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# Policy and Strategic Direction Thematic Report

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## Mid-Term Review of the Uganda National Development Plan

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Prepared by Delta Partnership in  
Association with REEV Consult for  
the National Planning Authority

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# CONTENTS

<b>CONTENTS</b> .....	<b>ii</b>
<b>ACRONYMS</b> .....	<b>v</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>vii</b>
<b>1.0 INTRODUCTION</b> .....	<b>1</b>
1.1 Background.....	1
1.2 Context for policy and strategic direction.....	2
1.3 Methodology .....	6
1.4 Structure of the report .....	8
<b>2.0 ANALYSIS OF POLICY AND STRATEGIC DIRECTION</b> .....	<b>9</b>
2.1 Overview.....	9
2.2 Private sector led growth–quasi- market approach.....	9
2.3 Equity and poverty reduction.....	10
2.4 Macro-economic stability.....	11
2.5 Addressing infrastructure deficit .....	14
2.6 Value addition .....	15
2.7 Skills development .....	16
2.8 Regional integration; .....	16
2.9 Socio economic Transformation.....	17
2.10 Democratic Governance, Rule of Law, Peace and Security .....	19
2.11 Socio-economic development.....	22
<b>3.0 ALIGNMENT OF POLICIES AND STRATEGIES</b> .....	<b>24</b>
3.1 Overview.....	24
3.2 Understanding of policies and strategies for achieving NDP objectives.....	24
3.3 Buy-in of the NDP by various stakeholders .....	26

3.4	Alignment of the NDP with other key policy and strategic direction documents ....	29
3.5	3.5 Alignment of the PIP and funding with the NDP .....	34
3.6	Alignment of NDP policy and strategic direction within specific sectors plans .....	36
<b>4.0</b>	<b>IMPROVEMENT OF DESIGN AND IMPLEMENTATION OF POLICY AND STRATEGIC DIRECTION.....</b>	<b>48</b>
4.1	Institutional framework for design and implementation of policy and strategic direction .....	48
4.2	Legal and regulatory environment.....	50
4.3	Political economy for policy and strategic direction .....	51
4.4	Regional and international development .....	52
<b>5.0</b>	<b>CROSS-CUTTING ISSUES .....</b>	<b>53</b>
5.1	Overview.....	53
5.2	Social protection .....	53
5.3	Human rights .....	54
5.4	Democracy and political governance .....	55
5.5	Environment.....	55
5.6	Gender.....	56
5.7	Child Rights .....	57
<b>6.0</b>	<b>CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>58</b>
6.1	Institutional Framework for Setting Policy and Strategic Direction .....	58
6.2	Analysis of Policy and Strategic Direction .....	58
6.3	Alignment of Policies and Strategies .....	59
6.4	Improvement of NDP Design and Implementation .....	61
6.5	Legal and regulatory environment.....	62
6.6	Decentralization .....	62
6.7	Political economy for policy and strategic direction .....	62
6.8	Regional and international development .....	62

6.9	Recommendations for Priority Setting .....	63
<b>Annex 1.</b>	<b>District Visit Information .....</b>	<b>68</b>
<b>Annex 2.</b>	<b>Indicative analysis of sector alignment to the NDP .....</b>	<b>76</b>

## ACRONYMS

BFP	Budget Framework Paper
BoU	Bank of Uganda
CSO	Civil Society Organisation
DDP	District Development Plan
EAC	East African Community
EPRC	Economic Policy Research Centre
FBO	Faith Based Organisation
GAPR	Government Annual Performance Report
GDP	Gross Domestic Product
GoU	Government of Uganda
IFC	International Finance Corporation
IGG	Inspectorate of Government
JBSF	Joint Budget Support Framework
LDPG	Local Development Partners Group
LGDP	Local Government Development Plan
LGFC	Local Government Finance Commission
MDA	Ministry / Department / Agency
MoAAIF	Ministry of Agriculture, Animal Industries and Fisheries
MoD	Ministry of Defence
MoEACA	Ministry of East African Community Affairs
MoEMD	Ministry of Energy and Minerals Development
MoES	Ministry of Education & Science
MoFPED	Ministry of Finance, Planning and Economic Development
MoGLSD	Ministry of Gender, Labour and Social Development
MoH	Ministry of Health
MoIA	Ministry of Internal Affairs
MoICT	Ministry of Information and Communications Technology
MoJCA	Ministry of Justice and Constitutional Affairs
MoLHUD	Ministry of Lands, Housing and Urban Development
MoTIC	Ministry of Trade, Industry and Commerce
MoTWH	Ministry of Tourism, Wildlife and Heritage
MoWE	Ministry of Water and Environment

MoWT	Ministry of Works and Transport
MPS	Ministerial Policy Statement
MTEF	Medium Term Expenditure Framework
MTR	Mid Term Review
NDP	National Development Plan
NDR	National Development Report
NPA	National Planning Authority
OBT	Output Based Tool
OoP	Office of the President
OPM	Office of the Prime Minister
PEAP	Poverty Eradication Action Plan
PIP	Public Investment Plan
PPP	Public Private Partnership
PSFU	Private Sector Foundation of Uganda
SACCO	Savings and Credit Cooperative
SIP	Sector Investment Plan
SMEs	Small and Medium Enterprises
STA	Science and Technology Agency
SWG	Sector Working Group
ToR	Terms of Reference
UAAU	Urban Authorities Association of Uganda
UBOS	Uganda Bureau of Statistics
URA	Uganda Revenue Authority

## EXECUTIVE SUMMARY

The theme of the National Development Plan 2010/11 to 2014/15 is Growth, Employment and Socio-Economic Transformation. These three issues provide a guide for the overall policy and strategic direction for the NDP. The major elements of the NDP policy and strategic direction include: private sector led growth with strong public sector participation – quasi- market approach; equity and poverty reduction; monetary policy that supports growth; fiscal expansion for public investment for infrastructure; value addition for increased export earnings and employment; wealth creation through harnessing primary growth sectors; and fast tracking of skills development. Others are: regional integration; macro-economic stability; peace and security; democratic governance and rule of law.

This report analyses progress in each of these areas and the scope for strengthening the strategic direction. In particular, the report also covers congruent areas which are at the heart of the NDP – the balance between equity and growth, public sector management, local government strengthening and regional integration. The report assesses the extent of alignment of policy and strategic direction in terms of its common understanding, consensus on the direction, evidence of integration with other high level documentation, links between the NDP and the Public Investment Plan (PIP) and funding, and alignment of the NDP with sectors and district development plans. The report also sets out options for strengthening the policy and strategic direction going forward.

The NDP is designed to guide the transformation of Uganda into a modern and prosperous country, recognising the need for a development framework that will attract private investment, promote competitiveness, and improve the quality of life for the citizens. In support of smooth NDP implementation, the Government has worked to develop necessary macro-economic and sector specific policies while updating others, ensuring that they are backed up by sector based strategic investment plans. Overall, we conclude that the foundational thinking behind the NDP is a valid one and that there is a reasonably well established strategic map within the document. However, the challenge is that with the exception of the core projects, the NDP does not provide enough sense of prioritisation and sequencing of development initiatives. There were some core projects which required removal of some key

binding constraints before implementation. For instance, establishment of iron ore smelter required substantial increase in energy generation and establishment of a railway.

The NDP sets the policy direction from a macro-economic and a socio-economic perspective. From a macro-economic perspective, our assessment of the evidence suggests that there has been good progress in maintaining macroeconomic stability. There is relatively good progress in areas such as controlling inflation, managing a market exchange rate and deepening capital markets. Slow or no progress has been made in other areas such as expanding the taxation base, streamlining tax exemptions and ensuring allocative efficiency in public spending. Going forward, there is some evidence that there should be a balance between macro-economic stability and growth.

There is a need to invest more in growth sectors. It will take time to see the impact of the NDP on the real economy as new investments in areas like roads and energy can take years to implement and policy changes in areas like financial sector reform, skills development and land reform often require legislative and institutional changes. However, after two and a half years of NDP implementation we should expect to see progress on implementing the priorities laid out in the NDP to support growth and competitiveness. Looking ahead the NDP anticipates that agricultural growth will reach 5.7 per cent by 2014/15, services will grow at close to 7.5 per cent and industry at around 7 per cent (NDP 2010/11-2014/15). Much needs to change to achieve and sustain these levels of growth. Amongst the primary sectors in the NDP, such as ICT, mining and tourism are performing consistently well and have significant growth potential. However, the performance of the agriculture sector continues to be mixed and highly dependent on climatic conditions. Development of the manufacturing and housing sectors continues to be encumbered by slow attraction of foreign investments and high cost of financing. On the other hand there has been limited focus on forestry as a key primary driver of growth.

For the first two and half years of the NDP the 'egg concept' has not been cautiously followed and this is manifested by the lack of prioritization of policy actions that support transformation of the primary growth sectors.



For effective national development in Uganda, there needs to be a collective understanding and agreement on the strategic thrust of the NDP coupled with strong buy-in from a range of key stakeholders in central government, local government, civil society, the private sector, media, academia, and development partners. There is now a growing common understanding of the NDP and evidence of growing support for the broad policy and strategic direction it espouses. The President is spearheading the main themes of the NDP. Therefore, there is now need to intensify the buy-in for conscious implementation of the NDP.

Going forward, the Vision 2040 provides some potential prioritisation focus for the next NDP in two ways. First, it provides a proposed sequencing of reforms on page 118 which focus on water for production, oil and gas refinery, ICT and public service reform for NDP1 (some of these initiatives might need to continue) and focus on agro industries, ICT city, iron and steel, fertilisers, oil and gas pipeline and research and development and innovation for NDP2. Second, it identifies strategic priorities going forward, such as agricultural transformation, tourism development, industrialisation and skills enhancement, which potentially are the drivers of growth, with other initiatives directly supporting these priorities as directly as possible. There are some general aspects of development which will continue throughout the period to 2040, such as ICT infrastructure, financial sector development, health systems development, transport and energy, but within these, there need to be clearly identified priorities and sequencing, linked as far as possible to wider development outcomes.

The policy and strategic direction of the current NDP is still relevant to guide the development path towards achieving the Uganda Vision 2040, but needs more focusing. From our assessment, the policy and strategic direction of the next NDP should focus on the following:

- Strengthening private sector with strong local participation in the quasi- market approach;
- Monetary policy that supports growth;
- Fiscal expansion for public investment for infrastructure;
- Value addition for increased export earnings and employment;
- Inclusive growth;

- Wealth creation through support for transformation of the primary growth sectors;
- Fast tracking of skills development through reforms in education and training curricular;
- Enhancing competitiveness and positioning Uganda to benefit from regional integration;
- Enhancing pursuance of democratic governance, rule of law, peace and security, which are a panacea for sustainable growth and transformation.

## 1.0 INTRODUCTION

### 1.1 Background

The overall policy and strategic direction of Uganda has been determined with significant influence of international and local social, economic and political dynamics. The most important policy pronouncement was the adoption of liberal macro-economic policies in 1991, which included free market economy, privatization and open market foreign exchange. The success that followed this policy change led to various other policy adjustments required to respond to emerging demands in the economy. These included the decentralization policy, restructuring of government and the focus on poverty reduction. From 2000 onwards the policy agenda of the country and development assistance have, in particular, enshrined international obligations of the Millennium Development Goals (MDGs).

The debate regarding the desire for a speedy transformation culminated into the introduction of the Comprehensive National Development Planning Framework (CNDPF) in 2007, aimed at strengthening planning for effective and sustainable exploitation of the country's potentials. The CNDPF outlines the strategy for achieving the country's Vision of becoming a middle income country within 30 years through development and implementation of NDPs.

The current NDP is the first one under the CNDPF containing the Country's medium term strategic direction, development priorities and implementation strategies for a five-year planning horizon between financial year (FY) 2010/11 and FY 2014/15.

The major elements of the NDP policy and strategic direction include: private sector led growth with strong public sector participation – quasi- market approach; equity and poverty reduction; monetary policy that supports growth; fiscal expansion within the macroeconomic stability framework for increased public investment; increase in budget expenditure to address infrastructure deficit; value addition for increased export earnings and employment creation; wealth creation through harnessing primary growth sectors; and fast tracking of skills development.

Others are: pursuing regional integration for trade; peace and security; democratic governance and rule of law; business approach in public sector management to enhance efficiency; and reviewing the framework for public and private sector financing.

The thrust of this first NDP is to accelerate socio-economic transformation which, according to the NDP strategy is expected to be demonstrated by improved employment levels, higher per capita income, improved labour force distribution in line with sectoral GDP shares, substantially improved human development and gender equality indicators, and improvement in the country's competitiveness position, among others. These are expected to result in sustained growth, equity and employment.

The NDP strategies for achieving growth, employment and socio-economic targets are hinged on the "Egg Concept" comprising Primary Growth, Complementary, Social Services and Enabling sectors. The analogy identifies eight thematic areas that ought to be at the centre of the country's wealth creation. The analogy emphasizes the complementarity among these broad categories of sectors and the importance of intra and inter-sectoral linkages to enhance efficiency and effectiveness during policy implementation.

The NDP also acknowledges and arguably identifies a number of key constraints to faster economic development and outlines a number of improvements required to address the challenges.

This report therefore reviews the policy choices against the progress and achievements made over the NDP period. It also assesses the progress made towards unblocking the key binding constraints.

## **1.2 Context for policy and strategic direction**

The review of the NDP policy and strategic direction is set within the overall policy and legal frameworks, particularly the 1995 Constitution of the Republic of Uganda and the Uganda Vision 2040. The importance, influence and relevance of these frameworks to the policy and strategic direction of the country over the NDP period are discussed in the sections below.

## **The Constitution of Uganda**

The 1995 Constitution is the supreme law of Uganda, which lays out the basic governance structures and fundamental rights and obligations of the citizens and the state. It establishes three main organs of government namely; the legislature, executive and judiciary. The Constitution stands superior to all the laws and any laws enacted and policies and development frameworks developed ought to be consistent with it. It is thus the overarching framework for the country's policy and strategic direction.

The constitution of Uganda lays down the national goals which form the basic edifice on which the nation rests. In particular, the constitution of Uganda has prescribed the primary facets of the nation which include: 1) Political objectives; 2) Protection and promotion of fundamental and other human rights and freedoms; 3) Social and economic objectives, 4) Cultural objectives; 5) Accountability; 6) Environment; 7) Foreign policy objectives; and 8) Duties of a citizen. The Constitution also provides national objectives and directive principles of state policy which include inter alia;

### **Objective x: Role of people in development**

"The state shall take necessary steps to involve the people in the formulation and improvement of plans and programmes which affect them".

### **Objective xi: Role of the state in development**

"The state shall place the highest priority to the enactment of registration and establishing measures that protect and enhance the right of the people to equal opportunities in development".

### **Objective xiii: Balanced and equitable development**

"The state shall adopt an integrated and co-coordinated planning approach; take necessary measures to bring about balanced development of the different areas of Uganda and between the rural and urban areas and also take special measures in favour of the development of the least developed areas".

It is therefore not only important but also a right for Ugandans to participate in formulation of national development plans. It is also a constitutional obligation of the state to take all necessary measures to involve the people in development planning.

Overall, the implementation of the NDP is a correct strategy for achievement of the basic principles and objectives enshrined in the Uganda Constitution. In particular, the NDP's strategic direction as derived from its principles of ownership, political will, good governance, prudent resource allocation and balanced development, citizen responsibility requiring behavioural change, are an appropriate illustration of constitutional aspirations.

### **The historical trends in policy and strategic direction**

It is important to recognise that Uganda has a history of setting policy directions and strategic planning within a constitutional framework, which has been characterised by different approaches. The mixed economy approach to development was a key feature of Uganda's economic development during 1962-1971. During this period, two medium-term plans were prepared and implemented. However, this development planning path was interrupted by the political turmoil in the 1970's. This period was characterised by a military government that ruled the country on decrees and short term action plans rather than harmonised medium term planning frameworks. Under this regime, there was "dearth" of the institutional structure and the economy shrunk by about 50 per cent. In 1979, there was a liberation war which later ushered in a democratic government in 1980.

Between 1980 and 1984, there was the introduction of the Structural Adjustment Program (SAP) but because of political turmoil and growing intensity of the civil war, progress and policy impacts were short lived. The National Resistance Army (NRA) captured government in 1986 and immediately launched a 10-point programme<sup>1</sup> which although enhanced by more detailed plans continues to provide political and economic policy direction for Uganda's development, complemented by Economic Recovery

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<sup>1</sup> The 10 points of the programme are: i) democracy; ii) security iii) consolidation of national security and elimination of all forms of sectarianism; iv) defending and consolidating national independence; v) building an independent, integrated and self-sustaining national economy; vi) restoration and improvement of social services and the rehabilitation of the war ravaged areas; vii) elimination of corruption and misuse of power; viii) Redressing errors that have resulted in the dislocation of sections of the population and improvement of others; ix) co-operation with other African countries in defending human and democratic rights of our brothers in other parts of Africa; x) following an economic strategy of mixed economy.

Programme (ERP). The 10-point programme emphasised, inter alia, locally based democratic institutions, the importance of national unity and creating an integrated and self-sustaining national economy. An enhanced SAP was re-introduced in 1990, characterised by trade and foreign exchange liberalisation.

Between 1997 and 2007, the country's policy and strategy choices were guided by the Poverty Eradication Action Plan (PEAP), the then overarching planning framework for the country. In 2000, Vision 2025 was launched but its operationalization as the long term plan could not be sustained due to global factors and absence of appropriate policy, legal and institutional frameworks.

In 2007, Government approved the Comprehensive National Development Planning Framework (CNDPF) which provides for the development of a 30 year Vision that would be implemented through three 10-year plans; six 5-year National Development Plans (NDPs); sector investment plans (SIPs); Local Government Development Plans (LGDPs); annual work plans; and budgets. The CNDPF policy thrust is to achieve a transformed Uganda society from a peasant to a modern and prosperous country within 30 years.

The 30 year Uganda Vision 2040 was adopted by Government in April 2013 with the NDP (2010/11-2014/15) as the first Plan for achieving the Vision aspirations. Both the Vision and the NDP1's value addition were influencing the policy shift to a more aggressive investment in infrastructure, energy and general long term development perspectives. The NDP strategies also emphasize the need to focus on growth for sustainable poverty reduction and employment creation, with the private sector as the engine of growth.

### **The NRM political manifesto 2011-2016**

The National Resistance Movement (NRM) Manifesto (2011-2016), under the theme, "Prosperity for All", begins by noting that the strategies contained therein build and consolidate the measures and reforms that have already been taken. The focus of the manifesto as summarised in the forward is on "the services that have direct link with the quality of life and human development especially health, education, water, sanitation, as well as infrastructure, focusing on electricity and transport system" (pg.9).

