

Foreword

This National Development Report (NDR), the first to be produced by the National Planning Authority (NPA), is in fulfillment of the requirement by the National Planning Authority Act, 2002, and the National Development Plan (NDP) 2010/11-2014/15. The NDR is intended to inform government and other stakeholders about the overall performance of the economy and the status of the development initiatives undertaken during the period under review. Like similar reports of NPA, the NDR aims to emphasize on the oversight role of government. The findings and recommendations would outline an input in the National Planning Forums; the NDP platforms where solution to planning implementation challenges are discussed.

This report assesses the performance of the economy and highlights the achievements and challenges within the monetary, fiscal, external and real sectors in the first year of the NDP implementation. It also highlights the success of the economy against set macro-economic targets. In addition, the report assesses the progress made against the NDP monitoring and evaluation results framework in line with the NDP theme indicators and the objective indicators. Further attempt has also been made to assess the performance of NDP sector/thematic area strategies. It may be worthwhile to note that the theme of the NDP is Growth, Employment and Socio-economic Transformation for Prosperity.

It should be appreciated that the report does not directly assess the performance of MDAs and local governments. However, a case study on selected local governments undertaken to establish the development status regarding achievements of NDP sector specific objectives and strategies are included. It is hoped that the next NDRs would include the development contributions of the private sector and non-government organizations.

On behalf of the NPA, I wish to thank all the Ministries, Departments and Agencies (MDAs), and Districts, that provided data to facilitate the preparation of this report. The Authority, together with other key stakeholders, is in the process of strengthening the Management Information Systems of MDAs to enhance harmonised data collection, capture, processing and reporting on the performance of the NDP.

Any contribution aimed to improving future NDRs are welcomed by the Authority.

Kisamba Mugerwa
Chairperson, National Planning Authority

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List of Acronyms and Abbreviations

| | |
|--------|---|
| ADB | African Development Bank |
| ADR | Alternative Dispute Resolution |
| ADRA | Adventist Relief Agency |
| AIDS | Acquired Immune Deficiency Syndrome |
| AMISOM | African Mission In Somalia |
| ANC | Ante-Natal Care |
| APRM | African Peer Review Mechanism |
| ART | Antiretroviral Therapy |
| ARVs | Anti-Retroviral |
| AU | African Union |
| BFHI | Baby Friendly Health Facility Initiative |
| BFPs | Budget Framework Papers |
| BOO | Build Own and Operate |
| BoP | Balance of Payments |
| BOU | Bank of Uganda |
| BPO | Business Process Outsourcing |
| BPOA | Brussels Programme of Action |
| BTJET | Business Technical and Vocational Educational and Training |
| CAA | Civil Aviation Authority |
| CAADP | Comprehensive Africa Agriculture Development Programme |
| CAGR | Compound Annual Growth Rate |
| CAIIP | Community Agricultural Infrastructure Improvement Programme |
| CAO | Chief Administrative Officer |
| CBD | Central Business District |
| CBO | Community Based Organization |
| CDD | Community Demand-Driven Development |
| CDM | Clean Development Mechanism |
| CEDAW | Convention on the Elimination of Discrimination Against Women |
| CIA | Chief Intelligence Agency |
| CIGI | Centre for International Governance Innovation |
| CIS | Community Information System |
| CIS | Commonwealth of Independent States |
| CMA | Capital Markets Authority |
| CNDPF | Comprehensive National Development Planning Framework |
| CNOOC | China National Offshore Oil Company |
| COMESA | Common Market for Eastern and Southern Africa |
| CP | Conservative Party |
| CPI | Consumer Price Index |
| CRS | Catholic Relief Services |

| | |
|--------|--|
| CSI | Consumer Satisfaction Index |
| DESS | Department of Environment Support Services |
| DLSP | District Livelihoods Support Programme |
| DPT | Diphtheria Pertussis and Tetanus |
| DRC | Democratic Republic of Congo |
| DSIIP | Defense Strategic Infrastructure Investment Plan |
| DWSCG | District Water & Sanitation Conditional Grants |
| EAC | East African Community |
| EASF | East African Standby Force |
| EASSy | Eastern Africa Submarine Cable System |
| ECB | European Central Bank |
| EGI | E-Government Infrastructure |
| EIA | Environment Impact Assessment |
| EMIS | Education Management Information System |
| EmOC | Emergency Obstetric Care |
| EPRC | Economic Policy Research Centre |
| ESD | Education for Sustainable Development |
| ESO | External Security Organization |
| EU | European Union |
| FAO | Food and Agriculture Organisation |
| FDC | Forum for Democratic Change |
| FDS | Fiscal Decentralization Strategy |
| FY | Financial Year |
| GAP | Good Agricultural Practices |
| GDP | Gross Domestic Product |
| GII | Gender Inequality Index |
| GIS | Geographical Information System |
| GKMA | Greater Kampala Metropolitan Area |
| GMP | Good Manufacturing Practices |
| GMT | Greenwich Mean Time |
| GNI | Gross National Income |
| GoU | Government of Uganda |
| GTER | Gross Tertiary Enrolment Ratio |
| GWh | Giga Watt hour |
| HC II | Health Centre II |
| HC III | Health Centre III |
| HDI | Human Development Index |
| HDR | Human Development Report |
| HEP | Hydro Electric Power |
| HFO | Heavy Fuel Oil |
| HIV | Human Immunodeficiency Virus |
| HLFO | High Level Farmer Organization |
| HMIS | Health Management Information System |

| | |
|---------|---|
| HTTI | Hotel and Tourism Training Institute |
| ICBT | Informal Cross Border Trade |
| ICT | Information and Communications Technology |
| IDB | Islamic Development Bank |
| IDPs | Internally Displaced Persons |
| IEC/BCC | Information Education Communication/Behavior Change |
| IFEM | Inter-Bank Foreign Exchange Market |
| IFM | International Financial Market |
| IFMIS | Integrated Financial Management Information System |
| IGAD | Intergovernmental Authority for Development |
| IHP | International Health Partnerships |
| IMF | International Monetary Fund |
| IPC | Integrated Food Security Phase Classification |
| IPPS | Integrated Personal Payroll System |
| IRA | Insurance Regulatory Authority |
| IRS | Indoor Residual Spraying |
| ISO | Internal Security Organization |
| ISO | International Organization for Standardization |
| ITC | International Trade Centre |
| JARD | Joint Annual Review of Decentralization |
| JLOS | Justice, Law and Order Sector |
| KCCA | Kampala City Council Authority |
| KIDDP | Karamoja Integrated Disarmament and Development Plan |
| Kms | Kilometers |
| KPLC | Kenya Power and Lighting Company |
| KRAs | Key Result Areas |
| KWh | Kilowatt hour |
| LAN | Local Area Network |
| LC | Local Council |
| LED | Local Economic Development |
| LG | Local Government |
| LGMSD | Local Government Management and Service Delivery |
| LGSIP | Local Government Sector Investment Plan |
| LIS | Land Information System |
| LRDP | Luwero-Rwenzori Development Programme |
| LTPM | Long Term and Permanent Methods |
| MAAIF | Ministry of Agriculture Animal Industry and Fisheries |
| MATIP | Markets and Agriculture Trade Improvement Project |
| MDAs | Ministries, Departments and Agencies |
| MDGs | Millennium Development Goals |
| MEMD | Ministry of Energy and Mineral Development |
| MENA | Middle East and North African |
| MICE | Meetings, Incentives, Conferences, and Events |

| | |
|--------|--|
| MICs | Middle-Income Countries |
| MIS | Management Information System |
| MLHUD | Ministry of Lands Housing and Urban Development |
| MoD | Ministry of Defence |
| MoES | Ministry of Education and Sports |
| MoFA | Ministry of Foreign Affairs |
| MoFPED | Ministry of Finance, Planning and Economic Development |
| MoGLSD | Ministry of Gender, Labour and Social Development |
| MOH | Ministry of Health |
| MoLG | Ministry of Local Government |
| MoPS | Ministry of Public Service |
| MoU | Memorandum of Understanding |
| MPDR | Maternal and Perinatal Death Review |
| MRC | Medical Research Council |
| MTEF | Medium Term Expenditure Framework |
| MVs | Multi-Vendor Services |
| MW | Mega Watt |
| MWT | Ministry of Works and Transport |
| n/a | Not Available |
| NAADS | National Agricultural Advisory Services |
| NAPA | National Adaptation Programme of Action |
| NBI | National Backbone Infrastructure |
| NCO | Non Commissioned Officer |
| NDP | National Development Plan |
| NDR | National Development Report |
| NEER | Nominal Effective Exchange Rate |
| NEMA | National environment |
| NEPAD | New Partnerships for African Development |
| NER | Net Enrolment Rate |
| NFA | National Forest Authority |
| NGO | Non-Governmental Organization |
| NITA | National Information Technology Authority |
| NLIC | National Land Information Centre |
| NPA | National Planning Authority |
| NPHC | National Population and Housing Census |
| NPM | National Productivity Movement |
| NPP | National Population Policy |
| NPPAP | National Population Policy Action Plan |
| NRM | National Resistance Movement |
| NRW | Non-Revenue Water |
| NSP | National Spatial Plan |
| NSS | National Statistical System |
| NTBs | Non-Tariff Barriers |

| | |
|--------|---|
| NTE | Non Tradition Exports |
| NUREP | Northern Uganda Rehabilitation Programme |
| NUSAF | Northern Uganda Social Action Fund |
| NWSC | National Water and Sewerage Corporation |
| OBT | Output Budgeting Tool |
| ODA | Official Development Assistance |
| OOB | Output Oriented Budgeting |
| OPD | Out Patient Department |
| OPM | Office of the Prime Minister |
| OVC | Orphans and Other Vulnerable Children |
| PAC | Parliamentary Accounts Committee |
| PAC | Post Abortal Care |
| PAYE | Pay As You Earn |
| PEPFAR | President's Emergency Plan for Aids Relief |
| PERD | Public Enterprises Reform and Divesture |
| PHC | Primary Health Care |
| PIAC | Public Information and Awareness Campaign |
| PIASCY | Presidential Initiative on Aids Strategy For Communication To |
| PIP | Public Investment Plan |
| PMTCT | Prevention of Mother to Child Transmission |
| PNFP | Private Not for Profit |
| PNSD | Plan for National Statistical Development |
| POA | Programme of Action |
| PPDA | Public Procurement and Disposal of Public Assets |
| PPI | Producer Price Index |
| PPP | Public Private Partnership |
| PRDP | Peace Recovery and Development Programme |
| PSFU | Private Sector Foundation Uganda |
| PSM | Public Sector Management |
| PSO | Peace Support Operations |
| PSP | Payment Service Provider |
| PTA | Preferential Trade Area |
| PTE | Primary Teacher Education |
| R&D | Research and Development |
| REDD+ | Reducing Emissions from Deforestation and Forest Degradation |
| REER | Real Effective Exchange Rate |
| ROM | Results Oriented Management |
| RTA | Registration of Titles Act |
| RVR | Rift Valley Railways |
| SALW | Small Arms and Light Weapons |
| SC | Sub-County |
| SEACOM | South East Asia Commonwealth Cable |

| | |
|---------|---|
| SFG | School Facilities Grant |
| SGBV | Sexual Gender Based Violence |
| SME | Small and Medium Enterprises |
| SNE | Special Needs Education |
| Sq km | Square Kilometers |
| SRH | Sexual and Reproductive Health |
| SSA | Sub-Saharan Africa |
| SSAE | School of Statistics and Applied Economics |
| SSH | Social Sciences and Humanities |
| STE | Science Technology Engineering |
| STI | Science, Technology and Innovation |
| SWAp | Sector Wide Approach |
| TANESCO | Tanzania Electric Supply Company |
| TASO | The AIDS Support Organisation |
| TB | Tuberculosis |
| TEAMS | The East African Marine System |
| TIET | Teacher Instructor Education and Training |
| TISU | Technical Information Service Unit |
| TRACE | The Right of All Children to Education |
| UA | Universal Access |
| UAA | Urban Authorities Association of Uganda |
| UBOS | Uganda Bureau of Statistics |
| UBTS | Uganda Blood Transfusion Services |
| UCA | Uganda Census of Agriculture |
| UCC | Uganda Communications Commission |
| UCCBP | Uganda Country Capacity Building Programme |
| UCDA | Uganda Coffee Development Authority |
| UCE | Uganda Certificate of Education |
| UDC | Uganda Development Cooperation |
| UDHS | Uganda Demographic and Health Survey |
| UGAPRIV | Uganda Association of Private Vocational Institutions |
| UIA | Uganda Investment Authority |
| UIRI | Uganda Industrial Research Institute |
| ULGA | Uganda Local Governments' Association |
| UN | United Nations |
| UNAIDS | The Joint United Nations Programme On HIV/AIDS |
| UNBS | Uganda National Bureau of Standards |
| UNCST | Uganda National Council of Science and Technology |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UNFCC | United Nations Forum for Climate Change |
| UNFPA | United Nations Population Fund |
| UNGASS | United Nations General Assembly Special Session |

| | |
|----------|---|
| UNHMCP | Uganda National Minimum Health Care Package |
| UNHS | Uganda National Household Survey |
| UNPS | Uganda National Panel Survey |
| UNRA | Uganda National Roads Authority |
| UPC | Uganda People's Congress |
| UPDF | Uganda Peoples' Defense Force |
| UPDRF | Uganda Peoples' Defense Reserve Force |
| UPE | Universal Primary Education |
| UPPAP | Uganda Participatory Poverty Assessment Process |
| UPPET | Universal Post Primary Education and Training |
| URA | Uganda Revenue Authority |
| US | United States |
| USD | United States Dollars |
| USE | Universal Secondary Education |
| USE | Uganda Securities Exchange |
| UVQF | Uganda Vocational Qualifications Framework |
| UWA | Uganda Wildlife Authority |
| UWEC | Uganda Wildlife Education Centre |
| UWTI | Uganda Wildlife Training Institute |
| VAT | Value Added Tax |
| VCT | Voluntary Counseling and Testing |
| VHT | Village Health Team |
| WASSACCO | Wazalendo SACCO |
| WB | World Bank |
| WENRECO | West Nile Rural Electrification Company |
| WEO | World Economic Outlook |
| WFP | World Food Programme |
| WHO | World Health Organization |
| WMZ | Water Management Zone |

Executive Summary

This report presents an assessment of the performance of the economy during the first year of the NDP implementation in accordance with the respective layout plans. Thus, the report represent Uganda's macroeconomic performance during the FY 2010/11; and progress and achievements made on the NDP's theme, objectives and key result areas; and thematic area objectives and strategies. More importantly, success on the NDP has been assessed against the underlying development objective: "Growth, Employment and Socioeconomic Transformation for Prosperity".

The preparation of this report was based on reviews of relevant available reports, submissions of NDP monitoring and evaluation results matrices from ministries, departments and agencies (MDAs), MDA/sector reports, ministerial policy statements, and field visits to selected districts.

This report is organized in five chapters, namely: Introduction; Macroeconomic Performance; NDP Implementation Progress on the Theme and Objectives; NDP Thematic Area Performance; and Conclusions and Recommendations.

Macroeconomic Performance for FY 2010/11

Real Sector

In the FY 2010/11, real GDP at constant 2002 was projected to grow by 6.3 per cent, which is 0.8 percent more than the revised growth rate of 5.5 percent for 2009/10. This performance was largely driven by improved performance of construction (7.7 percent), wholesale and retail trade (3.0 percent), public administration and defiance (12 percent), education (10.7 percent), health (12.6 percent), and air transport and support services (2.1 percent). Agriculture grew by a paltry 0.9 percent over the review period down from 2.4 percent growth in FY 2009/10. The slow pace of growth in this sector was a result of poor performances of the cash crops and fish subsectors due to adverse weather conditions experienced during the year. The industrial sector grew by 7.5 percent while the services sector grew by 8.0 percent.

In terms of sectoral contributions, the services sector was the highest contributor to economic growth, registering 8.0 percent compared to the industrial and agricultural sectors, which grew at 7.5 percent and 0.9 percent, respectively. The impressive growth in the services and industrial sectors were largely due to the good performance of manufacturing, construction, wholesale and retail trade, which grew at 6.5 percent, 7.7 percent and 3.0 percent, respectively. Services continued to be the dominant sector in the economy contributing over 50 percent to the annual GDP.

Monetary and Financial Sector

Inflation

The contribution of traditional exports to the overall export earnings increased by 0.4 percent between 2009/10 – 2010/11 due to increased tea and tobacco export revenues. Coffee remained the main foreign exchange earner, although its share to total exports earnings declined by 0.5 percent in the period under review.

There was a decline of 0.4 percent in the general Non-Traditional Exports (NTE) to total exports earnings in the FY 2010/11. Fish and fish products continued to be the main earner in this category with its contributions rising from 6.6 percent in 2009/10 to 7.9 percent in 2010/11. Overall, the balance of payments had a deficit of US dollars 563.8 million in 2010/11 compared to a surplus of US dollars 210.9 million in 2009/10. There was also a trade balance deficit of US dollars 2,112.7 million in 2010/11 compared to US dollars 1,697.6 million in 2009/10. This high trade imbalance was precipitated by the low the volume and value of export earnings compared to the higher value of imports.

Foreign exchange reserve level was about US Dollars 1,917 million as at June 2011, which was equivalent to 3.7 months' worth of imports of goods and services. Local revenue generated by Uganda Revenue Authority was Shs 5,114 Billion during the year representing a performance of 1.6 percent beyond the target of Shs 5,034 Billion; equivalent to 12.9 percent to total GDP.

Overall Implementation Progress on the NDP Theme and Objectives

There was a slow progress in the achievement of the overall theme of the NDP during the first year of its implementation. This was attributed to a number of factors such as the 2008/9 global economic crisis as manifested in the reduced inflows of direct foreign investments; reduced developmental support from various partners; high oil/gas and other commodity prices; high food prices due to prolonged drought and inconsistencies in the weather patterns; and structural bottlenecks in the economy.

Between 2008/9 and 2010/11, life expectancy of Ugandans improved from 51 years to 54 years. This may be attributed to availability and use of AIDS Anti-Retroviral (ARVs) drugs and general improvement in living standards. However, a decline was registered in global competitiveness and Human Development Index (HDI), from 152nd to 161st position. This adverse effect was probably a result of security threats from Al-Shabab militant group and local political climate during the national elections.

Another socio-economic indicator, GDP per capita income, also registered a decline from US\$ 506 in 2008/9 in to US\$ 485 in 2010/11. This could also be attributed to a high annual population growth of 3.2 percent against the low rate of growth in the GDP.

Again, there was a slight decline in the literacy rate, from 73.6 percent in 2008/9 to 73.2 percent in 2010/11. The decline may be resulting from the failure by a significant number of Universal Primary Education pupils.

The indicator on the reduction in the poverty levels showed a remarkable improvement, from 28.5 percent in 2008/9 to 24.5 percent in 2010/11. However, per capita GDP growth rate fell from 3.8 percent in 2008/09 to 2.4 percent in 2009/10 and further down to 1.9 percent in 2010/11.

Also, the Gini-coefficient increased from 0.408 in 2005/06 to 0.426 in 2009/10, which indicated increase in inequality. The income inequality is significantly attributed to limited employment opportunities, and low labour production and productivity. The labour force participation rate for increased to 78.7 percent in 2010/11 from 71.8 percent in 2009/10. The average annual labour force growth rate is 4.7 percent. In real terms, the labour force increased from 11.09 million in 2009/10 to 15.51 million in 2010/11. Although the level of urbanisation increased from 12 percent in 2008/9 to 13 percent in 2010/11, the target of 13.6 percent was not realised.

NDP Thematic Area Performance

Primary Growth Sectors

There was a decline in performance of cash crops, while the food crops activities registered 2.7 percent growth in the fiscal year 2009/2010 and 2010/11 up from growth recorded in 2008/09. This was as a result of the high demand in neighbouring countries, especially DRC and South Sudan. The overall percentage value of agricultural exports to total exports rose from 48.2 percent in 2009/10 to 51.3 percent in 2010/11. On the other hand, the percentage of monetary agriculture to the total agriculture, at current prices increased from 25.6 percent to 86.1 percent over the same period.

Decline in forest cover was estimated at 88,000 ha per annum, with the highest rate of 34 percent in private forests compared to 12 percent in the protected areas.

The proportion of manufactured exports to total exports improved slightly from 4.2 percent recorded in 2008/9 to 4.4 percent in 2010/11. This fell short of the year's target of 5.8 percent. Overall, the ratio of manufactured exports to GDP improved from 7.5 percent in 2008/9 to 10.8 percent in 2010/11, against the target of 15 percent.

In 2010/11 the Small and Medium Enterprises (SMEs) grew at 6.5 percent compared to 6.6 percent registered in 2009/10. However, its share to total GDP at current prices increased from 7.7 percent registered in 2009/10 to 8.6 percent in 2010/11.

The formal and informal manufacturing activities registered a growth of 7.2 percent and 4.3 percent, respectively, in 2010/11, as compared to the growth rate of 6.1 percent and 8.2 percent, respectively that was registered in 2009/10.

In the FY 2010/11, the real GDP growth from the Travel and Tourism sector was estimated at 5.8 percent.

The performance of the ICT budget to the national budget continued to be 0.1 percent, although the ICT sector's expansion showed dramatic increase of 20 percent, from 8.2 million mobile telephone subscribers in 2008/9 to 9.87 million in 2009/10. The sector directly employed close to 14,000 people in 2010 and indirectly more than 800,000 people.

The number of fixed and mobile voice telephony subscribers increased from 12.8 million in the year 2010 to 14.6 million in the month of June 2011. This represents a 14 percent annual increase in the number of subscribers. The sector's contribution to GDP has improved from less than 2.5 percent at the creation of the ICT Ministry in 2006, to an estimated 5 percent in 2011.

About 30 percent of the urban population lives in slums, with an average density of 14,112 people per square kilometre. Unfortunately both the number of slum dwellers and the area covered are on the increase and this pose an environmental and planning challenge for the urban authorities.

Complimentary Sectors

In FY 2010/11 expenditure on science, technology and innovation was 0.3 percent of the national budget. During the FY 2010/11, the ratio of national budget allocated to STI stagnated at about 0.3 percent against a target of 2 percent.

During 2010/11, the proportion of paved roads to the total road network increased from 4 percent to 16 percent between 2008/9 and 2010/11 respectively. Over the same period, the proportion of freight cargo by rail increased from 3.5 percent to 9 percent. The total grid electricity supply increased by 8.45 percent from 2,264 GWh in 2009 to 2,456 GWh in 2010. The increase was due to new plants commissioned which included Bugoye Hydropower Plant (13 Mw) and 20 Mw heavy fuel oil thermal power plant by M/s Electro-Maxx Ltd in Tororo.

Power consumption per capita marginally increased from 60 Kwh to 63.9 Kwh, falling below the NDP target of 75 Kwh for FY 2010/11. However, the change in the proportion of households' accessibility of power from the national grid was marginal as the target of 12.8 was not achieved, though it slightly improved from 11 percent to 12 percent during the year.

An additional 4,818,350 m³ of water storage capacity for production was created in 2010/11, leading to a cumulative storage of 26.5 million cubic meters.

On urbanization, out of the 2011 mid-year estimated Uganda population of about 32.9 million, an estimated 4.9 million, or about 15 percent live in urban areas, with Kampala as the largest urban centre. This increase is mostly attributed to the creation of new urban administrative units, in addition to other demographic factors such as fertility and migration.

Trade activities registered an estimated growth rate of 3.0 percent in 2010/11 compared to 0.7 percent registered in 2009/10. Its share to total GDP at current prices in 2010/2011 was 13.8 percent. This improved performance was mainly due to the positive trends in exports and imports after negative performances in 2009/10 that followed the global financial crisis effects.

Social Sectors

The pupil-classroom ratio improved from 72:1 to 58:1. Also, targets were achieved on net primary enrolment from 93.2 to 96.7 percent; net secondary enrolment from 23.5 to 25 percent; net primary completion from 49 to 64 percent; net secondary completion from 35 to 41.1 percent; pupil-teacher ratio from 53:1 to 47:1; and BTVET enrolment from 30,009 to 40,428. But the performance on the indicator of the ratio of science and technology to arts graduated remained the same at 1:5.

Uganda's fertility rate has dropped from 6.7 children per woman in 2005/06 to 6.2 children per woman in 2010. This positive development notwithstanding, the country's total fertility rate has remained one of the highest in the world.

With regard to the NDP, targets were achieved on Diphtheria, Pertussis whooping cough and Tetanus (DPT3) from 85 to 91 percent, health centers without medicine stock outs from 26 to 43 percent, deliveries in health facilities from 34 to 39 percent. Cumulative achievements on the social indicators between 2008/9 and 2010/11 include: infant mortality from 76 to 54 per 1,000 live births; under-five mortality from 137 to 90 per 1000, and maternal mortality from 435/100,000 to 310/100,000. However, there was stagnation on the proportion of qualified health workers, 56 percent; student-teacher ratio - secondary 19:1; and rural and urban water coverage 65 percent and 66 percent, respectively. The national piped water coverage is now about 15 percent as 65 percent of the country's population has access to safe water.

HIV prevalence has stagnated at about 6.4 percent and in some cases on the increase according to longitudinal studies. The household latrine coverage in rural areas is estimated at 69.8 percent. The sanitation coverage in urban areas is estimated at 81 percent; but 79 percent excluding Kampala.

Enabling Sectors

During the year, the JLOS anti-corruption strategy was developed, anti-corruption agencies strengthened; and inspectors' forum and internal disciplinary committees established. A number of client charters for JLOS institutions were also put in place to enhance service delivery.

On crime and punishment, the community policing program was rolled out country wide and early warning committees were established, while the overall crime rate reduced by 4 percent. On the other hand, a number of key legal processes were reviewed to minimize costs of doing business in Uganda.

The Uganda People's Defense Forces (UPDF) continued to train in order to enhance the combat readiness and improve the resourcefulness of security personnel for both war and peacetime. UPDF's capacity was also enhanced to support regional and continental security needs through the East African Community (EAC) and the African Union (AU).

The UPDF also continued with the disarmament program in the Karamoja which has led to reduction in cattle rustling, ambushes and loss of life and property within Karamoja and the neighboring districts.

Environmental degradation due to deforestation and encroachment on eco-systems continued to worsen the state of the environment in 2010/11. During the year under review, 235.6 Ha of degraded forests were replanted and 11,677,474 tree seedlings and 107,804 fruit seedlings were distributed and planted in wetlands, rangelands and water catchment areas.

During year under review, the draft statutory instrument for coordination and implementation of climate change actions and guidelines for mainstreaming climate change by sectors and local governments were produced along with the National Climate Change Policy. However, it may be worthwhile to note that the development initiatives aimed at promoting cooperation for sustainable utilization of the Nile and Lake Victoria Basins were lowly pursued due to resource constraints.

The national water resources assessment was completed during FY 2010/11. There is available information on the surface and groundwater resources in terms of their quantity and quality, and how much of this water is being used currently and will be needed to meet the various demands up to 2035. The de-concentration of water resources management to regional water management zones and catchments through creation of catchment management organizations was also embarked on.

During the FY 2010/11, 17 MDAs and 10 local governments implementing the PNSD produced individual/MDA specific Statistical Abstracts and Strategic Plans for Statistics; an NSS Meta Data dictionary and a Compendium of Statistical Concepts and definitions and terminologies. In addition, the Uganda National Household Survey IV, 2010/11; the Uganda National Panel Survey (UNPS) Wave I; the annual Labour Force Survey Report; the Uganda National Census of Agriculture (UCA) report; Weekly and Monthly CPI reports; quarterly Producer Price Indexes (PPI); Consumer Satisfaction Index (CSI); GDP estimates; a register of businesses with fixed locations country wide; quarterly reports on the Informal Cross Border Trade (ICBT); and the annual Business

Inquiry, 2010 reports were produced and disseminated. The mapping of the entire country in preparation for the National Population and Housing Census (NPHC) was also completed

The public service reforms by Ministry of Public Service were re-invigorated during the year under review to enhance efficiency and effectiveness while the framework and Public Private Partnership (PPP) policy for service delivery was drafted. In addition, the Local Government Act was amended to take into consideration the NDP planning cycle. Also, the implementations of the targeted capacity building plans to transform the public service commenced. In particular was the accelerated pay reform that started with the enhancement of scientists' disbursement by 20 percent, and pension arrears of 82,681 pensioners. However, a number of priority areas remained un-tackled. These include the separation of implementation, planning and operations in the MW&E, MW&T and MAAIF; review of the framework of privatized institutions to decongest Ministry of Finance; and the review of the institutional framework for the national development planning function. Also affected were the planned programs for the National Productivity Movement (NPM).

In order to focus development efforts in the economy, an NDP Results Framework with clear indicators at the goals, outcomes, output and input/activities levels; and the NDP Monitoring and Evaluation Framework were produced in FY 2010/11.

An APRM/NEPAD Program of Action (POA) was concluded during the year and the final third year progress report was produced during FY 2010/11 as well as CAADP and e-Schools programs were integrated into the mainstream national development planning functions.

During the year under review, a national disaster policy was approved and implemented. Also a disaster risk reduction platform was put into operation. Some district disaster management committees were established and made operational as part of the coordination and monitoring framework for disaster management. Several early warning systems were established, and they include health, drought, food security, and weather forecasts. Other progress were hazard mapping for selected sub-regions of Teso, Lango

and Acholi; resettlement of 600 families from the Bududa landslides at Kiryandongo; provision of food and non-food items to over one million disaster victims. Again was the development of a draft policy to facilitate the establishment and implementation of the

National Contingency Fund. However, the planned establishment of the National Disaster Training Institute did not start.

At sub-national performance, data from 12 districts showed a 21 percent decline in primary school enrollments in old districts and a one percent increase in primary school enrollments in new districts for the period between 2009/10 and 2010/11.

The pupil-classroom ratios in old and new districts improved from 77 to 61; and 91 to 72 respectively in the same period. The pupil-teacher ratio improved from 52:1 to 47:1 in old districts but slightly increased from 56 to 57 in the new districts. This was a result of the following interventions; construction of teachers' houses, hard to reach allowance scheme and annual recruitment of teachers.

Secondary student-classroom ratios increased from 33 in 2008/09 to 43 in 2010/11 in the old districts and from 32 to 52 in new districts. This was attributed to increase in enrolment in secondary schools as a result of the introduction of Universal Secondary Education (USE) and limited classrooms in the USE schools.

The level of recruiting staff in the old districts declined to 69.4 percent in 2011 from 70 percent in 2010, while in the new districts it increased marginally from 64.7 percent in 2010 to 65.7 percent in 2011. However, the improvements in staff recruitments in local governments have not been across all the departments and functions of the districts.

Significant progress was made in acquisition of computers by local governments, provision for access to internet services and construction of offices compared to other capital investment areas. Though, only 14.3 percent of the old districts have established MIS data banks and none of the new districts do have computerized databanks.

There was little progress made in construction of health units between 2009/10 and 2010/11 with 11 HCIIIs being constructed and none HCIIIs and HCIVs constructed within the same period. The average health staffing level among the old districts sampled stands at 47.71 percent compared to 58.14 percent in the new districts.

There was a steadily improvement in safe water coverage in the old districts with a 12.1 percent point increase between the years of 2009 and 2010 and just 1.2 percent point increase between 2010 and 2011. Although there was an increase of only 3 percent point between 2009 and 2010, there was a big drop of 13.4 percent between 2010 and 2011 in the new districts.

Both the new and old districts had significant improvements in the latrine coverage between 2009 and 2010. And whereas the latrine coverage in the old districts increased by 4.43 percent between 2010 and 2011, this dropped by 21.35 percent in the new districts.

There was a significant progress made in the road networks for the 12 districts assessed with an increment of 1,780.1 km, an increase of about 34.5 percent. In particular, more kilometers of road were opened and rehabilitated in the old districts than in the new districts; 534 km and 591.6 km, 207.4 km and 437.2 km respectively. Also, more bridges were constructed in the old districts compared to more swamp crossing points in the new districts. A detailed assessment of the performance of the economy and the NDP for FY 2010/11 is found in the subsequent chapters.

Chapter One

Introduction

1.1. Background

The production of the National Planning Authority (NPA)'s annual report on the performance of the economy and sectors, ministries and local governments is a legal requirement under the NPA Act 15, 2002, Sections (7) and (18). The National Development Plan (NDP), 2010/11 – 2014/15, paragraph 923, qualified for the production of a National Development Report (NDR).

The aim of the NDR is to provide information on the general performance of the economy, with a focus on national development based on the NDP. Thus, the report gives an account on Uganda's current development status and the progress made against the NDP indicators at all levels of the Plan's results framework.

The report assesses the performance of the economy through analysis of the macroeconomic framework indicators covering the monetary, fiscal, external and real sectors. On the other hand, the NDP progress is reviewed through assessment of performance against the indicators of the Plan's goals, objectives, key result areas and strategies. The report also assesses the annual performance of the thematic areas/sectors, including performance of local governments. In addition, it highlights challenges and recommendations for improvement.

The performance against international commitments, such as the human development indicators (HDI) and the millennium development goals (MDGs), is also assessed.

1.2. Rationale

The NDR is intended to annually provide an update of the development status and the health of the economy, including progress of NDP implementation. It is the first in a series of five NDRs that would be produced over the period 2010/11-2014/15. It is intended to support the oversight functions in Government. The report is a legal requirement on the National Planning Authority (NPA), and to be produced in liaison with the private sector and the civil society organizations.

The report is a synthesized independent review of the performance of the economy, comprising MDAs and local governments, economic management and financial sector indicators, the private sector and non-government organizations (NGOs).

Furthermore, since the adoption of the Comprehensive National Development Planning Framework (CNDPF), as provided in the National Vision in 2007, there is the need to review annually the performance of the NDP and the National Vision Framework. It is,

therefore, necessary for the Authority to update key stakeholders and the citizenry on the progress made towards achievement of NDP priorities and the overarching socioeconomic transformation, which are an integral part of the NDP.

1.3. Objectives

The aim of producing the NDR is to provide information/update on the overall performance of the economy, with a focus on national development based on the NDP. The following are the specific objectives of the NDR:

1. Review progress made in implementing the NDP, including the implementation challenges faced, during the year;
2. Review the macroeconomic performance of the economy for the year under review;
3. Provide an assessment of the performance of thematic areas and local governments in line with the NDP; and
4. To provide the status of the development progress made during the FY 2010/11

These objectives are intended to enable a fairly comprehensive coverage of the performance of the entire economy. It is hoped that the next reports will include a specific objective on assessing the annual contribution of the private sector and NGOs.

1.4. Scope

This NDR covers the period 2010/11, which is starting from 1st July 2010 to 30th June 2011. It provides information on the performance of the entire economy covering the various blocks, namely: public, financial, private sectors and civil society organizations. The assessment of the cross-cutting issues under the macroeconomic framework covers the monetary, fiscal external and real economic development sectors. The report, in particular, intends to provide progress of the NDP implementation for the period under review by assessing performance against the NDP indicators at all levels: theme/goal, objectives, key result areas and sector/MDA level objectives and strategies as well as selected local governments.

