown of the results within the four macroeconomic accounts of real, fiscal, external and monetary is discussed below.

4.1.2 Real Sector Assessment

At real sector level assessment, the FY2017/18 AB is 60 percent compliant in regard to economic growth targets. This is much lower than the compliance level benchmark of 70 percent. This weak compliance arises due to the planning and budgeting targets. For example, the AB growth target of 5.5 percent is lower than the NDPII target of 5.9 percent in FY2017/18. Furthermore, the growth outturn is below the planned and budgeted targets for the last three years which slows the drive to middle-income attainment. Also, the growth outturn projected to be around 4.3[1] percent is 33 percent lower than the 6.4 NDPII target. Consequently, the projected outturn of per-capita income by FY2017/18 is USD 728 which is less than projected value for FY2017/18 of USD 931. The lower growth outcome is due to underperformance in public investment in the envisaged infrastructure projects, slower growth in private sector credit and other external factors. Most importantly also is the failure of the AB to effectively and efficiently implement growth enhancing interventions[2] as defined in NDPII. The details are in the compliance assessment in specific sector analysis that gives the extent to which FY2017/18 AB was mis-aligned to delivering the NDPII targets for accelerating growth.

4.1.3 Fiscal Sector

At the Fiscal policy objectives level, the FY 2017/18 AB is 38.6 percent compliant. This aggregate score is arrived at after scoring four fiscal policy components that include: (i) overall sectoral allocations against the NDPII targets; (ii) domestic resource mobilization and harnessing of new financing sources; (iii) the fiscal balance and; (iv) public debt developments.

The overall sectoral allocations for the AB of FY 2017/18 are 30.9 percent compliant with the NDPII allocations which is too low for the AB fiscal policy to drive NDPII targets. Whereas the NBFP sectoral allocations are 50 percent compliant, the AB and AB outturn are at a dismal 20 and 22.8 percent compliance respectively. This is a reflection of failure to properly plan and budget for the implementation of Government programs. This leads to lower public investment than planned for faster growth in NDPII and this has implications on fiscal policy objective of driving economic growth.

The AB expenditure outturn for infrastructure and other key priority sector spending is not compliant to NDPII, an indication of serious implementation challenges. Much as the fiscal strategy of NDPII is premised on frontloading of infrastructure investment and prioritizing human capital development, there is evidence of low budget outturns for works and transport, energy and minerals, and health sectors. This leads to lower public investment than planned for faster growth in NDPII period. Furthermore, each of these sectors' share in the total budget is not compliant with the NDPII targets. Of major concern is the developments in energy and minerals sub-sectors where expenditure allocations for outturns are projected to be 3.66 percent against the NDPII's target of 15.6 percent by the end of June 2018. Transport and works as well as the health sectors face similar circumstances.

For the domestic resource mobilization objective, FY2017/18 AB is 53 percent compliant. This is attributed to the non-implementation of the proposed new sources of revenue, outside the traditional sources of tax, non-tax and grants. The NDPII set out to increase domestic revenues by 0.5 percent of GDP annually, the NBFP and AB have similar targets. The NBFP sets a target of 14.2 percent which is slightly below NDPII's target of 14.4 percent. Nevertheless, the AB's target of 14.6 percent is slightly higher than NDPII target. The NDPII also puts emphasis on harnessing new sources of financing beyond the traditional sources which efforts are yet to yield reported revenue in the NBFP and AB. In addition, the projected revenue outturns for FY2017/18 will increase from 14.4 to 14.8 percent of GDP which is above the benchmark compliance level.

The FY2017/18 fiscal balance is not compliant. This is because the AB fiscal balance has a variance of 36 percent below the NDPII target. The AB's fiscal balancetarget is 5.3 percent,which is much lower than the NDPII target of 7.7 percent aimed at expanding the fiscal space for infrastructure development. On the other hand, the NBFP gives an indicative fiscal balance of 6.8

1 National planning Authority preliminary projections

2 Key interventions include frontloading infrastructure expenditure, strengthen human capital development and harnessing identified opportunities.

percent, which is 60 percent compliant to the NDPII. The implication is that Uganda is unlikely to utilize the window of deficit financing to frontload infrastructure investments to drive growth before the EAC convergence constraints start.

The public gross nominal debt targets in the NBFP and AB outturn are 60 percent compliant to the NDPII. The NBFP public gross nominal debt target is 32 percent,which is below the NDPII target of 42 percent. The AB public gross nominal debt target is 40.3 percent and the AB outturn is 40.2 percent which are much closer to the NDP target. On the other hand, the AB outturn interest payment is 9.7 percent,which is higher than the NDPII target of 7.5 percent. The high interest payments are attributed to the nature of domestic debts,which are short term and are often rolled over at high cost.

4.1.4 External Sector

The gross international reserves target is 20 percent compliant to the NDPII. The AB outturn is 5.04 months of imports which is a 29 percent deviation from the NDPII target of 3.9 months of imports. The NBFP and AB do not provide a target for gross international reserves but highlights that government is to continue with measures to ensure that the external position with the rest of the world is stable and sustainable, through building on the external foreign reserves to cushion the country against the increasingly unpredictable external shocks. However, this complicates the measurement of the compliance on international reserves.

4.1.5 Monetary Sector

Money supply is compliant to the NDPII since the 23 percent AB projected outturn target is in line with the NDPII target of 23.7 percent of GDP. Notwithstanding the alignment of the AB outturn targets to the NDPII, the NBFP and AB do not provide targets for money supply which was the same during in the 2016/17 assessment.

Private sector credit growth is not compliant. This is because the AB outturn of7.6 percent deviates from the NDPII target of 17.4 percent by 56 percent. The NBFP and AB documents do not provide growth targets for private sector growth although the NBFP states that government will address the issue, by reducing borrowing from the domestic market over the medium term. The low private sector credit growth has been a persistent problem in the economy. This is hindering the growth of private sector development.

All in all, the budget macroeconomic indicators significantly diverge from NDPII indicators. On average, the budget macro indicators divert by 17 percent from the NDPII indicators. Nevertheless, the budget indicators seem to be more closely aligned to the IMF supported Policy Support Instrument (PSI). This implies that the budget is guided by the PSI instead of the National Planning Framework and thus leading to the disconnect between the national process (Annex 2). There is need to harmonize the planning, budgeting and the PSI processes.

4.1.6 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) There is a disconnect between planning and budgeting processes at macroeconomic level. The PSI is largely the driver of budgeting at macroeconomic level.

ii) The low economic growth performance for the last three years of NDPII implementation implies that the country may not be able to achieve the low middle-income status by 2020.

iii) Uganda has not fully utilized the window of deficit financing to frontload infrastructure investments to drive growth before the EAC convergence constraints start. This has implications for anticipated growth and competitiveness under EAC convergence requirements.

iv) The debt outturn complianceis inconsistent with the underperformance of public infrastructure investments.While the Annual Budget has largely been compliant with the NDPII debt targets, the AB expenditure outturns for infrastructure sectors for which new debt is contracted have consistently been less than planned.

v) The low private sector credit growth has been a persistent hindranceto economic growth.

vi) Debt interest rate payments,which are second in Works and Transport sector in budget allocation, and nature of debt financing, particularly on domestic debt are a cause for concern.

4.2 NATIONAL STRATEGIC LEVEL COMPLIANCE ASSESSMENT

At the national level, compliance is assessed at four broad NDPII areas: the NDPII Theme/ Goal; Objectives; Development strategies, and Core projects. The overall score at this level is a weighted sum of these focus areas with each contributing 20, 25, 25, and 30 percent respectively to the final score. These NDPII broad focus areas are disaggregated and further broken down to form checklist items that have been drown from the NDPII Results and reporting framework.

4.2.1 Overall Assessment

Overall, the budget for FY2017/18 was 59.3 percent compliant to the NDPII strategic direction. This is a weighted score of 68.2, 68, 65, and 41.4 percent for NDPII Theme/Goal; Objectives; Development strategies, and Core projects, respectively. This performance is attributed to the low linkage of the NBFP and AB to the indicators of the NDPII goal/theme, objectives, development strategies and core projects.

4.2.2 Theme/Goal Level

At theme level, the 2017/18 Annual Budget was 68.2 percent compliant. This is a weighted score of 71 percent and 65.4 percent for the NBFP and AB, respectively. The assessment at this level used indicators on the parameters of: competitiveness, wealth creation, employment and inclusive growth.

At Competitiveness, the budget was 85 percent compliant. The NBFP was 95.8 percent aligned while the AB was 75 percent aligned. Two areas were assessed: (i) **Doing Business Environment** (improving business registration and licensing, transparency in land administration, access to Credit/finance, access to electricity, trade across borders, labor market regulation); and (ii) **Global Competitiveness** (acquisition of market access opportunities, enhancing branding and standardizing the country's products and services, closing the infrastructure gap, and creating a skilled and healthy population; Macro-economic stability and technological readiness). There was limited budget commitment towards undertaking competitiveness enhancing interventions including establishment of industrial parks, failure to timely fast track business registration centres, below target allocations to UDB, among others. Relatedly, the Doing Business rank of Uganda deteriorated to 122 out of 190 economies in 2017 from 115 in 2016. Uganda is ranked at 114 out of 137 countries in the 2017/2018 Global Competitiveness Report down from 113 in 2016/2017.

At Sustainable wealth creation, the budget was 67 percent compliant. Both the NBFP and the AB were 67 percent aligned. The areas assessed include: manufacturing (promoting value addition and light manufacturing) and sustainable use of natural resources and environment (increasing national forest cover and economic productivity of forests, facilitating environmentally sound technologies for manufacturing, increasing the country's resilience to the impacts of climate change, increasing the national wetland coverage, and addressing the unmet need for family planning). There was limited budget commitment to manufacturing and forest and swamp recovery.

At Employment, the budget was 46 percent compliant. The NBFP was 42 percent and the AB was 50 percent compliant. The areas assessed were: establishing light manufacturing and agro-processing industries to create jobs; promoting the services sector to create jobs; strengthening the capacity for entrepreneurship among the youth and women; improving access to financial services; and enhancing creativity and innovation. The non-alignment of the AB was due to inadequate focus of the budgetary allocations to the planned drivers of employment creation, save for entrepreneurship among the youth and women.

At Inclusive growth,the NBFP and the AB were 80 percent and 70 percent compliant. The areas assessed were: develop formerly war ravaged areas; community mobilization for development; addressing inequality within and among different regions; implementing appropriate social protection systems and measures; addressing vulnerability among children, youth, PWDs and women; improving the functionality of LGs for effective service delivery; increasing local investments and expanding local revenue base; enhancing effective participation of communities in the development process; eradicating extreme poverty for all people everywhere; and improving planned urban development.

The non-alignment of the AB is attributed to limited focus towards key interventions for poverty eradication and balanced growth. In particular, limited resources were allocated to the LED program that aims to enhance household incomes and revenue generation. Others are: lack of prioritization of the roll-out of the Social Assistance Grant for Empowerment project and improving planned urban development, among others.

In view of the mixed compliance results regarding the NDPII theme, it will be necessary for the budget to focus on the inadequacies identified such as: establishment of industrial parks, light manufacturing and agro-processing industries; forest and wetlands restoration; improving access to financial services; and implementation of the LED program.

4.2.3 NDPII Objectives

Overall, the FY2017/18 Annual Budget was 68 percent aligned at the objective level. NBFP and the AB were 71percent and 65 percent consistent to the NDPII respectively.

Objective 1: Increasing sustainable production, productivity and value addition in key growth opportunities

The Annual Budget was 68 percent compliant at this objective level with the NBFP contributing 69 percent and AB 68 percent, respectively. The areas assessed included: Addressing challenges in the selected thematic technical areas; agro-processing; light manufacturing; labor productivity; mineral beneficiation; management of environment and natural resources.The mixed AB performance at this level is attributed to the unsatisfactory allocations towards agricultural mechanization, agricultural research and extension services, technology development, and climate change mitigating interventions. In addition, there was inadequate focus towards improving access to Water for agricultural production, promotion of value addition to the various prioritized commodities, and promotion of small-scale manufacturing industries, among others.

Objective 2: Increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness

The Annual Budget was 81 percent compliant at this level (Objective 2) with the NBFP contributing 89 percent and AB 72 percent, respectively.The areas assessed included: Transport (roads and bridges, SGR, air and water transport); Energy (Exploitation of renewable energy sources, water (access and storage capacity); and ICT.The weakness in AB compliance at this level is a result of inadequate budgetary focus on key interventions including: rural feeder roads maintenance; water transport; extension of the NBI to local governments; SGR and ICT innovation incubation centers.

Objective 3: Enhancing Human Capital Development

The AB was 84 percent compliant at objective 3 level with the NBFP contributing 83 percent and the AB was 85 percent. The areas assessed included: Equitable access to well-coordinated, quality, equitable and inclusive ECD services; equitable access to quality education services; increased skills development; increased access to quality health services.The satisfactory performance on this objective is attributed to the fair alignment of the NBFP and AB interventions and allocations to the NDPII especially for providing access to quality secondary and tertiary education, strengthening science and technology education, reducing maternal mortality, promoting reproductive health, addressing communicable and non-communicable diseases, and increasing safe water supply in urban/rural areas. The AB's focus was however, weak in the areas of ECD, skills development and teacher recruitment. Going forward the next budget focus should include these areas with a view to more comprehensively build the capacity required to achieve and sustain the targeted middle-income status.

Objective 4: Strengthening mechanisms for quality, effective and efficient service delivery

The AB was 54 percent compliant on strengthening mechanisms for quality, effective and efficient service delivery, with the NBFP at 50 percent and AB at 57 percent levels of compliance to the NDPII. The areas assessed included: increased access to quality public services: strengthening citizen participation in the development processes; enforcing the regulatory framework and streamlining the inspection function; improving the quality of the civil service; implementing public service reforms; implementing legal and regulatory reforms in the judicial system; and strengthening the oversight agencies to effectively detect, investigate, report and prosecute corruption cases.The moderate level of alignment is attributed to the inadequate budget allocations to most of the above-mentioned areas. There is need to enhance focus towards these areas in order to ensure government effectiveness and efficiency.

In view of the unsatisfactory compliance results regarding the NDPII objectives, there is need for the budget to focus on the inadequacies identified such as: improving access to Water for agricultural production; promotion of value addition to the various prioritized commodities; rural feeder roads maintenance; extension of the NBI to local governments; Early Childhood Development, skills development and teacher recruitment; ensure government effectiveness and efficiency.

4.2.4 Development Strategies

Overall, the FY2017/18 Annual Budget was 65 percent compliant at the development strategies level. The NBFP and the AB were 67 percent and 64 percent compliant to the NDPII, respectively. At this level, eight NDPII development strategies formed the basis for the assessment. These are:fiscal expansion for frontloading infrastructure investment; industrialization; fast tracking skills development; export-oriented growth; a quasi-market approach; harnessing the demographic dividend; urbanization; and strengthening governance. Non-compliance was most pronounced in the area of: industrialization (50 percent), urbanization (50 percent) and skills development (58 percent).

The specific assessment and findings are presented as below:

(i) **Fiscal Expansion for Frontloading Infrastructure Investment:** The budget is 67 percent compliant to the NDPII with regard to frontloading infrastructure investment. The extent of alignment was level, at 67 percent, for both components of the NBFP and the AB. The areas assessed are: harnessing concessional and semi concessional financing and other development support facilities that are targeted to accelerate investment in infrastructure and human development; maintaining macroeconomic stability and a conducive environment; and maximizing competitiveness regionally and internationally.

The moderately satisfactory performance at this level is attributed to: inadequate resource mobilization to facilitate the frontloading envisaged by the NDPII; and the weak budgetary focus on financing interventions aimed at enhancing regional and international competitiveness such as broadband ICT connectivity, improved urban planning, public sector efficiency, among others.Going forward, there is need to enhance fiscal expansion in line with the NDPII macro-economic stability targets in order to ensure achievement of the required competitiveness objectives before operationalization of the EAC convergence criteria.

(ii) **Industrialization: The budget is 50 percent compliant to the NDPII with regard to the strategic direction of industrialization**. The NBFP and AB were both equally compliant at 50 percent.The areas assessed included: promoting value addition through agro-processing and mineral beneficiation; light manufacturing; transfer of value addition technologies; agri-business skills to women; supporting private sector to establish technology incubation centres; and promoting technological innovation importation and adoption of low cost technology.

The moderate compliance of the budget to the strategic direction of industrialization is due to inadequate budget allocations to interventions aimed at establishing agro-processing and mineral beneficiation industries, light manufacturing facilities and technology transfer, among others. Going forward, it will be necessary to put greater focus on industrialization interventions because of its wide implications on employment creation, household incomes and expansion of the tax base.

(iii) **Fast tracking skills development: The budget is 58 percent compliant on the strategic direction of fast tracking skills development**. The NBFP was 67 percent while the AB was 50 percent aligned to the NDPII. The areas assessed included: establishing five centres of excellence; identifying and training specialized expertise especially in the mineral, oil and gas, energy and transport infrastructure areas; and enacting reforms in education and training curricula.

This unsatisfactory alignment of the budget at the skills development level was due to the inadequate allocations towards the above-mentioned areas. There is need to develop and fund a clear roadmap for developing the skill required in the economy for employment and requisite productivity towards attainment of the middle-income status.

(iv) **Export Oriented Growth: The budget is 67 percent compliant with the strategic direction for export-oriented growth**. NBFP and AB are both 67percent compliant. The areas assessed included: investment in key energy, ICT and transport infrastructure to lower the cost of doing business; increasing private sector competitiveness; and diversifying the export basket to include processed commodities.

The moderate compliance of the budget on the export-oriented growth strategic direction is attributed to the limited budgetary focus on: enabling access to private sector credit and export commodity diversification. In particular, the slow pace of recapitalization of UDB (now at UGX150 billion against the target of UGX500 billion) and the dominance of foreign banks in the financial services market have negatively affected the anticipated growth and diversification of exports. Going forward, it will be necessary to timely fully recapitalize UDB as planned and establish a strong indigenous bank in order to leverage private sector growth and faster export growth and diversification.

(v) A Quasi-Market Approach: The budget is 67 percent compliant with the strategic direction for quasi-market approach. NBFP and AB are both 67percent compliant.The areas assessed included: Increasing public sector participation in strategic enterprises that do not attract private sector investment over long periods of time; increasing private sector participation in the key growth areas; and operationalizing the PPP Act 2016.

The moderate compliance of the budget on the quasi-market approach strategic direction is attributed to: inadequate public-sector investment in priority areas that are not attractive to the private sector; and the limited budget allocations to private sector growth and participation in NDPII implementation. Going forward, it will be necessary to streamline the public investment management system with a view to ensure preparation of feasible projects for implementation by government that may be divested in future.

(vi) Harnessing the demographic dividend: The budget is 67 percent compliant with the strategic direction for harnessing the demographic dividend. NBFP and AB are both 67percent compliant. Areas assessed include: improving access to family planning services; improving nutrition; and enhancing the level of skill and innovation of the labour force.The moderate performance is a result of the inadequate allocations to improving nutrition and skilling and innovation.

(vii) Urbanization: The budget is 50 percent compliant with the strategic direction for Urbanization. NBFP and AB are both 50 percent compliant.The areas assessed include: accelerating planned and guided urbanization; ensuring a critical link between urbanization and modernization of agriculture; and reorganizing communities into cooperatives to utilize their increased incomes to contribute to the creation of vibrant provident funds.

The unsatisfactory alignment of the budget to the urbanization strategic direction is due to the inadequate allocations to urban planning, housing and job creation in urban centres. Going forward, there is need to focus more resources to urbanization as a key strategy for social economic transformation of the Ugandan society.

(viii) Strengthening governance: The budget is 96 percent compliant with the strategic direction for strengthening governance. NBFP and AB are 100 and 93 percent compliant, respectively. The areas assessed include: protection of human rights; rule of law; free and fair political and electoral processes; transparency and accountability; government effectiveness and regulatory quality; effective citizen participation in development processes; and peace, defence and security of the citizens and the country indicators.

The satisfactory budget alignment regarding strengthening governance is attributed to adequate allocation to the above-mentioned interventions save for the absence of focus on citizen participation. Going forward, even more focus will be required on strengthening governance in order to ensure an enabling environment for private sector participation.

4.2.5 Core Projects

At this level of assessment, the budget is 41.4 percent compliant to the NDPII core projects. This is a weighted score of 39.7 percent, 25.9 percent and 49.5 percent for project physical implementation progress, project funding releases and expenditure against release performance, respectively. All the 39 NDPII core projects were assessed. Overall, the budget performed better on energy, and transport infrastructure projects in terms of allocation against release outturn. However, project readiness for implementation is still a challenge.

The budget expenditure outturn against releases is unsatisfactory on the energy and infrastructure projects. However, there was limited focus on Grid Extensions including those for Region Power Pool apart from the West Nile Grid Extension Program under (GBOBA) and the Kampala-Bombo Express highway. Of the five core projects in Agriculture, two (Storage Infrastructure and Phosphate industry in Tororo) were not prioritized. The Tourism Marketing and Product Development Project, total releases were far less than the approved budget estimates. By half year, the contractor had just been procured for the development of a Master plan and Strategic social and Environment Analysis (SEA) for the Source of the Nile.

Regarding, minerals, oil and gas infrastructure projects, the budget is compliant on only two out of six projects, oil refinery and Albertine region roads. The findings further show that, the budget did not provide for the mineral development for strategic minerals project and development of Iron Ore and Steel Industry.

For Human Capital Development core projects, the budget performed better on: Uganda Women Entrepreneurship Programme (UWEP) and the Youth Livelihood Programme (YLP) and Renovation and equipping of general hospitals. However, there is no commitment towards the Mass Treatment of Malaria for Prevention project. In addition, the budget registered low compliance towards the Skills Development project.

Regarding core projects under Economic Management and Accountability, the budget did not allocate funds for strengthening effective Mobilization, Management and Accounting for use of Public Resources (SEMMA). Only UDB was allocated and received some funding which was nevertheless below the NDPII target of UGX500 billion. Notably, there is need to strengthen UDC by giving it a dedicated vote and mainstreaming it within the accountability sector for greater effectiveness of its mandate.

4.2.6 Key Emerging Issues

The key emerging issues arising out of the analysis are as follows:

i) The inadequacy of budgetary focus on planned interventions for achieving competitiveness, sustainable wealth creation, employment and inclusive growth poses a risk for attaining the NDPII goal. It will therefore be necessary for the budget to focus on the inadequacies in the identified areas of: establishment of industrial parks, light manufacturing and agro-processing industries; forest and wetlands restoration; improving access to financial services; and implementation of the LED program.

ii) There are specific interventions that require immediate attention in order to ensure achievement of the NDPII objectives. These include: improving access to water for agricultural production; promotion of value addition to the various prioritized commodities; rural feeder roads maintenance; extension of the NBI to the remaining local governments; implementing the Early Childhood Development policy; implementation of the five-regional skills development centres; teacher recruitment; and enhancing government effectiveness and efficiency.

iii) There are notable delays in the implementation of infrastructure and other projects that directly affect the country's competitiveness. This is likely to make the country miss the opportunity to enhance fiscal expansion before operationalization of the EAC convergence criteria.

iv) The budget has weak focus on industrialization albeit its role in employment creation, household incomes and expansion of the tax base. It will be necessary for the budget to put greater focus on areas of: establishing agro-processing and mineral beneficiation industries; light manufacturing; and technology transfer, as these are a springboard for realizing an industrial society.

v) A clear roadmap and corresponding budgetary framework for the country's human capital is still fragmented and characterized by budget inadequacies. It will be necessary fast-track implementation of the various skills development and other related projects and programs in order to ensure readiness and sustainability of the middle-income aspiration.

vi) The budgetary allocations to the recapitalization of UDB and UDC continue to be too inadequate to spur the required impact on access to credit and government participation in undertaking investment in priority enterprises that are not attractive to the private sector. There is need for government to consider the establishment of a strong indigenous bank that will leverage access to affordable credit, private sector growth and faster export growth and diversification.

vii) The low budget release outturn (25.9 percent) coupled with the low expenditure outturn (49.5 percent) and the low project implementation performance (39.7 percent) on the 39 NDPII core projects presents high risk for attaining the planned NDPII outcomes. Going forward, it will be necessary to focus the budgets on the core projects, including their readiness in order to realize the necessary development thrusts.

viii) There are inadequate allocations to urban planning, housing and job creation in urban centres which are critical for improved urbanization and desired transformation of the country's cities and municipalities. There is therefore need to focus more resources to urbanization as a key strategy for social economic transformation of the Ugandan society.

ix) Significant budgetary inadequacies were also identified in the area of strengthening governance. However, governance is one of the key pillars necessary for achieving competitiveness. Greater budgetary focus will also be required in this area, especially with a view to ensure an enabling environment for private sector participation.

4.3 SECTOR AND MDA LEVEL ASSESSMENT FOR FY2017/18

The compliance assessment at the Sector level was undertaken at four (4) main levels: the existence and alignment of planning frameworks, Sector projects (excluding core national projects), the alignment of the Budget Framework Paper and the Annual budget targets to the NDPII, and level of budget performance (release and expenditure performance). At all these levels, scores were awarded in line with section 3.1 of the assessment criteria for sectors.**At this level, the FY2017/18 AB was 53.2 percent compliant**.

4.3.1 Agricultural Sector

The NDPII outlines four strategic objectives which are intended to be the main budget drivers over the Plan period. These are: (i) Increasing agricultural production and productivity; (ii) increasing access to critical farm inputs; (iii) Improving agricultural markets and value addition; and (iv) improving service delivery through strengthening the institutional capacity of MAAIF and its agencies. The Agricultural Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined outcome and output targets. The results of this assessment are given in the sections below.

4.3.1.1 Overall CoC performance of the sector

Overall, the Agriculture sector was 50.9 percent compliant. In particular, the sector is 86.0, 66.5, 22.5 and 52 percent compliant at sector planning, projects planning, budgeting instruments and budget performance levels of alignment, respectively. The specific details are presented below and the performance of the MDAs is summarized in Table2.

4.3.1.2 Development and existence of planning processes

At this level, the sector was 86 percent compliant. The sector has an approved development plan. Additionally, apart from NARO, the other six MDAs have approved strategic plans.

4.3.1.3 Sector projects alignment

At this level, the sector was 66.5 percent compliant. This is a weighted score of 44.8, 80.0 and 50.4 percent for budget release, expenditure out-turn and project performance, respectively. The weak performance is as a result of poor budget releases and project performance. Of the 56 projects prioritized in NDPII, 37 (66.1 percent) are in the PIP and receive funding. The remaining 19 (33.9 percent) projects have not been developed. Donor supported projects are the core for the sector with substantial resources, however, they face delayed approval and implementation. These include: Agricultural Cluster Development Project (ACDP), The Regional Pastoral Livelihoods Resilience Project and the Multi-Sectoral Food Safety and Nutrition Project. The sector has unsatisfactory performance on several core externally funded projects. For instance, the Enhancement of National Food Security through increased Rice Production project has not taken off despite Parliament approval 4 years ago. Nevertheless, to-date the project has no disbursements against a committed loan of USD 34.1 million.

4.3.1.4 Alignment of the BFP and Annual Budget

At this level, the sector is 22.5 percent compliant. This is a weighted score comprising of 22.9 and 22.3 percent for BFP and AB respectively. There is a variance between the sector plan targets, the BFP and AB. For instance, BFP target carrying out seed inspections was 70 as opposed to 250 in the SDP. Further, the available funding for the procurement of assorted doses of vaccines for the control of livestock diseases could only cater for 25 percent of the required under NDPII target.

Other areas that received insufficient funding include; increased agricultural mechanization; enhance access and use of fertilizer; increase access to water for agricultural production; agriculture mechanization; build capacities of farmers, traders and processors in quality standards and market requirements; promote investments in storage infrastructures to reduce post-harvest losses; operational single spine extension system; promoting sustainable land use and soil management; as well as deepening ICT access to facilitate market information sharing. Also, some of the prioritized interventions were missing in the BFP and AB, for instance; operationalization of the commercialization fund and increased access to agricultural financial services.

4.3.1.5 Budget performance

At this level, the sector was 52 percent compliant. This is a weighted score of 31.4 and 82.9 percent for budget outturn and expenditure outturn, respectively. The score on expenditure outturn was low because only three agencies, NARO, UCDA and DDA were able to spend above 90 percent of their releases. The unsatisfactory score on budget performance for MAAIF was due to a zero score on both budget release and expenditure outturn arising from releases and expenditures less than 90 percent.

4.3.1.6 Summary MDA level Performance

MAAIF is the least compliant at 39.0 percent, followed by National Animal Genetics Resources Center and Data Bank (NAGRC&DB) at 43.1 percent. National Agricultural Advisory Services (NAADS) and Dairy Development Authority (DDA) are the most compliant agencies at 80.3and 78.2 percent, respectively. The reason for poor compliance for MAAIF was due to poor budget performance that scored zero percent and the low alignment of budgeting instruments to NDPII as shown by the score of 18.8 and 20.3 percent for BFP and AB respectively.

Table 2: Summary of Agriculture Sector MDA Compliance Assessment (percent)

MDA	Planning	Alignment		Budget performance	Projects performance	Total Score
		BFP	AB			
MAAIF	100	18.8	20.3	0.0	75.5	39.0
NARO	0	36.0	36.0	100	70.0	61.8
NAGRC	100	30.0	40.0	55	36.5	43.1
NAADS	100	100	85.7	40	100	80.3
UCDA	100	14.3	14.3	52	100	59.9
DDA	100	44.0	14.3	100	85	78.2
CDO	100	60.0	60.0	32	70	58.6
Sector	86	22.9	22.3	52	66.5	50.9

Source: NPA Assessment 2018

4.3.1.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) **Most of the priority interventions identified in NDPII were targeted in the sector plans and budgets.** However, the allocations were too thinly spread to generate the desired impacts to meet the NDP II targets. There is need to provide adequate budget allocations to NDPII priority interventions.

ii) **There is unbalanced prioritization of the sector budget allocations across strategic interventions.**It is noted from the assessment that 43 percent of the budget is allocated to inputs but other critical interventions such as extension services, aquaculture parks, markets access and value addition are inadequately funded.

iii) **Reduction in agricultural research funding.** Budget allocations to NARO for Research has shown a declining trend from UGX 114 Billion in FY 2016/17 to UGX. 84.1 Billion in FY 2017/18 and then down to UGX. 62.35 Billion in FY 2018/19. Additional funding should be allocated to research to enable development and promotion of agricultural technologies through research.

iv) **There are too many small projects in the sector which are duplicative and with high overhead costs.** These need to be integrated in order to enhance efficiency and effectiveness.

v) **Agricultural financing intervention is coordinated outside the sector.**The Agricultural Credit Facility is managed by BOU, MFPED, UDB and the Private sector. The agricultural sector is not represented among the implementing agencies. Ministry of Agriculture should be included among the implementing institutions.

4.4 HEALTH SECTOR

The Health Sector in the NDPII is to deliver on four objectives of: (i) to contribute to the production of a healthy human capital through provision of equitable, safe and sustainable health services;(ii) to increase financial risk protection of households against impoverishment due to health expenditures; (iii) to address the key determinants of health through strengthening inter-sectoral collaboration and partnerships; and (iv) to enhance health sector competitiveness in the region, including establishing centres of excellence in heart, cancer, renal care domains; and diagnostic services. The Health Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined targets. The results of this assessment are given in the sections below.

4.4.1 Overall CoC performance of the sector

Overall, the Health sector is 51.7 percent compliant. Specifically, the sector performed at 88, 38.1, 67.6, and 37.3 percent at planning, project implementation, budget process instruments (BFP and AB) and annual budget performance, respectively. Theperformance was on account of low budget absorption by the majority of health sector institutions especially under projects. The specific details of performance at all levels are presented in the following sections and the performance of the individual public spending entities in the health sector is summarized in Table 3.

4.4.2 Development and existence of planning processes

At this level, the Health sector is 88 percent compliant. This is because 21 out of the 24 Health Sector MDAs have approved strategic plans that are aligned to the NDPII. The three that do not have approved strategic plans are: Mulago NRH, Fort Portal RRH and Kabale RRH.

4.4.3 Budget Instruments Alignment to NDPII

At this level, the Health Sector is 67.6 percent compliant. This is a weighted score of 67.1 and 67.1 percent for the BFP and AB, respectively. The sector included most of the NDPII outputs and targets in its BFP, many of which were subsequently included and allocated funds in the Ministerial Policy Statements. That notwithstanding, a number of interventions and corresponding outputs and targets were not planned for including: Community empowerment through implementation of the Community Health Worker's Strategy (CHEWS); financial risk protection of households against impoverishment due to health expenditures through implementation of the National Health Insurance Scheme (NHIS) and Performance Based Financing (PBF); Mass treatment of malaria for prevention; and addressing the key determinants of health through strengthening inter-sectoral collaboration and partnerships.