The main chapters of the text include: 1) Democracy and good governance; 2) The Economy; 3) Physical Infrastructure; and 4) Human Resource Development. On the issue of democracy and good governance, the main challenge to overcome as presented in the manifesto is to consolidate and deepen the democratic process and gains so far achieved and to build a firm foundation for constitutional democracy in the country. NRM has prioritised sustaining and widening the economic progress of the country through diversification, facilitating regional integration and peace and enhancing basic education.

Both the NRM Manifesto and the NDP offer the same policy and strategic direction in the areas of private sector led growth and wealth creation; equity and poverty reduction; macroeconomic stability; infrastructure development; value addition; employment creation; skills development; regional integration; peace and security; democratic governance and rule of law; efficiency in the public sector; and public and private sector financing. In view of the aforementioned, the review of the NDP policy and strategic direction constitutes a mid-term assessment of achievement of Government's policy choices.

### **1.3 Methodology**

This thematic report covers the following review questions:

- PS1 - Is there a common understanding of the NDP strategy and policy among Government, DPs, civil society, the private sector and others?
- PS2 - Is there a valid theory of change behind the NDP that informs its logic and underpins a coherent, appropriate and credible strategy map?
- PS3 - To what extent have the NDP policies / strategies informed and driven priorities for sector and MDA plans?
- PS4 - Have the NDP policy and strategy been developed with a clear understanding of the necessary phasing and sequencing of implementation?
- PS5 – Has sufficient attention been given to communicating the benefits and necessary pre-conditions to all major stakeholders for successful change management to underpin NDP implementation?
- PS6 - What major policy changes need to be made to increase the likelihood of delivering NDP targets?



- PS7 - How effectively have growth and poverty reduction policy objectives been reconciled in the course of NDP implementation?
- PS8 - To what extent have efficiency and productivity gains been realised in Government as a result of NDP policy?

The overall approaches undertaken as part of this independent mid-term review were:

- A three week inception period to hold introductory meetings, to collect and review background documentation, to refine the review questions set out in our Technical Proposal, and to populate review matrices showing how evidence would be collected and analysed;
- Selection of national consultants to work alongside an international consultant in each of the thematic areas;
- Discussion forums with representatives of 13 sectors, the private sector, civil society organisations (CSOs) and development partners;
- A series of key informant meetings in each thematic area, focused on the review questions;
- Supplementary analysis of data and collation of documented evidence;
- Review of 10 relevant research reports of the Economic Policy Research Centre produced over the past 2 to 3 years;
- Assessment of the national development planning experiences in the four comparator countries mentioned in the NDP itself – Kenya, Ghana, Malaysia and South Korea;
- Visits to 12 districts / municipalities to obtain data and opinion surrounding NDP implementation at local government level;
- Two meetings with a Technical Committee to present and get feedback on progress;
- Internal meetings to peer review the quality and robustness of our analysis and interpretation;
- Preparation of the zero draft thematic report;
- Presentation of draft thematic findings and recommendations to the extended management team of the NPA;
- Conduct of meetings with the NPA review manager to obtain and incorporate verbal and written comments into the first draft thematic reports;
- Presentation of updated draft reports to the MTR Technical Committee, the NPA Expanded Board and the Permanent Secretaries chaired by the Cabinet Secretary;

- Incorporation of comments on the updated draft reports.

#### **1.4 Structure of the report**

This is one of six thematic reports for the MTR, all of which are brought together in an overall synthesis report. It is structured into the following sections:

- Section 1 gives the introduction, the historical and current international and local context for policy and strategic direction in Uganda
- Section 2 sets out the policy and strategic direction contained in the NDP and assesses progress in this direction;
- Section 3 considers how well policy and strategy is aligned in Uganda to deliver on the objectives of the NDP;
- Section 4 presents how policy and strategic direction can be strengthened going forward;
- Section 5 looks at cross-cutting issues;
- Section 6 summarises the conclusions and recommendations of this thematic report.

## **2.0 ANALYSIS OF POLICY AND STRATEGIC DIRECTION**

### **2.1 Overview**

The overall thrust of the policy and strategic direction as set out in the NDP is introduced in Section 1. The analysis of the NDP policy and strategic direction covers the review of performance against elements constituting the country's policy direction in the domestic setting and the international economic arena. The analysis will therefore constitute a review of progress, achievements and challenges regarding: private sector led growth–quasi- market approach; equity and poverty reduction; macroeconomic stability (monetary policy that supports growth and fiscal expansion to finance the NDP); addressing infrastructure deficit; value addition for increased exports and job creation; wealth creation through harnessing primary growth sectors; and skills development. Others are: regional integration; peace and security; democratic governance and rule of law; efficiency in the public sector; and public and private sector financing

Others include: regional integration; peace and security; democratic governance and rule of law; business approach in public sector management to enhance efficiency; and public and private sector financing.

The review of the performance against each element of the country's policy and strategic direction is undertaken in the sections below.

### **2.2 Private sector led growth-quasi- market approach**

The quasi-market approach as a policy and strategic direction of the NDP enabled private sector participation in growth. The NDP baseline indicated that the private sector was dominated by small firms with low value addition. Micro, small and medium enterprises (MSMEs) were estimated to employ 1.5 million people of the total non-agricultural work force. The large firms with high value addition registered slow growth corresponding to the similar slow attraction of foreign investment experienced between 2006 and 2008 (UBOS, 2009).

During the NDP period, the highest growth has been registered in the services sector especially telecommunication, financial sector, hospitality and trade sub-sectors. A number of strategies were identified for enhancing private sector growth, participation, competitiveness and financing. The growth of the private sector was hit by the global

economic crisis which led to reduced credit arising from high interest rates. The prevailing economic conditions limited government ability to drastically increase domestic revenue which in turn constrained provision of incentives to the private sector.

The NDP had envisaged the strengthening of private sector performance to a large extent through enhanced public private partnerships (PPPs), but these have been slow in coming over the first 2 years of the NDP due to various factors. One factor has been limited capacity of the domestic private sector coupled with slow attraction of foreign investments. The other is absence of a robust PPP framework, including PPP policy. However, government put in place a number of significant private sector participation arrangements including the Presidential Investors Round Table, as a way of involving large private sector entities in the national development process and high level decision making.

The NDP intended to nurture the private sector with the view to improve its competitiveness in the domestic, regional and international markets. Progress has been made in implementing this through dissemination of information on standards and quality issues and supporting of youth entrepreneurship. However, the private sector participation in capacity building is still limited and public sector programmes for entrepreneurial skills development are not yet comprehensive enough.

Private sector financing of micro and small enterprises through micro finance has significantly expanded in coverage and aggregate credit by 10 per cent per annum over the NDP period. However, access to finance continues to be a challenge to the growth of private sector. High interest rates, collateral requirements and dominance of informal sector impede effective financial intermediation.

### **2.3 Equity and poverty reduction**

There is evidence of recent growth of income inequalities in Uganda. Uganda's latest (2013) Human Development Report (HDR) reveals that inequality remains a big development issue in the country despite rising GDP. Both income and gender inequalities, as well as multi-dimensional poverty, have been rising since 2010. Uganda's inequality adjusted HDI in 2012 was 0.303, representing a significant fall (33.6 per cent) in human standard of living due to inequality in the distribution of dimension indices. Furthermore, the Gini-coefficient index of inequality varies to a significant extent

in different regions of Uganda. The same HDR indicates that the country has got a high gender inequality index (0.517) on the three dimensions considered in the assessment (maternal mortality and adolescent fertility rates, empowerment, and economic activity). It should, however, be noted that this data is based on population estimates. Levels of inequality have created higher concentrations of socio-economic opportunities in Central and Western parts of Uganda compared to other regions which is not in line with well-balanced development.

The 2012 World Bank Promoting Inclusive Growth Report for Uganda looks at inequality and concludes that, although the NDP rightly puts an emphasis on the transformation of the economy into high productivity areas and value addition, this could come with more concentration of economic activity and increasing inequality trends and there is a need to monitor and address this. The World Bank sees the need for targeted policies to address the economic exclusion of segments of the population with respect to education, other social services and access to credit. It is vitally important during the rest of this NDP to start tracking equity of results around Uganda and to make the results framework for the next NDP more focused on the distribution of the benefits and outcomes of development around the country.

There is little reference to equitable development in the NDP and this is considered as something critical, which needs to be improved going forward. It is possible for some of the NDP / Vision 2040 performance indicators to collect data by region or district and to use these to analyse differences in developmental trends around the country, and to have targeted interventions that will address any imbalances reflected in those trends as part of the NDP.

## **2.4 Macro-economic stability**

Implementation of the NDP during the first two years was characterised by an unstable macro-economic environment which meant that many of the key assumptions underpinning the NDP did not hold true over the period. In particular, the growth rate realised in 2011/12 was much lower than projected, inflation increased significantly in 2011 due to external shocks, monetary expansion and relatively loose fiscal policy. In response, there was a significant tightening of monetary policy through raising of the Central Bank Rate (CBR) which subsequently led to the large rise in interest rates by commercial banks. Fiscal policy was also tighter than the NDP anticipated in 2011/12.

This was due to a combination of factors such as, weak global economic conditions and related uncertainty about global economic prospects and slow implementation of key NDP investment projects. Given this macro-economic environment, the tight budget constraint facing government and unanticipated implementation challenges in key sectors, it became increasingly untenable to deliver resources in line with NDP expectations. In addition, high cost of doing business, tight monetary policy and structural rigidities within the banking sector have kept interest rates high, despite the recent easing of monetary policy. This combination of shocks and policy has limited growth and private sector development over the period under review.

The high inflationary environment which peaked at 30 per cent in October 2011, and the related policy responses compromised realization of the macro-economic objectives included in the NDP. The national development plan anticipated inflation to be kept at an average of 7 per cent during the first three years. In the course of implementing the NDP, the central bank switched from use of reserve money as the main operating target of monetary policy in July 2011 to inflation targeting using the central bank rate (CBR). The Central Bank focused on taming inflation by focusing on demand factors driven by rapid growth in private sector credit. The tight monetary stance that was adopted in July 2011 led to a slowdown in both private investment and consumption. The increase in the CBR rate from 13 per cent in July 2011 to 23 per cent in November 2011, led to a decline in private sector credit growth from 44 per cent in 2010/11 to 11.1 per cent in 2011/12 (Bank of Uganda, 2012). In addition, the increase in the CBR rate and corresponding commercial bank prime lending rates, resulted in a shift towards borrowing dollar denominated loans.

The fiscal stance has also been guided by Uganda's ambition to participate in the East African Monetary Union which targets the fiscal deficit of member countries at 5 per cent or less of GDP. This puts limitations on public investment and spending over the medium term. The fiscal deficit for the first year of the implementation of the NDP 2010/11 was on target at 6.3 per cent of GDP (compared to 6.1 per cent in the NDP). However, much of this was due to a revenue windfall (16.3 per cent actual collection compared to 13.1 per cent of GDP in the NDP) generated by capital gains tax realized from oil transactions. The first year of NDP implementation coincided with the global financial crisis and spending increased to 22.8 per cent of GDP compared to the 19 per cent in the NDP. This was justified as a mitigation measure through counter cyclical

spending. However, in the course of 2010/11, the implementation of the budget was compromised by election and defence spending which reduced resources available to support NDP priority sectors. This damaged the credibility of the budget and undermined government commitment to implementing the NDP.

The fiscal year 2011/12 witnessed some fiscal consolidation with total spending declining to 18.6 per cent of GDP compared to 19.8 per cent envisaged in the NDP. This reduction is partly explained by delays in the implementation of the Karuma dam - a key NDP project. Slow implementation of this project due to weak planning and procurement irregularities led to a reduction in the deficit to 5.3 per cent of GDP. In 2012/13 it was recognized that fiscal policy needed to be more expansionary to increase aggregate demand and financing for capital spending. The budget for FY 2013/14 targeted increased spending with a focus on roads, rehabilitation of water ferries, investments in the standard gauge rail and construction of the Karuma hydro-electricity dam. To a large extent, this is the first fiscal year where there was a very conscious effort to align the budget with key NDP priorities.

Spending ambitions have also been held back by poor performance on domestic resource mobilisation. The NDP envisaged increasing domestic resource mobilisation effort of 0.5 per cent of GDP. This would be achieved by expansion of the tax base, reforming the structure of taxation and improving tax collection efficiency and compliance. However, revenues have stagnated at 13 per cent of GDP which is lower than the taxes collected by the neighbouring countries.

The NDP fiscal stance was also based on expected improvements in allocative and technical efficiency. It was envisaged that this would create fiscal space to increase resource allocation especially to priority areas NDP areas. This would be done by strengthening the link between public spending and outputs; strengthening regulations and compliance, eradicating corruption and reducing duplication of functions. Progress in this area has been slower than anticipated. This is discussed in more detail in the Results Framework thematic report.

While tight monetary policy has successfully curbed inflationary pressures, it has also contributed to a slowdown in economic growth. The NDP envisaged that in addition to controlling inflation within manageable levels, monetary policy would continue to support

growth especially in financial intermediation with private sector credit growing from 12 to 17 per cent by the end of plan period. This was to be achieved by reducing government domestic borrowing. However, the first year of implementation of the NDP was characterized by monetary expansion which contributed to inflationary pressure. The recent easing of monetary policy through a reduction in the CBR rate to 12 per cent has not yet been fully reflected in commercial bank rates. Commercial banks continue to charge high interest rates and the spread between lending and borrowing rates is the highest in East Africa. This appears to be due to a combination of factors including high operating costs, increases in banks financing costs due to high interest rates over the last 2 years, an increase in non-performing assets and structural market deficiencies within the financial system.

As a way forward there is a need to balance macro-economic stability and growth. In particular, in the event of domestic or external shocks, the monetary policy should be geared to maintaining macro-economic stability while at the same time supporting private sector growth. Fiscal policy should also be geared towards achieving the NDP objectives especially by re-allocating resources to priority sectors. At the same time, Uganda should position itself by implementing fiscal policy to address the key binding constraints that would enhance our competitiveness within the EAC.

## **2.5 Addressing infrastructure deficit**

Through the NDP Government pronounced itself very strongly on the policy and strategic direction towards addressing the country's infrastructure deficit. The infrastructure deficit were outlined in the NDP as: roads; railways; water transport; air transport; electricity; ICT; access to safe water; and water for production.

By the time of this mid-term review, progress had been made especially in roads, water transport, electricity, ICT and safe water. In particular, the paved roads network increased from 4 per cent to over 16 per cent. Water connectivity to Mwanza was improved by the re-introduction of the Kabalega Ship, while internal connectivity between the mainland and Kalangala; Nakasongola and Amolatar; and Kamuli and Kayunga were re-introduced. Production of hydroelectricity power was increased, from 628 to 778 megawatts, with the opening of Bujagali hydropower dam and other mini-power stations. The general ICT penetration across the sub-sectors has increased by about 25 per cent. Urban water access increased from 66 per cent to 69 per cent while



rural water coverage continued to stagnate for the 3<sup>rd</sup> year running at 65 per cent. Rehabilitation of up-country airports was undertaken at Arua, Kasese, Moroto, Gulu and Pakuba. However, slow progress was registered in construction of irrigation schemes (NDP core projects) and rehabilitation of the railway.

Overall, the NDP infrastructure targets are not likely to be fully achieved over the 5 year period and larger strides will require agreement on the macroeconomic framework between the economic managers on one hand and the NDP Planners and politicians on the other to enable adequate expansion of the fiscal space to finance these public investments.

## **2.6 Value addition**

The NDP envisages value addition in the primary growth sectors as a key strategic direction for economic transformation. Specific focus is on agro-processing, minerals, and oil and gas. Value addition was to be pursued in order to absorb excess labour from agriculture and increase the value of exports.

Progress towards value addition in the oil and gas sector continues while there has been slow progress in agro-processing and mineral development. The challenge for value addition particular in agriculture has been attributed to high uncertainty in production caused by rain fed agriculture, shortfalls in inputs and land tenure constraints. In addition, inadequate power supply and high electricity tariffs have prohibited attraction of both domestic and foreign investment in manufacturing. The slow progress in minerals development is partly attributed to the lack of appropriate policy framework for land compensation in mineral rich areas. This has been aggravated by lack of appropriate infrastructure such as railway network and high power voltage. A high cost of financing has also prohibited investments in value addition linked to economic challenges as eluded to earlier in this report.

Whereas the NDP identified value addition as a key strategy in various sectors, there is lack of a clear focus for its realisation. There is need to deliberately map value chains and identify investment priorities for support. Key areas should include: iron and steel, oil refinery and agro-processing focusing on processing of: fruits, coffee, tea, fish, milk and grain processing. Efforts should also be put on infrastructure that can support value addition such as rehabilitation of railway networks, distribution of high power

voltage, reforms for improving access to land, availability of farm inputs and access to affordable financing.

## **2.7 Skills development**

The NDP sought to enhance skills development as a way of imparting applied knowledge for formal and non-formal employment. The strategic direction involves review of curricular; setting up incubation centres; integrating business skills development; establishment of youth fund; participation of private sector in skills development; and improving skills development facilities.

Progress has been made regarding changing direction where rather than focusing on only BTVET programme a more comprehensive approach 'skilling Ugandans' has been adapted under the strategic plan running between 2011 and 2020. The main purpose is to create employable skills and competencies relevant in the labour market instead of educational certificates. Seventeen (17)<sup>2</sup> technical schools have been approved for construction by Cabinet. Entrepreneur development initiatives by Enterprise Uganda also continued to be supported.

The greatest challenge to skills development is the negative attitude towards vocational and technical training. In addition, the capital investment requirements for technical schools are much higher than for ordinary schools, hence, there is need for heavy public sector intervention in establishment of technical schools. There has also been limited progress in establishing and effectively operationalizing vocational training. The adoption of universal primary and secondary education has created a need for scaling up of BTVET programme. The dilemma that must be resolved is the balancing of the intra budget allocations across the sub-sectors of education, namely; primary, secondary, tertiary and BTVET. Focus should be placed on primary and technical training

## **2.8 Regional integration;**

The NDP highlights promotion of use of Kiswahili as a national language; harmonization and domestication of treaties; sensitization of the public on rights, duties and procedural arrangements and alternative disputes resolution; bilateral trade negotiations; improvement in non-tax revenue management; presidential initiative on regional

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<sup>2</sup> Names to be included

integration; fast tracking the EAC political federation; and support to regional and international cooperation frameworks and treaties.