1.5. Methodology

This report was produced using data obtained mainly from secondary sources comprising: NDP Results Framework matrices; sector/MDA reports and ministerial policy statements; survey reports of the Uganda Bureau of Statistics (UBOS); UBOS and sector statistical abstracts; the NDP 2010/11-2014/15; Bank of Uganda reports, background to the budget, budget speech, independent assessments of government programs by the World Bank and civil society organizations, World and African Statistical Year Books, World Economic Outlook by IMF, Human Development Reports by UNDP, African Union and East African Community (EAC) Reports, District Development Plans and Reports; and other relevant information.

A study was commissioned in selected districts to represent the performance of local governments. The selection was from both old and new districts, with equal representation from the four regions of the country. The data was collected using a structured questionnaire. And the respondents were the District Chief Administrative Officers (CAO), District Planners, assisted by heads of departments.

The analysis to determine the progress involved comparing the MDA's annual progress reports with the planning. It is recognized that participation of the Private Sector Foundation of Uganda (PSFU) and the NGO Forum was limited and needs to be enhanced during preparation of future reports.

1.6. Purpose of the Report

The NDR is intended to inform key stakeholders and the citizenry about the progress on the performance of the economy. In particular, the report ought to facilitate the oversight functions and activities of the Presidency, Parliament and the Auditor General.

Once laid on the floor of Parliament, the report is committed to the Parliamentary Committee on Finance, Planning and Economic Development for detailed discussions and subsequent reporting to the plenary with appropriate recommendations. The report is also used by the various Committees of Parliament as a source of baseline information on the current status on topical areas and issues while carrying out oversight functions.

The report is also intended to be used by the Auditor General as source of information that indicates key problem areas regarding implementation of the NDP.

His Excellency the President is charged with overall oversight responsibility for the implementation and management of the NDP. The report is, therefore, to provide independent feedback and update to the Presidency on the development performance of the economy, NDP progress and challenges.

1.7. Structure of the Report

This report is prepared in five chapters; namely Introduction; Macroeconomic Performances for FY 2010/11; NDP Implementation Progress; Thematic Areas Performance; and Conclusions and Recommendations.

Chapter One contains the background, legal basis, objectives, methodologies and structure of the report.

Chapter Two contains the national, regional and global economic outlook for the period 2010/11, and the corresponding recommendations and challenges.

Chapter Three includes an assessment of the progress on implementation of the NDP based on the indicators of the NDP theme, objectives and key result areas.

Chapter Four comprises an assessment of the thematic areas based on the indicators of the sector/thematic area specific objectives. It also contains specific conclusions on each thematic area's performance. The chapter is arranged in four sections on: Primary Growth Sectors; Complimentary Sectors; Social Sectors; and Enabling Sectors.

Chapter Five focuses on overall conclusions and recommendations for improving on the economic and development performance.

Chapter Two

Macro-economic Performance for FY 2010/11

2.1. The Development in the National Economy

2.1.1. Real GDP

In the fiscal year 2010/11, the real GDP at 2002 constant prices grew by 6.3 percent compared to the revised growth of 5.5 percent in 2009/10 (Fig. 2). Though, there was a decline in net exports as a result of the impact of the global economic crisis, the slowdown in private consumer demand and the slump in investment as reflected by low credit extension. Nominal Per Capita GDP reduced from USD 506 in 2008/09 to 485 in 2010/11. The agricultural sector that includes food and cash crops, livestock, forestry and fishing activities grew by 0.9 percent in 2010/11 compared to a growth of 2.4 percent realized in 2009/10 (Fig. 2). The sector had a total contribution to GDP at current prices of 23.8 percent in the fiscal year 2009/10 compared to 22.5 percent in 2010/11. The cash crop sub-sector includes coffee, cotton, tea, cocoa, tobacco, sugarcane, export of flowers and horticulture. However, this growth was off-set by a decline in performance for both coffee and tobacco. Coffee registered a decline of 41.9 percent in 2010/11 compared to a growth of 5.3 percent registered in 2009/10, while Tobacco registered a further decline of 26.1 percent in 2010/11 when compared to a decline of 4.7 percent that was recorded in 2009/10.

The country's real GDP growth recovered in 2010/11, after a slowdown in the previous year. Growth had slumped to 5.5 percent in 2009/10, from 7.3 percent in 2008/09, because of the decline in net exports as a result of the impact of the global economic crisis; the slowdown in private consumer demand and the slump in investment as reflected by low credit extension. The global economic downturn that erupted in 2008/09 had a delayed impact on net exports as external demand slowed. Indeed, net exports during the year grew modestly by 5.0 percent compared to the 5.3 percent in the previous year. In the same vein, domestic private consumption and investment spending slowed at 6.6 percent and 2.5 percent in 2010/11 relative to the respective growth rates of 10.3 percent and 9.8 percent recorded in 2009/10.

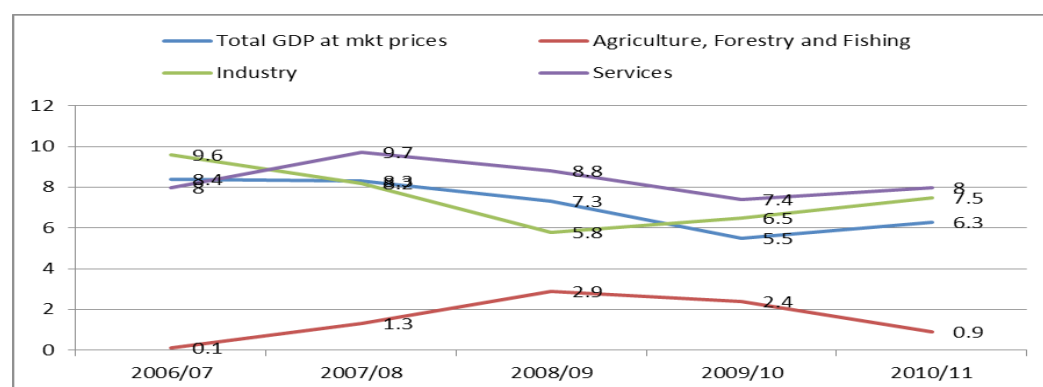
In the sectoral contributions, the services sector was the highest contributor to economic growth, registering 8.0 percent growth compared to the industrial and agricultural sectors, which grew at 7.5 percent and 0.9 percent, respectively as shown in Figure 2.1. Specifically, cash crops output declined by 15.8 percent in 2010/11 compared to 1.1 percent decline in the previous year. The impressive growth in the services and industrial sectors were largely due to the good performance of the manufacturing, construction, and wholesale and retail trade. These grew at 6.5 percent, 7.7 percent and

3.0 percent, respectively. The slow pace of growth in the agricultural sector was a result of poor performances of the cash crops and fish sub sectors on account of adverse weather conditions experienced during the year.

Services continued to be the dominant sector in the economy contributing over 50 percent to the annual GDP. Although agriculture takes up a large chunk of the labour force; over 70 percent, the continued dominance of the services sector is an indication that some structural transformation is taking place in the economy. Industry and agriculture however, contributed just 25.6 percent and 14.5 percent to GDP, respectively in 2010/11.

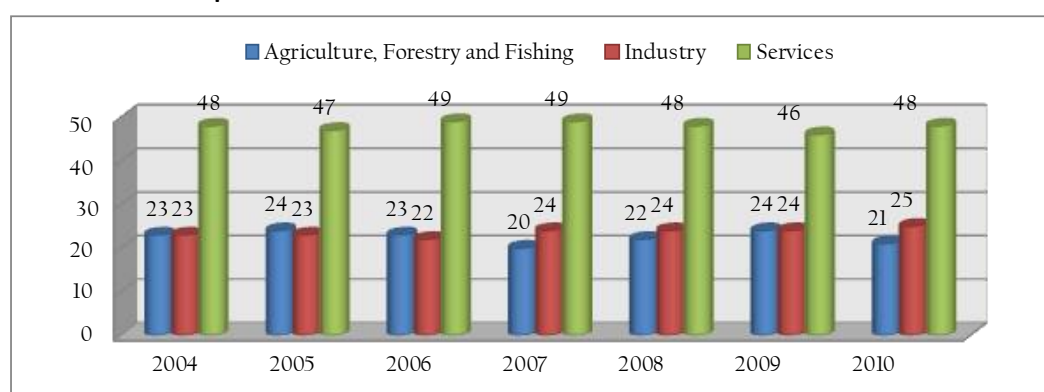
It should be noted that sectoral changes in GDP composition that is not accompanied by sectoral shifts in employment implies low productivity and low returns to labour employed in that sector whose contribution to GDP dampened.

Figure 2. 1 GDP growth rate 2006/07-2010/11



Source: Uganda Bureau of Statistics, 2010/11

Figure 2. 2: Sectoral Composition of GDP



Source: Uganda Bureau of Statistics, 2010/11

Table 2. 1: Growth Rate in Major Economic Activities

| Activity | 2009/10 growth rate (%) | 2010/11 growth rate (%) |
|---|-------------------------|-------------------------|
| Food Crops | | 2.7 |
| Forestry Activities | 2.9 | 2.8 |
| Fishing Activities | 0.4 | 2.6 |
| Industry Sector | 6.5 | 7.5 |
| Mining and Quarrying Activities | 15.8 | 15.8 |
| Manufacturing Sector | 6.6 | 6.5 |
| Construction Activities | 5.9 | 7.7 |
| Electricity Supply | 14.5 | 13.1 |
| Water Supply Activities | 4.4 | 4.1 |
| Services Sector | 7.4 | 8.0 |
| Transport And Communication | 17.5 | 13.9 |
| Wholesale, Retail Trade and Repair Activities | 0.7 | 3.0 |
| Hotels And Restaurant Services | 4.5 | 4.1 |
| Road, Rail and Water Transport Activities | 14.1 | 7.7 |
| Air Transport Activities | 0.9 | 2.1 |
| Posts and Telecommunication Activities | 23.7 | 21.2 |
| Financial Services | 36.1 | 10.3 |
| Real Estate Activities | 5.7 | 5.7 |
| Other Business Services | 15.0 | 7.8 |
| Public Administration and Defense | 6.9 | 12.0 |
| Education Sub Sector | 9.2 | 10.7 |
| Health | 11.9 | 12.6 |
| Personal and Community Services | 11.8 | 11.4 |
| Financial Intermediation Services Indirectly Measured | 69.1 | 27.0 |
| Consumption Expenditure | 9.9 | 7.3 |
| Household Consumption Expenditure | 10.3 | 6.6 |
| Government Consumption Expenditure | 7.6 | 11.2 |
| Gross Capital Formation | 9.8 | 2.5 |
| Changes in Inventories | | 0.6 |

Source: Uganda Bureau of Statistics, 2010/11

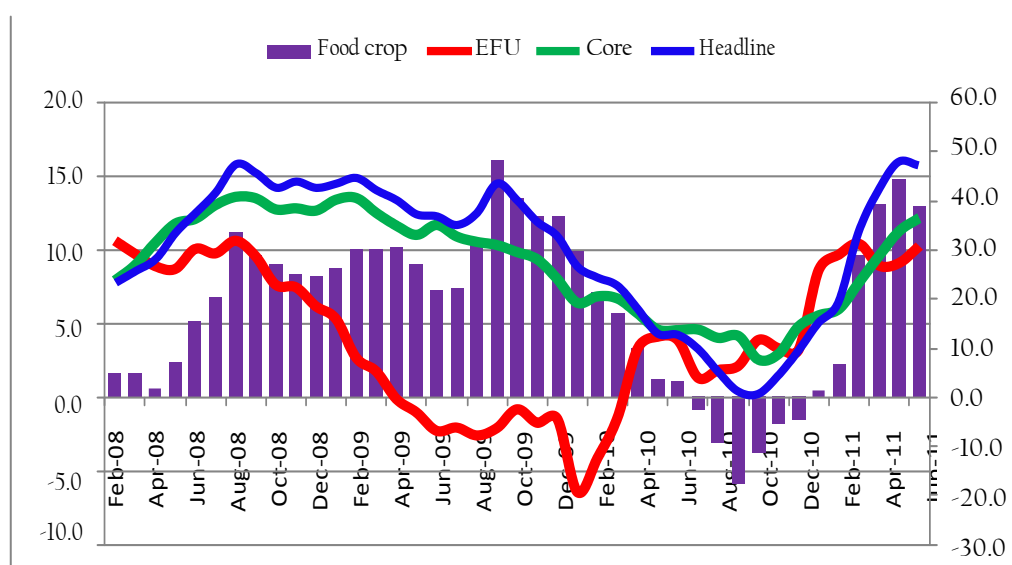
2.2. Inflation trends

The annual inflation increased sharply from 4.2 percent and 4.6 percent respectively in June 2010 to 15.7 percent and 12.2 percent in June 2011, as shown in Figure 2.3. It is worth noting that the inflation pressures experienced were well above the NDP macroeconomic framework target of 5 percent. The high inflationary pressures were mainly attributed to sky-rocketed food prices which came about as a consequence of prolonged drought and inconsistencies in the weather patterns. Other contributing factor was the dramatic exchange rate depreciation particularly in the second half of the FY 2010/11 which caused inflationary pressures on the non-food prices.

It is important to note that food accounts for 27.2 percent of the overall consumer basket of goods and services, as annual food price inflation increased to 33.4 percent in June 2011. Inflation of non-food items, which accounted for the remaining 73.8 percent of the consumer basket, was much more moderate, although it edged up in later months to 7.9 percent in June 2011 as shown in Figure 2.3. The high food prices are also attributed to increased foreign demand for the commodity by the neighboring countries especially Kenya and the Republic of South Sudan. The high food prices were, however, not unique to Uganda or to the East Africa region.

Globally, the United Nations Food and Agriculture Organization (FAO) food price index rose by 39 percent in the 12 months proceeding June 2011, a very similar rate of increase to that of food prices in Uganda. Within the non-food prices, those of household goods and clothing and foot wear experienced annual inflation rates of over 20 percent, mainly because most of these items are imported and their domestic prices are affected by exchange rate depreciation.

Figure 2. 3: Annual Inflation Developments



Source: Uganda Bureau of Statistics, 2011

The underlying inflation rates experience at the beginning and end of FY 2010/11 for Uganda, Kenya, Tanzania and Ethiopia are shown in Table 2.2.

Table 2. 2 Inflation trends in the region (% annual)

| | June 2010 | June 2011 |
|----------|-----------|-----------|
| Uganda | 4.2 | 15.8 |
| Kenya | 3.5 | 14.5 |
| Tanzania | 7.2 | 10.9 |
| Ethiopia | 7.3 | 38.9 |

Source: Uganda Bureau of Statistics, 2011

2.3. Trade Balance and Balance of Payments

The deterioration of the current account of the balance of payments has been without signs of closing the gap. Considering a period of three years since 2007/08 to 2010/11, the rate of expansion of imports far exceeded the rate of expansion of exports; revenues from tourism, and remittances. For example, imports increased tremendously from \$3.5 billion in 2007/08 to \$4.6 billion in 2010/11, registering an increase of \$1.1 billion. In contrast, exports increased modestly from \$2.1 billion to \$2.3 billion, an increase of \$0.2 billion. As a result, the trade deficit expanded from \$1,437 million in 2007/08 to \$2,285 million in 2010/11.

According the BoU Annual Report 2011, in the years before the global financial crisis, Uganda was able to finance its current account deficits with large inflows of foreign capital. However, since the global financial crisis, foreign capital inflows have stagnated because of the slowdown in real economic activity in the developed economies, and greater awareness among investors on the potential risks associated with investments in emerging markets and developing economies.

The overall status of the balance of payments current account notwithstanding, coffee export earnings increased by 41.6 percent in value terms to US\$ 371.0 million over the twelve months from US\$ 262.1 million that was recorded in 2009/10. The increase was due to higher prices of coffee in the global market. Formal non-coffee export earnings were estimated at US\$ 1,418.8 million over the period, which represents an increase of 17.4 percent in 2010/11. Developments in the current account of the BoP are presented in Table 2.3. On the other hand, whereas the capital and financial account contracted, it remained in surplus, declining by 35.5 percent to a surplus of US\$ 1,070.1 million in 2010/11 from a surplus of US\$ 1,659.1 million in 2009/10 as shown in Table 2.3.

Table 2. 3: Current Account of the Balance of Payments

| | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 |
|-------------------------------|----------|----------|----------|----------|----------|----------|
| Current Account balance | -314.53 | -342.01 | -902.65 | -1258.09 | -1532.72 | -1808.36 |
| Goods Account (Trade Balance) | -927.72 | -1021.33 | -1437.41 | -1845.82 | -1697.63 | -2284.7 |
| Total Exports (fob) | 1041.24 | 1473.82 | 2072.95 | 2216.4 | 2317.3 | 2307.17 |
| Total Imports (fob) | -1968.97 | -2495.16 | -3510.37 | -4062.22 | -4014.92 | -4591.87 |
| Services Account (net) | -175.36 | -270.59 | -477.45 | -439.68 | -526.9 | -696.68 |
| -Inflows (credit) | 523.37 | 556.44 | 644.74 | 884.35 | 1210.74 | 1406.96 |
| -Outflows (debit) | -698.74 | -827.03 | -1122.2 | -1324.03 | -1737.64 | -2103.64 |
| Income Account (net) | -248.73 | -228.57 | -262.11 | -307.44 | -382.19 | -364.11 |
| -Inflows (credit) | 53.48 | 87.93 | 115.7 | 92.95 | 23.87 | 17.74 |
| -Outflows (debit) | -302.22 | -316.5 | -377.81 | -400.38 | -406.06 | -381.84 |
| Current Transfers (net) | 1037.29 | 1178.49 | 1274.33 | 1334.84 | 1073.99 | 1537.12 |
| -Inflows (credit) | 1236.33 | 1324.79 | 1520.19 | 1754 | 1552 | 2037.55 |
| -Outflows (Debits) | -199.03 | -146.3 | -245.86 | -419.15 | -478.01 | -500.42 |

Source: Bank of Uganda; Annual Report, 2010/11

2.3.1. Main Traded Commodities

In 2010, all traditional exports recorded increases except cotton whose export revenue reduced by 3.3 percent compared to the FY 2009/10. The quantity of cotton exported dropped from 17,888 tons in 2009 to 11,891 tons in 2010. The contribution of traditional exports to total formal export earnings increased by 0.4 percent between 2009/10 – 2010/11 due to increased tea and tobacco export revenue. Coffee still remained the main foreign exchange earner, although its share to total exports earnings declined by 0.5 percent in the last FY 2010/11.

Despite the decline in quantity exported, earnings increased from US\$ 280.2 million to US\$ 283.9 million as a result of improved prices on the international market. In the FY 2010/11, tea and tobacco attained the same market share of 4.2 percent of the total export earnings with each crop recording an increase in export receipts estimated at US\$ 68.3 million and US\$ 68.7 million respectively.

The contribution of Non Tradition Exports (NTE) to total exports earnings recorded a decline of 0.4 percent in the FY 2010/11. Fish and fish products remained the main foreign exchange earner in this category with its contribution to total exports increasing to 7.9 percent in 2010/11 from 6.6 percent in 2009/10. The fish export revenue increased from US\$ 103.4 million in 2009 to 127.7 million in 2010 because of increased quantities exported. The other NTEs that contributed significantly to export earnings in 2010/11 were; cellular phones with a share of 4.9 percent, petroleum products at 4.5 percent, cement 4.4 percent, sugar and sugar confectionary 3.7 percent as well as animal vegetable fats and oils 3.4 percent.

Petroleum and petroleum products took the highest import bill of US\$ 917.0 million followed by road vehicles, including air cushion vehicles at US\$ (418.8) million in 2010/11. Telecommunication instruments were at US\$ 227.9 million and iron and steel value estimated at US\$ 228.8 million.

2.3.2. Exports

The major destination of Uganda's goods and services were the Common Markets of South and Eastern Africa (COMESA) accounting for 59 percent of total exports and the European Union (EU) 17 percent respectively. Between 2009 and 2010, there was an increase of 3.4 percent to the EU while exports to COMESA declined by 2.7 percent in the same period. It should, however, be noted that Sudan was the major destination for Uganda's exports in the COMESA region earning 18.9 percent of total exports, although this was a decline as compared to 26.8 percent that was experienced in 2009.

There was a slight increase in the total export value to the EU region from US\$ 345 million in 2009 to US\$ 365.7 million in 2010. This disparity was due to the economic decline experienced in most parts of Europe. On the other hand, exports to Asia increased to US\$ 103.7 million in 2010/11 from US\$ 102.6 million in 2009/10.

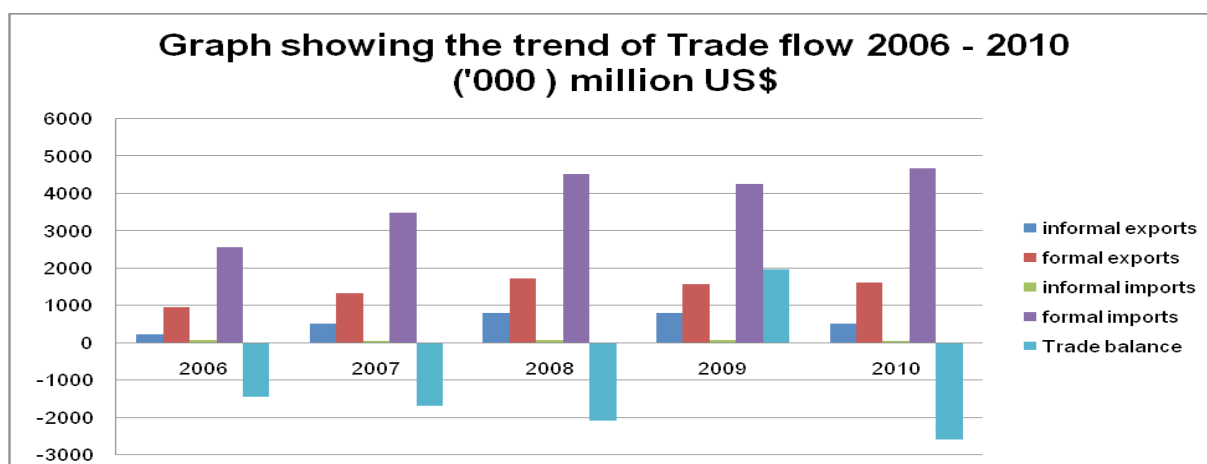
2.3.3. Imports

Asia remained the leading source of Uganda's imports throughout 2010/11. It registered 34.2 percent of total imports in 2008 that increased to 37.1 percent in 2009/10 and 41.8 percent in 2010/11. The African continent ranked second with an import bill increasing from US\$ 957.8 m in 2009/10 to US\$ 992.9 m in 2010/11.

Overall imports from the European Union declined from US\$ 878 million in 2008 to US\$ 752.8 in 2009 and then to US\$ 727.5 m in 2010/11. The market share for EU decreased from 17.3 percent in 2009 to 15.4 percent in 2010. Although Kenya remained the main source of Uganda's informal imports estimated at US\$ 37.5 million in 2010/11 compared to US\$ 43.3 m in 2009/10, it was among the countries that recorded a significant reduction in informal imports bill together with Democratic Republic of Congo.

The trade balance worsened in 2010 although there was a marginal improvement recorded in 2009 as shown in the Table 1 below. The slight improvement was attributed to a reduction in both the import costs and the exports revenues occasioned by low demand which was caused by the world economic meltdown. The overall deficit grew to US\$ 2,583.9 million in 2010 from US\$ 1,973.5 million.

Informal exports decreased while formal exports increased, as the marginal improvement can be attributed to reduction in the petroleum and petroleum products with the highest import costs, road vehicle imports, COMESA; as the EU regional blocs remained the as major destinations of Uganda's exports.

Figure 2. 4: Trend of Trade flow 2006-2010

Source: UBOS, URA AND UCDA Publications, 2011

The 2011 statistical abstract shows that Asia and Africa remain Uganda's major source of imports. The overall balance of payments preliminary figures of 2010/11 revealed a deficit of US\$ 563.8 million in 2010/11 compared to a surplus of US\$ 210.9 million in 2009/10 (UBOS statistical abstract 2011). The current account is projected to register a deficit of US\$ 1,559.8 in 2010/11 compared to a deficit of US\$ 1,439.9 in 2009/10. The deficit was as a result of negative trade balance in service and income account. The imbalance has worsened from a deficit of US\$ 1,697.6 US million in 2009/10 to US\$ 2,112.7 million in 2010/11. This consequence is due to the lower value of export earnings estimated at only US\$ 2,431.1 million compared to a higher value of imports estimated at US\$ 4,543.9 million.

2.3.4. Service and Income

During the period ending March 2011, Uganda remained a net importer of services. The deficit on the services amounted to US\$ 602 million, which represents an increase of 11.1 percent as compared to US\$ 541.8 million recorded at the same period the previous year. This increased to US\$ 317.2 million from US\$ 309.2 million recorded over the previous twelve months, due to a decline in interest rates on commercial banks' deposit, and BoU foreign reserves as world interest rates continued to plunge.

The trade development sector was faced with a number of challenges that included: (i) existence of Non-Tariff barriers (NTBs) in both regional and international markets; and (ii) the absence of trade/market opportunity response strategies such as a deliberate effort to create a linkage between the productive and trade sectors.

2.4. Balance of Payments

The overall balance of payments for 2010/11 revealed a deficit of US\$ 563.8 million in 2010/11 compared to a surplus of US\$ 210.9 million in 2009/10. The current account registered a deficit of US\$ 1,559.8 million in 2010/11, as against a deficit of US\$ 1,439.9 million in 2009/10. The deficit was mainly due to the negative trade balance and service and income account. The trade balance worsened from a deficit of US\$ 1,697.6 million in 2009/10 to a deficit of US\$ 2,112.7 million in 2010/11. The deficit in 2010/11 was due to the value of export earnings estimated at only US\$ 2,431.2 million, compared to the higher value of imports estimated at US\$ 4,543.9 million.

The net inflow of services and income for the year 2010/11 was negative at US\$ 980.4 million compared to negative US\$ 816.2 million in 2009/10. The service and income accounts were at negative US\$ 665.8 million and US\$ 314.6 million, respectively, during 2010/11. The capital and financial account increased by US\$ 819.8 million in 2010/11 compared to US\$ 1,632.1 million in 2009/10, a decrease of 50.2 percent (UBOS; Statistical Abstract, 2011). Details of the balance of payments for the years 2005/06 to 2010/11 are presented in Table 2.4

Table 2. 4: Balance of payments

| | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 |
|---|----------|----------|----------|----------|----------|----------|
| A. Current Account Balance (A1+A2+A3+A4) | -314.50 | -342.00 | -902.70 | -1258.10 | -1532.70 | -1808.40 |
| A1. Goods Account (Trade balance) | -927.70 | -1021.30 | -1437.40 | -1845.80 | -1697.60 | -2284.70 |
| a) Total exports (fob) | 1041.20 | 1473.80 | 2073.00 | 2216.40 | 2317.30 | 2307.20 |
| b) Total imports (fob) | -1969.00 | -2495.20 | -3510.40 | -4062.20 | -4014.90 | -4591.90 |
| A2. Services Account (services net) | -175.40 | -270.60 | -477.50 | -439.70 | -526.90 | -696.70 |
| a) Inflows (credit) | 523.40 | 556.40 | 644.70 | 884.30 | 1210.70 | 1407.00 |
| b) Outflows (debit) | -698.70 | -827.00 | -1122.20 | -1324.00 | -1737.60 | -2103.60 |
| A3. Income Account (income net) | -248.70 | -228.60 | -262.10 | -307.40 | -382.20 | -364.10 |
| a) Inflows (credit) | 53.50 | 87.90 | 115.70 | 92.90 | 23.90 | 17.70 |
| b) Outflows (debit) | -302.20 | -316.50 | -377.80 | -400.40 | -406.10 | -381.80 |
| A4. Current Transfers (net) | 1037.30 | 1178.50 | 1274.30 | 1334.80 | 1074.00 | 1537.10 |
| a) Inflows (credit) | 1236.30 | 1324.80 | 1520.20 | 1754.00 | 1552.00 | 2037.50 |

| | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 |
|--|---------|----------|---------|---------|---------|---------|
| b) Outflows (Debits) | -199.00 | -146.30 | -245.90 | -419.20 | -478.00 | -500.40 |
| B. Capital & Financial Account Balance (B1+B2) | 879.00 | 1060.60 | 1185.70 | 1254.30 | 1659.10 | 1070.10 |
| B1.Capital Account | 126.80 | 3428.10 | 0.00 | 0.00 | 0.00 | 0.00 |
| B2.Financial Account; excl. financing items | 752.20 | -2367.50 | 1185.70 | 1254.30 | 1659.10 | 1070.10 |
| a) Direct Investment | 512.00 | 718.30 | 760.60 | 785.20 | 837.80 | 913.30 |
| i) Direct Investment abroad | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ii) Direct investment in Uganda | 512.00 | 718.30 | 760.60 | 785.20 | 837.80 | 913.30 |
| b) Portfolio Investment | -5.60 | 77.60 | 66.30 | -34.70 | -31.30 | -4.80 |
| Assets | 0.00 | 0.00 | -12.10 | 0.00 | 0.00 | 0.00 |
| Liabilities | -5.60 | 77.60 | 78.40 | -34.70 | -31.30 | -4.80 |
| c) Financial derivatives, net | 0.00 | 0.50 | -0.10 | 6.30 | -5.30 | 1.30 |
| Monetary Authorities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| General government | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Banks | 0.00 | 0.50 | -0.10 | 6.30 | -5.30 | 1.30 |
| Other sectors | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| d) Other investment | 245.70 | -3163.90 | 359.00 | 497.50 | 857.90 | 160.30 |
| Assets | 107.50 | -156.00 | 75.50 | -78.70 | -24.60 | -280.50 |
| Liabilities | 138.20 | -3007.90 | 283.50 | 576.20 | 882.50 | 440.80 |
| C. Errors and Omissions | -366.30 | -14.70 | 279.90 | -42.00 | 84.50 | 156.90 |
| D. Overall Balance (A+B+C) | 198.20 | 703.80 | 563.00 | -45.70 | 210.90 | -581.40 |
| E. Reserves and related items | -198.20 | -703.80 | -563.00 | 45.70 | -210.90 | 581.40 |
| a) Reserve assets | -24.10 | -682.50 | -538.90 | 61.30 | -198.30 | 584.50 |
| b) Use of Fund credit and loans | -138.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | -35.30 | -21.40 | 24.10 | -15.60 | -12.60 | -3.10 |

Source: Bank of Uganda; Annual Report, 2010/11

2.5. Foreign Reserves

Uganda's foreign exchange reserve level as at June 2011 was about U\$ 1,917 million, which was equivalent to 3.7 months' worth of imports of goods and services. This excludes receipts from the capital gains taxation on the companies that sold their interest in the oil sector. This is comparable with the average for the Sub-Saharan low income countries; excluding fragile states, which was 3.4 months of imports of goods and services in 2010, and is estimated to fall to 3.3 months in 2011. As a result of the global financial crisis many countries lost their international reserves in order to maintain financial stability to prevent a complete meltdown of their economies as shown in Table 2.5.

Table 2. 5: Comparative Country Foreign Reserves (Months of Import Cover)

| Reserves in months of imports of goods and services for selected SSA countries | | | | | |
|--|--------|-------|-------|-------|--------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Middle income countries | 11.985 | 14.04 | 13.75 | 18.61 | 16.789 |
| Botswana | 20.17 | 20.91 | 17.32 | 19.30 | 14.85 |
| South Africa | 3.22 | 3.44 | 3.33 | 5.21 | 4.69 |
| Low-Income countries | 4.31 | 4.87 | 4.155 | 5.75 | 5.52 |
| Ethiopia | 1.959 | 2.23 | 1.08 | 2.35 | |
| Ghana | 3.21 | 2.53 | 1.90 | 3.86 | 4.26 |
| Kenya | 3.48 | 3.89 | 2.70 | 4.01 | 3.75 |
| Malawi | 1.12 | 1.599 | 1.41 | 0.88 | |
| Mozambique | 3.47 | 4.11 | 3.69 | 5.32 | 5.53 |
| Rwanda | 6.779 | 6.83 | 4.89 | 5.82 | 5.74 |
| Tanzania | 5.17 | 5.18 | 3.83 | 5.27 | 5.00 |
| Zambia | 1.96 | 2.16 | 1.91 | 4.99 | 3.02 |
| Uganda | 6.59 | 7.19 | 4.85 | 6.25 | 4.82 |

Source: World Bank

2.6. Financial Sector Developments

2.6.1. Exchange Rate Developments

In FY 2010/11, the Uganda currency; the shilling depreciated by 14.5 percent against the US dollar at an annual average exchange rate of Shs 2,323.4 per US dollar from Shs. 2,028.9 recorded in 2009/10. The sharp depreciation began in the second half of 2010/11, depreciating by 6.8 percent to a monthly average rate of Shs 2,461.04 in June 2011. The sharp depreciation is partly attributed to the weak balance of payments, speculative attacks and the global economic and financial downturn.

According to BoU, the balance of payments recorded a deficit of US\$ 581.4 million in 2010/11 from the surplus position of US\$ 210.9 million registered in 2009/10 because of the worsening current balance and a decline in the capital and financial account surplus (BoU Annual Report 2011). During 2009/10 import demand in Uganda stagnated, because private sector consumption growth was very sluggish, also accounted for by the global economic downturn. As a consequence there was a modest strengthening of the

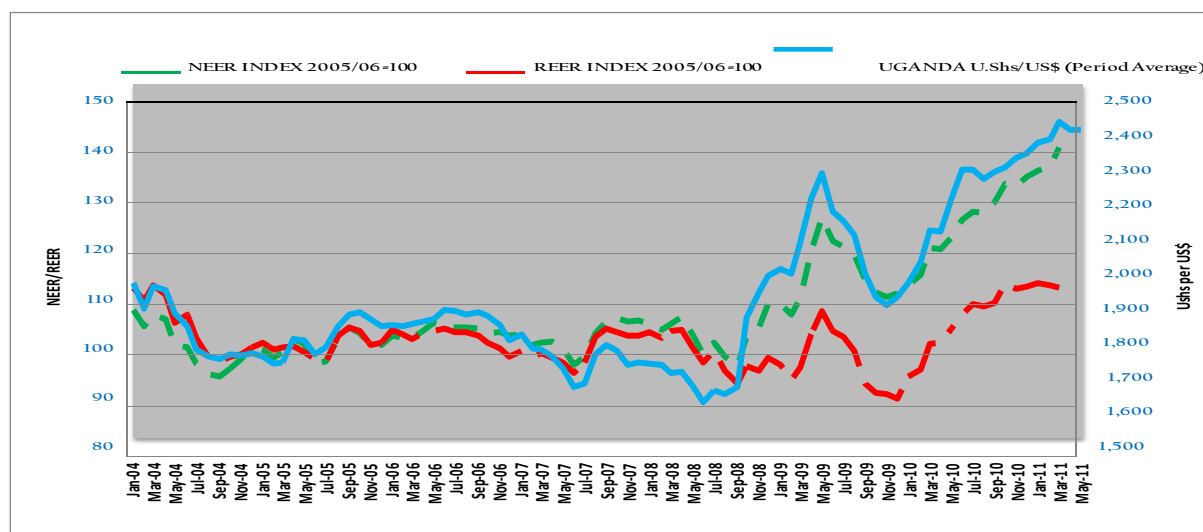
exchange rate in 2009. However in 2010/11, the demand for imports increased strongly as economic growth recovered.

