



Results Framework Thematic Report

Mid-Term Review of the Uganda National Development Plan

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in Association with REEV
Consult for the National
Planning Authority

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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 NDP has three themes – growth, employment and socio-economic transformation which are distilled into eight objectives. Compiling the data to review performance has been difficult as there are a considerable number of inconsistencies in the data reported by the Government Annual Performance Report (GAPR), source data compiled by Ministries, Departments and Agencies (MDAs) and that reported in international comparisons. Notwithstanding these difficulties, some headline analysis indicates that:

- The proportion of people living in poverty has stagnated and average incomes have fallen marginally over the current NDP period;
- Employment levels were ahead of target in 2010/11, but no data are available for 2011/12;
- Life expectancy is ahead of the modest targets set, but literacy levels are below target and Uganda's human development index (HDI) score and rank is deteriorating;
- For transport, the volume of paved roads is ahead of target, but whilst there has been a significant improvement in freight cargo levels carried by rail, performance is behind plan;
- Energy indicators up to 2011/12 are disappointing and appear to be falling;
- Health and education performance is mixed - ahead or on target for some indicators, but behind in others;
- All water and sanitation indicators are behind planned levels of performance.

It is not possible to make an assessment against two key NDP objectives - good governance, defence and security, and sustainable population and use of the environment, as no baselines have been defined and no targets have been set. There are several missing baselines and targets for indicators used to measure other objectives too.

With regard to the 15 prioritised core projects, there have been challenges in accessing finance and dealing with land disputes and several are likely to remain work-in-progress by 2015.

The overall conclusion from the above analysis is that, at best, performance against NDP targets has been mixed. Furthermore, the absence of recent population and poverty data raises questions on the robustness of some of the analysis. The findings of this mid-term review (MTR) are broadly consistent with those reported in the latest GAPR which also suggests that many target levels of performance require additional effort to be realised, whilst some indicators need to be revised because they cannot easily be measured.

Other findings

The findings linked to the review questions of this MTR include:

- Population growth is a major constraining factor to the achievement of several key development targets;
- There is widespread agreement on the importance of equitable development around Uganda, but little recognition of this in the results framework;
- Weak public sector management, poor accountability for results, corruption and mind sets are still major constraints to national development;
- The implementation of core projects and other development investments is being seriously constrained by limited access to finance and land disputes;
- Development planning is considered in piece-meal way and many potential synergies and intra-sector efficiency gains remain untapped;
- There remains huge potential for streamlining the strategic direction for national development in Uganda and there have been some steps in the right direction;
- The current levels of funding for national development are not enough to achieve many of the NDP targets;

- There is misalignment between sector financial allocations in the NDP and the MTEF, but some recent trends are in the right direction;
- There are major differences in the ratio of financial releases to budgets across sectors;
- There is not always a strong linkage between NDP priorities and projects that appear in the Public Investment Plan (PIP);
- Administration costs are taking a growing proportion of development spending, leaving less for the delivery of services at local government level;
- The overall results framework for the NDP can be simplified and used as the primary barometer for national development;
- The NDP is effectively a Government plan, focused on results of MDAs and local governments only, and can be expanded in its scope.

Cross-cutting issues

In addition to these findings, the report includes the key points from six reports that were commissioned separately alongside the core MTR to assess the degree to which cross-cutting issues have been addressed during NDP implementation. These reports found mixed results with regards to the degree to which cross-cutting issues have been addressed during NDP implementation. Progress has been made on social protection, but this is far from the targets specified in the NDP as a result of a lack of political support and Government of Uganda funding. A number of goals related to child rights have been achieved, however many proposed interventions to improve outcomes have yet to be implemented.

Despite these findings, many cross-cutting reports found it difficult to assess progress as there are no indicators in the NDP results framework specific to these cross-cutting themes, and there is no related baseline information. This was found to be the case for human rights, democracy and governance, and gender. For gender, and democracy and governance, it was found that while the NDP contains a

description of how this theme was a binding constraint, there was no accompanying strategy and outcomes / indicators.

To address these issues several reports recommend creating indicators for cross-cutting issues in the next NDP, and developing explicit strategies for how constraints related to these issues can be addressed. Several reports also recommend developing strong baseline information on cross-cutting issues to inform the next NDP results framework. With regards to environment, it was found that the Uganda Bureau of Statistics (UBOS) needs to review its statistical system to integrate environmental indicators.

Key issues to be addressed going forward

The NDP provides a consistent strategic foundation for national development. However, the NDP has been devoid of a clearly defined over-arching 'critical path' except for the 15 priority 'core' projects, but even these do not have well documented key milestones. Whilst there appears to be growing and common understanding of the NDP, there is mixed alignment to the NDP objectives at a sector level. Achievement of NDP objectives is further constrained by insufficient financial resources (and / or too many prioritised targets) and inability to overcome critical development constraints. Other issues to address include:

- Focusing more specifically on the most important priorities for national development;
- Strengthening mechanisms for allocating resources to the key development priorities;
- Speeding up the implementation of core / priority projects;
- Addressing the critical development constraints in a more focused and effective manner;
- Tackling the district level challenges of poor resourcing and capacity;
- Improving the quality of strategic development data collection and analysis;

- Making the NDP more inclusive, simpler and easier to fund.

Recommendations for the remainder of the first NDP period

In order to address the key issues outlined above, for the remainder of this NDP period it is recommended that effort is focused on those development projects that are capable of delivering the greatest level of benefit, ensuring that the NPA has the capacity to support sectors in making this assessment. These projects should form the basis for ensuring that NDP priorities are more aligned with MTEF / sector budget allocations for 2013/14 and 2014/15.

The National Planning Authority (NPA) should be capable of systematically monitoring progress against key milestones of core projects and national development priorities and will need to work with the Office of the Prime Minister (OPM) to ensure that the GAPR is more NDP centric. As part of this process there is a need for discussions between NPA, UBOS and OPM to streamline and improve surveys for development data collection, making sure that the Population Census is conducted as soon as possible and strengthening regular collection of employment, poverty and environmental data in particular. It would be sensible to consult and agree on the results framework to be used for the next NDP, making this more streamlined and focused on the most important strategic objectives for 2015/16 to 2019/20 linked to the Vision 2040.

Recommendations for the next NDP

In terms of the development and implementation of the next NDP, it is recommended that it has a more focused theme and is aligned to the Vision 2040 and with a clearly defined critical path. It should encompass no more than six priority strategic development objectives which are all outcome focused and cut across multiple sectors.

All aspects of the planning, budgeting, financing and implementation of development projects should be fully aligned. In particular, all activities, outputs, outcomes and indicators in Budget Framework Papers and Ministerial Policy Statements need to be fully aligned to a stated NDP priority. As such, the Public Investment Plan (PIP) should only contain projects which are set out in the NDP and sector investment plans (SIPs) should be fully aligned to the PIP. It would also help if the 5 year NDP was fully synchronised with other major planning and financing mechanisms (i.e. MTEF, PIP and SIPs) so that all of these start and end at the same time as the NDP.

It is worth considering a fundamental change to resources allocation, introducing a full or a partial programme-based budgeting approach so that money can be allocated to cross-sector outcomes like skills development or agricultural transformation, allowing greater coordination across sectors and greater efficiency of the use of resources. Furthermore, it would be beneficial to consider the implementation of innovative systems that link MDA performance rewards to the achievement of NDP objectives and targets.

Going forward, the NDP should be the 'centre piece' for all major national level performance monitoring, evaluation and reporting which will require fundamental reform of the GAPR, changes to the format for sector performance reports and refinement of joint assistance framework (JAF) reporting with development partners. Analysis of key performance indicators should be made by district, region, gender, income group etc. and subject to a thorough annual review to guide policy making and resource allocation priorities.

1 INTRODUCTION

1.1 Background

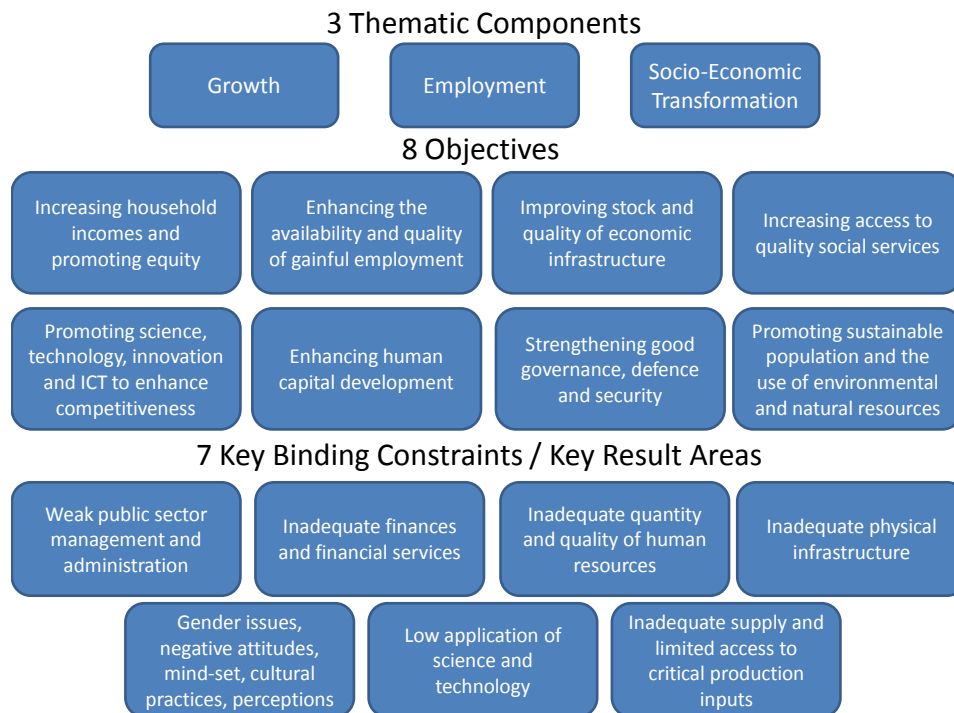
In 2010, the Government of Uganda (GoU) launched the National development Plan (NDP) containing the Country's medium term strategic direction, development priorities and implementation strategies for a five-year planning horizon between financial year (FY) 2010/11 and FY 2014/15. The thrust of this first 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 main sources of economic growth are expected to come from the 8 'primary growth sectors' which are stated as agricultural development, forestry, tourism, mining, oil and gas, manufacturing, information and communications technology (ICT) and housing development. In addition, the NDP recognises the complementary role of other sectors of the economy in bringing about the required improvements, most notably the energy, water, transport and financial services sectors. The Plan also outlines the need for more trained professionals and better quality infrastructure to increase the potential for Uganda's health and education systems to boost Uganda's human capital and to provide necessary increases in the skilled workforce needed to support economic development. Finally, the NDP acknowledges and arguably identifies a number of key constraints to further economic development and outlines a number of improvements required in public sector administration and management to unblock these binding constraints. Though scheduled to commence in FY 2010/11, significant implementation only took effect in FY 2011/12.

As required in the NDP implementation framework, a mid-term review (MTR) to assess progress made towards the achievement of the NDP objectives, results and other milestones was commissioned by GoU in March 2013. Besides assessing progress made on targeted results and objectives, this MTR is also intended to unearth challenges

encountered during the two and a half years of implementation of the Plan to date and to make recommendations on corrective measures needed to enhance NDP implementation over the remaining period. The mid-point for implementation of the NDP was set at December 2012, although the MTR also looks at progress made in the later part of FY 2012/13 where data are available. This results framework thematic report is one of the six thematic reviews of the MTR.

1.2 Context

The NDP sets out an overall vision of 'A transformed Ugandan society from a peasant to a modern and prosperous country within 30 years'. The overall theme is 'Growth, employment and socio-economic development', while the overall NDP results framework contains a set of objectives, key result areas and targets which align to the stated growth, employment and socio-economic transformation theme. The objectives refer to the enhancement of (i) household incomes and equity; (ii) availability and quality of gainful employment; (iii) human capital development; (iv) stock and quality of economic infrastructure; (v) access to quality social services; (vi) use of science, technology and innovation to enhance competitiveness; (vii) good governance, defence and security; and (viii) sustainable population and use of the environment and natural resources. In summary, the stated results framework for the first NDP is based on the following set of theme components, objectives and key binding constraints / key result areas.



In addition to goal and objective results, the NDP very strategically sets out 15 priority or 'core' projects for implementation over the five years. These were selected, primarily on the basis of addressing the most binding constraints to economic growth. The core projects are:

- Five major irrigation systems;
- Oil refinery development;
- Inter-state oil distribution pipeline;
- Karumahydro electric power (HEP) project;
- Isimba HEP project;
- Ayago HEP project;
- Kampala transport infrastructure;
- Railway rehabilitation;
- Standard gauge rail from Kampala to Malaba;
- Lake Victoria water transport;
- Information technology business parks;
- Phosphate industry development in Tororo;
- Iron ore ingot production;
- National non-formal skills development;
- Four regional science parks and technology incubation centres.

The NDP sets out 43 sectors, grouped into four broad clusters namely primary growth, complementary, social and enabling sectors. For each of these sectors, the NDP selected a set of objectives, each with strategies and proposed interventions. Typically, a sector has between 4 and 6 objectives, 10 to 20 strategies and 15 to 30 or more interventions. As such, there are hundreds of strategies and probably in the region of 1,000 proposed interventions. These have been populated by NPA into templates for Ministry, Departments and Agencies (MDAs) and Local Governments to report against.

As already highlighted above, the MTR assesses progress made towards achievement of these NDP goals, objectives, results and other milestones. A particularly important results data table contained in the NDP results matrix has been referred to - the development indicators table lists the 8 overall NDP objectives and a set of 49 performance indicators. Each indicator is supposed to have a 2008/09 baseline measure and a specific target for each year of the NDP. However, only 34 of the stated indicators have baselines measures, only 30 have 2014/15 target levels of performance and only 12 have full data sets across the whole period.

1.3 Methodology

It was agreed as part of the inception report that the Results Framework thematic report will cover the following review questions:

RF1	Are we on track to achieve the NDP theme, 8 over-arching NDP objectives / key results areas / targets and the sector specific objectives / targets?
RF2	How has progress against NDP objectives / targets differed around the county?
RF3	What progress has there been on the implementation of the core NDP projects?
RF4	Which areas of NDP implementation have been most and least successful and why?
RF5	Are the sector / general constraints to the delivery of results still valid / how have they changed since 2010?
RF6	To what extent have sector resource allocations and priority investments changed to reflect NDP priorities (including the focus on primary growth

	sectors)?
RF7	What have been the trends in the overall balance of administration and service delivery costs in the implementation of the NDP?
RF8	To what extent has financing and implementation of the NDP been influenced by regional variations in economic and human development?
RF9	To what extent have the assumptions behind the NDP financing strategy been valid and what could be done to increase the funding envelope for NDP (including links with JAF and JBSF)?
RF10	How coherent is the NDP in terms of cascading results / linking priorities with objectives and how can the results framework be improved for the next NDP?
RF11	What evidence is there that the NDP objectives, targets and assumptions for increases in GDP per capita, equity and enhanced human capital development are coherent and realistic?

The overall approach to the mid-term review has included:

- A three week inception period to hold introductory meetings, to collect and review background documentation, to refine and agree the review questions, and to populate review matrices showing how evidence would be collected and analysed;
- 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 analysis and interpretation;
- Preparation of the zero draft thematic reports;

- 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 comments into the first draft thematic reports;
- Presentation of updated drafts reports to the Ministry of Finance, Planning and Economic Development (MoFPED), the Extended NPA Board and the committee of Permanent Secretaries chaired by the Cabinet Secretary;
- Incorporation of comments on the updated draft reports.

The results framework thematic work has been conducted under the framework of the NDP monitoring and evaluation (M&E) strategy. Under this strategy, the NPA has a stated responsibility for the establishment of the results framework for the NDP and for ensuring that relevant institutions of Government (and relevant non-state actors) develop results indicators that are consistent with the NDP. The same M&E strategy mandates OPM with responsible for overall monitoring of Government performance. The National Development Reports (NDR) annually produced by the NPA and the Government Annual performance reports (GAPR) produced by the OPM therefore served as two primary reference sources for this MTR. The MTR refers to analyses which have been done by NPA and OPM under these instruments, but also conducts further analysis as permitted by data availability. The review has analysed selected annualised and cumulative performance of MDAs in different sectors, referring to budget performance reports, backgrounds to the budget, ministerial policy statements and specific sector performance reports. Survey reports from UBOS have been reviewed where possible. In addition, the MTR has looked at a number of relevant reports from studies and research works recently conducted of relevance to the NDP. Further, the review has explored the trends in the allocation of financial resources.

Besides review of documents and reports, the MTR has conducted wide-ranging consultations with key NDP actors involved in its implementation and coordination at national government, local government, civil society, development partner and private sector levels. The review team preparing the results framework report visited MoFPED, OPM and a selection of sector ministries, where high meetings were held and feedback

obtained on key sector and general performance against NDP targets. In addition, four district local governments (Moyo, Masaka, Kamuli, and Bulisa) were visited for this thematic report alone, where consultations were held with field-line managers of sector budgets, local government administrators, representatives of business and farmer communities and others.

1.4 Organisation of the report

This report on NDP results framework is one of six thematic reports under this MTR, all of which are brought together in an overall synthesis report. This thematic report is structured into six sections including this introductory section. The following sections are:

- Section 2 presents progress against the achievement of NDP goals and objectives;
- Section 3 deals with an assessment of performance to reduce the binding constraints to national development;
- Section 4 conducts a review and analysis of NDP funding;
- Section 5 looks at the coherence and realism of the NDP results framework;
- Section 6 considers cross-cutting issues;
- Section 7 sets out the MTR conclusions and recommendations.

2 PROGRESS ON NDP GOALS AND OBJECTIVES

2.1 Introduction

This section presents the MTR findings on the level of achievement of the three NDP goals of growth, employment and socio-economic transformation as well as the eight NDP objectives. The analysis of this performance has been based on the review questions relating to i) whether the NDP is on track towards achieving the NDP theme, overarching objectives and key results areas; ii) how this progress is spread over different areas of the country; and iii) assessment of which areas of NDP implementation have been most and least successful and why. The review of progress against NDP goal and objectives has been done on the basis of data extracted from the best primary sources available including UBOS Statistical Abstracts, panel survey reports, human development reports, other global survey publications and respective annual sector performance reports. We have not analysed progress in the key result areas (KRAs) in this section as we have assessed them in section 3 in terms of removal of binding constraints (which mirror the KRAs).

As part of our analysis in this section, we use a five category assessment tool to give an independent view of achievement against various elements of the NDP. The basis for this tool is set out below.

G	Green	Performance is on track or in access of targets.
G A	Green / Amber	Performance is generally improving, but not by as much as targets.
A R	Amber / Red	Performance is static and targets will not be met.
R	Red	Performance is clearly deteriorating or a long way from the target.
?	White	It is too difficult to give an assessment of performance, as not enough reliable data.

2.2 Progress on NDP goals

2.2.1 Growth

During 2011/12, Uganda's economy grew at an estimated rate of 3.2 per cent, down from 6.7 per cent in 2010/11 and well below the 2011/12 NDP target figure of 7 per cent. This reduction was particularly marked in industry (1.1 per cent growth in 2011/12 compared to 7.9 per cent in 2010/11) and services (3.1 per cent in 2011/12 compared to 8.4 per cent in 2010/11) which is a particular cause for concern as the Vision 2040 places a high emphasis on the importance of growing industrial and service sector activity. Work needs to be done to make sure that these dips in growth are temporary, with a careful balance of sound economic management and growth enhancing policy. Agriculture showed a strong improvement growth from 0.7 per cent in 2010/11, to 3.0 per cent in 2011/12. There has also been an encouraging increase in the 3 years since 2008/09 from 7.5 per cent to 16.1 per cent in the value of exports and exports as a proportion of GDP.

The total GDP figure has risen significantly from around UGX 30,000b in 2008/09 to nearly UGX 50,000b in 2011/12. The Human Development report also indicates that Uganda's gross national income per capita (based on 2005 purchasing power parity) has been growing, though marginally, since 2010¹. However, as further analysed below, there is evidence that the growth in total GDP figures and gross national income has not resulted in improved equitable distribution of household income. The last 2 to 3 years has seen annual inflation of up to 18 per cent and the UBOS Statistical Abstract for 2012 reports a much smaller rise in GDP at constant 2002 prices (from only UGX 19,461b in 2008/09 to UGX 22,681b in 2011/12)². Population growth has also meant that per capita income has actually fallen since 2008/09, from UGX 506 to UGX 487 in 2011/12³. Poverty and inequality remain significant development challenges for the country

¹US\$ 1,126, US\$ 1,158, and US\$ 1,168 in 2010, 2011 and 2012 respectively.

² Hence it would be more relevant to measure GDP in constant prices moving forward.

³ However, population data are based on estimated extrapolations since the last Census was in 2001.

Table 1: Trends in NDP growth indicators

Development Indicator	GAR		NDP Baseline 2008/09	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
GDP growth (per cent pa)	A	R	6.2	N/S	6.3	3.2	7.0	7.5	N/S
GDP at market prices (UGX b)	G		29,972	N/S	39,051	49,087	46,934	72,094	N/S
Per capita income (US\$)	R		506	506	485	487	667	837	9,500
per cent of people below the poverty line	?		28.5	24.5	N/A	N/A	27.4	24.4	5.0
Population growth rate (per cent)	?		N/S	3.2	N/A	N/A	N/S	N/S	2.4
Income distribution (Gini coefficient)	?		N/S	0.43	N/A	N/A	N/S	N/S	0.32
Export proportion of GDP (per cent)	G		7.5	N/S	10.8	16.1	N/S	N/S	N/S
US\$ labour productivity per worker - agriculture	?		N/S	390	N/A	N/A	N/S	N/S	6,790
US\$ labour productivity per worker – industry	?		N/S	3,550	N/A	N/A	N/S	N/S	24,820
US\$ labour productivity per worker – services	?		N/S	1,830	N/A	N/A	N/S	N/S	25,513
US\$ labour productivity per worker – total	?		N/S	1,017	N/A	N/A	N/S	N/S	19,770
Gross capita formation as per	?		N/S	24.1	N/A	N/A	N/S	N/S	30

cent of GDP								
Savings as per cent of GDP	?	N/S	14.5	N/A	N/A	N/S	N/S	35

Sources: NDP, Vision 2040, GAPR 2011/12, draft NDR 2011/12, UBOS Statistical Abstract 2012.

N/S = not stated. N/A = not available.

2.2.2 Employment

The headline data for the employment theme is that the percentage of the labour force which is working has increased from 70.9 per cent in 2008/09 to 75.4 per cent by 2010/11 (in excess of the NDP target of 73.1 per cent for 2011/12), but this takes no account of any changes to the levels of under-employment. The NDP estimates that the labour market in Uganda will need to absorb about 8.2 million people by 2015. Some statistics which are available from UBOS state that 16,725 manufacturing jobs were created in 2011/12, up from 13,424 in 2010/11, but no data has been obtained on the number of job losses and less is known about the creation of jobs in the informal sector.

It is currently not possible to state reasonably accurate estimates of the creation of incremental new jobs across both formal and informal sectors in Uganda. Perhaps because of this challenge, the NDP results framework for employment focuses on the composition of GDP and composition of labour by the three main sectors. This gives an indication in the *change in the structure* of the labour force, but it says nothing about the *change in the total* labour force. Also, it ignores any *changes in productivity* which may take place over time.

As stated in the 2011/12 National Budget Framework Paper, the country has not had significant success in acquiring enough capacity to employ the growing number of youths joining the labour market every year. The total annual jobs gap was estimated in that BFP to be 394,000 jobs. The national employment policy states that the growth in youth labour force is 6.0 per cent pa, far higher than the population growth rate. Recent figures from the UBOS Statistical Abstract 2012 indicate that in 2011 there was a decline in

labour demand, with the number of jobs advertised dropping from 24,372 in 2010 to 11,978 in 2011, but again this focuses on the formal sector.

Nonetheless, this MTR has noted some efforts by government to address the job creation challenge in the short to medium term. These have included simplifying the process and cost of starting business; introducing youth skills development strategies; creating and supporting SME micro financing schemes and; promoting attitude change to work. In 2011, Government produced a national employment policy with the theme to increase decent employment and labour productivity for socio-economic transformation. However, the actual effects of these initiatives with regard to improving employment (especially for the growing number of youths) are yet largely to be seen.

Consultations with local government stakeholders have revealed that the main challenge to increasing employment levels is that the growth rate in population far exceeds the rate of growth in job opportunities in the market. There is also the challenge of low profitability in the agriculture sector (as a result of a combination of factors such as lack of markets, low prices, low productivity, little value added) which implies that a big number of the people engaged in agriculture production cannot be said to be gainfully / fully employed. This problem was echoed in all the district consultations that we conducted during this review.

For the future, collection and analysis of better employment data needs to be a priority, given the importance of job creation in the future development of the country. There is a pressing need to improve employment data across both the formal and informal sectors.

With regard to sector composition of employment, data that is available and reported, for example in the National Population Policy 2011 and the GPR 2011/12, suggest that the situation has not significantly changed in recent years. Although the NDP targeted to increase the proportion of people employed in the manufacturing and services sectors as a measure of contributing to economic transformation, the majority of the working population are still engaged in the agriculture sector. According to the Uganda State of Population Report, the share of the labour force employed in manufacturing sector has

declined from 6.8 per cent to 4.2 per cent and in the services sector from 26.8 per cent to 20.7 per cent in recent years, despite the rise in GDP shares in these sectors.

The Employment Policy attributes this situation to several factors including mismatch between skills acquired and the requirements by employers; the development of low skills services and industries; the high growth rate in the labour force and; the inability to absorb it. It is interesting to note that of the working population, 73.7 per cent have attained only primary education and below, 18.3 per cent secondary education and 6.8 per cent have specialised training or post primary education.