Kiswahili language has been introduced in primary schools and made compulsory in secondary school up to senior two (S.2). In terms of harmonization and domestication of treaties, the common market is now in operation (much as work is on-going on VAT and NSSF contribution). Bilateral trade negotiations were part of the negotiations under the Customs Union Protocol which is under operation. Work is on-going on mechanisms for preparation of the EAC Constitution to facilitate implementation of a political federation. The work of a Monetary Union Committee of the EAC partner states has been appointed and work is on-going towards a Monetary Union.

The major challenge has been the slow uptake of reforms necessary for adoption of key commitments under the EAC protocol. There is a general lack of buy-in and knowledge of the benefits of EAC integration.

There is need for stepping up sensitization of the general public on the benefits of EAC integration. At the political level, there is need for positioning Uganda to competitively participate in the EAC so as to generate economic dividend for all Ugandans. Constraints to operationalization of the protocol on free movement of persons and labour and the right of establishment and residence should be addressed.

## **2.9 Socio economic Transformation**

Overall, the review finds that there has not been much improvement in the state of human development in the country over the last three years. The Human Development Report (UNDP 2013) still places Uganda in the low human development category with most indicators remaining static (and worsening in some cases) in relation to previous years. The country's HDI value for 2012 was 0.456, reflecting a marginal improvement from her position in 2011 which was 0.454. In both 2011 and 2012, Uganda ranked 161 out of the 187 countries that were assessed. This country ranking fell short of the NDP targeted position of 150<sup>th</sup> and 148<sup>th</sup> respectively Uganda's HDI score fell below the HDI average for countries in the low category (0.466) as well as below the average for countries in sub-Saharan Africa (0.475).

With regard to demographic variables, Uganda experiences high population growth which has settled at around 3.2 per cent between 2010 and 2012. This is the third

highest growth rate in the world after Yemen and Niger (World Population References Bureau 2013, UNDP 2012). High population growth has taken place with total fertility rates estimated at 6.9 in 2010 and 6.2 in 2012 (UBOS 2012). The infant mortality rate (IMR) has remained high, estimated at 76 per 1,000 live births in 2010 and 68 per 1,000 live births in 2012. The MTR observed slight improvements in life expectancy in Uganda, rising from 53.7 years in 2010/11 to 54.5 years in 2011/12 (UNDP, 2013). This is in line with the cautious targets in the NDP which project life expectancy to grow by a few months every year for the five years of the current NDP. The Vision 2040, on the other hand, foresees a one year increase in life expectancy each year between now and 2040.

Maternal mortality rate (MMR) has stagnated over the last three years. In 2009/10, MMR was estimated at 435 per 100,000 live births, but this number increased to 437 in 2011/12 and to 438 in 2012/13. The major constraints are reported to include: (i) lack of emergency obstetric care largely arising from a poorly resourced referral system; (ii) lack of trained midwives; (iii) negative attitude of some midwives arising out of poor remuneration; and (iv) the unhealthy conditions in which traditional birth attendants operate.

The high population has impacted negatively on Uganda's livelihood systems, specifically with regard to scarce resources, as illustrated in Box 2.1.

**Box 2.1: Impact of population growth on livelihood systems.**

High population growth, amidst poor technological uptake, has created stress on natural resources (particularly land) leading to food insecurity, water scarcity and increased pressure on the environment. The situation has culminated in pressure on forest cover and agricultural productivity which have implications on food security. Indeed, there have been food shortages in some areas, exacerbated by supply side constraints like drought which is itself impacted by high population growth through depleting of forests and other natural resources.

Urbanisation is a key aspect of the NDP. The trend for urbanisation indicates a rise from 12.0 per cent in 2008/09 to 13.0 per cent in 2010/11 and 14.7 per cent in 2011/12. There are, however, concerns that a lot of urban development is unplanned and there

are growing challenges in providing public services to larger numbers of people in towns. In a recent study by the EPRC, the steady growth in urbanisation has been attributed in part to recent proliferation in the number districts which automatically turns all district headquarters into urban areas, but not necessarily with any effective change in the socio-economic features, facilities and living conditions of the people in those areas.

Relating literacy levels to effective socio economic transformation remains a main challenge in Uganda. Being dominated with a big primary level education intake, the functionality of Uganda's literate population is very low. Only about 23 per cent of Ugandans have attained at least secondary education with the proportion of women lagging behind at nearly 24 per cent. The last UDHS study in 2010 indicated that there was not much difference in people's attitudes and practices between primary and no education categories. Consequently, one of the most binding constraints to the national development of Uganda is to do with the lack of enough relevant, high quality skills. In this connection, the review has observed efforts by the social development sector to increase government action on functional literacy, although budgetary allocations to these actions have been low.

The MTR deduced that there should be transformation of people's attitudes, cultures, beliefs and perceptions. There also need to embrace science and technology, innovations, new approaches to work ethos and family value systems that put less attachment to extended family norms and high nationalism as well as promoting self-motive incentive. Addressing these issues together with appropriate policy frameworks to tackle the outlined aspects in the sub-sections above, should transform individual behaviour and practices towards achieving desirable socio economic indicators.

## **2.10 Democratic Governance, Rule of Law, Peace and Security**

The NDP envisages consolidation and enhancement of democracy, observance of the rule of law as a panacea for socio economic development. The Plan espouses a common regional strategy for peace and security; regional defence pact to ensure regional stability. This has been achieved through strengthening of the judicial system, professionalization of the national army and strengthening of community policing. There has been progress in regional peace keeping missions notably the AU mission in Somalia.

The major challenge for administration of justice has been a limited budget which has resulted in a heavy backlog of cases and shortfalls in staffing, hence delayed delivery of justice. Another challenge has been the growing size of Parliament that has resulted into a bloated public expenditure, which has not necessarily translated into improved service delivery.

The MTR recommends continued consolidation of the gains for peace, security and democratic governance. There is need for rationalization of the size of Parliament to achieve effective legislation, oversight and service delivery. In addition, the sanctity of separation of powers between the Executive, Legislature and Judiciary should be strengthened.

In addition, discussions held with key informants suggested that priority areas of policy reform should include some of the following key aspects:

- Implementation of agricultural policies which are designed to boost yields, increase long term competitiveness of farming, and encourage value added activity;
- Land tenure reform and inventory to enable easier construction of infrastructure and greater access to collateral for loans;
- Planning reforms which allow more integrated and coordinated development in urban and industrial areas in particular;
- Cascading planning and decision making so that local authorities can be meaningfully involved in local development;
- Policy reforms to increase the domestic tax base through a review of tax breaks, and a widening of the tax base;
- Innovative mechanisms for accessing private sector finance and sharing investment risks equitably, including public private partnerships, for large scale infrastructure projects;
- Enhancing the business environment for Uganda SMEs who can be the engine for economic growth.

- Population and health care policy which allows great provision of the unmet demand for family planning;
- Social protection / welfare policy to ensure that the most vulnerable do not lose out in the growth process.

The MTR deduced that on the whole, the generation of policy and strategic direction for the country is fragmented and lacks a framework for coordination of setting up national cross cutting policies and strategies. An institutional and legal framework is required that defines over-riding choices and aspirations in terms of development, governance and global positioning. A body should be established with a mandate to provide a central locus for national guidance on policy and strategic direction. Such a body should be able to vet all national policy reforms and choices at the highest level in national interest without political interference.

The policy and strategic direction should continue to pursue a quasi-market approach which includes a mix of government investments in strategic areas and private sector market driven actions. New innovated ways should be adopted to ensure realization of a 'business approach' in execution of public sector policies and programs. There is need for a concerted effort to rationalizes public sector management structures and systems with a view to achieving efficiency gains and greater effectiveness in service delivery

The overarching policy of the NDP is said to intertwine economic growth and poverty eradication which is an admirable, yet challenging goal. It follows the aspirations of the Millennium Development Goals (MDGs), and other global sustainable development targets, to which Uganda is a signatory. This will be achieved through. In line with the Vision 2040, it is stated that the private sector will remain the engine of growth and development, with the Government providing a facilitating policy, regulatory and institutional framework and encouraging public private partnerships.

It is described in the document as a new approach for the country, where the nation itself will be perceived as a corporate, or business entity, with a vested interest like all other stakeholders in pursuit of the common vision. The main postulate of this policy is the imperative to evolve a meaningful working relationship with others as a mean to forge ahead in an increasingly competitive regional and global marketplace.

Section 4 outlines strategies to unlock the key constraints described earlier, with identification of the lead institution(s). The document goes on to analyse the constraints in more detail and come up with a list of 15 core projects for national development, with budget estimates over the 5 years of the NDP, including a forecast for private sector funding needs. This section also presents the macro-economic approach for implementation of the NDP. It proposes budgetary allocations to 16 sectors on the economy, based on the categorisation of government spending used by MoFPED. The NDP also presents annual targets for selected macroeconomic, financial targets for the full NDP period and economic growth prospects for the same period.

Part 3 of the NDP clusters sectors into the four categories – primary growth (such as agriculture, tourism and oil); complementary (such as energy and transport); social (such as health, education and water supply); and enabling (such as justice, security and public administration). The strategic thrust of the NDP is clearly targeted at more prioritisation and investment for the primary growth sectors in particular (but also for most complementation and social sectors) and implies a down-scaling of the resources allocated to the most enabling sectors. There are 43 NDP sectors in total since the MoFPED 16 sector categorisation is sub-analysed. For example, water and environment is broken down into sectors which include forestry (primary growth), water for production (complementary), water and sanitation services (social) and climate change (enabling), among others.

## **2.11 Socio-economic development**

The architecture of the NDP considers socio-economic transformation both as a result and as a requisite for sustainable growth and employment. The principle of growth promoted in the NDP is one of “growth with equity” which implies a strong reference to the desire to balance wealth creation with sustainable poverty reduction. Hence, the NDP results framework targets improving the human development indicators for the country to levels similar with those in middle income countries; raising Uganda’s competitiveness position in the world; and increasing the level of urbanisation. The MTR has looked at trends in these indicators to assess the country’s progress on socio-economic transformation targets.

The Government Annual Performance report (GAPR) indicates that literacy levels in Uganda have been rising slowly in recent years, from 73.6 per cent in 2008/09 to 74.6



per cent in 2011/12. However the NDP targets for this social indicator in both 2010/11 and 2011/12 (76.9 per cent and 78.7 per cent respectively) remained unachieved. As it is, the main contributor to Uganda's literacy figures is the universal primary education (UPE) policy that has maintained the mean years of education at 4.7. UPE increased enrolment from 8.1 million in 2009 to 9.6 million in 2012 (MoES, 2012). While UPE is poised to help Uganda achieve the MDG related target, the major challenge remains the quality of UPE products. This is because of lack of educational materials, insufficient classrooms and poor remuneration of teachers, all which have combined to create low morale and high absenteeism among teachers.

## 3.0 ALIGNMENT OF POLICIES AND STRATEGIES

### 3.1 Overview

In this Chapter, an overall assessment has been made of the extent of common understanding of the NDP including the extent of the buy-in of key stakeholders in implementing the Plan. The Chapter looks at how policies, strategies, budget framework processes and tools, budgetary priorities, Public Investment Plan (PIP), individual sectors, district development plans, as well as institutions are aligned to deliver the NDP objectives. Sub sections that follow therefore, provide a detailed analysis of the extent to which the above have been aligned to implement the NDP.

### 3.2 Understanding of policies and strategies for achieving NDP objectives

For effective national development in Uganda, there needs to be a collective understanding and agreement on the objectives of the NDP, coupled with strong buy-in from a range of key stakeholders in central government, local government, civil society, the private sector, media, academia, and development partners. It was established that there is a growing common understanding of the NDP and some evidence of growing support for the broad policy and strategic direction it espouses. For example:

- Political manifestos, budget speeches, Ministerial Policy Statements (MPS), sector investment plans and performance reports, and other key GoU documentation often refer to the NDP and the importance of aligning behind its strategic direction;
- The high profile Presidential launch of the Vision 2040, which is well aligned (as a higher level document) to the current NDP provides a strong strategic direction for the implementation of the current NDP and towards drafting of the next one.
- Parliament has recognised the need to reduce the constraints to economic growth, particularly the need to expand roads and energy supply, to develop vocational and other job related skills, and to plan for the greater industrialisation and urbanisation of the nation – all part of the overall thrust of the first NDP and the Vision 2040;
- Evidence from the private sector suggests that the NDP is a strong document and balances well the dual objectives of growth and poverty reduction. Many large corporations are aware of the NDP and the Private Sector Foundation of Uganda is proactively working with government on issues, challenges and priorities around private sector development and NDP implementation.

- The general assessment of the private sector consulted was that there is movement in the right direction but more should be done to speed up implementation and support development of the productive sectors of the economy. Notably, they noted the need for a mind-set change in the public sector to facilitate better relationships with the private sector who feel they have skills and experience to bring to the table that could help inject a more "business orientation" into the public sector.
- In contributing to the formulation of NDP, NGOs have reported being individually and collectively engaged in the NDP process in various ways. Collectively, under the auspices of the Uganda National NGO Forum, NGOs participated in the ten-year PEAP Evaluation Process and shared their perspectives and experiences from the process, its implementation and implications for the NDP. CSOs appear to have a more comprehensive understanding of what the NDP is trying to achieve. The NGO Forum took the extra step of properly disseminating their key messages by providing a presentation to newly elected Members of Parliament during their induction process after the recent elections. However, a review of the NGO Forum reports indicates some divergent views on the most effective development agenda. For example, CSOs have questioned the focus on economic growth and infrastructural development rather than a wider focus on well-being; the funding levels received by the agricultural sector; and the neo-liberal free market approach to managing the economy.
- Recognising the key role of communities and individual citizens in implementing the NDP, NPA have produced a citizen's guide to the NDP, as one way of disseminating its implementation. The simplified booklet was translated into the 6 common languages spoken in Uganda including Luganda, Runyakitara, Luo, Ateso, Lugbara, and Swahili and distributed in recognition of the community's role in ensuring the NDP's successful implementation. The simplified vision interpreted for citizens is to see Uganda change from small scale farming to a modern, peaceful, prosperous and democratic country with educated citizens who have good jobs and good incomes.
- Whereas development partners were very closely consulted in the preparation of Uganda's Poverty Eradication Plans which, from 1997 to 2010, donors were more detached from determining the overall direction of the NDP. Donors endorsed the NDP once it was published. A Joint Staff Advisory Note prepared by the IMF and

World Bank concluded that both the macro-economic framework and sector specific plans contained in the NDP were “compatible” with the government’s vision of structurally transforming the economy.

- The United Nations in Uganda developed their current UN Development Assistance Framework (UNDAF 2010-2014) under the vision to support Uganda’s capacity to deliver on the National Development Plan, with a focus on Equity and Inclusion, Peace and Recovery, Population and Sustainable Growth. The outcomes and outputs in the UNDAF support the objectives of the National Development Plan (2010-2014), and the linkages are clearly shown in the UNDAF document.
- The World Bank produced a strategic document on inclusive growth for Uganda in 2012, and much of the strategic thrust of this is in line with the NDP, such as the need to invest heavily in infrastructure investment in the support growth in the most productive sectors, to transform agriculture, and to invest heavily in skills development.

### **3.3 Buy-in of the NDP by various stakeholders**

#### **3.3.1 Ugandan citizens**

According to the NPA (2013), nationwide consultations were conducted in the development of the NDP and associated strategic documents, involving various stakeholders at different levels; although some circles of civil society feel that they were not deeply involved, as they were in previous planning processes<sup>3</sup>. Consensus was reached on the following aspirations for Uganda’s future development for the NDP and Vision 2040:

- To live and work in a peaceful, secure, harmonious and stable country where the rule of law prevails and respect for fundamental human rights observed. Ugandans want a corruption free nation with strong democratic structures and systems;
- To have unity in diversity and equal opportunities irrespective of gender, tribe, ethnicity or religion. They aspire for a progressive and developmental culture that

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<sup>3</sup> See for example <http://campusjournal.ug/index.php/politics/uganda/591-with-its-fundamental-flaws-uganda-vision-2040-is-bound-to-fail-says-jeema>.

blends traditional beliefs and national values, and a future in which men, women, youth, children, and persons with disabilities are empowered to participate as equal partners in development;

- To be resourceful and prosperous nationals contributing to national development through gainful employment, savings and investments;
- To have access to affordable quality health and education services. They aspire for a healthy, literate and well informed society. Ugandans desire to live in clean and well planned settlements with access to all social amenities. Uganda aspires to be a society free of hunger with strong social safety nets;
- A green economy and clean environment where the ecosystem is sustainably managed and the liveability of the urban systems greatly improved;
- A highly moral and ethical society whose citizens are strong in religious and spiritual values, and instilled with the highest of ethical standards. A society in which people practice and profess their customs, cultures and religious beliefs and yet, feeling that they belong to one nation.

These aspirations provide the ethos of the country, and are espoused in the NDP and provide the basis for collective policy and strategic direction. .

### **3.3.2 Civil society organisations**

In July 2009, the Forum launched a perspective paper entitled “Unlocking Uganda’s Development Potential - 8<sup>4</sup> Fundamentals for the Success of the National Development Plan (NDP)”. Eighteen leading civil society organisations were heavily involved in the process which they describe as a culmination of over a year of consultations, reflections and drafting to which over 1200 CSO representatives and support partners contributed. The resulting 8 recommendations offered included:

- Resolve the Paradox of Growth without Transformation;
- Reconcile nation building and survival objectives of ruling parties;
- Balance the supply and demand sides of good governance;

- Reconsider the macro-economic policy model for Uganda ;
- More decisive policy actions and programmes on population issues;
- Consolidate the peace dividend and invest in conflict resolution, prevention and disaster response;
- Reclaim the ecological and legal integrity of environment and natural resources;
- Restating our Commitment for Gender Equality.

CSOs argued that unless these preconditions were addressed or resolved, adopting a new national development plan would not yield any dramatic changes in the socio-economic development trajectory and governance in the country. While they recognised that some of the issues raised may be picked through the NDP operational objectives they should also be useful boundary makers if the Country strives to build a developmental state that is responsive to citizen interests.

### **3.3.3 Private sector entities**

In the course of this MTR, a consultation was held with private sector representatives. They provided feedback on the NDP and challenges around doing business in Uganda. The general view was that the NDP is a sound document which achieves a good balance between growth and poverty reduction. The NDP can potentially be “good for business” in Uganda but needs to be implemented effectively. There has been relatively strong formal private sector engagement in NDP development and the Private Sector Foundation (PSFU) has represented the private sector in many high level discussions. However, knowledge and awareness of the NDP in the informal sector is limited.

### **3.3.4 Development partners**

The 2011 survey of Uganda’s progress in implementing the Paris Declaration concluded that there was high degree of alignment of aid flows with national priorities, although the indicator used in making this judgement did not capture off budget project support, for example those provided directly to recipient NGOs or project implementers. The survey also observed good progress in the co-ordination of development partner technical assistance with national priorities and strategies.