In addition, market sentiments in the month of June 2011 caused speculative attacks on the shilling, resulting to lose substantially against the US dollar. The uncertain global environment, amidst rising oil prices, concerns over fiscal sustainability in the Euro zone, and the slowdown of the US economy sent investors into asset allocation shifts as the US dollar and the Euro became *unsafe* havens.

These factors not only affected the Uganda shilling, but also caused a depreciation of the Kenya and Tanzania Shillings (Table 2.6). Other regional economies had depreciating exchange rates as shown in Table 2.6, which put pressure on the shilling to depreciate in order for exports to remain competitive. In the long run, a weak shilling was expected to help exports while discouraging imports. With high international oil and commodity prices during most parts of 2010/11, manufacturing, telecommunications, and the energy sectors increased their demand for foreign currencies to meet higher import costs.

During the FY 2010/11, BoU continued to use floating exchange rate regime despite sharp depreciation of the shilling and only intervened to stem wide volatility of the market. The central bank intervened on several occasions in the inter-bank foreign exchange market (IFEM), resulting into total intervention sales of US\$ 138.6 million. However, taking into account the BOU's daily purchases of US\$ 0.5 million for reserve build-up, during 2010/11, the Nominal Effective Exchange Rate (NEER), which measures the relative strength of the Uganda shilling against a weighted basket of currencies of major trading partners depreciated by 16.0 percent compared to a depreciation of 7.4 percent in 2009/10.

In the FY 2010/11 the shilling heavily depreciated against the following currencies: Euro, 12.7 percent; Japanese Yen, 26.2 percent; Pound Sterling, 15.3 percent; the Kenya Shilling, 6.6 percent; South African Rand, 24.1 percent; and the Indian Rupee, 17.8 percent. Because Uganda had a high import volume from these countries than its exports, the depreciation of the Shilling against these currencies implied a rise in import costs. As a result of the depreciation of the NEER, the Real Effective Exchange Rate (REER), which measures the competitiveness of Uganda's domestic traded goods relative to those of its trading partners depreciated by 14.3 percent in 2010/11 in contrast to an appreciation of 0.8 percent registered in 2009/10. The evolution of the nominal and effective exchange rates is shown in Figure 2.5.

Figure 2. 5: Exchange rate developments

Source: Bank of Uganda

Table 2. 6: Exchange Rate Comparison in Uganda, Kenya and Tanzania

| Domestic Currency Average to the US\$ | Uganda shilling/ US dollar | Kenya Shilling/ US dollar | Tanzania Shilling/ US dollar |
|--|-------------------------------|------------------------------|---------------------------------|
| June 2010 | 2,257.4 | 80.9 | 1,391.8 |
| September 2010 | 2,251.3 | 80.9 | 1,495.6 |
| December 2010 | 2,303.9 | 80.6 | 1,464.6 |
| March 2011 | 2,393.3 | 84.2 | 1,508.3 |
| June 2011 | 2,461.0 | 88.9 | 1,563.4 |
| Annual % Change (June-June) | 9.02 | 9.89 | 12.33 |

Source: Bank of Uganda

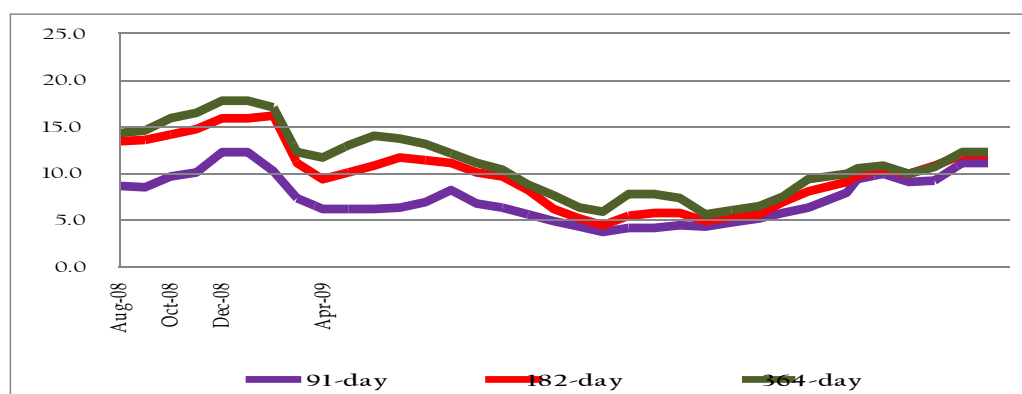
2.6.2. Interest Rates Development

Interest rates development usually reflects the monetary policy stance of the BoU. When monetary policies are eased, interest rates in the market decline. Likewise when tight monetary policies are applied, interest rates increase. Reflecting these changes in policy, the annualized yield on the 91-day, 182-day and 364-day papers rose from 4.3 percent, 4.9 percent and 5.8 percent in July 2010 to 13.3 percent, 14.0 percent and 15.2 percent at end June 2011 (Fig. 2.6). As a result of the rise in yields on the 91-day Treasury bill, the Rediscount Rate and Bank Rate increased to 15.7 and 16.7 percent respectively by the end of June 2011, from 7.3 and 8.3 percent in July 2010.

Similarly, commercial banks' weighted average shilling denominated deposit (WARD) rate rose to 2.57 percent in June 2011 from 1.95 percent in July 2010. Also, the shilling denominated lending rates increased by 37 basis points to 19.94 percent in June 2011 from 19.57 percent in July 2010. The increase in average yields on both Treasury Bills and

Bonds, and commercial bank lending rates in part reflects the tight monetary policy stance and high inflation.

Figure 2. 6: Treasury bill Yield to maturity



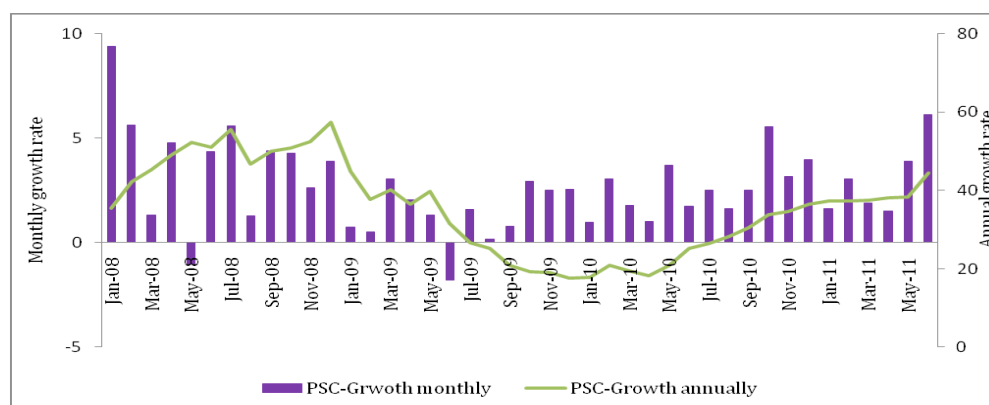
Source: Bank of Uganda

2.6.3. Credit to Private Sector Developments

The banking sector remained stable and sound, registering growth during the year 2010/11. The sector remained well capitalized and complied with the regulatory capital adequacy requirements. All commercial banks complied with the new minimum capital requirement of Shs. 10.0 billion by 1st May 2011 and were prepared to meet the Shs. 25.0 billion target by 1st March 2013.

According to the central bank, on an annual basis, total assets of commercial banks increased by 25.9 percent from Shs. 9,944.3 billion as at end of July 2010 to Shs. 12,516.5 billion at end of June 2011. Credit to the private sector grew by 44.4 percent in the year to June 2011, and this was mainly financed by an increase in customer deposits (Fig. 2.7). Total deposits grew by 29.4 percent from Shs. 7,045.4 billion at the end of July 2010 to Shs. 9,118.7 billion at end of June 2011. Total non-performing loans as a percentage of total advances reduced from 2.2 percent in July 2010 to 1.4 percent as at the end of June 2011 reflecting a marked improvement in the quality of the credit portfolio.

Figure 2. 7: Private sector credit: Stock and growth rates



Source: Bank of Uganda

2.6.4. Fiscal Sector

The fiscal strategy in fiscal year 2010/11 focused on strengthening investments aimed at reducing the infrastructure gaps which are a critical constraint to economic growth and productivity. However, because of the need to enhance democracy and rule of law through peaceful elections, and the necessity to protect Ugandans and their property from terrorism activities, the share of the total expenditure for capital formation was slightly less than the level achieved last year.

Other expenditures which increased during budget implementation included wages for security related personnel, pensions for local governments, increase in energy subsidy as a result of high fuel cost for the thermal power plants, and increased interest cost. To finance these priorities, fiscal policy during 2010/11 was expanded compared to 2009/10. This was partly financed by increased donor resources and partly by short term debt from the banking systems.

Revenues

Total resources available for the budget amounted to Shs 8,374.3 billion during the financial year 2010/11. Several reforms in tax administration were undertaken during the year to enhance the efficiency of tax administration and reduce costs of compliance. These reforms included rolling out online tax services in these URA offices in Jinja, Gulu, Kampala, Mbale, and Mbarara. This development allows taxpayers to register, file returns and pay taxes on-line. Other improvements in services include quicker customs processes, and improved management of bonded warehouses.

Domestic Tax Revenue

Domestic revenue collections by the URA during the year amounted to Shs 5,114 billion, representing an improved performance of 1.6 percent beyond the target of Shs 5,034 billion (Table 7). As percentage of GDP, total tax revenue was equivalent to 12.9 percent (Table 8). The improvement in tax collections was partially attributed to the implementation of various reforms in tax administration.

The main drivers of the revenue were domestic income taxes, mainly PAYE, which grew by 24.1 percent relative to 2009/10 and primarily due to increased remittances from major taxpayers. Similarly, taxes on international trade grew by 22.5 percent and were driven by a recovery in import volumes, coupled with the depreciation of the exchange rate. In contrast, consumption tax revenue from VAT and Excise Duty on domestic activity was below their targets by 17.3 and 3.4 percentage points, respectively during the year under review.

The government realized its first large income from commercial activities in the oil sector amounting to US\$ 438 million in the form of capital gains tax.

These revenues were expected to rise to US\$ 909 million when the two transactions are completed. The first transaction involved Heritage Oil Company selling its interest to Tullow Oil Company Limited in the FY 2010/11. The second transaction is related to the subsequent sale by Tullow Oil Company Ltd. of part of its shares to CNOOC and Total Oil. This latter transaction is in line with government of Uganda's policy to avoid the possibility of monopoly by individual or group of companies in such strategic areas such as the oil sector.

Table 2. 7: Revenue Collections for, 2010/11

| Actual Revenue Collections by Source ('000,000s) | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total 2010/2011 | Annual Performance |
|---|-----------|-----------|-----------|-----------|-----------------|--------------------|
| | 2010/11 | 2010/11 | 2010/11 | 2010/11 | | |
| Net URA collections (excl. Gov't taxes & Refunds) | 1,179,720 | 1,283,052 | 1,231,922 | 1,419,506 | 5,114,199 | 102% |
| Gross Revenues | 1,262,654 | 1,363,929 | 1,338,727 | 1,495,935 | 5,461,245 | 103% |
| Domestic Taxes | 646,777 | 726,893 | 645,423 | 797,097 | 2,816,190 | 97% |
| Direct Domestic Taxes | 363,978 | 442,669 | 356,340 | 502,133 | 1,665,121 | 105% |
| Indirect Domestic Taxes | 256,991 | 255,876 | 261,833 | 265,106 | 1,039,807 | 87% |
| Excise duty | 73,614 | 75,322 | 85,348 | 81,282 | 315,565 | 97% |
| Value Added Tax | 183,377 | 180,555 | 176,485 | 183,824 | 724,241 | 83% |
| Taxes on international Trade | 583,223 | 621,812 | 651,261 | 677,725 | 2,534,022 | 109% |
| Fees and Licenses | 25,807 | 28,348 | 27,249 | 29,858 | 111,263 | 92% |
| Government Taxes | 17,674 | 1,618 | 31,086 | 4,964 | 55,343 | - |
| Non-Tax Revenues | 14,980 | 13,605 | 10,957 | 16,148 | 55,690 | 94% |
| Tax Refunds | -27,171 | -48,298 | -40,931 | -27,171 | -143,570 | 132% |
| Tax Refunds due to Diesel Tax exemption | -23,083 | -17,339 | -23,741 | -28,134 | -92,297 | 102% |

Source: Uganda Revenue Authority, 2011

Domestic Non Tax Revenue

Non-tax revenue collections contributed Shs 56.0 billion, about 1.98 percent of the total domestic tax revenue. This represents a 94 percent performance against the target of Shs 59.4 billion..

Loans and Grants

External financing comprising loans and grants from development partners were projected at Shs 2,681.2 billion during the year compared to a target of Shs. 2056.1 billion. This represented a performance of 30 percent above target.

Expenditure

Total approved government expenditure for the financial year 2010/11 was projected at Shs. 9,325.7 billion. Development expenditure increased by 40 percent over the previous year, amounting to Shs 3,470.1 billion. The increase is attributed to the depreciation of the Uganda shilling against major donor currencies that increased the donor payouts in shilling terms, and the increased absorption on donor projects. This expenditure has financed projects in road works, energy, agriculture and water.

Salaries and wages amounted to Shs 1,620 billion in FY 2010/11, compared to Shs 1,300 billion spent in FY 2009/10. This represents less than 20 percent of the total budget. Total interest payments were projected at Shs 419 billion due to increased issuance of government securities. This was meant to reduce money in circulation in the economy in order to dampen inflationary pressures which emerged in the second half of the financial year.

As a share of GDP, total expenditures, excluding domestic arrears payments were projected at 23.4 percent. The increase in total expenditure was partly due to a higher than expected spending on non-wage recurrent activities including compensation of employees, use of goods and services, interest payments, subsidies, social benefits, and grant transfers, which increased markedly during the year (Table 2.8).

Development expenditure, particularly on infrastructure was estimated to grow by 28 percent during 2010/11 relative to 2009/10. In addition, the capacity to absorb resources in key sectors such as works, energy and water improved during the year. Whereas the performance by donor-financed development expenditures improved, the performance by activities under the domestically-financed budget was expected to fall short by 24 percent. The low absorption capacity in the domestic development budget activities was partly due to the slow procurement and bureaucratic processes involved.

The expansionary fiscal stance during the budget implementation resulted in a fiscal deficit excluding grants and oil capital gains tax revenue estimated at 10.5 percent of GDP compared to the budget target of 6.2 percent in 2009/10. Including grants and oil capital gains tax revenue, the deficit is estimated at 4.8 percent of GDP or Ushs 1.877 trillion, which is less than the 5 percent medium term target for fiscal prudence. Table 2.8 summarizes selected indicators of central government operations since 2007/08.

Table 2. 8: Selected indicators of government operations (% of GDP or otherwise stated)

| Government Operation | out turn | out turn | out turn | Budget | Project out turn |
|---|----------|----------|----------|--------|------------------|
| | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 |
| Revenue and grants/GDP | 16.3 | 15.5 | 14.9 | 16.4 | 18.9 |
| Domestic revenue incl. oil/GDP | 13.3 | 12.6 | 12.4 | 12.9 | 15.8 |
| Domestic revenue excl. oil/GDP | 13.3 | 12.6 | 12.4 | 13.4 | 15.8 |
| Tax revenue/GDP | 12.9 | 12.2 | 12.1 | 13.2 | 12.9 |
| Total expenditure excl. domestic arrears repayments/GDP | 17.6 | 16.4 | 19.5 | 19.3 | 23.4 |
| Total expenditure incl. domestic arrears repayments/GDP | 18.8 | 17.4 | 19.7 | 19.7 | 23.4 |
| Gross operating balance/GDP | 0.9 | 1.7 | -1.5 | 0.4 | -0.9 |
| Domestic balance/GDP | -0.9 | -1.5 | -4.2 | -1.7 | -5 |
| Primary balance/GDP | -0.6 | -0.5 | -3.6 | -2.3 | -3.8 |
| Budget deficit (excl. grants)/GDP | -4.9 | -4.6 | -7.2 | -6.2 | -7.9 |
| Budget deficit (excl. grants and oil)/GDP | -4.9 | -4.6 | -7.2 | -6.2 | -10.5 |
| Budget deficit (incl. grants and oil)/GDP | -1.9 | -1.7 | -4.7 | -3.2 | -4.8 |
| Domestic financing (-borrowing/+saving) | 1 | 0.3 | -2 | -1.3 | 1 |
| Donor assistance disbursement/total budget | 26.2 | 30.4 | 25.9 | 27 | 27.7 |
| Donor assistance disbursement/GDP | 4.9 | 5.3 | 5.1 | 5.3 | 6.6 |
| External borrowing/GDP | -1.4 | -1.9 | -2.2 | -2 | -3.1 |
| Capital formation/total budget | 12.1 | 14.8 | 15.9 | 16.9 | 15.1 |
| Consumption/total budget | 33.4 | 37.3 | 40.7 | 38.7 | 43.8 |

Source: Ministry of Finance, Planning and Economic Development; Background to the budget FY2011/12

External Debt Sustainability

External debt sustainability remains a key indicator of the health of Uganda's economy. The economy's debt remains very low and the sustainability ratios show that the country is not at all in danger of a debt crisis. Debt sustainability is measured relative to our export performance, GDP and domestic revenue collections. On the basis of this, Uganda's debt is sustainable and is projected to be sustainable over the medium and long term. This is due to the positive outlook on economic growth, exports and domestic revenue performance. The prospect of large oil revenue makes the debt even more sustainable because oil revenues will increase GDP growth, export receipts and domestic revenues.

Uganda's total external debt stock amounts to US\$ 4,760.6 million of which US\$ 2,829.0 million has already been disbursed. The balance of US\$ 1,931.6 million is committed and will be disbursed as projects are implemented. The net present value (NPV) of debt to GDP is currently 8.9 percent, which is much lower than the sustainable benchmark of 50 percent, while total debt service to exports ratio is 1.4 percent against the sustainable benchmark of 25 percent. In absolute terms, the ratio of debt to GDP is only 27 percent, which is much lower compared to many countries around the world. In countries like Greece this ratio is about 150 percent.

2.7. The East African Community Economic Outlook

According to the IMF WEO (2011), the members of the East African Community (EAC) were among the fastest growing economies in Sub-Saharan Africa (SSA); and largely in the developing world in recent years. The outlook for the three countries in the region, and their real GDP growth percentage change; Rwanda, 7.9; Tanzania, 6.9; and Uganda, 8.3; were among the fastest growing economies in the world during 2005–09 (IMF WEO 2011). The region has demonstrated commitment to strong policies. However, despite the recent progress per capita incomes remain low. But medium-term prospects are favorable for translating recent gains into sustained high growth for the region.

The recent growth, however, may not be enough to achieve middle-income status and substantial poverty reduction by the end of the decade; the ambition of most countries in the region. Higher growth is needed to achieve these objectives. To this effect, the IMF WEO (2011) has outlined various opportunities for the EAC to achieve sustained higher growth and to move to middle-income status over the next 10 to 15 years. The main objectives to reinforce the region's successful growth are extensive macroeconomic stabilization and policy reforms to usher in an uninterrupted financial stability, market development, and institution reforms to set the stage for the growth surge. The benefits of these outlined measures would increase over time, and with prudent market-based economic management, sustained growth would be attained.

Looking at the international trade performance of the EAC countries, the IMF WEO posit that there is still moderate growth of export activity compared to other countries that attained growth take-offs. Whereas their counterparts registered a share of exports to GDP of between 30–40%, that of EAC countries is well below 20% of GDP. Tanzania is the best performer amongst countries in the EAC with its share of exports to GDP around 20% while the shares of Rwanda and Uganda have stagnated around 10% and below. However, it is interesting to note from the IMF WEO that there are encouraging signs of export diversification in the EAC countries. This is attributable to increased regional trade integration as a result of significant elimination of trade tariffs from the establishment of the common market. IMF WEO reports that while the EAC's exports outside the region are mainly commodities, the bulk of intra-EAC exports are manufactured goods; food products, beverages, tobacco, and cement. Kenya, Tanzania,

and Uganda; initial members of the EAC are the main sources of such intraregional exports. On the other hand, Rwanda's exports to the region remain concentrated in high agricultural commodities.

Again, according to the report, Kenya has the lowest export concentration ratio of about 0.2; followed by Uganda 0.25, Tanzania 0.28, Rwanda slightly above 0.4, and Burundi only slightly below 0.5.

Intra-regional trade more than doubled from about US\$ 0.9 billion in 2004 to US\$ 1.8 billion in 2008, but still accounts for less than 30 percent of total. Although a common market is in place, non-tariff barriers are still high in the region and common standards as well as harmonized regulations are yet to be agreed upon. It is suggested that removing these remaining obstacles could facilitate faster growth and greater diversification of the region's exports. It is important to note that some countries in the EAC have successfully penetrated trading arenas outside the region. For example, Rwandan companies have gained international market share for their coffee through value chain addition.

Furthermore, Kenyan, Tanzanian, and Ugandan companies are exporting fresh water fish and cut flowers to Europe by air, through a close articulation of all phases of the export process. These exports, however, have not made a significant difference at the national or regional level. In a nutshell, it can be argued that export expansion has not risen to sufficient levels that could warrant changes in the structure of output in the EAC.

It should be noted that EAC countries have experienced sectoral shifts in GDP composition with agriculture steadily losing importance while services, and to some extent industrial sector becoming more assertive. The share of agriculture to GDP declined from over 50% in the 1980s to about 30% at the present. The subsectors that have been more important in driving the services sector include telecommunications, financial services, and tourism whose total share to GDP has risen to over 50%. However, it is noteworthy that the share of the services sector in EAC exports remains relatively small and mostly limited to tourism and transfer trade. Similarly, the high share of the labor force in agriculture; 70 percent to 80 per cent, suggests that there is still an untapped potential for increasing productivity in that sector.

High transportation and energy costs are acknowledged constraints to expanding high-value exports in the region. In particular, transportation unit costs are estimated to be six times higher in the EAC than in China and India. Again around 60% of EAC businesses identified inadequate or poor electricity supply as a major constraint to business operations. The EAC countries are now focused on the provision of efficient transportation and affordable energy services as a number of projects have been initiated in these areas. Technical as well as financing difficulties have, however, limited progress in delivery so far.

There are still a number of impediments to the success of the EAC economic growth and integration in the global trading arena. It is posited that the EAC still suffers a setback of high regulatory costs which jeopardize export price competitiveness. It is noteworthy that EAC member countries have adopted appropriate liberal policies and instituted favorable legal frameworks to current and prospective investors. However, business surveys have indicated that some of the policies are still documentary and void of their practical implementation. Such that, despite the elimination of internal tariffs, customs procedures remain uncoordinated and burdensome at the regional level, and nontariff barriers are pervasive. Additionally, duty drawback and tax refund schemes are complex and poorly administered, resulting in substantial delays. Investment incentives are much uncoordinated and often only enterprise-specific.

The obstacles identified in the region are detrimental to investment and export growth and output diversification. While the majority of the member countries are highly committed to establishing policies that can improve the investment climate, little has so far been achieved with Rwanda the only country implementing ambitious and comprehensive reforms. Also the reform efforts lack harmonization and cohesion, hence dampening any positive outcomes.

2.8. The Regional Outlook (COMESA)

COMESA comprises 19 member countries: Burundi, Comoros, DR Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. Endowed with abundant natural resources, a constantly growing population, an emerging middle class in need of new products, an increasingly inspirational youth and growing stability make COMESA a vibrant economic community. The ideologies of the countries in COMESA are aligned; each member state is inclined to capitalism. This has helped shaped the economic development of the region, which has seen a sharp increase in cross-border and foreign investments in the last decade, particularly from 'newcomers' such as Brazil, China and India.

Just like the SSA region at large, COMESA also exhibited resilience of its growth path when encountered with the global economic downturn, despite the conventional teething challenges facing the continent. The progress registered in the COMESA region is attributable to the prudent macroeconomic management, the transformation from public to private or market-based economies and the sustained structural reforms taking place in much of the continent. Aggregate (GDP) for COMESA stood at estimated US\$ 448.0 billion in 2009, US\$ 512.6 billion in 2010 and US\$ 573.5 billion in 2011 (Table 2.9).

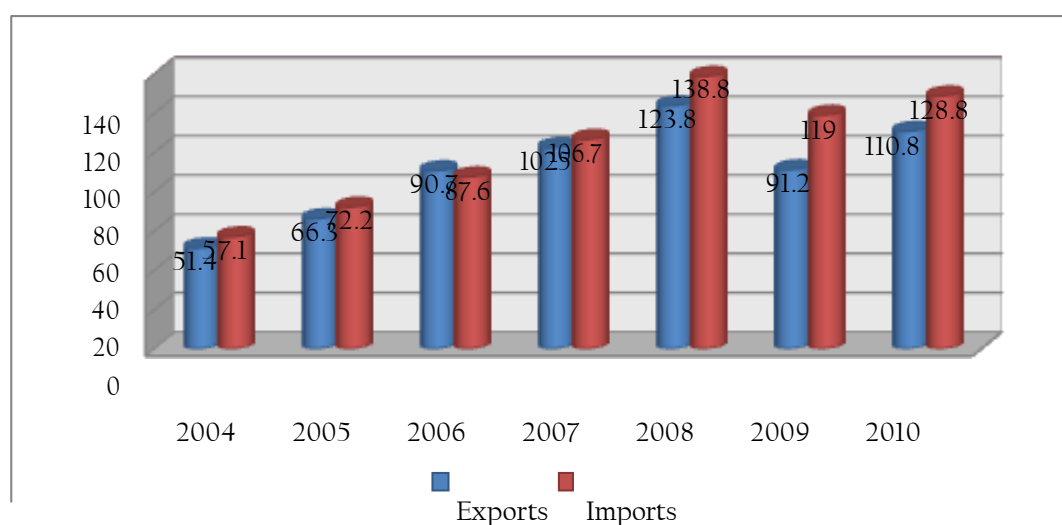
Table 2. 9 GDP performance for COMESA countries (US\$ BN)

| Country | 2007 | 2008 | 2009 | 2010 f | 2011 f |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| Egypt | 130.3 | 162.4 | 188.0 | 215.8 | 248.1 |
| Libya | 71.7 | 89.9 | 60.4 | 76.6 | 84.1 |
| Sudan | 46.5 | 58.0 | 54.7 | 65.7 | 74.5 |
| Kenya | 27.2 | 30.3 | 32.7 | 34.2 | 38.7 |
| Ethiopia | 19.6 | 26.7 | 32.3 | 30.6 | 31.7 |
| Uganda | 11.9 | 14.4 | 15.7 | 17.7 | 18.8 |
| Zambia | 11.5 | 14.7 | 13.0 | 16.1 | 17.7 |
| D R Congo | 10.0 | 11.6 | 11.1 | 12.6 | 13.7 |
| Mauritius | 7.5 | 9.3 | 8.8 | 9.8 | 10.4 |
| Madagascar | 7.3 | 9.5 | 8.6 | 8.4 | 8.9 |
| Rwanda | 3.7 | 4.7 | 5.2 | 5.7 | 6.1 |
| Malawi | 3.3 | 3.9 | 4.6 | 4.8 | 5.1 |
| Zimbabwe | 4.7 | 3.9 | 4.4 | 5.1 | 5.5 |
| Swaziland | 2.9 | 2.8 | 3.0 | 3.1 | 3.2 |
| Eritrea | 1.3 | 1.4 | 1.9 | 2.3 | 2.7 |
| Burundi | 1.0 | 1.2 | 1.3 | 1.4 | 1.5 |
| Djibouti | 0.8 | 1.0 | 1.0 | 1.1 | 1.2 |
| Seychelles | 1.0 | 0.9 | 0.8 | 1.0 | 1.0 |
| Comoros | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 |
| COMESA Total | 362.9 | 447.1 | 448.0 | 512.6 | 573.5 |

Source: IMF, WEO Database April 2010

It should be noted that the COMESA as a region has increasingly become more integrated in the global trading arena. Total trade exports and imports has more than doubled from US\$ 108.5 billion in 2004 to US\$ 262.6 billion in 2008, growing at a compound annual growth rate (CAGR) of 24.7 percent over the period.

The favorable growth rate in total trade can be partly attributed to favorable growth performance of both exports and imports. For example, exports sky-rocketed from US\$ 51.4 billion in 2004 to US\$ 123.8 billion in 2008. In the same vein, imports grew at approximately the same rate rising from US\$ 57.1 billion to US\$ 138.8 billion over the period 2004-2008 (Fig. 2.8). However, the flow of both exports and imports of almost all COMESA countries were estimated to have declined in 2009, attributed mainly to the impact of the global economic recession, before a gradual pickup in 2010 with modest recovery in global economy. COMESA region accounted for around 28 percent of Africa's total trade in 2008.

Figure 2. 8: Global Trade of the COMESA Region (US BN) Dollars

Source: International Trade Centre (ITC)

2.9. The Sub-Saharan Africa (SSA) Economic Outlook

The Sub-Saharan Africa (SSA) region is showing strengthened macroeconomic performance, with many of its economies already growing at rates close to the global pre-crisis averages. The global slowdown has not had a far reaching impact on the region although the downside effects are on the increase. Economic growth in the SSA can be attributed to the high private and public consumption spending which formed a significant part of the robust growth experience. Quite a number of countries in the region exploited the available macroeconomic policy latitude to enhance their speed of resurgence from the crisis-induced downturn. However, inflation pressure has been teething in a number of countries in the region. This is attributed to the earlier surge in commodity prices which fueled a rise in inflation.

Furthermore, the highly accommodative monetary policies are largely responsible for the emergence of inflation pressure in some countries in the SSA region including but not limited to Ethiopia, Kenya, and Uganda. However, private capital flows, which had been gaining importance as a source of external financing before the crisis have started to rise in a number of best performing countries in Africa especially in Ghana, Mauritius, and South Africa. African countries are well poised for continued economic growth conditional on the fact that advanced economies especially the US and the Euro zone contain their economic and financial turbulences to positively affect foreign financial inflows and commodity prices

The real GDP growth in the SSA region is projected to grow at a speed of 5¼ to 5¾ percent during 2011/12, notwithstanding expected variances amongst countries in the region. Most of the poor economies in the region are not fully integrated in the global economy, which has enabled shelving the SSA's economies from the global financial and economic downturn. This fact made it easy for these countries to revert to their pre-crisis

growth paths. However, the severe drought in the horn of Africa continued to exert inflationary pressures mainly due to food price surges. The economic growth for the SSA countries averaged 6 percent in 2010/11.

The fair rate of growth is attributed to the increase in domestic aggregate demand and foreign demand for the region's exports. It is projected that the economic growth rate in 2011/12 will be 6½ percent owing to expected increases in investment projects in Kenya, restoration of law and order in Côte d'Ivoire which is expected to spur growth and large oil and mining projects come online in Niger and Sierra Leone.

It is expected that countries exporting oil will realize a growth of 7¼ percent in 2012. The acceleration in growth in 2012, despite lower oil prices reflects continued strength in domestic public investment spending.

On the other hand, the Middle-Income Countries (MICs) were more vulnerable to the global economic downturn, compared to their poor counterparts, because of a higher level of integration in the global economy; hence they needed more time to recover from the pre-turbulence period. These countries, especially South Africa, suffered from a number of interrelated problems including high unemployment rates, high household debt and low capacity utilization, the slowdown in advanced economies, and substantial real exchange rate appreciation which made recovery more difficult.

The drivers of economic growth have been the private consumption and reinvigorated investment, supported by a low interest rate environment and a return to the issuance and renewal of mining licenses; IMF/WEO, 2011. As noted for the case of the global economy, SSA region also experienced increases in inflation pressure. This is again attributable to the surge in commodity prices in the face of economic slowdown.

The inflation pressures are expected to remain high in oil exporting countries of SSA particularly those that had relative accommodative monetary policies before the crisis and those which had sharp increases in domestic fuel prices that fed into price increases. However, the partial recovery of the relatively rich countries in the region may limit the rise in inflation pressures in these economies. A further deterioration of the global economic environment could have substantial spillovers to the SSA region. The sharp increase in oil prices boosted growth in oil exporting SSA countries but caused significant challenges for oil importing SSA countries. The surge in non-oil commodity prices led to large social and fiscal costs for the region's net commodity importers. Political factors and weather shocks also contributed to dampening of growth prospects.

2.10. Global Economic Outlook

2.10.1. General Global economic outlook

The resilience of the world economy to economic shocks became more uncertain in 2011, as global economic growth weakened and became more uneven, confidence fell sharply recently, and downside risks emerged. In addition, the world economy was hit by a number of shocks this year. For example, Japan was struck by the devastating great east Japan earthquake and tsunami. The Middle East and North Africa experienced civil unrest and violent political changes coupled with an upsurge in oil prices.

The Euro zone was plunged into prolonged economic and financial turbulences and the global markets encountered a major breakdown in the Wall Street market systems leading to sell-off of risky assets. All these economic, financial and political shocks affected most economies. An attempt by the advanced countries to control the crisis was surprisingly more complex than conventionally expected. According to IMF/World Economic Outlook, 2011, the growth path of the crisis-hit advanced economies was weak and bumpy. This scenario was expected to have a great bearing on the growth prospects of developing and emerging economies. However, growth could still be robust in special category of emerging economies so as to absorb the shock of weaker foreign demands.

The natural calamity that affected Japan and the escalating oil prices that resulted either from contracted supply or expanded demand have had spiral effects on the global economy through various channels. The shocks slowed down global trade and industrial production in advanced economies by 0.5 percentage point, mostly in the second quarter of 2011. It was estimated that the number of cars manufactured worldwide would drop by 30 percent in the two months following the Japanese earthquake and tsunami because of supply-chain disruptions. Belatedly, it is estimated that United States experienced a loss of 1 percentage point of GDP in the second quarter of 2011. In another development, during the second quarter of 2011, oil prices rose more than 25 percent above the levels that prevailed in January 2011. This upsurge is estimated to have reduced output in advanced economies by 0.5 percentage point of GDP.

The upsurge in commodity prices also created opportunity for Latin America to be propelled to high growth rates. Economic growth in developing Asia diminished rather modestly in response to the after effects of the Japan calamity which disrupted the global supply-chains, and also from negative output effects emerging mainly from the reduced foreign demand by advanced economies.