Table 2: Trends in NDP employment indicators

Development Indicator	GAR	NDP Baseline 2008/09	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
Composition of GDP (per cent) – Agriculture	A R	23.0	22.4	24.0	24.9	22.2	21.4	10
Composition of GDP (per cent) – Industry	G	24.6	26.4	26.9	27.7	24.3	24.0	31
Composition of GDP (per cent) – Services	A R	52.4	51.2	49.1	47.4	53.5	54.6	58
Labour force in agriculture (per cent)	?	73.3	65.6	N/A	N/A	71.4	69.3	31
Labour force in industry (per cent)	?	4.2	7.6	N/A	N/A	4.7	5.4	26
Labour force in services (per cent)	?	22.5	26.8	N/A	N/A	23.9	25.3	43
Labour force employed (per cent)	G	70.9	70.9	75.4	N/A	73.1	78.2	94

Number of manufacturing jobs	?	N/S	N/S	13,424	16,725	N/S	N/S	N/S
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Sources: NDP, Vision 2040, GAPR 2011/12, draft NDR 2011/12, UBOS Statistical Abstract 2012.

N/S = not stated. N/A = not available.

2.2.3 Socio-economic transformation

The architecture of the NDP considered socio-economic transformation both as a result and as a requisite for sustainable growth and employment. As a result, the contribution of the current NDP to the socio-economic transformation is supposed to be through improved employment levels, higher per capita income, improved labour force distribution, substantially improved human development and gender equality indicators, among others. 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. To facilitate effective socio-economic transformation, 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. The MTR has looked at trends in these indicators to assess the country's progress on socio-economic transformation targets.

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. A recent Human Development Report (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 150th and 148th respectively. Similarly, 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). Below is a summary of Uganda's HDI performance over the period covered by this MTR.

Table 3: Trends in the human development index of Uganda

Year	Life Expectance at Birth	Expected years of Schooling	Mean years of Schooling	GNI per capita (2005 PPP\$)	HDI Value
2010	53.7	11.1	4.7	1,126	0.450
2011	54.1	11.1	4.7	1,158	0.454
2012	54.5	11.1	4.7	1,168	0.456

Source: Uganda Human Development Report, 2013.

The country's performance on other indicators of social transformation has shown mixed results. The GAPR 2011/12 indicated 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 policy that has maintained the mean years of education at 4.7. However, relating literacy levels to effective socio economic transformation remains a main challenge in Uganda. Being challenged by a big primary level education intake, the functionality of Uganda's literate population remains very low. Only about 23 per cent of Ugandans have attained at least secondary education with the proportion of women lagging slightly behind at around 24 per cent. The last UDHS study in 2010 indicated that there was not much difference in people's attitudes and practices to work / employment 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.

With regard to life expectancy, the review has observed minor increments in life expectancy in Uganda, rising from 53.7 years in 2010/11 to 54.5 years in 2011/12 according to the latest HDR figures. However, this is seen to be in line with the cautious targets in the NDP which projected 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.

According to the Global Competitiveness index (GCI) ranking, Uganda fell from 119th position in 2010/11 to 123rd place in 2011/12 out of 183 countries assessed. The current position is well below the NDP target position for 2011/12 of 104th. According to the GCI report for 2012/13; Uganda's competitiveness is falling primarily due to factors associated with institutions, health and primary education, higher education and training and technology readiness.

There has also been a significant fall in the Doing Business survey ranking. This is a special cause for concern, especially as the NDP and Government policy place such a strong premium on improving the business environment and supporting the growth of the private sector in Uganda. The reasons for these declines are explained in some detail in the Economic Management thematic report. A recent study by USAID identified that the main barriers to doing business in Uganda include high levels of corruption, poor infrastructure, a lack of access to affordable loan financing, low levels of human capacity, inefficient government services, and lack of government policies and regulatory consistency toward investment, which further impedes business predictability and efficiency.

According to the Doing Business 2013 survey, Uganda is performing worse than a selection of its East African neighbours in starting a business, protecting investors, and trading across borders. According to the same report, to start a company in Uganda takes 15 procedures over an average of 33 days and costs 77 per cent of average income per capita. A Private Sector Foundation of Uganda (PSFU) Private Sector Platform for Action in 2012 suggests that Uganda has the highest investment and

business operating cost regimes within the East Africa Community (EAC) region. However, there are some signs of recent improvement with a report of Foreign Direct Investment (FDI) released in July 2013 suggesting that Uganda is becoming a much more preferred location for FDI, largely due to the growth of the oil and mining sector.

Urbanisation is a key theme of the Vision 2040, which foresees 60 per cent of Ugandan living in urban areas by 2040. The trend is upward, with the estimated urbanisation level moving 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.

Table 4: Trends in NDP socio-economic indicators

Development Indicator	GAR		NDP Baseline 2008/09	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
National skills gap	?		N/S	N/S	N/S	N/S	N/S	N/S	N/S
Literacy level (per cent)	G	A	73.6	73	73.2	74.6	76.9	82.2	95
Life expectancy at birth (years)	G	A	50.4	51.5	54.0	52.2	51.3	52.4	85
Human development index	R		0.514	N/S	0.446	0.422	0.531	0.572	N/S
World	R		108/13	N/S	121/13	121/13	100/13	85/130	N/S

competitiveness index ranking		0		0	9	0		
Doing business survey ranking	R	112/183	N/S	123/183	123/183	104/183	82/183	N/S
Population in urban areas (per cent)	G	12	13	13.0	14.7	12	20	60

Sources: NDP, Vision 2040, GAPR 2011/12, draft NDR 2011/12, UBOS Statistical Abstract 2012.

N/S = not stated. N/A = not available.

2.3 Progress on NDP objectives

MTR assessment of progress and achievement of each of the eight objectives of the NDP is presented in the sections below.

2.3.1 Household incomes and equity

Income and poverty feature as key elements of the growth theme and of the household incomes and equity objective of the NDP results framework. As already highlighted, the Uganda National Human Development Report indicates an upward trend, though minimal, in gross national income per capita for Uganda during the period under review. Ideally, this trend implies that the standard of living for Uganda's population is on average increasing slowly. However, there is evidence that poverty and particularly inequality remain significant development challenges for the country. According to the 2012 Uganda Poverty Status Report produced by MoFPED, the proportion of Ugandans living in absolute poverty fell from 9.9 per cent in 1999 to 7.5 per cent in 2009. However during the same period, inequality due as measured by the Gini coefficient grew from 0.365 to 0.426. High population growth has meant that per capita income has actually fallen since 2008/09, from UGX 506 to UGX 487 in 2011/12. However, it needs to be remembered

that population data are based on estimated extrapolations since the last Census was in 2001. Also, as there has been no UNHS since 2009/10, there is no recent comprehensive data on poverty levels.

Inequality remains a big development issue in the country despite rising GDP and rising gross national income per capita figures. According to the HDR 2013, 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 fall⁴ (33.6 per cent) in human standard of living due to inequality in the distribution of dimension indices. Similarly, the same HDR indicates that the country has got a high gender inequality index (0.517) on the dimensions considered in the assessment (maternal mortality, adolescent fertility rates, empowerment and economic activity) ranking 110 out of the 148 countries assessed. Though, at the same time, it has been reported that Uganda moved from 43rd to 29th in the global gender gap ranking between 2008/09 and 2011/12 suggesting some successes in equalising access to services and opportunities between women and men.

The Assessment of JAF3 report produced in December 2011, states that there is a strong case for re-calculating Uganda’s poverty line, or at least introducing a \$1.25 per day (purchasing power parity) indicator into the NDP results framework, to reflect the fact that there has been a significant change in the basket of goods used to determine the Uganda poverty line since it was first established.

Table 5: Trends in NDP income and equity indicators

Development Indicator	GA R	NDP Baseline 2008/09	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
Per capita income	R	506	506	485	487	667	837	9,500

⁴ However, population data are based on estimates.

(US\$)								
per cent of population below the poverty line	G	28.5	24.5	24.5	24.5	27.4	24.4	5.0
Global gender gap ranking	G	43/130	N/S	N/A	29/135	N/S	N/S	N/S
Gender development index	?	N/S	0.51	N/A	N/A	N/S	N/S	0.9
Income distribution (Gini coefficient)	?	N/S	0.43	N/A	N/A	N/S	N/S	0.32

Sources: NDP, Vision 2040, GAPR 2011/12, draft NDR 2011/12, UBOS Statistical Abstract 2012.

N/S = not stated. N/A = not available.

2.3.2 Availability and quality of gainful employment

This component of the results framework is synonymous with the employment thematic area of the NDP. The percentage of the labour force which is working has increased from 70.9 per cent in 2008/09 to 75.4 per cent by 2010/11 (marginally in excess of the NDP target of 75.3 per cent for 2011/12), but this takes no account of any changes to the levels of under-employment. As noted above, it would be useful to have much better data on employment levels and trends, with strong analysis between location, occupation, gender, age brackets etc.

Table 6: Trends in NDP labour force indicators

Development Indicator	GA R	NDP Baseline	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
				1	2			

		2008/09				2	5	
Labour force employed (per cent)	G	70.9	70.9	75.4	N/A	73.1	78.2	94

Sources: NDP, Vision 2040, GAPR 2011/12, draft NDR 2011/12, UBOS Statistical Abstract 2012.

N/S = not stated. N/A = not available.

According to the GAPR (2011/12), the Uganda Investment Authority (UIA) licensed 242 businesses owned by both local and foreign investors in the year of review. These came from all sectors of the economy and were expected to create 34,095 jobs. Foreign investments licensed were projected to create 19,775 jobs and local investments 13,092 jobs. Investments in financial, insurance, real estates and business services were expected to create 10,107 new jobs, manufacturing 8,464 jobs, agriculture, hunting, forestry and fishing 6,901 jobs, accommodation catering and tourism services 657 jobs and 616 for community and social services.

2.3.3 Stock and quality of economic infrastructure

Over the period since 2010/11, there have been some successes in the expansion of transport infrastructure and services, as defined by the NDP results framework. According to the GAPR 2011/12, the national road network is 21,000 km long, of which 3,317 km is paved and the remainder unpaved. In 2011/12, the proportion of national paved roads in fair to good condition increased from 74 per cent in 2010/11 to 77.6 per cent, but below the target of 85 per cent. The condition of national unpaved roads in fair to good condition increased from 64 per cent 2010/11 to 66.6 per cent in 2011/12, exceeding the target of 55 per cent. However, there has only been small increase in the stock of paved roads from 3,200 km in 2009/10 to 3,317km in 2011/12.

The works and transport sector annual performance report 2011/12 indicates that the proportion of paved roads to total national road network stood at 15.8 per cent by 2011/12. There was however no target for this indicator in the NDP results matrix. The baseline in 2008/09 was 4 per cent, showing significant improvement in this indicator.

There are significant disparities in the state of district and community roads across the country. In many of the districts we visited, the state of roads in the district is generally poor and reported to have been declining. A number of factors were given to account for this poor and deteriorating road condition in the districts visited. They included geo-physical and climatic vagaries which make it extremely costly to maintain roads; reduced funding for road maintenance works; low operational capacity on the side of local governments (despite the recent equipment provided by government); and shifting government policy on road maintenance.

With regard to railways infrastructure, sector reports reflect an increase in the percentage of freight carried on the railways from 3.5 per cent to 10 per cent in recent years. This is clearly positive progress, although there is still a long way to go to reach the NDP 2014/15 target of nearly 18 per cent. However, there has not been any major change in the railways infrastructure. There is no passenger rail service and rail cargo service is small and limited primarily to service between Kampala and the port in Mombasa. Railway traffic continues to run on a dilapidated colonial era railway line. Much of the targeted investments in the railways subsector have not been substantially realised, although there has been a recent budgetary allocation in 2011/12 towards production of a detailed engineering design study for the new standard gauge railway line between Malaba and Kampala.

The energy indicators in the NDP results framework show a disappointing stagnation of both the percentage of people accessing power from the national grid (at 10 to 12 per cent) and the electricity consumption per capita (60 to 64 kWh). However, there are other indicators, not in the NDP results framework which present a more encouraging picture. The total installed energy capacity increased from 628 to 778 megawatts from 2010/11 to 2011/12, primarily due to the commissioning of the Bujagali HEP project.

Table 7: Trends in NDP infrastructure indicators

Development Indicator	GAR	NDP Baselin	Vision Baselin	Actual 2010/1	Actual 2011/1	NDP Target	NDP Target	Vision Targe
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		e 2008/09	e 2010	1	2	2011/1 2	2014/1 5	t 2040
per cent of standard paved roads to total network	G	4	4	16.3	15.8	N/S	5.3	80
per cent of cargo freight on rail to total freight	G A	3.5	3.5	9	10	N/S	17.8	80
per cent of accessing power from national grid	R	11	11	12	10	N/S	20	80
Electricity consumption (kWh per capita)	R	60 / 69.5	75	63.9	59.8	N/S	674	3,668

Sources: NDP, Vision 2040, GAPR 2011/12, draft NDR 2011/12, UBOS Statistical Abstract 2012.

N/S = not stated. N/A = not available.

2.3.4 Access to quality social services

The aim of this NDP objective is to improve people's access to quality health, education, and water and sanitation services. Higher life expectancy and effective literacy are some of the ultimate life gains of this objective if fully realised. The NDP therefore regards access to quality health, education, water and sanitation services to be intermediate indicators that would show the country's progress towards reaching higher life expectancy and effective literacy.

With regard to the performance of the NDP health services indicators, our assessment was impaired by the lack of some specific targets in the results framework. The review

therefore mostly looked at the trend of change in the basic indicators of the coverage and quality of the health care services in the country as reported by the annual sector reporting system. Overall, health sector performance on NDP indicators has been mixed. The annual sector reports show that there was positive progress towards achieving the NDP targets in several key indicators. For example, the percentage of health facilities without stock-outs of any of the 6 tracer medicines increased from 43 per cent in 2010/11 to 70 per cent in 2011/12. Similarly, the percentage of approved posts filled also increased to 54 per cent from 52 per cent during the same period, although this was still far below the NDP target of 73.4 per cent for 2011/12.

On the other hand, the review observed a slight decline in the overall performance score on all the services parameters assessed in the health sector league table between 2010/11 and 2011/12 (from 58.4 points to 56.8 points). Some of the indicators that reflected negative performance have included deliveries in health facilities, latrine coverage, DPT3 coverage and TB success rate as shown in the table below. These represent a significant number of the NDP performance indicators on health services delivery.

Table 8: Trends in basic indicators of health services delivery

Year	Deliveries in Govt and PNFP facilities	OPD Per Capita	Latrine coverage in households	DPT3 Coverage	IPT2	ANC4	TB success rate	Approved posts that are filled	Total Score
2010/11	39%	1.0	71%	90%	43%	32%	77%	52%	58.4
2011/12	37.6%	1.2	67%	79%	45%	34%	61%	54%	56.8

Source: National League Table, Health sector reports 2010/2011 and 2011/2012.

Some remaining challenges with regard to delivery of quality health services at sub-national level have been observed by the review. These include inadequate referral services; household poverty which limits mothers' attendance to professional antenatal and delivery services (mainly limiting timely reach to health facilities); a significant

presence of negative beliefs and attitudes regarding delivery in health centres; and neglect by central government of other tropical diseases that are excluded in the primary health care packages yet they present peculiar health problems to the district.

With regard to education services, quality access is supposed to be acquired through increased enrolment and net completion rates in primary, secondary, and tertiary education as well as through adequacy of physical infrastructure and human capacities supporting these services. Regarding enrolment, the review has observed a slight improvement in relation to the situation at the NDP baseline in 2008/09. However, within the NDP period itself, both primary and secondary enrolment have been seen to decline and this has been a consistent trend since 2009/10 which puts into doubt the ability of the sector to achieve its 5-year overall enrolment targets. BTVET enrolment on the other hand has been improving and enrolment of female pupils and students has been on the rise. The education sector report 2012 shows a remarkable growth in the numbers and proportion of female students in secondary schools moving from 36.7 per cent to 44 per cent in two years. The gender gap in secondary education subsector has, between 2006 and 2009, been oscillating around 45 per cent for girls and 55 per cent for boys. For primary education, the growth in female enrolment was 33 per cent between 2010 and 2012. Government commitment to universal primary and secondary education as well deliberate policy strategies to promote and facilitate girls education have been the leading factors influencing this success. Pupil teacher ratios in primary schools have also been improving consistently since 2010 and there are indications that the 5-year NDP target may be achieved. The situation is however less impressive in secondary education.

The annual water sector report 2012 reveals an improvement in accessibility to water supplies in urban areas. Based on estimated total population served, in both large and small towns, the report indicates a 3 per cent increase in urban water accessibility (i.e. from 66 per cent to 69 per cent) between 2011 and 2012. There was a remarkable growth in the number of rural growth centres supplied with piped water from 183 to 247

representing a 35 per cent growth, but the NDP results framework does not carry a specific target for this indicator of social transformation.

Urban sanitation has remained static during the period under review. The sector report indicates that for two years (2011 and 2012) the percentage of urban population with access to improved sanitation was 81 per cent. In both years, the sector failed to reach the annual target of 85 per cent. The annual water sector report attributes this decline to the increasing urban population and the resultant unplanned settlements in urban areas.

Rural water supply has witnessed some declining tendencies on some indicators during the period under review. Records on the sector golden indicators show that the percentage of people within 1 km of an improved water source has declined by 1 per cent from 85 per cent in 2010 and 2011 to 84 per cent in 2012, although functionality rate of the existing water sources was seen to be increasing (from 80 per cent to 83 per cent) during the same time. The Ministry has attributed the slight decline in the percentage of people served in 2011/12 to the diversion of attention and some resources from service delivery to provision of administrative logistics to the new district water offices created by the sector (as a result of creation of new districts by government).

At the sub-national level, a number of constraints limiting the capacity of local governments to provide better access to water services have been reported, including lack of reliable sources of underground water making borehole drilling ineffective; limited operational capacity within local governments to service water sources; contracting challenges, in particular difficulties in acquiring competent contractors from the private sector; and geo-physical conditions in some local governments making drilling very expensive and at times non-yielding.

The table below summarises the country's performance on most of the indicators of the NDP objective of increased access to social services.

Table 9: Trends in NDP social service delivery indicators

Development Indicator	GAR		NDP Baseline 2008/09	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
DPT 3 pentavalent vaccine coverage	G	A	85	N/S	76 / 91	90 / 60	88 (MoH)	87	N/S
Proportion of qualified workers	G	A	56	N/S	56	58	60 (MoH)	85	N/S
HCs without medicine stock-outs	G	A	26	N/S	43	49 / 70	60 (MoH)	65	N/S
per cent deliveries in health facilities	G		34	N/S	39	40	41 (MoH)	40	N/S
OPD utilisation	G		0.8	N/S	0.9 / 1.0	1.0 / 1.2	1.0 (MoH)	1.5	N/S
Infant mortality rate per 1,000 live births	G		76	63	N/A	54	N/S	41	4
Contraceptive prevalence rate (per cent)	?		24	N/S	N/A	N/A	N/S	50	N/S
Under 5 mortality rate per 1,000	G		137	96	N/A	90	114	60	8
Maternal mortality rate per 1,000	G	A	435	438	N/A	310 / 438	N/S	131	15

Development Indicator	GAR	NDP Baseline 2008/09	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
live births								
Child stunting as per cent of under 5s	?	N/S	33	N/A	N/A	N/S	N/S	0
Net enrolment rate primary (per cent)	G A	93.2	N/S	97.5	95.5	95.0	96.4	N/S
Net enrolment rate secondary (per cent)	R	23.5	N/S	25	23.2	28	35	N/S
Net completion in secondary (per cent)	G	35.0	N/S	41.1	N/A	N/S	N/S	N/S
Pupil - teacher ratio in primary	R	53	N/S	47	53	47	43	N/S
Pupil classroom ratio in primary	G	72	N/S	58	58	66	61	N/S
Student – teacher ratio in secondary	?	18 / 19	N/S	19	N/A	N/S	N/S	N/S
Student – classroom	?	45 / 38	N/S	45 / 44	N/A	N/S	N/S	N/S

Development Indicator	GAR	NDP Baseline 2008/09	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
ratio in secondary								
BTVET enrolment (thousand)	R	30	N/S	39 / 40	56 / 42	250	390	N/S
Water consumption (m3 per capita)	?	N/S	26	N/A	N/A	N/S	N/S	600
per cent access to safe piped water	?	N/S	15	N/A	N/A	N/S	N/S	100
Rural water coverage	A R	66	N/S	65.8	64 (MoWE)	64 (MoWE)	77	N/S
Urban water coverage	G A	60	N/S	67	69 (MoWE)	68 (MoWE)	100	N/S
Sanitation coverage	G A	62	N/S	68	69.6 (MoWE)	73 (MoWE)	77 / 80	N/S

Sources: NDP, Vision 2040, GAPR 2011/12, draft NDR 2011/12, UBOS Statistical Abstract 2012.

N/S = not stated. N/A = not available.

2.3.5 Science, technology, innovation and ICT to enhance competitiveness

The NDP emphasises the importance of technology capability and the importance this has on improving global competitiveness. The results framework for this objective is

lacking in most baselines and targets. In addition, it is difficult to access data on the indicators which are stated. It is therefore not possible to give an overall assessment of progress towards the achievement of this objective.

One indicator which is possible to track is the share of manufactured exports as a proportion of total exports. This has risen from 4.2 per cent in 2010 to 4.4 per cent in 2010/11 and 6.0 per cent in 2011/12, still a long way from the 2014/15 target of 12 per cent, but moving in the right direction.

There are other related indicators which can be used to assess progress against this objective, and some of the movements in these were found to be very impressive. For example, according to UCC Post and Telecommunications Half Year Market Review for 2011/12, the number of mobile phone subscriptions in Uganda rose from 12.8 million in December 2010 to 16.7 million in December 2011. Over the same period, fixed line subscriptions increases from 327,000 to 465,000 and tele-density rose from 41.4 to 52.1. The launch of the Lower Indian Ocean Network (Lion 2) under-sea cable in 2012 at a cost of US\$ 76m, with a design capacity of 1.28 Tb / s, has helped to increase internet speeds.

Table 10: Trends in NDP science, technology, innovation and ICT indicators

Development Indicator	GAR	NDP Baseline 2008/09	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
Ratio of national budget allocated to STI and ICT	?	0.3	N/S	N/A	N/A	N/S	0.6	N/S
Ratio of S&T to Arts graduates	R	1:5	N/S	N/A	1:5	N/S	1:3	N/S

Level of ICT deepening (million)	G	N/S	N/S	14.6	17.2	N/S	N/S	N/S	
per cent urban centres with public internet access	?	N/S	N/S	36	N/A	N/S	N/S	N/S	
Manufactured exports as per cent of total exports	G	A	4.2	4.2	4.4	6	N/S	12	50
ICT goods and services as per cent of exports	?	N/S	0	N/A	N/A	N/S	N/S	40	
Technology achievement index	?	N/S	0.24	N/A	N/A	N/S	N/S	0.5	
Public expenditure on R&D as per cent of GDP	?	N/S	0.1	N/A	N/A	N/S	N/S	2.5	
Innovation - patents registered per annum	?	N/S	3	N/A	N/A	N/S	N/S	6,000	

2.3.6 Human capital development

The indicators relating to human capital development are also included in the socio-economic transformation theme and have been discussed above. 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. There has been a major recent reduction in reported life expectancy in Uganda, falling from 54.0 years to 52.2 years.

Table 11: Trends in NDP human capital development indicators

Development Indicator	GAR	NDP Baseline 2008/09	Vision Baseline 2010	Actual 2010/11	Actual 2011/12	NDP Target 2011/12	NDP Target 2014/15	Vision Target 2040
Life expectance at birth (years)	G	50.4	51.5	54.0	52.2	51.3	52.4	85
Literacy rate (per cent)	G A	73.6	73	73.2	73.3 / 74.6	76.9	82.2	95

2.3.7 Strong governance, defence and security

This NDP objective is supposed to be assessed based on the quality of socio-economic and political governance; economic and corporate governance; the quality of democracy and the level of security. There are several indicators in the NDP results framework related to this objective such as the level of representation and participation of marginalised groups in the development processes, the level of implementation of regional and international protocols and standards, and level of defence and security sector core capabilities. Yet other dimensions of the objective do not have any specific indicators. Others lacked baselines or targets and could not therefore be easily assessed for progress. The review has therefore had to also adopt the use of other internationally recognised governance indicators such as the corruption perception index to determine progress on this NDP objective.

Overall, the whole country, including the northern parts that had for a long time been insecure, has continued to enjoy a stable security environment, a factor that has enabled implementation of NDP activities across all regions of the country. According to a recent joint appraisal, Uganda’s performance on the four main governance principles of development assistance (peace and stability, democracy, human rights, and rule of law / access to justice) has been judged satisfactory. In 2011, government demonstrated a sufficient level of commitment to good governance principles which warranted the

provision of development assistance including budget support in that year, even though progress has been uneven across the four principles.

However, the situation in 2012 was less positive. The country experienced significant concerns related to the governance indicators resulting in a reduction in donor support, a factor that affected progress of some NDP activities. The review has found that especially for some priority projects that are meant to be funded by government from its own finances, there was slow progress in 2012 as GoU had to direct much of its revenue collections to bridge the gaps in recurrent expenditure created by donors' withdrawal from budget support.

Economic and corporate governance has also witnessed significant shortcomings that have had negative influences on achievement of NDP results. A main limitation noted in this area has been the uncontrolled supplementary budgets that have taken funds away from project and service delivery sectors to administrative sectors. Parliament has not been very effective in blocking the increasing number and scale of supplementary budgets. The value of supplementary budgets has been on a steady increase from 3.8 per cent in 2008/09, to 7.2 per cent in 2009/10 and to over 15 per cent in FY 2010/11.