While some progress has been made towards enhancing the health sector competitiveness in the region through establishing centers of excellence in heart, cancer and diagnostic services, progress is slow. Attraction and recruitment of senior and consultant level positions also remains low.

4.4.4 Sector projects alignment

At this level, the sector is 38.1 percentcomplaint. This is a weighted score of 52.5, 24.5 and 76.1 percent for budget outturn, expenditure and project implementation, respectively. For instance, of Ugx 0.2b released for rehabilitation of SRRH project in FY2017/18 by Q2, only 20 percent had been spent. 0.14 billion was planned and received for Support to SRRH project, but 0 percent was spent by the end of Q2. This grossly slowed project implementation. A number of projects that had been planned for FY2017/18 had not started by half year. These include; (i) Rehabilitation of Soroti Referral Hospital (SRRH); (ii) Institutional Support to Soroti Regional Referral Hospital; (iii) retooling project for Uganda Virus Research Institute and (iv) MoH projects including Rehabilitation of General hospitals, ADB Support for Cancer Institute, Renovation and equipping of Kayunga and Yumbe Hospitals and Public Health Laboratory, among others.

4.4.5 Budget performance

At this level, the sector was 37.3 percent compliant. This is a weighted score of 86.9 and 4.2 percent for budget outturn and expenditure outturn, respectively. The unsatisfactory budget performance for the sector was on account of very low utilization of the funds released.

Overall, most of the MDAs had a budget outturn above 98 percent save for Ministry of Health, UCI and UVRI which had an outturn of 62.83, 90.83and 80.85 percent,respectively. However, with the exception of National Medical Stores which spent 100 percent of the release, the other sector MDAs spent less than 90 percent of their releases. For instance, the Ministry of Health received 305.272 billion and only spent 72.71 billion (an equivalent of 23.8 percent). Uganda Heart Institute received 18.037 billion and spent only 9.274 (51.4 percent) and Arua RRH received 6.288 billion and spent only 3.244 Billion (51.6 percent) by end of the half FY year. The very low expenditure outturn of 4.2 percent is an issue to be checked and urgently addressed by the relevant sector stakeholders.

4.4.6 Summary MDA level Performance

The Health Sector has 24 MDAs as listed in Table 3. The MOH which is the sector lead agency was the least compliant in the sector at only 21.3 percent, followed by UVRI at 29.8. The NMS and Mubende RRH are the most compliant agencies at 94 percent and 74.3 percent respectively. The reason for high compliance of NMS is existence of an approved Strategic Plan and over 98 percent budget outturn, expenditure and implementation of NDPII outputs. On the other hand, Mubende RRH scored 100 percent in project implementation on top of having an approved strategic plan.

The MOH low compliance level is due to very low budget outturn and subsequently low budget expenditure, also affecting project implementation (of the 971.74 billion budgeted, only 305.272 was released by half year, out of which only 72.71 was spent). The same reasons explain the low compliance of UVRI; of the 1.832 billion budgeted, only 0.741 was released by half year and only 0.639 was spent. The detailed performance of all MDAs at all levels of assessment is presented in Table 3.

Table 3:Summary of Health Sector and MDA Compliance Assessment (%)

S/N	MDA	Planning	Alignment (BFP & AB)	Budget performance	Projects Performance	Total Score
	Health Sector	88	67.6	37.3	38.1	51.7
1.	Ministry of Health	100	56.5	0.0	0	21.3
2.	Uganda Heart Institute	100	37.2	40	40.0	45.4
3.	Uganda Cancer Institute	100	81.3	24.0	52.0	51.3
4.	Uganda AIDS Commission	100	70.7	32.0	0.00	43.7
5.	Health Service Commission	100	10.0	40.0	100	58.0
6.	National Medical Stores	100	70	100	100	94.0
7.	Uganda Blood Transfusion Service	100	70	40.0	40.0	52.0
8.	Mulago Hospital Complex	0	83.0	60.0	65.1	54.1
9	Butabika Hospital	100	86.6	24	40	56.5
10	Arua Referral Hospital	100	79.5	40.0	77.6	71.2
11	Fort Portal Referral Hospital	0	70.0	40.0	95.1	54.5
12	Gulu Referral Hospital	100	36.9	40.0	95.1	61.9
13	Hoima Referral Hospital	100	45.5	40	95.1	69.6
14	Jinja Referral Hospital	100	74.7	40	0	46.9
15	Kabale Referral Hospital	0	70	40	100	56
16	Masaka Referral Hospital	100	69.8	40.0	77.5	69.2
17	Mbale Referral Hospital	100	56	40	40	55.2
18	Soroti Referral Hospital	100	69.4	40.0	7.5	48.1
19	Lira Referral Hospital	100	70.0	40.0	21.3	52.4
20	Mbarara Referral Hospital	100	89.2	40.0	57.5	67.1
21	Mubende Referral Hospital	100	61.5	40	100	74.3
22	Moroto Referral Hospital	100	52.5	40.0	40	54.5
23	Naguru Referral Hospital	100	67.8	40.3	60.1	77.0
24	Uganda Virus Research Institute	100	82.9	8.0	0	29.8
25	All Local Governments					
26	Uganda Drug Authority					
27	Kampala Capital City Authority					

Source: NPA Assessment 2018

4.4.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) Majority of the MDAs in the sector have poor absorption capacity which affects service delivery. Out of the 86.9 percent budget outturn by half year, only 4.2 percent had been spent. This needs to be critically reviewed to establish the constraints and design appropriate measures.

ii) The sector continues to pay little attention on health promotion and disease prevention interventions in line with NDPII health objective of; addressing the determinants of health. The Community Health Workers Strategy (CHEWS) meant to empower communities to promote good health is not yet financed. Efforts to improve child nutrition, sanitation and hygiene are still minimal and largely externally financed.

iii) While the sector has made effort towards increasing financial risk protection of households against impoverishment due to health expenditures, the progress remains slow. The sector developed a National Health Insurance Bill (2012), however its passage has been over delayed and there is no budget allocation to fast track its passage and implementation. The sector has also developed a health financing strategy and plans to provide for a Medical Credit Fund for private health sector players. However, these actions are not allocated any funds, making it unclear on how they will be achieved.

iv) Lack of adequate skilled personnel remains a critical challenge for the health sector. Most of the Regional Referral Hospitals are not able to attract and retain senior consultants, consultants, and medical officers special grade. Although the overall staffing levels have improved (NRH 92; RRH 80 percent; GH 68 percent; HC IV 85 percent; HC III 80 percent; HC II 53 percent). The increasing burden of NCD, accounting for about 40 percent of mortality presents new challenges and a need for increase in numbers of super specialized human resources at regional level. Therefore, in the short and medium-term, the health staff establishments for most of the institutions need to be reviewed.

v) While the establishment of the National Laboratory services has commenced, progress is slow. Allocation of funds to heart and cancer institutes is meagre to enable transformation into centres of excellence. In the FY 2017/18, the heart institute was allocated only 18.07 billion and the cancer institute 52.205. Although there is a slight improvement from last FY, this funding level is not reflective of centres of excellence. In addition, there are no specific indications of PPPs for building centers of excellence. The sector needs to fast track the realization of health sector competitiveness in the region through establishing centers of excellence in heart, cancer, renal care domains; and diagnostic services.

vi) The regional referral hospitals continue to perform general medical functions of hospitals and other lower health facilities. This has led to limited focus on their core mandate and functions of providing specialized services, research, training and support supervision. It is evident in the planning, budgeting and implementation frameworks that RRH are implementing primary health care interventions; including immunization, antenatal care, family planning, and simple malaria treatment which shouldn't be the main function of a referral hospital. Therefore, there is need for a realignment of interventions and budgets to the functional mandate of the regional hospitals.

vii) While establishment of a national referral system has commenced, the pace of implementation is slow. It is evident that the sector has started on developing an efficient and effective emergency medical care service for the acutely ill and injured through establishment of a 24-hour functional ambulance service and referral system in the country. There is need to establish a comprehensive National referral system defining all levels of care and associated standards.

4.5 EDUCATION SECTOR

The NDPII outlines three strategic objectives which are intended to be the main budget drivers of the Education and Sports sector budget over the Plan period. These are (i) Achieve equitable access to relevant and quality education and training; (ii) Ensure delivery of relevant and quality education and training; and (iii) Enhance efficiency and effectiveness of education and sports service delivery at all levels. The Education and Sports sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined output indicator targets. The results of this assessment are given in the sections below.

4.5.1 Overall CoC performance of the sector

Overall, the education sector budget is 50.9 percent compliant to the NDPII. In particular, the sector is 94.0, 33.4, 59.4 and 45.6 percent compliant at sector planning, projects planning, budget process instruments and budget performance levels of alignment to the NDPII, respectively. The specific details are presented in the following sections and the MDA performance is summarized in Table 4.

4.5.2 Development and existence of planning processes

At this level, the sector is 94 percent compliant. This is attributed to the fact that 15 out 16 sector MDAs have approved strategic plans that are aligned to the NDPII. Only the Education Service Commission (ESC) does not have an aligned strategic plan to the NDPII.

4.5.3 Budget Instruments Alignment to NDPII

At this level, the sector is 59.4 percent compliant. This is a weighted average score of 44.1 and 69.6 percent for the BFP and AB, respectively. The weak alignment of the BFP is mainly explained by the inability of the BFPs to address the sector interventions towards a specified strategic direction in the NDPII. For instance, whereas the BFP addresses some interventions particularly on access to basic education, and infrastructure; it is weak on quality and efficiency in the delivery of education service.

Both the AB and BFP do not adequately address the following critical quality and efficiency interventions: standards and quality assurance in tertiary institutions; repetition, dropout and completion; inspection and compliance to the Basic Requirements and Minimum Standards (BRMS), higher education financing; Teacher Development and Management and support to school management (BoGs and SMCs). Equally worrying is the fact that no progress is reported by the budget tools on the intervention of having a government primary school per parish. Other priorities not well addressed by the budget tools include: training of ECD caregivers, shift to competence-based education and training (CBET), and increased science, Maths and technology teachers and graduates.

4.5.4 Sector Projects' alignment

At this level, the sector is 33.4 percent compliant. This is a weighted score comprising of 16, 35.9 and 70.6 percent for budget outturn, expenditure and project implementation, respectively. Poor project performance is attributed to low project budget outturn and poor expenditure performance.

Out of the released funds, only 36.3 percent had been spent at half year. This implies that in as much as the budget outturns for the projects were below the allocations, the sector was as well constrained in absorbing the received funds. The sector highlights that the poor expenditure performance is due to the cumbersome procurement processes, inadequate advance preparation on the part of MDAs and the irregular flow of budget allocations.

Additionally, 18 projects that are being funded are not listed among the NDPII priority projects. Most of these projects were adopted in the year 2017 and majority are concerned with supporting institutional retooling of the various sector MDAs. On the other hand, three projects on the list of the NDPII priority projects are yet to commence and hence not scheduled for financing in the FY2017/18. These include: Construction of MOES headquarters; Tororo Roads and Railway Polytechnic (TRRP); and Uganda National Examination Board (UNEB) Infrastructure Development Project.

4.5.5 Budget performance

The Sector is 45.6 percent compliant at this level of assessment. This is an average weighted score of 60.0 and 36.0 percent of AB release and expenditure outturn respectively. Half year results indicate that 9 of the 15 MDAs have already received at least 98 percent of their half year budget allocation. On the other hand, 6 of the MDAs including the MoES, Muni University, UMI, and MUBS have received less than 90 percent of their half year budget allocation.

Of the funds released, only 7 of the sector MDAs managed to spend at least 98 percent. Soroti University, MoES, Makerere University and Muni University are some of the MDAs that had spent less than 80 percent of their half year disbursements.

Table 4. Summary of MDA level performance

MDA	Planning	BFP&AB Alignment	Budget performance	Projects performance	Total Score
Sector	**94**	**59.4**	**45.6**	**33.4**	**50.9**
MoES	100	66.3	0.0	25.7	37.6
ESC	0	33.3	66.2	70	54.2
Makerere University	100	24	36	68	48.4
Mbarara University	100	65.4	40	7.5	43.9
Gulu University	100	55.2	32	47.5	50.4
Kyambogo University	100	81.9	52	34	60.4
Busitema University	100	69.7	76	7.5	56
Muni University	100	41.8	0	100	52.5
MUBS	100	74.5	60	7.5	52.6
UMI	100	65.7	60	7.5	50
Soroti University	100	40	40	100	64
Kabale University	100	54.5	40	100	68.3
UNEB	100	54	100	100	86.2
NCDC	100	26.7	100	100	78
Lira University	100	49.3	40	100	66.8

Source: NPA Assessment 2018

4.5.6 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) The assessment provides evidence of lack of intra-sectoral engagement with a view of translating sector and MDA plans into the BFP and AB.

ii) There are capacity gaps in the MDAs particularly in the area of project preparation.

iii) There is general under dose of the various segments of the sector particularly the budget and projects. However, there is evidence to suggest that MDAs still face difficulties to absorb the meager resources released to them.

iv) There is a pattern of the sector adopting new projects outside the priority projects in the NDPII for instance the 18 projects being implemented outside the NDPII.

4.6 WATER AND ENVIRONMENT SECTOR

Over the NDPII period, the Water and Sanitation sub-sector planned to focus on: (i) increasing access to safe water in rural and urban areas; (ii) increasing sanitation and hygiene levels in rural and urban areas; increasing functionality of water supply systems; (iii) incorporating gender concerns; and (iv) implementing water resources management reforms and promoting catchment based integrated water resources management. Conversely, the Environment and Natural Resources sub-sector NDPII objectives are: (i) protecting, restoring, and maintaining the integrity of degraded fragile ecosystems; (ii) increasing sustainable use of environment and natural resources; (iii) increasing national forest cover and economic productivity of forests; (iv) increasing the national wetland coverage; (v) increasing the functionality and usage of meteorological information systems; and (vi) increasing the country's resilience to the impacts of climate change.

4.6.1 Overall CoC Performance of the Sector

Overall, the sector performance is 51.2 percent compliant. This comprises of 100, 57.7, and 69.9 and 10.0 percentfor planning frameworks, project performance, budget instruments andbudget performance, respectively. The specific details are presented in the following sections and the MDA performance is summarized in Table 5

4.6.2 Development and Existence of Planning Processes

At this level, the sector is 100 percent compliant. The sector has an approved Sector Development Plan aligned to the NDPII. Similarly, all sector MDAs have approved strategic plans. The MDAs are; National Environment Management Authority, National Forestry Authority, National Water and Sewerage Corporation and the Uganda National Meteorological Authority.

4.6.3 Budget Instruments Alignment to NDPII

At this level, the sector is 70.2 percent compliant. This is a weighted score of 73.7 and 67.3 percent for the BFP and AB, respectively. The majority of NDPII interventions have been budgeted for albeit there exists a slight variation between a few indicators in the NDPII implementation strategy and those noted in the sector BFPs and AB. Key among these are: Area (Ha) of forest plantations planted and preserved by NFA;tourism companies in the forestry sector; and lastly, the indicator on number of communities sensitized.

4.6.4 Sector projects alignment

At this level, the sector is 57.5 percent compliant. This is a weighted score comprising of 58.6, 52.1 and 86.5 percent for budget outturn, expenditure and project implementation, respectively. Notably, 29 sector projects are in the PIP, but 30 projects are not funded.

4.6.5 Budget performance

At this level, the sector is 10 percent compliant. This is a weighted score of 25 and 0 percent for budget outturn and expenditure outturn, respectively. The half year assessment indicates that only the Ministry has been able to access 68 percent of its approved budget. Other MDAs have low budget outturns; NEMA 39 percent, NFA 36 percent while the Uganda National Meteorology Authority 29 percent. All MDAs spent less than 90 percent of their budget outturn by half year.

4.6.6 Summary MDA Level Performance

Table 5. Summary of Water and Environment Sector and MDA Compliance Assessment (%)

S/N	MDA	Planning	PIP	Alignment		Budget performance	Total Score
				BFP	AB		
	Sector	**100.0**	**57.5**	**73.7**	**67.3**	**10.0**	**51.2**
1.	Ministry of Water and Environment	100.0	57.1	71.5	62.7	40.0	59.0
2	National Forestry Authority	100.0	10.0	65.5	47.3	0.0	29.4
3.	National Environment Management Authority	100.0	10.0	69.6	80.0	0.0	35.8
4.	Uganda National Meteorology Authority	100.0	86.2	82.9	66.7	0.0	57.8

Source: NPA Assessment 2018

4.6.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) All MDAs have low absorption capacity. There is need to build capacity in planning, budgeting and execution for better absorption.

ii) Reversal performance on key water and environment sector targets in NDPII such as the percentage of land area under forestry and wetland coverage can be attributed to the poor budget allocation exacerbated by a low budget outturn. The coverage of forestry as a percentage of total land area have declined from 14 percent in 2012/13 to 9 percent in 2017 (source). This is below the NDPII target of having a forest coverage of 16.4 percent in 2017/18 so as to achieve the NDPII 2019/20 target of 18 Percent. It is imperative to note that a declining wetland and forestry coverage has dire consequences on the performance of other sectors such as Agriculture and Tourism.

4.7 WORKS AND TRANSPORT SECTOR

The Works and Transport sector planning and budgeting alignment is assessed on the basis of four (4) strategic objectives and their corresponding output indicators as outlined in NDPII. These objectives are:(i) Develop adequate, reliable and efficient multimodal transport network in the country (ii) Improve the human resource and institutional capacity of the sector to efficiently execute the planned interventions (iii) Improve the National Construction Industry (iv) Increase the safety of transport Services and Infrastructure. The results of this assessment are given in the sections below.

4.7.1 Overall CoC performance of the sector

Overall, the Works and Transport sector is 58.0 percent compliant. In particular,the sector is 20.0, 51.6, 80.8 and 54.4 compliant at sector planning, projects planning, budget process instruments and budget performance, respectively. The specific details are presented in the following sections and the performance of the MDAs is summarized in Table 6.

4.7.2 Development and existence of planning processes

At this level, the sector is 20.0 percent compliant. The weak performance is attributed to the absence of approved and aligned plans among all the MDAs. These MDAs include: Uganda National Roads Authority (UNRA), Uganda Road Fund (URF), Uganda Railways Corporation (URC), and Civil Aviation Authority (CAA).

4.7.3 Budget Instruments Alignment to NDPII

At this level, the sector is 80.8 percent compliant. This is a weighted score comprising of 72.0 and 86.7 percent for the BFP and AB, respectively. The sector has variations and inconsistencies in the indicators and targets in the Development Plan and the budget instruments. Where they exist, they are lower than planned. For instance, the NDPII target for construction and rehabilitation of national road network was 4,977 in the FY2017/18 but was 4,457 in NBFP while the NDPII target for the local motor-vehicle inspection scheme was 600,000 vehicles, it was 3,000 vehicles in the budget instrument. Furthermore, whereas the sector prioritizes most of the NDPII interventions, a number remain unbudgeted, these include: i) Promote vehicle efficiency and technologies; ii) Review of road construction Designs and Standards; iii) Improve institutional planning, monitoring & performance evaluation; iv) Strengthening the transport planning function of the MWT; v) Survey, map and Install navigation Aid on inland waterways; and vi) Increase awareness & advocacy in safety of inland water and rail transport.

4.7.4 Sector projects alignment

At this level, the sector is 51.6 percent compliant. This is a weighted score of 52.9, 50.4 and 54.5 percent for budget release, expenditure outturn and project performance, respectively. The weak performance is as a result of poor budget releases and expenditures to the projects.For instance, the approved budget for SGR project was Ugx 72.5 Billion, but only Ugx. 20 Billion (27.6 percent) was released by end of quarter 2. Similarly, Kibuye-Busega-Mpigi Expressway has an approved budget of Ugx. 118.16 Billion but no release was made.

Furthermore, most projects lagged behind schedule due to delayed compensation of PAPs. Overall, the sector project progress indicates that 32 out of 67 (47.8 percent) projects are at feasibility and land acquisition stages, 27 out of 67 (40.3 percent) projects are ongoing but behind schedule, while 2 out of the 67 projects have not commenced. The projects that have not commenced are, construction of RD agency Headquarters, and construction of selected bridges. Out of the planned projects, 6 have been completed: construction of Ntungamo-Mirama hills (37Km); and Upgrade of Gulu-Atiak-Nimule (104Km).

4.7.5 Budget performance

At this level, the sector is 54.4 percent compliant. This is a weighted score comprising of 25 and 70 percent for budget release and expenditure outturn, respectively. With the sector receiving the biggest share of the budget to finance key infrastructure projects, the low releases to the sector continue to hinder the project implementation. UNRA as a major implementing MDA received 30.9 percent of the planned budget and spent 81.6 percent by the end of second quarter.

4.7.6 Summary MDA level Performance

The sector comprises of five MDAs that include: Ministry of Works and Transport (MoWT), Uganda

National Roads Authority (UNRA), Uganda Road Fund (URF), Uganda Railways Corporation (URC), and Civil Aviation Authority (CAA). Overall, MOWT, UNRA, URF, URC and CAA are **68.6, 39.4, 63.0, 48.0 and 60.0 percent complaint respectively.** The detailed scores for individual MDAs are shown in Table 6

The weak performance by the MDAs on planning is as a result of not having approved and aligned plans to the NDPII.

Table 6.Summary of Works and Transport Sector and MDA Compliance Assessment (%)

S/No	MDA/Vote	Planning	PIP	Alignment		Total Score
				BFP	Annual Budget	
1	**Sector**	20	51.5	80.8	54.4	**58**
2	MoWT	0	54.1	86.7	88.0	**68.6**
3	UNRA	0	47.4	84.0	0.0	**39.4**
4	URF	0	100	70	40	**63**
5	URC	0	100	*	60	**48**
6	CAA	0	100	100	64	**79.2**

Source: NPA Assessment 2018

4.7.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) NTR collecting institutions' operations are not streamlined within the government's planning frameworks and therefore their performance cannot be easily tracked. These include; URC, CAA, and URF.

ii) Most projects lag behind schedule due to delayed compensation of PAPs, and one of the major contributing factors to this was understaffing in the land acquisition department in UNRA.

4.8 TRADE, INDUSTRY AND TOURISM SECTOR

The NDPII outlines several strategic objectives which are intended to be the main budget drivers of the Trade, Industry and Tourism sector budget over the Plan period. Specifically, seven objectives are outlined for the Trade, Industry and Cooperatives subsector, which are: (i) Increase the share of manufactured goods and services in total exports (ii) Improve Private Sector competitiveness (iii) Increase market access for Uganda's goods and services in regional and international markets (iv) Improve the stock and quality of trade infrastructure (v) Promote the formation and growth of cooperatives (vi) Enhance the capacity of cooperatives to compete in domestic, regional and international markets and (vii) Increase the diversity in type and range of enterprises undertaken by cooperatives.

The Tourism subsector has five objectives which are; (i) Increase Market share for tourism (ii) Increase and diversify the stock of tourism products (iii) Increase the stock of human capital along the tourism value chains and create new jobs (iv) Improve coordination, regulation and management of the tourism sector, and (v) Increase conservation of natural and cultural heritage.

The Trade, Industry and Tourism sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined output indicator targets. The results of this assessment are given in the sections below.

4.8.1 Overall CoC performance of the sector

Overall, the Tourism, Trade, and Industry sector is 48.5 percent compliant. In particular, the sector is 33.3, 68.8, 56.9 and 24.7 percent compliant at sector planning, projects planning, budget instruments and budget performance levels of alignment to the NDPII, respectively. The specific details are presented in the following sections and the MDA performance summarized in Table 7.

4.8.2 Development and existence of planning processes

At this level, the sector is 33 percent compliant. The weak performance is attributed to the absence of approved plans among majority of the MDAs. On top of the sector not having a development plan, only four (4) of the eleven (11) MDAs under the sector namely; MTIC, MTWA, UNBS and UWEC have approved strategic plans. Seven (7) MDAs namely; UEPB, UDC, HTTI, UWRTI, UWA, UTB and MTAC do not have strategic plans.

4.8.3 Budget Instruments Alignment to NDPII

At this level, the sector is 56.9 percent compliant. This is a weighted score of 47.0 and 63.5 percent for the BFP and AB, respectively. The sector prioritized a number of NDPII interventions within the budget.However, there are key sector NDPII priority areas that are not considered which include; Establishment of Satellite Border Markets, Scaling up Value Addition and Collective Marketing, Establishing an Integrated Steel and Iron Industry, Zonal Agro-processing, Establishment of Agricultural Commodity Marketing Fund, Supporting Tourism Sites with Utilities and ICT related services, Re-establishment of Cooperatives based inputs Delivery System, Re-vitalization of the Uganda Development Corporation, among others.

4.8.4 Sector projects' alignment

At this level, the sector is 68.8 percent compliant. This is a weighted score of 50, 80 and 58.3 percent for budget outturn, expenditure and project implementation, respectively.Out of the 34 projects in the NDPII PIP, 15 projects are in MoFPED PIP. The priority NDPII projects that are not included in the MoFPED PIP are; Border Markets and Export Related Infrastructure, Jua-Kali Business Incubation and Infrastructure Development, Second Trade Capacity Enhancement Project, Support to SMEs for Value Addition, Local Market Infrastructure Development, Support to Non-Agricultural and Cooperatives Revitalization for increased production and productivity, among others. Whereas the general sectoral project progress was above average (58.3%), the majority were at preparatory stage: feasibility studies, analysis and procurement of consultancies, implying that their readiness was low given that only two years are remaining to the end of NDPII.

In terms of implementation, 5 projects received over 90% of their allocated funds while others did not receive any release by quarter 2 including: RIIP, Lake Victoria Tourism Circuit, UEPB project, and Support to Uganda Export Promotion Board.

4.8.5 Budget performance

At this level, the Sector is 24.7 percent compliant. This is a weighted score of 45.5 and 10.9 percent of AB release and expenditure outturn, respectively. This weak performance is attributed to the low releases by half year and weak absorption by the MDAs. Of the 11 MDAs in the sector, only 5 received above 90% of their approved budget for FY 2017/18. 7 MDAs spent above 90% of their released budgets.The MDAs with low release and absorption include; UEPB, UDC, and UTB, for example, UDC had only received 21.35% of its allocated budget by half year and spent only 12.2% of this.

4.8.6 MDA Performance Assessment

Table 7. Summary of Tourism Trade & Industry Sector and MDA Compliance Assessment (%)

Sno	MDA	Planning	Alignment		Budget performance	Projects performance	Total Score
			BFP	AB			
1.	SECTOR	33	47.0	63.5	24.7	68.8	48.5
2.	MTIC	100	44.6	67.8	12.0	42.7	47.3
3.	UEPB	0	16	40.0	-		19
4.	UNBS	100	50.0	100.0	40.0	7.5	48.3
5.	UDC	0	37.1		-	65.0	
6.	MTAC	0	-	-	60.0	-	-
7.	MTWA	100	47.2	51.4	0.0	35.6	35.6
8.	UTB	0	32.0	100.0	0.0	35.6	32.5
9.	UWEC	100	-	-	40.0	-	-
10.	HTTI	0	-	-	-	65.0	-
11.	UWA	0	48.4	37.5	40.0	62.5	43.3
12.	UWRTI	0	-		40.0	-	-

Source: NPA Assessment 2018

4.8.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) Some non-vote MDAs like UWA have a very large budget but without strategic plans.

ii) Whereas the 2017/18 budget theme is “industrialization for job creation and prosperity”, direct funding for industrialization is not evident in the budget. Most of the projects that target industrialization or industrial development have not been funded.

iii) There is a tendency forprojects in the PIP not receiving the allocated funds, for instance, UEPB had not received any release by Q2.

4.9 LEGISLATURE

The NDPII outlines four strategic objectives for the sector. These are: (i) Increase efficiency and effectiveness in the enactment of legislation on any matter for peace, order, development and good governance of Uganda (ii) Strengthen the institutional capacity of Parliament to independently undertake their constitutional mandates effectively and efficiently (iii) Improve citizen participation and contribution in promoting rule of law, transparency and accountability in the provision of services to achieve equitable and sustainable development and (iv) Improve collaboration and networking amongst development institutions. The Legislature Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding planned outcome and output targets in the section below.

4.9.1 Overall Sector Compliance

Overall, the Legislature sector is 52.8 percent compliant. In particular, the sector was 100.0, 37.5, 65.0 and 40.0 percent compliant at sector planning, projects planning, budget instruments and budget performance levels of alignment to the NDPII, respectively. The specific details are presented in the following sub-sections and Table 8.

4.9.2 Development and existence of planning processes

At this level, the sector is 100 percent compliant. The sector has an approved strategic plan.

4.9.3 Sector projects alignment

At this level, the sector is 37.5 percent compliant. This is a weighted score of 100.0, 0 and 75 percent for budget release, expenditure outturnand project implementation, respectively. The Sector project on Rehabilitation of Parliament exists in the PIP. The zero percent is a result of failure to spend over 90 percent of the released funds; the sector spent 56.0 percent of the released resources.

4.9.4 Alignment of the BFP and AB to the NDPII

At this level, the sector is 65.0 percent compliant. This is a weighted score of 50.0 and 75 percent for the BFP and AB, respectively. Despite this performance, the sector is still weak at prioritization of key NDPII interventions in both BFP and AB which include, among others: Instituting a system of linkages between local government, constituencies and the national Parliament; Enactment of laws to strengthen credibility of electoral processes in Uganda and reviewing appropriate legislation to facilitate elimination of corruption; and promote application of human rights-based operations in government operations.

4.9.5 Budget performance

At this level, the sector is 40.0 percent compliant. This is a weighted score of 100.0 and 0 percent for budget release and expenditure outturn, respectively. The zero percent is a result of receiving more than the expected resources by half year and failing to spend 15.0 percent of the released resources

4.9.6 Summary MDA level Performance

Table 8. Summary of Legislature Sector MDA level Performance (percent)

MDA	Planning	Alignment		Budget performance	Projects performance	Weighted Performance score
		BFP	AB			
Legislature	100	50	75	40	37.5	**52.8**

Source: NPA Assessment 2018

4.9.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) The Sector has a low absorption capacity. In addition, at project level, the Sector project of Rehabilitating parliament didn’t fully absorb its allocated funds.

ii) Non-considerationof some of the NDPII priorities such as: Instituting a system of linkages between local government, constituencies and the national Parliament; Enactment of laws to strengthen credibility of electoral processes in Uganda; and reviewing appropriate legislation to facilitate elimination of corruption which are relevant to NDPII implementation.

4.10 PUBLIC ADMINISTRATION SECTOR

The NDPII outlines six strategic objectives which are intended to be the main budget drivers over the Plan period. These are: (i) Improve policy development and implementation effectiveness across all priority sectors.; (ii) Improve the national M&E systems for increased service delivery, efficiency, and effectiveness (iii) Attract new investment opportunities in infrastructure and mineral development and secure markets for the Agriculture and Tourism sectors (iv) Increase the human capital stock in the NDP II priority areas (v) Improve democracy and governance for increased stability and development (vi) Improve systems, infrastructure and capacity of the sector secretariat. The Public Administration sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined outcome and output targets.

4.10.1 Overall Sector Compliance

Overall, the Public Administration Sector is 50.1 percent compliant. In particular, the sector is 40.0, 23.3, 67.8, and 62.4 percent compliant at sector planning, projects planning, budget instruments and budget performance levels of alignment to the NDPII respectively.

4.10.2 Development and existence of planning processes

At this level, the sector is 40 percent compliant. The sector has an approved development plan, however only one MDA, Ministry of Foreign Affairs has an approved strategic plan.

4.10.3 Budget Instruments Alignment to NDPII

At this level, the sector is 67.8 percent compliant. This is a weighted score of 84.4 and 43.1 percent for the BFP and AB, respectively. Key NDPII sector interventions not prioritized include: Sector service delivery standards; establishment of a national service programme to strengthen patriotism; capacity building for RDCs among others.

4.10.4 Sector projects alignment

At this level, the sector is 23.3 percent compliant. This is a weighted score of 60.0, 0.0 and 53.4 percent for budget outturn, expenditure outturn and project implementation, respectively. The weak performance is as a result of low releases and very low absorption of funds by the MDAs under the sector. Projects that did not receive funding include: Support to Electoral Commission and strengthening mission in Beijing. Projects not in the PIP include: Construction of Headquarter, Regional and District offices for the Electoral Commission.