The Development Partnership thematic report suggests that development assistance has continued to be closely aligned to the NDP as it has been implemented. In

particular all development partners claimed that their strategies and programmes are aligned to the NDP and highlighted that their strategy documents emphasise the importance of the NDP in providing a framework for assistance. However, it can be argued that this perspective reflects the broad range of NDP objectives and priorities (“intertwining economic growth and poverty eradication”) that permits donors to claim alignment across a range of strategic approaches and activities.

### **3.4 Alignment of the NDP with other key policy and strategic direction documents**

#### **3.4.1 The NRM Manifesto**

The Manifesto acknowledges the NDP as the main planning framework and instrument for accelerating a transformed Ugandan society (pg.8). The two documents do complement each other, albeit the NRM Manifesto has a particular focus on consolidating democratic processes and good governance, an area which the NDP is somewhat quieter. This is understandable given the nature of the two documents, one being politically oriented and the latter being a non-partisan planning framework guiding development programming and prioritisation. However, the NDP does recognise good governance as a central outcome, a product of strengthening justice, defence, security, law and order.

#### **3.4.2 The Vision 2040**

The Vision document has been referred to in several parts of this report. It is clearly the overarching strategic document to which a series of 6 NDPs will contribute to. However, as the first NDP was prepared before the Vision, it could be argued that the NDP influenced the drafting of the Vision, with clear links such as the focus on agricultural transformation and the growth of manufacturing and industry, the importance of urbanisation and development of high economic growth corridors, priority given to skills development and to sectors such as tourism, oil and ICT for primary growth, investing heavily in roads and energy and supporting the equitable provision of social services.

#### **3.4.3 State of the Nation speeches**

*June 2010*

- The President began by noting that inadequate growth of the Agriculture sector has been a result of the continued reliance on the weather and the insufficient linkages to value addition and market opportunities. He highlighted progress on science and technology development, economic management, agriculture, energy, transport and infrastructure development, water and environment, social sector. Justice, law and order, and parliamentary work. Many of the topical issues noted in the address subsequently were included in the NDP which was noted by the President during the speech as the national planning document that will be launched in the recent future.

#### *June 2011*

- The State of the Nation for 2011 began by discussing issues of elections, constitutionalism, and the rule of law. Economic progress was presented and issues related to sector performance, revenue generation, and inflation were discussed.
- In terms of development, the President reinforced the goal of the government to move subsistence farmers into more a more productive commercialised agricultural sector. For this to happen, he referenced issues related to production and food security, irrigation and water for production, agricultural finance, and livestock and fisheries sector improvements. He described how improvements in the Energy and Mineral Sector have also notably furthered development of the country. The Speech covered a wide variety of sector information including from Education, Health, Transport and Infrastructure, Social Development, Labour, Justice, Law and Order, and Corruption issues.
- Again, the NDP was not mentioned in the speech, but the topical issues addressed and subsequent intervention areas prioritised for the year fell within the scope of the NDP.

#### *June 2012*

- The 2011 State of the Nation address focused overall on 4 aspects: 1) Economy recovery; 2) Disagreements on priority of allocation of scarce resources and the consequent delay in infrastructure development, with its implications for the delay of socio-economic transformation; 3) Sabotage of vital development



projects by the indiscipline and, sometimes, selfishness of various actors, including some political leaders; and 4) Corruption.

- Before reporting on the above four aspects, the President outlined the five reasons that have caused the recovery of the economy since 1986 to-date. These included an improvement of security of persons and property, the involvement of the Private Sector, whose investments account for about 77 per cent of all total investments in the economy, the macro-economic stabilisation and liberalization of the economy, the expanding consumer demand in Uganda and in the Region; and support from Development Partners towards infrastructure development.
- The President described a 'paradox' of the present economy of Uganda: "growth without creating enough employment and without earning enough foreign exchange but instead squandering the foreign exchange earned from coffee and other raw-material exports". He noted the usefulness in distinguishing between core industries that are a must in terms of sustaining human life and, then, complementary industries that dependent on the others to thrive. He also stated in the speech the core issues in the economy are: defence and security; law and order; electricity; roads; the railway; piped water for the big towns; education; health; tourism; and scientific innovation.
- While the speech did not mention the NDP whatsoever, the topical issues are in line with the main trust and priority objectives and sectors within the plan. So in this respect, the Presidential opinions are broadly in line with the NDP.

### *June 2013*

- The main concerns presented in 2013 were the socio-economic transformation of the Ugandan society and economy and the integration (both economic and political) of the African continent. The President identified a number of strategic bottlenecks to development which more or less align to the NDP 7 'binding constraints'. The bottlenecks detailed in the speech included: 1) Ending ideological disorientation; 2) Building the State pillars to ensure that the State is capable of governing and protecting people (links with improving public sector management and administration); 3) Developing human resource through education and the improved health for all (links with increasing the quantity and strengthening the quality of the

human resource); 4) Promoting and enabling the Private Sector (links with improving public sector financing and financial services), 5) Developing infrastructure (especially electricity, the railways, the roads, ICT, etc.) (links with increasing stock and improving quality of public physical infrastructure); 6) Modernising agriculture (links with facilitating availability and access to critical production inputs); 7) Modernising services (links with promoting science, technology, and innovation); 8) Integrating the African market to assist the Private Sector; and 9) Ensuring democracy.

- The address described market integration, the human resource development and the infrastructure development as enablers, but real wealth creation is effected and created by the Private Sector investing in real estate, services, manufacturing, agriculture, ICT, etc. It was stressed that it is the Private Sector that will create jobs, produce more goods and services for domestic consumption as well as exports and expand the tax base. This is consistent with the business oriented thrust of the NDP.

Going forward, there is scope for the NPA to influence more directly the State of the Nation speeches so that they relate more clearly to the NDP and the Vision 2040.

#### **3.4.4 Budget speeches**

##### *Financial Year 2011/12*

Under the theme, “Promoting Economic Growth, Job Creation, and Improving Service Delivery”, the 2011/12 Budget followed the recommendations set out in the Presidential State of the Nation address of 2011. The emphasis was placed on interventions in transport and energy infrastructure, skills development, stimulation of employment, the need to enhance an enabling environment for business and improving the effectiveness of Government. The underlying assumption for these interventions “form the basis for the transformation of the economy on a sound and sustainable basis” (p3). The budget clearly identified the NDP as the plan that necessitates action in unblocking key constraints (pg.18). The budget aligned itself to support the action towards the following development challenges:

- Inadequate physical infrastructure;
- Limited supply to critical production inputs;

- Inadequate skills base and social infrastructure;
- Inappropriate mind sets, attitudes, and culture;
- Limited access to financial services;
- Limited employment opportunities.

During this financial year, a number of priorities were identified which are found prominently within the NDP: 1) Infrastructure development in roads, railways, and energy (complimentary sector); 2) Enhancing agricultural production and productivity (primary sector); 3) Employment creation especially for youth, women, and in SME's (social services sector), 4) human resource development (social services sector), and 5) Improving service delivery (enabling sector).

### *Financial Year 2012/13*

The theme of the financial year budget was "Priorities for Renewed Economic Growth and Development" and continued to focus "Government's scarce resources to unlock the most binding constraints to help restore faster economic growth, while promoting more inclusion and sustainability" pg. 7). The statement mentioned that a process of consultations took place with "all walks of life" throughout the year which determined the priorities over the fiscal year. The proposal envisaged that Government will focus its resources to improve Uganda's business climate and its comparative advantage of a conducive agricultural climate, land-linked location in the middle of East Africa, and a young adaptable work force, so as to undergo a structural change for economic transformation. The key sector priorities documented for 2012/13 were:

- Removing infrastructure constraints in transport and energy to facilitate private sector development as the engine of growth (primary sector);
- Promoting support to the critical productive sectors of the economy including in Agriculture and Tourism in order to generate employment and increase production (primary sector);
- Improving the quality of social services focusing on education, health and access to water (social services sector);
- Strengthening Public Sector Management for efficient service delivery (enabling sector).

On the last point, the budget speech noted that a particular emphasis on public sector efficiency is demanded for six key service delivery sectors, namely agriculture, roads, energy, health, education, and water, providing a balance between the primary growth sectors and the basic needs of Ugandans. It stressed an emphasis on the actions required within the year to further align sector priorities and allocations of resources across the board towards the strategic interventions of the NDP.

### **3.4.5 Report of the Presidential Advisory Committee**

The report of the Presidential Advisory Committee on the Budget on the prioritisation of the resources for FY 2013/14 agreed on the following priority areas: 1) Security (enabling sector); 2) Infrastructure (complimentary sector); 3) Scientific research and innovation (complimentary sector), 4) Value addition and industrialisation (primary sector); 5) Agriculture (primary sector); 6) Education (social services sector); 7) Health (social services sector); and 8) Cross cutting priorities mostly within the enabling sector including reforms in the Judiciary, provision of ID cards, census, salary review, and fighting corruption.

## **3.5 3.5 Alignment of the PIP and funding with the NDP**

### **3.5.1 Assessment of PIP alignment with the NDP**

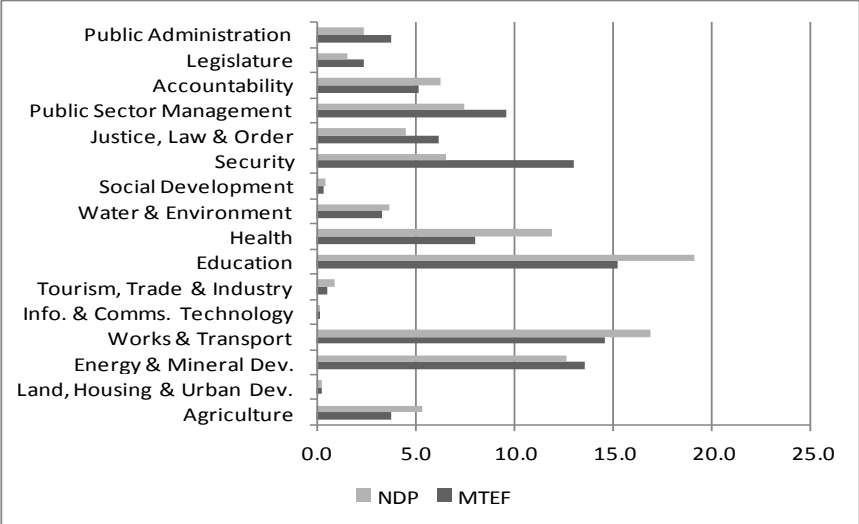
NDP project priorities need to be included in MoFPED budgets if alignment of national strategy and project funding is to be achieved. In theory, NDP priorities are aligned to sector investment plans (SIPs) and priority projects are inserted in the public investment plan (PIP) for funding in the GoU development budget. Out of the 40 projects identified the NDP, only 8 were considered in the PIP. This suggests that alignment of individual projects of the NDP with those actually funded by MoFPED is not strong.

### **3.5.2 Comparison of NDP and MTEF allocations by sector**

The NDP allocates significantly greater proportions of funding for health, education, tourism trade and industry, works and transport, and agriculture. The MTEF allocates significantly greater proportions of funds for public administration, legislature, public sector management and security. However, the above analysis only paints part of the picture as development partners who provide off-budget funding favour certain sectors such as health, social development, agriculture and water and environment, as is shown

in the figure below. Due to major off-budget funding, sectors such as these therefore receive significantly greater total amounts of finance than suggested by the MTEF and also higher proportions of total (on and off-budget) resources. The figure 3.1 below compares GoU on-budget allocations to sectors over the last 5 years.

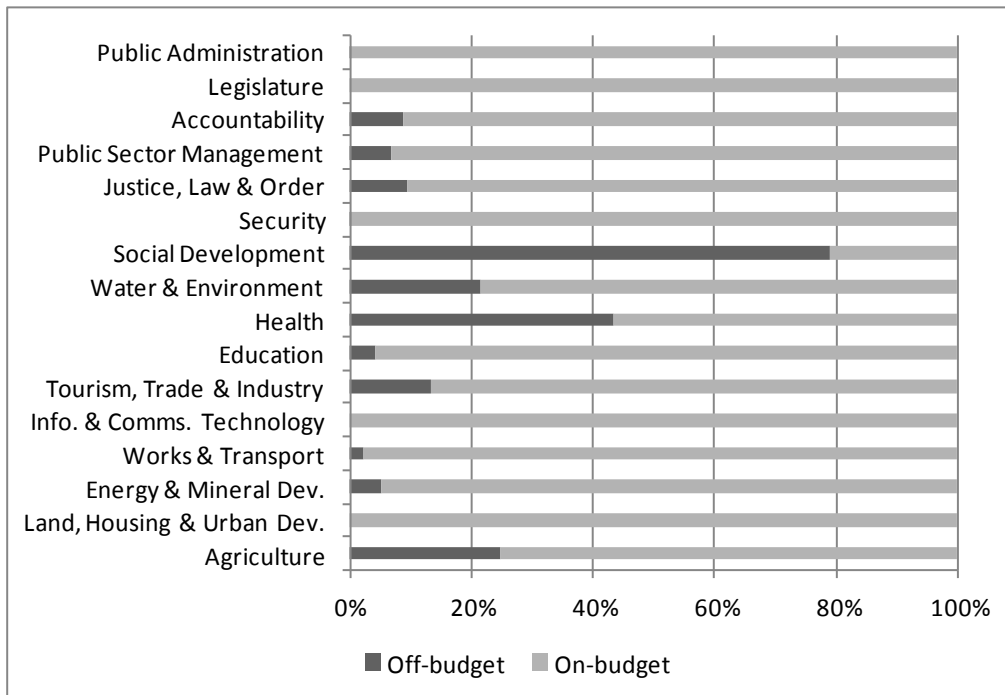
**Figure 3.1: Comparisons of 5 year GoU on-budget sector MTEF allocations and NDP**



Source of data: *NDP and MoFPED reports. MoFPED data relates to actual releases for 2010/11 and 2011/12 and approved budgets thereafter. NDP data relates to costing estimates on page 56, excluding interest payments and unallocated costs.*

The off-budget sector funding represented in Figure 3.2 relates to donor funding which is known about by MoFPED, but is not channelled through the MTEF. The sector with the highest proportion of off-budget funding is social development, where the ratio of off-budget to on-budget funding is 3.73. The other sectors with relatively large off-budget funding are health, agriculture, and water and environment with off-budget to on-budget ratios of 0.76, 0.33 and 0.28 respectively. Fig 3.2 illustrates this assertion.

**Figure 3.2: Comparisons of relative importance of off- and on-budget finance for first 3 NDP years**



Source of data: MoFPED reports.

Overall, it is clear that from the onset of the NDP, resource allocation under the national budget was not fully in line with the policy and strategic direction envisaged in the Plan. The PIP which elaborated more on the focus for public investments was also not in line with the key projects identified in the Plan which led to inconsistencies in achieving the NDP objectives. More information about the alignment of NDP financing is given in the Results Framework thematic report of this MTR.

### **3.6 Alignment of NDP policy and strategic direction within specific sectors plans**

Prior to the elaboration of the NDP, sectors (including those that had not designed their own sector investment plans) provided in to the Plan that formed the strategic thrusts of the Plan. In the paragraphs below provide a summary some sectors and the extent to which implementation of their plans is aligned to the policy and strategic direction of the NDP.

#### **3.6.1 Education and Sports Sector**

The NDP envisaged to implementing some of the strategies for the education and sports sector as highlighted below:

- a) Reduce costs of education to families;
- b) Support programs targeted at disadvantaged children and youth;
- c) Expand and improve primary school infrastructure facilities;
- d) Enhance instructional quality to increase pupils' achievement of literacy numeracy and basic life skills
- e) Strengthen the teaching force;
- f) Strengthen the capacity of the Ministry, its agencies and institutions;
- g) Expand and improve BTVET facilities; and
- h) Enhance equitable access to sports.

By and large, there has been considerable progress to increase access to all levels of education. Gross enrolment at primary level continues to increase (refer to the results framework thematic paper) albeit the challenges of rise in school drop-outs. Also infrastructure facilities especially for primary and secondary have been improved through the expansion of the school facilities grant. However, challenges remain for the sector. The demand for schooling has increased considerably due to rise in population and this has not been matched by commensurate public spending on education. For instance since 2007, UPE grant per pupil has remained stagnant at Ushs.7000 in spite of changes in price levels. While the teaching labour force has expanded, there is widely publicised discontent on the level of recurrent spending on teacher salaries. There is also a challenge of high youth unemployment largely emanating from lack of skills and limited employment opportunities. The strategic direction therefore should be skills development at all levels to enhance youth employability and increased value addition within the country for faster job creation.

### **3.6.2 The Health Sector**

The NDP presents key strategic areas for the health sector which include the following but not limited to:

- a) Ensuring that all levels of the health system carry out their core functions effectively and efficiently;
- b) Increasing motivation, productivity, performance, integrity and ethical behaviour of human resource;
- c) Mobilize sufficient financial resources to fund the health sector;

- d) Improve access to quality health services at all levels in both the public and private sector;
- e) Implementing the national health policy and the health sector strategic plan.

The assessment of the MTR underscored the fact that the health sector is implementing a health sector strategic plan III running in the same timeframe as the NDP. The sector is reporting a major success as a result of the push from the NDP that 40 per cent of health funding is now financed under public private partnerships. However, implementing the above strategic areas is still faced with some challenges especially in terms of ensuring that all health systems carry out their core functions effectively. The quality of health services remains low as unmet need for health care is manifested at health centres across the country and a lack of progress in meeting the NDP targets for infant, child and maternal health. In terms of the strategic direction for the health sector, there are also emerging inconsistencies between the constitution and the middle income country health aspirations. There is therefore need for constitutional review to realign the constitutional health sector objectives to the aspirations of the NDP and Vision 2040.<sup>5</sup> Furthermore the strategic direction should be to move towards provision of universal health insurance.

### **3.6.3 Agriculture**

Some of the key strategies for the agriculture sector include the following:

- a) Improved agriculture technology development;
- b) Effective delivery of advisory services and improved technology;
- c) Control of diseases, pests and vectors;
- d) Enhancing productivity of land through sustainable land use and management of soil and water resources;
- e) Increase in supply for water for agricultural production;
- f) Promoting labour saving technologies and mechanisms;
- g) Improve access to high quality inputs, planting and stocking materials;
- h) Improving access to and sustainability of markets;

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<sup>5</sup> The constitution provides for only basic health care while the aspirations for upper middle income countries are way beyond basic health care.



- i) Creating an enabling environment for competitive investment in agriculture.