Uganda's score on the corruption perception index (CPI) has been oscillating between 2.4 and 2.9 during the last five years. The CPI ranks countries based on how corrupt their public sector is perceived to be. A country's score indicates the perceived level of public sector corruption on a scale of 0 - 10, where 0 means that a country is perceived as highly corrupt and 10 means that a country is perceived as very clean. A country's rank indicates its position relative to the other countries included in the index. The baseline score for Uganda in 2008/9 was 2.6. However the country's performance worsened in 2011 (2.4) before is improved slightly in 2012 to 2.9. The Vision 2040 target is 7.1 and there is need for greater efforts to move there.

Table 12: Trends in NDP governance indicators

Development Indicator	GA R	NDP Baseline	Vision Baseline	Actual 11	Actual 12	NDP Target	NDP Target	Vision Target
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		2008/09	e 2010		2012 1	2011/1 2	2014/1 5	t 2040
Corruption perception index	?	2.6/2.5N/ S	2.5	2.4N/ A	2.9	N/S	N/S	7.1

Sources: Frica Economic Outlook and transparency international reports, NDP, Vision 2040. N/S = not stated. N/A = not available.

2.3.8 Sustainable population and use of natural resources / the environment

This NDP objective is supposed to be assessed based on the health status of the population, the quality of human settlement and urbanisation, progress in the restoration of degraded ecosystems, and the quality of management of environmental resources. However, measuring progress towards the achievement of this objective is very challenging for a number of reasons. The last full population census was done in 2001 and the last detailed assessment of land cover was conducted in the 1990s. It is therefore difficult to find accurate data on population growth and changing land use patterns. There is also no regularly reported data on the levels of water pollution and industrial pollution. Nonetheless, the review managed to assess progress on a number of these indicators as outlined in the following paragraphs.

With regard to the health status of the people of Uganda, the review has observed mixed results. On the one side, Ministry of Health statistics show a number of success stories such as HIV prevalence dropping down to 6.1 per cent from double digits in 1990s, polio and guinea worm being nearly eradicated (although concerns exist about the re-emergence of polio cases due to cross border migration), prevalence of other vaccine preventable diseases declining sharply, infant mortality rates declining from 88.4 in 2000 to 54 in 2011 (UHDS 2011) etc. Yet, on the other side, while these facts provide an optimistically declining trend, a number of these indicators showed a reverse trend over the last five years with life expectancy falling from 54 years in 2010 to 52.7 years in 2012; with maternal mortality ratio increasing from 430 in 2008 to 438 in 2011; with the rate of decline of infant mortality slowing down since 2005; with the unmet family planning demand continuing to be high at 34 per cent; with a contraceptive prevalence rate of 30

per cent; and with only 58 per cent of birth attended to by a skilled professional. These figures show the challenges in the health services delivery system in the country.

With regard to the quality of human settlement, the review has gathered no evidence to indicate any significant changes from the situation before 2009. It has been observed that, although Uganda is experiencing a high rate of urbanisation exceeding 5 per cent per annum, the urbanisation process is taking place in a haphazard manner, with no control and regulation. This is attributed to high rural urban migration rate, the high natural population growth in urban areas, extension of boundaries of urban centres and uncontrolled growth and expansion of trading centres overtime. Urban authorities contacted during this MTR have complained of inadequacies in planning, management and provision of basic urban infrastructure and services in the face of the high urbanisation rate. This situation has led to the mushrooming of slums within and around various town centres, including Kampala. Urbanisation has also put a strain on the housing sector which, despite being a key priority area in the NDP, has not seen significant government investment beyond providing a few legal and regulatory instruments.

The use and management of the environment and natural resources in the economy has continued to pose significant social and economic challenges. The National State of the Environment Report 2010 produced by NEMA asserts the country is facing severe environmental degradation – loss of biodiversity, deforestation, encroachment on wetlands, soil erosion and declining land productivity, pollution of land, water and air resources among others. According to the GAPR 2011/12, the last recorded estimated figure for forest cover, down from 30 per cent in 1990, was 18 per cent (2009) against a target of 24 per cent in 2014/15. Of this forest cover, over 64 per cent is reported to be owned by the private individuals. The sector estimates that 92,000 hectares of forest cover are lost every year with 34 per cent lost in private forests and 12 per cent in the protected forests. Wetland coverage has continued to decline over the years, last recorded in 2008 at an estimated 10.9 per cent of the land surface area from 15.6 per cent in 1994 against the target of 30 per cent. In real terms, an estimated 11,268 square

kilometres (30 per cent) of Uganda's wetland ecosystems representing 4.7 per cent of the Uganda land area has been lost since 1994.

The slow progress in the transformation of the economy from peasant agriculture to an industry dominated economy has meant that the strain imposed by the poor people on the environment and natural resource has not significantly reduced during the last three years. At the same time it has been found that many parts of the country have become more vulnerable to environmental shocks such as landslides, pollution, droughts and floods which, according the State of Uganda's population report 2012, are increasing in frequency and intensity.

The environment sector performance report 2012 continues to recognise that despite a number of mitigation measures, the environment of Uganda is still under threat from natural and man-made drivers of change including poverty, rapid population growth, urbanisation, agricultural expansion, informal settlement development, industrialisation, and the impacts of climate variability among others. The most crucial issue that has emerged over the recent years is that of weak governance at all levels, coupled with the increased demand for natural resources.

2.4 Challenges in assessing NDP progress on goals and objectives

A number of challenges have been experienced by this MTR in terms of assessing NDP progress. Below, we analyse some of the main challenges we encountered. Some of these have already been highlighted in earlier sections of this report. It is also observed that many of these challenges have also affected the quality of the various NDP related annual monitoring reports produced by the NPA, OPM, MoFPED and sector ministries.

Missing baselines and targets

A coherent performance and results matrix for the NDP which defines intended results (*outcomes*) of interventions (*inputs-strategies-outputs*) was stated to be a key precondition for an effective M&E framework of the current NDP. The MTR has observed various efforts made by NPA to draft and refine the NDP results matrix (various versions

of this matrix were seen). A main weakness of the NDP results framework is that most of the indicators do not have sound baseline data that can be used as a basis of judgement. Equally, most indicators lack measurable annualised targets. This has made assessment of progress both in the annual NDP monitoring frameworks as well as in this MTR review very difficult.

Validity of progress indicators

Many NDP results indicators are either proxy or indirect in nature and have been found to be not completely valid in determining actual progress on the desired NDP results. It has been commented in many of our interviews, especially at the sub-national level, that a good number of the indicators in the NDP results matrix are not a sufficient measure of the desired progress. For example, the proportion of health workers employed being an indicator of access to quality social services, or infant mortality being an indicator of quality of health care services etc. It has also been noted that, given the difficulties of finding appropriate development related data in Uganda, many of the performance indicators used in the NDP result framework were for lack of more appropriate measurable means of verifying progress on the selected targets. There is strong evidence, and this has been confirmed in our consultations, that, in many cases, indicators were chosen based on what can be realistically found from existing national and global surveys and reporting frameworks (from UBOS and sector reports) and not on what is actually desirable to measure the specific progress. This same problem has been seen to affect the coherence in reporting done in the various government M&E frameworks such as the NDR and GAPR where process indicators (meetings, trainings, staff recruitment, designs and studies) have sometimes been used to represent progress on NDR results. The next NDP will need to devote more effort on coming up with more valid indicators at each results level including interim results indicators.

Un-matched reporting timeframes

In addition to the problem of limited validity of the indicator data, there is also the problem of un-matched timing in the release of the data required to monitor NDP progress. This

MTR, for example, experienced great difficulties in finding up-to-date data from UBOS surveys and other sources to validate progress on theme level results especially. In many cases, finding the data that matches the period under review was not possible, while in other instances the latest versions of the survey reports predated the current NDP (such as the case of the UNHS). It was observed that apart from the Statistical Abstract that is produced every year, the timing of many of the other vital UBOS surveys that are supposed to generate data for measuring progress on NDP results (especially theme level results) is not adequately harmonised with the NDP M&E framework. NPA and UBOS will need to work more closely on this matter to ensure that the timing of the vital social economic surveys is adequately collaborated with the NDP reporting framework.

Indicators lacking optimal level standards

Technically, growth monitoring figures are more useful if they can be related to specific desired growth levels. This element is lacking in the current NDP result matrix. In many parts of the NDP, the desire to reach development levels commensurate with middle income economies has been expressed. However, the NDP results matrix does not set out the actual desired performance levels for each indicator. In this regard, it is notable that in the few areas where target indicators have been included in the NDP results matrix, the basis for setting the respective target values could not be technically established and this has made judgement on progress on these values (either in the GAPR, NDR or in this MTR) more mathematical than objective. For example, it could not be technically explained why the specific value figures for per capita income had been set to grow from USD 506 through USD 614, USD 667, USD 718, USD 775, to USD 837 respectively between 2008/9 and 2014/15 financial years. In some other cases the review has observed target values that were set too low or those that were set to remain constant for the entire period (e.g. teacher: students ratio) or those that set were to follow a worsening direction (e.g. growth in private sector credit).

Similarly, the results matrix does not carry any objectively determined optimal dimensions of income per capita that could be used to determine how performance relate to the

required levels. In some areas it was evident that in setting the target values, the NDP results matrix followed more of the targets that had been set by the respective sectors in their mid-term expenditure projections (and these were mainly resources constrained) than a vision-based objective criteria.

However, it has been noted that the Vision 2040 is set to significantly address this problem. This is because it sets specific destinational targets which should, in practice, determine how wide the annual strides for each sector/ priority have to be in order to reach the overall vision target by 2040. For example, the vision targets an average income per head level of USD 9,500 by 2040 (that is in 27 years) moving from the current USD 487. This target calls for a steady growth in per capita income of an average of USD 340 every year (or a more complex calculation could be based on a steady percentage growth rate rather than a simple actual rate). Based on this target, therefore, each NDP can make careful calculation of what annual targets it should set for itself every year and in five years. A number of mathematical modelling criteria can be engaged to determine growth rates.

2.5 Equity in distribution of NDP results

There is evidence of recent growth of income inequalities in Uganda. As already noted, Uganda's latest Human Development Performance Report (2013) reveals that inequality remains a big development issue in the country despite rising GDP and rising gross national income per capita figures. 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 fall⁵ (33.6 per cent) in human standard of living due to inequality in the distribution of dimension indices. Similarly, 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).

⁵ However, population data are based on estimates.

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 must 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 by several of the persons we spoke to as something 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.

The draft NDR 2011/12 contains some useful results data analyses by six regions – Central, East, Karamoja, North, West and West Nile. The data that are captured include population estimates; access of district offices to internet; number of markets, stores, valley dams and fish ponds constructed in 2010/11 and 2011/12; kilometres of roads opened, rehabilitated and paved for each of the same two years; number of health centres at HCII, HCIII and HCIV levels constructed and total number available; safe water coverage and latrine coverage; and acreages of trees planted. It would be useful to expand this type of analysis in the future.

2.6 Progress on the core projects

Despite their strategic importance in unlocking the binding constraints in the current NDP, the core projects have experienced slow progress. The MTR has observed that so far only a few of the core projects have experienced significant progress on their

implementation. The majority have not been started at all. In the GAPR of 2011/12, only 5 out of the 15 core projects were said to be on track and even then at varying levels of progress. The rest of the projects (10) were said to be off-track. However, the review has found that even the projects that were said to be on track may not be substantially completed in the remaining part of the current NDP, owing to the current low level of funding and the long nature of their implementation framework. Some of the projects that will definitely not be completed by the end of this NDP period include the rehabilitation of existing railway lines across the country, construction of Karuma hydropower project, establishment of a standard rail gauge from Malaba to Kampala, construction of IT Business parks, development of a phosphate Industry in Tororo, four regional science parks and technology incubation centres and development and production of iron ore ingots.

Some projects were found to have made no tangible progress by the time of the MTR. These included initiatives like the improving water transport of Lake Victoria project, the National Non-Formal Skills Development Programme, the ICT Business Parks undertaking and the phosphates / fertilisers industry at Tororo. It should be noted that these projects are not even included among the funded priorities in the FY2013/14 budget.

A number of factors have contributed to the slow progress on core projects. The main factor given by most sector MDAs responsible for these projects has been the slow mobilisation of the required resources for the projects. A number of projects have also been slowed down by the amount of technical preparations required before implementation can commence. . A couple of projects have also been affected by the slow progress in setting in place the institutional and/ or legal-political frameworks required to have them take off. Some of these projects (like the oil refinery, the oil pipeline and the railway line) require inter-country dialogue processes before they are implemented, but these processes are only happening very slowly. In other cases the slow progress has been attributed to absence of appropriate legal and operational

frameworks to operationalise the public-private partnership policy, which is the main modality for implementing a good number of the core projects.

However, despite the slow progress, the review has observed that on a number of core projects there is some progress on initial implementation activities such as designing, feasibility studies, contracting procedures, community mobilisation, or initial dialogue between the key project stakeholders. There have also been some efforts to fast-track implementation of some of the projects. For example, the review has noted that GoU has concluded memoranda of understanding with private construction companies to start work on a number of projects such as the construction and development of phosphate industry in Tororo, construction of Isimba HEP Project and construction of Ayago HEP project. Below, progress of each of the NDP core projects is assessed.

Table 13: Assessment of progress of NDP core projects

Core Project	State Of Progress
Construction of five irrigation systems	The project is regarded to be on-track: Doho, Agoro, Mubuku rice irrigation scheme have been rehabilitated but not yet complete, while Olweny rice irrigation scheme and Kiige are yet to be implemented. Project continues to be a priority; feasibility studies and designs for rehabilitation of Kiige and Olweny irrigation schemes are on schedule.
Refinery development	Project is going ahead but slower than expected: Refinery land earmarked and process of acquisition commenced; community education undertaken; environmental Baseline Survey conducted.
Construction of Karuma HEP project (600MW)	Project has been contracted to a Chinese construction company; construction to commence soon.
Construction of Ayago HEP project	Memorandum with construction company has been signed; solicitation of funding is underway.
Construction of inter-	Project experiencing very slow progress: procurement for

Core Project	State Of Progress
state distribution pipeline	studies at initial stage.
Construction of Isimba HEP Project (140MW)	Memorandum of understanding has been signed with a construction company; solicitation of funding is underway.
Improve transport infrastructure and safety for Greater Metropolitan Kampala	Rehabilitation of Various Kampala road networks have been embarked upon but slower progress is experienced due to procurements and studies.
Rehabilitate the existing railway lines	Rehabilitation of Kampala- Malaba and Tororo- Malaba sections have been embarked upon.
Construct the standard rail gauge from Malaba to Kampala	Preliminary engineering studies underway, expected to be accomplished in October 2013; solicitation of funding underway.
Improve water transport of lake Victoria	No tangible progress.
Information technology (IT) business parks construction project	No Tangible progress, but feasibility study is planned to be conducted in FY 2013/14. However is not funded in 2013/14.
Construction and development of phosphate industry in Tororo	Memorandum of Understanding has been signed with a construction company; solicitation of funding is underway. However is not funded in 2013/14.
Development and production of iron ore ingots	No tangible progress. Fragmentation of surface rights has hampered implementation of the project.
National non-formal skills development programme	No tangible progress.
Construction and development of 4 regional science parks	No tangible progress.

Core Project	State Of Progress
and technology incubation centres (SPTIC)	

2.7 Forecasting NDP achievements in 2013-15

This MTR has made attempts to forecast the progress of NDP results in the remaining NDP period. This has been done on the basis of a number of considerations including a comparison between achievements scored so far and overall targets on specific NDP project interventions, a review of shifts and changes in sector priorities and allocative efficiency and effectiveness, and a consideration of emerging developments in the socio-political background factors main-staying NDP priorities.

Overall, looking at the above factors, the MTR forecasts that a significant proportion of the current NDP priorities will remain unachieved by the end of plan period unless extraordinary efforts are put in to fast-track the plan's implementation processes. The GAPR report for 2010/11 indicated that about 27 per cent of NDP indicators were unlikely to be achieved by the end of the plan period 2014/15. In 2011/12, the proportion of indicators projected not likely to be achieved in the same report was 22 per cent. However, it was further noted that while the GAPR is referring to those NDP activities that have received funding in the first two years on the NDP, there are plenty of other priorities in each sector that have not received funding in the first half of the NDP.

Recently, MoFPED itself noted the need for a rigorous cleaning of the PIP to establish the actual Government development priority portfolio, and to streamline financing agreements and project accounts in the Bank of Uganda for all development projects, both on-budget and off-budget⁶.

⁶Minister of State for Planning in a speech on 13 March 2013.

Progress on the NDP core investment areas is also foreseen to significantly lag behind schedule. As already noted, most of these core projects are at very preliminary stages of implementation while others have not been started at all. In the GAPR of 2011/12, only 5 out of the 15 core projects were said to be on track and, even then, at varying levels of progress. The rest of the projects (10) were said to be off-track. However, this MTR has found that even the projects that were said to be on track are likely to be substantially incomplete during the remaining part of the current NDP period, owing to various factors which have already been set out above.

It will be crucial for the successor NDP to take up the uncompleted projects so that the investments already sunk in these projects are not wasted. New projects need to be 'investment ready' to allow realistic implementation. A major issue which need to be addressed is to improve the alignment of NDP development spending, particularly the core projects, to the PIP which is managed by MoFPED. A promising note is that many of the current core projects are still recognised by the Vision 2040 to be significant fundamentals that must be strengthened in order to harness the opportunities for development.

2.8 Assessment of performance against MDG targets

The MDGs are not directly included in the NDP results framework, but they are referred to in the NDP document and so are assessed here.

Over the past 10 years or so, Uganda has made substantial progress towards achieving the MDGs, although more needs to be done if all targets are to be attained. The most recent comprehensive MDG performance assessment report for Uganda was made in 2010, just before the start of the NDP period. This report indicated that only goals 1, 3 and 8 were on a good track towards the committed targets (see table 14 below).

However, a recent UNDP assessment of MDG performance in 2012 reflected that, with continued good policies and commitments in financing, Uganda appears likely to achieve its targets for goals 1, 3, 6, 7 and 8 which respectively are to: eradicate extreme poverty; promote gender equality and empower women; combat HIV/AIDS, malaria and other

diseases; ensure environmental sustainability; and develop a global partnership for development. According to the Uganda Poverty Status Report (2012), the proportion of the population living below the poverty line fell from 56.4 per cent to 24.5 per cent between 1992 and 2009/2010. The country had surpassed the MDG target of 35.7 per cent by 2005. There are also more and more women engaged in active politics and representing citizens in the Parliament and in the local councils. It was also stated in the 2012 MDG assessment that with greater effort to encourage children to complete primary education, Uganda may be able to achieve goal 2 related to universal primary education. The enrolment ratio in primary education increased between 2001 and 2010 from 87 per cent to 96 per cent of the children aged 6-12 years.

Progress towards goals 4 and 5 - to reduce child mortality and to improve maternal health - was reported to be less promising. Similarly performance on most of the targets of goal 7- environmental sustainability - was less impressive apart from access to drinking water. The National Environmental Management Authority (NEMA) noted in 2010 that environmental degradation has got worse, increasing the burden on the national economy as more resources must be allocated to stem outbreaks of diseases, to treat drinking water, to resettle environmental refugees and to restore damaged ecosystems. NEMA also observed a decline in the percentage of the territory covered by forests.

The recent aid freeze has been singled out as a major factor that has impacted on the country's performance on the MDG targets during the review period. Other factors have included natural calamities like drought and landslides that hit some parts of the country, adversely affecting agriculture production and leading to poor performance over the fight against hunger.

Table 14: Uganda MDG performance at a glance

MDG Goals	2010	2013
Goal 1: Eradicate extreme poverty and hunger		
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	On Track	On Track
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people	No Target	No Target
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	On Track	On Track
Goal 2: Achieve universal primary education		
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	Slow	Slow
Goal 3: Promote gender equality and empower women		
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	On Track	On Track
Goal 4: Reduce child mortality		
Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under mortality rate	Slow	On Track
Goal 5: Improve maternal health		
Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	Slow	Stagnant
Target 5.B: Achieve, by 2015, universal access to reproductive health	Slow	Slow
Goal 6: Combat HIV/AIDS, malaria and other diseases		
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	Reversal	Reversal
Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it	On Track	On Track
Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	Slow	On Track

MDG Goals	2010	2013
Goal 7: Ensure environmental sustainability		
Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	Slow	Slow
Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	Slow	Slow
Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	On Track	On Track
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	No Target	No Target
Goal 8: Develop a global partnership for development		
Target 8.B: Address the special needs of the least developed countries	Reversal	Slow
Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	Achieved	Achieved
Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries	Stagnant	On Track
Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications	On Track	On Track

Source: MDG reports 2010 and 2013 (draft), MoFPED.

The summary performance assessment of MDG indicators between FY 2010 and FY 2013 indicates a positive trend on the overall scale. The number of indicators on track / achieved increased from 7 in 2010 to 10 in 2013. Similarly, the number of indicators that run slow or stagnant reduced from 8 to 6 during the same period.

Table 15: Summary performance of MDG indicators

Performance Status	2010	2013
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On Track / Achieved	7	10
Slow / Stagnant	8	6
No Target	2	2
Reversal	2	1

Source: MDG reports 2010 and 2013 (draft), MoFPED.

3 ASSESSMENT OF BINDING CONSTRAINTS

3.1 Introduction

Section 2.2 of the NDP sets out the seven most binding constraints which needed to be overcome if the NDP aspirations are to be realised. The seven constraints are weak public sector management and administration; inadequate financing and financial services; inadequate quantity and quality of human resources; inadequate physical infrastructure; gender issues, negative attitudes, mind-set, cultural practices and perceptions; low application of science, technology and innovation; and inadequate supply and limited access to production inputs. The MTR has assessed the situation on each of these constraints, in particular how the constraints have changed since 2010 and their validity midway into the implementation of the NDP. The sections below summarise the MTR findings on each of the seven constraints.

3.2 Assessment Of progress towards unlocking the binding constraints

3.2.1 Public sector management and administration constraints

The leading public sector management and administration constraints that the NDP identified at its inception included weak policy, legal and regulatory frameworks; weak institutional structures and systems; weak civil society and civic participation; inadequate data and information; inadequate standards and weak quality infrastructure; limited social protection and support systems; poor management and administration of land; and corruption especially in procurement, administration of public expenditure and management of revenue. The MTR has assessed the situation on some of these elements of the binding constraint including how the elements have changed since 2010. Overall, the review has observed some positive progress on a number of NDP priority measures, but slow or no progress on others. Progress on this binding constraint has been with mixed results.

A number of initiatives to improve the performance of the public sector institutional structures and systems have been undertaken by government during the time under

review. Some of these include the introduction of performance contracts for some senior staff in the public service including permanent secretaries, some heads of government departments as well as some heads of education and health institutions. However, the enforcement of service contracts has remained very weak due to the failure of Accounting Officers to perform their duties as specified in contracts and to hold them to account. Related to this, the assessment in 2011 of Ministry of Public Service (MoPS) data indicates that 75 per cent of MDAs and LGs (against the target of 97 per cent) were able to mainstream a results framework into their work process through linkages with the output oriented budgeting and 6 sectors out of 9 targeted disseminated service delivery standards.

Public procurement services have not significantly improved since 2010. Various reports of the Auditor General still highlight major weaknesses in procurement and the poor management of contracts. Procurement problems have actively impacted on implementation of NDP in various ways including frequent delays to the start of works due to scarcity of local qualified bidders; lengthy administration processes and land disputes; and poor management of specifications and quality once contracts do start. Large critical projects such as the Karuma HEP project, iron ore mining, and oil refinery were delayed significantly by land compensation and rights of way disputes; The provision of water facilities in urban areas has also been delayed by land title and compensation disputes. The Public Financial Management Performance Report of 2012 states that many contracts over the threshold for competitive bidding are given out on non-competitive methods such as sole supplier procurement, usually on the grounds of emergency, whereas it is estimated that less than half of these can be justified.

Corruption and mismanagement of service delivery is still a big challenge affecting performance of NDP results. According to the Minister of State for MoFPED (Planning) in a speech given on 13 March 2013, there is an increasing laxity of Accounting Officers in enforcing budgetary and financial control procedures which has led to mischarge, misappropriation and diversion of funds in various spending agencies. For example, the Budget Monitoring and Accountability Unit (BMAU) report for 2011/12 indicates that

although a significant proportion of the approved budget for secondary school construction and rehabilitation was released and spent, implementation of activities was not in line with plans and there was a lot of diversion of funds to pay for unplanned activities. The BMAU of MoFPED has identified weak inspection as a key impediment to service delivery in most sectors and a reason why, for example, there are significant numbers of ghost teachers and other workers on the Government payroll and high levels of staff absenteeism. The Auditor General's report for 2010/11 lists numerous examples of substandard construction work under health, education and works sectors, all of which are attributed to poor monitoring and supervision. There is also concern that despite the submission of work plans and performance reports by local governments, no proper analysis and feedback is provided to LGs by the sector ministries.

The efficiency of public sector institutional structures and systems has also been affected by lack of inter and intra sectoral linkages in development planning and budgeting to facilitate coordinated implementation of the NDP. A good number of concerns have been raised on urban development which requires close collaboration of institutions concerned with lands, housing, health, education, water, energy, transport etc. The Poor coordination in this case has resulted in the mushrooming of disorganised urban slum development without access to roads, power, water and sanitation, social amenities, security and the like.

With regard to management and administration of land, the review has observed some initiatives to address the main land related constraints. Such initiatives have included the computerisation of land database which has eased quicker access to land registry information by the registrars; aerial surveying, including the associated survey and mapping control framework for purposes of producing the base map for the Land Information System; scanning of the land administration documents for Kampala, Mukono, Wakiso, Jinja, Mbarara and Masaka cadastral sheets; and completion of the National Land Information Centre.