4.10.5 Budget performance

At this level, the sector is 62.4 percent compliant. This is a weighted score comprising 50 and 75 percent for budget release and expenditure outturn, respectively. MoFA and EC received more than 50 percent of allocation by Q2 and absorbed more than 90 percent. OP and SH received less than 50 percent by Q2. OP absorbed all its release while SH spent more than its release implying it attracted a supplementary.

4.10.6 Summary MDA level Performance

Table 9: Summary of Public Administration Sector MDA level Performance (percent)

S/n	MDA	Planning	PIP	Alignment	Budget performance	Total Score
	Sector	**40.0**	**23.3**	**67.8**	**62.4**	**50.1**
1	Electoral Commission	0	0	80	40	33
2	Office of the President	0	8	72	60	51
3	State House	0	38	100	60	55
4	Ministry of Foreign Affairs	100	38	52	52	62

Source: NPA Assessment 2018

4.10.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) The sector attracted supplementary budgets by Q2.

ii) A number of MDAs that budget through the sector do not contribute to the sector's objectives. This creates challenges to the effective planning and budgeting within the sector wide approach. These institutions include: Uganda AIDS Commission (Vote 107) that could fit better under the Health sector budgeting process; and Foreign Affairs that would plan and budget better under Tourism, Trade and Industry sector budgeting process.

4.11 KAMPALA CAPITAL CITY AUTHORITY

Kampala Capital City Authority (Vote 122) is a central agency that manages the Capital City of Uganda. The Authority contributes to delivery of the following strategic objectives as guided by the NDPII: i) Improve service delivery in Kampala City; ii) Improve Kampala Capital City physical infrastructure; iii) Improve the institutional and legal framework; iv) Improve people's livelihoods and incomes; v) Improve Kampala physical planning and development control; vi) and Improve on environmental and ecological planning of the city. In accordance to sector wide approach, the Authority falls within Public Sector Management and the operations of the authority are cross cutting in nature given its uniqueness to cover the following sectors: Agriculture; Education; Health; Water and Environment; Social Development; Accountability; Public Sector Management; Works and Transport; and Urban Planning and land-use. This Authority has the capacity to raise local revenue to support a number of initiatives. They have also leveraged their position to fundraise for a number of social services within the city enclave that include; education, health among other social services.

4.11.1 Overall Compliance

Overall, KCCA is 75 percent compliant. In particular, the score is 100, 82.9, 93.8 and 40 percent at planning, projects implementation, budget process instruments (BFP and AB) and annual budget performance, respectively. The specific details of performance at all levels are presented in the following sections and summarized in Table 10.

4.11.2 Development and existence of planning processes

At this level, KCCA is 100 percent compliant. The Authority has an approved strategic plan that is aligned to the NDPII.

4.11.3 Projects Alignment

At this level,KCCA is 82.9 percent compliant. This is a weighted score of 58.3, 100, and 53.9 percent for the budget outturn, expenditure outturn and project implementation, respectively. Out of the 32NDPII KCCA projects, only 19 directly fall under KCCA, of which 8 are currently implemented. The remaining 13 projects despite appearing under KCCA, have their funding and implementationled by other sectors, that include; Health, Public Sector Management, Trade, Tourism, and infrastructure sectors. Despite some projects appearing in the PIP, they are recurrent in nature including: hospital improvement in various health centers; schools improvement plans; revaluation of properties and open public spaces preservation.

4.11.4 Alignment of BFP and AB to the NDPII

At this level, KCCA is 93.8 percent compliant. This is a weighted score of 93.9 and 93.8 percent for the BFP and AB, respectively. However, someNDPII interventions remained unbudgeted for such as: Integrating the different transport modes in the city; reviewing existing legislation to improve the function of KCCA; Upgrading and revitalizing declining areas within Kampala City; and Development and implementation of the Kampala Tourism Development Plan; among others.

4.11.5 Budget performance

At this level, KCCA is 40 percent compliant. This is a weighted score 100 and 0 percent for the budget outturn and expenditure outturn, respectively.While the Authority received 241 billion of the 479 billion, only 144 billion, translating into an absorption of 60 percentwas spent by Q2. This low absorption is attributed to delayed civil and construction works for roads and other public infrastructure, whose payments are based on completed works and corresponding interim payment certificates.

4.11.6 Summary MDA level Performance

Table 10:. Summary of KCCA MDA level Performance (percent)

S/n	MDA	Planning	PIP	Alignment		Weighted performance Score
				BFP	AB	
	KCCA	100	82.9	93.8	40	75

Source: NPA Assessment 2018

4.11.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) There is poor absorption arising from delayed counterpart funding from GoU for land acquisition for the right of way. GoU needs to expedite the process of land acquisition to avoid unnecessary delays.

ii) Majority of the KCCA projects as they appear in the PIP are recurrent in nature.

iii) Key transformation projects like the Light Rail and Bus Rapid Transport (BRT) have failed to take off and yet they are very instrumental in achievement of the NDPII. This is as a result of lack of funding and the conflicting sections within the KCCA Act and GKMA.

4.12 DEFENSE AND SECURITY SECTOR

The NDPII outlines seven strategic objectives which are intended to be the main budget drivers of the defense and security sector budget over the Plan period. These are: (i) Improve capability of defense and security forces (ii) Strengthen internal and external security (iii) Enhance defense and security infrastructure (iv) Enhance Research and Development (R&D) (v) Enhance production for wealth creation and self-sustainability (vi) Establishment of National Service and (vii) Improve Administration, Policy and Planning. The Defense and Security sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined output indicators targets. The results of this assessment are given in the sections below.

4.12.1 Overall CoC performance of the sector

Overall, the Defence and Security sector is 67.7 percent compliant. In particular, the sector is 50.0, 70.1, 55.0 and 84.0 percent compliant at sector planning, project planning, budget process instruments and budget performance, respectively. The specific details are presented in the following sections and the performance of the MDAs is summarized in Table 11.

4.12.2 Development and existence of planning processes

At this level, the sector is 50.0 percent compliant. Whereas the sector and the Ministry of Defence and Veteran Affairs have an approved Plan, the other MDAs, namely; ESO and ISO, do not have approved strategic plans.

4.12.3 Budget Instruments (BFP and AB) Alignment to NDPII

At this level, the sector is 55.0 percent compliant. This is a weighted score comprising 47.5 and 60.0 percent for the BFP and AB, respectively. The sector has incomplete and inconsistent targets in the sector development Plan and the budget instruments and where they exist, they are lower than the planned targets. In addition, whereas the sector prioritizes most of the NDPII interventions, a number of those interventions remained unbudgeted for. These include: establishment of a National Defence College (NDC) and Institute for Security Studies (ISS); Review and harmonization of the R&D policy; Introduction of an incentive and reward mechanism for innovation and prototype development; equipping and facilitating the Defence Research, Science and Technology Centre (DRSTC-Lugazi); and the Nakasongola Avionics Research Centre.

Other factors that negatively affected the sector performance include: limited budgetary commitment to establishing mechanisms for defense to participate in primary, secondary and industrial production; limited budgetary focus to national infrastructure development; and lack of budgetary provision for the National Service Programme. In addition, the cross-cutting issues are completely unbudgeted for. On the other hand, it may be worthwhile to note that the sector undertook a costly but unbudgeted for activity of the untimely withdraw of the UPDF from the Central African Republic (CAR) between August and October 2017 as part of the disengagement by the African Union Regional Task Force (AURT), which may have affected implementation of planned activities.

4.12.4 Sector projects alignment

At this level, the sector is 70.1 percent compliant. This is a weighted score of 75, 75 and 26.1 percent for budget outturn, expenditure outturn and project performance.Out of the 23 NDPII priority sector projects, only 5 (21percent) are integrated in the PIP. These include Ministry of Defence and

Veteran Affairs Retooling Project, Strengthening of ISO; Defence equipment project; UPDF peace keeping mission; and Strengthening ESO.

4.12.5 Budget performance

At this level, the sector is 84.0 percent compliant. This is a weighted score comprising 75.0 and 90 percent for budget release and expenditure outturn, respectively. The Ministry of Defense and Veteran Affairs received 43.6 percent, ISO 53.7 percent and ESO 63.6 percent of the allocated resources, and all spent more than 95 percent by end of Q2. The good budget performance of the sector is mainly attributed to the expenditure outturn at half year of FY2017/18.

4.12.6 Summary MDA level Performance

The overall summary performance for the Defence and Security sector MDAs is given in the table below.

Table 11:: Summary of Security Sector and MDA Compliance Assessment (%)

S/No	MDA/Vote	Planning	PIP	Alignment		Total Score
				BFP	Annual Budget	
1	**Sector**	50	70.1	55.0	84.0	**67.7**
2	MODVA	100	61.7	70.2	40.0	**61.6**
3	ISO	0	92.6	84.8	100	**83.2**
4	ESO	0	70	84.0	100	**76.2**

Source: NPA Assessment 2018

4.12.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) Implementation of the recommendations identified in the previous Certificate of Compliance for the Annual Budget for FY2016/17 has not happened. The recommendations remain valid and should be followed up. These include: (i) The fragmented planning and budgeting for ISO, partially lying in Public Administration and Defence and Security sector, undermines the focus of the Agency towards attainment of the NDPII ISO priorities and interventions. There is need for a dedicated Vote for ISO under Office of the President to enhance performance towards achievement of intended NDPII results; (ii) ISO and ESO require to fast track preparation of their respective strategic plans in order to facilitate greater alignment of the sector priorities to the NDPII.

ii) Targets: there are variations / inconsistencies in reporting of targets in the sector. For instance, training is given inform of; (i) amounts required for training, (ii) numbers to be trained; (iii) the level of training ranging from low, medium to high (MPS, 2017/18) and (iv) percentage of staff capacity enhanced BFP2018/19).

iii) The sector did not provide targets under some specific outputs in the NDPII RRF and the sector/MDA plans which undermines assessment and subsequent evaluations of the sector for improvement. For instance, objective 7 of the Sector Development Plan has no targets.

iv) Cross cutting issues although have an objective in the Sector development plan, there are no specific resources allocated to implement the interventions.

4.13 JUSTICE LAW AND ORDER SECTOR

The NDPII outlines three strategic objectives which are intended to be the main budget drivers over the Plan period. These are: (i) Improve policy, legislative and regulatory framework (ii) Enhance access to JLOS services particularly for vulnerable persons and (iii) Promote Accountability and the Observance of Human Rights. The Justice Law and Order Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined outcome and output targets. The results of this assessment are given in the sections below.

4.13.1 Overall Sector compliance

Overall, the Justice Law and Order Sector is 57 percent compliant. In particular, the sector is 71.0, 44.0, 78.0 and 44.0 percent compliant at sector planning, projects performance, budget instruments and budget performance, respectively. The specific details are presented in the following sections and the performance of the MDAs is summarized in Table 12.

4.13.2 Development and existence of planning processes

At this level, the sector is 71 percent compliant. The sector has an approved Development Plan. Out of the 17 Sector MDAs, 13 have approved strategic Plans. The MDAs that do not have approved plans include; Ministry of Justice and Constitutional Affairs (MoJCA), Uganda Registration Services Bureau (URSB), Directorate of Public Prosecution (DPP) and Law Development Centre (LDC).

4.13.3 Sector projects alignment

At this level, the sector is 44.0 percent compliant. This is a weighted score of 40.0, 46.7 and 40.3 percent for budget outturn, expenditure outturn and project performance, respectively. There is inadequate release of funds to some projects as well as the low absorption of project funds especially with institutions like the DCIC, and JSC among others.

Sector projects which are not in the PIP include: support to Uganda Prisons Service farms; Construction of the second maximum security prison; Construction of 40 one stop JLOS service points at district level; Establishment of the Regional Offices for Uganda Registration Bureau Services (URBS); Integration of the IRIS Recognition biometric technology in the NIRA system (NSIS); among others. This poses a risk of delayed implementation given three years into NDPII implementation.

4.13.4 Alignment of the BFP and Annual Budget

At this level, the sector is 78.0 percent compliant. This is a weighted score of 74.3 and 80.5 percent for BFP and AB respectively. Most JLOS MDAs have their budget instruments aligned to the NDPII in terms of priorities and targets. The strong JLOS SWAP has contributed highly to entrenching harmonized sector planning and budgeting at MDA level.However, most of the programmes and sub-programmes for most MDAs still capture lower level outputs. Programme based budgeting has not yet delivered the results it was intended for. A review of the MDA budgets for previous years indicates that most MDAs have only renamed outputs into programmes and sub-programmes. Therefore, most institutional budgets do not show overall contribution to development results.

4.13.5 Budget performance

The sector scored 44.0 percent at this level of assessment. By half year, the Sector had received more than half of the budgeted resources. However, whereas most institutions received most of the quarterly funds many of them had not spent more than 10% of the released funds. Of the total MTEF approved vote budget of 1,151.5 billion, Shs 617.743 billion was released, of which Shs.564.296 billion was spent by half year.

4.13.6 Summary MDA level Performance

Table 12: Summary JLOS MDA level Performance (%)

MDA	Planning	PIP	BFP & AB Alignment	AB performance	Overall performance
Sector	**71.4**	**44.0**	**78.0**	**44.0**	**57.0**
Ministry of Justice and Constitutional Affairs	0.0	35.0	51.6	40.0	38.0
Judiciary	100.0	95.0	69.0	40.0	71.2
Uganda Law Reform Commission	100.0	5.0	70.0	40.0	44.8
Directorate of Citizenship and Immigration Control	100.0	5.0	85	40.0	49.0
Directorate of Public Prosecutions	0.0	40.0	100	0.0	42.0
Directorate of Government Analytical Laboratory	100.0	35.0	71.9	40.0	54.1
Judicial Service Commission	100.0	70.0	84	0.0	56.2
Law Development Center	0.0	95.0	90.4	60.0	73.6
Ministry of Internal Affairs	100.0	35.0	78.2	40.0	55.9
Uganda Human Rights Commission	100.0	5.0	76.0	64.0	53.5
Uganda Police Force	100.0	95.0	39.2	76.0	73.1
Uganda Prison Services	100.0	95.0	81.3	32.0	72.5
Uganda Registration Services Bureau	0.0	0.0	88.0	40.0	38.4
National Information Registration Authority	100.0	70.0	83.2	40.0	68.0

Source: NPA Assessment 2018

4.13.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) Most projects are of an operational nature rather than focusing on key strategic/development issues of the sector. This is common for the "support to Vote" projects. These projects have been continuous over a long period of time without specific start and end timeframes and specific performance targets thus subjecting them to budget misuse. There is need to review majority of the sector projects with a view to refocus them to the key development agenda of the sector.

ii) Most of the programmes and sub-programmes for most MDAs still capture lower level outputs. Programme based budgeting has not yet delivered the results it was intended for. There is need to re-orient the budgeting process towards programme based budgeting with a view of re-aligning sector programmes and sub-programmes to the National and Sectoral Development Plans.

iii) There is an increasing development expenditure especially on regional service delivery centers in some cases that is not accompanied by proportionate allocation for the required recurrent expenditure rendering most regional centers un-operational. There is need to rationalize development budgets alongside the required recurrent expenditure.

4.14 ACCOUNTABILITY SECTOR

The NDPII outlines the strategic objectives, which are intended to be the main budget drivers over the Plan period. These are: (i) Increase the Tax to GDP ratio (ii) Increase access to finance (iii) Increase private investments (iv) Reduce interest rates (v) Improve Public Financial Management and consistency in the economic development framework (vi) increase insurance penetration (vii) Increase national savings to GDP ratio (viii) Increase the level of capitalization and widen investment opportunities in the capital markets (ix) improve Statistical data production and Policy research (x) Enhance the prevention, detection and elimination of Corruption (xi) Increase the public Demand for Accountability (xii) Improve compliance with the accountability rules and regulations (xiii) Improve collaboration and networking amongst development institutions (xiv) Enhance Public Contract management and performance. The Accountability Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined outcome and output targets. The results of this assessment are given in the sections below.

4.14.1 Overall CoC performance of the sector

Overall, the Accountability sector is 55.7 percent compliant. In particular, the sector is 64, 45.3,71.0 and 48.0 percent compliant for planning, project performance, budget instruments and budget Performance, respectively. The specific details are presented in the following sections and the performance of the MDAs is summarized in Table 13.

4.14.2 Existence and alignment of relevant Planning Frameworks

At this level, the sector is 64 percent compliant. Out of the 21 MDAs of the sector, 8 don't have approved strategic plans.

4.14.3 Sector projects alignment

At this level, the sector is 45.3 percent compliant. This is a weighted score of 59.1, 32.7 and 79.8 percent for budget outturn, expenditure outturn and project performance, respectively. This below average performance is attributed to the low absorption of released funds for projects by some MDAs. For instance, DEI and PPDA received 100 percent of the allocated funds by Q2 but spent 0.0 percent.

4.14.4 Alignment of BFP and the Annual Budget

At this level, the sector is 71.0 percent compliant. This is a weighted score comprising 76.6 and 67.2 percent for BFP and AB, respectively. This performance is attributed to deviations between indicators and targets in the planning and budgeting instruments, which compromises the alignment of the planning and the Budgeting instruments to NDPII.

4.14.5 Budget performance

At this level, the Sector is 48.0 percent compliant. This is a weighted score comprising 75.0 and 30.0 percent for budget outturn and expenditure outturn, respectively. The weak performance is attributed to poor absorption of the released funds among the MDAs with the exception of URA, and Inspectorate of Government (IG) which spent 100, 95.7 and 96.3 percent respectively. The poor release of funds against the approved budget also explains the low performance of the sector. This is exhibited in UBOS and FIA.

4.14.6 Summary MDAs/Vote level Performance (percentages)

The Table below shows the performance of the different votes and affiliated institutions of accountability sector. Votes were assessed on the four aspects while affiliated institutions and subventions were assessed on the existence and alignment of the Planning Frameworks.

Table 13: Summary Accountability Sector MDA level Performance (%)

Sno	MDA	Planning	Alignment		Budget performance	Projects performance	Total Score
			BFP	AB			
1.	Accountability Sector	64	76.6	67.2	48	45.3	55.7
2.	MoFPED	100	73.7	91.1	40	48.6	61.8
3.	OAG	0	100	48.0	40	7.5	34.9
4.	UBOS	100	100	50	36	43.5	54.9
5.	IG	100	80	0.0	88	7.5	48.3
6.	DEI	100	33.3	0.0	40.0	37.5	39.9
7.	URA	100	96	90	100	85.5	93.4
8.	PPDA	100	50	50	40	37.5	48.3
9.	FIA	100	0.0	0.0	0.0	37.5	21.3
10.	National Population Council	0	-	-	-	-	0
11.	BoU	100	-	-	-	-	100
12.	URBRA	100	-	-	-	-	100
13.	CMA	100	-	-	-	-	100
14.	NSSF	0	-	-	-	-	0
15.	UDB	100	-	-	-	-	100
16.	UIA	0	-	-	-	-	0
17.	UFZA	100	-	-	-	-	100
18.	IRA	100	-	-	-	-	100
19.	National Lottery & Gaming Board	0	-	-	-	-	0
20.	PSFU	0	-	-	-	-	0
21.	EPRC	0	-	-	-	-	0
22.	UMRA	0	-	-	-	-	0

Source: NPA Assessment 2018

4.14.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) Re-alignment of UFZA and UIA to Trade and Industry sector as their roles are more inclined to Trade and Industry Sector than the accountability sector. NDPII states that the Accountability Sector is concerned with the mobilization; management and accounting for the use of public resources to facilitate the delivery of quality services and these two institutions' roles have little to do with the role of Sector as indicated. Therefore, in the Spirit of rejuvenating the functionality of sectors and their respective working Groups as stipulated in the NDPII, UFZA and UIA would synergize better under Trade and Industry Sector other than Accountability Sector.

ii) The Sub Venting or Non-Vote institutions are left out on Programme Based Budgeting (PBB) as their programmes and respective intermediate results can hardly be traced in the budgeting instruments, making their assessment towards achieving results difficult. These institutions should report their performance in relation to their institutional programmes if Government is to clearly track their results in the Budgeting instruments as envisaged in the NDPII.

iii) There are inconsistencies in the indicators and targets that were used in the various planning and budgeting instruments. There is need for consistence of the indicators and targets in the planning and budgeting instruments.

4.15 PUBLIC SECTOR MANAGEMENT SECTOR

The NDPII outlines six strategic objectives which are intended to be the main budget drivers over the Plan period. These are: (i) Improve coordination, and harmonization of policy, planning, budgeting, and M&E at National and Local Government levels (ii) Improve recruitment, development and retention of a highly skilled and professional workforce (iii) Improve public service management, operational structures and systems for effective and efficient service delivery (iv) Steer Uganda's regional integration agenda in accordance with the objectives of the treaty for establishment of EAC (v) Coordinate the development of capacities for mitigation, preparedness and response to natural and human induced Disasters and (vi) Enhance national response capacity to refugee emergency management.

The Public-Sector Management Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving the above objectives and the corresponding planned outcome and output targets. The results of this assessment are given in the sections below.

4.15.1 Overall Sector Compliance

Overall, the sector is 47.8 percent compliant. In particular, the sector is 57, 62, 40.1, and 38.3 percent compliant at sector planning, budget instruments, project performance, and budget performance, respectively. The specific details are presented in the following sections and the performance of the MDAs is summarized in Table 14.

4.15.2 Development and Existence of Planning Processes

At this level, the sector is 57 percent complaint. In particular, out of the 7 Sector MDAs, 4 have approved plans, namely: NPA, MEACA, OPM and MoPS. LGFC, PSC, MoLG and LGFC have no approved strategic plans. Additionally, the PSM sector has no development plan.

4.15.3 Budget Instruments (BFP and AB) Alignment to NDPII

At this level,the Sector is 62 percent compliant. This is a weighted score comprising of 52.4 and 68.3 percent for the BFP and AB, respectively. The performance is attributed to variations between the NDPII and BFP and AB allocations. For instance: provision of 200 metric tons of food relief to disaster victims and refugees against 2,600 metric tons in the Strategic Plan/NDPII. Other unfunded interventions include: development and institutionalization of national value system; revival of community mobilization systems in LGs; provision of early warning messages; and roadmaps for political federation; Redesigning the fiscal decentralization architecture to provide for promotion of adequate and sustainable local government financing; Strengthening local tax administration and exploring new sources to widen and deepen local revenue bases.

4.15.4 Sector Projects Alignment

Atthis level, the sector is 40.1 percentcompliant. This is a weighted score of 17, 46.7 and 69.7 percent for budget outturn, expenditure outturn and projects performance, respectively. By half year, less than 50 percent of the sector allocated projects budget (UGX 289.37 billion) had been released (UGX 71.66 billion). The sector projects missing from the PIP include: Capacity building for implementation of the Uganda Nutrition Action Plan; MATIP 2 and UMMDAP and Evaluation of Development Plans NDP2, among others.

Only 4 projects of the 21 received 50 percent of the approved budgets. These include: Humanitarian Assistance Project, Support to Ministry of Public Service Project, Support to Ministry of Local Government Project and Strengthening Min of EAC Project. While, two of the pacification projects, i.e. Development Response for Displacement IMPACTS Project (DRDIP) and Development Initiative for Northern Uganda had received zero releases by end of half year.

4.15.5 Budget Performance

At this level, the sector is 38.3 percentcompliant. This is a weighted score of 57.1 and 11.1 percent for budget outturn and expenditure, respectively. The weak budget performance of the sector is attributed to under releases and underutilization of the released funds. The sector received 32.4 percent of the approved budget and spent 88.9 percent of the releases by end of Q2.

4.15.6 Summary MDA level Performance

The summary results of the individual MDA performance are laid out in Table 14. The low AB performance of MoPS and MoLG is attributed to the low releases and expenditure. For the MoPS, out of the 25.4 billion allocated, only 10.8 billion was released and 7.4 billion was spent by Q2. Similarly, MoLG received only 39.8 percent of the allocated budget, and spent 76.9 percent by end of Q2. The low performance of NPA in Project performance, is attributed to the fact that out of the 4 projects under NPA , only one project is being funded. In addition, this project received only 36.6 percent of the approved budget and absorbed only 65.4 percent by end of Q2.

Table 14: Summary of PSM Sector and MDA Compliance Scores

S/No.	MDA/Vote	Planning	PIP	BFP &AB Alignment	AB Performance	Total Score
1.	**PSM**	**57**	**40.1**	**62.0**	**38.3**	**47.8**
2.	NPA	100	7.5	70.0	88.0	59.7
3.	MoPS	100	22	77.1	0.0	39.7
4.	OPM	100	39.1	53.8	24.0	45.1
5.	MEACA	100	73.5	67.5	76.0	75.1
6.	PSC	0.0	37.5	66.7	40.0	43.3
7.	MoLG	0.0	40.0	57.3	0.0	29.5
8.	LGFC	0.0	67.5	58.2	40.0	49.4

Source: NPA Assessment 2018

4.15.7 Key Emerging Issues

The key emerging issues arising out of the analysis are as follows:

i) Delay in implementing NDPII Pipeline projects. For examples, National Capacity Building for Development Planning; and Support to Uganda Nutrition Council NDP2.

ii) Disproportionate allocation of recurrent budgets for investment servicing in comparison with the corresponding development budget for projects, especially common for regional/special/ pacification projects budgets. E,g. recurrent budget for Luwero-Rwenzori Triangle Project is 13 times greater (Ushs. 2.57 billion to Ushs. 33.41billion) than the development budget.

iii) There is a problem of spending on unplanned interventions as evidenced in the progress reports compared with outputs in the approved budget instruments.

4.16 LANDS, HOUSING AND URBAN DEVELOPMENT SECTOR

The NDPII outlines thirteen (13) strategic objectives which are intended to be the main budget drivers of the Lands, Housing and Urban Development Sector over the plan period. These are: i) Increase access to housing for all income groups for rental and owner occupation, ii) Reduce slums and informal settlements, iii) Increase access to affordable housing finance, iv) Improve utilization, protection and management of land and land-based resource for transforming Uganda's economy, v) Improve availability of land for development, vi) Improve and modernize land administration services/system, vii) Increase capacity and support proper institution of Land Valuation Services, viii) Improve equity in access to land, livelihood opportunities and tenure security of vulnerable groups, ix) Operationalize the Physical Planning Act, 2010 to support orderly and sustainable development, x) Improve urban development through comprehensive physical planning, xi) Improve the policy framework for the establishment and management of cities and other urban areas, xii) Improve and strengthen a competitive urban economy, and; xiii) Increase availability of and access to serviced land for urban expansion and investment. The Lands Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined output indicator targets. The results of this assessment are given in the sections below.

4.16.1 Overall CoC Performance of the Sector

Overall, the sector is 52.9 percent compliant. In particular,the sector scored 50.0, 34.4, 67.3 and 58.0 percent at sector planning, projects planning, budget process instrumentsand budget performance, respectively at levels of alignment to the NDPII. The specific details are presented in the following sections and the performance of the MDAs is summarized in Table 1.

4.16.2 Development and Existence of Planning Processes

At this level, the sector is 50 percent compliant. The low performance was attributed to the Uganda Lands Commission (ULC) which has not aligned their strategic plan to the NDPII in terms of the time horizon. Whereas the Sector and the Ministry of Lands, Housing and Urban Development have an approved development plan that is aligned to the NDPII, the ULC has a strategic plan that is not aligned to the NDPII in terms of the time horizon.

4.16.3 Budget Instruments Alignment to NDPII

At this level, the sector is 67.3 percent compliant.This weighted score comprises of 79.1 percent and 76.0 percent for BFP and AB alignment respectively. This performance is attributed to most targets being consistent with the NDPII. However, a number of interventions in the NDPII remained unfunded, such as the National Land Fund to provide improved land access; developing the real estate policy, laws, regulations and guidelines to streamline the real estate industry; providing for housing needs for government institutions according to priority development areas for mining, oil and gas and infrastructure corridors; increasing accessibility to housing related inputs through land banking, and a holistic approach to urbanization, among others. The supplementary budget received by the ULC compensated registered trustees of Church of Uganda for their land at Entebbe International Airport and Nsambya diocese, which activities are not directly in the NDPII.

4.16.4 Sector Projects Alignment

At this level, the sector is 34.4 percent compliant. This measures the extent to which sector projects incorporated in the MFPED PIP are implemented. Out of the 16 sector priority projects in the NDPII, only six (6) are integrated in the MFPED PIP. In FY 2017/2018, two projects; Support to National Physical Development Planning, and Support to MoLHUD, were added into the MFPED PIP. Other projects integrated in the PIP included; Competitiveness and Enterprise Development Project (CEDP), Uganda Support to Municipal Development Project (USMID), Albertine Region Sustainable Development Project, and Support to Uganda Land Commission. The mandate of the ULC remains less tackled due to limited finances and one budget line - the 'Support to Uganda Land Commission Project', which is not sufficient for all the activities of ULC, such as operationalizing the land fund which has never been created. The majority of the project ideas (62.5 percent) in the NDPII are yet to be developed into bankable projects. The sector therefore, is required to work on the slow process of initializing projects to make them ready for integration into the MFPED PIP and implementation.

4.16.5 Budget Performance

At this level, the Sector is 58.0 percent compliant. By half year, the sector budget outturn was 85.8% and 112.1% for MLHUD and ULCrespectively. The low absorption (40.3%) on the part of the Ministry of Lands, Housing and Urban development is attributed to lack of project readiness. The high expenditure on the part of ULC (95.8%) was due to supplementary releases to compensate Registered Trustees of Church of Uganda for their land in Entebbe and American Procurement company ltd for their land in Kibaale.

4.16.6 Summary MDA Level Performance

The summary MDA level performance of the Lands, Housing and Urban Development sector is indicated in Table 15 below. The Sector has got two MDAs, namely: Ministry of Lands, Housing and Urban Development, Vote 012; and the Uganda Land Commission, Vote 156. **Overall, MoLHUD and ULC are 64.3 and 81.6 percent complaint respectively.** MoLHUD performed better at planning level due to having an approved development plan that is well aligned with the NDPII. The PIP performance was attributed to having a larger portion (62.5%) of the projects yet to progress into the MFPED PIP. Majority of the sector interventions in the NDPII remained unbudgeted for hence the low scores on BFP. The budget performance is attributed to low absorption due to lack of project readiness. The ULC on the other hand, has got a strategic plan that is not aligned to the NDPII in terms of the time horizon. The performance on projects instruments alignment is attributed to the incomplete and inconsistent targets in the Strategic Plan, BFP and Ministerial Policy Statement. The ULC budget performance is attributed to supplementary budgets.

Table 15: Summary of the Lands, Housing and Urban Development Sector and MDA Compliance Assessment (%)

Sno	MDA	Planning	Alignment		Budget performance	Projects performance	Total Score
			BFP	AB			
1.	Sector	50	34.4	67.3	58.0	34.4	52.9
2.	MLHUD	0	42.2	88.0	40.0	71.3	54.3
3.	ULC	0	70.0	73.3	100.0	100	81.6

Source: NPA Assessment 2018

4.16.7 Key Emerging Issues

The key emerging issues arising out of the analysis are as follows:

Uganda Land Commission

i) Budget credibility is highly compromised in the ULC as the vote receives supplementary budgets that are over 100% of the approved budget. The vote receives all of its approved budget in the first quarter and by end of the quarter the percentage outturn is almost over 100%.

ii) The ‘Support to Uganda Land Commission Project’ is the only budget line for the ULC and is insufficient for all the interventions, such as operationalizing the National land fund.

Ministry of Lands, Housing and Urban Development

i) Whereas the outcome indicator targets are clearly annualized in the NDPII results framework, there are hardly any targets indicated in the MPS and BFP which makes it difficult to make a comprehensive assessment at these levels. The budget instruments ought to address the NDPII sector targets.

ii) There is low absorption on the part of the Ministry of Lands, Housing and Urban Development. This may be attributed to the long procurement processes and contractual challenges that cause delays.

iii) The Real Estates Relators continue to go unregulated despite their contribution to the urban sprawl. There is need for a Relators Regulators Registration Bill to regulate the activities of the real estate relators by registering and licensing brokers, agents and provide them with a code of conduct.

iv) Despite the country’s rapid urbanization (population growth rate of 5.2 percent) that has created several challenges the AB does not holistically cater for dealing with urbanization challenge. The current urbanization trend is characterized by congestion, informal settlements and slums, poor infrastructure and services, uncontrolled sprawl, a costly business environment, and a huge informal sector indicating that urban planning has not kept pace with the rapid population growth. The Greater Kampala Metropolitan Area (GKMA) alone contributes over 31.2 percent to the GDP amidst these challenges. There is need for more effort in order to harness the benefits of planned urbanization to propel the country to a faster growth path.

v) National Housing and Construction Company which should be contributing to the housing agenda of the Lands Sector is still housed under Finance.