2.10.2. The Global Financial Sector Trends

The renewed uncertainty led to hiking of the sovereign risk premiums for Belgium, Italy, and Spain, and to a smaller extent that of France and Cyprus. The interbank markets encountered enormous strain and some banks experienced financial constraints with many potential sources of funding coming to a halt. As advanced economies are continuously being marred by major failures in economic and financial management, especially in the US and the Euro zone, equity markets have fallen sharply and equity price instability has become more noticeable than ever before. During the period under review, the prices for sovereign bonds and gold rose, signifying investor loss of confidence in the system requiring cautious investment in the major advanced economies.

Yet again, whereas consumption in emerging economies grew vigorously, the reverse happened in the advanced economies. This was mainly due to high unemployment rates, mortgages prices showed no sign of stabilizing in key crisis-hit economies such as United States and some countries in the Euro zone. A large projection of unsold properties with mortgages continued to present a major downside risk to consumption in the United States. Otherwise house prices started to rise again in some advanced economies, such as France and Germany, and remained high in Canada. The Financial Conditions Indices by IMF, which consider developments in equity and bond prices, spreads, and bank lending volume in the United States and the Euro zone reflected lower stock prices and tighter spreads. According to IMF, the direction in which financial markets will evolve, and the way in which they will impact the real economy in advanced countries cannot be clearly known a priori.

The IMF recommended that banks could do without a sharp and sustained tightening of lending conditions. However, weaker growth prospects undermined public and private balance sheets and debt management risks. Overall, the financial conditions remained supportive of growth in emerging and developing economies, in spite of the high level of unpredictability experienced. Bank credit to the private sector grew and spurred capital inflows. Despite this positive development, policymakers in advanced economies forestall a cycle of deteriorating sovereign and financial sector prospects. The global downside risks increased, which led to sharp reduction in demand, a reversal in capital flows, and a rise in funding costs that impacted the financial soundness of domestic banks in emerging and advanced economies.

2.10.3. Global Monetary Policy

During the year, many advanced countries maintained highly accommodative monetary policies, albeit the end of the second round of ease in the United States and rate hikes in a number of economies, including the Euro Zone. This affected monetary policymaking in the crisis-hit economies. Central Banks of Japan and Switzerland took steps to ease monetary conditions, to deflate pressure to appreciate their currencies.

The European Central Bank (ECB) expanded its liquidity operations and stepped up its Securities Market Program. More generally, markets pushed out their expectations for rate hikes much further into the future. Despite monetary tightening by many central banks in emerging market economies, and other measures to slow credit growth, real interest rates were low, while credit grew strongly in a number of these economies.

2.10.4. Global Fiscal Policy

Fiscal consolidation weighed heavily on economic growth in 2011, in comparison to the neutral fiscal policy in advanced economies in early 2010. However, fiscal loosening was seen in Canada, Germany, Japan, and the United States, which was broadly offset by tightening elsewhere. In many economies, there was significant progress toward fiscal adjustment, as policy tightened further in the first half of 2011 and the pace of consolidation was higher than earlier estimated. In particular, the structural fiscal balance of the United States improved by about 0.5 percent of GDP in 2011, implying a 1 percentage point of GDP fiscal withdrawal. Fiscal policy is expected to tighten further in 2012, mainly on account of tightening in the United States and sizable consolidation in various Euro zone economies. IMF analysis indicates that the switch from fiscal stimulus to consolidation will dampen short-term economic growth in 2012.

2.10.5. Global Inflation

The world economy continued to experience inflation pressure; both headline and core inflation have been on the rise, during 2010/11. There were three major pathways for global inflation pressure, namely; energy and food prices, output gaps, and policy and credibility of policy-makers.

Food price inflation which was majorly prevalent in emerging and developing economies subsided significantly. Other than that, emerging and developing economies started experiencing second-round effects on wages from past food and energy price hikes, as they account for a larger share of their consumption baskets. Wage growth remained subdued due to the lagging of employment behind the rate economic growth. Evidence of labor market tightness was evident in a number of smaller advanced economies and in many emerging and developing economies.

Headline inflation receded as food and energy prices stabilized, although the underlying pressure rose mainly in emerging economies. In advanced economies, headline inflation was about 2.5 percent in 2011 but was expected to recede to about 1.5 percent in 2012, assuming energy and food prices evolve as the markets expect. In emerging economies, headline inflation averaged 7.5 percent in 2011, as energy and food prices stabilized, as demand pressures raised core inflation. Inflation is expected to stay high through 2011–12 in the CIS, MENA, and SSA regions, averaging 7 to 10 percent. Within the broader trends, some economies are seeing noticeably higher inflation than are their regional peers as Argentina, India, Paraguay, Venezuela, and Vietnam.

2.10.6. Downside Risks

IMF presents four major sources of downside risks that are particularly a threat to economic growth. These are weak sovereigns and banks in a number of advanced economies; disproportionately weak policies to address the teething crisis in the Euro zone, Japan, and the US; vulnerabilities in a number of emerging market economies; and volatile commodity prices and geopolitical tensions.

In particular, vulnerable sovereigns expose economies to wider sovereign spreads and aggravated wholesale funding that is prone to freezing during financial turmoil. Also, risks arising from weak policies build sudden investor flight. The decline in consumer and business confidence led to sharp increases in savings which undermined economic activities. Various market indicators confirm the qualitative assessment that downside risks increased modestly in June or April 2011. A downside scenario illustrates how the major advanced economies continued to slide back recession with significant effect on emerging and developing economies. The situation was aggravated by disruptions to global oil supply and rising food price, cutting into the already sluggish real growth of household incomes, particularly of developing countries.

Chapter Three

National Development Plan Implementation Progress

3.0. Overview of the NDP Focus and Priorities

The National Development Plan (NDP) was adopted in July 2007 as the country's planning framework as part of Government's endorsement of a new National Vision of "a transformed Ugandan society from a peasant to a modern and prosperous country within 30 years", to replace Vision 2025. Six five-year NDPs are intended to be the vehicle to achieving the new thirty-year National Vision. The current NDP (2010/11–2014/15) is the first out of the six and was adopted by Parliament in November 2010. It became effective in the FY 2010/11.

The current NDP is aimed at achieving the theme of: "Growth, Employment and Socio-economic Transformation for Prosperity". This theme is to be realised through pursuance of eight **national development objectives** and unlocking the **most binding constraints** that are hindering faster growth and socio-economic transformation.

The national development objectives being pursued are:

1. Increasing household incomes and promoting equity;
2. Enhancing the availability and quality of gainful employment;
3. Improving stock and quality of economic infrastructure;
4. Improving access to quality social services;
5. Promoting science, technology, innovation and ICT to enhance competitiveness;
6. Enhancing human capital development;
7. Strengthening good governance, defence and security; and
8. Promoting sustainable population and use of environment and natural resources

The most binding constraints to be tackled are:

1. Weak public sector management and administration;
2. Inadequate physical infrastructure;
3. Inadequate supply and limited access to critical production inputs;
4. Low application of science and technology;
5. Inadequate quantity and quality of human resource;
6. Inadequate financing and financial services; and
7. Gender issues, negative attitudes, mind-set, cultural practices and perceptions.

The NDP identifies a number of overriding macroeconomic development strategies for realising the national development objectives. These are:

- (i) Maintaining macroeconomic stability to support growth, employment and socio-economic transformation;
- (ii) Pursuing high levels of growth as well as focusing on poverty reduction;
- (iii) Enhancing efficiency and productivity through reduction of unproductive activities; and
- (iv) Enhancing inter and intra sectoral linkages to harness implementation synergies within and among the primary growth, complimentary, social and enabling sectors.

However, in order to ensure further focusing and limit over spread for maximum results, the following priority investment areas (**Key Result Areas**) are highlighted:

- (a) Improving public physical and energy infrastructure;
- (b) Human capital development;
- (c) Promoting science, technology and innovation; and
- (d) Facilitating availability and access to critical production inputs.

It should be noted that addressing the Key Result Areas directly provides the desired solutions to the Most Binding Constraints in the economy. The NDP further earmarks fifteen national core projects/programs for fast tracking, as overriding critical investment areas. These are:

- i) Construction of five new irrigation schemes and rehabilitation of five existing ones;
- ii) Construction of an oil refinery;
- iii) Construction of regional inter-state oil distribution pipeline;
- iv) Construction of Karuma hydropower electricity dam (600MW);
- v) Construction of Isimba hydropower electricity dam (100MW);
- vi) Construction of Ayago hydropower electricity dam (500MW);
- vii) Improving transport infrastructure for Greater Metropolitan Kampala;
- viii) Rehabilitation of the country's existing railway networks;
- ix) Construction of the standard rail gauge from Malaba to Kampala;
- x) Improve water transport on Lake Victoria;
- xi) Construction of information technology business parks;
- xii) Construction of phosphate industry in Tororo;
- xiii) Construction of iron ore ingots at Kabale;
- xiv) Develop a pool of non-formal skills through non-formal skills program; and
- xv) Construction of 4 regional science technology parks and technology incubation centres

The NDP further identifies interventions and priority programs to be focused on by sectors, ministries and local governments during the NDP period. The corresponding outputs are also specified.

3.1. Progress on Implementation of the National Development Plan

It is recognised that Ministries, Departments and Agencies (MDAs), Local Governments, the private sector and civil society are now aware of the existence of the NDP as the National Development Framework. This is measured by the reference made to the NDP in different debates and publications.

The progress on implementation of the NDP is being assessed using the NDP Results Framework, which involves reviewing achievements against target indicators for the Theme, Objectives, and Key Result Areas, National Core Projects and sector/thematic area priority interventions.

Table 3. 1: NDP Results Framework for the Goal/Theme Level Indicators

| THEME/GOAL | KEY RESULT AREA | CATEGORY | INDICATOR | TARGETS AND ACTUAL FIGURES (Per centages) | | | Remarks |
|---|----------------------------------|--|---|--|-----------------------------------|-----------------------------------|-----------------|
| | | | | Actual 2008/09 | Target 2010/11 | Actual 2010/11 | |
| To realise increased growth, employment and faster socio-economic transformation for prosperity | A. Growth | A.1. GDP | A.1.1. Increase in GDP growth | 6.2 | 6.7 | 6.3 | Not Achieved |
| | | A.2. Export | A.2.1. Increase in export proportion of GDP by 7.5% per annum | 7.5 | 15.0 | 10.8 | Not Achieved |
| | | | A.2.2. Increase in ratio of manufactured exports to total exports by 7.8% per annum | 4.2 | 5.8 | 4.4 | Not Achieved |
| | B. Employment | B.1. Growth of manufacturing industry | B.1.1. Increase in manufacturing industry workplaces (m/f) | 4.2 | 4.5 | | No Data |
| | | B.2. Growth in total employment | B.1.2. Increased employment rate by 35% (7% per year) | 70.9 | 75.9 | | No Data |
| | C. Socio-economic transformation | C.1. Raising country's human development indicators to level associated with middle income countries | C.1.1. National Skills gap by type (To be determined later by National manpower Survey) | | | | No Data |
| | | C.2. Raising Uganda's competitiveness positioning in the world | C.2.1. Improved ranking based on world competitiveness index | 108 /130 | 105 /130 | 121 /130 | Not Achieved |
| | | | C.2.2. Improved ranking based on international "doing business survey" | 112 th /183 | 108 th /183 | 123 rd /183 | Not Achieved |
| | | C.3. Human Development Index (Ranking) | C.3.1. Improved ranking in HDI index | 0.514 (157 th /182) | 0.526 (152 nd /182) | 0.446 (161 st /187) | Not Achieved |
| | | | C.3.2. Increase in life expectancy by 2 years (by 2015) | 50.4 | 51 | 54 | Achieved |
| | | | C.3.3. Increase in literacy level by 8.6% (by 2015) | 73.6 | 75.2 | 73.2 | Not Achieved |
| | | C.4. Increasing household incomes | C.4.1. Decrease in people below poverty line by 4.1% | 28.5 | 28.0 | 24.5 | Achieved (UBOS) |
| | | | C.4.2. Increase in income per capita by USD 331 (by 2015) (Current Prices) | 506 | 614 | 485 | Not Achieved |
| | | C.6. Urbanization | C.6.1. Increase in population living in urban areas by 8% (by 2015) | 12 | 13.6 | 13.0 | Not Achieved |
| | | C.7. Human capital development | C.7.1. Increase in BTJET enrollment rate | 30,009 ¹ | 44,413 | 40,428 | Not Achieved |

Source: NDP M&E strategy

The overall national progress made towards implementation of the NDP is reviewed in the sections that follow in this chapter. The assessment is based on the NDP indicators at various levels of the Results Framework i.e. the Theme (or Goal), Objectives, Key Result Areas, National Core Projects and sector/thematic monitoring and evaluation levels.

3.1.1. Progress on the NDP Theme

Progress on the NDP Theme has been assessed through measuring performance against targets of identified indicators in the areas of Growth, Employment and Socio-economic Transformation (Table 3.1 presents the summary).

The results in Table 3.1 indicate that there is slow progress towards achievement of the indicators for the overall theme of “Growth, Employment and Socio-economic Transformation for prosperity” during the first year of implementing the NDP. This is attributed to a number of factors such as: the after effects of the 2008/9 global economic crisis manifested in the reduced inflows; the high oil and gas, and other commodity prices manifested in high imported inflation; high food prices resulting from the long drought experienced; and structural bottlenecks still prevailing in the economy.

In particular, growth was projected to grow by 6.7 percent in the first year of the NDP. A lower growth of 6.3 percent was realised due to the after-effects of the global economic crisis, which reduced investment related to inflows from remittances by Ugandans working abroad, tourism and foreign investments. Policy makers and implementers have also acknowledged that the general elections atmosphere that prevailed in the country during FY 2010/11 also affected foreign inflows and public investment during the year.

The exports were projected to double in the first year of the NDP due to improved coffee prices resulting from reduced production trends and production recovery challenges faced by Brazil. This was not realised due to prolonged drought and other production constraints. However, the reduced coffee exports were compensated for by the high prices. Overall exports are estimated to have increased by 10.8 percent, in comparison to the expected increase of 15 percent.

The absence of employment data, on baseline, current and projected levels, has rendered assessment of performance against employment indicators difficult.

Annual NDP performance was mixed, as measured against key indicators for socio-economic transformation. Life expectancy improved from 51 years to 54 years, between 2008/9 and 2010/11 respectively. This may be attributed to reduced deaths arising from the wider use of mosquito nets and increased availability and use of AIDS Anti-Retroviral (ARVs) drugs. However, decline was registered in global competitiveness and Human Development Indicator (HDI), from 152nd to 161st. The indicators for global competitiveness and “doing business survey” showed similar decline to HDI, probably as

a result of security threats from Al-Shabab and local and heated national elections at the time of data collection for the HDI indicators by international agencies and local representatives. The indicators are expected to improve in 2011/12.

Another socio-economic indicator, GDP per capita income, also registered a decline from US\$ 506 in 2008/9 to US \$485, in 2010/11, which may be attributed to the low rate of growth in GDP against a high annual population increase of 3.2 percent. There was a slight decline in the literacy rate, from 73.6 percent in 2008/9 to 73.2 percent in 2010/11. The decline in literacy requires further research but may be resulting from the failure to read and write by a significant number of Universal Primary Education pupils at age 6 and above.

The socio-economic indicator on the reduction in the poverty levels in the country shows marked improvement, from 28.5 percent in 2008/9 to 24.5 percent in 2010/11. This is mainly attributed to the resettlement of former Internally Displaced Persons (IDPs) into normal productive life in northern Uganda.

3.2. Progress on NDP National Objectives

Overall, the performance towards achievement of the eight NDP objectives is mixed. The highlights of the performance against each of the objectives are given in the sections below.

3.2.1. Increasing Household Incomes and Promoting Equity

3.2.1.1. GDP and Income Per Capita

The NDP aims at having constant and stable GDP growth for increasing household incomes. Per capita GDP growth rate reduced from 3.8 percent in 2008/09 to 2.4 percent in 2009/10 and further down to 1.9 percent in 2010/11. The nominal GDP per capita also declined from US\$ 506 to US\$ 485 over the same period. This is attributed to the high annual population growth rate of 3.2 and low labour participation rate.

There is need for intervention to enhance economic opportunities in value adding wealth and job creating areas of manufacturing, services and commercial agriculture. The NDP seeks to substantially increase the income per capita through increasing the size of the national economy, increase access to Business, Technical and Vocational Education and Training (BTJET), access to higher education and non-formal BTJET and promote gender equality and women empowerment by ensuring equitable access to opportunities and participation in the development process to increase household incomes.

The NDP also aimed at reducing the share of agricultural sector to GDP from the current 23 percent to 22.5 percent. The sector was targeted to grow at 5.7 percent per annum but only achieved 0.9 percent growth during FY 2010/11.

The industrial sector contribution to GDP is 25.4 percent and is targeted to rise to over 30 percent over the NDP period. The sector was targeted to grow by 6 percent in FY

2010/11 but grew by 7.5 percent. The growth is attributed to rapid growth in the construction sub-sector.

The GDP share for the service sector is currently 46.2 percent and is targeted to stabilize at about 50 percent. The service sector therefore grew by 8 percent above the FY 2010/11 target of 7.6 percent

3.2.1.2. Income Distribution

The NDP aims at reducing poverty levels in the country. The proportion of the population living below the poverty line declined from 28.5 percent in 2008/09 to 24.5 percent 2010/11, according to the Uganda National Household Survey (UNHS) of 2009/10. Thus the 2010/11 NDP target of 24.5 percent of the population living below the poverty was realized in 2009/10. It may, however, be noted, based on the Gini-coefficient, that although absolute income poverty continues to fall, the distribution of income is worsening.

Available data indicates that the Gini-coefficient; a measure of income inequality increased from 0.408 in 2005/06 to 0.426 in 2009/10. Income inequality in Uganda is most likely attributed to limited employment opportunities especially for school leavers, and low labour production and productivity.

The regional poverty and income distribution levels in the country are illustrated by the statistics in Table 3.2.

Table 3. 2: Income distribution by region within Uganda

| Gini-coefficient | 2005/06 | 2009/10 |
|---|---------|---------|
| National | 0.408 | 0.426 |
| Central | 0.417 | 0.445 |
| Eastern | 0.354 | 0.319 |
| Northern | 0.331 | 0.367 |
| Western | 0.342 | 0.367 |
| Urban | 0.432 | 0.37 |
| Rural | 0.363 | 0.45 |
| Percent age of population living below poverty line (%) | 2005/06 | 2009/10 |
| National | 31.1 | 24.5 |
| Central | 16.4 | 10.7 |
| Eastern | 35.9 | 24.3 |
| Northern | 60.7 | 46.2 |
| Western | 20.5 | 21.8 |

Source: UBOS and EPRC

Increasing income inequality is likely to slow down the rate of socio-economic transformation for prosperity. Empirical evidence suggests that for every 1 percent

decrease in growth, percentage of people living below the poverty line will increase by 2 percent, holding income distribution constant (Ssewanyana, 2009).

To reduce income inequality, there is need for policy focus towards promoting higher levels of employment through increased spending on labour market training and subsidies for businesses through private sector development, attempt to reduce the skills gap existing in the everchanging labour market, provide specific financial help to certain groups and improving work incentives for the low paid could also be desirable.

3.2.2. Enhancing the availability and quality of gainful Employment

Through the objective of enhancing the availability and quality of gainful employment, the NDP aims at increasing the percentage share of the total national labour force gainfully employed in industry and services sectors. According to UBOS, the labour force participation rate for Uganda increased to 78.7 percent in 2010/11 from 71.8 percent in 2009/10. The country's average annual labour force growth rate is 4.7 percent. In real terms the labour force increased from 11.09 million in 2009/10 to 15.51 million in 2010/11. The NDP unemployment rate in Uganda was estimated to be 29.1 percent in 2008/9 and appears to be rapidly increasing although there is no data to ascertain the actual increase.

Despite the lower contribution of agriculture to the overall GDP; average 17 percent, its share in employment was highest at 66 percent in 2009/10. The industry sector share of employment in 2009/10 was only 6 percent, though its contribution to GDP averaged 25 percent. The manufacturing sector employed 6 percent of the labour force. There is need to increase employment by 32 percent to absorb the increment of the total work force growing at annual rate of 4.7 percent.

The pattern of growth and socio-economic transformation is that the latter has to be achieved through a change in the structure of employment towards the industry sector. However, agriculture as the key link between economic growth and socio-economic transformation has to be accompanied by rising productivity and employment growth in industry sector.

Policies in support of growth of small holder commercial agriculture, product diversification, and of raising the productivity and real wages of agricultural labourers are important to achieving socio-economic transformation and economic growth.

3.2.3. Enhancing Human Capital Development

Progress against the NDP objective of enhancing human capital development is firstly focused at increasing life expectancy and literacy, both of which are key components of the Human Development Index (HDI). Secondly, this NDP objective aims at developing the skills required to improve productivity and enhancing household incomes.

Average life expectancy in Uganda improved significantly from 50.4 years to 54 years

between 2008/9 and 2010/11, respectively, due to reduced mortality arising from the wider use of mosquito nets and increased availability and use of AIDS Anti-Retroviral (ARVs) drugs. The NDP life expectancy target for 2010/11 was 51 years.

However, the overall national literacy rates slightly declined from 73.6 percent to 73.2 percent, falling short of the NDP target of 75.2 percent for 2010/11. According to the Education Sector Annual Report, 2010/11, literacy levels improved slightly in 2011 than 2010, from 57.6 percent at primary 3 levels, while it remained unchanged at primary 6 levels, at 50 percent. There are high drop-out rates at the primary (35 percent) and secondary (55.4 percent) levels, which cause a massive inflow of adolescents and young adults into the labour force without employable skills, mainly due to the poor quality and inadequate relevance of education.

The NDP focus is to fill the existing skills gaps in the economy and ensure optimal balance between managerial and technical skills. As part of the skills development, Business, Technical Vocational Education Training (BTJET) registered improvement in enrolment of 34.7 percent, rising from 30,009 in 2008/9 to 40,428 in 2010/11. This was, however, short of the NDP target of 44,413. Other developments have been registered in the area of innovation but their application and commercial roll out continue to be hampered by the lack of policy frameworks, infrastructure gaps and funding.

3.2.4. Increasing Stock and Quality of Economic Infrastructure

The NDP aims at improving transport and energy indicators, as the key areas of economic infrastructure. In particular, the NDP targets to increase the number of kilometres of paved roads, freight cargo by rail and the proportion of households accessing power from the national grid.

During 2010/11, the proportion of paved roads to the total road network increased from 4 percent to 16 percent, between 2008/9 and 2010/11, respectively. Over the same period, the proportion of freight cargo by rail increased from 3.5 percent to 9 percent.

However, the change in the proportion of households accessing power from the national grid was marginal and the target of 12.8 was not achieved, as it only slightly improved, from 11 percent to 12 percent during the year. Power Consumption Per Capita marginally increased from 60Kwh to 63.9 Kwh, falling below the NDP target of 75 Kwh for FY 2010/11.

3.2.5. Increasing access to Quality Social Services

The NDP highlights a number of key performance indicators for measuring progress on access to quality social services. These indicators show the general performance of the education, health and water sectors of the economy.

For the year under review, the progress against the social services indicator targets was

mixed. Targets were achieved on DPT3 (Diphtheria, Pertussis (whooping cough) and Tetanus) from 85 to 91 percent; health centres without medicine stock-outs from 26 to 43 percent; deliveries in health facilities from 34 to 39 percent; net primary enrolment from 93.2 to 96.7 percent net secondary enrolment from 23.5 to 25 percent; net primary completion from 49 to 64 percent; net secondary completion from 35 to 41.1 percent; pupil-teacher ratio from 53:1 to 47:1; and BTVET enrolment from 30,009 to 40,428.

Cumulative achievements were also registered during the first year of the NDP: infant mortality from 76 to 54 per 1,000 live births; and under-five mortality from 137 to 90 per 1,000.

However, there was stagnation on the proportion of qualified health workers; 56 percent; student-teacher ratio; secondary 19:1; and rural and urban water coverage 65 percent and 66 percent respectively.

Data on maternal mortality was yet to be produced by UBOS. In addition, it should be noted that the 2010/11 data showing improvement in pupil-classroom ratio from 72:1 to 58:1 requires to be considered in a disaggregated manner to get the true reflection of the situation in the districts.

3.2.6 Promoting science, technology, innovation and ICT to enhance competitiveness

The NDP objective of promoting science, technology, innovation (STI) and ICT is aimed at accelerating economic growth process by increasing the efficiency and productivity of all sectors in the economy. ICT is, in addition, expected to directly contribute to employment and wealth creation. In this regard, this NDP objective is focused on institutionalising STI, providing incentives and affirmative action, promoting adoption and adaptation of STI, and promoting ICT services.

The review of the performance against STI and ICT objective level indicators is given in sections 3.2.2.6.1 and 3.2.2.6.2 below.

3.2.6.1. Science, Technology and Innovation (STI)

The NDP performance indicators for STI are: ratio of the national budget allocated to STI or Research and Development (R&D) to total national budget; proportion of manufactured exports to total exports; and the ratio of manufactured exports to GDP; and the ratio of S&T to arts graduates.

During the year under review, the ratio of national budget allocated to STI continued to stagnate at 0.3 percent against a target of 2 percent. The proportion of manufactured exports to total exports improved slightly from 4.2 percent in 2008/9 to 4.4 percent in 2010/11, falling short of the year's target of 5.8 percent. Overall, the ratio of manufactured exports to GDP improved from 7.5 percent in 2008/9 to 10.8 percent in 2010/11, against the target of 15 percent. The performance on the indicator of the ratio of science and technology to arts graduated remained the same at 1:5.

3.2.6.2. Information and Communication Technology (ICT)

The NDP performance indicators for ICT are: ratio of national budget allocated to ICT; ICT sector share of GDP; proportion of schools with internet; ICT deepening; and proportion of urban centres with public internet access.

The performance of the ICT budget to the national budget continued to be 0.1 percent during the year under review. The sub-indicator of telephone subscription, under the ICT deepening, showed dramatic increase of 20 percent, from 8.2 million mobile telephone subscribers in 2008/9 to 9.87 million in 2009/10. The fixed lines subscribers increased by 25 per cent from 168,481 to 210,655 over the same period. FY 2010/11 data for these ICT performance indicators against the NDP objectives are lacking, including the data on internet usage.

3.2.7. Promoting sustainable population and the use of environmental and natural resources

The NDP objective on promoting sustainable population and the use of environmental and natural resources aims to improve the health status of the population, human settlements and urbanization, status of eco-systems and management of environmental resources.

Population projections indicate that the country's population growth rate will remain at 3.2 percent per annum over the first NDP period, giving an estimate of 32.94 million in 2010/11.

The level of urbanisation increased from 12 percent in 2008/9 to 13 percent in 2010/11, against the target of 13.6 percent.

The NDP indicators on environment are wetlands gazetted and restored; level of forestation and afforestation; total wetland cover; water pollution; and industrial pollution.

Environmental degradation due to deforestation and encroachment on eco-systems continued to worsen the state of the environment in 2010/11. The forest cover by 2008/9 had reduced to 13 percent from the 1991 level of about 20 percent. Current data was, however, not available to enable assessment of indicators on status of human settlement, the environment and management of environmental resources.

3.2.8. Strengthening good governance, defence and security

Performance against the NDP objective of strengthening good governance, defense and security was assessed based on governance indicators in the areas of socio-economic, democracy and political, economic and corporate governance, and defense and security. An overview of the performance for 2010/11 is given in the sections below.

3.2.8.1. Governance

The Ibrahim Index that was established in 2007 is the most comprehensive collection of quantitative data that provides an annual assessment of governance performance in every African country.

The index assessed movements in governance scores between 2006 and 2010. The results indicated Uganda had significant improvement in the overall score on good governance. The change in good governance overall was +0.8 higher compared to that of the East Africa Region (Seychelles, Tanzania, Uganda, Kenya, Rwanda, Djibouti, Comoros, Ethiopia, Burundi, Eritrea, Sudan and Somalia), which averaged -0.6, significant at the 90 percent confidence level. Uganda was ranked 20th out of 53 countries assessed in Africa and 3rd after Seychelles and Tanzania in East Africa

The country's performance on governance issues has also been assessed annually over the last three financial years under the framework of the New Partnership for African Development/ African Peer Review Mechanism (NEPAD/APRM) Program of Action (PoA). A summary progress is outlined by thematic area in the sections below.

3.2.8.2. Socio-economic Governance

Socio-economic governance during the year under review were achieved through signing and ratifying protocols and implementing standards and codes; building capacity for self-reliance in development; accelerating sustainable socio-economic development and poverty reduction; strengthening policies, delivery mechanisms and outcomes; ensuring affordable access to water, sanitation, energy, transport, finance, markets, ICT, shelter, and land to all citizens; and encouraging broad based participation in development of stakeholders at all levels.

On protocols, in particular, the African Charter on Human and People's Rights on the Rights of Women in Africa (2005) – the Maputo protocol, was ratified; the Comprehensive Africa Agriculture Development Program Compact was also signed; plans were made for the ratification process of the optional protocol on CEDAW; and Government continued the process of developing a data base and inventory on international protocols and treaties.

3.2.8.3. Economic Governance and Management

Under this thematic area were the promotion of macroeconomic policies that support sustainable development; implementation of transparent, predictable and credible government economic policies; promotion of sound public finance management; the fight against corruption and money laundering; and process of accelerating regional integration by participating in the harmonization of monetary, trade and investment policies. The government made significant progress in 2009/10 and 2010/11 in achieving the set objectives.

Prudent monetary, fiscal and trade policies were set up. This was reflected in Uganda's international ranking on good governance. The Human Development Index of Uganda, for example, improved from 156/179 countries to 143/169 countries in 2010, and the Ibrahim Index ranked Uganda, 28/48 countries in Africa and 2/5 countries in the EAC in 2010. Government also made significant progress in improving tax administration as reflected in increase of tax revenue over GDP ratio from 12.2 percent in FY 2009/10 to 13.2 percent in 2010/11. Equally, Uganda realized US\$ 400 million revenue from Heritage Oil as capital gains tax.

During the FY2009/10 and 2010/11, there was also a high degree of compliance to periodic returns of the Leadership Code of Conduct. Uganda made progress in accelerating regional integration by participating in the harmonization of monetary and trade policies.

3.2.8.4. Corporate Governance

The automation of the clearing and settlement function at the Uganda Securities Exchange (USE) greatly improved the efficiency of the exchange, bringing it to the level of the other regional exchanges as far as clearing and settlement function was concerned. The ease with which shareholders move their investments in and out of publicly listed companies has improved tremendously, thereby creating greater incentives for public participation in listed enterprises.

The computerized system at the registrar of companies has greatly reduced the lead times for the registration of company or business names, and company name search. This development will not only encourage the formalization of a bulk of businesses currently in the informal realm but will also impact positively on Uganda's rankings as an investment destination.

Immense successes has been registered by the Enterprise Uganda programs which focuses on practical skills for the establishment and running of successful businesses, the identification of business opportunities, financial literacy and capital management. Not only has the program outreach covered the entire nation, but it has now become a model program for other African countries and development partners to emulate. The United Nations, for instance, has recommended the program as a case study.

The reform of the Uganda Insurance Commission, now the Insurance Regulatory Authority (IRA) following the enactment and implementation of the Insurance Act 2011, has introduced a higher regulatory standard for insurance companies operating in Uganda. It has also aligned the regulatory standards of this sector with international standards.

3.2.8.5. Democracy and political governance

Performance on the core defense and security sector capabilities continued to be on course in the areas of: human resource development; re-organization and restructuring; procurement and maintenance of equipment and supplies; strengthening defense alliances on national and regional strategies; building strategic partnerships with the public; and strengthening the reserve force.

3.3. Progress on Key Result Areas of unlocking the most binding constraints

The NDP identifies seven most binding constraints to national development, which require special focus over the plan period in order to realise faster growth and socio-economic transformation. Strategies were also identified to address these constraints. These are:

1. Improving public sector management and administration;
2. Increasing the stock and improving the quality of public physical infrastructure;
3. Facilitating the availability and access to critical production inputs;
4. Promoting science, technology and innovation;
5. Increasing the quantity and strengthening the quality of human resource;
6. Improving public sector financing and financial services; and
7. Promoting gender equality and transforming attitudes, mind-set, cultural practices and perceptions.

In order to measure progress against each of the strategies to unlock the most binding constraints, performance indicators were developed and targets set as part of the overall NDP Results Framework. This level constitutes the Key Result Areas (KRAs) to monitor the NDP implementation.

The FY 2010/11 performance on unlocking the most binding constraints is provided in the matrix attached in Annex 1.

3.3.1. Progress on National Core Projects

Significant progress has been registered in the area of Energy and Oil and Gas, with regard to national core projects. Specifically, feasibility studies and actual project designs has either been completed or are near completion. The 10-year strategic investment plan for the non-formal skills has also been developed.

However, progress has been slow or not forthcoming on a number of other core projects for a number of reasons. The affected projects include the construction of the iron ore and fertilizer factories, the rehabilitation of the railway networks, the irrigation schemes, and the ICT and science and technology parks. The delays are sometimes as a result of attempts to make adjustments in the plans and policies such as the idea to relocate the phosphates (fertilizer) factory from Tororo to Karamoja due to land compensation issues in Tororo. A summary of the progress on the National Core Projects is given in Table 3.3.

Table 3. 3: Summary of progress on National Core Projects

| SECTOR | PROJECT | STATUS |
|-------------------|---------------------------------------|--|
| ENERGY, OIL & GAS | Karuma HEP (600mw) | <ul style="list-style-type: none"> ● Mobilization of funds under PPP on-going ● Tendering of works underway ● Construction to start this FY |
| | Ayago HEP(500mw) | <ul style="list-style-type: none"> ● Feasibility Study underway |
| | Isimba HEP (100mw) | <ul style="list-style-type: none"> ● Feasibility Study underway |
| | Oil Refinery | <ul style="list-style-type: none"> ● Project structuring on-going ● Feasibility studies completed ● Preliminary activities underway (land compensation, etc) |
| | Inter-state oil distribution | <ul style="list-style-type: none"> ● Works stalled due to UN Sanctions on Libyan Tamoil company |
| AGRICULTURE | Irrigation projects | <ul style="list-style-type: none"> ● Feasibility studies have been undertaken for rehabilitation of the 5 irrigation schemes with support from ADB. ● Work started on Mobuku, Doho & Agoro but funding still being sought for Olweny ● PPPs being appraised for 1 old and 5 new schemes |
| TRANSPORT | Railway Malaba-Kampala Standard Gauge | <ul style="list-style-type: none"> ● Communiqué signed between Uganda and Kenya in 2008 – no substantial progress |
| | Tanga-Musoma-Bukasa | <ul style="list-style-type: none"> ● Communiqué signed between Uganda and Tanzania ● Works have started in Tanzania, Uganda doing impact assessment |
| | Tororo – Pakwach railway Reopening | <ul style="list-style-type: none"> ● Implementation framework agreed ● Project design underway ● Funding to be guaranteed by Govt ● No substantial progress and direction on implementation |
| | Kampala-Kasese railway reopening | <ul style="list-style-type: none"> ● Pre-feasibility studies on-going for a long time |
| | GKMA | <ul style="list-style-type: none"> ● Rapid Bus Transport System study completed ● Harmonisation of various funding to GKMA underway ● Review of institutional and legal frameworks completed |
| | Water Transport | <ul style="list-style-type: none"> ● Studies yet to be commissioned ● 2 MVs under rehabilitation |

| SECTOR | PROJECT | STATUS |
|------------------------|--|--|
| MANUFACTURING | Iron ore/steel at Kabale | ● PPP is being developed by UDC – no tangible progress |
| | Phosphates/fertilisers at Tororo | ● No tangible progress due to unsettled land disputes |
| ICT | ICT Business Parks | ● Studies yet to be commissioned – no funding |
| SCIENCE AND TECHNOLOGY | Science Parks & Technology Incubation Centres | ● Studies yet to be commissioned- no funding |
| SKILLS DEVELOPMENT | National Non-Formal Skills Development Program | ● Strategic Investment Plan developed for 2011-2020 – No funding |

Source: NPA Compilation

3.4. NDP Implementation Challenges/Emerging Issues

It is an acknowledgement by government that the NDP is not being implemented by many sectors. Overall, this is attributed to the slow process of effecting adjustments to systems, including planning, policy, legal and regulatory frameworks. Some of the main NDP implementation challenges are outlined below.