However, according to the Lands Sector Strategic Plan only around 15 per cent of Uganda's land has been surveyed. The Land Information System is yet to be completed. The transaction time for processing a land title is still too long. Such delays often lead to discouraging or postponing of investment. This MTR has already observed that major energy, transport and other infrastructure projects are said to be significantly delayed due to unclear land title, arguments over land valuation and disputes over resettlement. The discovery of oil in the Albertine Graben poses a fresh challenge to ensure that land is well managed and is effectively, efficiently and sustainably utilised. Many areas gazetted for natural resources or wetlands have been encroached on there (and on other parts of Uganda). The Albertine region in particular, with the discovery of oil requires a comprehensive plan for sustainable development.

The State of Uganda Population Report 2012 states that major challenges to service delivery still exist in the country. A major constraint is the capacity to implement caused by major staff shortages especially at District local governments whereby, in some districts, only about 9 per cent of supposed levels are present, with vacancies often in the critical positions of works and technical services, health, natural resources and local government planning services. It is felt by many stakeholders contacted in this MTR that the proliferation of new districts has led to a situation of where the benefits of improved local service delivery and accountability are out-weighed by the additional administrative burden.

3.2.2 Financing and financial services constraints

The leading financing constraints that this NDP identified at its inception included the under-funding of priorities of public sector programmes and projects, over-reliance on external financing for much of the budget expenditures especially in the category of capital development, and limited availability of and access to financial services in the private sector. The MTR has assessed the situation on some of these elements of the binding constraint and how the elements have changed since 2010.

Overall the MTR has found that the country still faces a particular challenge in the collection of tax revenue, which as a proportion of GDP fell from 13.1 per cent in 2010/11 to 12.7 per cent in 2011/12. This is well below the average rates in most other Sub-Saharan Africa countries and also fell below the baseline situation in 2008 which was 13 per cent. There has been some positive trends observed in the proportional share of the annual budget between tax revenue and donor support with the former incrementally growing over the reviewed period. However, the fact that there is still a big proportion of out-of budget donor funding which is not captured in this calculation, makes this picture a less impressive one. Equally, the proportion of funding to local government has been declining over the period under review. Statistics from the Uganda Local Government Finance Commission indicates that local governments' share of national budget has been declining from 23 per cent in 2010/11 to 17 per cent in 2011/12.

To address the problem of limited public financing, government committed in the NDP to adopt public private partnership and to mobilise private sector sources of financing for public services. However the MTR has observed that both these initiatives are yet to be fully exploited. As stated in the State of the Population Report and discussions with officials in MoFPED and the Privatisation Unit, some of the factors limiting effective use of PPP include: lack of appropriate policy guidelines for all agencies of government on how to manage and utilise PPP approaches; lack of a systematic approach to assess when / whether PPPs are more efficient and better value for money than public investment; lack of an legal and operational framework to facilitate private sector involvement.

With regard to access to finance for the Ugandan private sector, better performance has been observed. The NDP puts emphasis on the strategic positioning of the financial sector in a globalised and liberalised environment and aims to expand outreach of the financial sector within the economy. Some of the key strategic actions to attain this objective include: (i) maintaining financial and macroeconomic stability by pursuing low inflation and competitive interest rates; (ii) strengthening the money market by promoting product development and innovations; (iii) strengthening capital markets and promoting

product development; (iv) increasing investor base by liberalising the pension sector; (v) improving infrastructure to promote interconnectivity and inter-banking; (vi) improving intermediation through putting measures that reduce interest rates; (vii) enhancing the microfinance sector in rural areas and urban areas by supporting microfinance institutions including savings and credit cooperatives (SACCOs); and (viii) improving information dissemination to enhance consumer education through financial literacy. Analysis set out in the Economic Management thematic report of this MTR gives evidence that:

- Banks outreach and product development has improved over the last two years, mainly through electronic banking and mobile phone services;
- There has been significant increase in intermediation of funds shown by the extent to which banks convert deposits into loans;
- There is, however, a concern in that interest rate margins have become even wider than 2008-10 when they averaged about 10 per cent;
- Reforming the pension sector is critical for competitiveness and growth and as it provides one of the key avenues of increasing access to long term finance through increased savings mobilisation;
- Access to finance especially in the rural areas has been enhanced through the proliferation of SACCOs.

A number of limitations in access to private sector financing has also been observed including high interest rate, lack of security, lack of a strong regulatory framework for the micro-finance institutions to guard against increasing fraudulent activities, and (in the view of some) excessive control of macroeconomic stability by Bank of Uganda at the expense of growth.

3.2.3 Quantity and quality of human resources constraints

The main human resources related constraints which this NDP set out to address were deficits in the supply of skilled human resources in the economy, including key technical staff like doctors, other medical staff and teachers. In the past, the country continually depended to a large extent on foreign experts in specialised fields. This was attributed to the poor quality and content of the education system as well as inadequate manpower planning functions by government. The MTR has assessed the situation on some of these elements of the binding constraint and how the elements have changed since 2010.

Overall, the MTR has observed that some efforts by the education sector to address some of the issues of the human resources binding constraints have been undertaken. These have included the Universal Post O-level education and Training Program which enables O-level graduates to enrol for free A-level secondary education and vocational training institutions; and establishment of new technical institutions throughout the country; revision of various curriculums to emphasise skills training. There is a more comprehensive approach known as “skilling Uganda” that has been adopted under a strategic plan running between 2011 and 2020. The main purpose is to create employable skills and competencies relevant in the labour market instead of focusing primarily on educational certificates. It also embraces all Ugandans in need of skills, including but not only primary and secondary school leavers. The key objectives of this strategic plan include: (i) making BTVET relevant to productivity development and economic growth; (ii) increasing the quality of skills provision; (iii) increasing equitable access to skills development; (iv) improving the effectiveness in BTVET management and organisation; and (v) increasing internal efficiency and resources available to BTVET. As a result, student enrolment in the 119 BTVET institutions in the country increased from 9,344 in 2011 to 11,124 students in 2012.

Despite the above initiatives, the MTR has found that the staffing position in the public sector had shown marginal improvements in a few areas and significant deterioration in others. Data submitted by the Public Service Commission shows that the percentage of

declared vacancies filled has been increasing from 68 per cent in 2008/09 to 87 per cent in 2011/12 although this runs short of the 100 per cent targeted by the NDP. However, the same source indicates that many key positions requiring specific skills like mining engineering and land valuation have not been filled. This is also happening at district level as reported by the BMAU report of 2011/12 which indicates that most of the districts' engineering departments face capacity constraints in terms of staffing. LGs have indicated that lack of enough staff is the reason for some of the underperformance in relation to delivery of services and budget performance, however some analysis shows that there is almost no correlation between the filling of key staffing positions or overall staffing positions and completion of works at LG level.

There are also some disparities in the staffing levels between regions of the country with some regions lagging far behind other. For example, in 2010/11, 26 per cent posts across the entire establishment structure were filled in LGs in the PRDP region (comprising mainly northern Uganda), as compared to 35 per cent in the rest of the country. Only 47 per cent of key administrative posts, like the CAO and Planner were filled in the PRDP region, as compared to 52 per cent in the rest of the country. It has also been noted that there is a failure of some Government institutions to recruit staff even where resources for salaries have been provided, especially under the newer local governments.

Supply of skilled technical staff to deliver public services remains a problem in the economy despite the NDP. Consultations with the NDP sectors has revealed, for example, that health facilities often lack the requisite medical staff and technicians to operate the machinery they purchase or to deliver the services they are supposed to provide; the infrastructure sectors face a challenge of inadequate engineering skills to carry out feasibility studies and design work; the local construction industry lacks adequate capacity to undertake big construction projects; and the NAADS programme lacks extension workers to provide high quality advisory services to farmers. Skills gaps such as these prevent vital services being delivered in line with plans or delivered at all in some places.

Paradoxically, unemployment remains a major human resources challenge much as there remains significant challenges to build skills up to match the needs and opportunities in the labour market. A World Bank report (2012) notes that an estimated 400,000 youths enter the labour market each year, yet the majority of these young people have not completed primary school. Functional adult literacy (FAL) has been on a downward trend since 2009/10 due to funding limitations. Records at the Ministry of Gender, Labour and Social Development (MoGLSD) show that enrolment in FAL programmes has underperformed as only two thirds of the targeted learners were enrolled (i.e. 200,000 out of 300,000 learners) and only 170,000 completed the training.

3.2.4 Physical infrastructure constraints

The main infrastructure related constraints which this NDP set out to address included poor road conditions where only 4 per cent of road network in the country was paved; low electricity consumption rate where the consumption per capita was reported to be only 75kWh/capita; limited telecommunication coverage; high cost of access and usage and limited diversity of communication mediums; and low consumptive use of water for production. The MTR has assessed the situation on some of these elements of the binding constraint and how the elements have changed since 2010.

Overall, the review has observed that in a number of areas there have been some significant changes in relation to the situation at the baseline. For example, the percentage of paved roads has increased from 4 per cent in 2008 to 15 per cent in 2012; the percentage of paved roads that have moved from fair to good condition has been maintained at 52 per cent compared to 39 per cent in 2009/10; some progress has been made at increasing the installed capacity for power generation in the country; and access to communication services has significantly grown.

However, despite the above-named successes, the impact of the achievements has been too insignificant to cause major positive changes in the original problem. For example, while the NDP envisaged an increase of paved roads by 1,100 km over the 5 years ending 2015/16, paved roads have only increased by 117 km over the last two years.

Secondly, despite the recognised importance of roads, they are not always well managed and maintained. Absorption of resources in the roads sub-sector has also remained a challenge to address the poor roads conditions over the past two years. Similarly, there has been limited progress on the railways infrastructure targets in the NDP. At the time of implementing the NDP, none of the Uganda URC wagon ferries were functional. A number of constraints in communication subsector also still remain. A self-assessment survey undertaken by the ICT sector as part of this MTR reveals that the main challenges still to be addressed in the sector include inadequate ICT infrastructure; limited public awareness; need for constant capacity upgrade to cope with ever changing dynamics of ICT sector; and low level of investment in ICT.

3.2.5 Gender, attitudes and mind-set constraints

The main elements of the binding constraint on gender issues, negative attitudes, mind-set, cultural practices and perceptions included elements of traditions, culture and religious norms that are not supportive to modern approaches in society and therefore contribute to slow economic growth and structural transformation; discrimination of women through traditional rules and practices; negative attitudes towards work reflected in low human productivity and low entrepreneurial spirit; high population growth rate; slow behavioural change etc. The MTR has assessed the situation on some of these elements of the binding constraint and how the elements have changed since 2010.

The review has observed some significant efforts by government and development partners to address elements of the above constraints. A number of legislations have been enacted to address the issue of women discrimination and to fight some negative cultural practices such as the Domestic Violence Act and the Prohibition of Female Genital Mutilation Act of 2010. Efforts to instil changes in attitudes and beliefs especially among the youths in schools have been initiated through patriotic clubs and youth empowerment campaigns. Life skills promotion programs have been supported by government and UNFPA through the education system, basically to encourage adoption of modern belief and cultural change in some areas.

However, it has been commented by most stakeholders in the social development sector that despite the above efforts there is evidence that a significant amount of the original constraints still exist. The above government actions have not yet managed to create the necessary critical mass to cause a significant change in attitudes and practices. Measures necessary to ensure effective implementation of enacted laws on gender discrimination and negative cultural practices are inadequate, whilst other much needed reforms of discriminatory laws have stalled. There are concerns that the current global economic crisis necessitates increased action to ensure that women and girls obtain equal access to economic opportunities and are enabled to contribute equally to the growth and development of their country's economy (UNDP).

There is also still a problem of poor attitudes to work especially among the public service and youths. The Auditor General continues to raise the issue of staff absenteeism as one of the major causes of poor service delivery, especially in education and health sectors. Use of contraceptives to control fertility rate is still low especially in the rural areas. Consequently the country's fertility rate remains high at 6.4.

3.2.6 Science, technology and innovation constraints

The main challenges with regard to application of science technology and innovation (STI) which this NDP set out to address included limited application of STI in production processes and service delivery; low technology component of exports; low numbers of R&D personnel; and lags in technological competitiveness etc. The MTR has assessed the situation on some of these elements of the binding constraint and how the elements have changed since 2010.

The review has observed some positive changes with regard to use of advanced IT solutions and applications in the economy over the last three years. ICT deepening has increased and there have been some impressive trends in the ICT sector. According to UCC Post and Telecommunications Half Year Market Review for 2011/12, the number of mobile phone subscriptions in Uganda rose from 12.8 million in December 2010 to 16.7 million in December 2011. Over the same period, fixed line subscriptions increases from

327,000 to 465,000 and tele-density rose from 41.4 to 52.1. The launch of the Lower Indian Ocean Network (Lion 2) under-sea cable in 2012 at a cost of US\$ 76m, with a design capacity of 1.28 Tb / s, has helped to increase internet speeds.

A number of significant gains have been observed about the increasing use of ICT in the country. Use of internet is increasingly becoming a major factor in facilitating local and international economic transactions, social communication / networking and public and corporate sector governance and management. Use of mobile telephones has also had some revolutionary results in terms of supporting the economy and social life. In the main, mobile phone penetration to almost all parts of the country has eased up communication especially to the rural areas. In addition, the mobile money scheme presents itself as a major mechanism for financial transaction that has surpassed the banking sector in terms of rural penetration. Besides being a major source of taxes for government, mobile money schemes have also provided employment opportunities especially for the youth. Government has also used mobile money as a medium of delivering social protection services to the elderly in 14 pilot districts.

Government has developed a national science, technology and innovation plan 2012/2013 - 2017/2018 to try to fast-track the process of implementing the NDP core priorities for this sector. Among the strategies in this plan is the four-stage STI development framework which adopts a new approach to the conceptualisation of the linkages between STI and economic development and the adoption of the World Bank-promoted THICK approach.

However, the original fundamental limitations regarding STI still remain. According the NDR 2012, the allocation of the ICT budget in the national budget has remained at 0.1 per cent. Likewise, the ratio of science and technology to arts graduates has stayed unchanged at 1:5 over the two years of the NDP implementation.

So, until the national STI plan is significantly implemented, a status quo on the original constraints regarding STI seems to be prevailing. Construction and development of the four regional science parks and technology incubation centres, which is the only core

project in this sector included in the current NDP, has not substantially progressed. The project is regarded to be off-track in the NDR 2012 as no progress has been made on all project targets and no funding has been allocated / released to the project until now.

3.2.7 Critical production inputs constraints

The main elements of the binding constraint regarding supply and access to critical production inputs in the NDP included low access and use of fertiliser in the agriculture sector; low use of irrigation technology; and low supply of steel and steel products. The basic production inputs targeted for improvement in this NDP include water for production to mitigate adverse climate change which affects agriculture production and productivity, and inputs to the manufacturing sector with the aim of reducing the cost of production, increasing availability of industrial inputs and enhancing competition. The MTR has assessed the situation on some of these elements of the binding constraint and how the elements have changed since 2010.

With regard to water for production, some progress has been achieved though still at limited scale. According to the water sector report 2012, the sector is currently meeting only 5.45 per cent of the total demand for water for production of 499 million cubic meters. There has been some significant progress on the planned core project for rehabilitation and construction of key irrigation schemes. However, there are no readily available data regarding progress on the area under irrigation as a percentage of agricultural land, which is an indicator in the NDP. It is also important to note that the MTR has found that reported use of irrigation to support agriculture activities in districts is not very successful despite the fact that district production departments and the NAADS program have put in some efforts to promote irrigation. The technology has not been widely adopted and a main constraint to adoption is the high cost of the technology. There is also a shortage of reliable water sources in most districts. Adoption is also sometimes hampered by the small and uneconomic land holdings that limit farmers' ability to adopt innovative farming practices generally.

With regard to inputs for the manufacturing sector, the MTR has observed limited progress overall. The efforts to increase power supply to the economy have been the most successful, but at a slower pace than planned. There is some reported progress on the exploration of iron ore in Kabale district although owing to the slow progress on this project, it is not foreseen that the full benefit of this project will be realised by the close of this NDP term.

4 ANALYSIS OF NDP FINANCING

4.1 Introduction

This section focuses on the financing of the NDP. It looks at the funding requirements which were identified during the preparation of the NDP document and how these have been reflected by actual allocations to date, both in total terms and by sector. It conducts some analysis which we believe has not been done before, comparing actual funding with budgets for each of the four broad clusters within the 'egg concept' of the NDP – primary growth, complementary, social and enabling sectors. This section goes on to compare budget allocations with actual releases of funds for the first part of the NDP period and also compares the amounts of on-budget and off-budget financing by sector. It then conducts general analyses of outputs obtained compared to funding, the balance of spending on administration and service delivery and allocations of funds to local governments. The section finishes by assessing the scope for raising additional funds for NDP implementation and how some of the challenges for allocating funds more effectively to NDP priorities might be addressed.

4.2 Analysis of funding as set out in the NDP

Comparison of differing total cost of implementation estimates

The NDP and its associated annexes provide four types of analysis in respect of what it will cost to implement the NDP:

- A medium term expenditure framework (MTEF) proposal on page 56 of the NDP;
- A set of priority project and programmes by sector on pages 385 to 390 of the NDP;
- A separate cost implementation matrix (CIM) annex;
- A costing of the core NDP projects on page 53.

The totals and allocation of resources for each of these four sources differs, as set out below in a table which makes GoU on-budget comparisons. The reason for the differences between the CIM and the NDP MTEF costing is that at a late stage in NDP

drafting there was a realisation that the total funding envelope was unrealistic, but there was no time to make detailed changes to the CIM. The table also shows total MoFPED 5 year MTEF estimated by sector.

Table 16: Comparisons of NDP costing estimates (on-budget comparisons)

Sector	NDP 5 Year Costing Estimates (UGX Billion)				MoFPED 5 Year MTEF (UGX Billion)
	Core Projects Costing	Priority Costing	NDP MTEF Costing	CIM Costing	
Agriculture	41	1,967	2,701	2,914	1,776
Land, Housing & Urban Dev.	0	0	129	294	104
Energy & Mineral Dev.	3,148	6,236	6,425	10,399	6,389
Works & Transport	1,670	7,196	8,592	11,530	6,870
Info. & Comms. Technology	15	29	60	483	76
Tourism, Trade & Industry	332	285	461	987	252
Education	0	2,602	9,678	6,378	7,192
Health	0	5,560	6,049	6,970	3,793
Water & Environment	0	1,185	1,886	2,243	1,548
Social Development	42	207	233	759	175
Security	0	0	3,300	3,029	6,150
Justice, Law & Order	0	0	2,298	1,703	2,923
Public Sector Management	0	0	3,781	2,977	4,527
Accountability	0	158	3,169	2,039	2,434
Legislature	0	0	765	591	1,143
Public Administration	0	0	1,192	887	1,799
Total Costing	5,249	25,426	50,719	54,182	47,151

Notes: The figures represent GoU on-budget data. Costings exclude interest payments and unallocated amounts. Core project costing details obtained from Chapter 9 of the NDP. MoFPED figures are based on actual releases for 2010/11 and 2011/12 and approved budgets thereafter.

The NDP MTEF costing estimates are the main data set which are used by others (and by us in this report) to make comparisons between what the NDP will cost to implement with actual resource allocations and with status of implementation. Some important analysis from the data in the table above includes:

- In terms of GoU on-budget figures, the MoFPED 5 year MTEF funding envelope currently provides 93 per cent of the NDP MTEF costing estimate;
- The 15 core projects only comprise 10 per cent of total on-budget NDP MTEF envelope;

- Priority projects (including core projects) set out in Chapter 9 of the NDP comprise 50 per cent of the total on-budget NDP funding envelope;
- Some sectors saw a significant reduction in their funding allocations between development of the CIM and finalisation of the NDP MTEF as part of the negotiations to made the overall on-budget funding envelope more in-line with fiscal projections.

When the NDP was written, it was assumed that UGX 54,182 billion would be made available through GoU on-budget channels. It was also assumed that a further UGX 20,441 billion and UGX 16,440 billion would be covered from off-budget financing (primarily development partners) and other (mainly private sector) contributions respectively. This gave total estimated cost for full NDP implementation of UGX 91.063 billion.

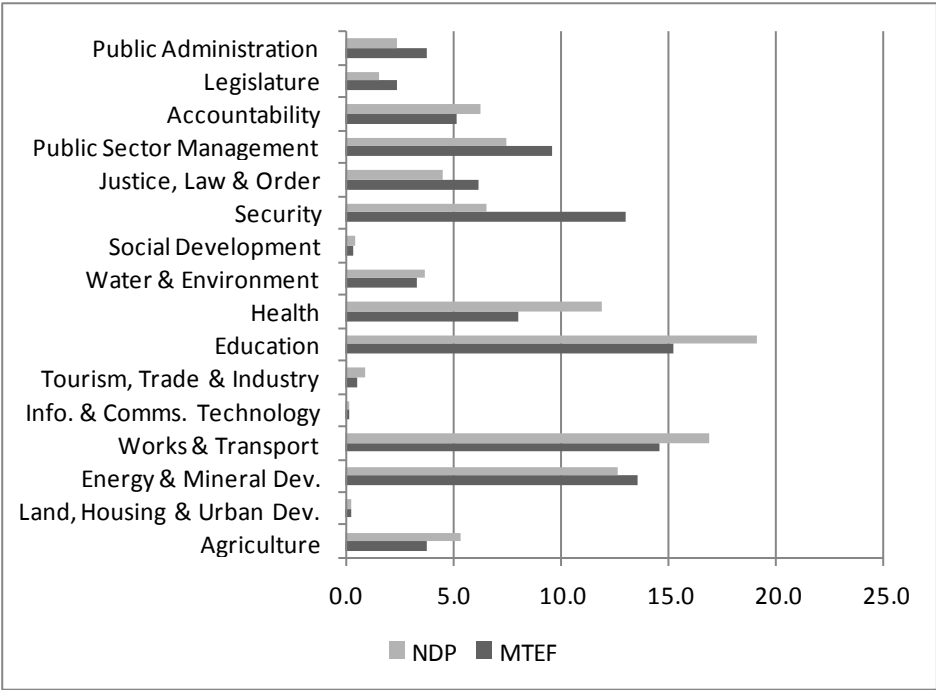
To date, GoU on-budget financial releases to sectors have totalled UGX 7.8 trillion in 2010/11 and UGX 7.6 trillion in 2011/12. Approved annual budgets as set out in the recent Background to the Budget 2013/14 have risen to UGX 10.9 trillion in 2012/13 and UGX 12.6 trillion in 2013/14. In very broad terms, these allocations are in-line with projections made at the time of the NDP. However, other contributions have lagged a long way behind expectations. Development partner off-budget funding has totalled around UGX 1.1 trillion for each of the first three years of the NDP period and so the UGX 20.4 trillion forecast contribution over 5 years is unlikely to be met. Figures for private sectors contributions are difficult, if not impossible, to ascertain, but we have found no evidence that anywhere near the UGX 16.4 trillion of funding will be obtained. A better system is needed going forward to plan for and measure the private sector financial contribution to national development.

Comparison of NDP and MTEF allocations by sector

The following graph compares the GoU on-budget allocations to sectors over the period 2010/11 to 2014/15. The NDP allocates significantly greater proportions of funding for health, education, tourism trade and industry, works and transport, and agriculture. The

MoFPED led MTEF allocates significantly greater proportions of funds for public administration, legislature, public sector management and security.

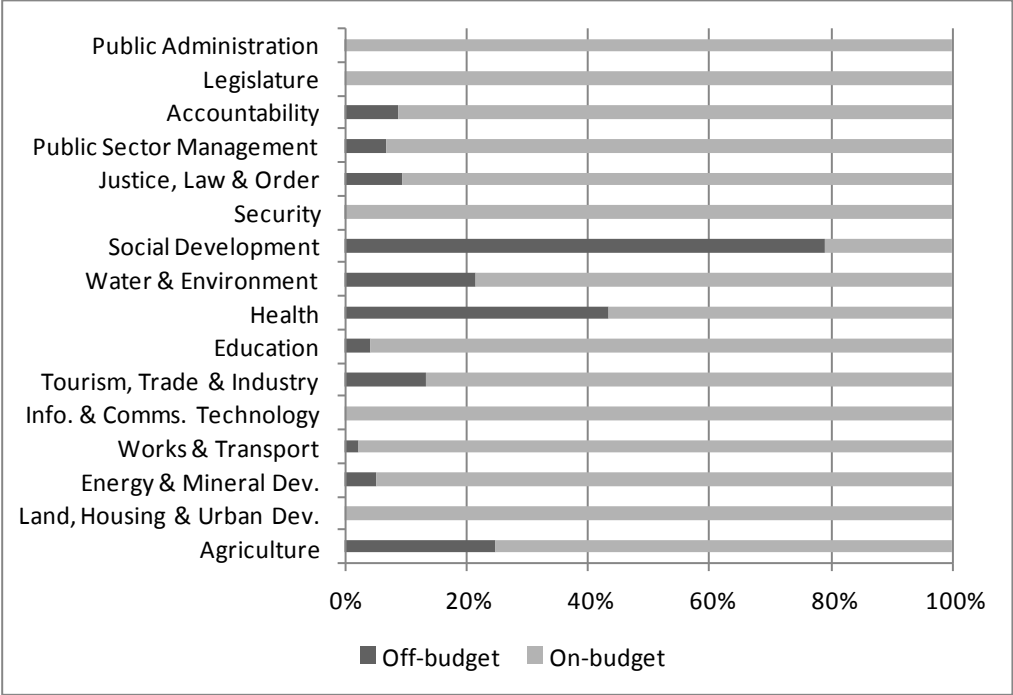
Figure 1: Comparisons of 5 year GoU on-budget sector allocations for MoFPED led MTEF and NDP



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.

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.

Figure 2: Comparisons of relative importance of off- and on-budget finance for first 3 NDP years



Source of data: MoFPED reports.

The off-budget sector funding represented in Figure 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.

Comparison of NDP funding with budgets by MoFPED

MoFPED presented us with a detailed analysis showing links between the NDP and GoU budget allocations for the three years to 2012/13. This is summarised below.