To a large extent the agriculture sector has so far during the NDP period attempted to implement some of these strategies. In particular, there has been progress in control of pests and diseases; providing advisory services through the NAADS program; as well as creating an enabling environment for competitive investment in agriculture. However, the NAADS programme has faced various challenges leading to its suspension several times in the course of its implementation during the first half of the NDP. Productivity of land use was also hindered by the slow progress of establishing the phosphate factory at Tororo. Four out of the five national core irrigation schemes have been earmarked for implementation however the majority are likely not to be completed by the end of the current NDP. Albeit these challenges, government is in advanced stages of establishing the single spine extension services system aimed at enhancing production and productivity, with NAADS complementing it to provide demand driven service delivery. There needs to be a strategic action that ensures availability of improved, affordable and accessible farm inputs. In addition, there is need for establishment of an agricultural development bank with national shareholding to provide affordable agricultural financing. Furthermore, there should be a deliberate effort to provide agricultural insurance tailored to cushioning farmers against agricultural risks and vagaries of weather.

#### **3.6.4 Water and Environment Sector**

The Water and Environment Sector has espoused to implement some of the following key strategies:

- a) Construct, maintain and operate the water supply systems in rural areas which would increase access from 53 per cent to 77 per cent by 2015;
- b) Construct maintain and operate the water supply systems in urban areas which would increase access from 60 per cent to 100 per cent by 2015;
- c) Promote good sanitation and hygiene practices and improve from 69 per cent to 80 per cent for rural areas and 77 per cent to 100 per cent in urban areas;
- d) Increase sewerage systems in urban areas;
- e) Enhance the involvement of the private sector players in water infrastructure financing, development and provision of water services.

The Water and Environment Sector have expressed that there is a strong coherence of priorities in the SIP and the NDP, and other relevant planning documents. There has been progress in increasing access to both rural and urban water (as expressed in the results framework thematic paper of this MTR). The challenge for the sector as pertains to sanitation is mainly due to poor institutional framework for sanitation service delivery. The environment has equally been challenged by encroachment on natural resources emanating from population pressures for farm land and bio fuel. Weaknesses also remain in enforcement of environmental law and regulations. Equally of concern is the high cost of electricity which has led to over reliance on bio fuel. Much as there a land policy there is still weak implementation, lack of access to land by government and industrialists which has led to further pressure on wetlands.

In light of the above, it is proposed there be constitutional reforms in relation to land tenure, access and utilization. Secondly, there is need for rigorous enforcement of existing legislation to protect encroachment on marginal areas such as wetlands, forests and other valued ecosystems. In terms of water and sanitation, there is need for creation of a body to regulate national sanitation service delivery, since currently sanitation service delivery is highly fragmented across various sectors.

### **3.6.5 Social Development Sector**

The social development sector planned to undertake some of the following strategies:

- a) Diversify and provide comprehensive social protection measures for the different categories of the population;
- b) Promote gender mainstreaming in development plans, programs and projects;
- c) Reduce gender based violence and promote women's rights;
- d) Strengthen the systems for promotion of human rights and prevention of human rights abuses.

While the development partners have committed substantial resources to support this sector, it was supposed to be accompanied by equally higher commitments from government. This sector is vital for ensuring social protection and reducing vulnerabilities especially of disadvantaged sections of the population. The challenges for social development have included limited financing for the key drivers of social protection notably provision of services for the marginalized groups; functional adult

literacy among others. The strategic direction for social development needs to include identification of financing that is sustainable to support the sector to address these key challenges.

### **3.6.6 Tourism Trade and Industry Sectors**

Under the NDP these sectors has planned to implement some of the following strategies:

- a) Securing international and domestic source markets for tourism;
- b) Diversifying tourism products;
- c) Implementing measure to reduce time and cost of starting business;
- d) Develop and implement a national trade and tourism information system;
- e) Enhance branding of products and services;
- f) Improving the quality and stock of trade infrastructure; and
- g) Scaling up the adaptability of the new and available science knowledge and technologies.

There is a strong understanding of the potential that tourism has in supporting national development. Tourism has been one of the fastest growing sectors during the NDP period registering growth rates of more than 10 per cent per annum. However, there has been a challenge of delayed operationalization of the Tourism Act 2008 which constrained resource mobilization, research, product development, promotion and marketing. There is need to increase financing to the sector in order to enhance achievement of the tourism sector objectives

As far as trade sub-sector is concerned, the cost of doing business remains high. There is therefore need to improve economic infrastructure and reduce bureaucracy and its associated costs. There is need to provide more incentives to attract private sector investment and spur business competitiveness of the country in comparison to other countries in the region such as Kenya, Tanzania and Ethiopia. The MTR also recommended creation of a Tourism Sector to enhance inter-sectoral linkages by various stakeholders and implementers.

Over the NDP period, Uganda's industry sector has grown at an average of 5.26 per cent which contrasts with the NDP projection of 6.5 per cent. One implication of this has been the slow growth of employment opportunities in the sector as well as the slow

pace of structural transformation of the economy and continued dominance of employment in the agricultural sector. Due to the strong linkage of the country's industrial base to agriculture, there is need for government to deliberately support value addition to agricultural products for faster industrialization. Secondly, there is a need to exploit the potential of the mining especially iron ore and oil and gas. The development of value chain of oil and gas will enable the country to develop high value industries including refineries and petro-chemicals industries, while iron ore will have a great impact on industrialization drive of the country. In addition, there is need to develop an SME policy to nurture the growth of an indigenous private sector into formal and competitive enterprises with potential for progression into large enterprises.

### **3.6.7 Lands, Housing and Urban Development Sector**

The NDP presented key strategies to direct implementation of strategic interventions under lands, housing and urban development some of which are shown below:

- a) Formulation of the national land policy;
- b) Formulation and implementation of a national resettlement policy;
- c) Strengthening land dispute and resolution institution;
- d) Implementation of the new physical planning law;
- e) Implementation of national and regional physical development plans
- f) Developing and harmonizing the national urban development policy
- g) Developing and implementing of the strategic urban infrastructure investment framework

Most of the strategies outlined relate to formulation of and implementation of policies to guide the sectors. It is early to assess the progress of these as they ordinarily take time to be passed by cabinet. The work to put in place a land policy is on-going while other policies like physical planning law are at infant stages. Land issues however continued to take public precedence due to the challenges and conflicting aspects within the legal framework which the land policy ought to address.

### **3.6.8 Energy and Mineral Development Sector**

Under this sector the NDP had espoused to implement the following key strategic interventions:

- a) Construction of large hydropower and thermal power plants through public and private investments;
- b) Expand the transmission grid and increase transmission voltage;
- c) Reduce power losses and regulate and monitor energy policies;
- d) Promote and facilitate the use of renewable energies at household level;
- e) Promote the use of new proven technologies for improved mineral recovery and production; and
- f) Developing infrastructure for mining activities including undertaking geological, geochemical geophysical and remote sensing surveys.

During the NDP period, expansion of general capacity and transmission infrastructure for hydropower through the completion of Bujagali and Nyagak hydropower plants; and the launch of construction of the karuma hydropower dam; as well as developments in the oil and gas became the prominent. In the recent past, Government has also commissioned construction of the Isimba hydro power plant and other mini power plants. Under oil and gas, plans are on-going to pave way for the construction of the oil refinery in the albertine region. There oil and gas sector also witnessed passage of critical legislation and the Energy Master Plan is being developed and efforts are being made to align this well with the NDP. As far as mineral development is concerned, attempts the key NDP project are the Sukuru Phosphate project and the Muko Iron-ore. Challenges related to legal injunction over sukuru project land site and securing surface rights for Muko have hampered progress.

In light of the above, the strategic direct is provision of support karuma hydropower project and other commissioned power plants since Uganda will inevitably face power shortfalls in the years to come. Energy is also a source for industrialization which provides employment opportunities in the economy. There is need to expedite pursuit of solutions to legal and other concerns for the sukuru and muko mineral projects respectively.

### **3.6.9 Works and Transport Sector:**

Under this sector the NDP aimed at achieving the following key strategies:

- a) Improving the conditions of national road network;

- b) Modernizing the public transport systems-greater Kampala metropolitan Rapid bus Transport Systems;
- c) Rehabilitating the existing railway network and increasing the haulage capacity and commence the construction of the standard gauge rail;
- d) Increasing navigable routes and improving the marine transport infrastructure;
- e) Increasing international, regional and domestic air flight routes.

Over the last two and half years, financing for the roads sector has taken a substantial proportion of the national budget. As a result, there has been an improvement demonstrated by roads that have been paved from 4 per cent to 16 per cent in the country (including Kampala city roads). In addition, progress has been made in revamping Uganda's railway system and a feasibility study is being conducted to pave way for the construction of the standard gauge rail. Furthermore, hydro graphic surveys were conducted by the EAC to map navigable routes.

Overall the emphasis on upgrade of the country's road network is in the right direction, as this will enhance connectivity and efficiency in the economy. There is need to fast track rehabilitation of existing railway networks while plans are going on for building of the regional standard rail gauge. This will have immediate impact on cost of transporting goods in the country in the short to medium term. It will also increase durability of the newly constructed/rehabilitated road network. In terms of air transport, plans are underway to revitalize the Uganda national flag carrier- the Uganda Airlines. It will be important to fully assess the viability of this project in relation to the desire to provide direct contact between Uganda and the tourism source-markets.

#### **3.6.10 Regional and International Cooperation**

The NDP outlined a number of strategies to be pursued to enhance Uganda's competitiveness regionally and globally. These include the following:

- a) Improving the quality of goods and services produced in the country;
- b) Adequately preparing Uganda labour force to seize opportunities availed by EAC integration;
- c) Promoting awareness of EAC integration among the population; as well as

- d) Initiating, promoting and coordinating bilateral, regional and multilateral cooperation through treaties and agreements.

Over the NDP period, Uganda has been active in ensuring regional peace and cooperation. The national army has supported a peace mission in Somalia under the African Union mandate. Over the last two years, H.E the President has been chair of the IGAD; International Conference on the Great Lakes Region (ICGRL); EAC (which is held on rotational basis); and Common Market for East and Southern Africa (COMESA). Uganda has also been at the fore front of fast-tracking the EAC Common market that includes the following milestones: the EAC Customs Union; work towards one common currency; and EAC Central bank.

There is a need for a mechanism for assessing the benefits of the country from engagement in the various regional and international cooperations. In addition, there is need to determine a critical path for investments that will enhance competitive positioning of Uganda to maximize benefits from particularly the EAC.

### **3.6.11 Justice Law and Order**

Under the Justice Law and Order sector, the NDP espouses to undertake the following key objectives:

- a) Fostering the independence of the judiciary
- b) Enhancing observance of human rights;
- c) Enhancing justice for all;
- d) Promoting safety of persons and property;
- e) Enhancing JLOS contribution to economic development; and

Over the NDP period, there has been effort to safeguard the separation of roles among the three arms of Government (Executive, Legislature and Judiciary). In particular, Parliament has continued to be strengthened to play its roles of: legislation, oversight and ensuring accountability. On the other hand, the Judiciary has been strengthened through the appointment of judges for the Constitutional Court and Court of Appeal. The judiciary however continues to suffer from a backlog of cases and under performance in dispensing justice due to underfunding.

During the NDP MTR, there were varying views from sectors including legislature on the effectiveness and size of the current Parliament. The debate regarding the size and representation of special groups needs to be concluded so that an optimal size of Parliament is arrived at for more effective service delivery and oversight.

### **3.6.12 Sub-National Development**

The NDP outlines the following key strategies for sub-national development:

- a) Harmonise local government policies, laws and regulations with national frameworks.
- b) Strengthening local government administration
- c) Support affirmative action for post-conflict and marginalized areas
- d) Promote Local Economic Development (LED)
- e) Enhance good governance

Over the NDP period, local council courts were operationalized with the view to decongesting the Chief Magistrates Courts. Whereas the number of districts has increased by 31 over the NDP period, the actual impacts on service delivery have been limited, particularly due to sub-division of budgetary allocations of the development budgets of the mother districts. There has also been challenges of understaffing in the newly created districts and shrinking of staffing levels in the old districts. Progress on affirmative actions for post-conflict and marginalized areas has been mixed with number of fiduciary challenges. However, significant achievements have been registered under the Peace, Recovery and Development Plan (PRDP), in the areas of road infrastructure, water facilities and construction of schools, health facilities and administrative centres. Conceptualization of the LED was finalized during the NDP period; however, challenges remain of local government of the choices of enterprises for bulking, comprehensive definition of value chains for specific enterprises, lack of the right incentives by local government, limited buy-in by stakeholders including donors and lack of a dedicated budget to support the initiative. NDP MTR consultations revealed considerable participation of communities in local projects, including uptake of “baraza” initiatives for monitoring and accountability.

As a way forward there is need to rationalize administrative units in relation to service delivery levels. Emphasis ought to be put on pooling resources by establishing regional



administrative infrastructure which can be used by several districts. Regarding mobilization of local resources it may be worthwhile for Government to revisit the policy on the defunct graduated tax and establish an improved form of community development tax.

## 4.0 IMPROVEMENT OF DESIGN AND IMPLEMENTATION OF POLICY AND STRATEGIC DIRECTION

### 4.1 Institutional framework for design and implementation of policy and strategic direction

The MTR recognized that there are a number of institutions that have played part in determining the design and implementation of the policy and strategic direction of the country. These include: the Presidency, Cabinet, Ministry of Finance, Planning and Economic Development and National Planning Authority. The office of Prime Minister is charged with responsibility of coordinating implementation of the policies and strategies arising from the decisions of government on policy and strategic direction.

#### a) In terms of overall development policy agenda.

There are two emerging issues regarding the policy and strategic direction in relation to the current institutional framework. First, is the lack of clear designation of institutions responsible for designing policy and strategic agenda for the country. Interaction with senior technocrats and politicians indicated that there is need to strengthen the design of policy and strategic direction by clearly designating a body responsible for the country's economic development agenda. This gap arose from creation of the NPA whose mandate is limited to development planning which left the responsibility of development policy agenda fragmented among NPA, Bank of Uganda, Ministry of Finance and the Presidency. The fragmentation has led to incoherency, duplication and conflicting development direction. For instance, while the NPA advocates for fast tracking development of infrastructure, Bank of Uganda has largely implemented tight monetary contractionary policy to maintain macroeconomic stability. On the other hand, the Ministry of Finance has implemented Fiscal Policy geared towards controlling aggregate demand without necessarily supporting the NDP.

The second is the relevance of the institutions which have been used in the past to implement previous development frameworks. The NDP inherited an institutional architecture which was developed under the PEAP frameworks, with the MoFPED fully responsible for planning and determination of the development policy agenda. The framework also included the Sector Working Groups that were created to

facilitate joint budgeting and planning. Under the new planning paradigm, the relevance and configuration of the current Sector Working Groups needs to be revalidated with the objective to refocus them to core business of planning.

**b) Roles of sectors vis-à-vis NPA in providing strategic direction**

The Ministries and sectors are responsible for initiating policies and strategies for cabinet consideration. These policies are issued in the certificates of financial implication by the MoFPED. However, there is need for provision of the overall development policy agenda to guide the policy formulation process. The NDP alone is inadequate to provide the development policy and strategic direction to the ministries and sectors. Much as this gap has sometimes been filled by the guidance of the Presidency, there is need to clearly institutionalize the issue of setting the development policy agenda. There is therefore a need to review the NPA Act, 2002, with a view to integrate and institutionalize the role of setting the development policy agenda.

**c) Roles of Parliament and Cabinet in setting strategic direction**

Parliament is responsible for legislation oversight and public accountability; while Cabinet is responsible approval and implementation of government policies. Parliament has by and large played a limited role in setting the strategic direction of the country. Parliament is expected to ensure that the strategies outlined in the Plan are consistent with the constitutional objectives, which are the basis for the overarching national policy and strategic direction. However, due to capacity challenges and institutional supportive mechanism, Parliament is unable to provide rigorous analysis on policy and strategic direction. Cabinet continued to approve policies and strategies, however, it also faces a challenge of a lack of an institutional framework to rigorously analyse policies and strategies. This has rendered Cabinet unable to play an instrumental role in setting strategic direction.

**d) Responsibilities for strategic directional setting for LG**

Most districts have developed 5-year District Development Plans (DDPs) linked to the NDP. However, it is not very clear how the strategies in DDPs were informed by the national level strategies under various sectors. While the NPA and Ministry of

Local Government and some sectors like health and education provided planning guidelines to support this process, these were limited in terms of providing overall strategic direction in such areas as: investment promotion, value addition, enterprise selection, export promotion, employment creation, private sector development and wealth creation.

**e) Roles of the non-state actors (Private Sector, Civil Society, academia and Media)**

At the on-set of the NDP, the role of the non-state actors in the development discourse has evolved since the time of the PEAP. Whereas the PEAP implementation greatly hinged on the participation of the civil society in particular, the NDP focus on unlocking binding constraints required government to play the leading role. However, the challenge over the NDP period has been lack of an effective platform that engages the non-state actors at the level of determining the country's strategic direction. The development of Presidential Round-Table and the Presidential Economic Council (PEC) notwithstanding, there is need to fully institutionalise the private sector participation in the setting of the country's policy and strategic direction.

#### **4.2 Legal and regulatory environment**

During preparation of the NDP, most sectors highlighted inadequacies in policy, legal and regulatory frameworks as a key constraint to achievement of the NDP objectives. These inadequacies encumber setting and implementation of policy strategic direction for the country. There is need to ensure legal and regulatory frameworks to are support development. For instance, irrigation has been hampered by legal and regulatory frameworks that already commit Uganda to other international dispensations like Rights to the Waters of the Nile.

In a number of cases, the legal and regulatory frameworks have been designed and implemented while lacking in national and patriotic perspectives. For instance, the MTR observed that the current immigration policies and systems lack a clear policy and strategic direction.

Uganda's 1992 Decentralization Policy designates districts as autonomous local governments supported by their own planning authorities (Councils). The challenge is if the laws these LGs are making are guided by the national policy and strategic direction.

The MTR observed a lack of sufficient guidance from the centre on initiation of policies and legal frameworks at the local level in pursuance of the national policy and strategic direction. There is need to strengthen capacity at the districts to for effective analysis and harmonization of ordinances and bye-laws for their faster implementation.

#### **4.3 Political economy for policy and strategic direction**

The CNDPF provides for production of the five year NDPs to implement the ten year and thirty year Vision. The next NDP ought to be ready by August 2014 in order inform the FY2015-16 budget. The five year NDPs, among others, are also informed by the party manifestos. The next national elections are scheduled to take place in Feb-March 2016. There are two issues emerging out of the timing of the production of the NDP and the national electoral process, namely: i) the period between the production of the NDP and the general elections is almost two years which risks rendering the NDP irrelevant by the time of the new Government assuming office; ii) secondly, the first year of the NDP coincides with the period of the general elections, which makes it difficult to effectively implement the Plan. There is need therefore to harmonize the NDP start period with the electoral processes in the country. The NPA and Government need to consider adjusting the start date of the next NDP of July 2016 instead of July 2015. This will enhance the development and implementation of a coherent policy and strategic direction in the country.