- (i) *Inadequate linkage between NDP Medium-Term Expenditure Framework (MTEF) to the National Budget*

This has led to the preparation of divergence in MTEFs and two planning centres, often with different un-harmonized national priorities. The trend has rendered the Authority's attempts to align the budget to the NDP void. It is recommended that there should be one MTEF derived from the NDP, with emerging issues accommodated for the treasury to implement, as opposed to the current incremental budgeting.

- (ii) *Weak linkage of the budgeting systems and tools at the National Development Plan (NDP)*

The recommended changes/adjustments to various budgeting systems and tools have been very slow. Changes and adjustments are required in: the Sector-Wide Approach (SWAp); the Output Budgeting Tool (OBT); the Budget Framework Papers (BFP) and Ministerial Policy Statements.

In particular, a review of the current Sector-Wide Approach and clustering of Ministries, Departments and Agencies (MDAs) was envisaged by the NDP to enhance efficiency and inter and intra-sectoral linkages. This was intended to align the national budget votes and vote-functions to the NDP. Currently votes are

equated to MDAs and sometimes projects, which have led to non-holistic address of constraints and interventions. The practice has also led to fragmentation and duplication of effort, wastage of resources, delayed implementation and minimal achievement of results (outputs and outcomes). For example, if Tourism, a thematic area is granted a vote all sectoral players such as the Ministry of Tourism, Uganda Wildlife Authority, Uganda Tourism Board, construction of roads to tourist centres, tourism water transport, museums and heritage sites, tourism upcountry airports, would plan, budget and monitor as one entity regardless of their administrative locations. This would lead to maximum efficiency, accountability and holistic achievement of tangible output.

The current OBT system was in operational before the advent of the NDP. The OBT, therefore, ought to be reviewed to enable linkage of the IFMIS Chart of Accounts to the NDP outcomes and outputs. This will facilitate a more direct funding of NDP.

The Budget Framework Papers (BFP) and the budgeting process appear to duplicate or serve as an alternate to the NDP and the national planning process. Government should move towards reducing the BFP process, and should be aligned with the NDP.

(iii) Delayed implementation of public service reforms

In order to enhance efficiency and effectiveness in public service, the NDP outlined a number of strategies that need expeditious implementation and are part of the public service reforms. These include: restructuring of government; improvement on public servants salaries; and implementation of contracts for all senior civil servants. The reforms would enable government to adopt the “business approach” and realize the NDP objectives.

The delayed review of the framework for rationalization and oversight of the privatised institutions under the Public Enterprises Reform and Divestiture (PERD) statute and the slow strengthening of the Uganda Development Corporation (UDC) have had particular negative effect on achievement of NDP objectives.

Urgent reforms are also needed in the procurement process. Despite the on-going review of the Public Procurement and Disposal of Public Assets (PPDA), no procurement process in government departments should exceed 4 months.

(iv) Harmonization of the role of quality assuring MDA and Local Government work-plans and performance reports.

Currently MDAs and districts submit their quarterly work-plans and performance reports directly to the Ministry of Finance. This limits the participation of the Office of the Prime Minister (OPM) in assessing quarterly performance and to recommend various funds to be released or withheld against previous performance. The current practice renders the work-plans a procedural matter and weakens the urgent need for results, as outlined in the NDP.

(v) *Harmonization of the role of monitoring and evaluation of the NDP*

Until the advent of NPA in 2002, the role of planning, monitoring and evaluation was within the OPM, Ministry of Finance and Ministry of Local Government. The Ministry of Local Government, notwithstanding has played an important role to harmize this fragmantation. However, the tendency to keep the status quo against current legal provisions is still prevalen. This has affected the establishment of a well defined monitoring and evaluation system for MDAs and local governments within the Planning Authority. As a result, MDAs and local governments are not in the position to accurately report on the implementation of the NDP objectives.

Chapter Four

NDP Thematic Area Performance

4.1. PRIMARY GROWTH SECTORS

4.1.1. Agriculture

Overview

For long, agriculture has been a core sector of Uganda's economy in terms of its contribution to GDP and employment. For example by 2005, the sector was employing 73 percent of the total labor force and it accounted for 23.7 percent of total Gross Domestic Product (GDP) (UBOS, 2006). Similarly the sector accounted for 40 percent of total export earnings in 2010 (UBOS 2011) and 21 percent of total GDP in the same year which implies that agriculture is still a key sector because it provides a basis for growth in other sectors like industry, agro processing and services sector.

The sector has however, been declining as a share of the national GDP in the last five years. At 2002 constant prices agriculture contributed 20.2 percent in 2004/2005 but declined to 14.6 percent in 2010/2011 to GDP, comparing badly with the services sector which has had an upward trend in the same period. This has been partly due to the emergence of other sectors and also the fact that it is marred by low productivity which emanates from low use of improved technology like fertilizers, use of rudimentary tools like hand hoes, lack of storage facilities, poor infrastructure and inadequate financial services.

The performance against the agricultural sector specific development objectives and key result areas is assessed in sections below.

4.1.1.1. Enhancing Agricultural Production and Productivity

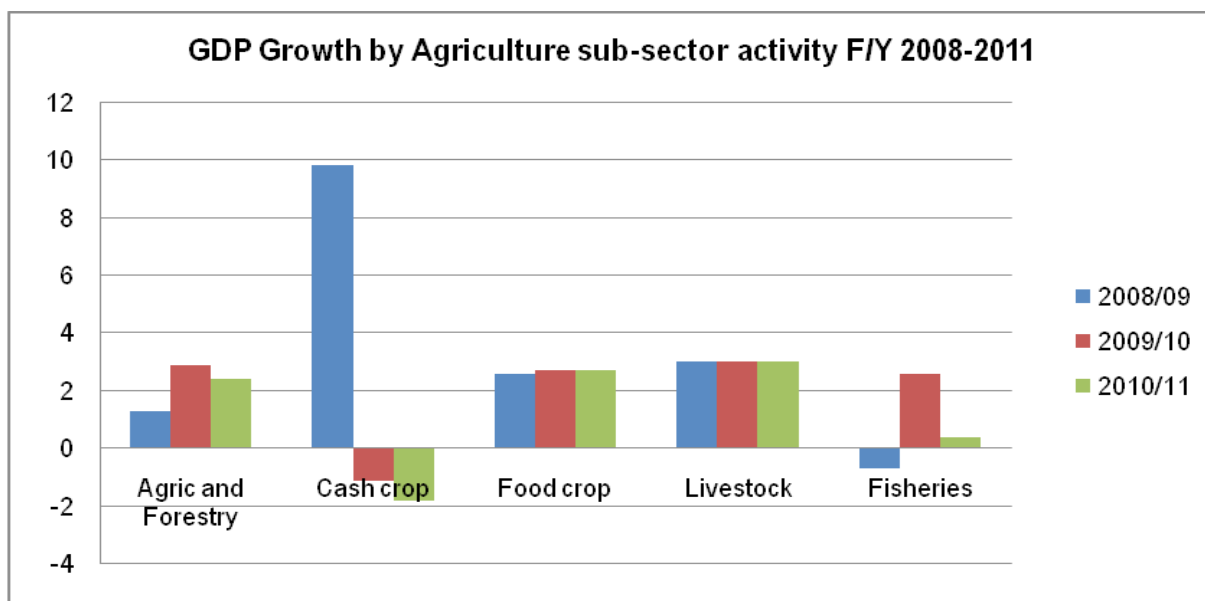
Production

In the FY 2010/2011, the performance of the sub-sector of crops, animal industry and fisheries did vary with some declining while others grew compared to the previous years. Figure 4.1 shows the performance of each of the subsectors during the period 2008/9 – 2010/11.

An analysis of Figure 4.1 reveals that there has been a decline in performance of cash crops which include coffee, cotton, tea, cocoa, tobacco, sugar cane and horticultural products. The food crops activities on the other hand registered 2.7 percent growth in the

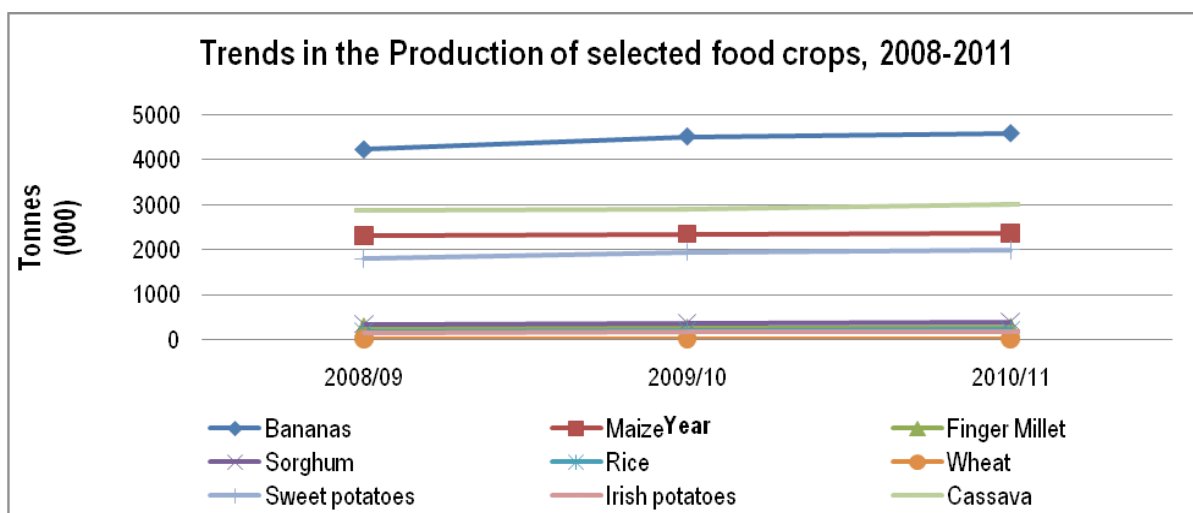
fiscal year 2009/2010 and 2010/11 up from growth recorded in 2008/09, as a result of the high demand by neighbouring countries, especially from DRC and South Sudan, for the food crops in the FY 2008/09 that stimulated increased production in addition to the long rains received in the years. It is clear that the livestock sub-sector has had constant growth rate for three consecutive years. Available evidence suggests that there is increased demand for livestock products like meat and milk in the region as well as in the domestic market. It is expected that this increased demand could attract increased investment in the sub-sector but this is not the case. There is therefore need to investigate the causes of this phenomenon in order to arrive at appropriate policy actions which are evidence-based.

Figure 4. 1: GDP growth by sub-sector activity



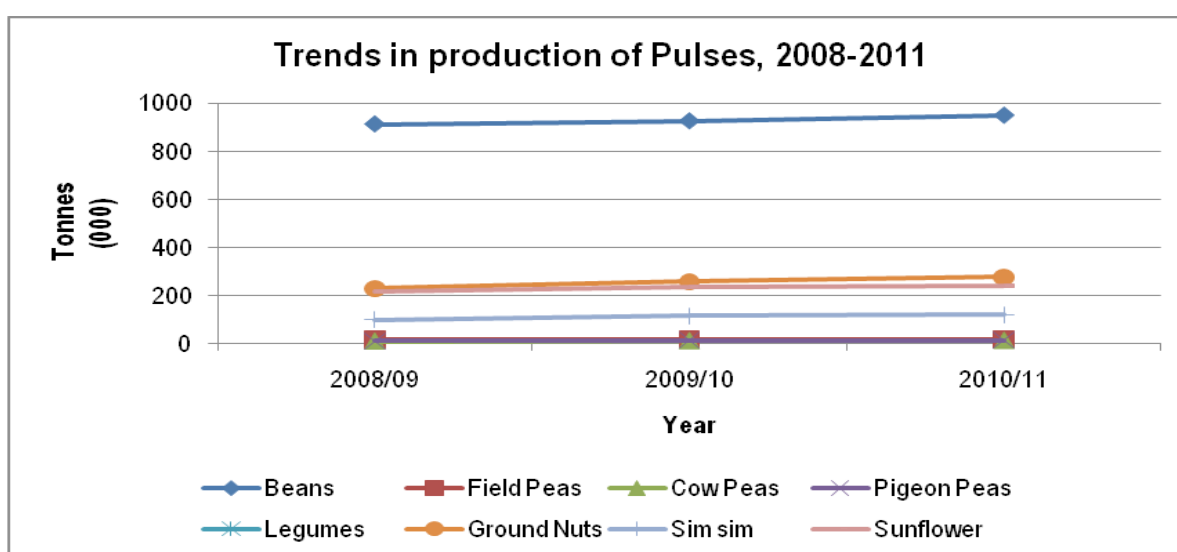
Source: MAAIF Statistical abstract 2011

Figure 4.2 shows that production trends of selected food crops during the period 2008 to 2011 was mixed as production of some food crops increased while others decreased. The crops where production increased include bananas, beans and cassava. Constant production was registered in production of wheat, field peas, cowpeas, sim-sim and potatoes. Production of rice, irish potatoes, ground nuts and sunflower increased. The declining production trends in some food crops was a result of drastic changes in the weather patterns thus resulting in prolonged dry periods, hail stones and in some cases inadequate rains. The banana wilt adversely affected the production levels of bananas despite the increased production.

Figure 4. 2: Production of selected food crops, (thousand tonnes) 2008-2011

Source: MAAIF Statistical abstract 2011

Figure 4.3 further indicates that maize had an upward trend in production, which is attributed to increased local and regional demand, and use of high yielding varieties that are resistant to floods, droughts and pests and diseases. The increase in crops like sunflower is due mainly by the vegetable oil producing companies that supported the farmers by providing inputs and a ready market.

Figure 4. 3: Production of pulses (thousand tonnes) 2008-2011

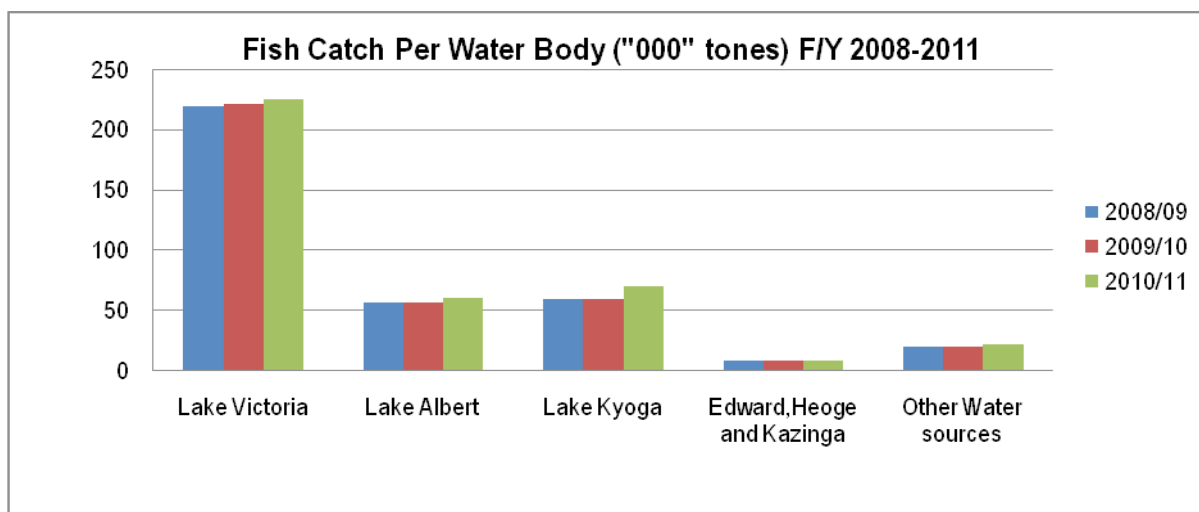
Source: MAAIF Statistical abstract, 2011

Fish production

The fish sub-sector is important to the economy as one of the main foreign exchange earner. It is estimated that this sub-sector is the third biggest foreign exchange earner to the economy. This has been a result of the liberalization of the sub-sector and provision of a favourable environment for investment in fish export.

Figure 4.4 shows the trends of fish harvest between 2008/9 and 2010/11. The catch in 2009/10 was at 367,000 tonnes as compared to 365,000 in 2008/9. In 2010/11 the harvest was 382,000 tonnes. Figure 4.4 also indicates the relative importance of the country's main water bodies, with Lake Victoria being the most important, contributing over 200,000 tonnes annually.

Figure 4. 4: Fish Catch water bodies (thousand tones)

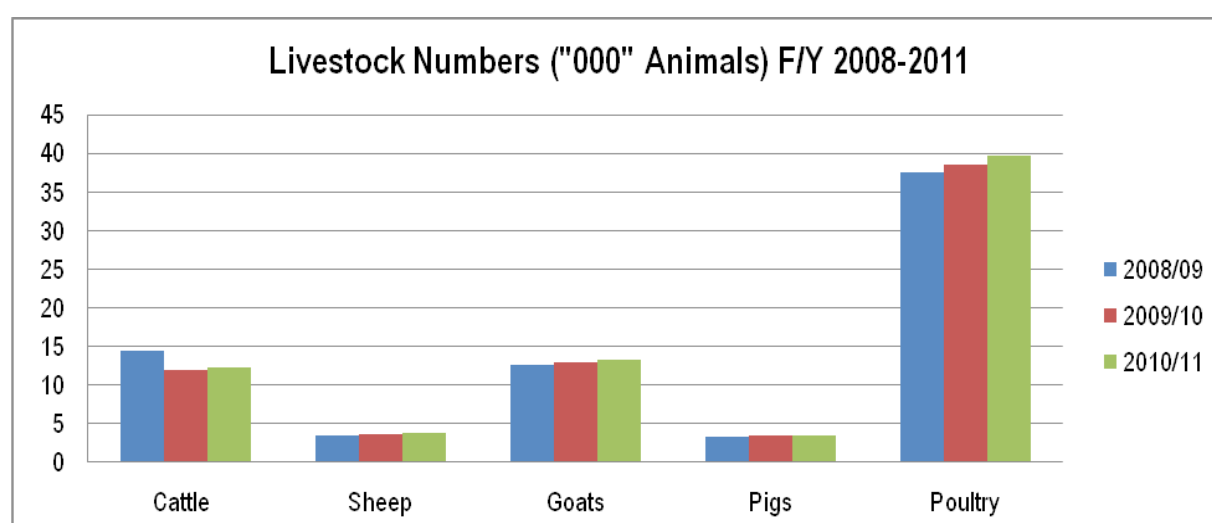


Source: Department of fisheries MAAIF & UBOS Abstract 2011

Livestock Production

Livestock products are a source of livelihood to about 4.5 million people in the country (UIA, 2010). Figure 4.5 show that cattle numbers declined between 2008/9 and 2010/11 due to prolonged drought in 2009/10. Production of other categories of livestock, however, increased due to efforts put in place to control diseases and improvements in livestock production systems.

Figure 4. 5: Livestock numbers (thousand animals) 2008/09 -2010/11



Source: MAAIF and UBOS Abstract 2011

Productivity

During the period under review, a number of research and innovations were carried out with the view to enhancing agricultural productivity. Development of improved technologies resulted in the discovery of improved varieties of sorghum, sunflower, barley, maize and cassava. Adaptation of the new crop varieties was expected soon. The overall percentage value of agricultural exports to total exports rose from 48.2 percent in 2009/10 to 51.3 percent in 2010/11. On the other hand, percentage of monetary agriculture to the total agriculture at current prices increased from 25.6 percent to 86.1 percent over the same period.

The development of infrastructure for pest and disease control showed impressive performance in 2010/11 as 22 out of the planned 20 mobile plant clinics were established and made operational. Livestock infrastructure registered construction of 9 modern livestock markets and 6 abattoirs. Investments in the dairy sector increased processing capacity from 463,200 litres to 710,000 litres per day.

On water for production, four existing irrigation schemes - Doho, Mubuku, Olweny and Agoro, were planned for rehabilitation and their development is set for 2011/12. Also plans to rehabilitate Kiige were terminated by the Ministry of Agriculture Animal Industries and Fisheries.

Productivity in the fish sub-sector was registered through establishment of 30,000 ponds and 750 cages throughout the country.

4.1.1.2. Improve access to and sustainability of markets

The improvement in access and sustainability of markets is triggered by increased public private partnerships (PPP) in value addition. The strategy has involved strengthening of higher level farmer organizations (HLFO) to enhance farmer participation in market development activities. The main development in this area in 2010/11 was the formation of HLFOs in all the districts.

4.1.1.3. Create an enabling environment for competitive investment in agriculture

The strategies for achieving the agricultural sector development objective to creating an enabling environment for competitive investment included: improving capacity for quality assurance, regulation on food and safety standards for outputs, and products across the sector; enhancing policy formulation, planning and coordination; enhancing intra and inter-sectoral coordination; and building capacity to respond to climate change.

A number of draft bills were prepared and are expected to be enacted into law in 2011/12. They include the Plant Variety Protection Bill; and the Plant Protection Health Bill.

4.1.1.4. Enhance institutional development in the Agriculture sector

The institutional development in the agriculture sector is intended to be achieved through strengthening of the ministry and the related public agricultural agencies and increasing human resource productivity.

The progress made included the review of the linkages with related agencies and local governments and other sectors and ministries. The implementation of the linkages and re-alignments with the NAADS program is expected to be accomplished in 2011/12.

4.1.2. Forestry**Overview**

Uganda's forest cover is 18 percent (3,594,463) ha of total land area (NFA 2005) having declined from 30 percent (5,990,772 ha) and 24 percent (4,792,617 ha) in 1990 and 2005, respectively. This is equivalent to a reduction of nearly $\frac{1}{3}$ of the total forest cover in a period of 15 years. 28,392,820 tons of biomass is cut down annually valued at Shs 1,562 billion (US\$ 579 million). Of the total forest cover, over 15 percent is in Central Forest Reserves (CFRs) managed by National Forest Authority (NFA), over 15 percent in National Parks and Wildlife Reserves managed by Uganda Wildlife Authority (UWA); while over 64 percent is in private forests, including communities, cultural and private forests owners.

The net forest cover loss was 515 ha; 32 percent in Local Forest Reserves (LFRs) and 115,006 ha; 15.5 percent in Central Forest Reserves (CFRs) over the 15 year period. The tropical high forests and woodlands have been degraded to other land use/cover types such as bush lands, grasslands, and farmland and residential areas. The decline in forest cover is estimated at 88,000 ha per annum, with the higher rate of 34 percent in private forests compared to 12 percent in the protected areas. Nearly all the forest cover loss that has taken place is from natural forests. Natural forests in Uganda comprise tropical high forests and woodlands. However, these area are quickly reducing as a result of land use change to agriculture and grazing, high demand for timber (furniture and construction), and fuel wood (firewood and charcoal), and other land uses.

With the forestry resources on private land nearly exhausted and since the existing plantations will not sufficiently supply forest products now and the foreseeable future, enormous pressure would be exerted on the remaining natural forests in Forest Reserves. The current mature timber plantations will be exhausted within 3-5 years; by 2011 – 2013, with timber stocks from private natural forests likely to be exhausted around the same period. The available natural forest timber stock in CFRs alone will not be able to meet the demand after 2011; neither will the timber plantations serve the ecological purposes of natural forests with any degree of satisfaction.

The current status of the forest cover in Uganda is illustrated in Table 4.1.

Table 4. 1: Current Status of Uganda's forest cover

| Parameter | 1990 | 2005 | Forest cover loss | Deforestation (%) | % annual loss |
|--|-----------|-----------|-------------------|-------------------|---------------|
| Total forest cover in Protected Areas | 1,471,249 | 1,300,993 | -170,256 | -12% | -0.80% |
| Total forest cover outside Protected Areas | 3,462,497 | 2,293,468 | -1,169,029 | -34% | -2.30% |
| Total forest cover in Country | 4,933,746 | 3,594,463 | -1,339,283 | -27% | -1.80% |
| % of forested area in Protected Areas | 48% | 43% | | | |
| % of forest of land area | 24.70% | 18.30% | | | |

Source: Draft National Biomass Study Technical Report Dec 2009, NFA

The development progress in the forestry sector for FY 2010/11 is assessed in the sections below.

4.1.2.1 Restore Forest Cover from 3,604,176 ha as of 2005 to 4,933,746 ha (1990 levels) by 2015

In order to restore the national forest from the current 18% to the 30% levels of 1990, national development strategies include: re-forestation and afforestation of 1,266,000 ha in 698 forest reserves and 730,000 ha in national parks and game reserves; greening along and around public establishments; promotion of commercial tree-planting on private land; R&D in development of new high-yield and appropriate tree varieties; and strengthening the capacity of relevant institutions to enforce forest and environmental laws and regulations.

During the year under review, 309.9 hectares of LFRs were planted with plantation forests; 1,080kms of hedgerows; 1,667,456 seedlings were planted on private and community lands; 745.9 km of contour hedges; and Environmental Protection Police to protect forest reserves was made operational.

4.1.2.2. Restore degraded natural forests in forest reserves and private forests

The restoration of degraded natural forests focused on the landscaping approach and protection of the government permanent forests.

During the year under review, the stock of forest reserves was maintained without formal de-gazetting any by government. The actual progress on the restoration of degraded forests will be determined next financial year upon production of updated biomass satellite maps.

4.1.2.3. *Reduce pressure on forest cover as a source of wood fuel and wood construction Material*

Measures such as speeding up implementation of the Rural Electrification Program, scaling up incentives to promote investment in and application of alternative energy sources, investing in the promotion of R&D for alternative energy sources and promotion of the use of efficient energy saving sources was required to reduce pressure of forest cover as a source of wood. Also, promoting efficient use of timber in the construction and furniture industries and regulating forestry activity on private land in line with the land use policy are some of the programs that are expected to reduce pressure on wood construction materials.

During the year under review, progress was made in extending power transmission lines in rural areas but the programme was hampered by the limited availability of enough power on the national grid. It is hoped that the increase in hydro-power supply will lead to reduction of pressure on forests.

4.1.2.4. *Promote forestry-based industries and trade*

The expected developments include: promoting forest habitat-based livelihoods and products (e.g. Apiculture, natural medicines, etc); promoting eco-tourism; introducing and popularizing the use of timber and timber product substitutes; processing technologies; and strengthening networks for participation of local private sector in the global carbon credit market.

Little progress was registered towards achievement of forestry-based industries during the year under review. On the other hand, forestry-based trade registered a slight improvement, as 194 farmers and honey processors from 66 beekeeping groups in 33 districts were trained in promotion of modern beekeeping, improved methods of harvesting, and processing.

4.1.3. TOURISM

Overview

Uganda's tourism industry is mainly nature based, with its national parks being the major attraction. There are 10 national parks and 12 game reserves that are rich in unique flora and fauna. Fresh water bodies covers 15 percent of the country's land, which offer great potential for water-based tourism. The country's natural forests and tropical vegetation offer a lot opportunity for community and nature tourism. Uganda has 10.2 percent of the world's bird species, 6.8 percent of world's butterfly species, and 7.5 percent of the world's mammals. The protected gorilla, game drives in the parks, water rafting, and bird watching continue to be the main tourism attraction.

Inflow of tourists for 2010/11 was estimated at 750,000 with a revenue collection of US\$ 612 million, estimated at 13 percent of foreign exchange earnings. Real GDP growth from the travel and tourism sector was estimated at 5.8 percent in 2010/11.

The sector is considered to be one of the primary growth sectors of the economy due to its ability to create wealth and generate employment. Tourism has an income multiplier of 0.5, which means that it is a strategic sector for employment generation and socio-economic growth. In 2010/11 the sector directly employed about 180,900 people, while indirect employment was estimated at over 450,000 people. These figures represent 2.7 percent and 2.6 percent of the overall national workforce, respectively.

The tourism sector development performance for FY 2010/11 is reviewed in relation to the sector key result areas and specific development objectives in the sections below.

4.1.3.1. Develop and review policy, legal and regulatory frameworks

Developing and reviewing policy and regulatory frameworks is intended to provide an enabling environment for investment, and regulation and development of the sector. This is to be achieved through review of the existing tourism policy approved in 2004 and formulation of a new Tourism Master Plan after expiry of the earlier plan in 1992. Other legal instruments required to facilitate full harnessing of the sector are the Uganda Wildlife Policy; the Museums and Monuments Policy; and the review of the following acts; National Wildlife Act; Uganda Wildlife Education Centre (UWEC) Act; the Museums and Monuments Act; Uganda Wildlife Training Institute (UWTI) Act and Hotel and Tourism Training Institute (HTTI) Act.

During the year under review, little progress was made in the preparation of draft documents, namely: Museums and Monuments Policy; Uganda Wildlife Policy; Wildlife Bill; UWEC Bill; and UWTI Bill. This demonstrates nominal achievement to streamline the tourism environment for rapid development.

4.1.3.2. Increase the contribution of tourism to GDP and employment

Increasing the contribution of tourism to GDP and employment is a key development objective of the sector. This was expected to be achieved by operationalizing the tourism development levy and fund to facilitate development of the tourism sector; branding and marketing Uganda a preferred tourism destination; development and implementation of the Meetings, Incentives, Conferences, and Events (MICE) strategy; strengthening the tourism and wildlife information systems, securing international and domestic markets; diversity in tourism products; regulating product development; supporting development of tourism enterprises; and developing tourism human resource.

Others are development of tourism support infrastructure; development of strong public private partnership (PPP) management and sector institutional linkages; research in tourism, wildlife resources and cultural heritage; improvement of human-wildlife relationships; and enhancing security and safety for tourists and tourism resources.

Most of the above interventions and developments were neither executed nor embarked upon due to resource and capacity constraints. During the year under review, the following development activities were undertaken, they included construction of Kabale Museum, new kitchen at UWTI and excavation of wildlife trenches in Nwoya, Kasese and Rubirizi districts. Otherwise, only groundwork work towards tourism development was undertaken in a number of areas. This included preparation of a cabinet memo for operationalizing the MICE strategy; carrying out inventories and plans for conducting a tourist expenditure survey; carrying out inspections on key establishments in south, south-western and western parts of the country; and reviewing tourism and wildlife curriculum.

4.1.4. MANUFACTURING

Overview

The manufacturing sub-sector includes the formal and informal manufacturing activities. It includes Agro-processing; coffee, cotton, tobacco, grains, dairy and fruit juices, construction, pharmaceuticals, among others. The Small and Medium Enterprises (SMEs) account for 90 percent of the establishments in the manufacturing sub-sector. In 2010/11 the sub-sector grew at 6.5 percent compared to 6.6 percent growth registered in 2009/10. However, its share to total GDP at current prices has increased from 7.7 percent registered in 2009/10 to 8.6 percent in 2010/11.

Prominent manufacturing industries in the economy include: iron and steel industry, the brewery industry, foods and Beverages, foam and mattresses, plastics among others. The growth in the formal manufacturing sector resulted mainly from alcoholic and non-alcoholic products, tobacco processing, bricks and cement, paper and printing, chemicals paint and soap, as well as metal products.

The formal and informal manufacturing activities registered growth of 7.2 percent and 4.3 percent, respectively in 2010/11 as compared to the growth rate of 6.1 percent and 8.2 percent, respectively that was registered in 2009/10. The poor performance in grain production accounts for the decline in the performance of the informal sector. The long second rains in 2010 that extended into the first quarter of 2011 accounted for the growth of food processing and food crops production activities.

Manufacturing also includes construction, electricity and water supply. Electricity supply increased by 13.1 percent in 2010/11 compared to the growth of 14.5 percent in 2009/10, while its contribution to total GDP at current prices was 1.5 percent in 2010/11. The increase in hydro-electricity was due to the commissioning of two new hydro plants; Mpanga and Ishasha plants with combined supply capacity of 24.5 MW and Electromax thermal plant of 20 MW.

Water supply activities increased by 4.1 percent in 2010/11 compared to a growth of 4.4 percent in 2009/10. The contribution of water supply to total GDP at current prices was 2.0 percent in 2010/11.

Construction activities include those of individuals, private and public companies. It was estimated that the sub-sector grew by 7.7 percent 2010/11, which was higher than in 2009/10 where a 5.9 percent growth was registered. A fall in cement prices and increased local production of cement stimulated private construction. Local cement production increased by 34.7 percent and growth was also boosted by the increased activity in the public civil construction works of roads and bridges among others. The ratio of construction to total GDP at current prices was 13 percent in 2010/11. Despite the fair growth rate the sector is still hampered by many challenges including:

- Lack of a national construction policy to guide the operations of the sector;
- Lack of middle management and operational level skills;
- Inadequate capacity for the local contractors to compete for lucrative projects;
- Limited financing resources; and
- Lack of incentives to local contractors given the liberalization of the industry.

4.1.4.1. Promote development of value added industries especially the agro-industries

Promotion of the development of value added industries requires particular focus on development of agro-based industries for value addition to primary products and on building the requisite skills.

Pilot processing and research have been strengthened at the Uganda Industrial Research Institute (UIRI). The number of agro-processing value adding industries also continues to increase especially in the areas of juice, honey, spices and cereals. The development of industrial park at Namanve, and the identification and purchase of land for industrial parks at Tororo, Soroti, Kasese, Jinja, Iganga, Mbale, Gulu, Arua and Kabale are underway. However, the creation of model processing industries and the supportive agricultural policies for value addition had not been fully conceptualized by the end of FY 2010/11.

Skills development in value addition through vocational and technical training is expected to commence in 2011/12, with the operationalization of the informal skills development program under the guidance of NPA and the MES in 2010/11.

4.1.4.2. Increase competitiveness of local industries

Competitiveness of the industries requires strengthening technology adaptation and acquisition, commercial exploitation of existing minerals, promotion of locally manufactured products and strengthening of the Uganda Development Corporation (UDC) to spearhead the public private partnership industrial development ventures.