Table 17: Comparisons of NDP budgets with fund allocations

Sector	NDP Budget (UGX billion)				Actual Budget Allocations (UGX billion)				GoU as per cent NDP
	Year 1	Year 2	Year 3	Total	2010/11	2011/12	2012/13	Total	
Agriculture	268	323	386	977	323	329	366	1,018	104
Energy & Min. Development	804	1,035	1,219	3,058	200	1,184	1,248	2,632	86
Works & Transport	1,036	1,236	1,429	3,701	327	437	831	1,595	43
ICT	6	6	7	19	10	10	10	30	158
Tourism, Trade & Industry	47	57	62	166	3	5	3	11	7
Education	345	424	515	1,284	87	103	108	298	23
Health	790	939	2,089	3,818	311	338	337	986	26
Water & Environment	158	194	230	582	18	15	30	63	11
Social Development	31	36	41	108	14	17	14	45	42

Source of data: MoFPED.

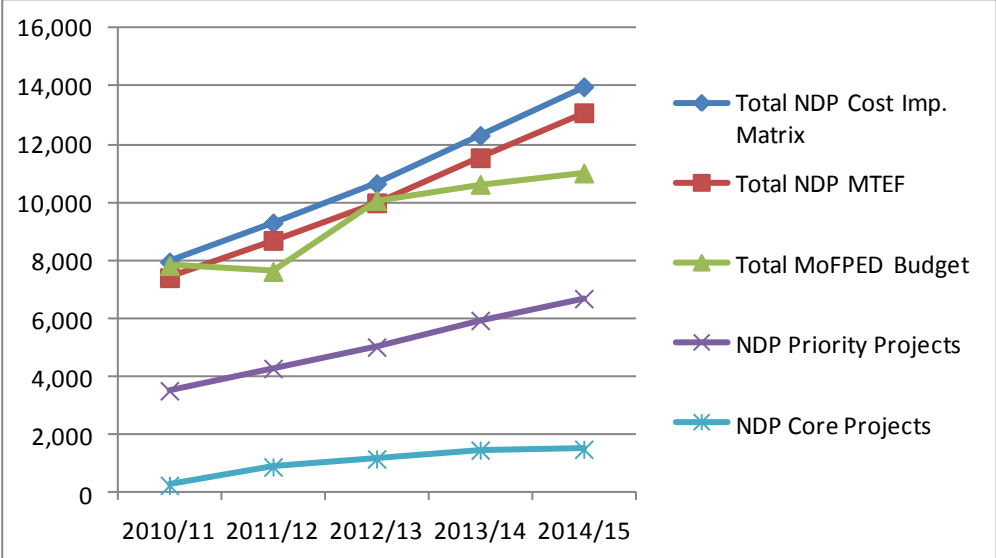
The above table shows much more significant differences between sector allocations in the NDP and in the MTEF. This is because the data above is based on the funding of selected priority projects which align between the NDP, NDM Manifesto and the MTEF. This gives some fairly strong evidence to suggest that the funding of particular projects *within* sectors is much more out-of-line between NDP and MTEF than the overall allocations *between* sectors.

4.3 Trends in funding allocation

Comparison of forecast NDP funding requirements over time

The graph below shows the extent of GoU on-budget funding required (in the case of NDP figures) and available (in the case of MoFPED figures). From the data available, it appears that the funding gap between the NDP MTEF costing and the MoFPED MTEF budget is increasing, to approximately UGX 2,000 billion by 2014/15.

Figure 3: Comparisons of annual finances for GOU on-budget financing



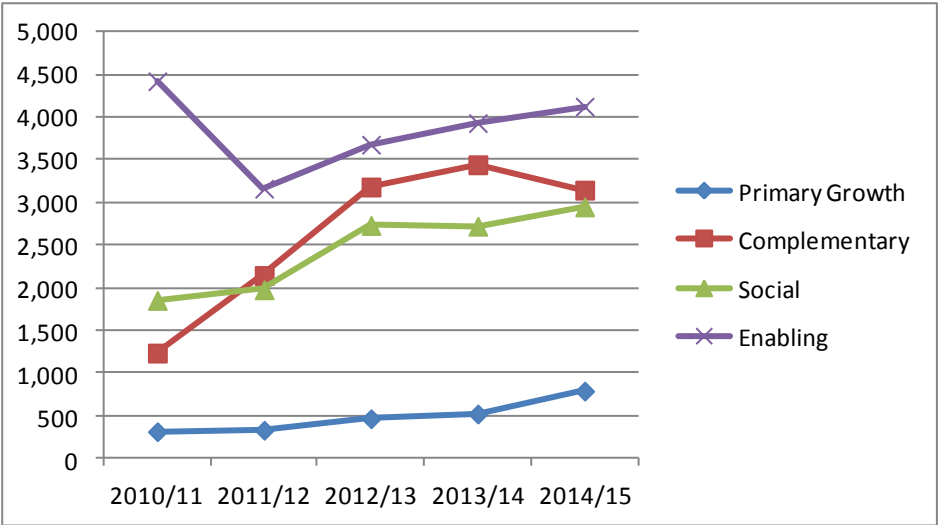
Source of data: NDP and MoFPED reports. MoFPED data relates to actual releases for 2010/11 and 2011/12 and approved budgets thereafter. NDP MTEF data relates to costing estimates on page 56, excluding interest payments and unallocated costs.

Comparison of funding of NDP sector clusters over time

The NDP identifies four broad sector clusters – primary growth, complementary, social and enabling. The thrust of the NDP is to invest more money in primary growth sectors (such as agriculture, forestry, tourism, water for production and manufacturing) and complementary growth sectors (such as energy and mining, transport in particular. The diagram below shows the trends in funding for the four broad sector clusters. Over the five year period, there is a forecast 152 per cent increase in the allocation to the primary growth sector and a 155 per cent increase to the complementary sectors. There is a more gradual increase of 59 per cent to the social sector cluster and an overall fall to the enabling sector cluster. This suggests that larger increases in funding are accruing to arguably the two most important clusters identified by the NDP. However, it should be

remembered that primary growth sectors are moving from a low base of actual funding, so overall fund allocations are still much less than for other clusters in absolute terms.

Figure 4: Trends in funding for broad sector clusters



Source of data: MoFPED reports. MoFPED data relates to actual releases for 2010/11 and 2011/12 and approved budgets thereafter.

The changing proportions of funding allocated to each cluster are shown in the table below. This shows even more clearly the importance being given to primary growth and complementary clusters in resource allocation.

Table 18: Comparisons of percentage allocation of funding to broad sector clusters

Broad Cluster	2010/11	2011/12	2012/13	2013/14	2014/15
Primary Growth	4	4	5	5	7
Complementary	16	28	32	32	29
Social	24	26	27	26	27
Enabling	57	42	37	37	37
Total	100	100	100	100	100

Source of data: MoFPED reports. MoFPED data relates to actual releases for 2010/11 and 2011/12 and approved budgets thereafter.

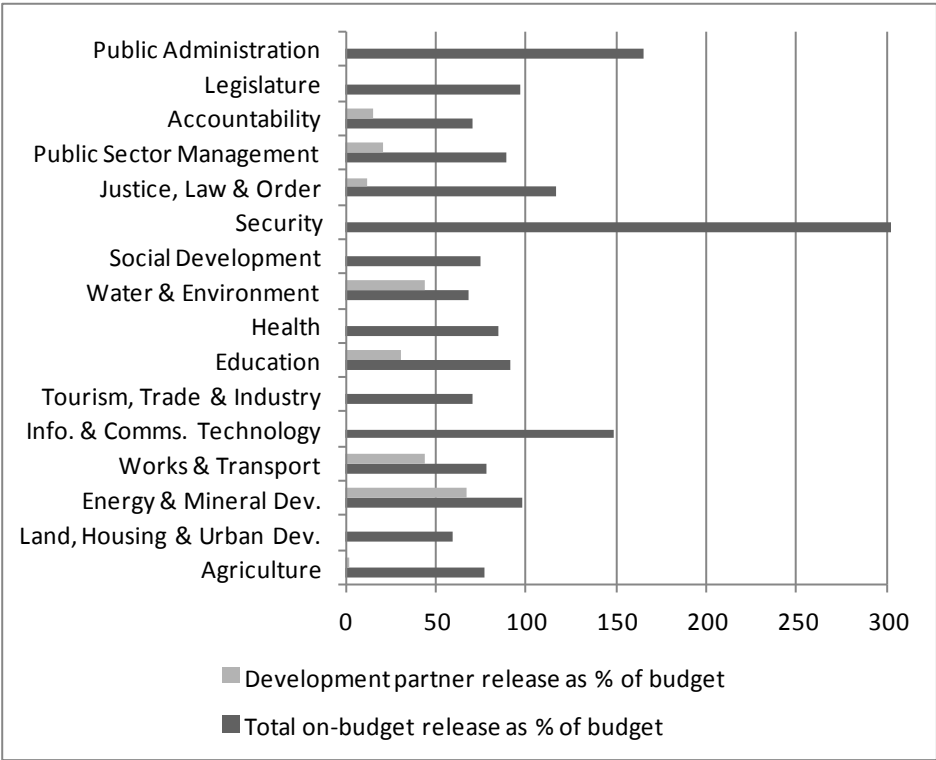
Although the purpose of clustering was not to direct resource allocation, more could be done to allocate a higher proportion of resources to the primary growth sectors (and maybe the complementary sectors too).

4.4 MTEF budget performance

Comparison of budgets and actual releases

The amounts in the on-budget MTEF each year differ from the amount actually released during the year as exemplified by the comparisons for 2010/11 in the figure below. Overall for 2010/11, the amount of finance released amounted to 111 per cent of the budget, ranging from highs of 315 per cent for security and 165 per cent for public administration to lows of 59 per cent for lands, housing and urban development, and 69 per cent for water and environment. In terms of development external (on-budget project finance provided by development partners), there were significant amounts of budgeted money unreleased in sectors such as agriculture (2 per cent), justice, law and order (12 per cent) and education (31 per cent). In absolute terms, some of the largest amounts of development partner budgets remaining unspent for 2010/11 related to education (UGX 96b), health (UGX 90b), energy and mineral development (UGX 82b) and works and transport (UGX 67b).

Figure 5: Comparison of budgets with actual releases for 2010/11



Source of data: MoFPED reports.

The year 2010/11 saw a large supplementary budgets approved by Parliament, totalling in the region of UGX 750 billion according to one estimate which is almost 10 per cent of the approved budget for 2010/11. These funds were spent primarily on defence related items. Large supplementary budgets continue to be approved, for example in 2012/13 these are likely to total UGX 546 billion and to account for an extra 220 per cent of the approved budget for State House, 86 per cent for the Uganda Registration Services Bureau and 65 per cent for the Ministry of Trade, Industry and Cooperatives for example. The approval of such amounts means that, almost inevitably, the disconnection between overall funding allocation and the NDP is widened.

In 2011/12, the overall position was different in that only 84 per cent of the on-budget amounts were released to sectors. The biggest proportional under-spenders were water and environment, and agriculture, whilst the legislative and public administration sectors were the largest proportional over-spenders. Data by sector is shown in the table below.

Table 19: Comparisons of on-budget planned and actual financial releases by sector

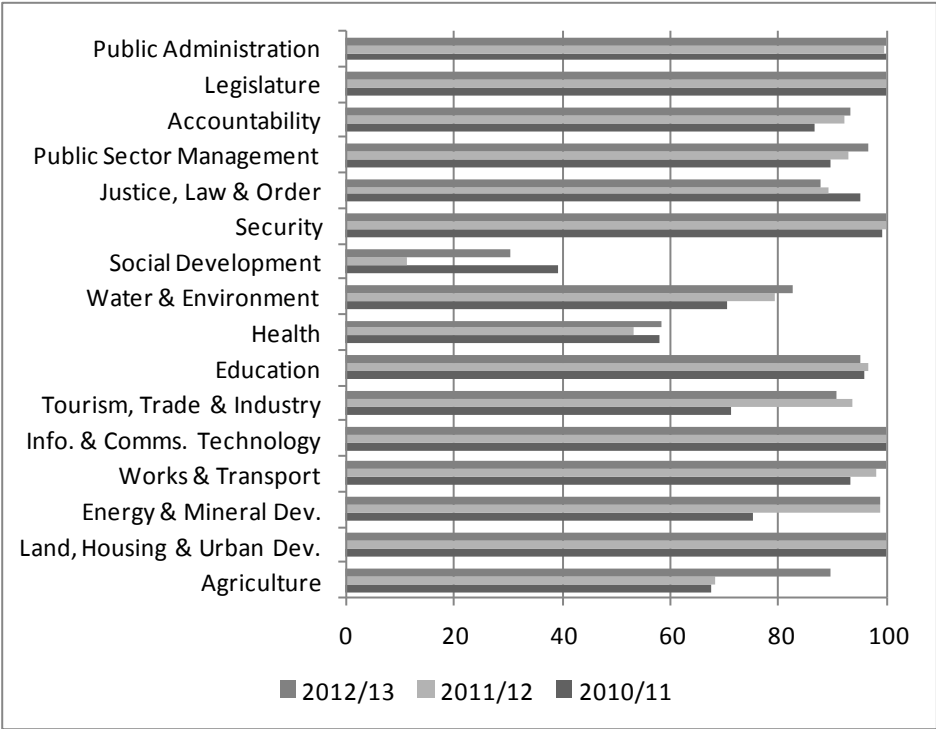
	2010/11			2011/12		
	Budget	Released	% Released	Budget	Released	% Released
Agriculture	366	283	77	434	269	62
Land, Housing & Urban Dev.	24	14	59	32	25	76
Energy & Mineral Dev.	391	384	98	1,320	1,081	82
Works & Transport	1,038	809	78	1,291	1,026	79
Info. & Comms. Technology	10	14	149	12	13	106
Tourism, Trade & Industry	44	31	71	53	47	87
Education	1,243	1,137	91	1,416	1,259	89
Health	660	561	85	799	579	72
Water & Environment	250	172	69	271	153	56
Social Development	32	24	75	50	34	67
Security	649	2,042	315	975	984	101
Justice, Law & Order	532	621	117	532	573	108
Public Sector Management	831	737	89	986	641	65
Accountability	492	344	70	544	373	69
Legislature	163	158	97	163	255	156
Public Administration	301	497	165	232	311	134
Total	7,026	7,828	111	9,110	7,620	84

Source of data: MoFPED reports. Note: Full data on releases for 2012/13 are not yet available.

Comparison of on-budget and off-budget financing

On-budget financing comprises of GoU recurrent and development expenditure and DP development expenditure which appears in the MTEF. Off-budget financing relates to DP development expenditure which does not appear in the MTEF. Off-budget finance does not currently measure finance provided by NGOs or by the private sector. The figure below gives an indication of the importance of off-budget financing by the 16 MoFPED sectors. The sectors which have the highest proportions of off-budget financing are social development, health, water and environment and agriculture. For 2012/13, total off-budget financing is estimated as UGX 1,130b of which UGX 608b relates to health, UGX 136b to social development and UGX 75b each to water and environment and justice, law and order.

Figure 6: Comparisons of on-budget finance as a percentage of total finance by sector



Source of data: MoFPED reports. MoFPED data relates to actual releases for 2010/11 and 2011/12 and approved budgets thereafter.

4.5 Other analysis

Sector outputs attained compared to funding

GHAPR (2012/2013), produced in February 2013, focuses on four issues for each of the 16 MoFPED sectors – the achievement of outputs, the implementation of Cabinet approved actions, the implementation of PIRT actions and the amount of funding released by MoFPED to the sector. The first three issues are given a traffic light rating as either ‘likely to be achieved’, ‘may be achieved’, ‘unlikely to be achieved’ and no ‘assessment’. The 2012/13 GHAPR also, for the first time, makes a comparison of progress against outputs with the amount of funding released. The latest GHPAR shows significant variation in progress and financing of various sectors as illustrated below.

Table 20: Comparisons of fund releases and output achievements for the 6 months to 31/12/2012

Sector	per cent annual output targets				per cent of GoU approved budget released
	Likely to be achieved	May be achieved	Unlikely to be achieved	No data	
Agriculture	44	17	38	0	13
Land, Housing & Urban Dev.	65	13	22	0	52
Energy & Mineral Dev.	51	13	16	20	30
Works & Transport	63	15	20	2	63
Info. & Comms. Technology	59	6	6	29	37
Tourism, Trade & Industry	59	9	22	10	71
Education	35	2	30	33	71
Health	35	12	19	35	13
Water & Environment	53	13	32	2	42
Social Development	71	0	18	11	19
Security	90	5	5	0	38

Justice, Law & Order	55	16	27	2	51
Public Sector Management	62	12	16	10	33
Accountability	49	14	30	7	44
Legislature	31	8	53	8	49
Public Administration	54	11	7	28	87

Source: GHAPR 2012/13.

Analysis of administration and service delivery spending

During the course of this MTR, several key informants have expressed concern over the amounts of funding which are allocated to administration as opposed to service delivery. For example, in a speech given by the Minister of State for MoFPED (Planning) in March 2013, it is stated that there is a practice by some spending agencies to prioritise resource allocation to non-priority activities at the expense of core service delivery functions.

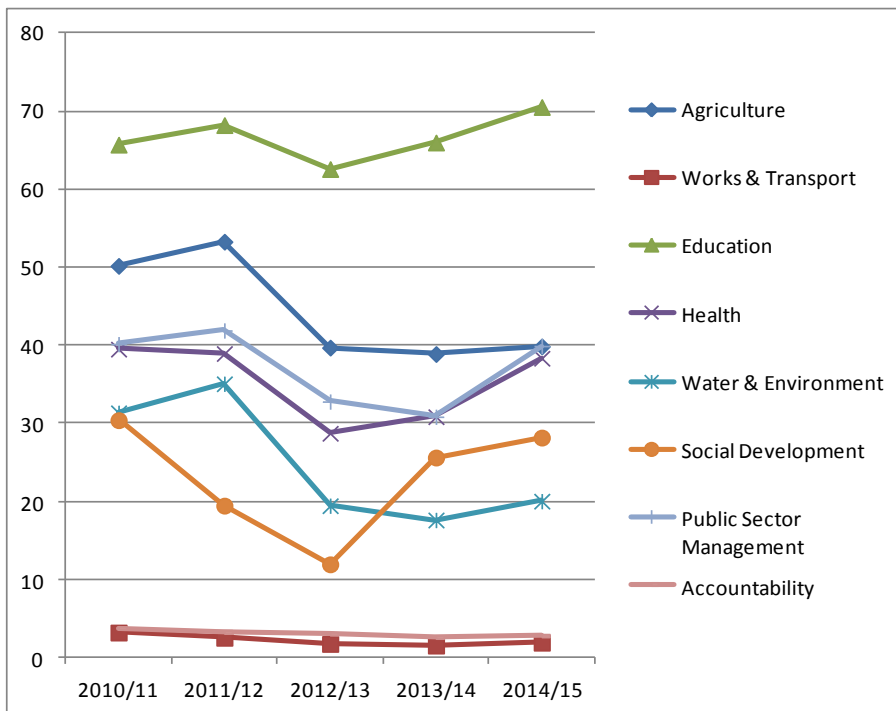
MoFPED produce analyses of the proportion of money spent on service delivery each year, although this is difficult to do accurately and some of the data need to be treated with caution. Encouragingly, the overall forecast trend is upward from 37 per cent to 43 per cent over the course of the NDP period, although this masks some significant variations by sector. The proportion of funds spent on service delivery for works and transport is expected to rise significantly, whilst is expected to fall for energy and minerals, probably reflecting the fact that there infrastructure development for the former is more skewed towards later years of the NDP. Sectors with the lowest apparent proportional spend on service delivery include agriculture (ranging from 19 to 28 per cent), tourism, trade and industry (ranging from 14 to 22 per cent), and legislature and public administration (which fall to as low as 5 per cent), but it must be borne in mind the nature of work in each sector can differ markedly. Sectors with high proportional spend on service delivery include ICT (between 71 and 74 per cent), works and transport (up to 81 per cent) and security (up to 93 per cent), but care is needed to understand what exactly constitutes service delivery.

Analysis of funding allocation to local governments

Funding is allocated to local governments in Uganda for 8 of the MoFPED sectors – agriculture, works and transport, education, health, water and environment, social development, public sector management and accountability. In 2010/11, the amount of funding released to local governments was UGX 1,507b, rising only slightly to UGX 1,595b in 2011/12. Perhaps more interestingly is to compare the amounts of funding allocated to local governments as a percentage of the overall GoU budget. The Figure below shows the trends in this proportion by sector. Overall, local government received 19 per cent of the budget in 2010/11, rising to 21 per cent in 2011/12, but the forecasts for the next two years are for this proportion to fall to around 18 per cent before increasing to over 20 per cent in 2014/15. This can be partly explained by the plans to spend more on national infrastructure projects, but it does imply a further squeeze on local government funding at a time when service delivery can be very challenging at the local level. The figure below shows that the cuts in the proportions of funds allocated to local governments towards the middle of the NDP period are relatively common to all sectors, with education being the least affected the being the only sector to see an increased proportion of funds going to local governments over the 5 year NDP period.

It could be expected that changing amounts of funding made available to local governments would mean corresponding changes in the delivery of outputs at local government level. It is exceptionally difficult to get data to test this hypothesis and beyond the scope of this MTR to evaluate the effect of changing funding levels with changes to results. However, such analysis might provide very useful information if it were done. The draft NDR for 2011/12 contains some indicative analysis of the delivery of development outputs by local governments and it would be worthwhile doing more of this type of analysis in future, comparing spending and results at local government level for a sample of development objectives such as increased access to safe water, increased primary school capacity and increased reforestation.

Figure 7: Comparisons of the proportion of on-budget finance allocated to local governments by sector



Source of data: MoFPED reports. MoFPED data relates to actual releases for 2010/11 and 2011/12 and approved budgets thereafter.

It is important to remember that the above analysis includes money spent at the local level, but managed centrally, such as medical supplies and the salaries of teachers. TASU calculates that the proportion of public expenditure transferred to local governments over which they have some control was only 3.3 per cent in 2011/12, down from 4.1 per cent the previous year. They go on to say that the trend of local government share of expenditure has been one of systematic decline since it absorbed 6.2 per cent of GDP in 2001/02.

We have done some additional analysis of the amounts of GoU development (i.e. capital) spending taking place at the national and local level. Our data are shown in Table X below and indicate that only 10.1 per cent of on-budget national development funds were spent at the local government level in 2010/11, rising slightly to 11.2 per cent in 2011/12.

Table 21: Comparisons of the location of GoU development spending

Sector	2010/11			2011/12		
	Centrally spent	Locally spent	Total spent	Centrally spent	Locally spent	Total spent
Agriculture	90.3	128.2	218.5	69.6	131.2	200.8
Land, Housing & Urban Dev.	6.9	0.0	6.9	16.3	0.0	16.3
Energy & Mineral Dev.	212.2	0.0	212.2	988.3	0.0	988.3
Works & Transport	321.0	24.7	345.7	481.6	26.1	507.7
Info. & Comms. Technology	10.3	0.0	10.3	4.7	0.0	4.7
Tourism, Trade & Industry	11.3	0.0	11.3	17.8	0.0	17.8
Education	72.0	54.8	126.8	62.4	67.2	129.6
Health	49.3	40.1	89.4	37.2	35.2	72.4
Water & Environment	58.5	51.4	109.9	63.8	48.4	112.2
Social Development	4.5	0.0	4.5	12.4	0.0	12.4
Security	1,419.3	0.0	1,419.3	301.9	0.0	301.9
Justice, Law & Order	155.0	0.0	155.0	138.8	0.0	138.8
Public Sector Management	124.8	0.0	124.8	95.3	0.0	95.3
Accountability	85.6	0.0	85.6	112.0	0.0	112.0
Legislature	9.5	0.0	9.5	9.0	0.0	9.0
Public Administration	37.9	0.0	37.9	24.9	0.0	24.9
Total	2,668.4	299.2	2,967.6	2,436.0	308.1	2,744.1

Note: Locally spent figures do not include general development spending under the LGMSD of UGX 54.7 b in 2010/11 and UGX 55.3 in 2011/12.

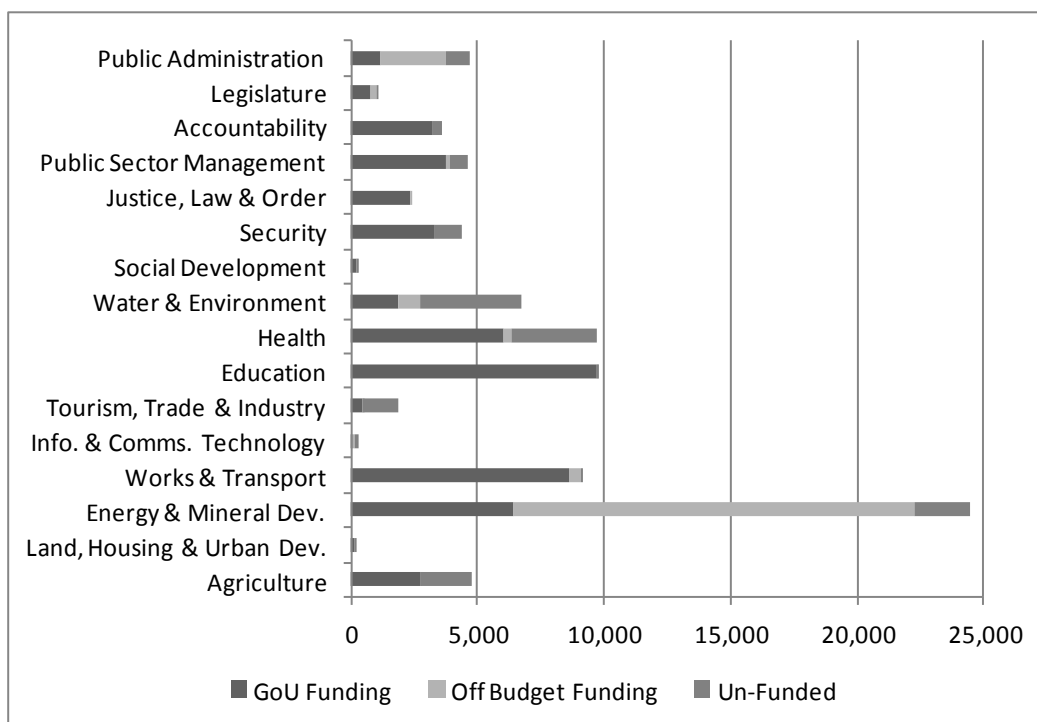
Source of data: MoFPED reports. Note: Full data on releases for 2012/13 are not yet available.