The MTR found mixed ideas about the effective participation of politicians, the executive, technocrats and the population in setting of the country's policy and strategic direction. Whereas the NPA provides overall guidance on the NDP, there is need for consensus building on the top down and bottom up planning paradigm for ownership and inclusive development. The MTR also observed that while Uganda has maintained high growth, there is need to ensure regionally balanced development. This could be achieved by promoting industrial clustering and transforming agriculture.

The country policy and strategic direction ought to be reflected in development plans and budget allocation. The financial programming and the NDP priorities need to be harmonized in preparing the medium term expenditure framework, the PIP and budgets.

#### 4.4 Regional and international development

Uganda has been at the forefront of fast-tracking the EAC Common Market and monetary union. The former has been established while the latter has seen the establishment of a technical committee. Findings of the MTR showed that there have been limited deliberate studies to assess the benefit thus far of the country from the integration. Many of the commitments under the EAC integration would also require synchronization with local domestic agenda. Prominent among these include tax and labour laws, land tenure systems and laws. Positioning of Uganda to benefit from EAC integration is paramount in achieving economic competitiveness. Key areas Uganda should flagship include: agriculture, tourism, mining and manufacturing.

Uganda has committed herself to various regional and International Conventions, Agreements and Treaties. However, a number of commitments appear not to be consistent with the domestic legal and regulatory frameworks and the overall policy and strategic direction. Prominent among these include:

- a) Maputo Declaration that requires spending 10 per cent of the national budget on agriculture;
- b) The Abuja Declaration that requires Uganda to spend 15 per cent on health;
- c) Kyoto Protocol on climate change;
- d) Montreal Protocol on eradication of ozone layer depleting substances

Some of these and other commitments are not consistent with the fiscal policy and strategic direction of the country. This further demonstrates the lack of rigorous analysis of actions in relation to the country's policies and strategies. The inconsistency manifests in the current actual budget allocations which show strong deviations from the commitment. Enforcement of legislation is also weak in areas such as control of pollution and sustainable management of the environment.

## 5.0 CROSS-CUTTING ISSUES

### 5.1 Overview

This section outlines issues related to policy and strategy that have been taken from a series of six cross-cutting reports that were commissioned separately alongside the NDP mid-term review. The chapter covers the various cross cutting themes.

### 5.2 Social protection

In terms of strategic direction, the report states that the national priority for development is economic growth, leaving social protection at the fringes. The report recommends creating a distinct sub-sector on social protection within the next NDP to ensure the related issues are given the necessary prominence.

The MTR identifies a number of challenges that have somewhat impeded progress towards realising social protection objectives. Firstly, as mentioned, social protection is not nationally prioritised. Secondly, the heavy reliance upon donor funding and limited national financial commitment raises concerns over the sustainability of existing social protection interventions. Thirdly, there is a multiplicity of social protection related policies, without implementation plans and associated budgets. And lastly, there are numerous small programmes (mainly implemented by partner organisations) with minimal outreach.

The MTR noted that GoU has already made significant strides in recognising that social security and social care are different interventions that should not be consolidated, and therefore require their own separate strategies. However, it is suggested that further work be done to establish strategies around both these interventions and to focus upon large programmes with significant amounts of government spending and a long-term horizon in terms of budgeting and implementation.

There is currently limited focus and direction towards establishing a government owned social care system, yet this is a clear national responsibility. It is suggested that in the remainder of this NDP period, GoU undertakes a detailed scoping study of current social care services, with a plan for the next NDP to operationalise a partnership and long-term strategy.

Over the period of the NDP significant strides have been made to determine the definition and scope of social protection. The next NDP should therefore have a designated social protection sub-sector within the social sector category. The overarching policy framework will lead to the development of specific policies and strategies for direct income support, social insurance and social care services. These will clarify further the strategic approach and priority actions for each of the core social protection pillars.

### **5.3 Human rights**

This MTR established that human rights concerns are not adequately addressed in the current NDP. To address this gap, the MTR recommends adopting the human rights based approach to planning, design and implementation of government programs.

The NDP needs to capture cross-cutting human rights principles which should inform all aspects of the development agenda and process. The agenda should ensure non-discrimination and equality in its approach; participation; access to information about the development process so as to enable effective participation in the process; accountability; application of the rule of law; good governance; and access to remedy in the case of violations of rights.

Because of the limited integration of human rights issues in the NDP and because of failure to analyse the constraints that impact on the enjoyment of human rights in the country the national budget is reported not to be rights based. The budget only factors human rights in limited areas. Financing of the protection and promotion of human rights and freedom have remained the preserve of the Central Government. The protection and promotion of human rights and freedom has not been clearly decentralised to the local government level.

To ensure that the planning for each sector and sub-sector captures human rights concerns, the human rights issues related to each of the sectors should be identified and addressed as part of the planning process.

The next NDP should incorporate interventions for the development of a National Action Plan for Human Rights. It is crucial that a developing country like Uganda should, in the development process, design and implement clear strategies for promoting respect, protection and fulfilment of human rights. The next NDP should factor in the concerns



of vulnerable groups in all sectors of the NDP. There should always be a human rights impact assessment of every development intervention. There should be promotion of human rights and freedoms in the country in order to facilitate better targeting of all human rights issues in the development process.

#### **5.4 Democracy and political governance**

The MTR found that there has been more focus on economic growth and social development than on democracy and governance. While issues related to democracy and governance are well articulated in the NDP, accompanying policies and strategies are inadequate.

The MTR notes that in order to build a capable developmental state in Uganda, key issues need to be addressed, such as commitment to citizen-centred public service; commitment to efficient and quality service delivery which highlights the participation of citizens; availability, accessibility and quality of services; modernisation of the Public Service, including promoting meritocracy versus patronage and utilisation of technology; behaviour and rules of conduct of Public Servants; guarantees and rights of public servants; professionalism, ethics and integrity, conflict of interest, declaration of interests; human resource management and development; and mechanisms for implementation.

#### **5.5 Environment**

On the whole, environmental policy and strategy are both weak and require strengthening. The MTR observed that a number of policy areas require attention, such as the policies around management of the wetlands, forests and other natural resources. In terms of the strategic direction of the environment related sections of the NDP, it is proposed that citizens should be mobilized as critical custodians of natural resources.

The MTR further observed that ensuring sustainable management of environmental resources and minimising degradation may not be achieved due to inconclusive reviews of relevant environment related policies and laws, particularly the lack of one central point for granting land for development, delays of approval of key policies and promulgation of laws and lack of funding for gazettelement and demarcation of the protected areas.

There needs to be reviews of the following laws: (i) National Environmental Act Cap. 153; (ii) National Environment (EIA) Regulations, Statutory Instrument No. 153-1; (iii) National Environment (Waste Management) Regulations, Statutory Instrument No. 153-2; (iv) National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations; (v) Statutory Instrument No. 153-3; (vi) National Environment (Audit) Regulations, Statutory Instrument No. 12 of 2006; (vii) National Environment (Noise Standard and Control) Regulations, Statutory Instrument No. 30 of 2003, to incorporate vibration pollution; (viii) National Air Quality standards; and (ix) Draft Oil Spills Regulations and Guidelines. Once these laws are reviewed, the sector will premise on these legislations to make requisite improvements to enhance environmental protection.

## **5.6 Gender**

The MTR observed that the NDP recognises gender as a key issue in Uganda's development. Accompanying policy and strategic objectives to address the identified gender gaps are limited.

Within the timeframe of the current NDP, NPA and MoFPED should revise the planning and budgeting guidelines to support the inclusion of gender as a cross-cutting issue that has a vote function. The next NDP should indicate specific gender commitments in terms of interventions / priorities as well as indicators to monitor the progress of such interventions.

The NDP outlines gender inequalities at the micro level with regard to aspects such as women's insecure access to land, limited decision making power over resource use, family planning, health and education, access to education by the girl child and limited access to financial resources and skills development among others. The report states that there is a glaring omission in relation to women's work burden, often spent in the private sector, which often goes unrecognised and unrewarded. There is no acknowledgement of the direct correlation between this work and the national GDP. Furthermore, while it is acknowledged that in wage payment terms 50 per cent of employed women work in the three lowest paying sectors (mainly due to their low education levels), there is no deliberate consideration in the sectoral objectives to improve the human resource capacity based on gender.

The MTR proposes that a national strategy and action plan be fast tracked to consciously address the slow pace of attainment of women's economic empowerment. The strategy should mainly focus on: land ownership which is key for securing credit; increasing access to labour saving technologies geared to liberating women from the domestic care economy.

## **5.7 Child Rights**

The NDP sought to enhance children's access to education, health, and protection against abuse. During the NDP period, the government continued the implementation of the National Action Plan for children, which among others, upheld the Universal Primary Education programme as a priority. In attempt to enhance the protection of children, government strengthened community policing department, with mandate to expeditiously enforce child rights.

Over the NDP period, the country has focused on addressing the following: the rampant child abuses, particularly child sacrifice, rape and defilement; high school dropout, particularly for girls, largely emanating from inadequate appreciation of retention of girls in school, preference of early marriages and poor sanitation/lack of private facilities for girls. There is also need to strengthen the National Council for Children to enhance advocacy and capacity to manage issues of orphans and destitute children.

## 6.0 CONCLUSIONS AND RECOMMENDATIONS

The analysis of the NDP policy and strategic direction covers the review of performance against elements constituting the country's policy direction in the domestic setting and the international economic arena. The analysis constituted a review of progress, achievements and challenges regarding: private sector led growth–quasi- market approach; equity and poverty reduction; macroeconomic stability (monetary policy that supports growth and fiscal expansion to finance the NDP); addressing infrastructure deficit; value addition for increased exports and job creation; wealth creation through harnessing primary growth sectors; and skills development. Others are: regional integration; peace and security; democratic governance and rule of law; efficiency in the public sector; and public and private sector financing. Others include: regional integration; peace and security; democratic governance and rule of law; business approach in public sector management to enhance efficiency; and public and private sector financing.

### 6.1 Institutional Framework for Setting Policy and Strategic Direction

The MTR deduced that on the whole, the generation of policy and strategic direction for the country is fragmented and lacks a framework for coordination of setting up national cross cutting policies and strategies. An institutional and legal framework is required that defines over-riding choices and aspirations in terms of development, governance and global positioning. A body should be established / designated with a mandate to provide a central locus for national guidance on policy and strategic direction. Such a body should be able to vet all national policy reforms and choices at the highest level in national interest without political interference.

### 6.2 Analysis of Policy and Strategic Direction

The policy and strategic direction should continue to pursue a quasi-market approach which includes a mix of government investments in strategic areas and private sector market driven actions. New innovated ways should be adopted to ensure realization of a 'business approach' in execution of public sector policies and programs.

## **6.3 Alignment of Policies and Strategies**

### **6.3.1 Education**

There is a challenge of high youth unemployment largely emanating from lack of skills and limited employment opportunities. The strategic direction should be skills development at all levels to enhance youth employability and increased value addition within the country for faster job creation.

### **6.3.2 Health**

The quality of health services remains low at various health centres across the country. There are emerging inconsistencies between the constitution and the middle income country health aspirations. There is therefore need for constitutional review to realign the constitutional health sector objectives to the aspirations of the NDP and Vision 2040.<sup>6</sup> Furthermore, the strategic direction should be to move towards provision of universal health insurance.

### **6.3.3 Agriculture**

There is need to ensure availability of improved, affordable and accessible farm inputs. In addition, establishment of an agricultural development bank with national shareholding would go a long way in addressing gaps in agricultural financing. Furthermore, there should be a deliberate effort to provide agricultural insurance tailored to cushioning farmers against agricultural risks and vagaries of weather.

### **6.3.4 Environment**

The environment has largely been challenged by encroachment on natural resources emanating from population pressures for farm land and bio-fuel. Weaknesses also remain in enforcement of environmental law and regulations. Equally of concern, is the high cost of electricity which has led to encroachment on natural resources. Much as there is a land policy, there is need for effective implementation of policies and strategies to address lack of access to land by government and industrialists, which has led to further pressure on wetlands.

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<sup>6</sup> The constitution provides for only basic health care while the aspirations for upper middle income countries are way beyond basic health care.

## **Land Management**

There is need for constitutional reforms in relation to land tenure, access and utilization. Secondly, there is need for rigorous enforcement of existing legislation to protect encroachment on marginal areas such as wetlands, forests and other valued ecosystems. In terms of water and sanitation, there is need for creation of a body to regulate national sanitation service delivery, since currently sanitation service delivery is highly fragmented across various sectors.

### **6.3.5 Social Protection**

Limited financing for the key drivers of social protection notably provision of services for the marginalized groups; functional adult literacy among others remain the key challenge. The strategic direction for social protection needs to include identification of sustainable financing to these key challenges.

### **6.3.6 Trade, Tourism and Industry**

The cost of doing business remains high. There is need to improve economic infrastructure and reduce bureaucracy and its associated costs. There is need to provide more incentives to attract private sector investment and spur business competitiveness of the country. Due to the strong linkage of the country's industrial base to agriculture, there is need for government to deliberately support value addition to agricultural products for faster industrialization. There is also need to fast-track the exploitation of potential minerals, especially iron ore and oil and gas. As a strategy it would be important to ensure construction of the oil refinery to tap the benefits of associated industries, while iron ore will have a great impact on industrialization drive of the country.

### **6.3.7 Works and Transport**

A re-focus needs to be put on rehabilitation of existing railway network, notwithstanding the on-going plans for building of the regional standard rail gauge. This will increase durability of the newly constructed/rehabilitated road network. In terms of air transport, plans are underway to revitalize the Uganda national flag carrier- the Uganda Airlines. It will be important to fully assess the viability of this project in relation to the desire to provide direct contact between Uganda and the global source-markets.

### **6.3.8 Justice Law and Order**

Parliament has continued to be strengthened to play its roles of: legislation, oversight and ensuring public accountability. On the other hand, the Judiciary has been strengthened through the appointment of judges for the Constitutional Court and Court of Appeal. The judiciary however continues to suffer from a backlog of cases and under performance in dispensing justice due to underfunding. The debate regarding the size and representation of special groups needs to be concluded so that an optimal size of Parliament is arrived at for more effective service delivery and oversight.

### **6.3.9 Local Government**

As a way forward there is need to rationalize administrative units in relation to service delivery levels. Emphasis ought to be put on pooling resources by establishing regional administrative infrastructure which can be used by several districts. Regarding mobilization of local resources it may be worthwhile for Government to revisit the policy on the defunct graduated tax and establish an improved form of community development tax.

### **6.3.10 Regional and International Cooperation**

Uganda has been at the fore front of fast-tracking the EAC Common market that includes the following milestones: the EAC Customs Union; work towards one common currency; and EAC Central bank. A mechanism for assessing the benefits of the country from engagements in various regional and international cooperations is required. In addition, there is need to determine a critical path for investments that will enhance competitive positioning of Uganda to maximize benefits from particularly the EAC.

## **6.4 Improvement of NDP Design and Implementation**

The NDP alone is inadequate to provide the development policy and strategic direction to the ministries and sectors. There is need to clearly institutionalize the issue of setting the development policy agenda. There is therefore a need to review the NPA Act, 2002, with a view to integrate and institutionalize the role of setting the development policy agenda.

## **6.5 Legal and regulatory environment**

The MTR has established that there are inadequacies in policy, legal and regulatory frameworks as a key constraint to achievement of the NDP objectives. These inadequacies encumber setting and implementation of policy strategic direction for the country. There is need to ensure legal and regulatory frameworks that are supportive of national development.

## **6.6 Decentralization**

The challenge of Uganda Decentralization Policy is lack of sufficient guidance from the centre on initiation of policies and legal frameworks at the local level in pursuance of the national policy and strategic direction. There is need to strengthen capacity at the districts to undertake effective analysis and harmonization of ordinances and bye-laws for their faster implementation.

## **6.7 Political economy for policy and strategic direction**

Whereas the NPA provides overall guidance on the NDP, there is need for consensus building on the top down and bottom up planning paradigm for ownership and inclusive development. The MTR also observed that while Uganda has maintained high growth, there is need to ensure regionally balanced development. This could be achieved by promoting industrial clustering and transforming agriculture. The MTR appreciates the timing of the NDP as it comes a year to the national elections. However there is need therefore to harmonize the NDP start period with the electoral processes in the country. Particularly, the next NDP should start effectively on July 2016 instead of July 2015. This will enhance alignment of the Plan and the political manifestos for a coherent policy and strategic direction in the country.

## **6.8 Regional and international development**

Uganda has committed herself to various regional and International Conventions, Agreements and Treaties. However, a number of commitments appear not to be consistent with the domestic legal and regulatory frameworks and the overall policy and strategic direction. Prominent among these include:

- a) Maputo Declaration that requires spending 10 per cent of the national budget on agriculture;



- b) The Abuja Declaration that requires Uganda to spend 15 per cent on health;
- c) Kyoto Protocol on climate change;
- d) Montreal Protocol on eradication of ozone layer depleting substances

One key area identified in as far as legal and regulatory frameworks are concerned includes instances where Uganda has already committed itself to international dispensations that are not in tandem with national fiscal policy and strategic direction.

## **6.9 Recommendations for Priority Setting**

### **6.9.1 Boosting agricultural yields, competitiveness and value added**

Agriculture employs the majority of Ugandans, but most are poor subsistence farmers. The transformation of Uganda from a peasant economy to a prosperous middle income country depends to a very large extent on the transformation of agriculture, more value-added activity and development of agro-processing industry. Policy reforms are needed to improve access to finance for farmers, and greater access to fertiliser and irrigation to boost yields. There are divided views on the effectiveness of the NAADS extension service which requires an in-depth review.

### **6.9.2 Enabling job creation, entrepreneurship and trade**

A better business environment for Uganda SMEs will enable them to perform their role as the engine for economic growth. This does not just mean spending more money, and the first priority should be to review and remove unnecessary regulations which hinder SME development. Steps need to be taken to provide more affordably finance. The NDP needs to continue to invest as it is doing in the development of transport and energy infrastructure which the private sector agrees is essential for growth. Investments need to be made where the economic returns are highest. And the focus on skills development for employment needs to continue and gain momentum. Steps need to be taken to incentivise labour intensive investments in industries like textiles, electronics, livestock products and agro-processing, construction and building, ICT etc.