4.17 ENERGY SECTOR

The NDPII outlines six strategic objectives which are intended to be the main budget drivers over the Plan period under the Energy sub-sector. These are: (i) Increase power generation capacity to drive economic development (ii) Expand the electricity transmission grid network (iii) Improve Energy Efficiency (iv) Promote use of alternative sources of energy. (v) Improve the policy, legal and institutional framework and (vi) Build capacity in the energy sector.

Under minerals sub-sector, the seven objectives were set: (i) Establish the geological and mineral potential of the country (ii) Increase monitoring and regulation in the mining sector (iii) Increase regulations for trade in mineral commodities (iv) Increase private sector investment in the Mineral sector (v) Increase geothermal energy in the country (vi) Increase response to mitigate seismic risk(vii) Increase the stock of skilled human capital along the mineral development value chain.

Under the oil and gas sub-sector, three objectives were set and these are: (i) Increase the exploitation of oil and gas production (ii) Increase efficiency and effectiveness in the management of Uganda's oil and gas resource potential (iii) Increase efficiency in extraction of oil and gas resources. The Energy Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined outcome and output targets. The results of this assessment are given in the sections below.

4.17.1 Overall CoC performance of the sector

Overall the Sector is 41.9 percent compliant; Specifically, the sector is 14, 48.1, 69.0, and 18.0 percent compliant at sector planning, projects planning, budget process instruments and budget performance, respectively. The specific details are presented in the following sections and the performance of the MDAs is summarized in Table 16.

4.17.2 Development and existence of planning processes

At this level, the sector is 14 percent compliant. While overall, the Energy sector has an approved SDP, the five sector MDAs namely; UETCL, UEGCL, UEDCL, REA and ERA have no approved Plans.

4.17.3 Budget Instruments Alignment to NDPII

At this level, the sector is 69.0 percent compliant. This is a weighted score comprising of 67.3 and 70.1 percent for the BFP and AB, respectively. The performance is attributed to the non-prioritization of key interventions in the mineral subsector such as: establishing the mineral potential of Karamoja region; having an operational mining certification institution, among others. Furthermore, the implementation of the objectives and interventions in the oil and gas subsector, such as the construction of the refinery and attendant infrastructure has progressed rather slowly i.e. below the NDP II targets. Secondly, the sector has incomplete and inconsistent output targets in the sector Development Plan and the budget instruments (BFP and MPS).

4.17.4 Sector projects alignment

At this level, the sector is48.1percent compliant. This is a weighted score of 29.0, 55.5 and 61.0 percent for budget release, expenditure outturn and projects performance, respectively. The weak performance is attributed to low budget releases and expenditures which have significantly continued to affect project execution. For instance, the electrification of Industrial Parks projects and Muzizi HPP received about 25 percent of their allocated budget. However, only 5 percent of the released funds were spent by the end of Q2 (Table 16). The low absorption is attributed to the lack of readiness for project implementation especially aspects of the land acquisition.

Table 16: Budget performance (Release and expenditure) for energy sector projects

S/N	Project	Planned Budget (billion)	Half Year Performance (billion)	% release	Expenditure Outturn	% expenditure
1	Electrification of Industrial Parks Project	100.03	25.023	25.02	1.272	5.1
2	Lira-Gulu-Agago transmission project	0.95	0.321	33.8	0.321	100.0
3	Muzizi HPP (44.7MW)	70.963	18.1	25.5	0.99	5.5
4	Nyagak III HPP (5.5MW)	2.293	0.775	33.8	0.77	99.4
5	Mbale-Bulambuli transmission and associated substations	0.5	0.168	33.6	0.17	101.2
6	Midstream Petroleum Transportation and Storage Infrastructure Development Project	16.158	4.071	25.2	3.45	84.7
7	Strengthening the Development and Production Phases of the Oil and Gas sector	42.97	18.36	42.7	15.92	86.7
8	Promotion of Renewable Energy & Energy Efficiency	32.857	1.68	5.1	1.03	61.3
9	Karuma Interconnection Project	9.36	9.36	100.0	9.36	100.0
10	Mputa Interconnection Project	1.2	0.1	8.3	0.1	100.0
11	Isimba HPP (183 MW)	438.487	118.809	27.1	112.92	95.0
12	Karuma Hydro Electricity Power Project (600MW)*	789.978	206.68	26.2	306.9	148.5
13	Construction of Oil Refinery	12.805	8.42	65.8	7.81	92.8
14	Rural Electrification Project	298.04	130.51	43.8	100.48	77.0
15	Mineral Wealth and Mining Infrastructure Development	12.604	4.54	36.0	2.58	56.8
16	Nuclear Power Infrastructure Development Project	3	1.489	49.6	0.55	36.9

Source: NPA Assessment 2018

The status of sector projects implementation stands at 61 percent, implying that some sector projects are behind schedule.

4.17.5 Budget performance

At this level, the sector is 18 percent compliant. This a weighted score comprising of 0.0 and 30.0 percent for budget release and expenditure outturn, respectively. The weak performance at is attributed to the low release and expenditure outturn. Particularly, the energy sector received below average of its allocated budget: MEMD received 35.4 percent and REA received 30.5 percent. In addition, only 26.7 and 30 percent of the external financing was received by MEMD and REA, respectively.

4.17.6 Summary MDA level Performance

For planning frameworks, all the sector MDAs (MEMD, REA, ERA, UETCL, UEDCL, UEGCL) have no approved plans. On the BFP and AB alignment, the low performance of the MDAs is attributed to variations in the BFP and NDPII interventions.

On project performance, the low releases and expenditures affected the MDAs' performance. Only 25 percent of the projects received at least 50 percent of the allocated budget and the average expenditure outturn was 55.5 percent.

Table 17: Summary of Energy Sector MDA level Performance (percent)

S/N	MDA	Planning	BFP Alignment	AB performance	Projects performance	Total Score
1	SECTOR	14	69	18	48.1	41.9
2	MEMD	0	64	36	37.6	41.3
3	REA	0	60	0.0	47.5	32.3
4	ERA	0	71.4	40	-	63.4
5	UETCL	0	66	100	59.9	67.8
6	UEDCL	0	50	40	-	57.0
7	UEGCL	0	50	60	45.3	46.6

Source: NPA Assessment 2018

Note: UETCL and UEDCL receive funds from MEMD. They largely depend on NTR generated. Similarly, ERA depends on NTR

4.17.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) Majority of Transmission line projects are not on schedule, largely due to challenges in Land acquisition. The sector should therefore improve on project readiness for implementation.

ii) There are low releases to the sector that affect project implementation. Out of 31 ongoing projects in the energy sector, only 8 received at least 50% of their appropriated budget in the FY2017/18.

iii) The intervention of establishing the Mineral potential of Karamoja region by implementing 20% of high resolution airborne geophysical survey, continues to be unfunded priority.

iv) UETCL, ERA and UEDCL continue to spend the non-tax revenue at source. This is contrary to the previous financial year recommendation requiring the NTR to be first collected to the consolidated fund.

v) There is no published financial information regarding revenues and expenditure in some of the Energy Sector Agencies. For instance, the submission in the state enterprise and Public Corporations are estimated values of projected revenue and projected expenditure and therefore have no actuals because they are not captured in the budget performance reports.

4.18 INFORMATION COMMUNICATION TECHNOLOGY SECTOR

The NDPII outlines eight objectives to guide the ICT sector budgets over the plan period. They include: (i) Increase access to ICT infrastructure to facilitate exploitation of the development priorities; (ii) Enhance the usage and application of ICT services in business and service delivery; (iii) Increase job creation through ICT Research and development (iv) Increase the stock of ICT skilled and industry ready workforce; (v) Improve the information security system to be secure, reliable, resilient and capable of responding to cyber security threats; (vi) Improve the legal and regulatory frameworks to respond to the industry needs; (vii) Improve coordination, and harmonization of policy, planning, budgeting, and M&E at National and Local Government levels; (viii) Improve public service management, operational structures and systems for effective and efficient service delivery. The ICT Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined outcome and output indicators and targets. The results of this assessment are given in the sections below.

4.18.1 Overall sector assessment

Overall, the sector is 49.8 percent compliant. In particular, the sector is 100, 36.7, 82.4 and 13.6percent compliant at sector planning, projects planning, budget process instruments and budget performance, respectively. The specific details are presented in the following sections and the performance of the MDAs is summarized in Table 18.

4.18.2 Development and existence of planning processes

At this level, the sector is 100 percent compliant. The sector and the corresponding MDAs that include: MoICT & NG, NITA, UCC, POSTA and UICT have approved development plans.

4.18.3 Budget Instruments Alignment

At this level, the sector is 82.4 percent compliant. This comprises 83.3 and 81.8 percent alignment of BFP and AB respectively to the NDPII interventions and targets. The interventions in the BFP and Annual Budget are aligned to the NDPII interventions. However, a number of the key NDPII interventions remain unfunded. These include: investment in ICT innovation and research, operationalization of the Government Citizens Interaction Centre, turning postal network into a one stop centre for Government services, and transforming the Uganda Institute of Information and Communications Technology at Nakawa into a center of excellence for ICT training, among others.

4.18.4 Budget performance

At this level, the ICT sector is 13.6 percent compliant. This a weighted score comprising 4 and 20 percent for budget release and expenditure outturn, respectively. The weak budget performance was attributed to both the low release and absorption capacity of the sector. For instance, of the approved budget to the sector, 41.7 percent was received by the sector while 71.8 percent was spent.

4.18.5 Sector projects alignment

At this level, the sector is 36.7 percent compliant. This is a weighted score of 100, 0.0 and 66.7 percent for budget release, expenditure outturn and projects performance. The weak performance is as a result of the sector's failure to absorb all resources allocated to it by the second quarter. Nevertheless, all the 6 projects prioritized in the NDPII are integrated in the PIP. Out of the 6 projects, 1 project; National Transmission Backbone Project Phase 3, was completed in 2016/17.

3 projects; Regional Communication Infrastructure Programme (RCIP); Strengthening Ministry of Information and Communications Technology; and Support to Information and National Guidance project; received the necessary approved funding but their absorption levels were low. RCIP and Strengthening Ministry of Information and Communications Technology spent 54 and 67.7 percent of the received funds, respectively. 2 projects; Developing an Integrated ICT Environment for Effective Service Delivery Project and Implementation of the NBI Phase IV project, have not received funding and are therefore not on track.

4.18.6 Summary MDA level Performance

Overall, the MoICT, NITA, UCC, POSTA and UICT is45.1, 49.3, 63.5, 76.0 and 59.9 percent compliant, respectively. The sector scored highly on the planning framework because all have approved and aligned plans. The poor performance of the MDAs on the annual budget and projects arises from the poor absorption of the released funds. In addition, there is non-prioritization of the NDPII interventions and targets as seen from the budget instruments.

Table 18: Summary of the ICT Sector MDA level Performance (percent)

S/No	MDA/Vote	Planning	PIP	NBFP	Annual Budget	Total Score
1	**Sector**	100	36.7	82.4	13.6	**49.8**
2	MoICT & NG	100	40.0	77.0	0.0	**45.1**
3	NITA	100	40.0	83.1	8.0	**49.3**
4	UCC	100	-	78.3	0.0	**63.5**
5	POSTA	100	-	60.0	60	**76.0**
6	UICT	100	-	52.0	13.6	**59.9**

Source: NPA Assessment 2018

The Table points to a irregular situation; while all the sector MDAs have their plans approved and aligned to the NDP, the NTR generating agencies agencies (UCC, POSTA and UICT) do not have their projects captured within the MoFPED PIP and yet they are implementing projects. That in effect means the projects are not under close scrutiny by the Government and their contribution to NDPII goals is not clear.

4.18.7 Key emerging issues

The key emerging issues arising out of the analysis are as follows:

i) Third phase of the National Backbone Infrastructure was completed in 2016/17 and the target was to have at least 67 LGs connected. However, the target has not been achieved and connectivity of LGs to the fibre network is still very low (only 24 LGs and 7 Municipal Councils). A number of LGs are yet to be connected onto the NBI. Additionally, there are inadequate ICT complementary services and a lack of IT officers within the LGs to offer technical support.

ii) Digital migration has not fully been operationalized. The switchover from analogue to digital broadcasting has only been done for the central region and a few areas in the western region despite having necessary infrastructure in place. This is because the national broadcaster - UBC doesn't have the funds to operationalize them. So far, the Digital Tv signal covers a radius of 60 Kms from Kololo.

iii) Funding to the sector is still low (at 0.4% of Budget) with a number of key interventions in the NDPII unfunded, despite the sector's contribution to the GDP averaged at 2.4 percent – FY 2017/18. The unfunded interventions include: Turning postal network into a one stop centre for Gov't services, Transforming the Uganda Institute of Information and Communications

Technology at Nakawa into a Center of Excellence for ICT and electronics, ICT Innovation and Research.

iv) Public Corporations and State Enterprises are not mainstreamed in the planning and budgeting instruments. There is therefore need for these institutions (UCC, POSTA, and UICT) to prepare a detailed MPS and ensure they are integrated into the Ministry/ Sector statement. In addition, projects implemented by these institutions should be integrated in the PIP.

4.19 SOCIAL DEVELOPMENT SECTOR

The NDPII outlines six strategic objectives which are intended to be the main budget drivers over the Plan period. These are: (i) Promote decent employment opportunities and labour productivity (ii) Enhance effective participation of communities in the development process (iii) Improve the resilience and productive capacity of the vulnerable persons for inclusive growth (iv) Improve the capacity of youth to harness their potential and increase self-employment, productivity and competitiveness (v) Promote rights, gender equality and women's empowerment in the development process and (vi) Improve the performance of the SDS institutions. The Social Development Sector assessment therefore evaluates the alignment of its planning and budgeting towards achieving these objectives and the corresponding pre-determined output and outcome targets. The results of this assessment are given in the sections below.

4.19.1 Overall Sector Performance

Overall, the Social Development Sector is 64.9 percent compliant. In particular, the sector is 67.0, 60.9, 77.3 and 56.0 percent compliant at sector planning, projects planning, budget instruments and budget performance, respectively. The specific details are presented in the following sections and the performance of the MDAs is summarized in Table 19

4.19.2 Development and existence of planning processes

At this level, the sector is 67 percent compliant. Both thesector and EOC have approved plans. Nevertheless, the Ministry of Gender Labour and Social Development (MGLSD) doesn't have an approved Strategic plan.

4.19.3 Sector Projects alignment

At this level, the sector is 60.9 percent compliant. This is a weighted score of 50.0, 64.0 and 75.0 percent for budget outturn, expenditure outturn and project performance, respectively**.** Out of the 13 sector projects in the NDPII, 5 are in the PIP. One project, Chemical Safety & Security (CHESASE) is in the PIP but not in NDPII.

4.19.4 Alignment of the BFP and AB to the NDPII

At this level, the sector is 77.3 percent compliant. This is a weighted score comprising 70 and 82.2 percent for budget release and expenditure outturn, respectively. NDPII key interventions that were not prioritized include: development of a modern cultural center; elimination of child marriage and development of a national sexual harassment policy, among others. Most of EOC BFP and AB targets were lower than the NDPII planned targets for FY2017/18 therefore justifying the low score for EOC at this level.

4.19.5 Budget Performance

At this level, the Sector is 56 percent compliant. This is a weighted score comprising 50.0 and 60.0 percent for budget release and expenditure outturn, respectively. By the end of Q2, EOC received 50 percent of its allocated budget and absorbed 98 percent while MGLSD received less than 50 percent of its allocated budget and absorbed 92 percent.

4.19.6 Summary of MDA Performance

Table 19: Summary of Social Development Sector MDA level Performance (percent)

No.	Sector	Planning & Budgeting	PIP	NBFP	AB	Budget perfor-mance	Overall performance
1	Sector	**67.0**	**60.9**	**28.0**	**49.3**	**56.0**	**64.9**
2	MGLSD	0	60.9	30.2	48.5	24.0	**49.1**
3	EOC	100	2.5	5.3	8.0	88.8	**41.2**

Source: NPA Assessment 2018

4.20 LOCAL GOVERNMENT LEVEL ASSESSMENT

Local Governments (LGs) are responsible for the delivery of functions and services including but not limited to: Public Administration; Finance; Planning; Council and statutory services; agricultural extension services; primary, secondary, special and technical education; trade and commercial services; hospitals (other than those providing referral and medical training); health centers, dispensaries and aid posts; the construction and maintenance of community access and feeder roads; the provision and maintenance of rural water supplies; land administration and surveying; Natural Resources and environment, and community development. Local governments deliver their functions through Intergovernmental Fiscal Transfers, locally raised revenue and donor support. Intergovernmental Fiscal transfers are received in form of: (i) conditional grants which are tied to deliver specific agreed upon functions; (ii) Discretionary Development Equalization Grant (DDEG) which are transferred to LGs to bridge gaps in service delivery; and (iii) District/Urban unconditional grant).

4.20.1 Overall Compliance Score

Overall, the Local Governments are 62.2percent compliant. This is weighted score of 94.5, 48, and 99.1 percent for LG planning, budgeting instruments and budget release performance, respectively. The detailed analysis of LG level is presented below and summarized in Annex 3.

4.20.2 Alignment of Local Government Development Plans(LGDPs) to NDPII

At this level, Local Governments' plans are 94.5 percent compliant. This is because out of the 156 LGs, 147 have their plans approved by the local authorities and aligned to the NDPII. Nine (9) LGs have not submitted their plans to the Authority for review.

4.20.3 Alignment of Local Governments Annual Work Plan and Budget to NDP II

At this level, LGs are 48 percent compliant. This is a weighted score of alignment of the LG Annual Work-plans and Budgets to NDPII. Detailed analysis based on a ranking of frequency[3] of prioritized interventions by local governments is explained below:

3 Score between 70-100 percent is satisfactory; 60-69 percent is moderately satisfactory and less than 60 is unsatisfactory.

4.20.3.1 Administration

LG administration annual workplan outputs are 60.5 percent aligned to the NDPII. This moderately satisfactory performance is attributed to limited focus on a number of key NDPII outputs. These include: establishing and operationalizing the reward and sanction committee; establishing of public notice established at parish level; refugee resettlement; tackling corruption and taking disciplinary measures against errant public officers; timely response to disasters; and lack of risk resilient strategies. The least compliant LGs in this area are: Kiruhura (46.7 percent); Busia MC (46.7 percent); Adjumani (42.9 percent); and Kaabong (46.2) and the most complying LG are Soroti (100 percent); followed by Mityana, Masaka, Hoima, and Amuria at 92.3 percent; Sironko (91.7 percent).

4.20.3.2 Finance

LG finance departments workplan outputs are 74.8 percent aligned to the NDPII. This satisfactory performance is attributed to departments' focus on key NDPII output targets on property tax to overall Local revenue and revenue generation from registered businesses. Despite the high prioritization, the contribution of locally raised revenue to the overall local government budgets remains low at an average of 4 percent. This could be an indication that there are deeper rooted issues affecting generation of local revenue by local governments that are not being addressed by current interventions.

4.20.3.3 Statutory bodies

LG administration annual workplan outputs are 63.0 percent aligned to the NDPII. This moderately satisfactory performance is attributed to limited focus on: creation of public awareness on corruption; dialogue sessions held with the public; and formulation of bye laws and ordinances. From the assessment, 18 LGs scored 80 percent and above. The least compliant LGs in this area are: Kanungu, Kakumiro, Kisoro (16.7 percent) and Ntoroko (33 percent).

4.20.3.4 Production and Marketing

The production and marketing departments' workplan outputs are 51.5 percent aligned to the NDPII. This unsatisfactory performance is attributed to limited focus on: access and use of fertilizers; agricultural mechanization; access to water for agricultural production; Promoting investment in storage infrastructures to reduce post-harvest losses; Identification and demarcation of land for silos. In this area, only Masaka and Apac scored above 80 percent. The least aligned LGs in this area are: Kabale, Kabale Municipality and Lira Municipality scored less than 20 percent.

4.20.3.5 Health

The health departments' workplan outputs are 51.3 percent aligned to the NDPII. This unsatisfactory performance is as a result of limited focus on key NDPII targets. These include: access to Skilled Birth Attendants; establishment and operationalization of an emergency operating centre; Mass distribution of long lasting insecticide treated nets (LLINs); development and upgrade of health infrastructure; Procurement, distribution and maintenance of appropriate medical equipment at all levels of health service delivery. In this area, the following LGs scored below 25 percent: Apac MC, Hoima MC, Gulu MC, Butebo, Pakwach, Busia and Agago. On the other hand, Ntoroko, Nwoya and Mpigi districts scored above 80 percent.

4.20.3.6 Education

The health departments' workplan outputs are 43.9 percent aligned to the NDPII. The key areas of noncompliance include: Limited partnerships for the implementation of pre-primary, primary, secondary and post-secondary education; achieving government policy of having all parishes with primary schools; strategy to address school feeding; rehabilitation of teachers' houses; students admitted on Quota system; and promotion of teachers. The following are the LGs that scored below 30 percent. Wakiso, Bugiri, Buyende, Dokolo, Kayunga, Kirihura, Koboko, Ibanda MC, Isingiro and Sironko. However, only three (3) LGs were compliant and these include: Apac (71 percent), Mityana and Nebbi (74.2 percent).

4.20.3.7 Roads and Engineering, Water

This departments' workplan outputs are 43.3 percent aligned to the NDPII. This unsatisfactory alignment is attributed to the limited focus on a number of key NDPII outputs. These include: periodic and routine maintenance of urban paved roads; periodic maintenance of paved district roads; training of staff in professional courses; approval of building plans; promotion and scaling up of rainwater harvesting at household, public institutions and community level; maintenance of bulk water systems for multipurpose use; Water for Production facilities that are managed by the private sector; and functional user committees to manage the water facilities. The LGs that scored below 20 percent include: Busia, Bugiri, Lira MC, Dokolo, Katakwi, Kisoro MC, Kabale, and Apac. The most compliant districts in roads, engineering and water were Kibuku and Mityana at 76 and 72 percent, respectively.

4.20.3.8 Natural Resources and Environment

This departments' workplan outputs are 44.1 percent aligned to the NDPII. This unsatisfactory alignment is attributed to the limited focus on a number of key NDPII outputs. These include: implementation of strategic urban infrastructure plan and framework for projects through PPPs; Restoration of degraded fragile ecosystems (river banks, bare hills, range lands and lake shores); developing a database system for ENR: and developing and strengthening national, regional and international partnerships and networks in environmental and natural resources management. The least compliant LGs are: Kanungu; Lwengo; Amuria; Agago: Luuka; Mbarara; Ibanda; and Kaabong. The most compliant districts were Apac MC, Arua, Kibuku, Masindi and Nebbi.

4.20.3.9 Community Based Services

The Community based services departments' workplan outputs are 48.9 percent aligned to the NDPII. This unsatisfactory alignment is attributed to the limited focus on a number of key NDPII outputs which include: promotion of the development of languages in Uganda; establishment of centres of technical advisory services; promotion of patriotism activities; prevention and response to Gender Based Violence; and Profiling vulnerability and eliminating discrimination and bias in access to JLOS Services. The least compliant LGs are: Amuru; Agago; Busia MC; Mbale; Bugiri; and Kayunga. The most compliant districts were Mityana, Masindi and Masaka.

4.20.3.10 Planning

The Planning departments' workplan outputs are 71.2 percent aligned to the NDPII. This satisfactory alignment is attributed to the planning departments' focus on key NDPII outputs. These are: DTPC members trained on public investment management system; production of Annual Statistical Abstracts; coordination and harmonization of M&E at the local Government level; production of M&E reports and having them followed up. The areas of non-alignment include:

limited partnerships with the local business firms; stimulation of demand and usability of statistics; and aligning Lower Local Government Plans (LLG) plans to the District Development Plans (DDPs). The least compliant LGs on planning alignment less than 50 percent score are: Ibanda MC, Hoima MC, Gulu MC, Buliisa, Kalungu, Buyende, Busia MC, Amuru, Kanungu, Kagadi and Butebo.

4.20.3.11 Internal Audit

The Internal Audit's departments' workplan outputs are 72.1 percent aligned to the NDPII. This satisfactory alignment is attributed to the LG's improvement on audit queries to managements and frequency of Audit field visits.

4.20.4 Budget Performance

Data for fiscal transfers up to third quarter for FY2017/18 was used to analyze the LG budget performance. The assessment revealed that budget outturn for FY 2017/18 for the three quarters was 99.1 percent on average. The high rate of budget performance is attributed to the release of most of the LG development budget by third quarter.

4.20.5 Key Emerging Issues

i) The LG assessment showed that the alignment to the NDPII of a number of key departments is unsatisfactory which is likely to negatively affect local and national transformation. These departments are: production and marketing, health, education, roads and water, natural resource and community ased services. Going forward, it will be necessary for the respective district councils to approve work plans based on the NDPII priorities.

ii) Many LG work plan budgets did not prioritize some interventions that are critical for achievement of NDPII objectives as indicated above. These critical areas include: tackling corruption and taking disciplinary measures against errant public officers; property tax and other Local revenue generation; promoting access to and use of fertilizers; agricultural mechanization; access to water for agricultural production; Promoting investment in storage infrastructures to reduce post-harvest losses; establishment and operationalization of an emergency operating theatres; mass distribution of long lasting insecticide treated nets (LLINs); development and upgrade of health infrastructure; and procurement, distribution and maintenance of appropriate medical equipment at all levels of health service delivery.

    Others are: achieving government policy of having all parishes with primary schools; strategy to address school feeding; rehabilitation of teachers' houses; periodic and routine maintenance of urban paved roads; periodic maintenance of paved district roads; approval of building plans(physical planning); promotion and scaling up of rainwater harvesting at household, public institutions and community level; Water for Production facilities that are managed by the private sector; restoration of degraded fragile ecosystems; developing a database system for ENR; promotion of patriotism activities; and aligning Lower Local Government Plans (LLG) plans to the District Development Plans (DDPs).

iii) Transfers to Local Governments are still inadequate to support effective delivery of the expanded development mandate, as well as drive local economic development. The transfers are currently at 12 percent of the total national budget, which is way below the NDPII target of 30 percent.

iv) Local revenue and donor funding continue to be unreliable sources of revenue in local governments. This is likely to negatively impact on the ability of the LGs to deliver on the mandates, and functions devolved under the decentralization policy.

v) The failure to include off-budget donor funding into LG budgets leads to under estimation of LG budgets, duplication of effort and double reporting and accountability. A policy is required to enforce incorporation into and harmonization of donor support with mainstream LG budgeting and planning.

SECTION FIVE: CROSS CUTTING ISSUES, SDGs AND HRBA

5.0 OVERVIEW

The FY2017/18 CoC also provides an overview of AB compliance to selected cross cutting issues from preliminary alignment framework that will be finalized in a multi-sectoral approach. In particular, the compliance assessment is done on, Climate change, SDGs and HRBA alignments mainly at sector level. While the framework for assessing cross-cutting issues such as climate change and SDGs requires more refining in a multi-sector collaboration, this CoC assessment provides preliminary findings from a draft framework. However, the preliminary HRBA results are from a partially developed assessment framework.

5.1 BUDGET COMPLIANCE TO SDGs TARGETS

5.1.1 Overall Assessment

The budget for FY2017/18 is 60.9 percent compliant to the Sustainable Development Goals. The finding is a weighted score of the NBFP and AB, carrying weights of 40 percent and 60 percent, respectively. The NBFP and AB were reviewed in terms of their fiscal allocations towards implementation of the relevant SDGs targets.

Whereas the NBFP and AB scored highly in Goals 1, 5, and 16, low budget compliance was found in Goals 8, 11, 12, and 15. The Table 22 Below provides a summary of the performance of each sustainable development goal.The Budget for FY2017/18 is strong in terms of implementing the SDGs in the areas of poverty reduction, gender and equity and peace and justice. On the other hand, the budget is weak in the interventions on: growth and employment; inclusive cities and human settlements; sustainable production and consumption; sustainable use of ecosystems and forests.

The FY 2017/18 Budget is weak in the following specific areas:

Goal 8: Improving resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation

Goal 11: Promoting PPPs for investment in constructing appropriate housing estates in planned urban and rural areas; Developing green belts and leisure parks

Goal 12: Developing and implementing a 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, implementing appropriate waste management strategies (including recycling and modern disposal methods), Developing and implementing tools to monitor sustainable development impacts for sustainable tourism.

Goal 15: Promoting sustainable land use and soil management, lack of measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species, strengthening stakeholders' coordination and frameworks for biodiversity management, Developing and implementing a Biodiversity Finance Plan to provide a strategic direction for the NBSAP.

3 - Tobacco control, reducing the share of household income spent on healthcare, and strengthening the capacity for early warning, risks reduction and management of national health risks.

Goal 10 - inadequate measures for providing appropriate technologies to women and other vulnerable groups and implementing interventions through a national policy to eliminate gender-based violence.

SUMMARY OF SDGs ASSESMENT				
Goal	**Description**	**SDG Vs NBFP**	**SDG Vs AB**	**AB Weighted Score**
1	End poverty in all its forms everywhere	75%	67%	70%
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	55%	50%	52%
3	Ensure healthy lives and promote well-being for all at all ages	63%	59%	61%
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	60%	60%	60%
5	Achieve gender equality and empower all women and girls	89%	83%	86%
6	Ensure availability and sustainable management of water and sanitation for all	67%	71%	69%
7	Ensure access to affordable, reliable, sustainable and modern energy for all	**66%**	**59%**	**62%**
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	50%	50%	50%
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	64%	64%	64%
10	Reduce inequality within and among countries	63%	63%	63%
11	Make cities and human settlements inclusive, safe, resilient and sustainable	36%	36%	36%
12	Ensure sustainable consumption and production patterns	50%	45%	47%
13	Take urgent action to combat climate change and its impacts	**63%**	**63%**	**63%**
14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	57%	57%	57%
15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	45%	50%	48%
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	82%	82%	82%
17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	68%	68%	68%
Overall Score		**62%**	**60%**	**61%**

Source: NPA Assessment 2018

Goal 11 - absence of measures for formulating and implementing an appropriate National Urban Policy framework for integrated and sustainable human settlement, non-prioritisation of the renovating and improving the quality of infrastructure in key cultural and natural heritage centers, non-prioritisation of measures for promoting and enforcing the use of pollution mitigating technologies in industrial parks and absence of attempts for developing green belts and leisure parks.

Goal 12 - lack of attempts for developing and implementing a 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns; inadequate attempts for controlling hazardous chemicals and air, water and soil pollution and contamination; lack of measures for implementing appropriate waste management strategies; lack of attempts for promoting sustainable procurement and interlink age between the rural raw material production base and industrial production in cities, limited awareness on the sustainable development and lifestyles in harmony with nature and lack of attempts for developing and implementing tools to monitor sustainable development impacts for sustainable tourism.

Goal 14 – lack of budgetary support for development of research capacity and marine technology transfer; and supporting sustainable, market-oriented fish production for improved household income.

5.2 BUDGET COMPLIANCE TO HUMAN RIGHTS-BASED APPROACHES (HRBA)

5.2.1 Assessment of HRBA

The budget for FY2017/18 assessed for compliance towards the Human Rights Based Approach to check the adequacy of the budget with regard to the basic principles of human rights such as participation, accountability, non-discrimination, empowerment and consistence with international standards. This assessment was undertaken for 14 sectors whose findings are presented in the sections below.

5.2.2 Education sector

The education sector AB for FY2017/18 is 64 percent compliant to integrating human rights in budgeting. More alignment is noticed in the areas of universal access to basic education, gender parity in basic education, construction of Special Needs Education compliant schools, creation of safe school environment, reduction of barriers to children schooling, and sports provision. However, non-alignment is noticed in areas of low retention and completion rates, low funding to the sector, low provision of teacher accommodation, and limited instruction materials, among others.

5.2.3 JLOS

The JLOS sector is 93.7 percent compliant to integration of human rights. The strong alignment arises from the allocation of resources towards several interventions in the sector that address human rights issues such as: peace building; adequately informing and empowering citizens to participate in governance; promoting staff and prisoners' welfare; translating the constitution and other laws into local languages; and engendering strategic documents; among others.

5.2.4 Energy

The energy sector budget for FY2017/18 significantly integrates human rights interventions with corresponding indicators and targets but the overall score could not be established due to data gaps. The key interventions being prioritized by the sector budget include: access to power; renewable energy sources (solar panels, Biomass); among others. However, there are also several interventions especially pertaining to legal issues without allocations in the budgets despite their prioritization by the NDPII. These include: prosecution and conclusion of natural environment cases; settlement of disputes related to housing and land rights in courts and tribunals; and conclusion of compensation cases following evictions.