Overall, deliberate public sector development interventions in this area were limited during the period under review. Unresolved land matters continued to hinder progress of the phosphates and iron ore mining at Tororo and Mukono, respectively. UDC has been revived but requires strengthening through recruitment of key staff and review of its Act. Development of the planned technology incubation centres and public sector-led SME industrial clusters to promote the industrialization drive are yet to be fully conceptualised.

4.1.4.3. Enhance the development and productivity of the informal manufacturing sub-sector

The informal sub-sector involves a significant percentage of the manufacturing sector in terms of employment and contribution to the GDP. The aim is to enhance the sector development and productivity with the view to facilitate gradual formalization of most manufacturing activities/establishments. Inventories on the informal enterprises have been established and land acquired for the establishment of a jua-kali training centre at Makindye.

4.1.4.4. Enhance applied research and technology development

Enhancing applied research and technology development is intended to be achieved through extension of support to specific research institutions and individuals to develop industrial technology prototypes, creation of a national innovation system, promotion of technology acquisition and transfer, and strengthening intellectual property rights.

Support has continued to be extended through the Presidential Initiatives on Support to Scientists and the Presidential Banana Initiative (PIBID). The intellectual property rights laws are enacted and assented by the executive. The technology acquisition and transfer continued to take place through foreign investments from more developed countries, technology upgrade requirements for competitiveness, ICT platforms and higher level manpower training abroad. The need to institute deliberate strategies for technology acquisition and transfer are yet to be fully conceptualized and implemented.

4.1.5. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

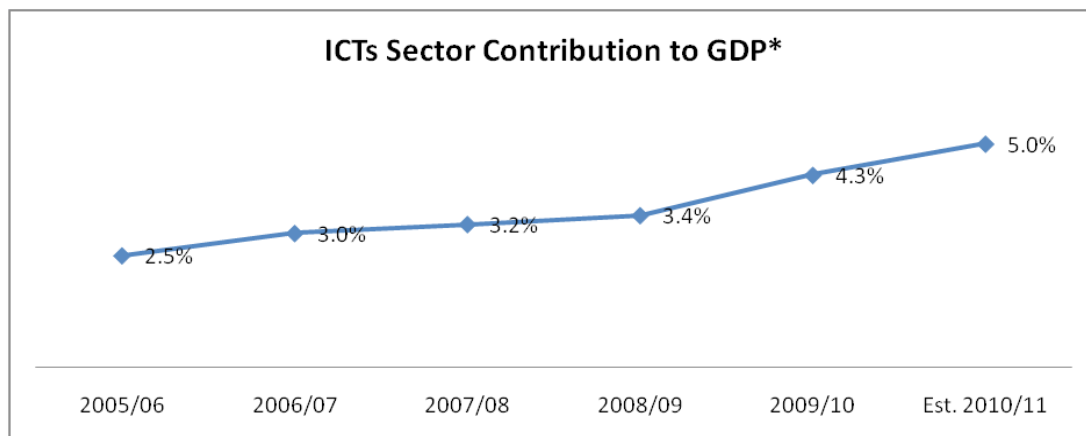
Overview

The share of the sector's contribution to GDP, employment and domestic tax revenue have improved over the last decade. Increased use of information and communications technology (ICT), particularly in e-government and e-commerce, has greatly enhanced service delivery and productivity. The sector's contribution to GDP has improved from less than 2.5 percent at the creation of the ministry in 2006, to an estimated 5 percent in 2011. This Growth is attributed to government's liberal macroeconomic policies and regulatory framework that have encouraged both private investment and public private partnerships (PPPs). This environment has enabled players to take advantage of the

current global ICT revolution.

The ICT sector contribution to GDP during the period 2005/6 to 2010/1 is illustrated in Figure 4.6.

Figure 4. 6: ICT Sector Contribution to GDP

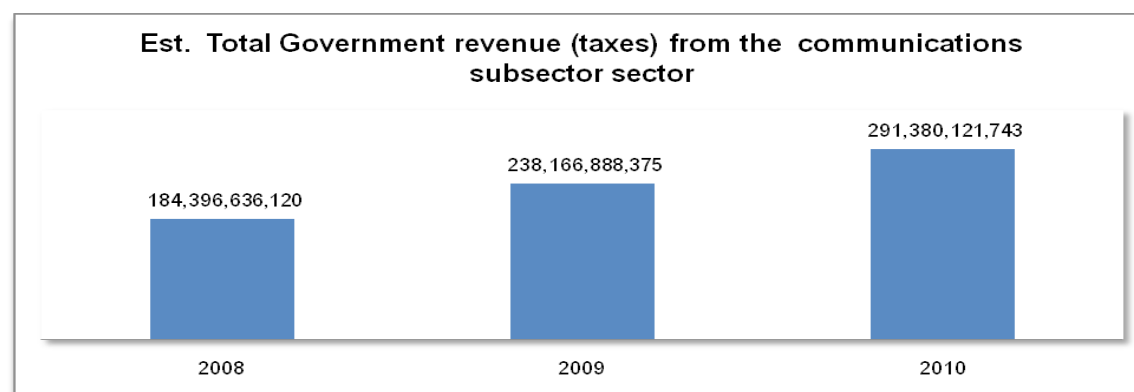


Source: UCC Performance report 2010/2011

4.1.5.1. Contribution to Government Revenue

Figure 4.7 shows the telecommunications sub-sector's tax annual contribution for the period 2008/9 to 2010/11. During this period, the sector's tax contribution increased by 58 percent, from Shs 184 billion to Shs 291 billion, respectively.

Figure 4. 7: Telecommunications Subsector's tax contribution



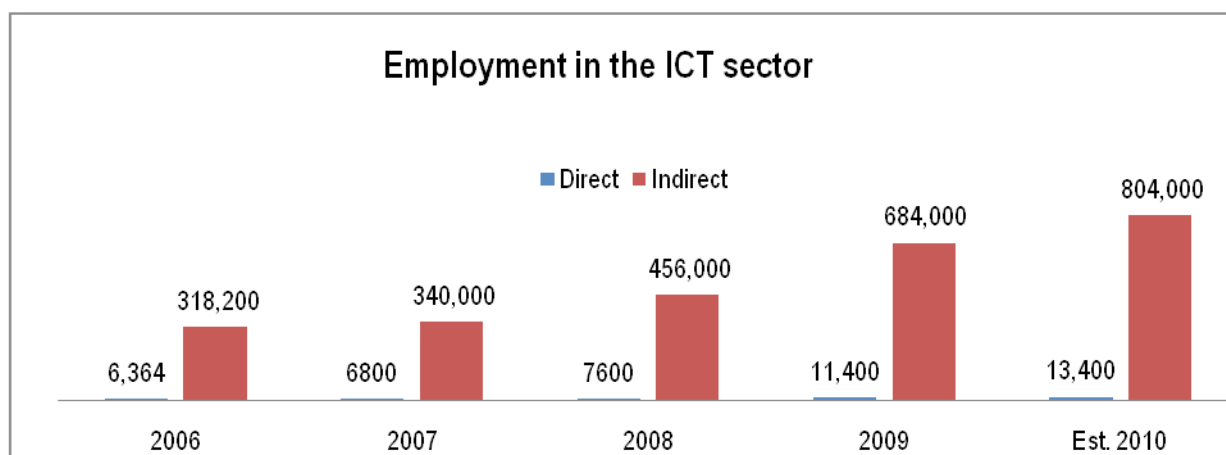
Source: UCC Performance report 2010/2011

4.1.5.2. Employment in the ICT Sector

The ICT sector has become one of the leading sources of employment in the country. According to UCC, the sector directly employed close to 14,000 people by service providers and government in 2010. Indirectly, the sector employed more than 800,000 people. The employment trends between 2006 and 2011 are illustrated in Figure 4.8. Areas of direct employment include internet cafes and telephone kiosks operators; airtime resellers; support service providers such as equipment vendors; installation and maintenance; legal; accounting; marketing services; and training. The number of jobs

created in the sector is projected to more than triple once the Business Processing Outsourcing (BPO) industry is fully developed.

Figure 4. 8: **Employment trends in the ICT Sector**



Source: UCC Performance report 2010/2011

The development performance of the sector during the period 2010/11 is reviewed in the sections below. The review is based on performance against key result areas and the ICT specific development objectives.

4.1.5.3. Enhance access to quality, affordable and equitable ICT services country-wide

The development strategies to access to quality and equitable ICT services for the mid-term period are aimed at improving the ICT infrastructure. This would involve rolling out of the national fibre optic cable, the National Backbone Infrastructure (NBI) to all districts, taken into account production centres and institutions; and construction of IT Business Parks.

The improvement would involve the establishment of 92.6 percent NBI and the e-Government Infrastructure (EGI). The program to extend the NBI to districts is yet to commence. The commercialization of the fibre optic cable, in completed areas, has also not begun, indicating that economic benefit from the investment has not been prioritized as required. There is urgent need to complete the technical forensic audit that was sanctioned by government; one of the factors affecting timely commercialization of the NBI. The EGI is also yet to be made fully operational in order to enhance efficiency in government. Overall there is critical need for the sector to undertake developments aimed at rapid extension of affordable ICT infrastructure to districts and townships. In addition, the e-Government and e-schools programs require re-invigoration to keep pace with the global ICT trends and development.

4.1.5.4. Enhance the use and application of ICT services in business and service delivery

Development progress regarding the application of ICT services in business and service delivery requires promotional mechanisms for e-Government and e-Commerce; human resource capacity building; and policy, legal and regulatory frameworks. A review of the progress and trends in the use of ICT in various sub-sectors is illustrated below.

Voice Telephony Subscribers

There is an increase in voice telephone subscribers. Table 4.2 shows that by December 2010, the number of fixed and mobile voice telephony subscribers had increased from 12.8 million in 2010 to 14.6 million in June 2011. This represents an annual increase in the number of subscribers of 14 percent. The trends for fixed and mobile subscribers for the period June 2009 to December 2010 are illustrated further in Figure 4.9. Telephone penetration (Tele-density) has increased to 41.3 lines per 100 people from 18.8 lines per 100 people as shown in Figure 4.10.

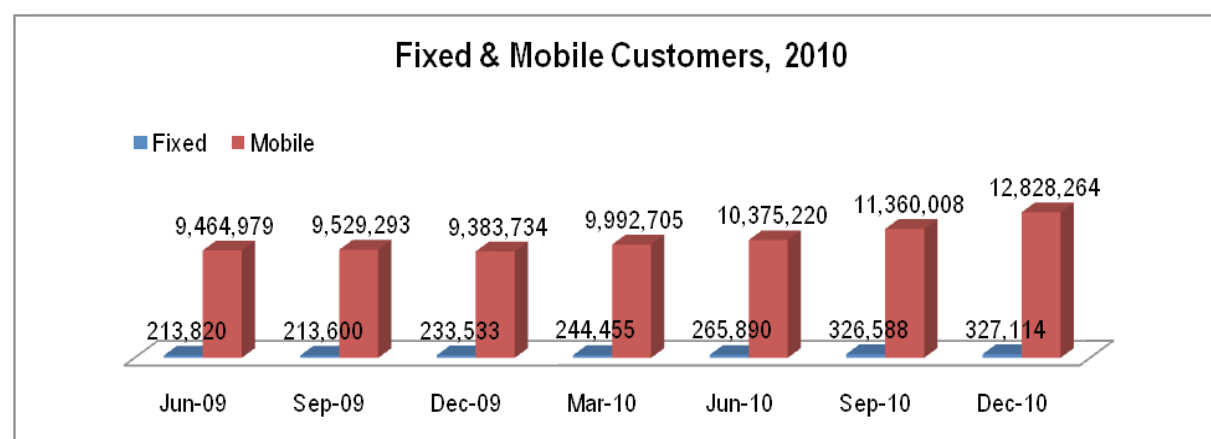
It is worth noting that the statistics do not indicate how many individuals hold these subscriptions. This is because some people subscribe more than once but this level of discrepancy will only be possible when the mandatory registration of subscribers is enforced.

Table 4. 2: Voice Telephone Subscribers

| | December 2010 | March 2011 | June 2011 |
|------------------------------|---------------|------------|------------|
| Number of Providers (PIP) | 26 | 24 | 24 |
| Number of Providers (PSP) | 37 | 37 | 37 |
| Number of Subscribers Fixed | 327,114 | 234,447 | 216,163 |
| Number of subscribers Mobile | 12,828,264 | 13,955,014 | 14,615,641 |

Source: UCC Performance report 2010/2011

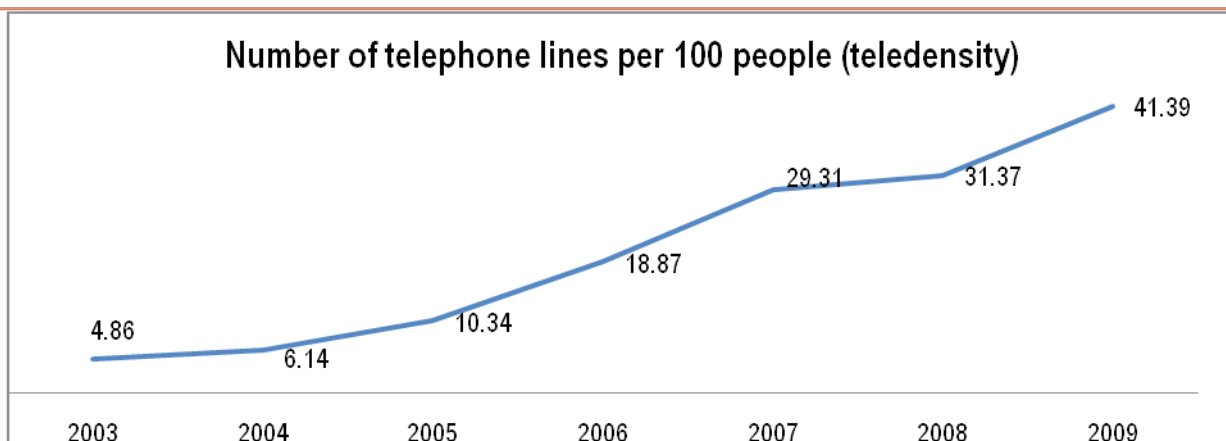
Figure 4. 9: Telephone Subscribers by Category



Source: UCC Performance report 2010/2011

Figure 4. 10: Fixed & Mobile Customers

THE NATIONAL DEVELOPMENT REPORT (NDR) 2010/11



Source: UCC Performance report 2010/2011

Data and Internet

Figure 4.11 shows that by December 2010, international bandwidth, uplink stood at 4,119 Mbps compared to 850 Mbps in December 2009. This is an increase of more than 300 percent. This is attributed to the 3 sea cable systems (SEACOM, TEAMS and EASSy) along the East African coast line, and increased competition.

Figure 4. 11: Telephone penetration (Tele-density)



Source: UCC Performance report 2010/2011

Other specific development areas include the enactment of the cyber laws, broadband connectivity established in 120 locations, provision of computers in all RDCs' offices, establishment of the NBI/EGI data centre and 566 ICT laboratories in secondary schools. The Electronic Signatures Act, Computer Misuse Act, Electronic Transactions Act and the Analog to Digital Migration Policy were enacted and assented to during the period under review.

4.1.5.5. Enhance access to quality, affordable and equitable broadcasting services country-wide

Development through access to quality, affordable and equitable broadcasting services is targeted at developing infrastructure and developing and implementing the policy, legal and institutional framework.

Private investment in the sector has increased rapidly as a result of the liberal macroeconomic and broadcasting policies. There are over 150 radio and television stations. Over ten radio stations were given broadcasting rights in 2010/11. The digital migration is underway and processes towards complete digital migration have been initiated.

4.1.5.6. Enhance access to quality affordable and equitable library services

The sector continued to lack strategic development in the area of library services. This is contrary to government's policy on establishing information and resource centres country-wide, and a deterrent to build a reading culture to facilitate innovation and understanding of government policies.

4.1.5.7. Rejuvenate the application of postal services country-wide

The postal services sub-sector continues to face challenges due to stiff competition by the global digital revolution. The emergence of faster means of communication has rendered the traditional business in postal services less important. However, the rise in hi-tech industrial processing and the corresponding need for faster courier postal services, and the need to avoid the increasing electronic and cyber-crime are likely to lead to the revival of postal services in the medium term period. Data on private courier service providers was not available to enable a more comprehensive assessment of the courier services contribution during the FY2010/11.

The major anticipated development of the creation of a national address management system and expansion of the postal services network to all sub-counties are yet to be embarked on.

4.1.6. HOUSING DEVELOPMENT

Overview

Current statistics indicate that 69.7 percent of all urban dwellers live in over-crowded housing, with an average household size of 4.2 persons living in an average unit size of 1.6, resulting in an occupancy density of 2.6. The government has embarked on a program to upgrading slum dwellings such as the Namuwongo project which aims at improving the living conditions for the slum residents. The private sector has also been involved through construction of personal residential houses, rented commercial and residential houses. Through private sector participation high rise buildings have been

constructed for both commercial and residential purposes. The skyline around educational institutions especially universities is changing through construction of storied residential hostels for the increasing university student population. Areas such as Katanga, Kikoni, Kagugube, Kivulu slums, around Makerere University, are gradually giving way to high rise hostel buildings. The Central Business District of Kampala (CBD) has been transformed through the construction of new shopping arcades, hotels, apartments, office blocks, modifying and renovating the old buildings. Outside the CBD high rise commercial and residential buildings are on the increase.

Slums which used to be found within the CBD are disappearing slowly, but re-emerging at the periphery as these dwellings still house the majority of the urban population (Nsambu, 2006). Though the private sector is very active in the housing sector, most of their activities are informal with no regulation and support. The developers try to avoid bureaucratic official planning, building regulations and standards, and complex/costly procedures. The high levels of informal housing signify government's inability to provide affordable housing, thereby allowing amateur developers leading to insecure tenure. They have high densities, few access roads, other infrastructure, and do not conform to existing planning and building regulations.

Housing production capacity in general is limited and poorly organized as the demand will continue to exceed supply leading to negative implications for urban development and environment (Uganda 2005).

Despite the existence of planning frameworks, the urban centres continue to experience informal developments where activities such as residential housing, commercial and industrial are located outside planned areas. Though there has been a general increase in housing stock in the last fifteen years, the existing stock continues to deteriorate due to lack of proper maintenance. This has contributed to the general shortage of housing. Urban dwellers mostly of low-income levels are faced with the problem of locating and acquiring suitable and affordable accommodation with amenities. Scarcity of habitable shelter has assumed staggering dimensions, as occupancy rate is about 1.3 indicating a backlog of 30 percent.

The provision of housing for low-income households has not kept pace with the rapid urbanization. Many of the housing especially those constructed by low-income earners lack basic amenities, and are prone to health hazards. According to UPPAP (2000), about 30 per cent of the urban populations live in informal settlements with an average density of 14,112 people per square kilometer. Unfortunately both the number of slum dwellers and the area covered are on the increase and this causes an environmental and planning challenge for the urban authorities. And this is due to failure by the government to enforce strict urban planning regulations (Nawangwe and Nuwagaba 2002).

The living environment of the urban poor is characterized by the following conditions:

- Latrines built in front of other peoples' compounds.
- Children play near leaking latrines and thus vulnerable to diseases.
- Houses constructed without adequate ventilation.
- Developments are retarded as it is not possible to carry out road construction since houses are constructed in road reserves making the areas inaccessible.
- There is increase in water borne diseases like cholera within urban poor dwellings.
- It is difficult to access latrines for emptying due to lack of proper road networks in informal neighborhoods.
- Drainage channels and latrines are source of contamination of underground water sources.

As a key step towards tackling these conditions and ensure sustainable utilization of urban re-sources, the government is developing the National Urban Policy.

Highlights of development progress made against the sector's development objectives during year 2010/11 are given in the sections below.

4.1.6.1. *Formulate and operationalize policy and regulatory framework to enhance sector development*

Development contribution from the housing thematic area was intended to be achieved through streamlining policy, legal and regulatory frameworks guiding investment in the sector. During the period under review, the Draft National Housing Policy and the Landlord-Tenant Bill were developed; and the operationalization of the condominium property law started with approval of 106 plans. However, the National Estates Policy, which is critical for guiding private sector estate developers, is yet to be embarked on.

4.1.6.2. *Enhance accessibility to housing related inputs*

The role and growth of the housing sector is highly dependent on access to quality and competitively priced housing materials. The housing sector in Uganda has enormous investment opportunities and job creation. The sector has all the potential to attract significant foreign capitalization due to lesser risk associated with housing. However, to realise these benefits requires availability of quality housing inputs such as modern equipment and skilled manpower. Statistics show that prohibitive housing inputs are partly responsible for the dominance of low quality housing.

Progress has been made through private sector investment in local production of cement and iron and steel materials. These are, however, still insufficient to satisfy local demand, and importation of building materials to meet the demand causes an increase in foreign exchange rates.

The year 2010/11 witnessed the end to commercial logging of timber from the natural and community forest reserves, because of the depletion of mature timber stocks and illegal deforestation activities. Also, limited availability of raw materials for production of iron and steel products inhibited optimum manufacturing from the iron and steel industries, which led to dependent on imported raw materials. Deliberate inward looking policies and interventions to address the challenges regarding housing inputs were not embarked on during the period under review, as expected.

4.1.6.3. Deepen public knowledge about housing and human settlement

Housing and human settlement are essentially private sector led, hence requiring public knowledge through provision of IEC materials and support for documentation and dissemination of research findings on cost saving materials and construction designs.

During FY 2010/11, attempt was made to sensitise rural communities on cost saving housing by constructing a demonstration housing units at Hoima. They were made available and adapted through NGO supported initiatives. The development of rural planned settlements, however, requires a land use policy together with a comprehensive national spatial plan.

4.1.6.4. Prevent slum development and upgrade existing ones

The increase in slums is synonymous with the rapidly increasing urban populations, mainly attributed to rural urban migration and population growth rate. A number of slums were identified for upgrade in Kampala, Jinja and Entebbe. The government strategies for slums upgrade also include land banking using the land fund, developing physical infrastructure in slums and undertaking site and service schemes.

Redevelopment of a slum dwelling, Kasooli, started and land acquisition was undertaken in Kibaale district. The sector is yet to start a national slum upgrade and redevelopment strategy.

4.1.6.5. Promote and ensure availability of affordable housing finance

Financing of housing is dominated by the National Housing Corporation and a few other private estate developers. These offer various partnership products/arrangements with individuals and companies, including mortgages and outright purchase. Recent findings indicate shifts away from the build own and operate (BOO) concept to mortgaging and outright selling. The increasing formalization of the employment has led to increased participation of commercial banks in housing finance through mortgage offers by most banks.

During the year under review, affordability of housing finance became more challenging as a result of the global economic instability whose effects started to be felt in FY 2009/10. Whereas the effect of the crisis in the developed countries regarding the value of

houses was mixed, there was a clear increase in the value of houses in the economy and other less developed economies attributed to stagnation in housing sector growth in relation to overall growth in the immediate preceding financial years.

There was introduction of microfinance lending for housing development during FY 2010/11, which offered an opportunity, particularly for the youths and other low income earners, to own houses.

There is urgent need to establish a national housing fund to enable construction of low and middle income housing for young employees as lease or mortgage.

4.1.6.6. *Develop well-planned and managed construction of public and private housing estates*

The development of a well-planned and managed public and private housing estates requires strict guidance, and supervision and maintenance, a culture that is still not appreciated. This is attributed to the lack of clear housing estate policies and strong legal and regulatory frameworks, coupled with limited number of housing professionals in the industry.

Implementation of the government plans to establish public housing estates at local government level are yet to be conceptualized by the ministries of housing and urban development, public service and finance. Also, the institutional framework for ensuring design and construction of quality structures and homesteads among communities countrywide is still weak in urban areas and lacking in rural areas. During the FY 2010/11, proto-type plans were developed for Bunyoro, Toro and Sabiny settlements.

During the year, appropriate technologies and construction guidelines were developed and demonstrated for earthquake prone areas of Kabarole, Bundibugyo and Kasese. The resettlement scheme for refugees at Kiryandongo was also established.

4.2. COMPLEMENTARY SECTORS

4.2.1. SCIENCE AND TECHNOLOGY

Overview

Uganda still scores low in science, technology and innovation in the area of research and development. In FY 2010/11, expenditure on science, technology and innovation was partly 0.3 percent of the national budget. There were just 24 researchers per 1 million people compared to over 300 researchers per 1 million people in South Africa. Uganda had only one researcher per a thousand members of the workforce compared to over five researchers per a thousand in the developed world. Within the manufacturing sector, technological growth was nominal as only 14 percent of the manufactured exports were high-tech products. During 2010, of the total recorded applications for industrial property rights, 75 percent were owned by foreign enterprises suggesting that local innovation was fragile.

The government has until recently increased resources for research with specific funding to the Uganda Industrial Research Institute and the National Council for Science and Technology. The organizations under the funding are Makerere University; Agriculture research agencies – there are over 14 research agencies involved in agricultural research and development – with a budget of 18 billion shillings.

Progress in science and technology for FY 2010/11 is reviewed in line with the thematic specific development objectives in the sections below.

4.2.1.1. Promote and accelerate the use of research, innovation and applied technology

The promotion and acceleration of research, innovation and applied technology is intended to be achieved through increased adaptability of science knowledge and technologies; improving technical capacity of the research and development institutions; and enhancing the science, technology and innovation human resource capacity.

During the year under review, the revised curricula for primary, secondary and tertiary education were introduced. This, however, faced the challenges of limited teaching and instruction materials, including text books.

The establishment of ten science and technology training centres did not start during the year due to delayed detailed conceptualization by the relevant institutions and lack of budgetary provision. Similar initiatives have taken root in Kenya and Rwanda. The planned establishment of four Science Park and Technology Incubation centres is also yet to be fully conceptualized and marketed among policy makers.

As part of the infrastructure development aimed at improving technical capacity in R&D institutions, government established a technology and research centre at Lugazi, under the ministry of defence. Funds continued to be channeled to R&D institutions and specific projects through the presidential initiative on science and technology. The main beneficiaries include Makerere University. However, the anticipated collaborative framework for R&D locally and internationally, and the establishment of a national science and technology fund for R&D are yet to be initiated.

The private sector continued to play a key role in R&D through the increase in the number of products. Specific incentives such as tax holidays and exemptions towards the private sector in R&D and related human resource capacity enhancement programs were, however, not instituted during the period under review. Meanwhile the ratio of arts to science graduates remained at 5:1.

4.2.1.2. Enhance the level of collaboration between research institutions and the industrial sector to facilitate adaptability and use of STI

Development through the collaboration among research institutions and the industrial sector will be achieved through venture capital for accelerating commercialization of R&D; providing public sector support to upgrade technologies; and establishing technology platforms involving academia/research institutions and the private sector.

It is necessary to enact policies to operationalize establishment of the venture capital, and this is yet to be tackled by UNCST. The Council and the Ministry of Trade and Industry are also yet to provide the cabinet paper on public sector support to private companies on upgrading technology. The council, in particular, needs to urgently spearhead the creation of technology platforms for the academia, researchers, research institutions and the private sector as recommended by the NDP. Consultations with stakeholders revealed the weak institutional framework that limits the council's capacity in advancing science and technology at policy-making level.

4.2.1.3. Strengthen the policy, legal and institutional framework to support STI development

The policy and institutional mechanisms that were strengthened include setting up the national bio-technology and bio-safety policy, implementation of the copyright law and patents act, and establishing a mechanism for accessing the technology and institutional fund.

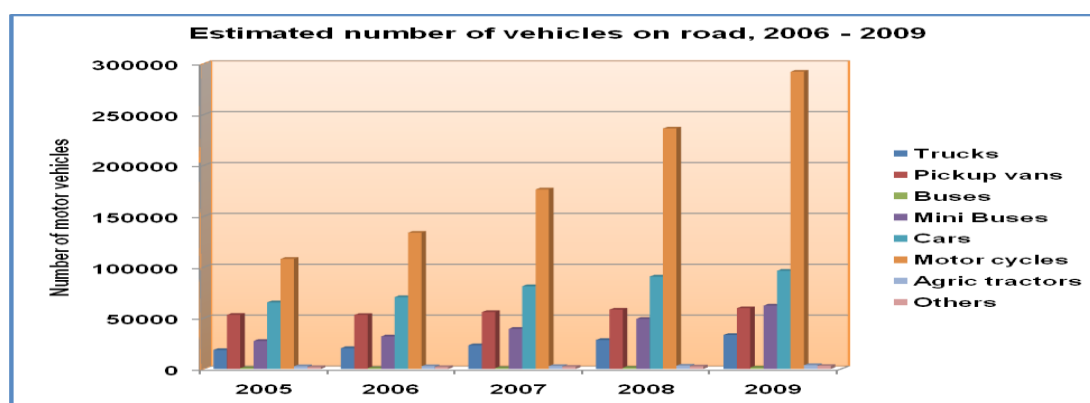
However, the fundamental policy on science and technology to cabinet to establish a Ministry of Science and Technology is yet to be implemented as recommended by the NDP. This has affected the execution of a number of policies and regulations related to science and technology.

4.2.2. WORKS AND TRANSPORT

Overview

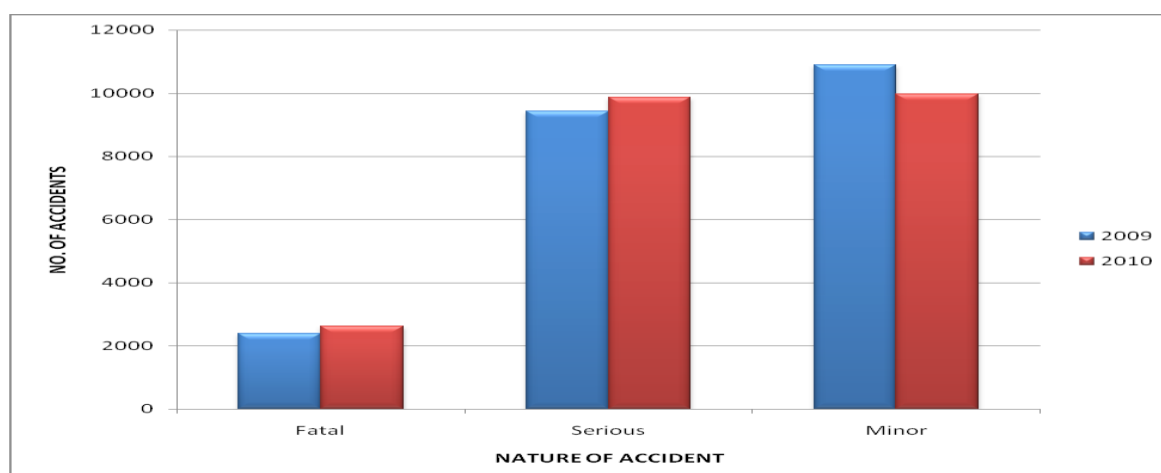
The transport sector comprises road, rail, water and air sub-sectors. Uganda's paved road stock is currently 4,364 km, of which 75 percent are national roads, and the remainder urban roads. The total national road network is 78,100 kms. The total functional rail network is 321 kms. There are sixteen scheduled passenger and cargo airlines in operation. The water transport is serviced mainly by public ferries and small to medium motorized and non-motorized vessels.

Public transport in urban and rural areas continued to be dominated by motorcycles, which have rapidly increased over the last five years and constitute over 52.9% of the total transport means. Closely followed are salon cars at 17.5%, minibuses 11.3%, pickup vans 10.8%, trucks 6%, agricultural tractors 0.7%, and buses at 0.3%. The high vehicular traffic experienced in Kampala is attributed to the static roads vis-a-vis the constantly growing number of vehicles.

Figure 4. 12: Estimated number of vehicles on road, 2006 – 2009

Source: Annual road safety report 2010, Ministry of Works and Transport

Overall, there was a 1.5 per cent reduction in the total number of accidents, from 22,699 in 2009 to 22,461 in 2010. This was largely attributed to the number of minor accidents which dropped from 10,888 cases in 2009 to 9,975 in 2010¹.

Figure 4. 13: Comparison of Road Traffic Crashes for 2009 and 2010

Source: Annual road safety report 2010, Ministry of Works and Transport

The 2010/11 development performance of the transport sector against the set development objectives is reviewed in the sections below.

4.2.2.1. Improve the Stock and Quality of Road Infrastructure

Transport development is expected in the areas of upgrading national roads; improving the condition of national roads; development and maintenance of selected strategic roads for tourism, minerals and oil and gas sub-sectors; and upgrading, rehabilitating and maintenance of district, urban and community access roads.

During the period under review, the stock of national paved roads has risen by 64 km, an increase of about 2 percent. The proportion of paved national roads to total national

¹ Annual Road and Safety Report 2010

roads is currently 16 percent, which is low in comparison with many Sub-Saharan African countries (e.g. Kenya, 6,800 km, 48 percent; Malawi, 4000 km, 26 percent; and Zambia, 6,800 km, 25 percent). However, this proportion has remarkably increased from 4.0 percent in 2008/2009 to 16 percent 2010/11.

The road works in the oil and gas producing areas are expected to further intensify in FY2011/12 in preparation for heavy traffic associated with pre-oil production and pipeline construction activities.

4.2.2.2. *Improve the traffic flow within the Greater Kampala Metropolitan Area (GKMA)*

The improvements are expected in terms of transport infrastructure, connectivity, safety and modernisation of the public transport systems. Better part of the year was spent on reviewing and approving designs and modalities for their implementation, and harmonising the World Bank and the Japanese funding facilities. Implementation planning continued to be challenged by the absence of an administrative structure to back-up the GKMA, as given in the Physical Planning Act, 2010.

4.2.2.3. *Increase the volume of passenger and freight cargo conveyed on rail network*

This is to be achieved through re-construction of the Kampala-Kasese, Tororo-Pakwach and Malaba-Kampala railway lines. The planned developments in this sub-sector also include construction of a new standard gauge rail system between Kampala and Malaba, procuring additional cargo and passenger locomotives.

There has been an increase in the rail carriage freight over the last 3 years to a total of 154 million ton-kilometers. On the main railway corridor through Malaba, rail transport accounts for around 9 percent of all freight, well below the potential of competitive rail transport. Locomotive utilization has improved recently, and now stands at 131 km per day. Wagon transit time stands at 16.2 days, and total turn-round time at 27.1 days. Improvements in these measures will aid the capacity of the railway to capture a greater share of freight transport.² With the objective of improving the stock and quality of economic infrastructure under the NDP, the proportion of freight cargo by rail increased from 3.5 percent in 2008/09 to 9 per cent in 2010/11. The process is on track in attaining the target of 17.8 percent after the five years of implementation of NDP. The increase in the cargo could be as a result of either high transport costs or increasing output.

Preliminary planning was completed by the Planning Authority but the implementation arrangements hit a snag due to absence of a government unit responsible for execution of rail infrastructure development. This followed privatisation of the management and part of the maintenance of railways to Rift Valley Railways (RVR). By the end of FY 2010/11, Public Private Partnership arrangements were being explored for reconstruction of the railways with the Uganda People's Defence Forces (UPDF).