4.6 Financing the achievement of NDP results

Overall funding requirements

The cost of full implementation of the 5 year NDP was finally estimated at UGX 88 trillion, comprising UGX 51 trillion on-budget, UGX 20 trillion off-budget and UGX 17 trillion unfunded. Note that this was a reduced estimate from the original UGX 91 trillion in full cost implementation matrix which had an addition UGX 3 trillion of on-budget finance. The split of the three overall funding sourcing is illustrated below, by sector. The importance given to energy is strongly illustrated, with the majority of UGX 16 trillion being assumed as off-budget finance. Sectors such as water and environment, health and agriculture had very large unfunded elements which were assumed to be covered by private sector investment.

Figure 8: Comparisons of the expected source of funding by sector for the full 5 years of the NDP



Source of data: MoFPED reports.

There have been challenges in that some sectors have not received the funds which have been budgeted as was shown earlier in this section.

Scope for raising additional financing

It is worth thinking about innovative funding models to raise extra money for national development, bearing in mind the large amounts of off-budget and unfunded requirements. These models might include:

- Exploring different sorts of public private partnership financing models, expanding those models which prove to be the most successful in Uganda;
- Setting up a National Development Fund to finance priority projects, or more specific funds for cross sector initiatives related to agricultural transformation, skills development, tourism development etc.;
- Piloting donor budget support to local governments to support development at the local level, as has been tried for example in Sierra Leone.

Challenges for allocating funds to NDP priorities more effectively

The Uganda Ministry of Finance is recognised as one of the strongest in Africa on many measures. However, it is stated in the PFM Performance Report 2012 that there is scope for stronger alignment of funding to sector (and hence NDP) priorities more effectively. A major way by which this is done is through the Public Investment Plan (PIP). The PIP is prepared with the same time horizon as the MTEF, but only lists the expenditure needs specific to individual projects and does not reflect overall expenditure or the recurrent cost implications of future investments. The PIP also does not provide a consolidated view by sector and is not easy to reconcile to the NDP. However, Government is planning to review and clean up the PIP and to undertake cost-benefit analysis on all new projects. The 2012 report goes on to say that there is a need to build up the capacity of NPA for project identification and appraisal, and to perform project impact assessments.

In the broadest sense, the output based tool (OBT) is used to both monitor progress against specified outcomes and outputs and to provide a framework to allocate funds within the overall MoFPED budgeting and accounting system. A lot of data covered by the OBT is entered directly into the system by MDA officials who can determine up to three outcome statements, three indicators for each outcome, and numerous outputs under each outcome, with target levels of performance for each output. Budgets are allocated by MoFPED to votes (which are primarily entities) and to vote functions (which are primarily departments in entities). There is a link between budgets and outputs, but this is not always easy to see as an output can be delivered by more than one vote function. OBT also has a component which contributes to performance based contracts of accounting officers. It is a comprehensive yet complex tool, popular with MoFPED planners, but said by many not to be very user friendly. The PFM Performance Report 2012 states that the OBT is not always properly understood and used by sectors.

NPA officials and some others have said that the OBT does not allow easy alignment to the NDP. This is true in that sector sections of the NDP commonly have more than three stated outcomes or objectives which cannot be handled by the OBT, although the OBT could be adapted to cater for more outcomes (or the sector parts of the NDP could be

rewritten or grouped under only three outcomes). NPA also report that the current Chart of Accounts often does not allow easy coding of NDP items in the MoFPED budgeting and accounting system. The Chart of Accounts was last published in October 2004. The authority for updating the chart of accounts rests with the Accountant General. The Treasury Accounting Instructions 2003 state that where an accounting officer has identified the need for new account codes, he or shall can apply to the Accountant General for new ones. The request may or may not be accepted of course. The Chart of Accounts is complex, with separates codes for funds, funding source (GoU, commercial banks, donor etc.), vote (MDA or Local Government), cost centre (Directorate or Programme), project, MTEF (objective, output and activity) and account (account class, item, sub-item, sub-sub-item and sub-sub-sub item).

Perhaps a more important point, also made by NPA, is that that the OBT and current Chart of Account do not allow easy data entry or analysis for development initiatives which cut across entities or even sectors. Going forward, one innovative idea would be to move away from OBT and the entity driven nature of funding allocations, towards a programme based approach where there was a much stronger link between the money and end results, with the ability to allow different entities or even sectors to contribute collectively to major national development outcomes more easily.

5 COHERENCE AND REALISM OF THE RESULTS FRAMEWORK

This section presents the MTR review findings on the level of coherence and realism of NDP results framework. Coherence here deals with issues of logic, orderliness and consistency in the relationship between different elements of the NDP results framework. These elements include the NDP goal and objectives amongst and between themselves and the long-term development aspiration as reflected in the Vision 2040 and MDG commitments.

5.1 Coherence of NDP results to goals and objectives

The MTR has undertaken a broad assessment of the level of coherence of NDP goals and objectives. The assessment has analysed the basic assumptions, or the factors and conditions necessary, for the key NDP result targets to lead to the desired goal/objectives in a meaningful and sustainable manner. Then, based on available evidence from field consultations and literature review, the MTR has assessed the performance of each of these assumptions during the past three years of NDP implementation. Different observations have been found in this regard. A few of the assumptions are positive, but the majority of them were largely lacking as illustrated in the table below.

Table 22: Analysis of the level of coherence of NDP goals and objectives

Goal/Objective	Main Targets	Basic Coherence Assumptions	Some Observations on Assumptions
Growth	<ul style="list-style-type: none"> • Increase in GDP • Increase in per capita income • Reduction in the proportion of the poor 	<ul style="list-style-type: none"> - People-centred growth - Equitable distribution of growth - Controlled growth in population 	<ul style="list-style-type: none"> -High population growth negates increases in GDP -GDP growth is not yet wide spread and concentrated in a few sectors (services and industry, not agriculture)

Goal/Objective	Main Targets	Basic Coherence Assumptions	Some Observations on Assumptions
Employment	<ul style="list-style-type: none"> • Reduced share of agriculture GDP • Increased share of industry GDP • Reduced labour force in agriculture • Increased labour force in industry and services 	<ul style="list-style-type: none"> - Matching investment in modernisation of both industry and agriculture sector - Investment in food security interventions - Collaborative action by different sectors 	<ul style="list-style-type: none"> -Inadequate investment in agriculture modernisation – focus on extension and knowledge creation -Insignificant cross-sectoral collaboration on results
Socio – economic transformation	<ul style="list-style-type: none"> • Increased literacy • Increased life expectancy • Increased competitiveness • Increased human development indices • Share of manufacturing to exports • per cent of people in urban areas 	<ul style="list-style-type: none"> -Literacy with functional skills - People centred industrial development - Well planned urbanisation - Mechanisation of agriculture to compensate for labour loss - Collaborative action by different sectors 	<ul style="list-style-type: none"> -Efforts made to initiate functional literacy through skilling Uganda initiatives - Industry and exports are not adequately people centred -Insignificant cross-sectoral collaboration on results -Inadequate urban planning functions leading to poor living conditions in urban areas
Increasing household incomes and promoting equity	<ul style="list-style-type: none"> • Growth in income per capita • Better income distribution • Higher employment • Skills development 	<ul style="list-style-type: none"> - People-centred growth - Equitable distribution of growth - Controlled growth 	<ul style="list-style-type: none"> -Inadequate investment in agriculture modernisation -GDP growth is not yet wide spread-concentrated in a few

Goal/Objective	Main Targets	Basic Coherence Assumptions	Some Observations on Assumptions
	<ul style="list-style-type: none"> • Agricultural production and productivity 	<p>in population</p> <ul style="list-style-type: none"> - Mechanised agriculture to compensate for labour loss 	<p>sectors (services and industry, not agriculture)</p> <ul style="list-style-type: none"> -Lack of social protection mechanisms
<p>Enhancing the availability and quality of gainful employment</p>	<ul style="list-style-type: none"> • Availability and diversity of employment, • Increased industrial investments • Level of production and productivity 	<ul style="list-style-type: none"> - People centred industrial development - Labour rights protection - Controlled inflation and other costs of living - Market support infrastructure especially for agriculture products (price protection mechanisms) 	<ul style="list-style-type: none"> - Industry and exports are not adequately people centred -No policy on minimum wage, leading to under-employment especially in informal sector -Low prices for agriculture products affect gains from agriculture
<p>Improving stock and quality of economic infrastructure</p>	<ul style="list-style-type: none"> • Increase in supply and access to electricity • Quantity and quality of road and railways network • Access to telecommunication services • Affordable banking services 	<ul style="list-style-type: none"> - Effective road maintenance capacity - Deliberate analysis and strategies for removal of other rigidities limiting private investment 	<ul style="list-style-type: none"> - Low capacity for road maintenance reported in most local government - No comprehensive analysis of all conditions necessary to optimise private sector investment beyond provision of financial services

Goal/Objective	Main Targets	Basic Coherence Assumptions	Some Observations on Assumptions
Increasing access to quality social services	<ul style="list-style-type: none"> • Increased literacy • Increased life expectancy • Improved health services indicators 	<ul style="list-style-type: none"> -Removal of conditions for gender discrimination -Provision of formal social protection mechanisms for vulnerable groups 	<ul style="list-style-type: none"> - Efforts have been made to enhance gender equity though more action is at policy level than in practice -Lack of formal social protection mechanisms for vulnerable groups
Promoting science, technology, innovation and ICT to enhance competitiveness	<ul style="list-style-type: none"> • High technology exports • Strengthened institutional capacity for science and technology • Increased capacity for R&D and innovation; • Increased access and use of ICT • Increased number of S&T and ICT professionals. 	<ul style="list-style-type: none"> -Mechanism for enabling absorption of improved technology by private sector -Support for market for both agriculture and industrial production 	No comprehensive analysis of all conditions necessary to optimise absorption of R&D by the private sector
Enhancing human capital development	<ul style="list-style-type: none"> • Increase in skilled manpower among nationals • Increased institutional capacity for relevant skills development • Increased number of students trained 	<ul style="list-style-type: none"> - Coordinated manpower planning -Strategies for employment creation 	<ul style="list-style-type: none"> -No comprehensive manpower planning -National employment policy has been produced though lacking specific action plan to operationalise it
Strengthening good	<ul style="list-style-type: none"> • Quality socio-economic and 	<ul style="list-style-type: none"> - Security is maintained 	<ul style="list-style-type: none"> - Security generally maintained

Goal/Objective	Main Targets	Basic Coherence Assumptions	Some Observations on Assumptions
governance, defence and security	political governance <ul style="list-style-type: none"> • Quality economic and corporate governance • Quality democracy • Level of security 	- Governance improves with less corruption	- More work to do on reducing corruption
Promoting sustainable population and use of the environment and natural resources	<ul style="list-style-type: none"> • Healthy population • High quality of human settlement • Well managed environmental resources 	- Access to family planning for those in need and demanding it - Economic growth and environmental protection occur together	- Still a large unmet need for family planning - Little data, but concerns over environmental sustainability of growth

5.2 Making the NDP results framework the major barometer for outcome level results

The current results framework is an admirable attempt to measure results at three levels – theme, objective and critical result area (the latter links to the elimination of binding constraints). However, this framework is overlapping with several indicators, such as those associated with life expectancy and roads infrastructure to name but two, appearing at more than one level in the framework. Around half of the indicators have no baselines or targets and this has made it hard to assess progress against the NDP.

It is always important to assess on a periodic basis whether the indicators in any results framework are the best one to use and it is our view that several of the NDP ones are not outcome focused enough and could be improved. Some key outcome measures of development performance are not covered, whilst some less important activity / output measures are. We would recommend a major review of the indicators in the NDP results framework, after developing a clear ‘results chain’ and assessing the feasibility of

collecting data. Some indicators which might arise out of this process (and which are missing now) might be ones associated with:

- Agricultural yields;
- Value-added by industry;
- Productivity per worker in agriculture, industry and services;
- Technical achievement index;
- Unmet need for family planning;
- Levels of child stunting;
- Nutrition levels;
- Quantity of water consumed per capita;
- Crime levels / fear of crime;
- Selected international governance indicators.

Some of these indicators are already set out in the Vision 2040 document, which was written after the first NDP. Several will require new data collection systems and in this regard, where possible it will be more efficient to influence what data is collected in current surveys by UBOS in particularly, rather than to commission new surveys.

Much more work is also needed to measure some key development areas on a more regular basis and in more detail, particularly those to do with employment trends, environmental sustainability, population growth and movement, and poverty and inequality. Over-arching all of this, there need to have better monitoring of all outcome indicators by gender and geographical region within Uganda, and stronger policy making on the basis of this information.

5.3 Coherence of NDP results framework with Vision 2040

Structurally, the relationship between the Vision 2040 and the 5-year NDPs is symbiotic. The Vision sets out a very clear strategic implementation framework which has links to NDP results frameworks. The NDP frameworks, on the other hand, provide the mechanisms through which Vision priorities can be operationalised. The basis for this relationship is three fold:

- The NDP will be the driver of the overall strategic direction towards the Vision 2040;

- The NDP will make a strong influence on how resources are allocated in the MTEF;
- Sector master plans and strategies will feed into the NDP, but will also be influenced by the NDP.

However, the current NDP was formulated before the passing of the Vision 2040. It was therefore relevant for the MTR to assess the level of coherence between the current NDP framework and the Vision 2040.

Overall, review has found a relatively strong coherence between the current NDP results framework and the Vision 2040. The two documents are targeting nearly the same results targets, but sometimes with different indicator dimensions. The common results targeted by both the current NDP and the Vision 2040 include: per capita income, per cent of population below the poverty line, GDP, per cent share of national labour force employed, manufactured exports as a per cent of total exports, per cent population with access to electricity; per cent population with access to safe piped water, per cent of standard paved roads to total road network, per cent of cargo freight on rail to total freight, per cent level of urbanisation, life expectancy at birth (years) and literacy Rate (per cent).

A number of the core projects included in the current NDP do rhyme very well with the strategic direction of the Vision 2040. This provides a good opportunity for continuity of the many current projects that are foreseen to remain uncompleted by the end of the current NDP period in 2015.

The next NDP might be more focused or at least give a much stronger indication of development priorities. For example, p118 of the Vision suggests that the core growth areas might focus on agro-industries, the ICT city, iron and steel, fertilisers, oil and gas, and R&D and innovation. The World Bank (2012) report of inclusive growth suggests that four possible 'pillars' of the next NDP might be agricultural transformation, human capital transformation, across-space economic geography and increased urbanisation. These four potential 'pillars' have a relatively strong link with the Vision 2040, with potential to add things like equitable and sustainable development

6 CROSS-CUTTING ISSUES

Overview

Alongside the main NDP mid-term review, GoU commissioned six separate studies on cross-cutting issues which were undertaken by other consultants. The studies cover social protection, human rights, democracy and political governance, gender mainstreaming, environmental protection, and child rights. This section outlines issues related to the NDP results framework that have been drawn from these cross-cutting reports. The section is organised so there is a sub-section for each of cross-cutting theme in which relevant issues were discussed. It should however be noted that the cross-cutting studies were conducted independently of the results framework thematic study.

6.1 Social protection

The social protection report finds that the planned social protection results have been constrained by a lack of funds from government. While social protection has its own vote function to which funds can be allocated, allocated resources do not match what is required to achieve the outcomes and outputs specified in the NDP. The actual release and expenditure patterns from the Annual Performance Budget Reports show quite a different pattern, with the amount released decreasing steadily during the NDP period. Therefore, while financial commitments were made at the outset, they have not been achieved, and this has resulted in the inability to fulfil social protection targets (as outlined in the SIDP 2).

Consequently, it is reported that there is limited government action on social protection in practice. While risks and vulnerabilities are addressed in the districts where the Social Assistance Grant for the Elderly (SAGE) is implemented, this is not the case in non-SAGE districts. There are virtually no resources or programmes catering for the elderly in non-SAGE districts. In SAGE districts, the GoU is struggling to meet their existing financial commitment towards the programme (the pilot is predominantly funded by

development partners). This raises concerns over the GoU's commitment and ownership of a robust, national social protection system.

Analysis of district programmes also shows that community based programmes for the disabled receive the lion's share of resources, with children's programmes receiving the smallest budget allocations. Furthermore, sub-counties – which must rely on local revenues for programme implementation which have declined during the NDP period – seem to have faced abrupt reductions in resources for implementing social protection interventions.

The report also finds that the M&E systems for social protection are disaggregated between the various programmes and activities. While a consolidated system has been planned, it has not materialised. This is reported to be the case at both central and local government level, and makes it very difficult to provide accurate information on, for example, the number of beneficiaries within specific age categories.

Correspondingly, the report recommends strengthening the M&E system for national social protection programmes so that data is collated in one place, rather than fragmented in multiple government agencies as is the case currently.

6.2 Human rights

Overall, the NDP is said not to incorporate human rights objectives and targets. The human rights study finds that the indicators in the NDP results framework are not sensitive to human rights. For example, they provide no measure for tracking if budget allocations are meeting minimum core obligations on human rights, ensuring equity in the development process, or supporting economic social and cultural rights. There is also an absence of indicators to measure governance principles such as participation, transparency, accountability. The report finds that the results matrix is missing baselines and targets which create an obstacle for citizens and CSOs to hold the government to account for delivering on the plan, including those elements relating to human rights.

6.3 Democracy and political governance

The democracy and political governance report finds that the binding constraints listed in the NDP related to democracy and governance are not reflected in the NDP sector strategies or activities. This creates ambiguity around how these constraints will be addressed during NDP implementation. The report also finds that NDP indicators ignore democracy and governance, as there are no measurable indicators in this area and further, that the focus of the NDP is too economically orientated and leaves no place for democracy and governance.

In addition, the report identifies a number of constraints with regards to planning, budgeting and oversight. These include: a lack of harmony between planning and budget allocations, and NDP objectives; weak coordination of government programmes; weak financing of government monitoring, evaluation and oversight functions; and slow implementation of government decisions that significantly affect the rule of law and democracy sectors.

The report recommends a number of measures to improve NDP alignment to governance related indicators / M&E, including the following:

- The GoU M&E role should be centralised in a way that supports capacity building of sector MDAs;
- Quarterly reports should be produced on progress towards democracy and governance;
- An NDP report on budget implications should be produced annually;
- Quarterly reports on democracy and governance, leading to an annual status report by NPA which should be discussed in parliament;
- The separation of power between the different arms of government should be improved. One of the critical areas is the proposal of ensuring that Ministers are not members of parliament;

- Public awareness of the NDP should be increased, ensuring national ownership of the Vision 2040 framework;
- A performance and monitoring framework should be established to track governance and democracy issues in NDP;
- More steps should be taken to combat corrupting in the public sector;
- There should be increased access to information which is essential for effective decision making and good public sector administration and management;
- There needs to be an inclusive and participatory process for all stakeholders to engage in effective implementation of the NDP.

6.4 Environment

The environment report finds that there has been particularly good performance in the area of water management which has largely been the result of strong coordination mechanisms. However, the report states that in other areas, inter-sectoral coordination has been a constraint, particularly with regards to addressing decreasing levels of forest cover. The report finds that environmental concerns are scattered over 14 sectors/sub-sectors of the economy and this has impacted on their implementation and integration.

Similarly, like most other cross-cutting issues, the NDP results matrix is reported to have not adequately embedded environmental development indicators and there is an absence of baselines for almost all the environment related NDP interventions. As such the report recommends that:

- Sectors are supported to develop baselines during the remaining NDP implementation period;
- UBOS reviews its statistical systems to integrate environmental indicators into its key surveys;
- Inter-sectoral coordination to address depletion of forest cover are instituted and operationalised.

6.5 Gender

The gender report finds that gender is not adequately mainstreamed in the NDP implementation and results frameworks. However, the inclusion of the gender equality index as a key macro level indicator in the NDP is said to be notable. That said, beyond the gender equality index, there is reported to be no deliberate consideration of gender in the strategic direction, or socio-economic development indicators of the NDP. Besides the women specific indicators, the NDP development, macro and sector level indicators are largely gender neutral and none of the specific targets are sex disaggregated with the exception of education. This implies that there will be little basis for measuring the progress made by the NDP towards promoting gender equality and women's empowerment at a macro and sector level. As a result, the sectors may not be very accommodative of gender commitments.

The report recommends that:

- NDP monitoring and evaluation strategies should be adapted to contain verifiable and measurable gender-specific indicators;
- MDAs and local governments should be supported to produce gender disaggregated statistics.

6.6 Child rights

The child rights report finds that there has been mixed performance in the area of child rights during the first phase of NDP implementation. However, assessment of specific child rights results during NDP implementation is not possible due to a lack of indicators related to this cross-cutting issue. As such, the report recommends incorporating child rights indicators into the NDP monitoring matrix. Further, the report states the child protection related issues should be included in national surveys such as the UNHS and UDHS to improve M&E of this cross-cutting issue.

7 CONCLUSIONS AND RECOMMENDATIONS

7.1 Summary of overall findings

Performance against the majority of NDP theme and objective indicators has generally been disappointing

We have obtained data sets for as many of the NDP theme and objective performance indicators as we could. Since July 2010, Uganda has faced economic challenges in common with other parts of the world which has had a negative impact on the overall growth rate which fell from 6.7 per cent in 2010/11 to 3.2 per cent in 2011/12.

Despite this, exports have strengthened from 10.8 per cent of GDP to 16.1 per cent over the same period. There is poor access to employment data in Uganda and it is not possible to make any robust analyses of trends in the overall labour market (formal and informal). 2011/12 saw a 60 per cent increase in the volume of freight traffic on Lake Victoria and a 14 per cent increase in the volume of air cargo, but a 0.5 per cent fall in rail freight. Installed electricity capacity increased from 492 to 778 kWh over the two years to June 2012. The proportion of people living in urban areas increased from 13.0 to 14.7 per cent, well ahead of the NDP target of 12.0 per cent. There are some very encouraging signs in the ICT sector, with for example, the number of mobile phone subscriptions in Uganda rising from 12.8 million in December 2010 to 16.7 million in December 2011. Over the same period, fixed line subscriptions increases from 327,000 to 465,000 and tele-density rose from 41.4 to 52.1.

A few successful health sector results have given further positive messages about the provision of social services moving from 2010/11 to 2011/12. These include an increase in the proportion of baby deliveries in health facilities from 39 per cent to 41 per cent (up from 33 per cent in 2009/10); a rise in the proportion of approved health posts filled from 56 per cent to 58 per cent; and an increase in the number of health facilities with no stock-outs of tracer drugs from 43 per cent to 70 per cent. There was also an encouraging increase in access to safe water in urban areas from 66 per cent to 69 per cent, but a slight fall in rural areas' access to safe water from 65 per cent to 64 per cent.

However, despite a fall in the percentage, absolute population growth meant that almost 600,000 additional rural Ugandans received access to safe water in 2011/12. The proportion of households with access to safe and effective sanitation has stagnated at around 70 per cent for three years, and there have been some worsening trends in the pupil to latrine ratio in schools.

Worryingly, there have been several reported major reversals of some key human development and socio-economic trends between 2010/11 and 2011/12, such as:

- A decline in life expectancy from 54.0 to 52.2 according to one data source;
- A drop in the Human Development Index from 0.446 to 0.422;
- A fall in the Global Competitiveness Index from 119th to 123rd place;
- A stagnation of income per capital in constant prices at US\$ 487 in 2011/12 and US\$ 485 in 2010/11, but down from US\$ 506 in 2008/09;
- A small 1 per cent increase in the total enrolment into primary schools (but not high enough to match population growth);
- A decline in P3 literacy levels from 57.6 per cent to 47.9 per cent and in P6 literacy levels from 50.2 per cent to 41.3 per cent;
- A fall in the contraceptive prevalence rate from 33 per cent to 30 per cent;
- A reduction in the immunisation coverage of infants with the DPT3 vaccine from 90 per cent to 83 per cent.

There are also remaining challenges to reversing the spread of environmental degradation in Uganda. Forest cover and wetland cover (two important indicators in the NDP results framework) have fallen significantly over the past few years. Forest cover was a stated 18 per cent in 2009, down significantly from 50 per cent in 1990 according to GAPER 2011/12 and wetlands cover down from 16 per cent in 1994 to 11 per cent in 2008. Significant improvement is needed in more regular monitoring and evaluation of the most important aspects of environmental sustainability.

Baseline and target setting in the NDP results framework needs improvement

Around half the baselines and many annual targets are missing for the NDP performance indicators, making it difficult to assess progress in many important areas. A few targets appear strange as they show less ambitious performance than current levels. One or two targets, for example the 100 per cent access to safe water in urban areas are clearly unachievable without financing levels well in excess of this NDP. It might also be better going forward, to aim to measure fewer things, making sure that good data are available.

Population growth is a major constraining factor to the achievement of several key development targets

Uganda's population is growing at an estimated rate of over 3 per cent per year, making it one of the fastest growth rates in the world. There is the potential to reap a 'demographic dividend' at some point, if a well skilled labour force can contribute to economic growth, supporting a relatively small proportion of elderly people outside of the workforce. But this is by no means a certainty and there are currently significant challenges. For example, providing health care services to a growing number of women and children, educating an extra million or so children each year in primary schools, providing water supply to more and more people, and generating enough jobs to enable significant numbers of farmers to move out of subsistence agriculture. At the same time, there is significant unmet demand for family planning and this is a strong case to say that this should take centre stage in the results framework and in development initiatives more generally. There is also the need to encourage and support young people to get employment skills and to link this to the unmet demand for family planning.