### **6.9.3 Fast-tracking land tenure reform**

Land tenure reform is essential for several aspects of national development. From the farmer who cannot access collateral for a loan, to the private sector developer who is delayed in the construction of a factory, to the Government which cannot settle disputes and is blocked from implementing a new energy or transport infrastructure project. Priority needs to be given to fast track the mapping of land, registering of land titles and strengthening of land management systems whilst ensuring that there is enough effective regulation to reduce corruption whilst not slowing down key processes.

### **6.9.4 Ensuring better coordinated urban planning**

The NDP can push for quicker implementation of necessary planning reforms which allow more integrated and coordinated development in urban and industrial areas in particular. Urbanisation and industrialisation are at the heart of the Vision 2040 and the future chosen development path of the nation. This can be done by prioritising the development of modern service industries, speeding up the development of advanced manufacturing industries, developing hi-tech industries vigorously, promoting the integration between informatisation<sup>7</sup> and industrialisation and other means. At the same time, there is a need to better plan for and coordinate the provision of health, education, water, sanitation and other services to the growing number of people who live in urban areas. Particular attention is needed to align to the Vision 2040 thinking on strategic cities and development corridors.

### **6.9.5 Local development**

It is crucial for NPA to cascade planning and decision making so that local authorities can be meaningfully involved in local development. Development programmes can only realise their full potential if knowledge and technology are shared effectively, and if all levels of implementers are motivated and committed to achieve success. Unless people themselves are the driving force of their own development, no amount of investment or provision of technology and inputs will bring about any lasting improvements in their living standards. There does need to be some central direction for priority setting at the

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<sup>7</sup> Informatisation refers to the extent by which a geographical area, an economy or a society is becoming information based, i.e., increase in size of its information labour force.

local level, but more flexibility and funding for local development. Local governments receive a very small proportion of overall government funding and there is a need to increase this over time, whilst making sure that there are structural changes and process improvements to reduce the proportion of funds spent on administration

#### **6.9.6 Managing population growth**

The NDP must address the issue of Uganda's growing population. Growth in access of 3 per cent per year creates enormous pressure on health, education and other social services. If it is not met by increases in economic activity, it can mean greater numbers of unemployed youths. Population and health care policies which allow greater provision of the unmet demand for family planning should be prioritised. The need for voluntary family planning is growing fast, and it is estimated that the 'unmet need' will grow in the future. The NDP must prioritise support to family planning services that offers a wide selection of methods, reflect high standards of medical practice, are sensitive to cultural conditions, provide sufficient information about proper use or possible side effects, and addresses women's other reproductive health needs.

#### **6.9.7 Supporting the most vulnerable**

Good social protection / welfare policy will help to ensure that the most vulnerable do not lose out in the growth process. Social protection directly reduces poverty and helps make growth more pro-poor. It stimulates the involvement of poor women and men in economic growth, protects the poorest and most vulnerable in a downturn and contributes to social cohesion and stability. It helps build human capital, manage risks, promote investment and entrepreneurship and improve participation in labour markets.

#### **6.9.8 Balance economic stability and growth**

The GoU medium term macro-economic objectives are to: (a) ensure annual inflation remains low, stable and within single digits; (b) achieve and maintain rates of economic growth of at-least 7 per cent per annum; (c) maintain an adequate level of foreign exchange reserves equivalent of 4 months of import cover and d) maintain an exchange rate supportive of growth. These goals remain broadly consistent with the NDP medium term strategy. As was described above it has proved challenging to achieve these objectives simultaneously over the last 2 years.

### **6.9.9 Balance growth with poverty eradication**

There has been decline in the agricultural sector contribution to GDP in recent years. While it can be argued that agriculture as a primary sector should not comprise a large contributor to GDP, it is worth noting that the agricultural sector employs 76 per cent of the population. Therefore, if agricultural sector contribution to GDP is declining, without the decline of the proportion of participants, then, there is a crisis for the majority of Ugandans who are involved in the agricultural sector, many of whom are living in poverty. Uganda has had impressive GDP growth over the period 1990s to date, and this has been accompanied by drastic reduction of poverty from 56 per cent of the population living below poverty line in 1992 to 24.5 per cent in 2012 (UBOS 2012). However, the Chronic Poverty Centre revealed that Uganda's impressive macro-economic performance is built on a contradiction of growth amidst high levels of inequality as shown by 7,000,000 people in Uganda that live under chronic poverty (Chronic Poverty Centre, Kampala 2013). Also, as measured by the Gini-coefficient, there are high levels of inequality. It can be argued that this largely arises out of the economic policies which result in the concentration of socio-economic opportunities in few areas to the detriment of the majority.

### **6.9.10 Compete in the global market**

A detailed analysis of economic management since the implementation of the NDP is provided in another thematic report of this MTR. In general, policy and strategic issues related to inflation, cost of borrowing, interest rates, foreign exchange market, costs of corruption and wastage all affect Uganda's positioning power in the global market. The cost of doing business remains high due to inadequate production and marketing infrastructure, inadequate ICT, as well as bureaucracy in public sector- service delivery. Countries that have enhanced economic competitiveness have invested significantly in ICTs.

### **6.9.11 Tackle corruption**

Corruption continues to hurt Uganda in terms of attracting investment, private sector development, and working with development partners. There is an urgent need to mobilise, sensitise and empower citizens to demand for transparency, accountability, and value for money from their leaders. They should be sensitised to appreciate that

their leaders are voted or appointed in public offices to serve them not to use public resources to fund their personal lifestyles. There should be a deliberate intervention aimed at increasing citizen participation in monitoring utilisation of public resources coupled with increased interface and dialogue between duty bearers/ leaders and the people they serve to share experiences and ideas on how best to improve service delivery in their localities.

## **Annex 1. District Visit Information**

This report captures policy, strategy and related issues from the field visits made to Katakwi, Nakapiripirit and Kabale districts from 19 – 29 May, 2013. The field visits involved administering a questionnaire, submitted separately from this report, and specifically picking out policy and strategic issues. In all the districts visited, the questionnaire was answered by the technical staff in the respective Local Governments (LGs). In addition to interacting with the technical staff, interviews were held with the Resident District Commissioner (Katakwi district), LCV (Katakwi and Kabale districts), Chief Administrative Officers (Katakwi, Nakapiripirit and Kabale district), the CSOs in Katakwi and Nakapiripirit districts and a private sector organisation in Kabale district.

### **Katakwi District**

#### **Policy and related issues**

While the district has prepared the district plan to align with the five-year period of the NDP, this was apparently done through a directive other than through a review of the existing legislations. Officials interviewed therefore observed that there is a need to amend LG Act to align with the NPA Act. The current LG Act gives functions and schedules for LGs and therefore if not consistent with the NPA Act it makes planning based on NPA guidelines confusing. Amendment of the LG Act should define the relationship between the NPA, sectors and the districts or LGs. This will also pave way for more concrete and policy based alignment of district development plans (DDPs) with the NDP. As of now, LGs assume Ministries align their activities with NDP so they simply consult with Ministries and do not necessarily refer to the NDP.

During policy formulation process, districts gather views from key stakeholders. But more involvement of civil society and private sector in the consultation process for wealth creation is still limited and major campaigns are required to change people's perception and attitudes from their current practices.

Incentives to attract and retain staff in remote districts need to be reviewed. Currently, there are too many vacancies at the district (at levels of 30-50 per cent), partly due to poor attitudes and bad working conditions. The NDP should also prioritise capacity development of staff at the LG level for effective and efficient delivery. Furthermore, the culture of hard work among the people is said to have collapsed. There is too much laziness, lack of business culture and too much

consumerism, as well as apathy and corruption especially in procurement. Service delivery is said to be very poor and poverty remains a major issue. These situations need to be changed.

Wealth creation means attracting profitable investments into an area such as Katakwi district. For Katakwi district, it is reported that the Government should give subsidies for opening land, for example, to empower the people to create wealth. Note that Katakwi district borders Karamoja Region and has been affected by insecurity that Karamoja experienced for a long time. Meaningful talk about wealth creation requires data collection and analysis to support articulation of specific interventions. Useful initiatives which are currently under implementation are the Venture Capital Fund, Youth Fund, agricultural support credit etc., but the question is are these credit schemes targeting the right entrepreneurs? Synergies need to be created between sectors to optimise the benefits by bringing the sectors to work together. This will require strengthened planning units downstream, i.e. district level and below. Government officials should not preach wealth creation in a vacuum. They need to put in place the necessary infrastructure for wealth creation. Institutions supporting growth need to go the grassroots - e.g. banks, telecommunication companies etc. to provide the required services and support.

Wealth creation should not be seen to be a public sector initiative, although the public sector in addition to providing a conducive environment can lead the campaign for wealth creation. For example, for agricultural modernisation, it is not enough to give inputs, but appropriate inputs and these might best be given by the private sector. Public servants lack incentives to be efficient and prudent. It is said that they tend to be engaged in corruption and bureaucratic tendencies.

Land ownership versus wealth creation needs to be addressed. Currently, people (local people) are saying do not touch our land. Major land reforms around ownership are required for effective and sustainable wealth creation.

The current policy on exploitation of natural resources does not favour local communities from which the resources are exploited. There is a need for a review of the policy on exploitation of natural resources to promote development in communities from which such natural resources are located.

The decentralisation policy is said to devolve too many functions without commensurate resources for execution of the functions. Due to limited resources in form of revenue, a number of devolved functions remain unperformed. The district suggests that either more money is released to the LGs to perform devolved functions or some of the functions should be recentralised and funded by the central government.

Bottom-up planning is said to be hypothetical as feedback is not provided and budgeting does not normally take into account local priorities. In fact, the LCV observed that the NDP is not directly useful beyond a few district officials, that Parish Development Committees are dead, and that the NDP has adds little value.

The formula used to share resources between the LGs and central government is said to be “embarrassing”. It was suggested that instead of the central government taking 80 per cent of the resources as is currently the practice, the LGs should take 80 per cent because they are the ones which implement most of the programmes and that service delivery takes place in LGs. Moreover, it is claimed that all the money that is sent to the LGs is conditional, giving no flexibility in allocation at the district level and therefore, little say in both allocation and utilisation.

Education curriculum should aim at tapping and enhancing entrepreneurial ideas not providing general knowledge. What is happening in educational institutions today is emphasis on providing general knowledge and, sometimes, inappropriate skills which the students do not apply once out of school or training institutions. For areas that have experienced wars such as Katakwi district, there is even a need to provide not only appropriate education but special education to suit their circumstances and enable them catch up with the rest of the country.

It is suggested that the Government should also institute a practice of each district identifying its contribution to GDP. This will promote competition to create wealth at district level and promote growth and development countrywide.

The LCV noted that the Government policy of restocking cattle has failed. Instead the local people want compensation.

Agriculture remains the key activity for transformation in the district. This can be achieved through setting up demonstration farms at sub-county level and providing agricultural loans to lead farmers, to be supervised as conditional grants. The former will promote modern farming closer to the people while the latter will promote appropriate supervision.

Rural electrification is considered a good policy for wealth creation and efficient provision of social services in rural areas.

### **Meeting with a District NGO**

The meeting established that the district NGO is aware of the NDP. It participated in the National NGO Forum study on assessment of the impact of NDP done in 2012. However, the level of knowledge about NDP beyond a few district leaders is low.



Consultations with NGOs in the district are done with limited assurance that the views expressed by the NGOs would be considered and there is no feedback from the district leadership after the consultations. There is a need to build capacity of civil society and create awareness about planning in the country, its usefulness and processes.

## **Nakapiripirit District**

### **Policy and related issues**

Planning in the country is said not to be well coordinated. NPA has not provided planning guidelines and therefore there is little reference to the NDP during district planning processes.

The decentralisation policy is reported to be good, but implementation is poor and there are contradictions as some originally devolved functions are being recentralised. Staffing policy at districts assumes that staff do not go on leave, do not fall sick etc. This staffing policy needs to be reviewed.

There are good developmental policies in place such as the agricultural zoning policy, promotion of exports, promotion of value addition, promotion of SACCOs and NAADS, but the poor design and implementation of these policies are said to have resulted in limited impact. For example, SACCOs should be grassroots based with the government providing support as required by the members, not the government propagating SACCOs. For NAADS, the issue is that it is controlled by farmer groups who determine what to do and still focus on local needs as opposed to forward looking needs such as improved technology for hand hoes. Moreover, these inputs are sold as soon they are received by some farmers. There is therefore a need for a policy shift where the central government or district should be providing direction, e.g. supplying improved technology such as ox-ploughs or animal traction (instead of hand hoes), livestock improved breeds, vaccination, short maturing varieties - and all these should be provided in time. Tractor hire is again more expensive and is therefore not appropriate. Some of the policies such as agricultural zoning policy is said to have not been implemented.

Is bottom-up planning still relevant when implemented activities are dictated by budgets at the central government level through IPFs? Village level planning lacks capacity and resources to finance their priorities. There is no feedback once consultations have been done by the district authorities. Budget cuts are said to be done by the district authorities or central government without consulting the lower planning units such as sub-counties. Moreover, annual performance reviews do not involve all the districts because they are too many. This dilutes the principle of consultative planning and implementation of development programmes.

It is reported that wealth creation policy should be built on mobilising people and this requires resources which are not currently allocated to the district. As long as additional resources are not allocated to the districts for mobilisation of people to reorient their thinking and attitudes towards wealth creation, the ordinary people will continue to do business as usual.

Poor staff incentives and inadequate staff structure is an issue. For example, health centre II should have one enrolled nurse and midwife, but this is not usually the case. There is only one veterinary officer per sub-county which is not sufficient. Health workers are being recentralised which contradicts the decentralisation policy. What is required to improve service delivery is to provide adequate incentives, appropriate staffing structure and effective systems at district level.

Development interventions, through industrial policy for example, should target regions to address regional and sub-regional differentials. Concentration of industries in areas such as the central region of the country means more economic opportunities will be found in those areas while the rest of country will remain under-developed.

It is suggested that there should be a policy of a valley dam per parish. This should enable the people to minimise movement with their cattle to other places, and therefore reducing the possibility of cattle theft. The health of the animals will also improve.

With regard to efficiency gains, the interview held with district officials revealed that there is theft, corruption, poor standards of service delivery, inefficiency and inadequate planning in the district.

## **Kabale District**

### **Policy and related issues**

**Planning and budgeting:** District planning is said to be systematic, but alignment of local needs with national needs has remained a challenge. Whatever the central government decides is what the district implements. The five-year planning cycle brought about by the NDP is making district planning processes redundant. It is suggested that the NDP should be reviewed annually so that new emergencies that need immediate intervention are added to the plan. Annual work-plans should be developed to ensure linkage with projects implemented under the NDP.

The link between NPA and district planning is said to be still weak. More sensitisation on the NDP is required. NPA should develop a standard manual for Local Governments to refer to during the planning and implementation to provide linkages between their plans and the NDP.

Planning has become a political process and budgets are exaggerated. They are reported not to reflect long term aspirations of the communities. The NDP is more useful to the central government than districts.

National assessment of district performance by the Ministry of Local Government assesses whether the district aligns its plans with the NDP. Where this is not the case, the district is rated zero on that criterion. The NPA is being requested to provide planning guidelines to the districts and work with the Ministry of Local Government in ensuring that the districts align their plans with the NDP.

The district proposes that the use of the M&E matrix at Local Government level should be promoted to ensure evidence based implementation of outputs.

**Revenue generation, urbanisation and creation of districts:** The district has limited resources as more trading centres have been upgraded to town councils and town council to municipality – these are self-accounting bodies. Chiefs who are responsible for revenue collection for the district are said to be powerless; they have no law enforcement mechanisms to compel people to pay taxes. Limited revenue implies that the district has no capacity to manage road equipment for example. The district recommends a change in the conditionality of grants in light of reducing/dismal local revenues and an increase in funding to local governments so that departments can ably implement the NDP.

**Agricultural inputs and advisory services:** NAADS has created a culture of giving free inputs. No serious farmers are said to be identified before inputs are distributed. Moreover, some of the inputs are given out of season and no training in enterprise development is done prior to their distribution. The district official interviewed observed that as a strategy for sustainable development, the poor should sell their labour to entrepreneurs who should be supported to create wealth and employ others. Poverty reduction cannot be massive, covering everybody as is the current approach by the government where for example everybody is given goats (and some even sell them). There is no follow up to ensure compliance.

There is a need to align NAADS with NDP to sustain some of the successes that have been recorded like planting apples to make juice. The zoning policy should be implemented and planning at the central government level should be aligned to seasons for agriculture, especially with respect to releases of funds.

**Culture and attitude:** Life styles of particularly the youth were identified as anti-progress in the same way laziness was cited. The government needs to address anti-development cultures and attitudes through implementation of existing policies and policy adjustments.

**Understaffing and inadequate staffing structure:** There is understaffing due to poor working conditions and lack of facilities, deaths and migration of teachers to Rwanda. For example, teachers lack accommodation but parents are not allowed to make contributions to bridge the gaps. There are no stand-in teachers for those absent or gone on leave or sick. More health centres are being created, but staffing levels and structures remain unchanged. Recommendations include: decentralise the payroll for teachers, introduce the living wage and improve facilitation for public staff including transport and other welfare services.

**Community involvement:** Lack of ownership of completed investments at community levels creates room for lack of maintenance. It is said there is a need to increase ownership of community investments to ensure sustainability. Also, it is suggested to make funds available for school inspection to allow School Management Committees to play their roles. Let instruction materials match thematic curriculum to improve performance and quality of education.

**Social protection:** Should be at the fore of community service delivery especially child protection since this is a premise for economic development of the future.

**Efficiency gains:** Involvement of more stakeholders. Systems for planning and oversight have been put in place e.g. DISO, supervisors (such as health workers), beneficiaries through barazas, radio announcements and programmes, publications in print media, whistle blower, community awareness and empowerment. The introduction of these mechanisms has improved transparency and accountability in the district.

## **Kabale Municipality**

The municipality planner observed that funds sent to the municipality by the central government are conditioned on implementation of earmarked activities which should be consistent with national priorities. Final IPFs are given by MoFPED without consultations and no regional budget conference was held this year. These practices should be reviewed to improve the planning process and ownership.

The municipality is independent of the district administration and there is no forum where the district administration and the municipality can sit together and plan for the development of the district. Support from central government to town councils is channelled through the districts but town councils are self-accounting. Like it is for the municipality, there is no platform for town councils within the district to sit and plan for the development of the district. A policy needs to be put in place to provide for a cooperation arrangement between the district administration and municipalities and town councils for development of the wider district.

CSOs are consulted during budget conferences, but the private sector is not. Consultation with the private sector should be started for purpose of wealth creation. There is also a need to establish incubation centres, skills development centres such as BTVET, industrialisation, and agricultural development through advocacy, as well as business parks and value addition centres, e.g. for production of juice and wine.