² 2010/11 Works and Transport Sector Performance Report

4.2.2.4. Increase the volume of passenger and cargo traffic by air transport

Development projects earmarked to be undertaken during the year under review include further upgrade of Entebbe airport; completion of on-going upgrade of Arua, Kasese, Soroti, Pakuba and Kidepo airfields; improvement and expansion of meteorological infrastructure; and acquisition of land for additional airports.

During FY 2010/11, the re-designing of Entebbe airport cargo section was put on halt due to land disputes between Civil Aviation Authority and the Ministry of Agricultural Animal Industry and Fisheries (MAAF). The master plans and the engineering designs for Gulu and Kasese airports development could not be completed due to PPDA administrative reviews. Construction of a terminal building at Arua (Phase I), was near completion by end of 2010/11. A terminal building was also constructed at Kidepo, including upgrading of the runway from 1,320 metres x 19 metres to 1,500 metres x 30 metres and re-gravelling. The construction of Moroto terminal building and the perimeter fence were completed. Due to lack of resources, resurfacing of Soroti runway, including procurement and installation of ground lighting systems were not implemented as planned. It should be noted that the absence of ground lighting systems at Soroti airport continue to be a heavy cost on training of pilots as the night training activities have to be shifted to Entebbe airport. Processes for acquisition of extra land for Arua airport commenced.

4.2.2.5. Increase the volume of cargo and passenger traffic by marine transport

The focus regarding marine transport is to diversify the access routes to the sea by expanding the services of the water ways through Tanzania. MVs Bukoba and Kabalega are now both fully functional after replacement of MV Kabalega. The surveys to map navigable routes on Lake Victoria were, however, not undertaken. Unlike Butiaba where only studies were on-going, actual preliminary rehabilitation of Port Bell and Jinja ports started during the year.

4.2.2.6. Increase efficiency and improve effectiveness of transport infrastructure and services

Efficiency and effectiveness will be enhanced through a number of reforms within the subsector, which will involve reviewing, and enacting new policies, and laws and strengthening the institutional and human resource capacities.

So far, the National Transport Policy and National Transport Master Plan have been drafted and consultations are on-going. The Axial Load Policy has also been formulated and forwarded to cabinet for approval. The initial process to set up a semi-autonomous transport safety agency is under way.

However, the planned creation of a separate agency to manage transport infrastructure development for the Greater Kampala Metropolitan Area, and the separation of the commercial operations of RVR from infrastructure development and maintenance and

regulation were not achieved during FY 2010/11. Surveying and marking of reserves of older national paved roads was completed during the year. The re-surveying and marking of rail reserves for existing lines is yet to be undertaken.

4.2.2.7. Strengthen the national construction industry

The national construction industry covers housing and construction of roads, bridges, dams and any other engineering infrastructure. Development of the industry is intended to be achieved through improvement of the policy, legal, and regulatory frameworks and institutional and human resource capacity building.

The National Construction Policy was finalised but is yet to be fully operationalized. However, the review of the national construction standards and the enactment of various complimentary building laws, have not been finalised.

4.2.3. ENERGY SECTOR

Overview

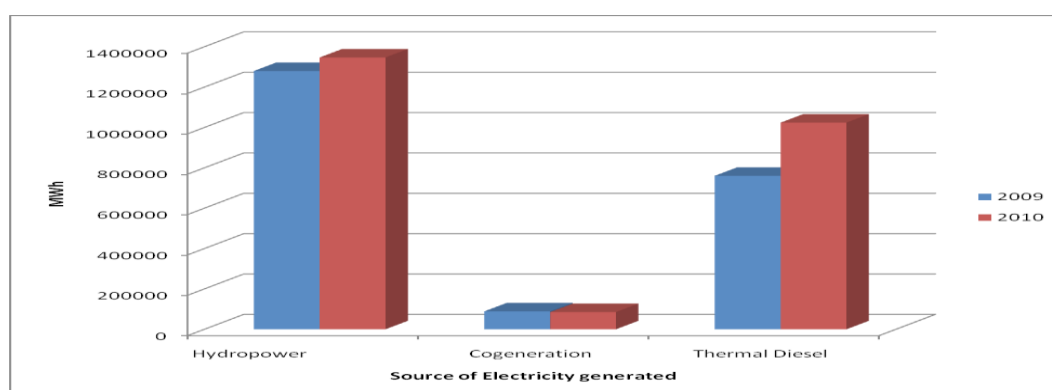
Uganda is a landlocked country and infrastructure is critical for its economic development. However, infrastructure including energy, roads, and telecommunication lags behind that of its neighbors and has been identified as a major binding constraint requiring immediate remedy.

To meet the increasing electricity demand and overcome the supply shortage, it is prudent to embark on large scale investments in the electricity generation sector to boost growth. It is empirical that electricity consumption has a positive effect on economic growth and higher energy consumption increases employment opportunities, holding other factors constant.

There was an increase in the national grid electrification rate from 1 percent in 2001 to 6 percent in 2010. A total of 1,346,890 MWh of hydropower, 85,100M MWh of cogeneration, and 1,024,000 MWh of thermal diesel were generated in 2010. Electricity demand increased from 7 percent in 2009 to 9 percent in 2010 respectively. In the year 2010, a total of 32,220 MWh and 76,705 MWh of electricity were imported into and exported out of the country respectively. At the same time, energy losses experienced within the same year stood at 73,654 MWh.³

The power generation system has a total installed capacity of 608.495 MW with the two largest hydroelectric plants – Kiira and Nalubale contributing 380 MW. The remainder is made up of 170.995 MW of counter plants operating on fuel oil and diesel, 29 MW of bagasse plants, and some small hydro plants like at Kilembe mine, Bugoye and Kasese Cobalt with a combined total of 28.5 MW.

³ 2010 Statistical Abstract, Ministry of Energy and Mineral Development

Figure 4. 14: Electricity generated by source (2009 & 2010)

Source: 2010 Statistical Abstract, MEMD

Table 4.3 provides a list of the existing power plants that are feeding into the main grid. Over the past five years, the drought and low levels of Lake Victoria have led to a reduction in the available water for power generation and consequently there has been inadequate supply. This has led to stunted generation capacity, a poor transmission and distribution, and poor utility practices.

Table 4. 3: Existing plant generation capacity

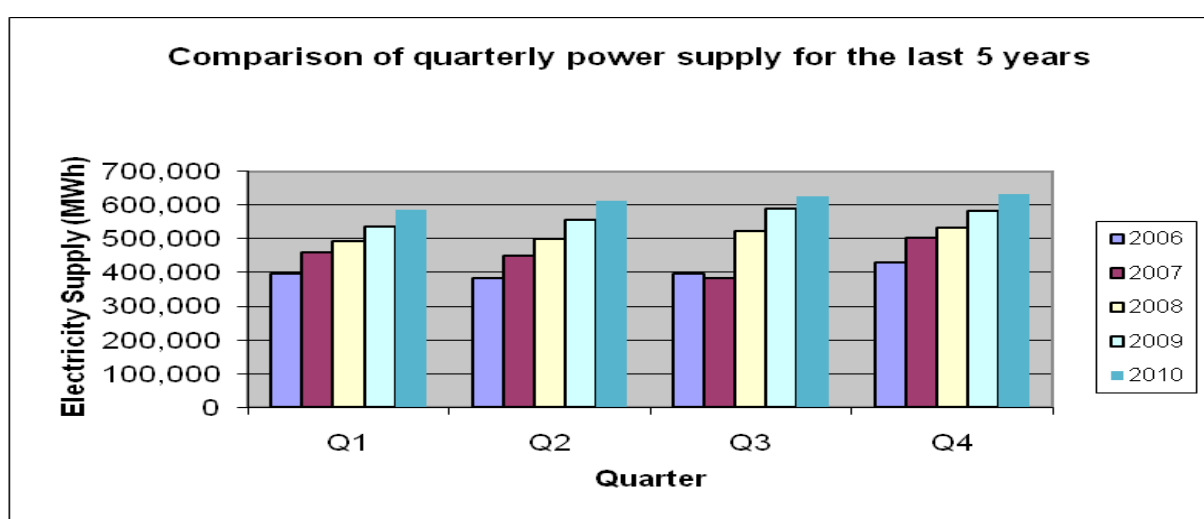
| Plant Name | Type | Installed Capacity |
|--------------------------|-----------------------|--------------------|
| Kiira | Large Hydro | 200MW |
| Nalubaale | Large Hydro | 180MW |
| Kilembe Mines(Mobuku I) | Mini Hydro | 5MW |
| Bugoye (Mobuku III) | Mini Hydro | 13MW |
| Kasese Cobalt(Mobuku II) | Mini Hydro | 10MW |
| Aggreko-Kiira | HFO Thermal Generator | 50MW |
| Aggreko-Mutundwe | HFO Thermal Generator | 50MW |
| Jacobsen-Namanve | HFO Thermal Generator | 50MW |
| Electro-Maxx- Tororo | HFO Thermal Generator | 20MW |
| Kakira Sugar Works | Baggasse | 20MW |
| Kinyara Sugar Ltd | Baggasse | 7MW |
| Kisiizi | Micro Hydro | 350KW |
| Kuluva | Micro Hydro | 120KW |
| Kagando | Micro Hydro | 60KW |
| Moroto | Diesel Generator | 750KVA |
| Adjumani | Diesel Generator | 750KVA |
| Moyo | Diesel Generator | 750KVA |
| Bugala (Kalangala) | Diesel Generator | 250KVA |
| Arua (WENRECO) | HFO Thermal Generator | 1.5MW |

Source: MEMD, Annual report 2010

The total installed capacity of electric power plants that feed into the national grid increased by 9.7 percent from 492 megawatts in 2009 to 539.5 MW in 2010. The number of consumers in the domestic tariff category increased by approximately 19 percent in 2010 as compared to a 6 percent increase in 2009.⁴ That is, 608.495 MW with the two largest hydroelectric plants (Kiira and Nalubale) contributing 380 MW.

The total grid electricity supply increased by 8.45 percent from 2,264 GWh in 2009 to 2,456 GWh in 2010. The increase was due to new plants commissioned which included Bugoye hydropower plant (13 MW), and the 20 MW Heavy Fuel Oil thermal power plant by M/s Electro-Maxx Ltd in Tororo. Two more hydro plants were commissioned in Mpanga and Ishasha with a combined output of 24.5 MW.

Figure 4. 15: Comparative quarterly power supply over the last five years



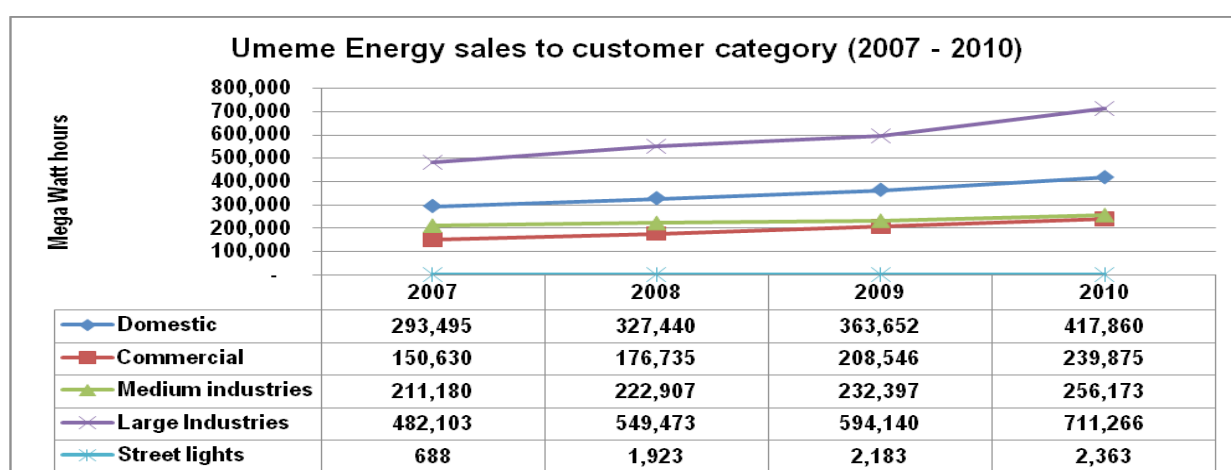
Source: MEMD, Annual report 2010

Electricity Distribution

In the distribution industry, there are various stakeholders involved such as UMEME, TANESCO, FerdSult, and KPLC among others. However, the industry is mostly dominated by UMEME.

UMEME distributes the biggest proportion of about 43 percent over the last four years of its energy to large industrial users followed by domestic users with 26 percent, 17 percent medium industries, and 14 percent commercial users and with 0.1 percent street lighting taking the least. Since 1997, there has been a continuous increase in energy sales as per Figure 4.16.

⁴ 2011 UBOS statistical Abstract

Figure 4. 16: Umeme energy sales to customers by category (2007 - 2010)

Source: 2010 Statistical Abstract, MEMD

Access to Electricity

Proportion of households accessing power from national grid (percent)

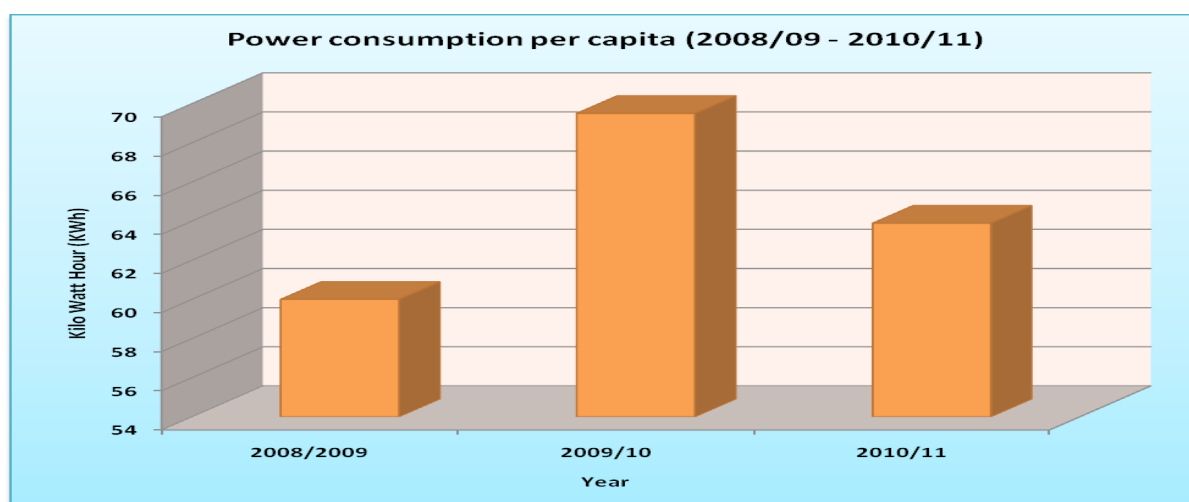
Access to Electricity as a percentage of households is estimated to be about 12 percent in 2010. This was an increased capacity from 5.6 percent in 1991, 9 percent in 2006⁵ and 11 percent in 2008/2009. The total number of households on the national grid is 6,226,907. Although the percentage of household accessing electricity in 2010 increased, the percentage change is not significant to attain the overall target of 20 percent at the end of the five year horizon of the NDP.

Electricity Consumption

Power consumption per capita (KWh)

The power consumption per capita indicator of 63.89 KWh in 2010/11 shows that the attainment of 674 KWh at the end of the 5 year period may not be achieved and this shows that the indicator is off track. Although there have been efforts by government to increase the generation capacity of power, the population has not stagnated hence the reduction.

⁵ https://energypedia.info/index.php/Uganda_Energy_Situation

Figure 4. 17: Power consumption per capita (2008/2009 - 2010/11)

Source: Ministry of Energy and Mineral Development

4.2.3.1. Increase power generation capacity

Power generation will be increased through construction of large and mini hydropower plants. The large hydropower plants to be constructed are Bujagali, Karuma, Ayago, Arianga and Isimba. The mini-hydropower plants are Muzizi, Kikagati, Nshongyezi, Waki, Mpanga, Buseruka and Nyagak. During the period under review the following were achieved:

Bujagali hydropower Project - construction of Bujagali progressed according to schedule and the plant was expected to be commissioned in 2012.

Karuma hydropower Project - this was initially planned for a capacity of 200-250MW. Government undertook a decision to expand the project and increase to a capacity of 600MW. The feasibility studies are on-going and the tender documents will be ready in February 2012.

Isimba Hydropower Project - the project estimated at a capacity of 120 MW is located 25 km downstream the Kalagala falls. Government procured a consultant to carry out the detailed feasibility studies.

Ayago hydropower Project - the detailed feasibility studies are on-going with the support of the Japanese government.

Progress on the mini-hydro plants included the construction of Bugoye (13 MW), Mpanga (18 MW), Ishasha and Buseruka (9 MW) hydropower projects.

The feasibility studies for Muzizi hydropower site are planned for FY 2011/12. The construction of Nyagak encountered some challenges. The private investor on the project experienced serious cost implications as government plans to step in and co-finance the project.

The governments of Uganda and Tanzania are finalizing cross border cooperation to develop Kikagati hydropower project (10MW). There are also plans by the Ugandan government to carry out feasibility studies for Olewa, Mvepi I, Mvepi II, and to rehabilitate Maziba (1 MW).

Kakira and Kinyara sugar works contributed an additional 12 MW and 5 MW respectively onto the grid after satisfying their internal demand. Lugazi sugar works also plans to generate 8 MW. Plans were not finalized for the design and construction of solar, thermal and geo-thermal plants, which are expected to add 300 MW to the national power grid.

4.2.3.2. Build new transmission lines to evacuate new generation plants and extend to improve power service delivery to different areas of the country

During the FY 2010/2011, construction works for the Kahungye (132/33 kV) and Kawaala (132KV/11 kV) substations were completed. Construction of the Bujagali interconnection project continued and works are expected to be completed during the financial year.

The construction of the new transmission lines, extension of coverage and building new sub-stations are scheduled for the FY 2011/2012. The transmission lines are: Nkenda-Mputa-Hoima; Karuma-Kawanda; Karuma-Olwinyo; Karuma-Lira; Kawanda-Masaka 220kV (142km); Opuyo-Moroto; Tororo-Opuyo-Lira 132 kV (260 km); Mbarara-Nkenda 132 kV (160km); and Isimba inter-connections. The substations are: Kawanda, Hoima, Mputa, Fort Portal, Moroto and Olwinyo.

Feasibility studies were completed for the following transmission lines: Mbarara-Nkenda 132 kV (160km), Tororo-Opuyo-Lira 132 kV (260km), Mutundwe-Entebbe 132 kV line (50 km), and Opuyo-Moroto 132 kV line (160 km) and Nkenda-Fort Portal-Hoima 220 kV (234 km).

Surveying and designing of the Nkenda-Mputa-Hoima transmission lines was completed and construction is planned to begin in FY 2011/12. Identification of sources of funding for the rest of transmission lines together with substations was being fast tracked by the Ministry of Finance, Planning and Economic Development.

4.2.3.3. Accelerate rural electrification

The rural electrification program aims to achieve at least 10% coverage in the rural areas by 2012. The program intends to increase access to electricity through the expansion of the national grid to district administrative headquarters, production areas to support agricultural modernization, schools, health centres, community development centres, water supply facilities and trading centres which provide services to the rural population and also to connect renewable energy generation projects to the main grid.

In FY 2010/11, power from the national grid was extended to the following districts and towns: Pader, Abim, Lamwo, Oyam, Kibaale, Kyenjojo, Bundibugyo, Kamwenge, Kagadi, Kanungu, and Isingiro.

Construction works are ongoing to connect the districts of Nakapiripirit, Amudat, Moroto, Napak, Kaberamaido, Dokolo, Amolatar, Kiruhura, Amuria, Katakwi, Kyankwanzi and Alebtong. In addition, studies to have the following district headquarters connected to the main grid have been completed: Kotido, Moyo, Adjumani, Amuru, Bukwo, Zombo, Koboko, Kisoro and Maracha.

Key economic ventures with access to power include tea factories, fish processing and landing sites. These are: Muzizi, Buhweju and Kayonza tea factories; Bukakata and Kansensero fish factories; and Bukungu and Wakawaka landing sites

4.2.3.4. Promote energy efficiency

Improvements were registered during the year through introduction of pre-paid electricity meters, revamping of various transmission and distribution lines, and increased monitoring, among others. The power losses were down to 30 percent by June 2011.

Dissemination of improved household energy efficiency stoves: Currently over 750,000 household and 800 institutional energy efficiency stoves have been disseminated in the districts of Bushenyi, Rakai, Kayunga, Wakiso, Mukono, Tororo, Mbale, Kabale, Moyo, Yumbe, Arua, Lira, Apac, Kiruhura, Kamwenge and Kamuli, leading to reduction in fuel wood use, a measure intended to preserve the environment.

Energy auditing was conducted to establish areas of energy efficiency improvements in a number of industries, commercial buildings and public institutions. In the FY 2011/2012, investments in energy efficiency equipment will be completed.

4.2.3.5. Strengthen the Policy, Legal and Institutional Framework

It is critical to regulate and monitor energy policies and plans in order to ensure increased production and supply of power and efficiency within the sector. Increased participation of the private sector has been targeted in this regard and a PPP Framework should be put in place as a priority.

Following the separation of roles of generation, transmission, distribution and regulation in the mid-2000, and introduction of private sector participation in generation and distribution roles, there is the need to evaluate the sector performance for additional efficiency improvements. The planned review of the Energy Policy and the Electricity Act are also yet to be implemented.

The draft Biomass Policy was developed during the year under review. However, efforts were not made on the development of the Energy Efficiency, Thermal Power and Atomic Energy policies during the year, as planned.

4.2.3.6. Promote Renewable Energy

The promotion of renewable energy is intended to be achieved through promotion of relevant technologies, bio fuels, wind power generation and power co-generation.

During the financial year 2010/11, implementation of the reduced import tariffs on Solar PV Systems was enhanced through wider information dissemination by Uganda Revenue Authority and advocated by UMEME. The program for promotion of wind power generation in Karamoja stalled due to lack of funding.

Development within the energy sector did not register progress in many renewable energy areas of gasification technology framework; gasifiers for forest areas; government financing biogas programs; bio fuel crop growing; developing national database on wind energy; and power co-generation.

4.2.3.7. Promote and regulate peaceful application of atomic energy

An Atomic Energy Council was constituted and made operational in FY 2010/11. Monitoring of the atomic energy applications for peaceful purposes such as in health facilities and training institutions was enhanced through the Atomic Energy Council activities. The council also identified a number of specialized programs in nuclear energy, and to train the needed manpower.

4.2.4. WATER FOR PRODUCTION

Overview

An additional 4,818,350 m³ of water for production storage capacity was created in 2010/11. This led to a cumulative storage capacity of 26.5 million cubic meters. There has been a significant drop in the cost per m³ over the last two years as MWE has focused more on the construction of dams, which are considerably more cost-effective than valley dams. On most of the water for production facilities, the number of livestock under this scheme at each facility exceeds 100.

4.2.4.1. Increase acreage under irrigation from the current level of 14, 418 ha to 22,000 ha

The strategies to achieve the water sector development objective of increasing acreage under irrigation from the current level of 14, 418 ha to 22,000 ha were to: develop public irrigation schemes; promote micro-level irrigation; promote appropriate technology for household level irrigation; strengthen the PPP in construction and maintenance of irrigation schemes; and rehabilitate existing irrigation schemes.

During the year under review, no progress was registered against this objective. The preparation of irrigation master plan was in advanced stages.

4.2.4.2. Increase supply of water in the cattle corridor from the current 36 percent to 50 percent and those outside the cattle corridor from 21 percent to 30 percent

The strategies to achieve the water sector development objective to increase supply of water in the cattle corridor from the current 36 percent to 50 percent, and those outside the cattle corridor from 21 percent to 30 percent were: construction of valley dams and valley tanks and setup reliable O&M structures and systems; equip the existing valley dams/tanks to facilitate easy livestock watering; and build capacity of the private sector players to construct and maintain valley dams and tanks.

During the year under review, 7 dams and 6 valley dams respectively were constructed in the cattle corridor. In addition appropriate management structures of water for production facilities were established.

4.2.4.3. Strengthen management of water catchment areas around water for production facilities

The strategies to achieve the water sector development objective of strengthening management of water catchment areas around water for production facilities were to manage water resource at catchment areas; and building capacity for water resource management.

During the year under review, water management committees were trained and functional, awareness was created for all stakeholders on environment and catchment management; water use sensitization was conducted; and action plans for operation and maintenance for all on-going and completed projects were prepared.

4.2.4.4. Increase water supply systems for rural industries to facilitate agro-processing and other industrial activities

To achieve the objective of increasing water supply systems for rural industries to facilitate agro-processing and other industrial activities the strategy was to provide water for production supply systems to key industrial areas.

In this perspective, very little progress was made during the year under review in respect to the planned interventions for FY 2010/11. The meager achievement was due to the incomplete extension of a piped water scheme in Sembabule district, sensitization on water use and prepared action plans for operation and maintenance for all on-going and completed projects.

4.2.4.5. Increase water supply for multi-purpose use in water stressed areas

To achieve the objective of increasing water supply for multi-purpose use in water stressed areas the strategy was to construct bulk water supply schemes.

Again, no progress was made in this regard during the year under review to construct bulk water supply schemes because the contractor could not be allowed access to the site due the locals' demand for compensation of the land to be utilized for the project.

4.2.5. LAND MANAGEMENT AND ADMINISTRATION

Human Settlement

Human settlements consist of several elements: housing, building, planning, and the relationship of these and such other activities as environmental change, and national and international development. Vancouver Declaration, 2001 defined human settlements as the totality of the human community, whether city, town or village with all the social, material, organizational, spiritual and cultural elements that sustain it. The fabric of human settlements consists of physical elements; shelter and infrastructure, and services to which these elements provide the material support.

Over the years, this concept of human settlements has been broadened to become a framework for an overall national socio-economic development in the context of formulating global shelter strategies. It is now contended that human settlements are the spatial dimension as well as the physical expression of economic and social activity. No creative act takes place without being influenced by settlement conditions. In turn, the creation of workable human settlements inevitably becomes an objective of, an indicator of and a prerequisite for social and economic development.

Settlements are an objective of development in that places where human can reside and learn and work in conditions of safety. Comfort and efficiency are a fundamental and elementary need. Settlements are also an indicator, because they are the most visible expression of a society's ability to satisfy some of the fundamental needs of its members. They achieve success as well as expose destitution, neglect and inequality. Finally, settlements are a prerequisite for social and economic development, as no social progress for sustainable economic growth can occur without efficient settlements systems and networks.

Uganda's population is projected at 68 million in 2040 against fixed land area. Currently, Uganda does not have a human settlement policy. Human settlements development, both rural and urban is inhibited by inadequate physical planning coupled with rapid and haphazard development. Urban settlements, in the wake of rapid urbanization, is associated with informal settlements, lack of infrastructure and basic services, infringement environmentally sensitive areas such as wetlands, hill tops, and lake shores. At the current growth rate of 3.2 percent per annum, there is an urgent need for a National Spatial Plan (NSP) to effectively guide equitable spatial development.

Within the last four years, since the signing of a Cessation of Hostilities Agreement between the government and the Lord's Resistance Army, more than 90 percent of the 1.8

million internally displaced people (IDPs) who lived in camps at the height of the crisis have returned to their areas of origin, or have resettled in new locations.

However, sustainability of resettling returnees remains a challenge because most of the former IDPs have returned to areas offering few basic services such as water, health care and education facilities. With current and future planned efforts notwithstanding, it is a general appreciation that it will take many years to fully rehabilitate northern Uganda.

Elsewhere there are rapid and chaotic urbanization with an urban growth rate of 4 percent. Slum growth is especially high, particularly along the shore of the Lake Victoria.

Industrialization in Urban centres

Industrialization has increased in Kampala largely due to the liberal investment policy and other macro-economic policies (MoFEP 1995; Byandala 1996; Lwasa 2004). Kampala city, the largest urban centre has attracted industrial investments due to a general existence of infrastructure and government policy to establish an industrial park in the de-gazetted forest of Namanve..

Since 1991, Uganda Investment Authority (UIA) has licensed a total of 1,561 industrial businesses of more than 15 categories including manufacturing, advertisement, leather tanning, food processing, beverage companies and petro-chemical products. Out of the total, 424 were implemented and 448 non-implemented while 689 are operational. Practically all trading hubs in urban centres attract a range of informal artisanal industries. These range from small to large scale. The small scales are involved in metal fabrication and wood works, wine and soft drinks processing. The large scale industries are involved in textile manufacture, steel rolling mills, tiles and brick factories, soft drinks and beer bottling, hollow ware and tannery.

A total of 1,500 employment opportunities were expected to be generated by the licensed industries (UIA 2005). This implies better labor opportunities and an associated urban migration. Though growth in industrial activity indicates development opportunities, it has had serious environmental consequences including wetland degradation, deposition of solid and toxic wastes in wetlands and drainage channels.

4.2.5.1. Create an inclusive pro-poor policy and legal framework for the land sector

A number of strategies were developed in the NDP to address the chronic subject of this sector. These are; formulation of the national land policy, review and harmonization of relevant legislations, formulation and implementation of a national resettlement policy and a government land management policy, and improving on the land fund program.

So far, the National Land Policy has been formulated and submitted to cabinet. Draft policies on RTA, Land Act, Local Governments Rating Act, Traditional Rulers Act, Surveys Act, LIS Law, Estates Agency Law, and Law on Government Land have also been developed. In addition, Physical Planning Regulations, Mortgage Regulations, Land Regulations, Surveyors' Registration Regulations have also been developed. However, the

implementation of the planned interventions under this objective has been adversely affected by inadequate funds.

4.2.5.2. Establish and maintain transparent, accountable and easily accessible institutions and systems for decentralized delivery of land services

The implementation of the strategy under this objective of strengthening the coordination of the different institutions responsible for land management and administration has been postponed to the FY 2012/13.

The operationalization of the alternative land dispute resolution was strengthened through training different stakeholders belonging to the district land boards, area land committees, traditional institutions and technical staff in district land offices. This training was conducted in the districts of Gulu, Kitgum, Lamwo, Pader, Amuru and Buliisa. Land related informations were also distributed to participants during the training. Further, a land dispute desk has been established in the ministry to investigate root causes of disputes and organize mediations. Activities such as Legal Audit of the Torrens System of Land Registration in Uganda; development of a Practice Manual on Land Adjudication, Mediation and Recordation; development of a Common Reference Manual on Law and Practice of Land Registration and Land Dispute Resolution for the Land Registry, Legal Practitioners, the Land Tribunal and the High Court; development of a tool for land dispute data capture and mapping by UBOS and MLHUD were also undertaken during the review period.

Significant progress was also made in resolving land conflicts in northern Uganda. Training of staff in the records of customary certificates of ownership, customary land transactions, delimitation of interests in land through land adjudication and demarcation as a means of proving ownership under customary tenure were conducted in Gulu and Lira sub-regions. Similar training in recognition of the role of traditional institutions in land dispute resolution under the customary law, and the LC courts was also completed in Amuru.

In an effort to strengthen the land sensitization secretariat at central government level, a Clients' Charter was launched, the land registration procedures manual developed, MLHUD and the LIS Project websites was developed, and the Ground Rent (Annual Nominal) Regulations 2011 was passed.

During the FY 2010/11, technical reports on the joint meetings between Uganda and Kenya on the maritime boundary, Uganda and DRC on the Uganda-DRC international boundary, Uganda and Rwanda, and finally Uganda and Tanzania, on the 110 kms Uganda-Tanzania boundaries from river Kagera to Lake Victoria were produced. The process of demarcation of district boundaries has also commenced.

4.2.5.3. Increase the stock and quality of human resources

The increase in the stock and quality of human resources is to be realized through strengthening technical services of various institutions responsible for delivery of land services. During the FY 2010/11, a review of the training and capacity building manual was conducted and District Land Boards personnel trained.

4.2.5.4. *Increase the level of awareness on land issues*

In an effort to improve the level of awareness regarding land issues, a strategy on Public Information and Awareness Campaign (PIAC) was developed. This involved the launch of the Clients' Charter; developing the MLHUD and LIS websites; and dissemination of Access to Information Manual.

4.2.5.5. *Develop the requisite infrastructure for effective and efficient delivery of land services*

Projects geared towards developing a requisite infrastructure for effective and efficient delivery of land services include; completion of the rehabilitation and densification of the national geodetic network, re-establishment of the hydrographic survey capacity and instituting purpose built facilities with functional designs.

For the period under review, most of the developments embarked on were constrained by financial resources, inadequate human resource and equipment to fully implement the interventions. However a few achievements such as production of the Environmental Information Network and the completion of 12 MZOs, NLIC, Records Centre and School of survey to meet requirements of modern survey and mapping service delivery system were achieved.

4.2.5.6. *Increase availability, accessibility, affordability, and use of land information for planning and implementing development programs*

Improving land data, information management and establishing and operationalizing the land information system are the strategic measures for achieving this sector objective.

During the review period, aerial photography covering six pilot districts was prepared; detailed design and Beta Version of the GIS-based national land information system was approved; ortho-rectified images required for base map delivered; scanning of cadastral maps, leasehold and freehold land titles, and also Mailo titles for Kampala, Mukono, Mpigi and Masaka were completed. In addition, data on trunk roads from NFA, UNRA, and UWA were incorporated.

4.2.6. PHYSICAL PLANNING

Overview

Physical planning refers to the active process of organizing the structure and function of locations to ensure an orderly and effective development process. It is the deliberate determination of spatial patterns with an aim to achieving the optimum land utilization while maintaining a high degree of aesthetic quality in a sustainable manner.

THE NATIONAL DEVELOPMENT REPORT (NDR) 2010/11

All spatial development activities, including industrial development, social and physical infrastructure, agriculture, conservation, and housing are land-based.

These activities often have different, sometimes competing demands. It is, therefore, imperative for an overall framework to manage these development activities.

4.2.6.1. Increase the level of compliance to physical development plans by both private investors and government projects such as roads, dams, water supply schemes, irrigation schemes, housing, education and health infrastructure

According to the NDP, the level of compliance to physical development plans is to be increased through implementing the new physical planning law.

The achievements during the year under review included: Dissemination of the Physical Planning Act and the Physical Planning Standards and Guidelines to the rural and urban administrative units. The physical planning board is yet to be constituted and approved by parliament.

4.2.6.2. Establish a national spatial development backbone to support orderly and sustainable, urbanization, services and infrastructural development

This objective is to be achieved through formulating and implementing national and regional physical development plans. No developments were embarked on under this objective during the year under review.

4.2.6.3. Ensure effective sourcing of physical planning services both at national and local levels

The NDP aims at ensuring effective sourcing of physical planning services by supporting national and local government physical planning through provision of conditional grants to LGs. In the period under review, no conditional transfers were delivered to local governments for physical planning.