5.2.5 Agriculture

The agricultural sector budget for FY2017/18 integrates aspects of human rights majorly through the right to adequate food and nutrition or freedom from hunger. Whereas the sector interventions and budgets cover critical interventions to address food security, nutrition and hunger, the budget allocations were unbalanced and also insufficient to significantly reduce this challenge. For example, the sector allocated a budget of UGX. 274 Billion to address access to critical farm inputs under NAADS, however, the interventions under this target few commodities that are largely cash crops such as coffee, tea dairy and cocoa among others. This leaves out food crops that are grown by the majority of the subsistence farmers and are ones that require most support towards increasing production, productivity and incomes. The overall compliance of Agriculture sector to human rights could not be assessed due to lack of indicators and targets in the budget.

5.2.6 Health sector

The health sector budget identifies interventions that address human rights concerns in the sector. These include: improvement of quality and accessible health infrastructure; provision of quality and accessible medicines, equipment and other health supplies; among others. The sector however is still not adequately addressing the concern of equitable access to health services due to financial, geographical and demographic constraints. The National Health Insurance Scheme that would go a long way in addressing the financial constraints to access to quality healthcare is not yet passed into law. Also funding for the sector remains low leading to a very low per capita expenditure on health. The overall compliance of Health sector to human rights could not be assessed due to lack of indicators and targets in the budget.

5.2.7 Works and transport sector

The works and transport sector is 38.5 percent complaint under human rights interventions. The weak alignment is attributed to the inadequate funding of the budget to key interventions and indicators related to human rights such as freight cargo by railway transport, public service vehicles with access and communication provisions for disadvantaged groups, among others. On the other hand, the human rights interventions related to accessibility, affordability and safety that were planned and funded include; construction and maintenance of paved national road network; motor vehicle inspection to ensure road use safety; and awareness programs on road safety.

5.2.8 Public Administration

The public administration sector is 67 percent complaint to integrating HRBA interventions. The moderately satisfactory score is a result of moderate budgetary allocation towards integrated human rights indicators. The sector human rights interventions and indicators integrated include: developing voter education materials for special interest groups and voter education messages geared towards encouraging equal gender participation in the electoral process; providing medicare to infected staff; supporting households in selected model villages; enhancing HIV/AIDS education, information dissemination; mobilizing resources towards support of the youth, disabled and children and women; and participating in implementation of the conventions on equity, among others.

5.2.9 Defence and Security

The Defence and Security sector is 50 percent complaint to integrating human rights interventions into the budget. This is attributed to the integration of key human rights issues into the sector budget. However, there are also a number of key human rights interventions that are not funded in the budget for FY2017/18. These include integration of modules on International Humanitarian Law (IHL) into UPDF training courses at all levels.

5.2.10 Water and Environment

The Water and Environment sector budget is 70 percent compliant to integrating HRBA. This is explained by the significant budget allocations to human rights interventions. The key human rights interventions allocated funds in the budget include: public environment sensitization campaigns and the development and implementation of environmental standards and regulations. The Water and Sanitation sub-sector budget, in particular, focused on training personnel and undertaking sanitation and hygiene improvement campaigns, which contribute to the realization of the right to both a clean and healthy environment and quality water and sanitation.

5.2.11 Tourism, Trade and Industry

The Tourism, Trade and Industry sector is 60 percent complaint to integrating human rights. This is attributed to the budget allocations to programs for resettlement of encroachers on national parks and wildlife reserves and sharing of benefits from tourism with communities leaving near national parks. Others include: funding local government capacity to protect and conserve historical and cultural heritage resources; allocation to compensation of evictees of wildlife areas and allocation to physical security of tourists in Uganda. However, the budget falls short of prioritizing the key aspects of: working conditions and programmes to protect local culture from affluent lifestyles of tourists such as among the pygmies in Bundibugyo. Also, the Trade and Industry sub-sector budget for FY2017/18 falls short of providing for land banking for industries. Pollution of water bodies by industries has also not been prioritized by the budget.

5.2.12 Accountability

The accountability sector is 71.9 percent compliant to integrating human rights. This was attributed to the continued allocation to institutions fighting corruption such as the Inspectorate of Government, Directorate of Ethics and Integrity, Public Procurement and Disposal of Public Assets Authority, Office of the Auditor General, Ministry of Finance, Planning and Economic Development (Accountant Generals Office). Most interventions in these votes were aligned to the NDPII.

5.2.13 Legislature

The sector is 54.9 percent compliant in addressing human rights. In line with the HRBA, the sector budget prioritizes the following interventions; implementation of an HIV/AIDS policy that aims at providing support to staff living with HIV and AIDS. Funds have been allocated in the AB to implement this policy issue. However, the sector is lacking behind in Promoting application of human rights-based operations in government operations to reduce incidences of human rights cases in government.

5.2.14 Social Development sector

The Social Development sector is 100 percent compliant to addressing human rights. All the human rights related interventions in the sector received funding. These include; disputes resolved and cases arbitrated; access to the Special Grant of PWDs: engagement of poor and vulnerable households in public works: provision of comprehensive care and support services to vulnerable persons: rehabilitation of PWDs at institutional and community-based levels: affirmative quota for youth.

5.2.15 Public Sector Management

In line with the HRBA, the sector budget prioritizes the following interventions; coordination of implementation of the National Policy on EAC integration and strengthening performance management and accountability in public service delivery. However, there are human rights interventions with no actions in the budget instruments for FY2017/18 which include: development of service delivery standards and measures of performance, formulation of an industrial policy and programmes borrowing from the EAC Industrial Policy and Strategy. In addition, interventions leading to improving environmental and ecological management in LGs, save for waste management systems for LGs, were not prioritized by the Sector.

5.2.16 Lands, Housing and Urban Development

The sector was 51.3 percent complaint to addressing human rights. The human rights interventions funded include: programs for improvement of living conditions including habitats and access to basic social services such as water, waste disposal and electricity; securing and protecting tenure of traditional lands; protecting government land. However, the budget did not provide for promotion and provision of low income housing in urban centers and rural housing development schemes.

5.3 BUDGET COMPLIANCE TO SELECTED CROSS-CUTTING ISSUES

A compliance review of the budget for FY2017/18 indicated mixed results among sectors towards budget allocations towards cross cutting issues. The review covered the cross-cutting issues of Environment and Climate change, nutrition and HIV/Aids. The findings and emerging issues are presented in the section below.

5.3.1 Key findings

i) The FY2017/18 budget indicates wide spread but meager allocations towards two cross cutting issues of: Gender; and HIV/AIDS. However, much as there are sector-based awareness programmes and policies, these have become business as usual and their implementation may require reinvigoration for greater budget outcomes.

ii) With the exception of the Water and Environment, Agriculture and Health sectors, there is limited focus by other sector budgets towards allocating resources to environment and climate change interventions. In addition, there is need to strengthen the institutional framework for climate change in order to attract greater focus of the national budget.

iii) There is need to strengthen the use planning guidelines for cross cutting issues and develop others where they do not exist.

iv) There is need to institute regulations for ensuring incorporation of environmental concerns into projects, especially infrastructure projects as part of the green growth strategy. For instance, all road projects should include planting of trees in the road reserves.

v) The budget indicates minimal allocation to the Uganda Bureau of Statistics for environmental statistics. There is need to adequately support the production of environmental statistics to enable development of an environment account in the national accounts used to generate the country's GDP.

vi) The budget did not provide for e-waste management for government agencies and private enterprises. However, e-waste is growing at an exponential rate which may aggravate the climate change impacts within the local environment. There is therefore need to put in place policies, regulations and programmes for e-waste management within the country.

SECTION SIX: OVERVIEW OF 2018/19 BUDGET FRAMEWORK PAPER

As part of the Certificate of Compliance for FY2017/18, an assessment of the Budget Framework Paper (BFP) for FY2018/19 Budget was undertaken to provide an overview of its intent and direction. The highlights of the findings on the compliance of the general intent and direction is provided below.

6.0 OVERALL FINDINGS

The key findings arising out of the analysis are as follows:

i) The issues identified in FY2017/18 AB persist in FY2018/19 BFP. The CoC recommendations are not being implemented by Parliament. There is need to provide sanctions on non-implementation of CoC recommendations;

ii) The financing framework proposed in BFP requires more discussion. The BFP concentrates more on the expenditure side but weak on how revenue will be mobilized. Except for strengthening efforts on tax administration and compliance, the BFP lacks a medium strategy to strengthen revenue mobilization. Also, alternative financing mechanisms proposed in NDP seem not to be targeted, for instance, while the NDPII proposed leveraging PPP financing source, the BFP does not provide for modalities to build capacity for adequate structuring of PPP projects. Further, while the BFP aims to strengthen management of Non-Tax Revenues (including Appropriation in Aid (AiA), this is an area where more focus is required to ensure that AiA revenues are aligned to national development objectives.

iii) Strategies in the BFP to reducing the cost of credit, particularly through enhanced mobilization of savings require strengthening. To reduce cost of credit and develop long term financing options, the BFP aim to continue investing in UDB and Microfinance support Centre are weak and are unlikely to achieve the required impact. Largely missing is reforming of the pension sector. In addition to reviewing restrictions on the NSSF Act, the BFP should provide for Pension sector wide reforms that are key to the development of the Capital markets and boosting national savings to provide finance for long term investments. Indeed, with weak private sector credit and lack of long term investment financing, reforming the pension sector is an issue of national concern.

iv) In light of the latest UNHS poverty statistics that indicate worsening poverty indicators, there is need to balance social and infrastructure spending so as to ensure economic growth does not leave anyone behind. Towards this end, the planning and budgeting frameworks need to learn from what has gone wrong and where redirection is required. In this regard;

6.1 MACRO LEVEL ASSESSMENT

While there was a lower level of alignment of the 2017/18 BFP, there's an improvement in the alignment of the 2018/19 BFP against the NDPII, which stands at 45.2 percent from the 38.2 percent level of alignment registered in 2017/18. This was attributed to the 63.3 percent and 48 percent level of alignment of the real sector and fiscal sector respectively. However, the BFP does not provide targets for the monetary and external sector.

In the real sector, core and headline inflation remain within the 5 percent target, whereas the GDP growth target of 5.5 percent is below the 6.6 percent target in the NDPII, which implies a lower per capita income target of USD750 against the NDPII target of USD982. This gives a clear indication that Uganda is off the roadmap towards the attainment of the middle-income status, and therefore needs to target higher growth to get to its long-term growth aspirations.

In terms of the fiscal sector, the sectoral allocations of Works and Transport; Agriculture; Lands and Housing, Energy and Mineral Development; Defence and Security, JLOS, PSM and PA are aligned to the NDPII targets while those of ICT; Tourism; Trade and Industry; Education; Health; Water and Environment; Legislature and Accountability are not.

In addition, interest payments continue to increase, giving rise to the second largest expenditure allocation after the Works and Transport Sector. It stands at 12.28 percent against the NDPII target of 7 percent, representing a percentage deviation of 43 percent.

The preliminary projections of the ratio of tax revenue to GDP is at 16.4 percent, which is above the NDPII target of 14.9 percent, signalling higher efforts for domestic revenue mobilisation.

6.2 SECTOR FINDINGS

The findings for the assessed sectors is provided in the sections below.

6.2.1 Education sector

The education sector BFP for FY2018/19 is only 35 percent aligned to the NDPII. This weak alignment is attributed to the failure by the sector BFP to provide direct annual indicators, outputs, intermediate outcomes and targets against most of the budget allocations. In addition, the low alignment is also greatly explained by the limited linkage between the sector BFP and the NDPII interventions. In particular, the BFP does not adequately address quality, higher education (standardized framework for Universities, advancing science and technology) and employability (international skills assessment centers, skills development through PPP, implementation of Competence Based Education and Training (CBET), establishment of Non-Formal Education (NFE) accredited centers) related interventions. This was as well noticed in the sector BFP for FY2017/18. In terms of the indicative budget, the sector has had year on year decline in its MTEF inspite of the increasing demands arising from the need to meet the middle-income education standards by 2020.

There is need for the sector to disaggregate indicator outputs/intermediate outcomes such as: gross and net enrollment by sex; literacy and numeracy by the key stage grades (P.3, P.6 and S.2) and sex; recruitment into education service by sex; actual number of classrooms to be constructed; type and number of school tools and equipment to be procured; among others. Absence of this disaggregation will complicate measurement of the sector performance for FY2018/19.

6.2.2 JLOS

The budget for the Justice, Law and Order sector for FY2018/19 is 68.3 percent compliant to the NDPII. The moderate compliance is attributed to budget inadequacies in the key NDPII areas of: case backlog clearance; addressing the police-population ratio; training of police officers in Human rights observance; family dispute resolution; forensic investigation; construction of prisons; among others.

6.2.3 Water and Environment

The water and environment sector BFP for FY2018/19 is 79.7 percent compliant to the NDPII. Most of the planned interventions are aligned to the NDPII in terms of content and annualized targets. However, it was noted that there are no allocations to key interventions such as: development of forest and wetland management plans, which are critical in addressing the declining forest and wetland coverage; sanitation for fast growing urban centers such as Yumbe TC.

Judging from the absorption rate for the half year FY2017/18, which is about 50 percent, the sector may have difficulty absorbing the new increased MTEF. There is need to explore the cause for the low absorption and address the capacity challenges the sector may face to absorb the new MTEF.

6.2.4 Agriculture

The agriculture sector BFP is 18.1 percent compliant to the NDPII. The weak compliance is a result of the far lower sector BFP targets compared to the NDPII. As a result, a number of planned interventions under NDPII were underfunded. These include: quality assurance, regulation and safety standards for agricultural products; value addition and agro-processing; agricultural extension; agricultural finance; water for agricultural production; irrigation; aquaculture; control of pests and diseases; agricultural research; and cross-cutting issues such as climate change. Specifically;

i. The BFP rightly focusses on Irrigation, particularly dealing with mandate, policy and strategy issues. However, the BFP does not show what milestones/targets will be achieved with the planned investments in irrigation. How much will be achieved with the BFP investments and what will be done in the medium term?

ii. The BFP should have also prioritized the use voucher system instead of direct distribution of inputs by NAADS/OWC. This will improve the distribution of inputs to ensure that beneficiary farmers receive the right inputs at the right time to reduce wastage and corruption through issuance of vouchers that can be cashed at an appropriate time by the farmer. This will ensure that only interested farmers get the vouchers and the vouchers will be cashed when the farmer is ready to plant. NAAS/OWC can build on going work under the Agricultural Cluster Development Project of MAAIF where an electronic voucher management system is being implemented.

iii. The BFP should also provide for strengthening the Department of crop inspection and certification under MAAIF to enhance certification, enforcement and quality assurance of agricultural inputs. There is need to recruit additional staff, renovate and equip certification laboratory facilities at Namalere and Kawanda with advanced equipment such as high chromatographic machines, autoclaves, cold rooms, cold trucks, green houses, and operational resources for inspection and training of agro-input dealers. This will enable the Department effectively certify and track all nurseries and other input suppliers.

iv. The BFP should provide for District Local Governments to scale up Agriculture Extension Services. There is need to facilitate the recruited agricultural extension staff to effectively provide extension services in all the sub-counties in the country. This would enhance adoption of improved technologies and increase agricultural productivity.

v. The BFP should provide for NaGRIC and NARO to enhance genetic improvement of cattle herds for dairy and beef. This will enable establishment of necessary infrastructure, acquisition and installation of artificial insemination facilities at 9 regional centers throughout the country. NGRC & DB, MAAIF, NARO and all LGs should coordinate this.

There may be need to review the budget during appropriation in order to address some of the NDPII unfunded priorities, as these will have significant impact on the country's growth during the year.

6.2.5 Health

The health sector BFP for FY2018/19 is 56.8 percent compliant to the NDPII. This moderately satisfactory level of compliance is mainly explained by non-alignment of BFP outputs and targets to the NDPII. Also, a number of key interventions were not adequately prioritized by next year's BFP.

These include: mass treatment of malaria for prevention; establishing functional CHEWs (formerly Village Health Teams); scaling up pre-service education and in-service training specifically for health specialists; strengthening public awareness and empowerment to enhance consumption and utilization of sexual and reproductive health (SRH) and HIV prevention services; and improving management of non-communicable diseases (NCDs) at all levels of care; among others.

6.2.6 Security and Defence

The security and defence sector BFP is 50.0 percent compliant to the NDPII. The interventions in the BFP and Annual Budget are aligned to the NDPII interventions. However, a number of the key NDPII interventions remain unfunded. In addition, the sector has no targets and where they are, they deviate highly from those set in the Development Plan. The unfunded interventions include: Establishment of a National Defence College (NDC); Review and harmonization of the R&D policy; Introduction of an incentive and reward mechanism for innovation and prototype development; equipping and facilitating the Defence Research, Science and Technology Centre (DRSTC-Lugazi); and the Nakasongola Avionics Research Centre; and establishing mechanisms for defense to participate in primary, secondary and industrial production.

6.2.7 Lands, Housing and Urban Development Sector

The Lands, Housing and Urban Development sector BFP for FY2018/19 is 82.5 percent compliant to the NDPII. This is attributed to the fairly well distributed budget allocations to the NDPII interventions. Non-alignment in terms of targets and financing is pronounced in the following areas: government housing units by sector (oil, gas, mining etc.); earthquake resilience. It is worth noting that a large number of interventions in the housing sub-sector remain unfunded. Further, while the BFP aims to focus on efficient management of urbanization, it does not provide for explicit activities towards joint planning and execution of projects in Greater Kampala Metropolitan Area (GKMA). The BFP needs to leverage GKMA by explicitly defining joint planning and projects to be jointly executed in the area. It should be noted that GKMA is a driver of over 30 percent of Uganda's GDP. As such, dealing with issues affecting the GKMA has a potential to boost Uganda's economy.

6.2.8 Works and Transport Sector

Measurement of the BFP compliance to the NDPII could not be ascertained due to absence of BFP targets. However, the assessment indicated that at least 50 percent of the NDPII indicators received allocations in the FY2018/19 sector BFP. The budget focus is in the areas of; road construction and maintenance; rehabilitation of airports; construction standards; and water and rail transport. It should be noted that a number of projects (mainly oil roads) that are under feasibility stage have not been budgeted for in FY2018/19. These include; Design & construction of Kabwoya-Buhuka (43Km), Upgrade of Mbarara-Kikagata road, Masindi-Bugungu via Murchison Falls National Park, Kaseeta-Lwera via Bugoma forest (16Km), Kabale-Kiziranfumbi road (30Km), Kyotera-Rakai, Tangi Gate, Bridge after Paraa, Hohwa-Nyairong-Nyarushesha, and Bugungu-Bulisa. Further, there is need to deal with capacity challenges for new projects, both in financing and execution and deal with the inter-modal transport system, beyond roads. The BFP has continued to prioritize road transport at the expense on other modes of transportation. The BFP must balance all modes of transportation.

6.2.9 Energy

The energy sector BFP is 53 percent compliant to the NDPII. Weak alignment is attributed to the inadequacy of the budget to provide targets for several key interventions such as: geo-mapping, electricity transmission, training and demonstrations in mineral value addition and mineral samples analysis; among others. In addition, the budget doesn't provide funding to conduct airborne geophysical surveys of Karamoja for completion of 20 percent aeromagnetic data coverage. Specifically:

i) The BFP should be focused on ensuring that the country achieves maximum benefits from the development phase of the oil investments. To this end, the BFP should have prioritized the following;

ii) Fast tracking the certification of middle level skills personnel for the Oil and Gas sector. Investing in certification will enable the country provide the required manpower needs for the development phase of oil and gas. This is currently missing in the BFP and as such the country will have to rely on foreign manpower and thus lose revenue and foreign exchange from the sector. Towards this end, Ministry of Energy and Education budgets need to be reconfigured to provide for the skills gap and certification.

iii) The BFP should balance investing in Generation, Transmission and Distribution of electricity. Uganda has done well in building adequate electricity generation capacity, however, translating this generation capacity into demanded electricity has been a challenge. The sector is faced with a dilemma of having surplus supply on one hand with a deficit witnessed by consumers on the other hand. Amidst a surplus several consumers continue to face depressed demand as electricity is load shaded due to low capacity to transmit and reliably distribute electricity generated.

6.2.10 Public Sector Management

The PSM BFP is 58.2 percent compliant to the NDPII. The weak alignment is attributed to the non-prioritization of a number of NDPII sector interventions by the BFP which include: non-budget allocation to operationalize the Access to Information Act; development and implementation of a National Media Development Strategy; development and institutionalization of National value system; and building partnerships with other stakeholders to promote and advocate for equity, transparency and fairness in the resource allocations for local governments.

6.2.11 Legislature sector

The sector BFP is 57 percent compliant to the NDPII. The weak performance is attributed to the non-prioritized by the BFP of key interventions, which include: Instituting a system of linkages between local government, constituencies and the national Parliament; Enactment of laws to strengthen credibility of electoral processes in Uganda and reviewing appropriate legislation to facilitate elimination of corruption; Promote application of human rights-based operations in government operations, among others.

6.2.12 Accountability

The accountability sector was 72 percent compliant to the NDPII. This moderately satisfactory performance is attributed to the fair alignment of BFP indicator targets to the NDPII. Whereas most indicators show that there was fair alignment of the BFP with NDPII; some interventions are yet to be prioritized. For example, implementation of the e-procurement, development of a National Local Content Policy, and issuance of long-term infrastructure bonds, among others.

6.2,13 Social Development

The sector BFP is 92.9 percent compliant to the NDPII.NDPII key interventions not prioritized by the BFP include: formulation and implementation of a national sexual harassment policy, establishing a national and regional framework for youth participation in economic and social activities within the EAC region, among others.

SECTION SEVEN: RECOMMENDATIONS

7.1 RECOMMENDATIONS

The following are the recommendations arising out of the analysis:

i. To ensure that plans are fully translated into budget actions that contribute to achieving national targets, in line with NDPII, NPA should expedite the development of Planning Capacity Building Project and work with all stakeholders to strengthen the planning capacity in Government and at all levels.

ii. In spite, of the uncertainty to achieve the lower middle-income status by 2020, Uganda should remain focused on the middle-income agenda by pragmatically and prudently implementing the prioritized interventions in the Vision 2040 and its attendant plans.

iii. There is need to harmonize the national planning, budgeting and IMF's supported Policy Support Instrument (PSI) processes to minimize the disconnect between the national development planning and budgeting.

iv. Uganda should fast-track the implementation of key core projects such as the Oil pipeline, National Airline, Oil Roads, Kabale airport, Jinja-Kampala Expressway, Bukasa port, petroleum refinery before operationalization of the EAC monetary union. In addition, there is need to focus the ABs on the core projects, including their readiness (with feasibility studies already done) in order to realize the necessary development thrusts.

v. Public debt should fund only projects identified in NDPII. Further, debt management needs to be strengthened to appropriately schedule debt repayments by adequately balancing the structure of the debt incurred.

vi. To align the objectives of the budget to the actual budget allocations, planning should initiate the budget strategy with a view to harmonizing the budget allocations to its objectives.

vii. Redesign and harmonize Affirmative Actions or Equalization programmes using the LED approach to deliver maximum outcomes.

viii. To maximize domestic revenue mobilization, enforce the collection of all Non-Tax Revenue (NTR) and AiA by URA so as to ensure maximization and utilization of NTRs and AiA.

ix. The tendency of sectors implementing new projects outside NDPII projects should be restrained.

x. Government should devise all means possible to deal with land compensation that are affecting infrastructure budgets and implementation. Illegal occupants on government owned land and gazetted areas should be dealt with by the law without compensation.

xi. In order to ensure achievement of the NDPII objectives the AB should prioritize: improving access to water for agricultural production; promotion of value addition to the various prioritized commodities; rural feeder roads maintenance; linking of the remaining local governments through the NBI to improve internet connectivity; implementing the Early Childhood Development policy; implementation of the five-regional skills development centres; teacher recruitment; and enhancing government effectiveness and efficiency.

xii. Ministry of Finance, Planning and Economic Development should rationalize development budgeting in view of the required recurrent/operational expenditure so as to maximize return/performance from project expenditure.

xiii. As recommended in FY2016/17 CoC, the Ministry of Finance, Planning and Economic Development should put in place a system to capture off budget resources and integrate them in the budgeting process in a timely manner.

xiv. As recommended in FY2016/17 CoC, the Office of the Prime Minister should spearhead a process to review and rationalize the composition of sectors and MDAs with a view to streamline the strategic functioning of Government. This rationalization should ensure that all MDAs plan and budget through sectors where they contribute to the sector objectives and outputs. In addition, OPM should enhance sector coordination through strengthening the Sector Wide Approach.

xv. There is urgent need to harness the benefits of planned urbanization to propel the country to a faster growth path.

xvi. There is urgent need to review the decentralization policy and the national budgeting frameworks to incorporate the local economic development and other emerging functions. Additionally, there is need to clarify roles of the sectors/MDAs and LGs with respect to devolved functions.

xvii. To achieve SDGs targets the Budget has to be aligned and compliant to delivery of NDPII.

Annexes

Annex 1:Summary of Assessment at All Levels, FY2017/18

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
A	**Macro level Assessment**	**72**	**48.1**	**41.9**	The FY2017/18 significant decline in macroeconomic level compliance is attributed to the weaker alignment between strategic planning and budgeting. While the Charter of Fiscal Responsibility (CFR) is 100 percent aligned to the NDPII (restricted to the objectives which are measurable), alignment at budgeting level was at 36.5 percent and budget outturn at 30.8 percent which explains the poor overall macroeconomic level performance. **Key areas of noncompliance**: Growth targets; GDP per capita targets; External grant targets; Recurrent and Development expenditure targets; expenditure outturn on HCD (Health & Education), Priority sector allocations lower than NDP (Agriculture, Energy, Works & Transport, Tourism, Trade & Industry, Water & Environment); primary balance; current account balance; and private sector credit growth.
B	**National Level Assessment**	**75.4**	**74.2**	**59.3**	A drop in FY2017/18 performance is attributed to the low linkage and focus of the NBFP and AB to the indicators of the NDPII goal/theme, objectives, development strategies and core projects. **Key areas of noncompliance:At goal/theme level**, non-full compliance was due to: (i) **Competitiveness** -Limited budget commitment towards undertaking competitiveness enhancing interventions including establishment of industrial parks, failure to timely fast track business registration centres, below target allocations to UDB, among others. Relatedly, the Doing Business rank of Uganda deteriorated to 122 out of 190 economies in 2017 from 115 in 2016. Uganda is ranked at 114 out of 137 countries in the 2017/2018 Global Competitiveness Report down from 113 in 2016/2017. (ii) **Sustainable wealth creation** - limited budget commitment to manufacturing and forest and swamp recovery. (iii) **Employment**- inadequate focus of the budgetary allocations to the planned drivers of employment creation, save for entrepreneurship among the youth and women. (iv)**Inclusive growth** (iv) limited focus towards key interventions for poverty eradication and balanced growth; limited resources allocated to LED program; lack of prioritization of the roll-out of the SAGE project and improving planned urban development. **At objective level**, key areas of non-compliance were: Objective 1: non-establishment of productivity centres at national and regional levels; no promotion of value addition in the mineral sector e.g. smelting, steel rolling, Processing of phosphates into fertilizers; and promotion of culture and creative industries. Objective 2: There was inadequate

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
					budgetary focus on key interventions including: rural feeder roads maintenance; water transport; extension of the NBI to LGs; SGR and ICT innovation incubation centers. Objective 3: The AB's focus was weak in the areas of ECD, skills development and teacher recruitment. Objective 4: weak enforcing the regulatory framework and streamlining the inspection function; improving the quality of the civil service; implementing public service reforms. At **development strategies level**: Non-compliance was most pronounced in the area of: industrialization (50 percent), urbanization (50 percent) and skills development (58 percent). Specifically, key areas of concern include: (i) Industrialization - inadequate budget allocations to interventions aimed at establishing agro-processing and mineral beneficiation industries, light manufacturing facilities and technology transfer. (ii) Fiscal Expansion for Frontloading Infrastructure Investment inadequate resource mobilization to facilitate the frontloading envisaged by the NDPII; and the weak budgetary focus on financing interventions aimed at enhancing regional and international competitiveness such as broadband ICT connectivity, improved urban planning, public sector efficiency. (iii) Fast tracking skills development - establishing five centres of excellence; identifying and training specialized expertise especially in the mineral, oil and gas, energy and transport infrastructure areas; and enacting reforms in education and training curricula. (iv) Urbanization - inadequate allocations to urban planning, housing and job creation in urban centres. **At core projects level**, project readiness for implementation is still a challenge core projects. Of the five core projects in Agriculture, two (Storage Infrastructure and Phosphate industry in Tororo) were not prioritized. The Tourism Marketing and Product Development Project, total releases were far less than the approved budget estimates. For minerals, oil and gas infrastructure projects, the budget is compliant on only two out of six projects, oil refinery and Albertine region roads. The budget did not provide for the mineral development for strategic minerals project and development of Iron Ore and Steel Industry. For Human Capital Development core projects- there is no commitment towards the Mass Treatment of Malaria for Prevention project and budget registered low compliance towards the Skills Development project. Under Economic Management and Accountability, the budget did not allocate funds for strengthening effective Mobilization, Management and Accounting for use of Public Resources (SEMMA). Only UDB was allocated and received some funding which was nevertheless below the NDPII target.

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
C	**Sector level**	**57.7**	**60.1**	**53.2**	
1	Agriculture	56.1	57	50.9	The weak performance is as a result of poor budget releases and project performance. Of the 56 projects prioritized in NDPII, 37 (66.1 percent) are in the PIP and receive funding. The remaining 19 (33.9 percent) projects have not been developed. Donor supported projects are the core for the sector with substantial resources, however, they face delayed approval and implementation. **Key areas of noncompliance include:** increased agricultural mechanization; enhance access and use of fertilizer; increase access to water for agricultural production; agriculture mechanization; build capacities of farmers, traders and processors in quality standards and market requirements; promote investments in storage infrastructures to reduce post-harvest losses; operational single spine extension system; promoting sustainable land use and soil management; as well as deepening ICT access to facilitate market information sharing. Also, some of the prioritized interventions were missing in the BFP and AB, for instance; operationalization of the commercialization fund and increased access to agricultural financial services.
2	Tourism	55.8			
3	Tourism, Trade and Industry	58.3	53.4	48.5	The weak performance is attributed to the absence of approved plans among majority of the MDAs. On top of the sector not having a development plan, only four (4) of the eleven (11) MDAs under the sector namely; MTIC, MTWA, UNBS and UWEC have approved strategic plans. Seven (7) MDAs namely; UEPB, UDC, HTTI, UWRTI, UWA, UTB and MTAC do not have strategic plans. **Key areas of noncompliance include:** Establishment of Satellite Border Markets; scaling up Value Addition and Collective Marketing; Establishing an Integrated Steel and Iron Industry, Zonal Agro-processing; Establishment of Agricultural Commodity Marketing Fund; Supporting Tourism Sites with Utilities and ICT related services; Re-establishment of Cooperatives based inputs Delivery System; Re-vitalization of the Uganda Development Corporation, among others.

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
4	Energy & Mineral Development	53.4	64.5	41.9	The decline in performance is explained by: (i) the MDAs' lack of approved plans. Specifically, although the sector has an approved SDP, the five MDAs namely; UETCL, UEGCL, UEDCL, REA and ERA have no approved Plans; (ii) non-prioritization of key interventions in the mineral subsector; and (iii) low budget releases and expenditures which have significantly continued to affect project execution. **Key areas of noncompliance include:** Establishing the mineral potential of Karamoja region; having an operational mining certification institution. Furthermore, the implementation of the objectives and interventions in the oil and gas subsector, such as the construction of the refinery and attendant infrastructure has progressed rather slowly i.e. below the NDP II targets. Secondly, the sector has incomplete and inconsistent output targets in the sector Development Plan and the budget instruments (BFP and MPS). At project level, the weak performance is attributed to low budget releases and expenditures which have significantly continued to affect project execution. For instance, the electrification of Industrial Parks projects and Muzizi HPP received about 25 percent of their allocated budget. However, only 5 percent of the released funds were spent by the end of quarter 2.
5	Health	52.9	51	51.7	Stagnation is attributed to the low budget absorption by the majority of health sector institutions especially under projects. Regarding the planning process, 21 out of the 24 (87.5 percent) of the Health Sector MDAs have approved strategic plans. The three that do not have approved strategic plans are: Mulago NRH, Fort Portal RRH and Kabale RRH. **Key areas of noncompliance include:** Community empowerment through implementation of the Community Health Worker's Strategy (CHEWS); financial risk protection of households against impoverishment due to health expenditures through implementation of the National Health Insurance Scheme (NHIS) and Performance Based Financing (PBF); Masstreatment of malaria for prevention; and addressing the key determinants of health through strengthening inter-sectoral collaboration and partnerships. Attraction and recruitment of senior and consultant level positions also remains low. Under project performance, there was a slow budget expenditure and project implementation. For instance, of Ugx 0.2b released for rehabilitation of SRRH project in FY2017/18 by Q2, only 20 percent had been spent.