## Annex 2. Indicative analysis of sector alignment to the NDP

This annex looks at the 16 sectors used by MoFPED in the MTEF and compares sector objectives in the NDP to the SIP and NBFP. It also presents data on the alignment of budgets between the NDP and MTEF and the extent to which resources have been released to sector. More information on the alignment of budgets is presented in the Results Framework thematic report to this MTR.

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<b>Agriculture</b>	<p>NDP – 4 objectives that focus on increasing production and productivity, improving access and sustainability of markets, creating an enabling environment for increased investment and enhancing institutional development in the sector.</p> <p>SIP – The SIP has 2 high level statements which they call ‘development objectives’ and 4 lower level objectives coined ‘immediate’ objectives. The timeline of the SIP is in line with the NDP but appears to be more aligned to the MBFP. The agricultural SIP has two levels of outcome statements: Development Objectives and Immediate Objectives. The DO’s focus on food security and employment creation, with the IO’s focusing on increasing productivity, market stability, and conducive enabling environment for success.</p> <p>NBFP – 5 policy objectives and 3 outcome statements. The outcome level statements are fully aligned to the NDP with a focus on production and productivity, improved markets, and enabling environments. The Budget paper, offers insight on improving policy to ensure food security, employment creation, and conducive trade environments.</p> <p>Budget – 5 year sector share of GoU budget is 5.3 per cent for NDP and 3.8 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 77 per cent of GoU budget in 2011/11; 62 per cent of GoU budget in 2011/12.</p> <p><b>SIP objectives are partially aligned with the NDP however the SIP is more aligned more to the NBFP than the NDP. MTEF is allocating significantly less to this sector than specified by the NDP. Significant amounts of funding remain unspent.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Land, Housing, and Urban Development</b></p>	<p>NDP – Housing section includes 6 objectives covering enhancing access to inputs, improving regulation and policy, improving public information, preventing slum development and upgrading, improving access to finance, improved planning of construction. The land management and administration section has 4 objectives covering the creation of pro-poor policies and regulations, decentralising land services, improving public awareness on land issues and increasing stock and quality of human resources. The Urban Development section has 7 objectives including policy and regulation improvement, slum upgrading, improving urban environments, efficient management of urban development, and increasing access to land for urban expansion and investment</p> <p>SIP – Unavailable.</p> <p>NBFP – 5 policy objectives and 3 outcome statements. It focuses on improving efficiency and effectiveness of administration, security of land tenure and productive use of land resources, better urban development, and improved housing quality and stock, and improved construction of public and private estates.</p> <p>Budget – 5 year sector share of GoU budget is 0.3 per cent for NDP and 0.2 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 59 per cent of GoU budget in 2011/11; 76 per cent of GoU budget in 2011/12.</p> <p>Since the SIP was unavailable it is hard to assess the alignment of objectives within this sector to the NDP. The NDP and the NBFP are well aligned however and cover the same issues through different phrasing. MTEF is allocating less to this sector than specified by the NDP. Significant amounts of funding remain unspent.</p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<b>Energy and Minerals</b>	<p>NDP covers the Mining Sector with 7 objectives, Energy Sector with 8 objectives and Oil and Gas with 5 objectives. The focus includes empowering small scale miners, improving research and human resource capacity, promoting environmental &amp; social responsibility, strengthening networks, gazetting geo-sites, developing alternative energy, increasing power generation and oil exploration, increasing production, improving infrastructure, improving regulation and policy, and building capacities.</p> <p>SIP – Unavailable.</p> <p>NBFP – 2 policy objectives and 3 outcome statements which focus on meeting energy needs, and building the energy, mineral, oil, and gas sector capacity to manage and expand.</p> <p>Budget – 5 year sector share of GoU budget is 12.7 per cent for NDP and 13.6 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 98 per cent of GoU budget in 2011/11; 82 per cent of GoU budget in 2011/12.</p> <p><b>Since the SIP was unavailable it is hard to assess the alignment of objectives within this sector to the NDP. The NDP and the NBFP are well aligned however and cover the same issues through different phrasing. MTEF is more to this sector than specified by the NDP. Some amounts of funding remain unspent.</b></p>



Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Works and Transport</b></p>	<p>NDP – the NDP covers the transport sector with 7 objectives and focuses on improving stock and quality of the road infrastructure, improving traffic flow, increasing volumes of cargo conveyed by road, air and water, improving service delivery and strengthening national construction industry. The sector heading does not include mention of works or construction but includes an objective on it.</p> <p>SIP (Master Plan) – This plan covers 2008-2023 and was recently revised in 2013. The timeline does not align to the NDP. It has 18 objectives covering a wide variety of priorities including contributing to increasing trade and employment and a reduction in poverty as a result of the transport sector improvements, promoting equal opportunity, improving access to services and promoting private sector partnerships, improving administration and management across transport modalities, improving regulation and policy frameworks, supporting regional integration, modernisation of infrastructure, and improving planning and monitoring.</p> <p>NBFP – Combines works and transport and Includes 5 policy statements and 3 outcomes. It includes improving transport infrastructure and decongestion, developing the construction industry, and ensuring safe and sustainable transport and construction services.</p> <p>Budget – 5 year sector share of GoU budget is 16.9 per cent for NDP and 14.6 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 78 per cent of GoU budget in 2011/11; 79 per cent of GoU budget in 2011/12.</p> <p><b>Objectives are partially aligned. While the SIP covers aspects of the NDP it goes well beyond the measures outlined within it. The SIP appears to have been created using the NDP as only a resource document rather than a guideline. MTEF is allocating less to this sector than specified by the NDP. Large amounts of funding remain unspent.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
ICT	<p>NDP – 5 objectives covering enhancing access and quality to products and services (ICT and library), better use and application of broadcasting, and rejuvenating the postal services.</p> <p>SIP – Unavailable.</p> <p>NBFP- Includes 9 policy objectives and 3 outcome statements which covers increasing coverage and service provision, equitable access and affordability of ICT, postal, and library services, promoting application and usage of ICT, training, and research, and improving governance and employment through ICT.</p> <p>Budget – 5 year sector share of GoU budget is 0.1 per cent for NDP and 0.2 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 149 per cent of GoU budget in 2011/11; 106 per cent of GoU budget in 2011/12.</p> <p><b>Since the SIP was unavailable it is hard to assess the alignment of objectives within this sector to the NDP. The NDP and the NBFP are well aligned however and cover the same issues through different phrasing. MTEF is allocating more to this sector than specified by the NDP. Significant amounts of spending over budget.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Tourism, Trade, Industry, and Cooperatives</b></p>	<p>NDP – The NDP covers sections on Tourism (2 objectives), Trade Development (6 objectives), and Cooperatives (3 objectives). Objectives focus on improving regulation and policies, increasing proportion of GDP from tourism, improving the business environment, promoting synergies, access to market and regional integration, nurturing private sector and improving trade infrastructure, promoting good governance &amp; equal opportunities, diversification and capacity development of cooperatives.</p> <p>SIP – One SIP combines tourism trade and industry and has 9 objective statements. The timeline is 2009-2015. It was drafted prior to the NDP but ends at the same time so the next SIP has the opportunity to be fully in line. The objectives include increasing GDP through tourism, sustainable development and increasing competitiveness, market expansion and improving business environment, building strong cooperatives, and strengthening sector management.</p> <p>NBFP – This paper combines trade tourism and industry with 7 policy objectives and 3 outcomes. It focuses on improving competitiveness, nurturing Uganda’s uniqueness through sustainable development and tourism, ad diversification of cooperatives.</p> <p>Budget – 5 year sector share of GoU budget is 0.9 per cent for NDP and 0.5 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 71 per cent of GoU budget in 2011/11; 87 per cent of GoU budget in 2011/12.</p> <p><b>Partially aligned in that the language of the objectives are similar, but the SIP does not cover all the NDP priorities at the objective level. MTEF is allocating significantly less to this sector than specified by the NDP. Large amounts of funding remain unspent.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<b>Education</b>	<p>NDP – The NDP has 3 high level objective sections but broken down into 20 sub objectives. Focus on increasing access and equity at all levels, quality and relevance at all levels, and effectiveness and efficiency at all levels.</p> <p>SIP - Current SIP was created before the NDP but is ending at the same time. The next SIP can be fully aligned to the NDP timeline. This SIP has 3 objectives focusing on Increasing and improving access at all levels, quality and relevance at all levels, and effectiveness and efficiency at all levels.</p> <p>NBFP – Has 3 policy objectives and 3 outcome statements focusing on increasing and improving access at all levels, quality and relevance at all levels, and effectiveness and efficiency at all levels.</p> <p>Budget – 5 year sector share of GoU budget is 19.1 per cent for NDP and 15.3 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 91 per cent of GoU budget in 2011/11; 89 per cent of GoU budget in 2011/12.</p> <p><b>Objectives are strongly aligned. MTEF is allocating significantly less to this sector than specified by the NDP. Some amounts of funding remain unspent.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
Health	<p>NDP – 8 objectives focusing on nutrition and universal access of Ugandans as an external focus while strengthening internal management of the health system through research, strengthened policies frameworks, relationships across government MDAs, academia, and professional bodies, and pursuing public private partnerships.</p> <p>SIP – Timeline matches the NDP. 5 objectives with a focus on scaling up interventions of the health system especially for vulnerable populations. Improving equity and access of services and improving overall management &amp; leaderships of the system by the Ministry of Health</p> <p>BFP – 1 high level objective statement and 3 outcomes that are mostly externally focused on improving the health and wellbeing of Ugandans with a special focus on child and maternal health and ensuring health facilities have proper and adequate stock of medicines.</p> <p>Budget – 5 year sector share of GoU budget is 11.9 per cent for NDP and 8.0 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 85 per cent of GoU budget in 2011/11; 72 per cent of GoU budget in 2011/12.</p> <p><b>Objectives are partially aligned although the language is different. All documents have external and internally focused outcomes.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Water and Environment</b></p>	<p>NDP - In relation to Water and Environment, the NDP has 7 related sections: 1) Forestry with 4 objectives, 2) Water for Production with 5 objectives, 3) Water and Sanitation with 4 objectives, 4) Environment with 3 objectives, 5) Climate Change with 4 objectives, 6) Water Resource Management with 3 objectives, and 7) Wetland Management with 1 objective. The objectives range from increasing forest cover and rehabilitation, employment creation, improving irrigation, increasing access to safe water for multi-use, improved sanitation and access to facilities, improving service delivery, sustainable development &amp; management of natural resources, climate mitigation &amp; adaptation, institutional strengthening, and conducive policy and regulatory environments.</p> <p>SIP – 3 objectives and 6 priority areas. Timeline is not aligned to the NDP. It was drafted before and ends in 2013. However, it does include a rather thorough analysis of how the SIP aligns to the PEAP and the ‘upcoming’ NDP (which was being drafted at the time).</p> <p>NBFP – 4 policy objectives and 3 outcome statements. Policy objectives include improving quality and access to water (multi-use) and sanitation facilities, modernise agriculture and mitigate climate change. Outcomes include Improved access to and use of water resources, climate change &amp; weather management.</p> <p>Budget – 5 year sector share of GoU budget is 3.7 per cent for NDP and 3.3 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 69 per cent of GoU budget in 2011/11; 56 per cent of GoU budget in 2011/12.</p> <p><b>Objectives are most fully aligned although the language is different. The SIP focuses on access, sustainable use and management of water and natural resources, improving management and sustainable development. It goes further however, and includes an outcome on ensuring healthy living conditions of all Ugandans in rural and urban areas. MTEF is allocating less to this sector than specified by the NDP. Significant amounts of funding remain unspent.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Social Development</b></p>	<p>NDP – 7 Objectives that focus on developing and maintaining a national values system, promoting positive cultural norms, expand social protection, promoting gender &amp; women empowerment, ensuring community development &amp; respect for human rights, and strengthening capacity of the social development sector.</p> <p>SIP – 5 objectives. This SIP was drafted after the NDP and ends at the same time. It has a section on how the SIP aligns with the NDP and provides a thorough analysis on the same. The objectives speak about empowering women and communities, protecting the vulnerable, creating employment, and ensuring effective management and oversight.</p> <p>NBFP – 6 policy objectives and 3 outcome statements. At the policy level, the objectives focus on improving equity and equality, protecting vulnerable people, empowering communities, and creating employment. The outcomes follow suit with a focus on equity, equality, employment, and protecting the most vulnerable.</p> <p>Budget – 5 year sector share of GoU budget is 0.5 per cent for NDP and 0.4 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 75 per cent of GoU budget in 2011/11; 67 per cent of GoU budget in 2011/12.</p> <p><b>Objectives are almost fully aligned except the SIP and the NBFP includes a high level objective focusing on employment creation. MTEF is allocating less to this sector than specified by the NDP. Significant amounts of funding remain unspent.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Defence and Security</b></p>	<p>NDP – 5 objectives focused on enhancing the sectors capabilities; providing internal security; developing physical infrastructure; promoting innovation, R&amp;D; improving staff welfare.</p> <p>SIP – Unavailable.</p> <p>NBFP – The three outcomes cover a stable, peaceful and secure nation; strong security capacity to address internal and external threats; and stability in the Africa region and UN member states.</p> <p>Budget – 5 year sector share of GoU budget is 6.5 per cent for NDP and 13.0 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 315 per cent of GoU budget in 2011/11; 101 per cent of GoU budget in 2011/12.</p> <p><b>Objectives in the NDP and NBFP are partially aligned. MTEF is allocating significantly more to this sector than specified by the NDP. Significant amounts of overspending compared to budget.</b></p>



Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Justice, Law and Order</b></p>	<p>NDP – The NDP has 5 objectives relating to promoting the rule of law and due process; fostering a culture of human rights across JLOS institutions; enhancing the access to justice, particularly to the poor and marginalised; reducing the incidence of crime; and enhancing JLOS contribution to economic development.</p> <p>SIP – The JLOS SIP covers the period 2012/13 to 2016/17. There are three outcomes, each with a series of outputs. The outcomes cover the strengthening of the policy, legislative and regulatory framework; access to JLOS services, especially for vulnerable; and observance of human rights and accountability.</p> <p>NBFP – This contains the same three outcomes as the SIP. In line with most other sectors, it also gives a narrative of contribution to the NDP.</p> <p>Budget – 5 year sector share of GoU budget is 4.5 per cent for NDP and 6.2 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 117 per cent of GoU budget in 2011/11; 108 per cent of GoU budget in 2011/12.</p> <p><b>Objectives in the NDP, SIP and NBFP are partially aligned. MTEF is allocating significantly more to this sector than specified by the NDP. Large amounts of overspending compared to budget.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Public Sector Management</b></p>	<p>NDP – The NDP has 7 objectives, including ones related to strengthening the policy, legal and regulatory framework; rationalising public sector institutions; strengthening human resource capacity; enhancing the performance of the public sector; ensuring plans are sensitive to the plight of special interest groups; ensuring the effective implementation of the NDP; and coordinating cross-sectoral initiatives.</p> <p>SIP – The PSM SIP covers the period 2011/12 to 2015/16. It contains 12 objectives on page 75 in a section which refers extensively to the NDP, but which do not fully align to what is written in the NDP. This is mainly because the PSM SIP makes a broader assessment of PSM than that contained in the NDP (which breaks some elements down into other sectors in the egg concept).</p> <p>NBFP – The same 7 objectives as the NDP are listed in the latest NBFP. These are then turned into three outcomes related to highly skilled and professional workforce; integration of member states into the EAC; and mechanisms to harmonise planning, budgeting and monitoring at national and local levels.</p> <p>Budget – 5 year sector share of GoU budget is 7.5 per cent for NDP and 9.6 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 89 per cent of GoU budget in 2011/11; 65 per cent of GoU budget in 2011/12.</p> <p><b>Objectives in the NDP and NBFP are strongly aligned. MTEF is allocating significantly more to this sector than specified by the NDP. Significant amounts of funding remain unspent.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
Account-ability	<p>NDP – 5 objectives covering enhancing VFM in use of public funds; strengthening the demand for service accountability; fostering compliance for better governance; promoting research; enhancing the sector contribution to growth and development.</p> <p>SIP – Unavailable.</p> <p>NBFP – Outcomes relate to formulation and monitoring of credible budgets for service delivery; compliance with accountability policies and service delivery standards; and contribution to economic growth and development.</p> <p>Budget – 5 year sector share of GoU budget is 6.2 per cent for NDP and 5.2 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 70 per cent of GoU budget in 2011/11; 69 per cent of GoU budget in 2011/12.</p> <p><b>Objectives in the NDP and NBFP are partially aligned. MTEF is allocating less to this sector than specified by the NDP. Significant amounts of funding remain unspent.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Legislature</b></p>	<p>NDP – This has three objectives which cover ensuring effective legislation; enhancing effective representation of people’s views in legislation and policy making; and strengthening the oversight function of parliament over the executive.</p> <p>SIP – The latest strategic plan for parliament covers the period 2012 to 2017. It contains 6 strategic objectives which relate to stronger institutional capacity of parliament; increased public involvement; stronger parliamentary accountability; contribution to equitable and sustainable development; participation in international engagements; and expanded physical space.</p> <p>NBFP – The three outcomes relate to increased efficiency in passing legislation; effective representation of people in the formation of legislation and policy; and stronger parliamentary oversight.</p> <p>Budget – 5 year sector share of GoU budget is 1.5 per cent for NDP and 2.4 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 97 per cent of GoU budget in 2011/11; 156 per cent of GoU budget in 2011/12.</p> <p><b>Objectives in the NDP and NBFP are strongly aligned. MTEF is allocating significantly more to this sector than specified by the NDP. Significant amounts of overspending compared to budget.</b></p>

Sector	Overall assessment on alignment of NDP, SIP, BFP and finances
<p><b>Public Administration</b></p>	<p>NDP – 4 objectives looking at deepening democracy; enhancing the effectiveness of the three arms of government; strengthening mobilisation for national development; and addressing strategic issues of national interest.</p> <p>SIP – Unavailable.</p> <p>NBFP – Outcomes focused on free and fair elections; improved diplomacy, regional and international relations; and strengthened policy management across government.</p> <p>Budget – 5 year sector share of GoU budget is 2.4 per cent for NDP and 3.8 per cent for MTEF (first two years releases; then budgets).</p> <p>Releases – 165 per cent of GoU budget in 2011/11; 134 per cent of GoU budget in 2011/12.</p> <p><b>Objectives in the NDP and NBFP are poorly aligned. MTEF is allocating significantly more to this sector than specified by the NDP. Significant amounts of overspending compared to budget.</b></p>