There is widespread agreement on the importance of equitable development around Uganda, but little recognition of this in the results framework

The PEAP placed a major focus on poverty reduction. The NDP looks more at economic growth with the spread of benefits in terms of jobs and socio-economic development. The strategic direction of the NDP includes the provision of large scale infrastructure

projects which will catalyse industrial development and economic growth. There are large amounts of money dedicated to this national level projects which, together with recent increases in the number of district level administrations in Uganda, has reduced the proportion of resources being available for service delivery at the local level. The Government and development partners are supporting development in the poorer parts of Uganda through large projects such as PRDP, but there is still a danger that economic growth will create greater inequalities in Uganda and there is some evidence that this is happening. Monitoring equity in national development needs to be a core part of the results framework going forward, with strong disaggregated analysis by region of all key development indicators and consideration of a new indicator which measures changes in the distribution of wealth / poverty by region in Uganda.

Weak public sector management, poor accountability for results, corruption and mind sets are still major constraints to national development

These issues are at the core of two of the most binding constraints to development identified in the NDP. Slow progress is being made to strengthen public sector management with proposed institutional reforms remaining unimplemented, procurement processes remaining slow and inefficient, corruption remaining widespread and attitudes remaining entrenched. Some good steps are being taken such as the more widespread introduction of performance contracts across the public service, but there is a need to introduce much stronger incentive and sanction mechanisms to reward good performance and to deal with inefficiencies and corruption. The next NDP might consider innovative ways to reward good performing MDAs based on the achievement of NDP driven results.

The implementation of core projects and other development investments is being seriously constrained by limited access to finance and land disputes. One of the best things of the NDP has been to prioritise 15 core projects for implementation during the 5 year period. This has provided an element of focus and common understanding and agreement of some major development priorities. Unfortunately, it has not been as

straightforward as originally envisaged to complete these projects due mainly to challenges in accessing finance and dealing with land disputes. Several of the core projects are likely to remain work-in-progress by 2015. Lessons are being learned and it will be possible to more carefully select priority projects for the next NDP which are more 'investment ready' at the start of the period and are more likely to be fully implemented and beneficial to the development of the nation.

Development planning is considered in piece-meal way and many potential synergies and intra-sector efficiency gains remain untapped

The first NDP is an impressive attempt to bring together the development priorities of Uganda behind an overall strategic direction. The egg concept has been used to distinguish sector contributions as either primary growth, complementary, social or enabling. This has helped to structure a set of initiatives geared towards overall national development, but more could be done to enable the synergies between / across sectors to be realised. This would be easier if there was a set of overarching drivers of prioritisation and resource allocation that cut across sectors, for example the transformation of agriculture, skills development and urbanisation.

There remains huge potential for streamlining the strategic direction for national development in Uganda and there have been some steps in the right direction

It is clear that there is significant scope for national development in Uganda and the Vision 2040 provides an inspiring view of the future of the nation. The journey will not be easy, but there are some initial signs of progress such as in the areas of tourism and ICT. There is also without doubt large scope for development in other areas such as supplying more water for production (which is only a fraction of the potential) increasing farm yields (which are often significantly lower than farm trials), developing human resource capacity (from a relatively low base) and increasing regional trade. It is therefore crucial that the Vision 2040 is made the focal point for all sector investments plans, medium term expenditure frameworks and annual public sector budgetary allocations, as well as civil society organisation (CSO) and private sector investment priorities.

The current levels of funding for national development are not enough to achieve many of the NDP targets

The on-budget NDP cost envelope over the 5 years was estimated at UGX 51,000b and the on-budget MTEF managed by MoFPED is expected to reach around UGX 47,000b. But this does not give the full picture of required funding as the NDP also assumed UGX 20,000b of off-budget finance and UGX 17,000b of funding which would be generated elsewhere, primarily from the private sector. Coupled with the fact that economic growth and tax take has been lower than expected in the first half of the NDP period, the overall picture suggests there will not be enough funding to implement all parts of the NDP. The situation in some sectors is even more striking, for example in the water and environment sector where water coverage targets seem very ambitious.

There is misalignment between sector financial allocations in the NDP and the MTEF, but some recent trends are in the right direction

Over the 5 years to 2014/15, the NDP allocates significantly greater proportions of funding for health, education, tourism trade and industry, works and transport, and agriculture than what MoFPED has done and has been planning to allocate so far. The experience in the last three years is that MoFPED MTEF has allocated significantly greater proportions of funds for public administration, legislature, public sector management and security. However, there is some evidence that the alignment is getting closer over time. There is also strong evidence that primary growth sectors are receiving significantly higher proportions of funding over time, but admittedly from a low base.

There are major differences in the ratio of financial releases to budgets across sectors

It is dangerous to base analysis of sector funding purely on amounts allocated as there can be very big differences between what is budgeted and what is spent for several reasons. Firstly, some sectors like energy have not spent full allocations as some large infrastructure projects have been delayed due to land disputes and slow procurement.

Secondly, there have historically been large supplementary budgets which have typically seen extra allocations during the course of a year to sectors like defence and public administration.

There is not always a strong linkage between NDP priorities and projects that appear in the Public Investment Plan

There is certainly some misalignment *between* sector financial allocations within the NDP and allocations within the MTEF. However, a bigger issue is the misalignment of allocations *within* a sector. Indicative analysis suggests that only a relatively small proportion of NDP priority sector projects are funded through the Public Investment Plan, and even if NDP projects are funded, this is not based on any firm prioritisation process.

Administration costs are taking a growing proportion of development spending, leaving less for the delivery of services at local government level

Funds are allocated to local governments in Uganda for 8 of the MoFPED sectors – agriculture, works and transport, education, health, water and environment, social development, public sector management and accountability. In 2010/11, the amount of funding released to local governments was UGX 1,507b, rising only slightly to UGX 1,595b in 2011/12, implying a significant fall in real terms when there was double digit inflation. Overall, local government received 19 per cent of the budget in 2010/11, rising to 21 per cent in 2011/12, but this is forecast to fall to around 18 per cent in 2012/13. This can be partly explained by the plans to spend more on national infrastructure projects, but it does imply a further squeeze on local government funding at a time when service delivery can be very challenging at the local level. Over the first three years of the NDP implementation, education is seen to be the only sector witnessing an increased proportion of funds going to local governments. Another recent development has been the increase in the number of districts which has inevitably increased the costs of administration of services and reduced spending on service delivery. The overall results framework for the NDP can be simplified and used as the primary barometer for national development

There has been some admirable work to make the NDP results framework comprehensive and it clearly links to the theme – objective – key result area / critical constraint logic of the main NDP document. There have, however, been some challenges to obtain baselines and to set target levels of performance for many indicators. There are also some overlaps in the indicators in the different levels of the results framework, and arguably some key areas of development outcomes have been omitted. The NDP is so central to the development of Uganda, linking as it does to the Vision 2040, that the results framework can be strengthened to become the most important framework for assessing socio-economic progress in the country.

The NDP is effectively a Government plan, focused on results of MDAs and local governments only, and can be expanded in its scope

It is widely recognised that the first NDP is effectively a Government of Uganda development plan, primarily setting out what GoU will do to develop the nation. Future plans can incorporate much more developmental action from civil society and the private sector as its conception moves more towards a plan which the whole country can get behind. The results framework will need to reflect this, for example by analysing indicators such as water supply, education and health by service delivery entities of government, CSOs and private providers. It will be a challenging task to collect this data and steps will be needed to incentivise non-state actors to provide it. The roles of individual households, communities and the private sector in achieving the Vision 2040 results need to be emphasised more in future NDPs, as it is true that without strong buy-in and committed efforts from non-state actors, much of the socio-economic and development targets aspired to in the Vision 2040 will remain unattained.

7.2 Key issues to be addressed going forward

Generating more financial resources to finance priority national development results

The first NDP and the Vision 2040 have some ambitious development goals and targets which will require an extensive amount of investment. The main source of revenue for most countries is from the domestic tax base and it is worrying that Uganda collects such

a low proportion of GDP as taxation compared to many other countries. There is scope in Uganda to develop more innovative public-private-partnership (PPP) financing arrangements, to renegotiate funding relations with development partners and to endeavour to better focus the efforts of NGOs on more coordinated national development.

Focusing more specifically on the most important priorities for national development

The first NDP is a very comprehensive document. This is one of its strengths, but it is also one of its weaknesses in the minds of some. The core projects provide good focus and the next NDP needs to expand on this to provide a clear sense of development priorities. For instance, it will be very helpful both from an implementation management and a public relations / communications perspective to set out the key development milestones which are aimed for at the end of each year for the next and subsequent NDPs, showing how these clearly pave the way on the critical path towards the Vision 2040.

Strengthening mechanisms for allocating resources to the key development priorities

In addition to generating more resources, existing and future resources need to be used more efficiently and effectively. Part of this is again assessing the allocation money between sectors, but it is more important to make sure that resources get targeted to priorities within sectors (for example by strengthening the links between the NDP and the PIP process), and to generate much more cross-sector synergy and effectiveness (for example by allocating at least a proportion of funds for broader development initiatives supported by several sectors). Several of the development goals of Uganda require effective implementation across more than one sector and will require a process of joint outcome mapping between sector MDAs and NPA to track progress towards them. Some good examples are the:

- Tourist sector which, to develop to its full potential, also needs targeted investment in airports and air services, roads, the electricity grid, vocational training, export promotion and environmental protection;
- Agriculture sector which requires coordinated provision of extension services / information access, water for production, supply of phosphates / fertilisers, land reform, credit and roads;
- Oil and gas sector which needs appropriate road and rail transport infrastructure, technology, good governance, peace and security, environmental management and specially trained human resources;
- Manufacturing / industrialisation which requires the provision of land, transport infrastructure, vocational training, raw materials from the agriculture sector and social services for workers and their families;
- ICT sector which requires targeted investment in high speed ICT infrastructure, education and training, and industrial development.

The Minister of State for MoFPED (Planning) in a speech on the challenges and measures to improve service delivery on 13 March 2013 concluded by stating that “the challenges...are deeply rooted and systemic...It is imperative that a new approach is sought and vigorously applied...Building on the gain of The Sector Wide Approach, establishing a cluster mechanism would enable greater harnessing of synergies between sectors”.

Speeding up the implementation of core / priority projects

The Vision 2040 document also identifies a set of core projects which it sees as fundamental to the development of Uganda. Some of these, such as irrigation schemes, the phosphate industry in Tororo, an iron ore industry, a standard gauge rail network, an oil refinery and associated pipeline, HEP projects and science and technology parks are included in the 15 core projects of the current NDP. Some of these will need to continue / be expanded in future NDPs whilst others will need to come on board in a carefully prioritised and sequenced manner. Other core projects in the Vision 2040 include a hi-

tech ICT city, the development of five regional cities and five strategic cities, four international airports, a national multi-lane road network linking cities, skills development centres, a nuclear power plant and national referral hospitals in each regional city. These projects emphasise the future planned importance of urbanisation in particular. The Vision 2040 also proposes the establishment of a Uganda infrastructure fund which would presumably be used to fund a proportion of these core projects.

Addressing the critical development constraints in a more focused and effective manner

The first NDP sets out a strongly argued case for the recognition of seven types of binding constraints – weak public sector management and administration; inadequate financing and financial services; inadequate quantity and quality of human resources; inadequate physical infrastructure; gender issues, negative attitudes, mind-set, cultural practices and perceptions; low application of science, technology and innovation; and inadequate supply and limited access to production inputs. The Vision 2040 document takes a slightly different, but related, assessment and lists constraints in Section 1.4 as:

- Low competitiveness;
- Weak public sector management and administration ;
- Ideological disorientation;
- Low industrialisation and value addition;
- Corruption;
- Limited Government investment;
- Slow accumulation of modern infrastructure;
- Inadequate human resource;
- Low levels of saving and inadequate revenue collection;
- Unfavourable demographics profile.

It will be useful to reassess the categorisation of the critical constraints for the next NDP and to develop initiatives to tackle them, phasing attention to and resourcing for proposed solutions in the most efficient and effective ways.

Tackling the District level funding and capacity challenges

It is evident that reduced amounts of finances are reaching local governments for service delivery and investments due to a proliferation of districts and associated increased in administration costs on the one hand and the fact that larger amounts of resources are being dedicated to national development projects, particularly in energy and transport. Major issues to address going forward include how to agree development priorities at the local level that are aligned to the national plan and Vision 2040, how to allocate and manage the effective use of funds in the decentralised system and how to ensure that there is equitable development across Uganda.

Improving the quality of strategic development data collection and analysis

There are many entities collecting and analysing development results data in Uganda, though many of them are impromptu and some are unofficial. There is however, a major lack of reliable data for measurement and analysis of progress in some fundamental areas of the NDP, especially outcome focused ones such as:

- The overall number of new jobs being created in more formal and informal sectors, analysed by geography, sector, skill level etc.
- The value added and competitiveness changes that are needed in key growth sectors such as agriculture, tourism and manufacturing;
- The efficiency levels in the economy.

There is an opportunity for the NPA to play an important role here, analysing trends in the most important development data and conducting / commissioning studies to understand causes and to provide guidance to sectors on how to change policy and programming to have greater developmental impacts for Uganda. There is also an opportunity to align the indicators in the NDP with JAF indicators, producing a small consistent set built up from both sources, and bringing in a few new outcome-based strategic development indicators (including some that may need to be mapped jointly by more than one MDA). This alignment would do a lot to focus GoU and development partner thinking and attention on the NDP and also has the potential to harness greater amounts of donor funding for the NDP. There is also another potential opportunity in aligning NDP

indicators with the periodic surveys undertaken by the Uganda Bureau of Statistics (UBOS), including synchronising the timing of the most relevant surveys to correspond with the NDP M&E framework.

Making the NDP more inclusive, simpler and easier to fund

People we interviewed expressed several different interpretations of what the NDP currently is. For example, many at the NPA see the NDP as a very comprehensive national plan which informs all sectors and all local governments on what they need to do over a five year period with minimum scope for deviation. Others in Government suggest that the NDP provides a strong strategic steer to sectors which guides them in what they do, but does not dictate to them. Most DPs see the NDP as something they align to, but mainly because the NDP is such a broad document that almost everything they do is referred to. NGOs and private sector entities give a mixed response in their views about the NDP, but agree that it is primarily a *Government* development document and they would like the next NDP to become a broader *Uganda* development document.

In fact, it is broadly recognised that the current NDP is primarily a Government plan which sets out how sector MDAs will contribute to the development of Uganda. For the ambitious Vision 2040 to be realised, this will involve a concerted effort of not just Government, but also civil society and the private sector. A key challenge will be to harness the comparative advantages of each major grouping, to share more performance data and to develop the nation in a more coherent and coordinated manner along a well-defined critical path for national development.

The last PEAP differed from the current NDP in several ways. One of these was that the PEAP was structured into pillars which made it easier to communicate and understand. An option going forward would be to agree on pillars for the next NDP which would then be aligned to objectives, priorities, indicators and funding mechanisms. If done well, this has the potential to secure greater commitment and finances for NDP2.

7.3 Recommendations for the remainder of the first NDP period

Consideration of the key issues set out above leads to the following recommendations for the remainder of the first NDP:

- Strengthen systems for the cost-benefit analysis of development projects, building up capacity in NPA in particular to facilitate this across the different sectors;
- Identify and agree the three most important national development priorities (in terms of key projects / initiatives) for each of the current 16 MoFPED sectors; make sure these are feasible for completion in the remaining NDP period and by so doing create an interim mechanism to align the NDP priorities more closely with MTEF priorities;
- Set up a strong system for monitoring progress on core projects / national development priorities, making sure that this combines key milestone tracking, risk management, financial monitoring and results;
- Review the Chart of Accounts used by MoFPED so that it can accommodate all major items / requirements of the development priorities;
- Hold discussions between NPA and MoFPED (in September 2013) to agree on key development objectives for the remainder of this NDP which will be used for the establishment of sector outcome statements in the next round of Ministerial Policy Statements and Budget Framework Papers and for prioritisation of projects in the next PIP;
- Agree on sector budget allocations for 2013/14 and 2014/15, with clear trend for increasing alignment to the NDP;
- Hold discussions between NPA and OPM and pilot a more NDP centric GAPR for 2013/14, improving this in 2014/15;
- Hold discussions between NPA and the LDPG and agree on a revised JAF reporting framework linked more closely to the NDP;

- Consult and agree on the results framework to be used for the next NDP, making this more streamlined and focused on the most important strategic objectives for 2015/16 to 2019/20 linked to the Vision 2040;
- Consider developing something like the 'Top 10' or 'gold medal' development indicators to focus minds and public attention – each of these can then be thoroughly analysed by geographical region, gender, income group etc.;
- Hold discussions between NPA, UBOS and OPM to streamline and improve surveys for development data collection, making sure that the Population Census is conducted as soon as possible and strengthening regular collection of employment, poverty and environmental data in particular;
- Run a series of events for SWGs, explaining the need to align sectors to the NDP (and hence the Vision 2040) and set wheels in motion for the development of SIPs for all sectors from 2015/16 to 2019/20 aligned to the overall NDP results framework.

7.4 Recommendations for the next NDP

Some of the key issues identified in this report have an important bearing on the development and implementation of the next NDP. These include:

- Consider establishing a more focused theme for the next NDP, aligned to the Vision 2040 and with sequencing of implementation on a more clearly defined critical path to overall national development;
- Consider focusing on a smaller set of no more than 6 strategic development objectives which are all outcome focused and cut across multiple sectors; and set no more than 3 'gold medal' indicators for each one (maximum 18 in total), with ideally an overall 'Top 10' indicators to focus minds and public attention;
- Do much more to focus on an understanding and communication of national development as measured against the 'gold medal' indicators, ensuring that data is available and analysed by District, region, gender, income group etc. for each one where applicable;

- Consider the implementation of innovative systems that link MDA performance rewards to the achievement of NDP objectives and targets;
- Build research capacity at the NPA through adoption of development research as a core function of the organisation, and commissioning and conducting special studies focused on key development constraints and opportunities related to the delivery of cross-sector strategic objectives and outcomes;
- Ensure that all aspects of the planning, budgeting, financing and implementation of development projects are fully aligned to the NDP so that, in particular:
 - All activities, outputs, outcomes and indicators in Budget Framework Papers and Ministerial Policy Statements (and by implication in the Output Based Tool or any replacement) are 100 per cent aligned to a stated NDP priority;
 - The PIP only contains projects which are set out in the NDP;
 - Sector investment plans are fully aligned to the PIP (and therefore to the NDP).
- Make the 5 year NDP fully synchronised with other major planning and financing mechanisms so that it matches with a 5 year MTEF, a 5 year PIP and 5 year SIPs which all start and end at the same time as the NDP;
- Consider a fundamental change to how resources are allocated , by introducing a full or a partial programme-based budgeting approach so that money can be allocated to cross-sector outcomes like skills development or agricultural transformation, allowing greater coordination across sectors and greater efficiency of the use of resources;
- Introduce an annual NDP stock-take process with some limited scope for modifying the plan during the course of its implementation, whilst it keeps major national development priorities constant;
- Use the NDP as the ‘centre piece’ for all major national level performance monitoring, evaluation and reporting – this will require fundamental reform of the GAPR, changes to the format for sector performance reports and refinement of JAF reporting, linked to the other recommendations set out above.

Annex 1. District reports

Kamuli District

Introduction

As a crucial part of the approach for assessing mid-term progress and results of the NDP in Uganda, it was pertinent to track down some indicators to sub-national level. Among other things, this was intended to determine how progress against specific NDP objectives and strategic investments manifests itself under different social-economic and geo-political circumstances in local governments. It was also intended to identify differences, if any, in the factors that have influenced attainment of these results in different local settings, as well as to identify the similarities and/or differences in the outstanding constraints hampering effective attainment and/or sustainability of NDP results in different parts of the country. Like in the rest of other sampled districts, assessment of the level of attainment of NDP results in Kamuli district focused on the following key indicators of NDP overarching objectives and strategic investments: changes in incomes and employment; changes in basic health indicators; changes in people's accessibility to economic infrastructure; and changes in people's accessibility to critical production inputs.

The following are the findings on each of the sampled indicators which have been mainly gathered through talking to a cross-section of stakeholders in the district (including district technical heads and political leaders, representatives of farmer and business communities as well as financial institutions) and reviewing district plans, budgets and sector performance reports.

Changes in the status of people's incomes and employment and factors that have influenced these changes

Most stakeholders contacted during the NDP review in Kamuli district tended to agree that there has been a positive shift in people's income in the district during the last three years. Though not based on quantified evidence, most district officials and other stakeholders contacted in this review contended the position that people incomes levels have been improving. They used the "visible" changes in household consumption patterns and other welfare-related indicators as proxy indicators of a positive change in household income the district. Overall, it was observed that peoples' consumption of

basic household welfare commodities (sugar, salt, soap, clothing, etc.⁷) has been on a growing trend since 2001. A recent assessment by the district NAADS program revealed that at least 60 per cent⁸ of the households in the district have had sustained consumption of the basic welfare commodities including better housing facilities during the period 2008 to 20011.

Some of the factors that have influenced this change in Kamuli over the last three years were named to include:

A growing monetisation of agriculture production, which has been attributed to emergence of a high demand for all kinds of agriculture products (food and non-food), has taken place in the district (including demand originating from other countries in the region). This factor has led to higher access to monetary income than before, even for peasant farmers.

Better access to business financial services by farmers, traders and other service entrepreneurs as a result of penetration of commercial banks and micro deposit-taking institutions (5 in number); proliferation of savings and credit cooperative institutions as well as creation of village saving and lending clubs in almost all villages in the district.

Increased effort by the NAADS program to promote market oriented agriculture production and introduction of improved seed and livestock varieties as well as better production technologies.

However, a positive income status notwithstanding, most district stakeholders felt that there has not been much improvement in the level of employment generation in the district. Their biggest concern was that many more people are entering the working bracket at a far faster rate than the rate of growth of jobs in the district economy. Similarly, there have not been significant changes in the main areas of employment in the district. Subsistence agriculture remains the highest employer (estimated at about 88 per cent) followed by trade and services (estimated at about 10 per cent), and artisan and small scale manufacturing (estimated at about 1 per cent)⁹.

The main outstanding factors hampering effective employment generation in the district include: a high fertility rate; limited investment by both local and national governments in

⁷These are regarded by UBOS to be basic consumption commodities that demonstrate the level of poverty at household level using the consumption model.

⁸ District Livelihood Assessment, District NAADS Programme, 2011.

⁹ These estimates were based on the general consensus by district stakeholders and not on empirical data.

job creation; poor attitude to work (on average people are working for just 3 hours a day) etc.

There is also a growing threat of underemployment especially in the peasant agriculture and informal sectors, which, unfortunately, are on the rise. People earn less than the value of the energy, the time and the resources they invest in their economic ventures. This is mainly due to low productivity, low prices, and low wages.

Changes in the state of basic social indicators (Safe water coverage, maternal and child mortalities) and factors that have influenced these changes

It was generally acknowledged that Kamuli district has experienced some noteworthy improvements in the quality of health services in the last three years. For example, all district stakeholders agreed that maternal mortality had been reduced mainly as a result of improvements, though minor, in the proportion of mothers delivering under professional care (which shifted from 39 per cent in 2010/11 to 41.3 per cent in 2012/13)¹⁰. Equally, child mortality (both infant and under five) was reported to have been reduced as a result of the improved health services and improved access to safe water (61 per cent in 2012)¹¹ as well as improvements in household sanitation (83 per cent latrine coverage in 2011)¹².

These perceptions were found to be in line with the district scores on the quality of health services as reflected in the national annual health management information system. According to the National League table (of the Annual health sector performance report), there have been some notable improvements in the quality of delivery of health services in Kamuli district in the recent three years. For example, the district's ranking in respect of quality of health coverage, quality of health care as well as management of the health delivery processes moved from a 29th position in 2010/11 to a 19th position in 2011/12¹³ out of the over 110 districts in the country. Obviously, the improved ranking in health services delivery attested some degree of improvement in the basic health indicators.

Maternal and infant mortality have also been reduced by other specific factors including; increased supply and use of mosquito nets; increased access to HIV preventive services for pregnant mothers; support from private and civil society health providers; a significant

¹⁰ National League Table 2010/2011 and 2011/2012, Ministry of Health.

¹¹ District Water sector annual Performance report, 2012, Kamuli District.

¹² National League Table 2010/2011 and 2011/2012, Ministry of Health.

¹³ Rankings of Local governments in the delivery of health services, National League Table 2010/2011 and 2011/2012, Ministry of Health.

rise in government budgetary contribution to primary health care services¹⁴ in the district; an effective government policy promoting integrated approach to child health care; etc.

Remaining challenges with regard to delivery of maternal and child health services in the district include; inadequate referral services; household poverty which limits mothers' attendance to professional antenatal and delivery services (mainly limiting timely reach to health facilities); a significant presence of negative beliefs and attitudes regarding delivery in health centres; neglect by central government of other tropical diseases that are excluded in the primary health care packages yet they present peculiar health problems to the district; etc.

Changes in the state and stock of economic infrastructure (roads, power, and financial services) and factors that have influenced these changes

There has been a slight improvement in the state of road network in the district during the period under review. Different government-supported programmes have supported road rehabilitation and maintenance activities in the district resulting into an increase in the stock of motorable roads in the district. Leading amongst such programs is the Community Agriculture Infrastructure Improvement Program (CAIIP) where 200Kms of community access roads have been rehabilitated and upgraded to first class gravel roads and consequently taken over by the district. Other government support to the roads sector has included the conditional grant for road maintenance which is channelled through the Road Fund; and the Local Government Management and Service Delivery program (LGMSD). The situation has also been improved by the provision of road equipment and adoption of the Force Account approach to road maintenance.