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
					0.14bn was planned and received for Support to SRRH project, but 0 percent was spent by the end of Q2. A number of projects that had been planned for FY2017/18 had not started by half year.
6	Education	49.4	60.4	50.9	Although the sector has 15 out 16 sector MDAs with approved strategic plans (Only Education Service Commission with no plan), the sector has weak alignment of the budgeting instruments which is mainly explained by the inability of the BFPs to address the sector interventions towards a specified strategic direction in the NDPII. For instance, whereas the BFP addresses some interventions particularly on access to basic education, and infrastructure; it is weak on quality and efficiency in the delivery of education service. **Key areas of noncompliance include:** under the BFP, less alignment is noticed in: Standards and quality assurance in tertiary institutions; repetition, dropout and completion; inspection and compliance to the Basic Requirements and Minimum Standards (BRMS), higher education financing; Teacher Development and Management and support to school management (BoGs and SMCs). Equally worrying is the fact that no progress is reported by the budget tools on the intervention of having a government primary school per parish. Other priorities not well addressed by the budget tools include: training of ECD caregivers, shift to competence-based education and training (CBET), and increased science, Maths and technology teachers and graduates. Poor project performance is attributed to low project budget outturn and poor expenditure performance. Out of the released funds, only 36.3 percent had been spent at half year. Additionally, 18 projects that are being funded are not listed among the NDPII priority projects.

S/N	**Level of assessment**	**2015/16**	**2016/17**	**2017/18**	**Areas of Non-compliance**
7	Water & Environment	55.7	51.8	51.2	The sector performed well on the planning process as evidenced by the sector and its MDAs all having approved Sector Development Plan. The FY2017/18 assessment indicates poor budget releases and expenditure. Only the Ministry has been able to access 68 percent of its approved budget. Other MDAs have low budget outturns; NEMA 39 percent, NFA 36 percent while the Uganda National Meteorology Authority 29 percent. All MDAs spent less than 90 percent of their budget outturn by half year. **Key areas of noncompliance include:** Develop and implement ecosystem management and restoration plans; Develop wetland management plans for equitable utilization of wetland resources country wide; National Wetland specific law in place and enforced; Area (Ha) of forest plantations planted and preserved by NFA; tourism companies in the forestry sector; and, communities sensitized.

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
8	Works and Transport	72.4	55	58.0	The sectors' stagnation in performance is attributed to the absence of approved and aligned plans among all the MDAs. These MDAs include: Uganda National Roads Authority (UNRA), Uganda Road Fund (URF), Uganda Railways Corporation (URC), and Civil Aviation Authority (CAA). Under projects, the weak performance is as a result of poor budget releases and expenditures to the projects. For instance, the approved budget for SGR project was Ugx 72.5 Billion, but only Ugx. 20 Billion (27.6 percent) was released by end of quarter 2. Similarly, Kibuye-Busega-Mpigi Expressway has an approved budget of Ugx. 118.16 Billion but no release was made **Key areas of noncompliance include:** Whereas the sector prioritizes most of the NDPII interventions, a number remain unbudgeted, these include: i) Promote vehicle efficiency and technologies; ii) Review of road construction Designs and Standards; iii) Improve institutional planning, monitoring & performance evaluation; iv) Strengthening the transport planning function of the MWT; v) Survey, map and Install navigation Aid on inland waterways; and vi) Increase awareness & advocacy in safety of inland water and rail transport. In addition, most projects lagged behind schedule due to delayed compensation of PAPs. Overall, the sector project progress indicates that 32 out of 67 (47.8 percent) projects are at feasibility and land acquisition stages, 27 out of 67 (40.3 percent) projects are ongoing but behind schedule, while 2 out of the 67 projects have not commenced.
9	Social Development	65.1	57.7	65.0	Both the sector and EOC have approved plans except the Ministry of Gender Labour and Social Development (MGLSD). Out of the 13 sector projects in the NDPII, 5 are in the PIP. One project, Chemical Safety & Security (CHESASE) is in the PIP but not in NDPII. Regarding budget performance, by the end of Q2, EOC received 50 percent of its allocated budget and absorbed 98 percent while MGLSD received less than 50 percent of its allocated budget and absorbed 92 percent. **Key areas of noncompliance include:** Development of a modern cultural center; elimination of child marriage and development of a national sexual harassment policy; expansion of Library and Information services; Strengthening the legal and policy framework for culture and creative industries, among others.

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
10	ICT	68.6	50.8	49.8	Although at planning level, the sector is 100 percent compliant. i.e. The sector and the corresponding MDAs that include: MoICT & NG, NITA, UCC, POSTA and UICT have approved development plans, the weak budget performance was attributed to both the low release and absorption capacity of the sector. For instance, of the approved budget to the sector, 41.7 percent was received while 71.8 percent was spent. The weak project performance is as a result of the sector's failure to absorb all resources allocated to it by the second quarter. **Key areas of noncompliance include:** Investment in ICT innovation and research, operationalization of the Government Citizens Interaction Centre, turning postal network into a one stop centre for Government services, and transforming the Uganda Institute of Information and Communications Technology at Nakawa into a center of excellence for ICT training, among others.
11	Lands, Housing & Urban Development	41.3	65.1	52.9	Whereas the Sector and the Ministry of Lands, Housing and Urban Development have an approved development plan, ULC has a strategic plan that is not aligned to the NDPII. The majority of the project ideas (62.5 percent) in the NDPII are yet to be developed into bankable projects. **Key areas of noncompliance include:** Operationalizing the National Land Fund to provide improved land access; developing the real estate policy, laws, regulations and guidelines to streamline the real estate industry; providing for housing needs for government institutions according to priority development areas for mining, oil and gas and infrastructure corridors; increasing accessibility to housing related inputs through land banking, among others. The supplementary budget received by the ULC compensated registered trustees of Church of Uganda for their land at Entebbe International Airport and Nsambya diocese, which activities are outside the NDPII. The cross-cutting issues are completely not funded

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
12	Justice, Law & Order	71.0	70.4	57.0	The sector has an approved Development Plan. Out of the 17 Sector MDAs, 13 have approved strategic Plans. The MDAs that do not have approved plans include; Ministry of Justice and Constitutional Affairs (MoJCA), Uganda Registration Services Bureau (URSB), Directorate of Public Prosecution (DPP) and Law Development Centre (LDC). In addition, there is inadequate release of funds to some projects as well as the low absorption of project funds especially with institutions like the DCIC, and JSC. Whereas most institutions received most of the quarterly funds many of them had not spent more than 10% of the released funds. Of the total MTEF approved vote budget of 1,151.5Bn, Shs 617.743Bn was released, of which Shs.564.296Bn was spent by half year. **Key areas of noncompliance include:** Most of the programmes and sub-programmes for most MDAs still capture lower level outputs. Programme based budgeting has not yet delivered the results it was intended for. A review of the MDA budgets for previous years indicates that most MDAs have only renamed outputs into programmes and sub-programmes. Therefore, most institutional budgets do not show overall contribution to development results.
13	Public Administration	58.3	67.7	50.1	The Sector has a SDP which is approved and aligned to the NDPII. Out of the 4 MDAs in the Sector, only the MOFA has an approved Strategic Plan aligned to the NDPII. The others that don't have include: Office of the President, State House and Electoral Commission. **Key areas of noncompliance include:** Sector service delivery standards; establishment of a national service programme to strengthen patriotism; capacity building for RDCs among others. The weak performance is as a result of low releases and very low absorption of funds by the MDAs under the sector. Projects that did not receive funding include: Support to Electoral Commission and strengthening mission in Beijing. Projects not in the PIP include: Construction of Headquarter, Regional and District offices for the Electoral Commission.

S/N	**Level of assessment**	**2015/16**	**2016/17**	**2017/18**	**Areas of Non-compliance**
14	Legislature	70.3	61	52.8	The sector is 100 is 100 percent compliant because it has an approved strategic plan. The reverse in performance is because the sector scored zero percent on project performance. Thus, the sector failed to spend over 90 percent of the released funds i.e. the sector spent 56.0 percent of the released resources. In addition, the sector is still weak at prioritization of key NDPII interventions in both BFP and AB. The zero percent is a result of receiving more than the expected resources by half year and failure to fully spend the released resources. **Key areas of non-compliance include:** Instituting a system of linkages between local government, constituencies and the national Parliament; Enactment of laws to strengthen credibility of electoral processes in Uganda and reviewing appropriate legislation to facilitate elimination of corruption; and promote application of human rights-based operations in government operations.
15	Accountability	41.3	70	55.7	The drop in the sector performance is as a result of the low performance on the planning process. Out of the 21 MDAs of the sector, 8 don’t have approved strategic plans. In addition, the sector had a low absorption of released funds for projects by MDAs. For instance, DEI and PPDA received 100 percent of the allocated funds by Q2 but spent 0.0 percent. There is also a deviation of intervention targets between planning and budgeting. At budget level, the weak performance was attributed to poor absorption of the released funds among the MDAs with the exception of URA, UBOS and Inspectorate of Government (IG) which spent 100, 95.7 and 96.3 percent respectively

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
16	Public Sector Management	50.7	62.7	47.8	The drop-in performance is attributed to the lack of approved plans by the sector and MDAs. Out of the 7 Sector MDAs, 4 have approved plans, namely: NPA, MEACA, OPM and MoPS. LGFC, PSC, MoLG and LGFC have no approved strategic plans. Additionally, the PSM sector has no development plan. There are also variations between the NDPII and BFP and AB allocations. Furthermore, the weak budget performance is attributed to under releases and underutilization of the released funds. The sector received 32.4 percent of the approved budget and spent 88.9 percent of the releases by end of the second quarter. **Key areas of non-compliance include:** Development and institutionalization of national value system; revival of community mobilization systems in LGs; provision of early warning messages; and roadmaps for political federation; Redesigning the fiscal decentralization architecture to provide for promotion of adequate and sustainable local government financing; Strengthening local tax administration and exploring new sources to widen and deepen local revenue bases.

S/N	Level of assessment	2015/16	2016/17	2017/18	Areas of Non-compliance
17	Defence and Security	61.0	63.9	67.7	Whereas the sector and the Ministry of Defence and Veteran Affairs have an approved Plan, the other MDAs, namely; ESO and ISO, do not have approved strategic plans. The sector has incomplete and inconsistent targets in the sector development Plan and the budget instruments and where they exist, they are lower than the planned targets. In addition, whereas the sector prioritizes most of the NDPII interventions, a number of those interventions remained unbudgeted for. Out of the 23 NDPII priority sector projects, only 5 (21percent) are integrated in the PIP. These include Ministry of Defence and Veteran Affairs Retooling Project, Strengthening of ISO; Defence equipment project; UPDF peace keeping mission; and Strengthening ESO. **Key areas of non-compliance include:** Establishment of a National Defence College (NDC) and Institute for Security Studies (ISS); Review and harmonization of the R&D policy; Introduction of an incentive and reward mechanism for innovation and prototype development; equipping and facilitating the Defence Research, Science and Technology Centre (DRSTC-Lugazi); and the Nakasongola Avionics Research Centre. Other factors that negatively affected the sector performance include: limited budgetary commitment to establishing mechanisms for defense to participate in primary, secondary and industrial production; limited budgetary focus to national infrastructure development; and lack of budgetary provision for the National Service Programme. In addition, the cross-cutting issues are completely unbudgeted for. On the other hand, the sector undertook a costly but unbudgeted for activity of the untimely withdraw of the UPDF from the Central African Republic (CAR) between August and October 2017 as part of the disengagement by the African Union Regional Task Force (AURT), which may have affected implementation of planned activities
D	Local Government		51.8	62.2	The slight improvement is due to the LGs having progressed in finalizing their LGDPs and having them approved and good release performance.
Total Compliance		**68.3**	**58.8**	**54.0**	

Annex 2: Average Deviations of NDPII and the PSI from the Budget, 2015/16-2019/20

Indicator	**2015/16**					**2016/17**					**2017/18**				
	NDPII	PSI	Budget	Deviation of NDP from Budget (Absolute)	Deviation of PSI from Budget (Absolute)	NDPII	PSI	Budget	Deviation of NDP from Budget (Absolute)	Deviation of PSI from Budget (Absolute)	NDPII	PSI	Budget	Deviation of NDP from Budget (Absolute)	Deviation of PSI from Budget (Absolute)
Real GDP	5.80	4.70	4.83	20.04	2.73	5.90	5.00	3.96	48.81	26.11	6.40	5.50	5.50	16.36	0.00
Nominal GDP (UG Shs Billions)	83,615	83,120	82,903	0.86	0.26	92,164	93,639	91,351	0.89	2.50	101,888	103,400	100,583	1.30	2.80
GDP Per Capita (USD)	835	673	673	24.07	0.00	889	626	706	25.90	11.35	933	648	742	25.71	12.69
Revenues and Grants	14.50	15.20	16.53	12.27	8.04	14.80	15.90	16.76	11.71	5.15	15.20	15.90	16.60	8.44	4.22
Revenues	13.50	13.80	15.03	10.18	8.18	14.00	14.10	15.62	10.35	9.71	14.40	14.50	14.97	3.84	3.17
Grants	1.00	1.40	1.50	33.30	6.62	0.80	1.80	1.15	30.17	57.12	0.80	1.40	1.63	50.81	13.93
Expenditures and net lending	21.90	20.10	21.86	0.18	8.05	22.96	21.90	21.03	9.16	4.12	22.45	20.80	22.17	1.24	6.20
Overall balance (including grants)	-7.00	-5.30	-5.33	31.29	0.60	-7.40	-6.00	-4.27	73.25	40.48	-7.70	-4.90	-5.60	37.50	12.50
Overall balance (excluding grants)	-8.60	-6.70	-6.83	25.90	1.92	-8.50	-7.80	-5.42	56.92	44.00	-8.50	-6.20	-7.20	18.06	13.89
Average				17.57	4.04				29.68	22.28				18.14	7.71

Indicator	**2018/19**					**2019/20**				
	NDPII	PSI	Budget	Deviation of NDP from Budget (Absolute)	Deviation of PSI from Budget (Absolute)	NDPII	PSI	Budget	Deviation of NDP from Budget (Absolute)	Deviation of PSI from Budget (Absolute)
Real GDP	6.60	5.50	6.00	10.00	8.33	6.80	6.00	6.30	7.94	4.76
Nominal GDP (UG Shs Billions)	112,792	111,555	111,693	0.98	0.12	125,165	124,146	124,734	0.35	0.47
GDP Per Capita (USD)	986	737	748	31.82	1.47	1,039	799	791	31.39	1.04
Revenues and Grants	15.50	16.80	16.66	6.99	0.81	15.80	17.50	17.28	8.59	1.25
Revenues	14.90	15.40	15.21	2.06	1.23	15.30	15.90	15.50	1.31	2.56
Grants	0.60	1.40	1.45	58.68	3.59	0.50	1.60	1.78	71.93	10.18
Expenditures and net lending	21.77	22.30	22.71	4.15	1.81	20.83	21.50	21.90	4.90	1.84
Overall balance (including grants)	-6.50	-5.50	-5.90	10.17	6.78	-4.30	-4.00	-4.40	2.27	9.09
Overall balance (excluding grants)	-7.10	-6.90	-7.50	5.33	8.00	-4.80	-5.60	-6.40	25.00	12.50
Average				14.47	3.57				17.07	4.86

Other than the year 2016/17, the average deviations of NDPII and the PSI from the Budget, 2015/16-2019/20 indicate that the budget is closer to the PSI than the NDP.

Annex 3. Status of Implementation of Core Projects

Status of project	No.	Proportion
Projects Not Yet started 1. Albertine region roads 2. Ayago hydro power plant, 3. Storage Infrastructure project 4. Phosphate Industry in Tororo 5. Oil-related infrastructure projects, 6. Kampala Bombo Express highway 7. Region Power Pool Grid Extensions, 8. Other oil-related support infrastructure. 9. Development of Iron Ore and Steel Industry, 10. Mineral Development for Strategic Minerals, 11. Strengthening Effective Mobilization, Management and Accounting for Public Resources (SEMMA)	11	28.2 percent
Projects still at Feasibility 12. Hoima Oil Refinery, 13. Albertine region airport, 14. Standard Gauge Railway 15. Kampala-Jinja Expressway 16. Kabale- Mirama Transmission Line, 17. Markets & Agriculture Trade Improvement Project (MATIP II) 18. Grid Extension in North-East, Central, Lira and Buvuma Islands,	7	17.9 percent
Ready projects for implementation 19. Development of source of the Nile, 20. Masaka-Mbarara Transmission Line, 21. Road and Road Construction Equipment 22. Kibuye-Busega- Mpigi, 23. Rwekunye-Apac-Lira-Kitgum-Musingo	5	12.8 percent
Projects under implementation but below schedule 24. Revitalization of UDC 25. Recapitalization of UDB 26. Skills Development project, 27. Kapchorwa-Suam road-77km 28. Youth livelihood Programme (YLP) 29. Entebbe Airport Rehabilitation phase1 30. Isimba Hydroelectricity Power Project, 31. Karuma Hydroelectricity Power Project 32. Mass Treatment of Malaria for Prevention, 33. Uganda Women Entrepreneurship Fund (UWEP), 34. Agriculture Cluster Development Project (ACDP) 35. Farm Income Enhancement and Forest Conservation II 36. Rehabilitation and reconstruction of 25 general hospitals 37. Kampala Southern by-pass/Kampala Northern Bypass Phase	14	35.9 percent
Projects on schedule 38. National Transmission Backbone project 39. Industrial substations Project	2	5.1 percent
Total	**39**	**99.90 percent**

Annex 4: Local government performance assessment summary sheet

S/no	Local Government	Alignment		Performance	Weighted average Score
		LGDP	AWP/B	AB FY2017/18	
1	Abim	100	35.9	100	55.1
2	Adjumani	100	42.9	100	60.0
3	Agago	100	38.8	100	57.2
4	Amolatar	100	61.4	100	73.0
5	Amudat	100	66.4	0	56.5
6	Amuria	100	35.1	100	54.6
7	Amuru	100	33.1	100	53.2
8	Apac District	100	73.5	100	81.5
9	Apac MC	100	48.6	100	64.0
10	Arua	100	60.1	100	72.1
11	Budaka	100	57.1	100	70.0
12	Bugiri	100	37.2	100	56.0
13	Buhweju	100	36.7	100	55.7
14	Buikwe	100	35.2	100	54.6
15	Bukedea	100	35.1	100	54.6
16	Bukomansimbi	100	37.9	100	56.5
17	Bulambuli	100	30.7	100	51.5
18	Buliisa	100	54.8	100	68.4
19	Bundibugyo	100	34	100	53.8
20	Bushenyi District	0	55	100	58.5
21	Bushenyi - Ishaka MC	100	40.8	100	58.6
22	Busia District	100	32.5	100	52.8
23	Busia MC	100	32.5	100	52.8
24	Butaleja	100	35.8	100	55.1
25	Butambala	0	42.8	100	50.0
26	Butebo	100	43.2	100	60.2
27	Buyende	100	36.6	100	55.6
28	Dokolo	100	30.5	100	51.4
29	Gulu MC	100	46.4	100	62.5
30	Hoima District	100	53.6	100	67.5
31	Hoima MC	100	41.1	100	58.8
32	Ibanda District	100	38.4	100	56.9
33	Ibanda MC	100	44.3	100	61.0
34	Iganga District	100	50.5	100	65.4
35	Iganga MC	100	38.5	100	57.0
36	Isingiro	100	52.3	100	66.6
37	Jinja District	100	49.5	100	64.7

S/no	Local Government	Alignment		Performance	Weighted average Score
		LGDP	AWP/B	AB FY2017/18	
38	Jinja MC	100	31.2	100	51.8
39	Kaabong	100	47.4	100	63.2
40	Kibaale	100	32.3	100	52.6
41	Kabale Municipal	100	38	100	56.6
42	Kaberamaido	100	68.2	100	77.7
43	Kagadi	100	34.8	100	54.4
44	Kakumiro	100	38	100	56.6
45	Kalangala	100	56.9	100	69.8
46	Kalungu	100	53.8	100	67.7
47	Kamuli	100	39.5	100	57.7
48	Kanungu	100	34.2	100	53.9
49	Kapchorwa District	100	61.3	100	72.9
50	Kapchorwa MC	0	37.6	100	46.3
51	Katakwi	100	35.5	100	54.9
52	Kayunga	100	39	100	57.3
53	Kibuku	100	65.7	100	76.0
54	Kiruhura	100	39.5	100	57.7
55	Kisoro District	100	60	100	72.0
56	Kisoro MC	100	45.1	100	61.6
57	Kitgum District	100	57.8	100	70.5
58	Kitgum MC	100	33.5	100	53.5
59	Koboko District	100	41.4	100	59.0
60	Kween	100	39.5	100	57.7
61	Kyankwanzi	100	33.1	100	53.2
62	Kyegegwa	100	41.3	100	58.9
63	Kyenjojo	100	49.8	100	64.9
64	Lamwo	100	35.7	100	55.0
65	Lira District	100	39.4	100	57.6
66	Lira MC	100	39	100	57.3
67	Luuka	100	30.6	100	51.4
68	Luwero	100	35.2	100	54.6
69	Lwengo	100	38.9	100	57.2
70	Lyantonde	100	34.3	100	54.0
71	Maracha	100	62.3	100	73.6
72	Masaka District	100	71.6	100	80.1
73	Masaka MC	100	36	100	55.2
74	Masindi District	100	79.3	100	85.5
75	Masindi MC	100	35.6	100	54.9
76	Mayuge	100	73.1	100	81.2
77	Mbale	100	31.7	100	52.2

S/no	Local Government	Alignment		Performance	Weighted average Score
		LGDP	AWP/B	AB FY2017/18	
78	Mbarara District	100	62.5	100	73.8
79	Mbarara MC	100	44.8	100	61.4
80	Mitooma	100	54	100	67.8
81	Mityana	100	76.5	100	83.6
82	Moroto	0	64.5	100	65.2
83	Moyo	100	65.2	100	75.6
84	Mpigi	100	59.9	100	71.9
85	Mubende MC	100	56.8	100	69.8
86	Mukono	100	53.8	100	67.7
87	Nakapiripirit	100	52.9	100	67.0
88	Namayingo	100	62.5	100	73.8
89	Namutumba	100	56.3	100	69.4
90	Napak	100	45.7	100	62.0
91	Nebbi District	100	62.8	100	74.0
92	Nebbi MC	100	43.5	100	60.5
93	Ngora	100	39.6	100	57.7
94	Ngora	100	53.3	100	67.3
95	Njeru MC	0	37.2	100	46.0
96	Ntoroko	100	63.5	100	74.5
97	Ntungamo District	100	53.1	100	67.2
98	Ntungamo MC	100	33.4	100	53.4
99	Nwoya	100	69.5	100	78.7
100	Oyam	100	49.4	100	64.6
101	Pakwach	100	50.6	100	65.4
102	Pallisa	0	53.3	100	57.3
103	Rubirizi	100	47.9	100	63.5
104	Rukungiri District	100	44.5	100	61.2
105	Serere	100	35	100	54.5
106	Sheema District	100	31.3	100	51.9
107	Sheema MC	100	60.8	100	72.6
108	Sironko	100	48.6	100	64.0
109	soroti	100	62.2	100	73.5
110	Tororo District	100	66.4	100	76.5
111	Tororo MC	100	52.5	100	66.8
112	Wakiso	100	35.8	100	55.1
113	Yumbe	100	54.2	100	67.9
114	Zombo	100	59	100	71.3
	Average	94.7	47.2	99.1	62.3

Annex 5: Status of Plan Submission by Sectors And MDA

Out of the sixteen (16) sectors, fifteen (15) have development plans approved and aligned to the NDPII. Further, out of the 135 MDAs, eight-nine (89) have approved plans that are aligned to the NDPII strategic direction and time frame, eighteen (18) have existing plans though not aligned to NDPII time frame, eighteen (18) have draft plans and ten (10) have no strategic plans.

TABLE 1: SECTOR SUBMISSION

S/N	SECTOR /AGENCY PLAN	COMMENTS
1	DEFENCE AND SECURITY SECTOR	Strategic plan approved and aligned to NDPII
2	JUSTICE, LAW AND ORDER (JLOS) SECTOR	Strategic plan approved and aligned to NDPII
3	ACOUNTABILITY SECTOR	Strategic plan approved and aligned to NDPII
4	PUBLIC ADMINISTRATION SECTOR	Strategic plan approved and aligned to NDPII
5	LEGISLATURE SECTOR	Strategic plan approved and aligned to NDPII
6	PUBLIC SECTOR MANAGEMENT	Draft strategic plan
7	ICT SECTOR	Strategic plan approved and aligned to NDPII
8	LANDS, HOUSING AND URBAN DEVELOP-MENT SECTOR	Strategic plan approved and aligned to NDPII
9	ENERGY AND MINERAL DEVELOPMENT SECTOR	Strategic plan approved and aligned to NDPII
10	WORKS AND TRANSPORT SECTOR	Strategic plan approved and aligned to NDPII
11	AGRICULTURE SECTOR	Strategic plan approved and aligned to NDPII
12	TOURISM, TRADE AND INDUSTRY SECTOR	Strategic plan approved and aligned to NDPII
13	WATER AND ENVIRONMENT SECTOR	Strategic plan approved and aligned to NDPII
14	SOCIAL SECTOR	Strategic plan approved and aligned to NDPII
15	EDUCATION SECTOR	Strategic plan approved and aligned to NDPII
16	HEALTH SECTOR	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	**94%**

TABLE 2: MDAS

S/N	SECTOR: MINISTRY /AGENCY/DEPARTMENT/ STATUTORY BODY	COMMENTS
	PSM	
1	NATIONAL PLANNING AUTHORITY (NPA)	Strategic plan approved and aligned to NDPII

S/N	SECTOR: MINISTRY /AGENCY/DEPARTMENT/ STATUTORY BODY	COMMENTS
2	MINISTRY OF PUBLIC SERVICE	Strategic plan approved and aligned to NDPII
3	OFFICE OF THE PRIME MINISTER (OPM)	Draft strategic plan
4	MINISTRY OF LOCAL GOVERNMENT	Draft strategic plan
5	MINISTRY OF EAST AFRICAN COMMUNITY AF-FAIRS	Strategic plan approved and aligned to NDPII
6	PUBLIC SERVICE COMMISSION (PSC)	Draft (plan is being prepared)
7	LOCAL GOVERNMENT FINANCE COMMISSION (LGFC)	No strategic plan
8	KAMPALA CAPITAL CITY AUTHORITY (KCCA)	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	**50%**
	ACCOUNTABILITY	
1	MINISTRY OF FINANCE, PLANNING AND ECO-NOMIC DEVELOPMENT	Strategic plan approved and aligned to NDPII
2	BANK OF UGANDA (BOU)	Strategic plan approved and aligned to NDPII
3	INSPECTORATE OF GOVERNMENT	Strategic plan approved and aligned to NDPII
4	DIRECTORATE OF ETHICS AND INTEGRITY	Strategic plan approved and aligned to NDPII
5	OFFICE OF THE AUDITOR GENERAL	Strategic plan approved and aligned to NDPII
6	UGANDA REVENUE AUTHORITY (URA)	Strategic plan approved and aligned to NDPII
7	UGANDA BUREAU OF STATISTICS (UBOS)	Existing final plan not aligned to NDP timeframe
8	UGANDA RETIREMENT BENEFITS REGURATORY AUTHORITY (URBRA)	Strategic plan approved and aligned to NDPII
9	PUBLIC PROCUREMENT AND DISPOSAL OF AS-SETS AUTHORITY (PPDA)	Existing final plan not aligned to NDP timeframe
10	CAPITAL MARKETS AUTHORITY	Existing final plan not aligned to NDP timeframe
11	NATIONAL SOCIAL SECURITY FUND (NSSF)	Existing final plan not aligned to NDP timeframe
12	UGANDA DEVELOPMENT BANK (UDB) LIMITED	Strategic plan approved and aligned to NDPII
13	INSURANCE REGULATORY AUTHORITY	Strategic plan approved and aligned to NDPII
14	UGANDA INVESTMENT AUTHORITY (UIA)	Strategic plan not approved
15	ECONOMIC POLICY RESEARCH CENTRE (EPRC)	Draft (plan is being prepared)
16	FINANCIAL INTELLIGENCE AUTHORITY (FIA)	Strategic plan approved and aligned to NDPII
17	UGANA MICROFINANCE REGULATORY AUTHORI-TY	No strategic plan
18	NATIONAL LOTTERIES GAMING BOARD	No strategic plan

S/N	SECTOR: MINISTRY /AGENCY/DEPARTMENT/ STATUTORY BODY	COMMENTS
	PROPORTION OF PLANS SUBMITTED	%78
	DEFENCE & SECURITY	
1	MINISTRY OF DEFENCE AND VETERAN AFFAIRS (MDVA)	Strategic plan approved and aligned to NDPII
2	EXTERNAL SECURITY ORGANISATION (ESO)	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	%100
	JLOS	
1	MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS	Strategic plan approved and aligned to NDPII
2	JUDICIARY STRATEGIC PLAN	Draft (plan is being prepared)
3	DIRECTORATE OF CITIZENSHIP AND IMMIGRA-TION CONTROL	Strategic plan approved and aligned to NDPII
4	DIRECTORATE OF PUBLIC PROSECUTIONS (DPP)	Strategic plan aligned to NDPII but not yet submitted
5	DIRECTORATE OF GOVERNMENT AND ANALYTI-CAL LABARATORY	Strategic plan aligned to NDPII but not yet submitted
6	JUDICIAL SERVICE COMMISSION (JSC)	Strategic plan aligned to NDPII but not yet submitted
7	LAW DEVELOPMENT CENTRE (LDC)	Draft (plan is being prepared)
8	MINISTRY OF INTERNAL AFFAIRS (MOIA)	Strategic plan approved and aligned to NDPII
9	UGANDA HUMAN RIGHTS COMMISSION (UHRC)	Strategic plan approved and aligned to NDPII
10	UGANDA LAW REFORM COMMISSION (ULRC)	Strategic plan approved and aligned to NDPII
11	NATIONAL IDENTIFICATION REGULATORY AU-THORITY (NIRA)	Strategic plan approved and aligned to NDPII
12	UGANDA POLICE FORCE (UPF)	Strategic plan approved and aligned to NDPII
13	UGANDA PRISONS SERVICE (UPS)	Strategic plan approved and aligned to NDPII
14	UGANDA REGISTRATION SERVICES BUREAU (URSB)	Draft (plan is being prepared)
15	UGANDA NATIONAL NGO BOARD	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	**80%**
	LEGISLATURE	
1	PARLIAMENTARY SERVICE COMMISSION	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	**100%**
	PUBLIC ADMINISTRATION	
1	MINISTRY OF FOREIGN AFFAIRS	Strategic plan approved and aligned to NDPII
2	ELECTORAL COMMISSION (EC)	Draft (plan is being prepared)

S/N	SECTOR: MINISTRY /AGENCY/DEPARTMENT/ STATUTORY BODY	COMMENTS
3	OFFICE OF THE PRESIDENT	Draft (plan is being prepared)
4	STATE HOUSE	Draft (plan is being prepared)
	PROPORTION OF PLANS SUBMITTED	%25
	ICT	
1	MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY	No strategic plan
2	UGANDA COMMUNICATIONS COMMISSION	Strategic plan approved and aligned to NDPII
3	NATIONAL INFORMATION AND TECHNOLOGY AUTHORITY (NITA)	Strategic plan approved and aligned to NDPII
4	UGANDA POSTS LIMITED	Existing final plan not aligned to NDP timeframe
5	UGANDA INSTITUTE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY	Existing final plan not aligned to NDP strategic direction
	PROPORTION OF PLANS SUBMITTED	%80
	ENERGY AND MINERAL DEVELOPMENT	
1	ELECTRICITY REGULATORY AUTORITY	Existing final plan not aligned to NDP timeframe
2	RURAL ELECTRIFICATION AGENCY	Existing final plan not aligned to NDP timeframe
3	UGANDA PETROLEUM AUTHORITY	Draft strategic plan
4	NATIONAL OIL COMPANY	No strategic plan
5	UGANDA ELECTRICITY DISTRIBUTION COMPANY LTD	Existing final plan not aligned to NDP timeframe
6	UGANDA ELECTRICITY TRANSMITION COMPANY LTD	Existing final plan not aligned to NDP timeframe
7	UGANDA ELECTRICITY GENERATION COMPANY LTD	Existing final plan not aligned to NDP timeframe
	PROPORTION OF PLANS SUBMITTED	%71
	LANDS, HOUSING AND URBAN DEVELOPMENT	
1	MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT	Strategic plan approved and aligned to NDPII
2	UGANDA LANDS COMMISSION	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	**100%**
	SCIENCE AND TECHNOLOGY SECTOR	
1	UGANDA NATIONAL COUNCIL OF SCIENCE AND TECHNOLOGY	No strategic plan
2	MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION	Draft (plan is being prepared)
2	UGANDA INDUIRSTRIAL RESEARCH INSTITUTE (UIRI)	Draft (plan is being prepared)
	PROPORTION OF PLANS SUBMITTED	%0
	WORKS AND TRANSPORT	
1	UGANDA NATIONAL ROADS AUTHORITY	No strategic plan

S/N	SECTOR: MINISTRY /AGENCY/DEPARTMENT/ STATUTORY BODY	COMMENTS
2	CIVIL AVIATION AUTHORITY (CAA)	Existing final plan not aligned to NDP timeframe
3	UGANDA NATIONAL ROAD FUND (UNRF)	Strategic plan approved and aligned to NDPII
4	MINISTRY OF WORKS AND TRANSPORT	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	%75
	AGRICULTURE	
1	MINISTRY OF AGRICULTURE, ANIMAL, INDUSTRY AND FISHERIES	Strategic plan approved and aligned to NDPII
2	NATIONAL AGRICULTURAL RESEARCH ORGANISATION	No strategic plan
3	NATIONAL AGRICULTURE ADVISORY SERVICES (NAADS)	Strategic plan approved and aligned to NDPII
4	DAIRY DEVELOPMENT AUTORITY (DDA)	Strategic plan approved and aligned to NDPII
5	NATIONAL ANIMAL GENETICS RESOURCES CENTRE AND DATA BANK (NAGRIC)	Strategic plan approved and aligned to NDPII
6	UGANDA COFFEE DEVELOPMENT AUTHORITY (UCDA)	Strategic plan approved and aligned to NDPII
7	COTTON DEVELOPMENT ORGANISATION (CDO)	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	**86%**
	WATER AND ENVIRONMENT SECTOR	
1	MINISTRY OF WATER AND ENVIRONMENT	Strategic plan approved and aligned to NDPII
2	NATIONAL FORESTRY AUTHORITY (NFA)	Strategic plan approved and aligned to NDPII
3	NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY (NEMA)	Strategic plan approved and aligned to NDPII
4	UGANDA NATIONAL METROLOGICAL AUTHORITY	Existing final plan not aligned to NDPII timeframe
5	NATINOAL WATER AND SEWERAGE CORPORATION	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	%100
	TOURISM, TRADE AND INDUSTRY	
1	MINISTRY OF TOURISM, TRADE AND COOPERATIVES	Strategic plan approved and aligned to NDPII
3	MINISTRY OF TOURISM, WILDLIFE AND ANTIQUITIES	Strategic plan approved and aligned to NDPII
4	UGANDA WILDLIFE AUTHORITY	No strategic plan
5	UGANDA NATIONAL BUREAU OF STANDARDS (UNBS)	Strategic plan approved and aligned to NDPII
6	UGANDA EXPORTS PROMOTION BOARD	Draft not yet approved
7	UGANDA DEVELOPMENT COORPERATION (UDC)	Draft (plan is being prepared)

S/N	SECTOR: MINISTRY /AGENCY/DEPARTMENT/ STATUTORY BODY	COMMENTS
8	UGANDA TOURISM BOARD (UTB)	Draft (plan is being prepared)
9	UGANDA FREE ZONES AUTHORITY (UFZA)	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	%44
	EDUCATION	
1	MINISTRY OF EDUCATION AND SPORTS	Strategic plan approved and aligned to NDPII
2	EDUCATION SERVICE COMMISSION	Draft (plan is being prepared)
3	MAKERERE UNIVERSITY	Strategic plan approved and aligned to NDPII
4	MBARARA UNIVERSITY OF SCIENCE AND TECHNOLOGY	Strategic plan approved and aligned to NDPII
5	GULU UNIVERSITY	Strategic plan approved and aligned to NDPII
6	KYAMBOGO UNIVERSITY	Strategic plan approved and aligned to NDPII
7	BUSITEMA UNIVERSITY	Strategic plan approved and aligned to NDPII
8	MUNI UNIVERSITY	Strategic plan approved and aligned to NDPII
9	MAKERERE UNIVERSITY BUSINESS SCHOOL (MUBS)	Strategic plan approved and aligned to NDPII
10	UGANDA MANAGEMENT INSTITUTE (UMI)	Strategic plan approved and aligned to NDPII
11	SOROTI UNIVERSITY OF SCIENCE AND TECHNOLOGY	Strategic plan approved and aligned to NDPII
12	KABALE UNIVERSITY	Strategic plan approved and aligned to NDPII
13	LIRA UNIVERSITY	Strategic plan approved and aligned to NDPII
14	NATIONAL CURRICULUM DEVELOPMENT CENTRE (NCDC)	Strategic plan approved and aligned to NDPII
15	UGANDA NATIONAL EXAMINATIONS BOARD (UNEB)	Strategic plan approved and aligned to NDPII
16	NATIONAL COUNCIL FOR HIGHER EDUCATION	Strategic plan approved and aligned to NDPII
17	UGANDA BUSINESS AND TECHNICAL EXAMINATIONS BOARD	Strategic plan approved and aligned to NDPII
18	UGANDA NURSES AND MIDWIFERY EXAMINATIONS BOARD	Strategic plan approved and aligned to NDPII
19	UGANDA ALLIED HEALTH EXAMINATIONS BOARD	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	%95
	HEALTH	
1	MINISTRY OF HEALTH	Strategic plan approved and aligned to NDPII

S/N	SECTOR: MINISTRY /AGENCY/DEPARTMENT/ STATUTORY BODY	COMMENTS
2	HEALTH SERVICE COMMISSION (HSC)	Strategic plan approved and aligned to NDPII
3	UGANDA AIDS COMMISSION (UAC STRATEGIC PLAN	Strategic plan approved and aligned to NDPII
4	NATIONAL MEDICAL STORES	Strategic plan approved and aligned to NDPII
5	MBARARA HOSP STRATEGIC PLAN	Strategic plan approved and aligned to NDPII
6	MULAGO HOSPITAL	Draft not yet approved
7	BUTABIKA HOSPITAL	Strategic plan approved and aligned to NDPII
8	SOROTI REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
9	GULU REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
10	LIRA REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
11	ARUA REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
12	KABALE REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
13	MUBENDE REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
14	MBALE REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
15	MOROTO REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
16	MASAKA REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
17	UGANDA CANCER INSTITUTE (UCI)	Strategic plan approved and aligned to NDPII
18	UGANDA HEART INSTITUE (UHI)	Strategic plan approved and aligned to NDPII
19	UGANDA BLOOD TRANSFUSION SERVICE (UBTS)	Strategic plan approved and aligned to NDPII
20	JINJA HOSPITAL	Strategic plan approved and aligned to NDPII
21	FORT HOSPITAL	Strategic plan approved and aligned to NDPII
22	HOIMA HOSPITAL	Strategic plan approved and aligned to NDPII
23	NAGURU REGIONAL REFERAL HOSPITAL	Strategic plan approved and aligned to NDPII
23	NATIONAL DRUG AUTHORITY	Strategic plan approved and aligned to NDPII

S/N	SECTOR: MINISTRY /AGENCY/DEPARTMENT/ STATUTORY BODY	COMMENTS
23	UGANDA VIRUS RESEARCH INSTITUTE	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	**96%**
	SOCIAL DEVELOPMENT	
1	MINISTRY OF GENDER, LABOUR AND SOCIAL DEVELOPMENT	No strategic plan
2	EQUAL OPPORTUINITIES COMMISSION (EOC)	Strategic plan approved and aligned to NDPII
	PROPORTION OF PLANS SUBMITTED	**50%**

Annex 6: Full Year FY2016/17 Coc Assessment Report

At the time of issuing the FY2016/17 CoC, assessment was done using half year budget performance data. This assessment is updated after the completion of the year using full year data. In this assessment, data on budget release and outturn at the end of FY2016/17 is used to update the CoC framework. Below are the details of full year assessment at sector level.

1.0 OVERALL ASSESSMENT OF BUDGET COMPLIANCE

The full FY2016/17 compliance assessment is not significantly different from the half year compliance assessment of the same FY2016/17. **Specifically, the full FY 2016/17 Annual Budget was 57.9 percent compliant compared to 58.8 percent compliance at half of FY2016/17.** The overall slight decline in compliance scores in the full FY2016/17 is mainly attributed to the low expenditure performance. The detailed scores are provided in Annex 6.1.

Table A6.1: Certificate of Compliance scores for Half year and Full

NO.	LEVEL OF ASSESSMENT1	FY2016/17 Half Year	FY2016/17 Full Year
A	MACRO LEVEL ASSESSMENT	48.1	46.8
B	NATIONAL LEVEL ASSESSMENT	74.2	66.4
C	**SECTOR LEVEL**	**Total Score**	**Total Score**
1	Agriculture	57.0	69.2
2	Tourism, Trade, Industry and Cooperatives	53.4	52.1
3	Energy and Mineral Development	64.5	62.1
4	Health	51.0	56.6
5	Education and Skills Development	60.4	55.2
6	Water and Environment	51.8	59.4
7	Works and Transport	55.0	59.3
8	Social Development	57.7	67.3
9	Information Communication Technology (ICT)	50.8	52.6
10	Lands, Housing and Urban Development	65.1	61.6
11	Justice Law and Order	70.4	76.2
12	Public Administration	67.7	66.2
13	Legislature	61.0	48.4
14	Public Sector Management	62.7	60.4
15	Defence and Security	63.9	67.7
16	Accountability	70.0	75.8
17	Science, Technology and Innovation		
D	Local Government	51.8	49.5
	Total Compliance Score	**58.8**	**57.9**

2.0 MACRO LEVEL COMPLIANCE ASSESSMENT

At the macroeconomic level, the FY2016/17 Annual Budget (AB) is 46.8 percent which is lower than the half year score of 48.1 percent in the same period. Specifically, while the Charter of Fiscal Responsibility (CFR) is 100 percent aligned to the NDPII, alignment at budgeting level at **43.8** percent, budget outturn at **31.9** percent and budgeting instruments (NBFP) at **46.3** percent which explains the continued low overall macroeconomic level performance. Therefore, the significant decline in macroeconomic level compliance in FY2016/17 is attributed to the weaker alignment between strategic planning and budgeting.

3.0 NATIONAL STRATEGIC LEVEL COMPLIANCE ASSESSMENT

At this level, compliance is assessed at five broad NDPII areas: the NDPII Theme/Goal; Objectives; Development strategies, Priorities and Core projects. The overall score at this level is a weighted sum of these focus areas with each contributing 20, 20, 15, 15, and 30 percent respectively to the final score. These NDPII broad focus areas are disaggregated and further broken down to form checklist items that have been drown from the NDPII Results and reporting framework.

3.1 Overall Assessment

Overall, the complete year assessment for FY2016/17 established that the Annual Budget was 66.4 percent compliant to the NDPII strategic direction down from 74.2 percent at half year assessment. This is a weighted score of 77, 61, 67, 73 and 59.4 percent for NDPII Theme/ Goal; Objectives; Development strategies, priorities and Core projects, respectively. It should be noted that the half year assessment only considered alignment of the budget instruments (NBFP and AB) to NDPII. However, the full year assessment now takes regard of budget outturn (release against approved allocations and expenditure/absorption). The drop in the budget compliance for FY2016/17 at full year assessment is attributed more to the inadequate releases against the approved budget allocations.

3.2 Theme/Goal Level

At this level, the 2016/17 Annual Budget was 77 percent compliant down from 85.4 percent at half year assessment. This is a weighted score of 82 percent and 75 percent for alignment of budget instruments (NBFP and AB) to NDPII and budget outturn (release and expenditure performance) respectively. The assessment at this level used indicators on the parameters of: competitiveness, wealth creation, employment and inclusive growth. The moderately satisfactory performance at the theme level is attributed to the inadequate release of resources against the approved budget for key interventions. For example; only UGX3.61Bn against UGX10.20Bn was allocated for Promotion of Green Jobs and Fair Labour Market in Uganda (PROGREL) equivalent to 35 percent; only UGX0.42Bn was released to MAAIF for among other activities, Agricultural Supplies under increased value addition of priority commodities against the approved UGX7.802Bn; UGX0.41Bn was released for establishment of new tree plantations against the approved UGX0.83Bn (49 percent); UGX0.22Bn was released for support to Agro-processing & marketing of agricultural Product Projects against UGX0.45Bn (49 percent). In addition, there was no budgetary allocation for some critical intervention related to sustainable wealth creation and employment including; supporting establishment of light manufacturing industries; and facilitating environmentally sound technologies for manufacturing.

Going forward, it is recommended that greater focus be given to ensuring release of the appropriated resources and prioritization of critical interventions of sustainable wealth creation and employment to ensure that the intended outcomes are achieved in line with the NDPII theme of competitiveness, wealth creation, employment and inclusive growth.

3.3 NDPII Objectives

Overall, the FY2016/17 Annual Budget was 61 percent aligned at the objective level down from 74 percent at half year assessment. The budget instruments and the Budget outturn were 65 percent and 59 percent compliant with the NDPII respectively. The assessment at this level used indicators on the parameters of: sustainably increasing production, productivity and value addition in key growth opportunities (Objective1); increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness (Objective 2); enhancing human capital development (Objective 3); and strengthening mechanisms for quality, effective and efficient service delivery (Objective 4). The moderately satisfactory performance at the Objectives level is attributed the non-allocation of resources to key interventions including: promoting the development of small scale manufacturing, that is; assembling, metal fabrication and small scale-packaging; development of work ethics skills in the formal and informal sectors; establishment of productivity centres at national and regional levels; promotion of culture and creative industries; development of labour market information systems; and Minimizing hazardous chemicals and materials, among others. In many instances the releases were not in line with the approved budget, for example, only UGX0.19Bn was released for recruitment of health workers against the approved budget of UGX0.55Bn; only UGX2.56Bn was released for promotion of sanitation and hygiene education against the approved budget of UGX5.62Bn, only UGX6.62Bn was released for improved access to water for livestock out of the approved budget of UGX13.93Bn, to mention but a few.
In view of the inadequacies identified above, it is necessary to refocus the budget on the key interventions aimed at achieving the NDPII objectives.

3.4 Development Strategies

Overall, the FY2016/17 Annual Budget was 67 percent compliant at the development strategies level down from 79 percent at half year assessment. The alignment of budget instruments and budget performance were 70 percent and 65 percent compliant to the NDPII, respectively. At this level, eight NDPII development strategies formed the basis for the assessment. These are:fiscal expansion for frontloading infrastructure investment; industrialization; fast tracking skills development; export-oriented growth; a quasi-market approach; harnessing the demographic dividend; urbanization; and strengthening governance.

The moderately satisfactory performance at this level is attributed to the inadequate release of resources against the approved budget for key interventions. For example: only UGX0.42Bn was released against UGX7.8Bn planned for increasing value addition of priority commodities and Support to Agro processing & marketing of agricultural and only UGX0.22bn was released against UGX0.45Bn allocated for Product Projects; UGX500.73Bn was released against UGX2,321.4Bn for Energy and Transport Infrastructure as well as the district Infrastructure programme, representing only 21.6 percent. In addition, there was non-allocation of resources for some areas of development strategies, including establishing the 6 centres of excellence, and increasing private sector participation in the key growth areas, among others.

Going forward, it is recommended that greater focus is given to ensuring release of the appropriated resources towards frontloading infrastructure investments and improved planning to curb tendencies of attracting supplementary budgets improving budgetary allocations towards establishing the 6 centres of excellence and increasing private sector participation.

3.5 Core Projects

Overall, the FY2016/17 Annual Budget was 59.4 percent aligned at the core projects level down from 65 percent at half year assessment. The budget instruments and the budget outturn were 65 percent and 55.6 percent compliant to the NDPII respectively. The expenditure outturn for the ongoing national core projects was 78 percent. However, the release against the allocated budget was only 64 percent. In particular, UGX 1,766 Bn was released towards the 22 ongoing core projects, out of the approved allocation of UGX 2,769 Bn. UGX 1,369.1 Bn of the released amount was spent. In addition, only 6 out of 22 ongoing core projects received more than 80 percent of their budget allocations. Two core projects, that is, Entebbe Airport Rehabilitation Phase 1 (UGX300Bn) and Albertine Region Roads (UGX382.47Bn) received more than their allocated budgets of UGX280Bn and UGX84Bn, respectively.

16 of the 39 NDPII core projects were not prioritized in the FY2016/17 Annual Budget. These include: Storage Infrastructure; Phosphate Industry in Tororo; Albertine Region Airport; Mineral Development for Strategic Minerals; Development of Iron Ore and Steel Industry; Industrial Substations; Ayago Hydro Power Plant; Grid Extension in North-East, Central, Lira And Buvuma Islands; Masaka-Mbarara Transmission Line; Grid Extensions including those for Region Power Pool; Kampala Southern By-Pass; Kampala-Bombo Express Highway; Road Construction Equipment; Mass Treatment of Malaria for Prevention; and Strengthening Effective Mobilization, Management and Accounting for the Use of Public Resources (SEMMA).

Going forward, there is need to focus budgetary releases in line with appropriated budget for the core projects in order to realize the necessary development thrusts envisaged in the NDPII. In addition, there is need to fast-track preparation and development of the current 16 no-prioritized projects to enable then access funding for their implementation.

4.0 FY2016/17 SECTOR AND MDA LEVEL ASSESSMENT

The compliance assessment at the Sector level was undertaken at four (4) main levels: the existence and alignment of planning frameworks, Sector projects (excluding core national projects), the alignment of the Budget Framework Paper and the Annual budget targets to the NDPII, and level of budget performance (release and expenditure performance). At all these levels, scores were awarded in line with methodology section which details the assessment criteria for sectors. At this level, the FY2016/17 AB was **63.3** percent compliant. The respective sector assessment is detailed below.

4.1 Health

The sector was 56.6 percent compliant. This is a weighted score comprising 21, 66.7, 58.5 and 56.3 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The overall best performing MDA in the sector was National Medical Stores at 98.6 percent and the worst performing was Moroto at 20.4 percent. This unsatisfactory performance of the Health Sector is mainly attributed to lack of appropriate plans, inadequate alignment of the budget to the NDPII and weak budget performance. The health sector received UGX 1,470 billion out of the allocated UGX 1,848 billion which is 80 percent release outturn. The sector spent UGX 1,090 billion, which is 74.2 percent of the received amount. Only 6 of the 26 MDAs (including KCCA and LG transfers) had a budget outturn of less than 90percent. On the other hand, 13 of the 24 MDAs spent less than 90 percent of their releases.

On the implementation of projects, 11 out of 24 ongoing projects received less than 90 percent of their budget allocation. The release against allocation toward health sector projects was 60.5 percent. The expenditure outturn was 104.5 percent. In particular, 8 out of 24 expended at least 90 percent of the funds received. Projects that were most affected in terms of low budget outturn are: ADB Support to Uganda Cancer Institute (2percent); Renovation and equipping of Kayunga and Yumbe General hospitals (38.1percent); Rehabilitation and construction of General Hospitals (0percent); Public Health laboratory strengthening (60percent); Uganda Sanitation Fund Project (0percent), among others.

Going forward, it is recommended that greater focus is given to ensuring release of the appropriated resources to the sector and improved budget expenditure by MDAs for recurrent and development.

4.2 Education and Sports

The sector was 55.2 percent compliant. This is a weighted score comprising 31, 31.6, 75.0 and 66.9 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The Education and Sports received UGX 1,125.4 **billion** out of the allocated UGX 1,321.5 **billion** which is 85.2 percent budget outturn. The sector spent UGX 1,013.9**billion**, which is 90 percent of the received amount. Only 6 of the 15 MDAs had a budget outturn of less than 90 percent. On the other hand, 2 of the 15 MDAs spent less than 90 percent of their releases.

On the implementation of projects, of the 32 projects, 3 did not receive any funds, the rest (28) received less than 90 percent and only 1 received at least 90 percent of the budgeted funds. The release against allocation toward education sector projects was 68.7 percent. The expenditure outturn was 68.9 percent. In particular, 12 out of 29 projects expended less than 90 percent of the funds received. Projects that were most affected in terms of low budget outturn are: Busitema University infrastructure development (0 percent), Support to Muni infrastructure development (0 percent), Support to Makerere university (2.4 percent), Development of Kyambogo university (4.5 percent), Support to MUBS Infrastructure development (11.3percent), Development of Uganda Petroleum Institute Kigumba (31.4 percent) among others.

Besides the need to instill a culture of preparing medium term (5-year) strategic plans among departments and agencies in the education sector, critical attention is required to be paid to the low releases to projects in the sector.

4.3 Defense and Security

The sector was 81.2 percent compliant. This is a weighted score comprising 38, 92, 76 and 90 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance, respectively. The Defense and Security sector received UGX 2,354.5 billion out of the allocated UGX 2,766.6 billion which is 85 percent budget outturn. The sector spent UGX 2,350 billion, which is 99.8 percent of the received amount. None of the MDAs had a budget outturn of less than 90 percent. On the other hand, none of the MDAs spent less than 90 percent of their releases. The detailed performance of the sector MDAs is given in annex

On the implementation of projects, the sector is only implementing three projects which had budget outturn of over 90 percent that is, strengthening internal security capacity building, strengthening external security capacity building, and defense equipment. The release against allocation toward Defense and Security sector projects was 104.6 percent. The expenditure outturn was 100 percent. In particular A number of projects (78 percent) in the NDPII have not been integrated in the MoFPED PIP. These include; Military Referral Hospital (MRH), Barracks Construction Project, Food and Beverages Production, among others.

It is recommended that the sector fast tracks preparation of the identified NDPII projects, with a view to enable them enter the MoFPED PIP for possible funding and implementation.

4.4 Agriculture

The sector was 69.1 percent compliant. This is a weighted score comprising 61, 69.6, 60.0 and 80.6 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance, respectively. The Agriculture Sector received UGX 686.47 billion out of the allocated UGX 854.4 billion which is 80.3 percent budget outturn. The sector spent UGX 676 billion, which is 98.4 percent of the received amount. Only 2 of the 7 MDAs had a budget outturn of less than 90 percent. On the other hand, none of the MDAs spent less than 90percent of their releases. .

On the implementation of projects, 27 out of 37 ongoing projects received less than 90 percent of their budget allocations. The release against allocation toward agriculture sector projects was 94.3 percent. The expenditure outturn was 99 percent. In particular, all MDAs expended at least 90 percent of the funds received. Projects that were most affected in terms of low budget outturn are: COMESA seed harmonization implementation project (53.1 percent), improving access and use of agricultural equipment and mechanization through the use of labour saving technologies (35.9 percent), Northern Uganda Farmers Livelihood Improvement Project (32.4 percent), Farm-Based Bee Reserves Establishment project (27 percent), among others.

In view of the agriculture sector budget release performance at project level, there is need for the budget to put greater focus on projects in order to enable the sector achieve the intended role as one of the NDPII priority areas. In addition, the satisfactory absorption levels notwithstanding, it will be necessary to match the sector budget to the NDPII planned interventions for greater effectiveness.

4.5 Energy and Minerals Development

The sector was 62.1 percent compliant. This is a weighted score comprising 100, 63.5, 50 and 60 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The Energy and Mineral Development Sector received UGX 1,411.7 billion out of the budgeted UGX 2,418 billion which is 58 percent budget outturn. The sector spent UGX 1,427.4 billion, which is more than 100 Percent of the received amount. Only ERA realized a budget outturn of less than 90percent. On the other hand, all of the MDAs spent more than 90 percent of their releases. .

On the implementation of projects, 24 out of 32 ongoing projects received less than 90 percent of their budget allocations. The release against allocation toward energy sector projects was 57.7 percent. The expenditure outturn on projects was 106.2 percent. In particular, 30 out of 32 projects expended at least 90 percent of the funds received. Projects that were most affected in terms of low budget outturn are: Electrification of Industrial Parks Project (7.9percent), Muzizi HPP (44.7MW) (15.7percent), Grid Rural Electrification Project IDB 1 (23percent), Construction of Oil Refinery (6.2percent), Hoima - Kafu interconnection (19.1percent) among others.

It is recommended that urgent attention is paid to increasing releases towards meeting the energy and minerals sector project budgets.

4.6 Information Communication Technology

The sector was 51.1 percent compliant. This is a weighted score comprising 67, 35, 66 and 52 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The ICT Sector received UGX 160.1 billion out of the budgeted UGX 196.9 billion which is 81 percent budget outturn. The sector spent UGX 152.4 billion, which is more than 95.2

Percent of the received amount. Of the 5 MDAs, 3 realized a budget outturn of more than 90percent. On the other hand, only NITA spent less than 90percent of their releases. .

On the implementation of projects, 2 out of 3 ongoing projects received less than 90percent of their budget allocation. The release against allocation towards ICT sector projects was 29.7 percent. The expenditure outturn was 34.8 percent. In particular, 2 out of 3 projects expended at least 90percent of the funds received. Projects that were most affected in terms of low budget outturn are: Strengthening Ministry of Information and Communications Technology (41.2percent) and Regional Communication Infrastructure Programme (RCIP) (24.7percent).

Going forward, there is need to find a solution to the low releases towards the ICT sector projects and the corresponding weak absorption. At this rate, it will be difficult to realize the intended role of ICT in the quest for the middle-income status. The option to restructure the ICT projects to 100 percent donor funded may be considered.

4.7 **Justice Law and order sector**

The sector was 78.6 percent compliant. This is a weighted score comprising 90, 66.3, 81 and 84.6 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The Justice Law and Order Sector received UGX 1,124.7 billion out of the allocated UGX 1,149.4 billion which is 97.8 percent budget outturn. The sector spent UGX 1,109.4 billion, which is more than 98.6 percent of the received amount. Of the 13 MDAs, 12 realized a budget outturn of more than 90 percent. On the other hand, all MDAs spent more than 90 percent of their releases. .

The release against allocation towards JLOS sector projects was 88.5 percent. The expenditure outturn was 100.09 percent. In particular, 6 out of 14 ongoing projects received less than 90 percent of their budget allocation. On the expenditure side, all 14 projects expended at least 90 percent of the funds received. Projects that were most affected in terms of low budget outturn are: Support to Human Rights (5.7percent), Assistance to Judiciary System (43.7percent) and Support to Law Development Centre (35.2percent), among others.

4.8 **Lands Housing and Urban Development**

The sector was 71.3 percent compliant at this level of assessment. This is a weighted score comprising 75, 86, 57 and 70 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The Lands Housing and Urban Development Sector received UGX 191.8 billion out of the allocated UGX 155.0 billion which is 123.7 percent budget outturn. The sector spent UGX 60.9 billion, which is 31.8 percent of the received amount. Both the Ministry and Uganda Land Commission received over 100 percent of their budgetary allocations. The detailed performance of the sector MDAs is given in annex …

The release against allocation towards Lands Housing and Urban Development sector projects was 83.3 percent. The expenditure outturn was 33.3 percent. In particular, 5 out of 6 ongoing projects received less than 90 percent of their budget allocation and only 2 projects expended at least 90 percent of the funds received. There is need for more information to be provided in the sector reports regarding the release of funds to the sector which is above the allocated (23.7 percent) in contrast with the overall sector expenditure outturn of 31.8 percent and a project expenditure outturn of 33.3 percent. It is not clear how the extra release was utilized.

4.9 **Public Sector Management**

The sector was 60.4 percent compliant. This is a weighted score comprising 48, 51.6, 53 and 80.6 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The Public Sector Management Sector received UGX 340 billion out of the budgeted UGX 524 billion which is 64.9 percent budget outturn. The sector spent UGX 337.6 billion, which is more than 99.3 Percent of the received amount. Of the 7 MDAs, 5 realized a budget outturn of more than 90percent. On the other hand, all MDAs spent more than 90percent of their releases. .

On the implementation of projects, 17 out of 21 ongoing projects received less than 90percent of their budget allocation. The release against allocation towards Public Sector Management Sector projects was 64.9 percent. The expenditure outturn was 99.3 percent. In particular, 16 projects expended at least 90percent of the funds received. Projects that were most affected in terms of low budget outturn are: Programme (CAIIP III) (21.8percent), Restoration of Livelihoods in Northern Region (PRELNOR) (37.1percent), Support to Ministry of Local Government (80.1percent), Dry-lands Integrated Development Project (20.4percent), among others.

Most of the projects under this sector are aimed at enhancing rural livelihoods and balanced regional development, which are critical for equitable development within the Ugandan society. The unsatisfactory budget outturns on these projects need to be further explored with a view to fast track their implementation and address regional imbalances.

4.10 **Water and Environment**

The sector was 59.4 percent compliant. This is a weighted score comprising 54, 68.9, 72 and 39 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance, respectively. The Water and Environment Sector received UGX 394.1 billion out of the budgeted UGX 661.91 billion which is 59.5 percent budget outturn. The sector spent UGX 357.7, which is 90.7 Percent of the received amount. Of the 4 MDAs, only 1 realized a budget outturn of more than 90 percent. On the other hand, 3 MDAs spent more than 90 percent of their releases. .

On the implementation of projects, 12 out of 35 ongoing projects received less than 90percent of their budget allocation. The release against allocation towards Water and Environment Sector projects was 83.3 percent. The expenditure outturn was 79.7 percent. In particular, 30 out of 35 projects expended at least 90percent of the funds received. Projects that were most affected in terms of low budget outturn are: Farm income enhancement and forest conservation project phase2 (74.6percent), Uganda National Meteorological Authority (UNMA) (73.8), Water Management and Development Project (74.1percent), Support to NEMA Phase II (41percent), and Support to Rural Water Supply project (84.1percent) among others.

It is worthwhile to note that the low budget release outturn (59.5 percent) affects performance on key development indicators access to safe water and availability of water for production. There is need to ensure budgetary focus towards the sector planned interventions in this regard.

4.11 **Social Development**

The sector was 67.3 percent compliant. This is a weighted score comprising 50, 73.3, 72.3 and 62 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance, respectively. The Social Development Sector received UGX 116.3 billion out of the budgeted UGX 185 billion which is 62.9 percent budget outturn. The sector spent UGX 115.7, which is 99.5 Percent of the received amount. The Ministry of Gender, Labour and Social Development received 61.7percent of the budget while Equal Opportunities Commission received more than 100 percent. On the other hand, both MDAs spent more than 90percent of their releases. .

On the implementation of projects, 2 out of 6 ongoing projects received more than 90percent of their budget allocation. The release against allocation towards Social Development Sector projects was 58.1 percent. The expenditure outturn on social sector projects was 63.5 percent. In particular, 2 out of 6 projects expended at least 90percent of the funds received. Projects that were most affected in terms of low budget outturn are: Youth Livelihoods Programme (YLP) (44.7percent), Strengthening the Culture and Creative Industries project (74.9percent), SAGE (Social Assistance Grants for Empowerment) II (82.7percent), among others.

4.12 Kampala City Council Authority

The sector was 55.6 percent compliant. This is a weighted score comprising 75.0, 52.2, 24 and 70.0 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance, respectively. This moderate performance is mainly attributed to weak alignment of the sector budget to NDPII and low budget outturn.

Kampala City Council Authority received UGX 540 billion out of the budgeted UGX 569 billion which is more than 94.1 percent budget outturn, it was only able to spend UGX 255 billion which is only 47.3 percent. On projects, only 6 of the 14 projects received more than 90 percent of approved allocation. Projects that were most affected in terms of low budget outturn are: Kampala Roads improvement project (150Km) KIIDP II (31.4percent), GIS upgrade and Comprehensive Street Naming and Addressing Project [2] (20percent), Revaluation of properties (9.1percent) among others. The total release outturn for projects was UGX 201 billion which is 38.7 percent of the allocated funds. On the other hand, the expenditure outturn was UGX 196.9 billion which is 98 percent of the released funds.