Outstanding challenges with regard to the road sector include: shortages in government funding in relation to the total inventory of feeder and community roads that the district and sub-counties have got to maintain; weather and topographical factors that limit motorability of district and community roads especially during rainy seasons; difficulties in obtaining basic road maintenance materials (such as gravel), a factor that leads to higher unit costs of road maintenance than what is provided for by central government under the local government road grants; etc.

With regard to financial services, it was noted that the district is witnessing a significant positive change in the rate of financial services penetration. The presence of formal commercial banks in the district has expanded with the opening up of 3 commercial bank

¹⁴ Government contribution to PHC in the district grew from Ushs 774m in 2009/10 to UGX 2,300m in 2011/12).

branches and 2 deposit-taking micro finance institutions. In addition, there has been a significant growth in the number and capacity of non-formal financial institutions including SACCOS and village savings and lending associations/ clubs (VSLAs). Consultations with some of the financial institutions reveal a three pronged growth trend: growth in number of clients; growth in range of financial products offered; and growth in the size of financial operations (e.g. savings and loan portfolios).

However a number of challenges have tended to slow down the rate of penetration of financial services in Kamuli district, especially the rural areas. The main remaining challenges pointed out in the mid-term review included: the high cost of accessing financial services by rural based communities; the poor saving culture (most people are keen borrowing and not on saving); the banking sector is not adequately friendly to farming communities who constitute the majority of the potential clientele for financial institutions; a high rate of business failures due to limited capacity of the entrepreneurs and adverse climatic factors amongst other natural disasters; interruptive government policies and interventions (such as the policy to promote one SACCOs per sub-county which interrupted the natural growth of SACCOS); etc.

Changes in access to critical inputs for improved production and productivity (water for production, and fertilisers) and factors that have influenced these changes

Despite a few initiatives by government and other partners, agriculture production and productivity in Kamuli district has not significantly benefited from use of water for production, irrigation and / or fertilisers. The District NAADS programme attempted to introduce treadle pumps irrigation in a few of its operational areas in the district but the utilisation and adoption rate of this technology has been very low. The initiative by the FIFOCO program to support soil fertility enhancement, irrigation and forestry development did not yield much result either. It has been reported that farmers are not very enthusiastic on adopting irrigation practices. Similarly, use of fertilisers by farmers has been very minimal. There were similar concerns that although the NAADS programme has endeavoured to educate farmers about the use of fertilisers to boost production and productivity, and has, in fact, supported a good number of them (1,500 farmers in 2012) by supplying them with fertilisers to demonstrate the potential benefits, very few farmers have adopted the practice.

A number of factors have impacted on the rate of adoption of irrigation and use of fertilisers by the farming communities in the district. These include, inter alia, absence of sustainable sources of water for the majority of farming communities in the district; the

high costs of acquiring irrigation technologies by the common farmers; high cost of acquiring fertilisers especially the small holder farmers with meagre working capital; counterfeit fertiliser products which have been a major disincentive to farmers; etc.

Masaka District and Municipality

Introduction

As a crucial part of the approach for assessing mid-term progress and results of the NDP in Uganda, it was pertinent to track down some indicators to sub-national level. Among other things, this was intended to determine how progress against specific NDP objectives and strategic investments manifests itself under different social-economic and geo-political circumstances in local governments. It was also intended to identify differences, if any, in the factors that have influenced attainment of these results in different local settings, as well as to identify the similarities and/or differences in the outstanding constraints hampering effective attainment and/or sustainability of NDP results in different parts of the country.

Like in the rest of other sampled districts, assessment of the level of attainment of NDP results in Masaka district and Masaka Municipality focused on the following key indicators of NDP overarching objectives and strategic investments: changes in Incomes and employment; changes in basic health indicators; changes in accessibility to economic infrastructure; and changes in accessibility to critical production inputs.

Following are the findings on each of the sampled indicators which have been mainly gathered through talking to a cross-section of stakeholders in Masaka district/municipality (including district/municipality technical staff and political leaders, representatives of farming and business communities as well as financial institutions) and reviewing district/municipality plans, budgets and sector performance reports.

Changes in the status of people's incomes and employment and factors that have influenced these changes

There was a general consensus amongst all district stakeholders contacted during the NDP review that the level of household income in Masaka district has been on a rising trend since 2009. This was mainly attributed to positive developments in the agriculture sector. The successive improvements in the production and prices of coffee, which is the region's main cash crop; and increase in production of and availability of regional markets (Kenya and Southern Sudan) for pineapples, which is the second main crop, were the two most important developments. According to district stakeholders, the increase in volumes of coffee and pineapple produced by farmers in the district mainly as a result of increased adoption of better farming practices and use of fertilisers coupled with rising coffee prices as a result of rising global demand for coffee have significantly boosted incomes from these two enterprises.

It was also reported that besides the two traditional agriculture enterprises (coffee and pineapples), poultry and piggery farming have become significant sources of household income in the district as a growing number of farmers are engaging in these enterprises. Consequently, agriculture has remained the leading sector in the district, employing over 72 per cent of the working population. The positive developments in the agriculture sector have attracted even more labour force into this sector. The district production department has reported a significant increase in both the number of farmers and average size of farms engaging in coffee and pineapple growing.

Agriculture is followed by trade and services (about 21 per cent) and artisan and small scale manufacturing (estimated at about 3 per cent)¹⁵. It was reported that the boost in agriculture sector has had positive multiplier influences on these other sectors in the district, mainly trade and commerce and the services sector, which have also experienced increased vitality during the same period.

Main outstanding constraints to income and employment generation in the district include: i) absence of sustainable internal market for the main agriculture products; agriculture income is facing high vulnerability to changes in global factors); ii) adversities of climatic and weather conditions continue to disrupt production and productivity; iii) negative attitudes to work especially amongst the youths; etc.

In Masaka municipality, the trend in income changes is pretty similar to that of Masaka district. There is visible evidence of increased vitality in the business sector which accounts for over 70 per cent of the employment in the municipality. The number of new businesses opening up in the municipality has been growing since 2008 (from 343 in 2008 to 1034 in 2011¹⁶). The growth in business vitality has been attributed mainly to the recent boost in the agriculture sector in the municipality's hinterland, increase in remittances from abroad, as well as the boost in cross-border trade at the Mutukula Uganda-Tanzania border post.

Changes in the state of basic social indicators (safe water coverage, maternal and child mortalities) and factors that have influenced these changes

Masaka district has experienced a relatively high standard of health services delivery compared to the rest of the districts visited during the NDP mid-term review. It was observed that during the period under review, the district's national ranking in respect of

¹⁵ These estimates were based on the general consensus by district stakeholders and not on empirical data.

¹⁶ Figures from Municipal licensing department.

quality of coverage and quality of care as well as level of management of health delivery processes moved from a 21st position in 2010/11 to an 8th position in 2011/12¹⁷ out of over 110 districts in the country. On the ground therefore the district made some visible improvements on the NDP basic social indicators. For example, it was noted that the proportion of mothers delivering in health units improved from 57 per cent in 2010/11 to 76 per cent in 2011/12. Equally, coverage of Pentavalent Vaccine (3rdDose) for children improved from 97 per cent to 100 per cent during the same period¹⁸. In both cases the district is over the national averages for these performance indicators.

Arising out these improvements, the district health management information system portrayed some corresponding reductions in maternal and child mortalities in the period between 2010 and 2012. Child mortality declined from (equivalent of) 58/1000 to 36/1000, while maternal mortality declined from (equivalent of) 558/100,000 to 510/100,000¹⁹. However, though declining, maternal mortality figures for the district were still higher than the national average for the same period (438/100,000). This was attributed to the high rate of maternal deaths at the Masaka regional referral hospital mainly as a result of poor ambulance services in the seven districts under the hospital's catchment area.

According to district stakeholders, various factors have contributed to these successes in health services delivery in the district. The main ones highlighted included: i) increase in the stock of health units especially in rural areas of the district (currently over 75 per cent of the district population are within the recommended 5km distance from nearest health units); ii) improved staffing levels in all health units (currently the sector's staffing levels stand at 70 per cent up from 48 per cent two years ago); iii) increased supply of essential drugs in all health units in the district; iv) policy on village health teams has improved accessibility to basic health care and at the same time improved delivery of preventive care services; v) supply of mosquito nets to the most vulnerable sections of the population (children and pregnant mothers) reduced the incidence of malaria; vi) Government programme on integrated community care management which provided focussed services targeted at reducing a wide range of childhood illnesses; etc.

¹⁷ Rankings of Local governments in the delivery of health services, National League Table 2010/2011 and 2011/2012, Ministry of Health,

¹⁸ National League Table 2010/2011 and 2011/2012, Ministry of Health

¹⁹ Referral facilities.

However health services delivery in the district still faces a number of outstanding challenges. The main ones highlighted by district stakeholders included: i) poor referral systems especially to the regional hospital, which contributes to high mortality at this hospital²⁰; ii) inflexible budgetary guidelines making it extremely hard for the district to handle emergencies in health services delivery; iii) poor sanitation at household level; iv) inadequate supply of health facilities and logistics (such as staff houses); v) inadequate facilities for garbage disposal in the municipality and other urban areas in the district; vi) poor human practices and negative attitudes to sanitation especially in the municipality; etc.

Changes in the state and stock of economic infrastructure (roads, power, and financial services) and factors that have influenced these changes

There has been a significant improvement in the state of road network in the district during the period under review. Different government-supported programs have supported road rehabilitation and maintenance activities in the district resulting into an increase in the stock of motorable roads in the district. The leading ones are the Community Agriculture Infrastructure Improvement Program (CAIIP) where several kms of community access roads have been rehabilitated and upgraded to first class gravel roads and consequently taken over by the district. Other government support to the roads sector has included the conditional grant for road maintenance which is channelled through the Road Fund; and the Local Government Management and Service Delivery program (LGMSD). The situation has also been improved by the provision of road equipment and adoption of the Force Account approach to road maintenance.

Outstanding challenges with regard to the road sector include: shortages in government funding in relation to the total inventory of feeder and community roads that the district and sub-counties have got to maintain; weather and topographical factors that limit motorability of district and community roads especially during rainy seasons; limited operational capacity in the district roads section due to shortage of staff and equipment; land tenure system in the municipality limiting opening of new roads; etc.

With regard to financial services, it was noted that there has always been a strong presence commercial banks in the district but most of them have been concentrated in Masaka Municipality with very limited outreach to rural areas. The situation has however

²⁰ Due to poor ambulance services in the catchment districts, most of the cases reaching the referral hospital are in critical conditions and often result in deaths.

slightly changed in the recent years following the coming on board of microfinance institutions that have extended financial services to rural areas. The district has also witnessed increases in the supply of credit from development organisations and government programmes (such as NAADS and Micro Finance Support Centre). In addition, there has been a significant growth in the number and capacity of non-formal financial institutions including SACCOS and village savings and lending associations/clubs (VSLAs).

Hence, there was evidence of an expanding financial sector in Masaka district and municipality. Consultations with some of the financial institutions revealed that there was growth in the number of people dealing with banks, growth in range of financial products offered as well as growth in the size of financial operations (e.g. savings and loan portfolios).

However, the main remaining challenges to effective financial services pointed out in the mid-term review included: i) the high cost of accessing financial services by rural based communities; the poor saving culture (most people are keen borrowing and not on saving); ii) the banking sector is not adequately friendly to farming communities who constitute the majority of the potential clientele for financial institutions; iii) lack of appropriate regulation for SACCOs leading to frequent failures; etc.

Changes in access to critical inputs for improved production and productivity (water for production, and fertilisers) and factors that have influenced these changes

There is a high rate of use of fertilisers by farmers in the district especially coffee and pineapple farmers. This has been attributed to a couple of factors. First, there is a natural demand for fertilisers amongst farmers in the district owing to the fact that soils in most parts of the district have been over-used; second, the increased education and mobilisation of farmers (by NAADS and other programs) in the use of fertilisers; and thirdly increased government spending on fertilisers (it was reported that between 25 per cent to 30 per cent of NAADS annual expenditure in the district was on fertilisers).

There is therefore a very high rate of adoption of fertilisers use as means of boosting agriculture production and productivity in the district. Nonetheless, there are still some limitations hampering widespread use of fertilisers by all farmers. Some of the outstanding challenges noted by district stakeholders included: high costs of fertilisers; shortages in the supply of genuine fertilisers especially during planting seasons; unpredictable weather conditions kill farmers willingness to use fertilisers; etc.

Use of irrigation to support agriculture activities, on the other hand, has not been very successful. Despite the fact that the district production department and NAADS programme have put in some efforts to promote irrigation, the technology has not been widely adopted. Some of the initiatives recently undertaken in the district to promote irrigation include training of farmers on use of surface irrigation (by district department of production in collaboration with African Institute for capacity Development); demonstration on harvesting water for production (by NARO); and provision of watering pumps to selected farmers (by Ministry of Agriculture).

The main constraint to adoption of irrigation technology is the high cost of the technology. There is also a shortage of reliable water sources in most parts of the district.

Moyo District

Introduction

As a crucial part of the approach for assessing midterm progress and results of the NDP in Uganda, it was pertinent to track down some indicators to sub-national level. Among others, this was intended to determine how progress against specific NDP objectives and strategic investments manifests itself under different social-economic and geo-political circumstances in local governments. It was also intended to identify differences, if any, in the factors that have influenced attainment of these results in different local settings, as well as to identify the similarities and/or differences in the outstanding constraints hampering effective attainment and/or sustainability of NDP results in different parts of the country.

Like in the rest of other sampled districts, assessment of the level of attainment of NDP results in Moyo district, focused on the following key indicators of NDP overarching objectives and strategic investments: changes in Incomes and employment; changes in basic health indicators; changes in accessibility to economic infrastructure; and changes in accessibility to critical production inputs.

Following are the findings on each of the sampled indicators which have been mainly gathered through talking to a cross-section of stakeholders in the district (including district technical heads and political leaders, representatives of farmer and business communities as well as financial institutions) in Moyo District and reviewing district plans, budgets and sector performance reports.

Changes in the status of people's incomes and employment and factors that have influenced these changes

There have not been significant changes in the level of people's income in Moyo district during the last three years. According to the district stakeholders, the district has maintained its traditional sources of income and livelihood which include agriculture and fisheries (estimated to engage at least 90 per cent of the working population); trade and services (estimated to engage at least 5 per cent of the working population); civil service (estimated to engage at least 1.2 per cent of the working population); and artisan and fabrication (estimated to engage at least less than 1 per cent of the working population)²¹. It was reported that despite numerous initiatives by government and the private sector to diversify sources of income and livelihood for the district's population, productivity of the

²¹ These estimates were based on the general consensus by district stakeholders and not on empirical data.

main sources has remained either static or deteriorated. It is not surprising therefore that limited purchasing power was identified (by members of the business community interviewed during the mid-term review) to be the main constraint to investment in the district. Government and NGO spending was named to be the leading source of money supply to the district economy. But with the closure of the main refugee camps in the district, income and employment from NGOs and multinational agencies have drastically dwindled in the last three years. Similarly, government spending (especially on development investment) has also been on a reducing scale during the same period (from about UGX 8 billion in 2009/10 to about UGX 2 billion in 2012/13).

Agriculture sector continues to be dominated by subsistence production and small holdings, although there are signs of this gradually changing especially in response to effort by government to promote increased agriculture production through the NAADS and DLSP programmes as well as emergence of higher market opportunities for agriculture products in the neighbouring Southern Sudan State.

According to district stakeholders, numerous factors have been responsible for bringing about this slow growth in income and employment opportunities in the district. Some of these factors are quite peculiar to Moyo district. The leading factors identified included; i) remote location and poor connectivity to the rest of the country (leading to limited markets); ii) low agriculture productivity due poor soils and adverse climatic conditions; absence of hydroelectricity in the entire district discourages investment; iii) negative attitudes to work; iv) high cost of production limit gain from agriculture and bring about disguised unemployment; etc.

Changes in the state of basic social indicators (safe water coverage, maternal and child mortalities) and factors that have influenced these changes

There has been a minimal improvement in access to safe water in the district during the period under review. Statistics from the district water office indicated that the proportion of households accessing safe water in the district increased from 57 per cent in 2010 to 61 per cent in 2012. Equally functionality rate of water point had improved to 78 per cent (from 62 per cent) during the same period. This was mainly due to a number of factors including i) increased budgetary allocations to district water activities by government and other actors (such as AFARD); ii) use of more reliable technologies – e.g. piped water schemes- to reach out to more households than before; iii) vigilance in activation and education of water users committees.

However significant constraints still limit the district efforts to provide better access to water services. The main outstanding constraints raised by district stakeholders included: many areas of the district, especially those along the Nile river are water-stressed (here borehole drilling has proven ineffective); limited operational capacity at the district water department (shortage of vital staff and lack of basic logistics to facilitate effective maintenance of water sources); contracting challenges (such as difficulties in acquiring competent contractors from the private sector who can do effective drilling in the difficult district terrain).

There were some notable improvements in the quality of health services delivery in the district in the last three years, although the situation is far from ideal. The district's ranking in respect of quality of health coverage, quality of health care as well as management of the health delivery processes moved from a 102nd position in 2010/11 to a 72nd position in 2011/12²² out of the over 110 districts in the country. The district made strong stride in improving delivery of health services contributing to better child and maternal health. For example, the proportion of mother delivering in health units improved from 18 per cent in 2010/11 to 33 per cent in 2011/12. Equally, coverage of Pentavalent Vaccine (3rdDose) for children improved from 27 per cent to 50 per cent during the same period²³. However in both cases the district still lies below the nationally recommended service level.

Sanitation has however performed quiet poorly. Statistics in the National league table indicate a significant drop of 19 per cent in latrine coverage between 2010/11 and 2011/12 (from 78 per cent to 59 per cent). The main reasons given to account for this deterioration in sanitation status included: i) negative attitudes to improved sanitation practices; ii) difficulties in construction of pit latrines due to poor soil textures; iii) limitations in enforcement of sanitation regulations and standards mainly due to political interferences; etc.

Changes in the state and stock of economic infrastructure (roads, power, and financial services) and factors that have influenced these changes

The state of roads in the district is generally poor and has been declining. The district has a total of 922 kms of road network comprised of community access roads, district feeder roads and trunk roads. According to records at the District Engineering department only

²² Rankings of Local governments in the delivery of health services, National League Table 2010/2011 and 2011/2012, Ministry of Health.

²³ National League Table 2010/2011 and 2011/2012, Ministry of Health.

19 per cent of this road network was categorised to be in good conditions in 2012. 44 per cent was categorised to be in fair condition implying a partial or seasonal motorability, while 37 per cent was classified to be in poor condition implying total impassability for most of the year. Community access roads are most affected but feeder roads and trunk roads are also in bad shape especially as a result of frequent breakdown of bridges.

A number of factors were given to account for this poor and deteriorating road condition in the district during the period under review. These included: i) the mountainous terrain which make it extremely costly to maintain roads especially during rainy seasons; ii) reducing funding for road maintenance works²⁴; iii) low operational capacity of the district engineering department (the department has inadequate equipment²⁵ and also lacks key substantive staffs; iv) the new government policy on road maintenance which shifted the approach to road gangs is proving ineffective (mainly owing to low pay for gang workers); etc.

Moyo district has had zero access to hydro electricity supply as the national grid is currently not reaching the district. However there were signs that this situation was about to change when a power line that was being constructed at the time of this midterm review was operationalised. Currently, Moyo town council has got a thermal power scheme but this is just for a very small part of the day (for only 6 hours in the evening) mainly to provide lighting at night. Consequently, absence of reliable power has been singled out as the main constraint to economic growth and investment in the district and although there was some hope that, if completed, the new power line being constructed would improve this situation in a few places of the district (such as Moyo Town and a few places along the line), the problem remains critical in the rest of the district. However, use of solar energy for lighting and petty business activities (such as salons and phone charging) has been on the rise during the last 3 years especially in rural growth centres around the district.

Changes in the penetration of financial services in Moyo district have been minimal. The district has had one commercial bank for a very long time and this situation has not changed. However, like most district in Uganda, a number of SACCOs have been established in the district as a result of a recent government policy promoting one SACCO per sub-county. There was a relatively good survival rate for sub-county

²⁴Funding of roads activities in the district reduced significantly after 2011/12 following the closure of the Northwest Community roads program, the UNHCR refugee program as well as reduction in NUSAF2 funding.

²⁵The road Equipment recently supplied to the district by the central government was said to be inadequate and also very weak for the district terrain).

SACCOs in Moyo district²⁶ compared to other districts. Altogether, SACCOs in Moyo district have managed to total savings amounting to UGX 4.6 billion and offer a total loan portfolio of UGX 2.56 billion. However the effect of SACCOs with regarding to supporting effective financial services in the district is still limited due to their limited operational capacity and the narrow demand for credit. As observed from the above figures, the capacity of SACCOs in Moyo district to create credit (which is the most important function of financial services) has been limited. Use of commercial banking services has also been limited due to limited access and the stringent terms and conditionalities offered by the single bank available in the district.

Like in most other districts visited, Village savings and lending associations (VSLAs) are offering a window of hope in Moyo especially with regard to mobilising savings at community level. As it was told, most of the VSLAs have started banking their excess savings with SACCOs which, in turn, bank them with the commercial bank in Moyo town. This presents a good potential upon which strong financial services can be constructed. As noted from the experiences of Moyo SACCO (visited during the midterm review) VSLAs have helped the SACCO to mobilise savings at no cost at all. Women constitute over 60 per cent of the VSLA members in the district and this has been noted to be yet another crucial contribution of these associations.

Remaining challenges with regard to effective financial services in the district include: i) low demand for credit due to limitation in investment opportunities and harsh terms and conditions of borrowing especially interest rate which remains high; etc.; ii) Poor saving culture and negative attitudes to using banks; iii) limited access to formal commercial banks and lack of competitive commercial banking services; iv) inappropriate loan products for agricultural activities etc.

Changes in access to critical inputs for improved production and productivity (water for production, and fertilisers) and factors that have influenced these changes

Despite adverse climatic conditions that were identified by district stakeholders to be one of the main constraint that pose hampers improvement in agriculture production and productivity in the district, use of irrigation as a technology for mitigating on this problem is non-existent in Moyo district. There has been no effort at all to provide irrigation services to farmers in the district.

With regard to use of fertilisers, some limited progress was reported mainly through impact of the NAADS programme. Like in other districts, the NAADS programme has

²⁶ Ten out of the 14 SACCO supported in the government campaign were still active and growing.

educated, encouraged, and demonstrated to farmers on using fertilizers to boost their production and productivity. The programme has also supplied fertilisers, though at a limited scale, to a selection of commercially oriented farmers for demonstration purposes. Nonetheless, economic use of fertilisers by majority of the farmers in the district is still a long way. Similar limiting factors, like those found in other districts visited by the midterm review, were also visible in Moyo. These included: i) High cost of fertilisers; ii) Limited sources of genuine fertilisers in the private sector; iii) inadequate knowledge and negative attitudes amongst average farmers²⁷; iv) small and uneconomic land holdings that limit farmers ability to adopt economic use of fertilisers and other innovative farming practices; etc.

²⁷ Absence of concrete agriculture production-related data to show how in reality use of fertilisers and other improved agriculture practices can create a difference in productivity was put forward as key missing link limiting adoptability of the new technologies promoted by NAADS and other programs in the district.

Annex 2. Comparison of results analysis in selected sources

Analysis	GAPR 2010/11	GAPR 2011/12	GHAPR 2012/13	NDR 2010/11	NDR 2011/12 (Draft)	MoFPED Budget Framework Paper	MoFPED Annual Budget Perf. Report	MOFPED Background to the Budget
Review of the state of the national economy	√	√		√	√	√	√ (partial)	√
Assessment of progress against NDP objectives	√	√		√	√			
Assessment of the NDP macro-economic strategy	√	√						
Analysis of 16 MoFPED sector financial allocations	√					√	√	√
Assessment of outcome trends and output indicator achievement by 16 sectors	√	√	√ (outputs only)			√	√	

Analysis	GAPR 2010/11	GAPR 2011/12	GHAPR 2012/13	NDR 2010/11	NDR 2011/12 (Draft)	MoFPED Budget Framework Paper	MoFPED Annual Budget Perf. Report	MOFPED Background to the Budget
Analysis of budget release and spending by 16 sectors	√	√	√			√	√	
Revised assessment of output indicator achievement based on funds actually released	√		√					
Assessment of performance in 16 MoFPED sectors with narrative and selected data analysis	√	√	√ (limited)			√	√	√
Assessment of performance in 43 NDP sectors with narrative and selected data analysis				√	√			
Analysis of Development Partner spending	√	√					√	

Analysis	GAPR 2010/11	GAPR 2011/12	GHAPR 2012/13	NDR 2010/11	NDR 2011/12 (Draft)	MoFPED Budget Framework Paper	MoFPED Annual Budget Perf. Report	MOFPED Background to the Budget
Analysis of amounts invested / progress in NDP core projects	√	√		√	To be added?			
Analysis of regional variations in development				√ (limited)	√			
Assessment of progress in selected NDP implementation based related to budget speech items	√							
Review of implementation of Presidential Investor' Round Table initiatives by 16 sectors	√	√						
Review of implementation of agreed actions in Cabinet Retreat by 16 sectors	√	√						
Review of implementation of agreed JAF	√	√						

Analysis	GAPR 2010/11	GAPR 2011/12	GHAPR 2012/13	NDR 2010/11	NDR 2011/12 (Draft)	MoFPED Budget Framework Paper	MoFPED Annual Budget Perf. Report	MOFPED Background to the Budget
actions by 16 sectors								
Assessment of progress against the NRM Manifesto	√							
Assessment of the availability of unit cost information in BFPs by sector	√							
Interpretation of evaluations performed by the Government Evaluation Facility		√ (first evaluation)						
Presentation of extensive sets of national statistical trend tables								√