Going forward, it will be necessary to ensure that KCCA receives more resources for implementation of the priority projects aimed at improving doing business in the city. For instance, UGX 519 billion was required for implementation of projects against the UGX 201 billion received. This may therefore imply the need to increase the MTEF ceiling of KCCA in order to realize the required transformation for Kampala.

4.13 Accountability sector

The sector was 75.8 percent compliant. This is a weighted score comprising 78, 73.6, 77 and 76 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The Accountability Sector received UGX 959.9 billion out of the allocated UGX 861.8 billion, which is 111.4 percent budget outturn. The sector spent UGX 952.2 billion, which is 99.2 Percent of the received amount. Of the 8 MDAs, only 3 realized a release outturn of less than 90 percent. On the other hand, all MDAs spent more than 90 percent of their releases. The detailed performance of the sector MDAs is given in annex …

On the implementation of projects, 8 out of 25 ongoing projects received less than 90 percent of their budget allocation. The release against allocation towards Accountability Sector projects was 117.9 percent. The expenditure outturn on Accountability sector projects was 99.0 percent. In particular, 22 projects expended at least 90 percent of the funds received. Projects that were most affected in terms of low budget release outturn are: Support to IGG (39.1 percent), 3rd Financial Management and Accountability Programme [FINMAP III] (87.3 percent), Support to PPDA (28.9 percent), Support to Micro finance (56.3 percent), Support to Uganda Bureau of Statistics (79.2 percent), Capitalization of institutions (82.3 percent), among others.

4.14 Tourism trade and Industry

The sector was 54 percent compliant. This is a weighted score comprising 56, 46, 73 and 36 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The Tourism, Trade and Industry Sector received UGX 182.3 billion out of the budgeted UGX 196.1 billion which is 93 percent budget outturn. The sector spent UGX 171.6 billion, which is 94.1 percent of the received amount. Of the 11 MDAs, 6 realized a budget outturn of less than 90%. On the other hand, 9 MDAs spent more than 90% of their releases.

On the implementation of projects, 5 out of 9 ongoing projects received less than 90% of their budget allocation. The release against allocation towards Tourism, Trade and Industry Sector projects was 71.1 percent. The expenditure outturn on Tourism, Trade and Industry sector projects was 34.3 percent. In particular, 1 project expended at least 90% of the funds received. Projects that were most affected in terms of low budget outturn are: One Village One Product Programme (59.2%); Development of Museums and Heritage sites for cultural promotion (72.5).

In view of the unsatisfactory budget expenditure outturn on projects (34.3 percent), it will be necessary to enhance capacity of the sector in the area of project preparation and readiness to ensure achievement of the sector objectives.

4.15 Works and Transport Sector

The sector was 59.3 percent compliant. This is a weighted score comprising 17, 73, 67 and 52 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively. The Works and transport Sector received UGX 3,288.4 billion out of the budgeted UGX 3,682.3 billion which is 89.3 percent budget outturn. The sector spent UGX 2,880.8 billion, which is more than 87.6 Percent of the received amount. Of the 5 MDAs, 3 realized a budget outturn of less than 90%. On the other hand, 3 out of 5 MDAs spent more than 90% of their releases. .,

On the implementation of projects, 21 out of 46 ongoing projects received less than 90% of their budget allocation. The release against allocation towards Works and transport Sector projects was 83.1 percent. The expenditure outturn on Works and transport sector projects was 88.0 percent. In particular, 41 projects expended at least 90% of the funds received. Projects that were most affected in terms of low budget outturn are: Kibuye-Busega-Mpigi (0.75%), Rwenkunye - Apac - Lira – Acholibur (263km) (2.5%), Upgrading of Muyembe-Nakapiripirit (92Km) (2.4%), Kampala Flyover project (5.1), Nyaliti -Kapchorwa-Suam (0.1%), Upgrading Rukungiri-Kihihi-Ishasha/Kanungu road (74km) (17.8%), Tirinyi-Pallisa-Kumi/Kamonkoli Road (111 km) (0.75%), Kampala-Jinja Expressway (80 Km) (1.5%), Upgrade Kyenjojo-Hoima-Masindi-Kigumba (238km) (33.4) and Construction of RD Agency HQ's (0%), among others.

There is need to strengthen medium-term strategic planning among the MDAs in the sector. In addition, reprioritization of projects in the sector should be considered to avoid spreading thin and taking long to complete projects.

4.16 Public Administration Sector

The sector was 81.8 percent compliant. This is a weighted score comprising 55, 82.3, 74 and 92 percent compliance for planning frameworks, PIP, BFP and AB alignment, and Budget performance respectively.

The Public Administration Sector received UGX 1,000.64 billion out of the budgeted UGX 914.8 billion which is 109.4 percent budget outturn. The sector spent UGX 1000.3 billion, which is about 100 Percent of the received amount. Of the 5 MDAs, 1 realized a budget outturn of less than 90%. On the other hand all 5 MDAs spent more than 90% of their releases. ., On the implementation of projects, 3 out of 26 ongoing projects received less than 90% of their budget allocation. The release against allocation towards Public Administration Sector projects was 97.2 percent. The expenditure outturn on Public Administration sector projects was 100 percent. In particular, 22 projects expended at least 90% of the funds received. Projects that were most affected in terms of low budget outturn are: Strengthening of the President's Office (7.2%), Support to Electoral Commission (0%) and Construction of GOU offices (0%).

4.17 LOCAL GOVERNMENT BUDGET PERFORMANCE ASSESSMENT

At this level, compliance is assessed at three broad NDPII areas: The Local Government Development Plan; Release outturn; and Alignment of Annual Work Plan. The overall score at this level is a weighted sum of these focus areas with each contributing 40, 20 and 40 percent respectively to the final score.

4.17.1 Overall Local Government Assessment

Overall, the FY2016/17 established that the Annual Budget was 49.5 percent compliant to the NDPII. This is a weighted score of 71.4, 60 and 22.4 percent for LGDP; AB performance; and Alignment of AWP, respectively. The drop in the budget compliance for FY2016/17 at full year assessment is attributed more to the misalignment of the Annual Works plan and the budget.

4.17.2 Annual Budget performance

In the FY2016/17, the overall LG budget performance weighted score is 60 percent. While there was satisfactory performance for central government transfers at 74.4 percent performance, Local revenue and donor funding were disappointingly low at only 22.8 and 29.3 percent respectively. In terms of financing composition, GoU transfers constitute 93 percent of the LG budgets, 4 percent locally raised revenue and 3 percent being donor support.

The weighted average score for local revenue is 22.3 percent. This is because 73 percent of LGs received less than 90 percent of approved budget. However, despite the poor performance in local revenue generation, 18 percent of the LGs collected more revenue than they had budgeted for. Just like local revenue, the weighted score for donor funding was equally poor at only 29.3 percent. This is because 73 percent of LGs received less than 90 percent of their approved donor budget. On the other 21 percent received more than what they had budgeted for. Government of Uganda transfers to Local Government are quite reliable compared to local revenue and donor funding. The weighted average score for GoU transfers is satisfactory at 74.4 percent. 45 percent of the LGs received more than their approved budget allocation and another 42 percent received between 90 to 100 percent budget outturn. The rest (13 percent) received less than 90% budget outturn.

The key emerging issues are:

i) Local revenue and donor funding are currently unreliable sources of revenue in LGs. This is likely to negatively impact on the ability of the LGs to deliver on the mandates, and functions devolved under the decentralization policy

ii) There are weaknesses in appropriation of resources from local revenue and Donor funding attributed to poor revenue mobilization; poor commitment from Development Partners and unrealistic revenue target setting demonstrated by very low budget outturns.

iii) Appropriation of GoU transfers to LGs is still a challenge leading to supplementary estimates demonstrated by over 45 percent of LGs receiving more than the approved budget estimates.

Annex 7: Technical Note: Methodology of The Certificate of Compliance Assessment

1.0 Methodology of compliance assessment

The overall compliance of the AB to the NDP is derived from a step-wise assessment approach undertaken at four levels namely: Macroeconomic, National Strategic direction, Sector/MDA and LG. In the first step, the macroeconomic level assesses whether the AB macroeconomic targets are geared towards attaining NDP medium-term macroeconomic targets and outcomes. In the second step, the National Strategic Direction level assesses whether the AB strategic direction is consistent with the NDP strategic direction. In the third step, the sector/MDA level assesses whether the AB strategic direction is translated into sector/MDA specific interventions to deliver the NDP. Lastly, the LG level assesses whether the LG interventions are focused towards delivering the NDP targets.

For FY2017/18, the overall compliance score of AB to the NDPII is a weighted average of the four levels at 20, 20, 40 and 20 percentage weights, respectively.

Consequently, the overall compliance score is expressed as:

$$AB_{compliance} = w_m * C_{macro} + w_n * C_{national} + w_s * C_{sector} + w_{lg} * C_{lg} \qquad (1)$$

Where,

$AB_{compliance}$, is the Overall AB alignment to the NDP

C_{macro} is the overall joint compliance score at macroeconomic level of the budget framework, the annual budget and actual performance (outturn) with the NDP;

$C_{national}$, Is the compliance score at national strategic directions level

C_{sector} Is the overall sector performance;

C_{lg} Is the overall integrated compliance score at Local Government level;

w_m Is the weight attached to Macroeconomic level assessment (i.e. w_m=0.2);

w_n Is the weight attached to National strategic direction level assessment (i.e. w_n=0.3);

w_s Is the weight attached to sector level assessment (i.e. w_s=0.3) and

w_{lg} Is the weight attached to Local Government assessment (i.e. w_{lg}=0.2)

The details of the different levels compliance assessment framework are presented below.

1.1 Macroeconomic level Assessment Criteria

At the Macroeconomic level, compliance assesses whether the AB is consistent with both the Charter for Fiscal Responsibility (CFR) and the NDP. The CFR is assessed in consistency with NDP. Consequently, the overall compliance score at this level of assessment is two-step weighted average of: first step-90 percent for the AB, and; second step-10 percent for CFR[4].

The first step is further divided into two weighted stages at: 60 percent for budgeting and 40 percent for actual budget performance compliance with NDP. The actual budget performance carries a lesser weight than budgeting since at the time of assessment information is incomplete (i.e half versus full year assessment). Within the budgeting stage, an additional two weighted stages is carried out at: 40 percent for BFP and 60 percent of AB. The AB carries a higher weight than the BFP since the BFP is meant to inform the AB preparation and ultimately the AB is the final operational tool that implements the NDP.

Thus, the Macro Level Compliance score is expressed as:

$$C_{macro} = \left\{ \left\{ \left\{ \frac{(\sum_{i=1}^{n} \sum_{BF,AB} (w_{BF} * IndScore_{BF,i} + w_{AB} * IndScore_{AB,i}))}{n*r} *100\% \right\} *W_{BF \cup AB} + \left\{ \frac{\sum_{j=1}^{m} IndScore_{PERF,j}}{m*r} *100\% \right\} *W_{PERF} \right\} *W_{B \cup P \perp CFR} + \left\{ \frac{\sum_{k}^{z} IndScore_{CFR,k}}{z*r} *100\% \right\} *W_{CFR} \right. \tag{2}$$

Where

C_{macro}	is the overall joint compliance score at macroeconomic level of the budget framework, the annual budget and actual performance (outturn) with the NDP;
$IndScore_{BF,i}$	is the compliance score of the NBFP for an indicator, i;
$IndScore_{AB,i}$	is the compliance score of the AB for an indicator, i;
$IndScore_{PERF,j}$	is indicator j's compliance score for either outturn or actual performance (PERF).
$IndScore_{CFR}$	is indicator k's compliance score of the BFP with the CFR; for all values of k ranging from 1 to z;
w_{AB}	is the weight attached to contribution of the Annual Budget to overall compliance with the NDP (i.e., w_{AB} = 0.6);
w_{BF}	is the weight attached to contribution of the National Budget Framework Paper to overall compliance with the NDP (i.e., w_{BF} = 0.4; $w_{AB} + w_{BF}$= 1.0);
$W_{BF \cup AB,}$	is the weight attached to the joint compliance score for both BF and AB in for all indicators (i.e., $W_{BF \cup AB}$= 0.7);
W_{PERF}	is the weight attached to the contribution of performance outturns for all indicators in relation to the joint contribution of BF and AB in overall compliance (i.e., W_{PERF}= 0.3; $W_{BF \cup AB}+W_{PERF}$=1.0);
$W_{B \cup P \cdot CFR}$	is the weight attached to the compliance of the budget to the NDP given that compliance with the charter for fiscal responsibility is also required (i.e, $W_{B \cup P \cdot CFR}$ = 0.9);
W_{CFR}	is the weight attached to the compliance of the budget to the charter for fiscal responsibility (CFR), given that the charter is expected to be compliant with the NDPII (i.e. W_{CFR} = 0.1; $W_{B \cup P \cdot CFR}+W_{CFR}$ = 1.0);

[4]Since the CFR is in the first place expected to be aligned with the plan compliance to it is given a lower weight of 10percent while alignment to the NDP is weighted higher at 90percent.

BF, AB, CFR	are notations for National Budget Framework Paper, the Annual Budget and the Charter for Fiscal Responsibility respectively;
i, j, k	is the i-th, j-th or k-th indicator out of the total number of indicators assessed.
r	is the highest number of points attainable in the assessment of each indicator (i.e., r=5);
n, m, z	is the total number of indicators assessed for compliance (i.e., n=44, m=44, and z=2) and
Σ	is a summation notation, indicating that there is addition across indicators (n or m) or across the documents assessed (BF and AB) and performance?

The individual macroeconomic indicator (based on objectives, strategies, and targets) score is premised on the ability indicator to remain within a 30 percent deviation from the level set in the NDP. The 30 percent deviation is based on the fact that divergence of a specific indicator within that range in one financial year may not significantly affect realization of the desired target and the objective over the medium-term period. The actual indicator score is based on a six (6) point scale ranging from 0 to 5, in the following manner: (i) 0: points awarded if the deviation is 30 percent and above; (ii) 1 point is awarded if the deviation is between 24 and 29 percent; (iii) 2 points are awarded if the deviation is 18 and 23 percent; (iv) 3 points are awarded if the deviation is 12 and 17 percent; (v) 4 points are awarded if the deviation is 6 to 11 percent; and (vi) 5 points(for full compliance) are awarded if the deviation is 0 to 5 percent.

1.2 Strategic Direction Level assessment

The strategic direction level assessment will be based on the targets set at the theme/goal level, objective level and Key Results Areas level of the NDP. It will also include as assessment of the performance of the core projects budgets.

The assessment at this level is divided into two weighted stages at: 40 percent for alignment of BFP and AB to NDP and 60 percent for actual budget performance for NDP core projects. The actual budget performance carries a higher weight than alignment since budgetary allocation is a commitment to financing of the projects. Within the alignment step, an additional two weighted stages is carried out at: 40 percent for BFP and 60 percent of AB. The AB is carries a higher weight than the BFP since the BFP is an indicative process that informs the AB and ultimately the AB is the final operational tool that implements the NDP.

1.2.1 Alignment of NBFP & AB

The first step at the Strategic Direction level compliance assesses whether the BFP is consistent with the NDP. Similarly, the AB is also assessed for consistence with the BFP. The compliance score at this step of assessment is the weighted average of 40 percent for the BFP and 60 percent for AB.

The individual strategic direction level indicator (based on objectives, strategies, and KRA targets) score is premised on the ability indicator to remain within a 30 percent deviation from the level set in the NDP. Just like the macroeconomic level, the 30 percent deviation is based on the fact that divergence of a specific indicator within that range in one financial year may not significantly affect realization of the desired target and the objective over the medium-term period. The actual indicator score is based on a six (6) point scale ranging from 0 to 5, in the following manner: (i) 0: points awarded if the deviation is 30 percent and above; (ii) 1 point is awarded if the deviation is between 24 and 29 percent; (iii) 2 points are awarded if the deviation is 18 and 23 percent; (iv) 3 points are awarded if the deviation is 12 and 17 percent; (v) 4 points are awarded if the deviation is 6 to 11 percent; and (vi) 5 points(for full compliance) are awarded if the deviation is 0 to 5 percent.

Consequently, the alignment of the BFP and AB to NDPII compliance score is expressed as:

$$National_{Align} = W_{NBF} * \left\{\frac{\sum_i^n IndScore_{NBF,i}}{n*r} * 100\right\} + W_{NAB} * \left\{\frac{\sum_j^m IndScore_{NAB,j}}{m*r} * 100\right\} \quad (3)$$

Where

- ✓ $National_{Align}$ Is the overall joint compliance score of alignment of BFP and AB at national strategic direction level to the NDP.
- ✓ $IndScore_{NBF,i}$ Is the compliance score of the BFP for a particular indicator, i;
- ✓ $IndScore_{NAB,j}$ Is the compliance score of the AB for a particular indicator, j;
- ✓ W_{NBF} is the weight attached to the contribution of NBFP indicators to the overall performance of alignment of NBFP to the national level framework of the NDP
- ✓ W_{NAB} is the weight attached to the contribution of AB indicators to the overall performance of alignment of AB to the national level framework of the NDP
- ✓ $\sum$ Is the summation notation, indicating that there is addition across indicators (n,m) or across the documents assessed (BF & AB)
- ✓ NBF Is the notations for National Budget Framework Paper
- ✓ NAB Is the notation for Annual Budget
- ✓ i & j Is the ith or jth indicator out of the total of indicators assessed
- ✓ r is the highest number of points attainable in the assessment of each indicator
- ✓ n & m is the Total number of indicators assessed for compliance of the NBFP & AB

1.2.2 Core projects assessment

The second step at the strategic direction level is assessment of the core projects. This step assesses the budgetary allocation and performance for core projects. It is expected that funds allocated to projects should be provided and expended in order to facilitate implementation. Therefore, the deviation is 10percent from the level set during the annual planning and budgeting. The 10 percent deviation is based on the fact that divergence of a specific project budget within that range in one financial year may not significantly affect realization of the desired target and the objective of the project.

The actual project score is based on a six (6) point scale ranging from 0 to 5, in the following manner: (i) 0: points awarded if the deviation is 10 percent and above; (ii) 1 point is awarded if the deviation is between 9 and 10 percent; (iii) 2 points are awarded if the deviation is 7 and 8 percent; (iv) 3 points are awarded if the deviation is 5 and 6 percent; (v) 4 points are awarded if the deviation is 3 to 4 percent; and (vi) 5 points(for full compliance) are awarded if the deviation is 0 to 2 percent.

Consequently, this can be expressed as:

$$Cproject_{CABperf} = \frac{\sum_j^m IndScore_j}{m*r} * 100 \quad (4)$$

Where,

$CProject_{CABperf}$ Is the core projects level annual budget performance;
$IndScore_j$ Is the score for j[th] core project;
m Is the total number of core projects assessed;
$\sum$ Is the summation notation, indicating that there is addition across indicators;
CABperf Is core projects Annual Budget performance;
AB Is Annual Budget;
r is the maximum score that can be awarded to the project budget performance.

1.3 Sector level assessment

At Sector level compliance is assessed at four levels of alignment to NDP, namely: i) sector planning instruments; ii) sector Public Investment Planning (PIP); iii) budgeting instruments; and iv) actual budget performance. The overall sector compliance score is thus a weighted sum at all these levels with 20, 10, 40, and 30 percent weights awarded for the different levels respectively. Consequently, the sector level compliance score is expressed as:

$$C_{sector} = \{w_p * Planning_{comp} + w_{BA} * Sector_{BFPAB} + w_{abp} * Sect_{ABperf} + w_{pip} * Sector_{PIP}\} \quad (5)$$

Where,

C_{sector} Is the sector performance;
$Planning_{comp}$ Is the compliance score for existence of planning frameworks;
$Sector_{BFPAB}$ is the sector alignment of the sector BFP and AB to the NDP;
$Sect_{ABperf}$ Is the sector level AB performance;
$Sector_{PIP}$ is the overall score for sector PIP alignment to the NDPII and NDP PIP;
w_a Is the weight attached to the alignment of planning and budgeting instruments (w_a=0.2);
w_{BA} Is the weight attached to the sector BFP and AB performance (w_a=0.4);
w_{abp} Is the weight attached the sector AB performance (w_{abp}=0.3); and
w_{pip} Is the weight attached to the sector PIP projects performance (w_{pip}=0.1)

The details of the different sector levels compliance assessment at sector are presented below.

1.3.1 Sector Development Plan alignment

This level of Sector compliance assessment assesses whether the sector planning instruments are consistent with the NDP. The scoring criteria at this level is a binary scale where a score of one (1) is allocated if the sector/MDA has Sector Development/Strategic Plan alignment to NDP and a zero (0) otherwise. Where a sector/MDA plan is aligned to NDP timeframe and at least 80% of its objectives are consistent with NDP sector specific objectives.

Therefore, the sector planning compliance score is expressed as:

$$Planning_{comp} = \frac{\sum_i^n IndScore_i}{n} * 100 \qquad (6)$$

Where

$Planning_{comp}$	Is the compliance score for existence of planning frameworks;
$IndScore_i$	Is the indicator score for existence of sector development plan or MDA strategic plan;
n	Is the number of MDAs and sector;
i	Is the i^{th} sector/MDA out of the total number of Sector/MDAs assessed;
$\sum$	Is the summation notation, indicating that there is addition across indicators

1.3.3 Sector BFP & AB Alignment to NDP

Planning aside, this level of assessment, assesses whether sector budgeting is geared towards delivering the NDP targets. Therefore, the sector Budget Framework Papers (BFPs) is assessed for alignment to the NDP and the consistency of the Annual Budgets (ABs) to the NFP is assessed. This assessment is based on the NDP results and reporting framework. The NDP sector targets are assessed using the outputs indicators and the respective targets in the BFP and AB. The overall score at this level is a weighted sum: 40 percent for BFP and 60 percent for AB.

The individual sector/MDA level out indicator score is premised on the ability indicator to remain within a 30 percent deviation from the level set in the NDP. Just like the macroeconomic level, the 30 percent deviation is based on the fact that divergence of a specific indicator within that range in one financial year may not significantly affect realization of the desired target and the objective over the medium-term period. The actual indicator score is based on a six (6) point scale ranging from 0 to 5, in the following manner: (i) 0: points awarded if the deviation is 30 percent and above; (ii) 1 point is awarded if the deviation is between 24 and 29 percent; (iii) 2 points are awarded if the deviation is 18 and 23 percent; (iv) 3 points are awarded if the deviation is 12 and 17 percent; (v) 4 points are awarded if the deviation is 6 to 11 percent; and (vi) 5 points(for full compliance) are awarded if the deviation is 0 to 5 percent.

Therefore, the sector/MDA BFP and AB alignment compliance score is expressed as:

$$Sector_{BFPAB\,Align} = W_{BFP} * \left\{ \frac{\sum_i^n IndScore_{BFP,i}}{n * r} * 100 \right\} + W_{AB} * \left\{ \frac{\sum_j^m IndScore_{AB,j}}{m * r} * 100 \right\} \quad (7)$$

Where

- ✓ $Sector_{BFPAB\,Align}$ Is the overall joint compliance mark of alignment of Sector BFP and AB at sector level to the NDP.
- ✓ $IndScore_{BFP,i}$ Is the compliance score of the sector BFP for a particular indicator, i;
- ✓ $IndScore_{AB,j}$ Is the compliance score of the sector AB for a particular indicator, j;
- ✓ W_{BFP} is the weight attached to the contribution of sector BFP indicators to the overall performance of alignment of sector BFP to the NDP
- ✓ W_{AB} is the weight attached to the contribution of sector AB indicators to the overall performance of alignment of sector AB to the NDP
- ✓ ∑ Is the summation notation, BFP Is sector Budget Framework Paper
- ✓ AB Is the sector Annual Budget
- ✓ i & j Is the i^{th} or j^{th} indicator out of the total of indicators assessed
- ✓ r is the highest number of points attainable in the assessment of each indicator
- ✓ n & m is the Total number of indicators assessed for compliance of the NBFP & AB

1.3.4 Sector Budget performance alignment to NDPII

This level of assessment assesses whether actual budget outcomes are consistent with the realization of NDPII. Since both budget releases and expenditures are equally important in determining budget performance towards achievement of NDP, the final score at this level is an average score of releases and expenditure outturns scores.

Therefore, the sector score at this level is expressed as:

$$Sect_{ABperf} = W_{BP} * \frac{\sum_j^m IndScore_{\ j}}{m*r} * 100 + W_{EP} * \frac{\sum_j^m Expenditure_{\ j}}{m*r} * 100 \quad (8)$$

Where,

$\mathrm{Sect_{ABperf}}$ Is the sector level AB performance;

$\mathrm{IndScore_j}$ Is the Indicator score for j^{th} sector/MDA;

$\mathrm{Expenditure_j}$ is the money spent by the j^{th} sector/MDA;

m Is the total number of sector or MDAs;

∑ is the summation notation

W_{BP} is the weight attached to the contribution of sector or MDA budget release performance

W_{EP} is the weight attached to the contribution of sector or MDA expenditure performance
ABperf is the Annual Budget performance;
AB Is the Annual Budget;
r is the maximum score that can be awarded to the sector/MDA budget performance;

The annual budget performance compliance is premised on the ability of sector/MDA level release and expenditure outturn to remain within 10 percent from the level set at the time of approval of the annual budgets. A deviation of 10 percent is premised on the fact that divergence of such magnitude during the course of execution of the annual budgets will significantly affect the efficiency and effectiveness and therefore deter the sectors from attaining the outputs as set out in the Plans.
A six-point scale is used for scoring compliance at this level, with: (i) if 10%> deviation score 0 else (ii) if 8%>= deviation <10% score 1 else (iii) if 6%>= deviation <8% score 2 else (iv) if 4>= deviation <6 score 3 else (v) if 2>= deviation < 4 score 4 else (v) if deviation <2 score 5.

1.3.5 PIP alignment to NDP

At this level of assessment, assesses whether the sector PIP projects are being financed. Thus, the projects annual budget release and expenditure performance compliance is premised on the ability of project budget release and expenditure outturns to remain within 10 percent from the level set at the time of approval of the annual budgets. A deviation of 10 percent is premised on the fact that divergence of such magnitude during the course of execution of the annual budgets will significantly affect the efficiency and effectiveness and therefore deter the sectors from attaining the outputs as set out in the Plans.

A six-point scale is used for scoring compliance at this level, with: (i) if 10%> deviation score 0 else (ii) if 8%>= deviation <10% score 1 else (iii) if 6%>= deviation <8% score 2 else (iv) if 4>= deviation <6 score 3 else (v) if 2>= deviation < 4 score 4 else (v) if deviation <2 score 5.

In addition, the level of performance of projects execution is assessed by awarding scores at various levels of implementation as follows: 0 not started, 25 undergoing feasibility, 50 ready for implementation, 75 ongoing but below schedule, 100 on schedule.
Therefore, the sector PIP score at this level is expressed as:

$$Sector_{PIP} = W_{BA} * \frac{\sum_i^m IndScore_{\ i}}{m} * 100 + W_{EP} * \frac{\sum_j^m IndScore_{\ j}}{m*r} * 100 + W_{PP} * \frac{\sum_k^n IndScore_{\ k}}{n} \quad (9)$$

Where,
$Sector_{PIP}$ is the overall score for sector PIP alignment to the NDPII and NDP PIP;
$IndScore_i$ is the indicator score for i^{th} PIP project budget release performance;
$\mathrm{IndScore_j}$ Is the Indicator score for j^{th} PIP project expenditure performance;
PIP is the notation for Public Investment Plan;
m, is the number of PIP projects under implementation;

i, Is the i^{th} PIP assessed;
W_{BA} Is the weight attached to Project release performance;
W_{EP} Is the weight attached to Projects expenditure performance;
W_{PP} Is the weight attached to Project Status performance;

$\sum$ Is the summation notation, indicating that there is addition across indicators;
m Is the total number of PIP projects assessed;
$\sum$ is the summation notation
r is the maximum score that can be awarded to the sector/MDA budget performance;
n is the total number of projects in the NDPII PIP

1.4 Ministry, Department and Agency (MDA) level assessment

The assessment at the MDA level is similar to the one at the sector level. Each MDA is assessed using the criteria adopted at the sector such as weights, scores, levels of assessment and approach. Ideally aggregation of MDA level assessment should be consistent with the sector level performance.

1.5 Local Government (LG) assessment

At Local Government (LG) level, assessment is done at three levels of alignment to NDPII, namely: i) LG planning instruments; ii) actual budget performance; and iii) budgeting instruments. At Planning instruments level, LG are assessed upon whether they have a District Development Plan (DDP) /Municipality Strategic Plan that is aligned to NDPII. Budgeting instruments level assesses whether the budgeting process (AWP) is geared towards delivering the NDPII results. The budget performance level goes further to assess whether the actual budget implementation is in line with NDPII. For purposes of analysis, the fiscal numbers for FY2016/17 will be used as a proxy. The final score at this level is a weighted sum of 20 percent for planning instruments, 40 percent for LG budgeting process, and 40 percent for budget performance.

Thus, the score is as expressed as:

$$C_{lg} = W_{dP} * LGDP_{Perf} + w_{ABP} * AB_{perf} + W_{DA} * AWPAB_{da} \qquad (10)$$

Where

C_{lg} Is the overall integrated compliance score at Local Government level;
$LGDP_{Perf}$ is the performance score for existence of LGDP;
AB_{perf} Is the performance score for the local government annual budget;
$AWPAB_{da}$ Is the performance score for alignment of the DDP and AB priorities;
W_{dP} is the weight attached to the contribution of LGDP to alignment of planning and budgeting instruments to the NDP;

W_{DA}	Is the weight attached to the alignment of priorities for both the LGDP and AB to the NDP.
W_{ABP}	Is the weight attached to the performance of local government annual budget;
dp	is the development plan;
DA	is the District Development Plan and annual budget;
AB	is the annual budget;
perf	is the budget performance

1.5.1 Local Government Development Plan compliance

This level assesses the existence of planning frameworks at LGs. The Scoring Criteria at this level is: a score of zero (0) is awarded if the local government does not have a LGDP; and score of one(1) is awarded to a local government that has an approved LGDP and aligned to NDP.

1.5.2 Alignment of AWP priorities to NDP strategic Interventions

At this level, the priorities of the LGDP and Annual budget are assessed for alignment to the NDP strategic Interventions. The assessment of the LG AWB is based on the results and reporting framework for LGs. A binary scale is used to score, where one (1) is allocated if the LG output indicator is prioritized in the AWB and a zero (0) otherwise. The assessment takes into account the fact that not all strategic interventions or outputs are applicable to all the LGs. Therefore, where the output indicator is not in applicable to a local government, that record is removed from the assessment by entering “Not Applicable” in the respective record.
Algebraically this can be represented as follows:

$$DDPAB_{da} = \frac{\sum_j^m IndScore_{AB,j}}{m} * 100 \qquad (11)$$

Where

$DDPABC_{da}$	Is the performance score for alignment of AWP priorities to NDPII targeted results;
$Indscore_{ddp,i}$	Is the score for alignment of priority i in the AWP to the NDPII;
$Indscore_{AB,j}$	Is the score for alignment of output indicator j in the AWP to the NDPII;
$\sum$	Is the summation notation, indicating that there is addition across (m) indicators;

j is the j^{th} output indicator

m is the Total number of outputs assessed for compliance

1.5.3 Local Government Budget compliance

At the Local Government level, budget compliance is premised on the ability of LGs revenue/budget allocation to remain within 10 percent from the level set at the time of approval of the annual budgets. The deviation of 10 percent is premised on the fact that divergence of such magnitude during the course of execution of the annual work plans and budgets will significantly affect the efficiency and effectiveness and therefore deter the LG from attaining the overall LG goals and objectives as set out in the LGDP and AWB.

The scoring decision is thus decided on a six-point scale ranging from 0 to 5, in the following order. (i) if 10%> deviation score 0 else (ii) if 8%>= deviation <10% score 1 else (iii) if 6%>= deviation <8% score 2 else (iv) if 4>= deviation <6 score 3 else (v) if 2>= deviation < 4 score 4 else (v) if deviation <2 score 5. The score of 5 represents a full compliance.

$$AB_{perf} = \frac{\sum_{c=1}^{z} IndScore_{Bperf\ ,c}}{z*r} * \mathbf{100} \qquad (12)$$

Where

AB_{perf}	Is the performance score for the AB performance at local government;
$Indscore_{Bperf\ ,c}$	Is the indicator score for LG revenue performance;
$\sum$	Is the summation notation,
z	is the total of departments in the local government
r	is the maximum indicator score attainable

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