4.2.6.4. Improve capacity and efficiency for physical planning at all levels

The NDP highlights that establishing a land use database and computerizing physical planning operations will improve capacity and efficiency for physical planning at all levels. No significant developments were realized under this objective except capacity building in advanced GIS skills. The above objective is constrained by financial resources to fully implement the planned interventions.

4.2.6.5. Facilitate the participation of the marginalized groups in physical planning

This objective is to be achieved through conducting national campaigns for planned physical development.

During the FY 2010/11, a review of the planning process to ensure increased public

participation including marginalized group to secure public acceptance, was clearly articulated in the reviewed Physical planning Act 2010. An attempt to measure and document economic benefits from planned developments is still to be undertaken in collaboration with UBOS. However, awareness is still limited and there is also the challenge of limited human, financial and institutional capacity coupled with the need to form an IEC strategy

4.2.6.6. *Facilitate optimal utilization of land resources especially in areas with the highest economic potentials*

Optimal utilization of land resources is to be achieved through physical development plans for areas with the highest economic potentials. Structural and detailed plans for 40 town-boards are in progress; however increased collaborations between the respective services providers like UMEME, NWSC are still to be realized.

4.2.7. URBAN DEVELOPMENT

Overview

According to the state of Uganda Population Report 2011 and MHLUD Statistical Abstract 2010, Uganda has reached urbanization level of 15% with an annual urban growth rate of 5.7%, and this is projected to increase to 23% by 2035. The urban growth rate was 6.35%, 5.2% and 4.0% in 1991, 2002 and 2010 respectively. A country is considered to be urbanized when over 50% of its population lives in urban areas. Currently, the number of people living in urban areas is 4.9 m. The urban population registered average growth rates of 5.1% between 2002 and 2011, markedly higher than overall national population growth rate of 3.2%. This increasing share of total population living in urban centres is similar to the historic patterns of Europe and North America with increased urbanization to be accompanied with rising levels of gross domestic product (GDP).

Much of this growth has been fuelled by economic growth, with higher urban incomes attracting rural migrants. As Uganda becomes more democratic, with higher economic growth rates and increased economic reforms, the country's expanding towns will increasingly serve as the engines of future economic growth. The towns are providing new opportunities in industry, trade and investment, communications, infrastructure, and social services. However, the rapid urban growth is accompanied by the effect of urban congestion, environmental degradation, regional imbalances and a burgeoning population of under and unemployed workers, sprawling slums and squatter settlements.

This increase has mostly been attributed to the creation of new urban administrative units, in addition to other demographic factors such as fertility and migration. Out of the 2011 mid-year estimated population of Uganda of about 32.9 million, an estimated 4.9 million, or 15% live in urban areas, with Kampala as the largest urban centre. There are 186 Urban Councils as at June 30, 2011, classified as the City of Kampala, 26

Table 4. 4: Number of urban centres in Uganda by category

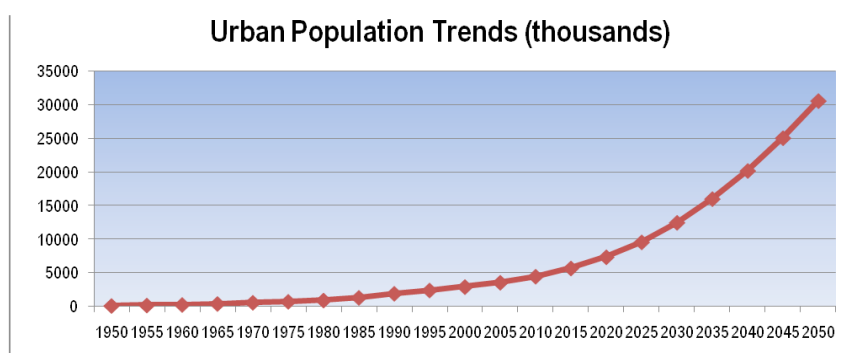
| Urban Councils | 2008/09 | 2009/10 | 2010/11 |
|----------------|---------|---------|---------|
| City | 1 | 1 | 1 |
| Municipalities | 13 | 13 | 26 |
| Town Councils | 84 | 109 | 152 |
| Total | 112 | 137 | 186 |

Source: MLHUD, 2010/11

The new municipalities of Bushenyi-Ishaka, Busia, Hoima, Iganga, Mukono, Rukungiri, Ntungamo, Kasese and Masindi were gazetted and became operational on 1st July 2010. This includes the town council of Kakira that is under a private sugar factory management

Town council population projections indicate high growth in medium urban centers in the western, eastern and northern regions. The urban population is expected to increase from 3.7 percent in 2012 to 7.8 percent in 2022 and to a peak of 25 percent in 2037 in line with national growth rates, i.e. population of urban areas on course to double every 20 years. Urban population increases between 4 – 5 percent a year leading to projected urban population of 7 million in 2020. (MLHUD Statistical Abstract 2010)

Figure 4. 18: Trends in Urban Population in Uganda (1950-2050)



Source: United Nations, Department of economic and social Affairs, Population division (World Urbanization Prospects; the 2009 Revision).

The rapid population growth in Uganda has stimulated development through provision of labour and market for the goods and services provided by the industrial and tertiary sectors. Unfortunately the bulk of the labour is untrainable, unskilled, and semi-skilled, and therefore unemployed. As a result the few who are employed earn low wages/salaries and cannot provide a ready market for the goods and services.

Due to the low consumption rates, industries produce below capacity making production costs to be high and there is preference of imported goods which are cheap. Kampala is a centre of imported goods and Uganda a consumer economy which has contributed to the low rates of economic development. Rapid population growth experienced in Kampala

has adversely affected economic development and poverty alleviation by depressing wages, reducing saving rates and degrading natural resource as more resources are spent on non-productive activities. This can be explained by the Viscous Circle Models (VCMs) which seek to explain the linkage between high fertility, poverty, low status of women and environment (UNICEF, 1994).

As the unlucky residents fail to get formal jobs and decent accommodation, they resort to the ever-expanding informal sector for employment and accommodation. The sector is increasingly degrading the environment through wetland degradation, solid waste accumulation, water contamination and poor sanitary conditions. As natural resources are sought for survival, it is a challenge for urban authorities to enforce environmental regulations (Population, Urban Development and the Environment in Uganda: The case of Kampala City and its Environs by Assoc. Prof. J.B. Nyakaana and Assoc. Prof. H. Sengendo).

4.2.7.1. Create an inclusive policy and regulatory framework for urban development

Developing and harmonizing national urban policies, standards and regulations is the planned strategy for creating an inclusive policy and regulatory framework for urban development. No significant progress was made under this objective. Most developments are in the initial phase of implementation.

4.2.7.2. Improve urban environment and heritage

Urban beautification and landscaping plans is the key strategy for improving urban environment and heritage. No significant progress has been made against the planned interventions.

4.2.7.3. Develop and strengthen competitive urban economy

Progress under this objective is to be measured through urban redevelopment, renewal and re-vitalization programs. However, no significant progress was made during the first year against the planned interventions.

4.2.7.4. Develop an efficient integrated infrastructure to support urban development

This is to be achieved through the development of the strategic urban infrastructure investment framework. No progress was made on the planned interventions.

4.2.7.5. Upgrade slums and informal settlements

No new programs have been developed for upgrading slums and informal settlements, except the implementation of the 'Tsupu' project going on in selected municipalities.

4.2.7.6. Increase availability of and access to land for urban expansion and investment

The NDP aims at increasing availability of and access to land for urban expansion and investment through the creation of land banks in urban areas.

This intervention has been planned to be undertaken in the FY 2014/15.

4.2.8. TRADE DEVELOPMENT

The whole sale, retail trade and repair activities registered an estimated growth rate of 3.0 percent in 2010/11 compared to a revised growth rate of 0.7 percent registered in 2009/10. Their share to total GDP at current prices in 2010/2011 was 13.8 percent. The better performance of whole sale and retail trade in 2010/11 was mainly due to the positive trends of exports and imports after negative performances in 2009/10 following the global financial crisis effects. There could have been an even better performance, but the sector was partly constrained by the poor performance of the cash crops activities (UBOS Statistical Abstract 2011).

4.2.8.1. *Improve the ‘doing business’ environment*

Improve the ‘doing business’ environment through an efficient, modern, dynamic and business friendly legal and regulatory framework; and reducing the time and cost of starting a business.

During the year under review progress registered included: a draft competition and consumer protection policy exists and cabinet has approved the quality infrastructure regulation, and the ministry is in the process of creating a new directorate of MSMEs.

4.2.8.2. *Nurture the private sector with a view to improve its competitiveness in the domestic, regional and other international markets.*

Measures to achieve the development objective of nurturing the private sector with a view to improve its competitiveness in the domestic, regional and other international markets were: develop and implement a national trade information system; develop human resource in trade related issues; increase awareness on the available financing options and standards;

However, during the year under review, no progress was registered regarding this objective with a view to improve its competitiveness in the domestic, regional and other international markets.

4.2.8.3. *Increase market access for Uganda’s products and services in regional and international markets*

Measures to achieve the development objective of increasing market access for Uganda’s products and services in regional and international markets were: developing trade infrastructure and establishing relevant institutions and structures for enhancing infrastructure delivery and standards.

During the year under review, progress was registered in the following areas: a national

focal point was established; a draft accreditation policy to support that activity was channeled through PSFU to enhance branding of products and services; UNBS Amended Bill was passed by Parliament with a view to strengthen the trade related institutions to support trade; and local taxation and licensing rates reduced by 25 percent.

4.2.8.4. *Improve the stock and quality of trade infrastructure*

Improving the stock and quality of trade infrastructure is to be achieved by developing trade infrastructure; and establishing relevant institutions and structures for enhancing infrastructure delivery and standards.

During the year under review, progress was made in: establishing the national focal point; production of a draft accreditation policy and 6 officers were trained.

However, the strengthening of the water transport system and construction of a standard rail gauge line; establishment of a national quality institute, and incentives to promote private sector investment were not executed.

4.2.8.5. *Promote policy synergies between the production and trade sectors*

Promoting policy synergies between the production and trade sectors is to be achieved by strengthening the coordination of trade institutions.

During the year under review, the sector working group was organized; the Trade Licensing schedule was put in place and efforts were made to harmonize local taxation and licensing policies and practices with national development priorities and the rates were reduced by 25 percent.

Nevertheless, the strengthening and implementation of the PPP framework measures at local government was not realized.

4.2.8.6. *Provide equal opportunity to women and other disadvantaged groups to participate and benefit from trade*

The strategies to achieve this objective were: strengthening coordination of trade institutions; and promoting equal opportunities to women, youth and disadvantaged groups.

During the year under review, training was provided to the women entrepreneurs' association group on the trade policy.

Though, the reintegration of the formerly war affected persons in the production and trade systems was not implemented.

4.2.9. COOPERATIVES

Government regards the cooperative movement as being central in mobilizing and organizing farm-level production, value addition, marketing, savings and financial liaisons at local level. It is a means through which, productive enterprise involving

indigenous entrepreneurs can be built at all levels (rural or urban) in the national economy.

To enable contribution of the cooperative movement toward the economy, the subsector embarked on the following objectives:

4.2.9.1. *Promote good governance of the co-operative movement*

The realization of the objective was vested on strengthening the policy and legal framework of cooperative societies.

During the year under review, progress made included a National Cooperative Policy that was formulated and approved by cabinet in 2010 and effectively implemented in January 2011. Also, a popular version of the policy was printed and distributed to the different stakeholders. Principles for amendment of the Cooperative Societies Act were submitted to cabinet.

4.2.9.2. *Enhance the capacity of co-operatives to compete in domestic, regional and international markets*

In order to achieve the objective of enhanced capacity of co-operatives to compete in domestic, regional and international markets, the subsector pursued measures that were to increase the productive capacity of members of the cooperative movement; promoting cooperative education and training; promoting value addition and collective marketing; improving access to financial services for the co-operative institutions; strengthening the capacity of cooperative institutions; promote partnerships and linkages; and establishing and strengthening cooperative information systems.

During the year under review, progress was made in, a wage subvention to the commodity exchange was provided through the Support to Warehouse Receipt System Project; and 15 percent of cooperatives received extension services in form of audit, education, training, and inspection services.

4.2.9.3. *Diversify the type and range of enterprises undertaken by cooperatives*

To achieve the development objective of diversifying the type and range of enterprises undertaken by cooperatives, the subsector undertook the strategy to expand the scope and range of cooperative enterprises. Three enterprises; energy, consumer, and housing were promoted during the year under review.

4.3. SOCIAL SECTORS

4.3.1. POPULATION

Overview

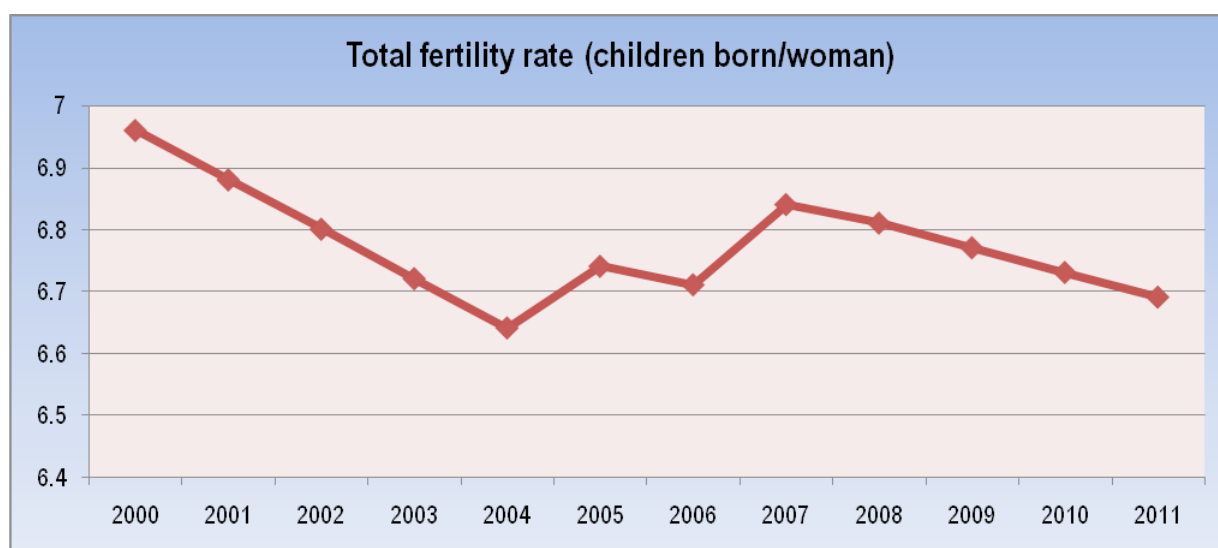
Economic development is dependent on social and human development. The NDP prioritizes the implementation of UNHMHCP. Uganda population is estimated at 34,612,250 (July 2011). The estimate explicitly takes into account the effects of excess mortality due to AIDS. This can result in lower life expectancy, higher infant mortality, higher death rates, lower population growth rates, and changes in the distribution of population by age and sex than would otherwise be expected. According to the Uganda Demographic Profile, 2011, 49.9 percent of the population falls in the age bracket 0-14 years (male 8,692,239/female 8,564,571), 48.1 percent 15-64 years (male 8,383,548/female 8,255,473) and 2.1 percent 65 years and over (male 291,602/ female 424,817).

Total Fertility Rate

Fertility is the most important determinant of the age structure, the size and the rate of population growth. Uganda's fertility rate has dropped from 6.7 children per woman in 2005/06 to 6.2 children per woman according to the UDHS 2011 finding. The total fertility rate, albeit, has remained one of the highest in the world. This trend continues to negatively affect the quality of life of the poor and the disadvantaged populace.

The tendency arises from low contraceptive use and early marriage. Contraceptive Prevalence Rate still remains low at 30 percent (UDHS 2011) and early age at first marriage has remained constant at 16.5 years over the periods. Low contraception has been as a result of low levels of awareness and education about the benefits of family planning. It is also due to poor access to services in terms of cost, access, unequal distribution and unskilled service providers.

Age at first marriage has been affected by low levels of education attainment for girls, as the longer the girls stay in school the more likely they are to delay marriage. The low attainment levels of secondary school education result into reduced age of first marriage and limited reproductive health information, as well as less economic empowerment for women. Culture also plays a big role since traditionally, large family size is preferred and this also increases birth rate.

Figure 4. 19: Fertility trends in Uganda

Source: *State of Uganda Population Report, 2011*

The adolescent fertility rate (15-19 years) declined marginally to 149.9 per 1,000 women in 2010 from 150 per 1,000 women. This is likely due to increased counseling of youth people, access to family planning and HIV/AIDS services to prevent unwanted pregnancies and sexually transmitted infections.

Maternal Mortality

Uganda has experienced a slight improvement in maternal health indicators including slight reduction in maternal mortality rate over the years from 505/100,000 live births in 1995 to 435/100,000 live births in 2008 and 310/100,000 live births in 2011. This ratio implies that between 6,000 and 14,000 women and girls die each year due to pregnancy-related complication. Additionally, another 130,000 to 405,000 women and girls will suffer from disabilities caused by complications during pregnancy and child births each year (State of Uganda's population 2011).

The decline in maternal mortality ratios has been attributed to the increase in the proportion of deliveries in health facilities from 33 percent in 2009/10 to 39 percent in FY 2010/11; increase in the contraceptive prevalence rate from 24 percent in 2006 to 33 percent in 2009/10; increased proportion of births attended by skilled personnel; decline in the adolescent birth rate from 198 to 159 births per 1,000 women among women aged 15-19. In addition, the percentage of health units providing Emergency Obstetric Care (EmOC) has increased to 45 percent in UNFPA supported districts.

The poor maternal health outcomes are attributed to a number of factors including policy implementation, resource availability and service delivery challenges. Male involvement is highlighted as a cause of increased maternal deaths but no particular attention is paid to it as a priority area of focus. In addition, while unsafe abortion is identified as a

major contributor to maternal mortality, the policies offer limited discussion on how it can be addressed. Most health units have limited capacity for post-abortion care. This is mainly due to the restrictive laws on abortion. The performance of maternal health indicators is given in Table 4.5.

Table 4. 5: Performance of Maternal health indicators

| | | | | |
|---|------------------------------------|------------|------------|--------------------------------|
| Maternal Mortality Rate | 435 deaths per 100000 live births. | | | To be updated by the UDHS-2011 |
| per cent deliveries in health facilities | 34 | 33 | 35 percent | 39 percent |
| per cent pregnant women who have completed IPT2 | 44 | 47 | 80 | 43 pe cent |
| Contraceptive Prevalence Rate | 24 percent | 33 percent | 34 percent | |
| Proportion of birth attended by skilled personnel | | | | |
| per cent pregnant women attending 4 ANC sessions | | 47 | 60 percent | 32 percent |
| Adolescent birth rate | | | | |
| unmet need for family planning | | | | |

Source: Annual Health Sector Performance Report

Morbidity and Mortality

Mortality and morbidity rates in Uganda are among the worlds highest. Life expectancy is 53.24 years (male: 52.17 years; female: 54.33 years) according to demographic profile of 2011 placing it 209th out of 227 countries measured (CIA World Fact book). In contrast, life expectancy in the United States is 80.05 years, roughly 27 years longer. Uganda's infant mortality rate of 62.47 deaths/1,000 live births (male: 66.05 deaths/1,000 live births; female: 58.77 deaths/1,000 live births) is the world's 43rd highest. Causes include infectious diseases such as malaria, HIV, diarrheal and acute respiratory infections, compounded by short birth intervals and malnutrition. In addition, 6.4 percent (2205) of the total population aged 15-49 years is HIV positive, a percentage which is the 14th highest in the world. Table 4.6 shows the life expectancy by sex and age group in Uganda in 2011.

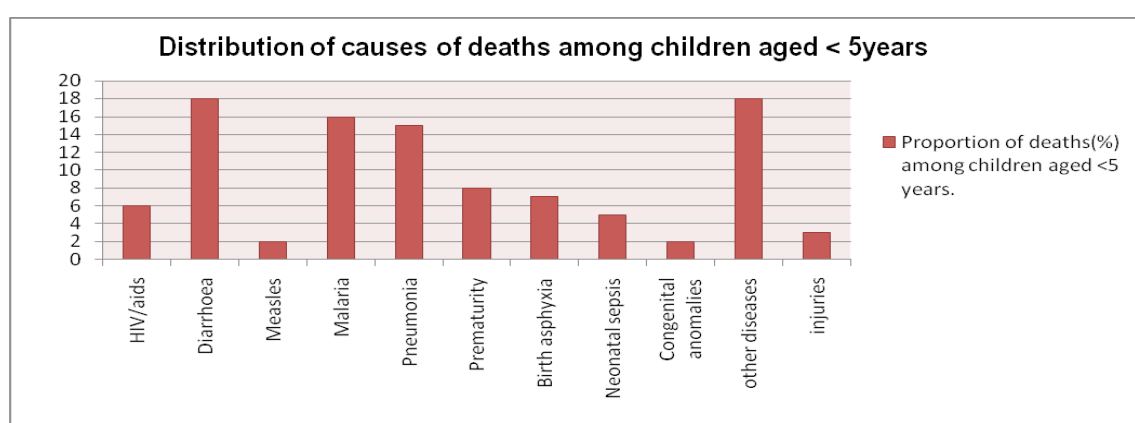
Table 4. 6: Life Expectancy Overall and by Sex among Persons Receiving Combination Antiretroviral Therapy in Uganda

| Age | General Ugandan Life expectancy | Men | Women | Overall |
|-------|---------------------------------|------|-------|----------|
| 14-19 | 45.9 | 22.2 | 27.9 | 26.2 |
| 20-24 | 41.6 | 19.1 | 30.6 | 26.7 |
| 25-29 | 37.4 | 21.3 | 32.3 | 28.1 |
| 30-34 | 33.5 | 21.8 | 32.8 | 28.2 |
| 35-39 | 30.1 | 22.0 | 32.5 | 27.9 |
| 40-44 | 27.1 | 21.9 | 31.3 | 26.9 |
| 45-49 | 24.3 | 20.9 | 29.6 | 25.4 |
| 50-54 | 21.3 | 20.2 | 27.8 | 24.0 |
| >55 | N/A | 19.2 | 26.2 | 22.6(NA) |

Source: Uganda AIDS Commission

Infant and Child mortality

The trend in Infant mortality indicates significant improvement over the last one decade. According to the UDHS, 2011, Uganda's infant mortality rate has declined from 88 in 2001 to 54 in 2011. The neonatal mortality rate reduced from 29 per 1,000 live births in 2006 to 27 per 1,000 live births, infant mortality rate from 76 per 1,000 live births to 54 and under 5 mortality rate from 137 per 1,000 live births to 90 during the same period. The improvement in infant and child mortality may be attributed to routine and mass immunization campaigns and malaria control programmes in place. Child mortality by cause of death among children under 5 is given in Figure 4.20.

Figure 4. 20: Proportion of deaths among children aged < 5 years

Source: UDHS

Adult Literacy Rates

There has been an improvement in adult literacy levels among the population aged more than 10 years since the beginning of the decade under review from 65 percent to 69.2

percent in 2005/06. The BPOA target was to increase the literacy levels by 50 percent by 2015 by which Uganda is to increase it from 65 percent to 82.5 percent. Despite the overall improvement noted, wide sex and regional disparities in literacy levels still exist. Males are more literate, 76 percent, than females, 63 percent, while the North's 59 percent literacy levels is lower than the other regions; (Western – 67 percent, Eastern 64 percent, and Central 80 percent). With the current literacy rate of 15-24 years old population of 84 percent and ratio of literate females to males at 0.73 in 2005/06, it is probable that Uganda can meet the BPOA target by 2015. The long-term strategy of addressing adult literacy challenge is embedded in proper implementation of the UPE program.

4.3.1.1. *Integrate population factors and variables at various levels of development planning*

The NDP puts emphasis on population integration as cardinal towards sustainable development. This objective is to be achieved through commitment to population and development linkages, and appreciation of community initiatives in response to population and development issues.

During the year under review, capacity for population data management was enhanced at the district level and mobilization for commitment and support in allocation of resources for the integration of population factors into development planning was undertaken at the national levels.

At the district level 58 districts were provided with data processing equipment to enhance data generation and management for planning and also training in data management skill was conducted in 111 districts. The Draft District Strategic Plans for Statistics Development have been developed in 10 districts.

Capacity for integrating population variables into policies, plans and programs has been enhanced through development of the population issues and indicator checklists to guide district planning in integrating population concerns in the district development framework.

At the national level new Members of Parliament (PFFSPD Forum) were oriented on population and development issues. These new officials of the forum committed themselves to upholding population issues as a priority during legislations. The forum also developed a draft 5 year strategic plan to push forward the Maputo Plan of Action, and to advocate for population and development issues nationally and internationally. A platform for the NPPAP has been established during the Population Conference in December 2011 where stakeholders came together and sector focal points were identified. Also, the Draft National Birth and Death Registration Policy were developed. This will provide policy framework for improved registration of births and deaths.

4.3.1.2. *Promote improvement in the health status of the population*

Promoting access and use of population and health information and advocating for

affordability, availability and accessibility of quality health services are the key strategies required for improving the health status of the health population.

Measuring progress on this objective calls for an interface between various actors outside health sector. Therefore, the outcomes of their interventions will collectively contribute to the achievement of this objective. Progress on the health status of the population can only be measured through national surveys and censuses. For the period under review, preparations for the UDHS 2011 and National Housing and Population Census, 2012 were underway.

4.3.1.3. Enhance competitive skills building and human capital development

The NDP aims at enhancing competitive skills building and human capital development through increasing citizens' participation in education, training and functional literacy programs. In order to enhance complete skills of the population, government continued to promote and support formal, vocation and skills education training programs, through UPE, USE, BTVET, UPPET and public and private universities. Therefore, progress on this objective is measured through the elements of human capital development which include: adult literacy rate, average life expectancy and gross enrolment at all levels of education, and gross domestic product per capita. The assessment of human capital development is measured through comparison of Uganda's HDI with other countries. The Human Development Index (HDI) ranking indicates that Uganda worsened from 154th /183rd in 2008/09 to 161st /187th in 2010/11.

4.3.1.4. Advocate for improved nutrition and food security, improved household incomes; protection of the environment, and sustainable use of natural resources

Progress on this objective is to be assessed through increase in household ability to earn

and allocate higher incomes to meet nutrition and food security standards, and to demand appropriate sources of clean energy while conserving water resources and soils. Progress on this area was not provided.

4.3.1.5. Promote positive health seeking behaviour

Positive health seeking behaviour is to be promoted through utilization of available health services and adherence to good sanitation practices.

During the review period, sexual and reproductive health rights awareness was promoted through developing and disseminating of family planning brochures in 6 different languages (English, Luo, Ateso, Karamojong, Lugbara and Luganda), and posters on responsible fatherhood and reproductive health choices for people living with HIV. Community utilization of safe motherhood and child survival services were also

promoted through the Commemoration of Safe Motherhood day.

4.3.1.6. Reduce the unmet need for family planning

According to the NDP, promoting adherence to a manageable family size among couples is essential to encourage the need for family planning.

During the FY 2010/11, the provision and utilization of family planning information was promoted through training of health workers country wide in various areas of reproductive health; and providing hands-on skills building on goal oriented ANC, Post Abortal Care (PAC), EmOC, MPDR, Family Planning Long Term and Permanent Methods (LTPM), HIV/SRH Integration & SGBV; and in the fistula repair surgery under the Fistula Care Project. Family planning service outreaches were also carried out through partnerships with NGOs and professional associations.

Furthermore, developments such as Addendum for Community-Based provision of Injectable Contraceptives and creation of alternative distribution mechanisms for contraceptives to avoid piling up and expiry are underway to ensure affordability, availability and accessibility of family planning services.

4.3.1.7. Advocate for planned urbanization and human settlements

The NDP aims at advocating for planned urbanization and human settlements through ensuring planned urban infrastructure with adequate employment and amenities for education, health, water and waste disposal.

Developments under this objective as outlined in the NDP were deferred to the FY 2012/13.

4.3.1.8. Mobilize resources for effective implementation of the national population policy and programs

This sector objective is to be achieved through ensuring that population activities and resources are efficiently managed and adherence to the action plan by implementing partners.

In the review period, the National Population Policy Action Plan (NPPAP), which provides multi-sectoral framework for implementing the National Population Policy (NPP) was developed and launched. Mobilization of commitment and support to implementing the NPP at district level was also undertaken through the Uganda Local Government Association (ULGA), District leaders (Chairpersons, CAOs, District Speakers and Sub-County Chairpersons).

4.3.1.9. Develop a monitoring and evaluation system for the implementation of the national Population policy

This sector objective is to be achieved through establishing a functional monitoring and evaluation framework.

Preliminary developments such as the Draft National Population Policy Action Plan (NPPAP) Monitoring and Evaluation Framework to provide a coordination mechanism for sectors and stakeholders involved in the implementation of the population policy was undertaken towards achievement of this objective. In addition, regular technical coordination, which bring together all partners implementing the population program, were reportedly strengthened to enhance streamlining of activity implementation and review of progress achieved.

4.3.2. EDUCATION AND SPORTS

Overview

Education is one of the eight social service sectors identified and prioritized by the NDP. Universal Primary Education (UPE) and Universal Secondary Education (USE) continue to be the priority sector programs of government in the education sector. Meeting the quality challenge continues to be the overriding policy concern. Achieving the desired quality continues to be constrained by the rapidly increasing numbers of pupils/students against a limited resource envelope. The sector is faced with the challenge of inadequate infrastructure (teachers' houses, latrines, classrooms), and insufficient budgetary resource that are set against ambitious local and international targets and commitments.

The sector is therefore largely characterized by high pupil-teacher, high pupil-textbook, and high pupil/classroom ratios; lack of scholastic materials, low teachers morale, and absenteeism. The contribution of private sectors is, however, growing and it serves as substitutes for UPE and USE. 74% of primary schools are government aided, while the private schools constitute 11% and 15% are community schools.

Government is implementing the policy of grant aiding community BTVET institutions due to the heavy initial investment required. The aim of this strategy is to enhance skills development and employment creation. The PPP strategy to support technical training institutions and procurement of tools and equipment also continue to be implemented.

The number of universities in the country continues to grow and currently stands at 5 public and 26 private universities. The current priority programs for universities include development, rehabilitation and expansion of infrastructure; expansion of outreach programs; and supervision and accreditation.

Primary Education

Uganda's net enrollment ratio in primary education increased from 96 percent in 2010 to 96.7% in 2011. For the period 2010-2011, male net enrolment ratio increased from 95.6% to 96.3%, while the female net enrolment rate (NER) increased from 96.4% to 97.2% in the respective years. Although there has been relatively good performance in net enrolment levels, completion rates have remained low and declining. Male completion

rate increased from 56% in 2010 to 65% in 2011, while that of girls increased from 51% to 63 % over the same period. Whereas the cost factors do lead to dropout of boys and girls, teenage pregnancy, early marriage, and sexual harassment do affect girls more than boys. Boys on the other hand are still indifferent to education hence easily dropout of school.

There was also an increase in the number of children enrolling in P.I at the age of six by 4.2% from 741,973 in 2010 to 773,073 in 2011 making a contribution of 43.7% to the overall total number of new entrants.

In addition to the general enrolment under UPE program, government appreciated the education needs of children with special needs. The enrolment of children with special needs declined from 2.4% in 2010 to 2.38% in 2011.

Secondary Education

In order to consolidate and sustain the gains made under the UPE program, the Post Primary Education and Training (UPPET) and Universal Secondary Education (USE) program was launched in 2007. The gross enrolment rate in secondary education was 28.3% in 2010 and reduced to 28% in 2011. The net enrolment also improved from 24.6% to 25% over the same period. However, secondary school enrolment is still dominated by boys.

On the whole, secondary education has been faced with a lower completion rate than primary education for both boys and girls. The completion rates for boys and girls have been 41.1% and 48.2% respectively in 2011. This has been attributed to high education costs. There has not been any significant change in the number of children with special needs enrolled in secondary schools. In 2007 there an increase from 10,236 children to 12,103, but this was followed by a drop in 2008.

Tertiary and Higher Education

Currently, Uganda has 144 public institutions, 600 private training service providers, and 17 apprenticeships and enterprise-based training programs. Between 2010 and 2011, the total enrolment increased from 174,375 to 179,569 signifying a 3 percent increase. Since 1990, Uganda has exercised affirmative action in favor of women with regard to admission into university and other tertiary institutions. When applying for admission into institutions of higher learning, girls are awarded 1.5 bonus points in addition to their scores to enable them gain admission. The policy led to significant increase in the number of female students at universities. The proportion of females in total student enrollment was 76,313 in 2010 and increased to 78,738 in 2011.

Currently Uganda has 26 registered and operational universities and male enrolment constitutes 43.3 percent which is higher compared to female enrolment in other tertiary institutions other than universities (39.5 percent).

During the FY 2010/11, the percentage share of female students to total enrolment in

higher education increased by 0.08 percentage points from 43.76 percent in financial year 2009/10 to 43.85 percent in financial year 2010/11. In an effort to increase access to higher education, the National Council for Higher Education licensed and registered four private universities that include Victoria University in Kamwokya, Kampala district, International University of East Africa in Kasanga, Kampala district, African Rural University in Kibaale district, and Islamic Call University in Kampala district. This increased the number of private universities licensed and registered to 24 in FY 2010/2011 from 21 in FY 2009/2010.

The key constraint affecting equitable access to higher education is the inadequate capital funds for infrastructural development and maintenance, and the inability by some qualifying candidates to pay for the cost of higher education, inadequate internship placement facilities for higher institutions learning under graduate trainees, high attrition rate of qualified lecturers in search for better paying jobs and inadequate equipment and materials.

Business, Technical and Vocational Education and Training (BTJET)

Sub-sector which produces artisans and skilled manpower registered increased enrolments from 14,077 in 2000 to 30,009 in 2009; 39,250 in 2010 and 40,428 in 2011.

BTJET is faced with several challenges including training facilities, equipment, faculty and competition for students from mushrooming universities. This has resulted in universities out-stripping the technical colleges in number of graduates. This requires remediation if appropriate graduate-technician-artisan ratios for enhanced efficiency and productivity are to be realized in all sectors of the economy.

Gross Tertiary Enrolment Ratio (GTER) increased from 4:1 in 2009 to 5:08 in 2010 and 67 percent of students were enrolled in universities.

Total university enrolment continued to increase 64.8 percent, 69.2 percent and 76 percent over the last three years (2009, 2010, and 2011). In 2011 it increased by 13.2 percent from 120,646 in 2010 to 136,541 in 2011. Enrolments in science, technology and engineering (STE) were 22.4 percent while social sciences and humanities (SSH) were 77.6 percent implying a gradual increase in STE enrolments from the 80:20 ratios registered in Uganda during the previous years. The country is still grappling with closing the gender gap in higher education. While the share of female enrolments has increased from 43.6 percent in 2009 to 44.5 percent in 2010, this is still below 50 percent and mainly pronounced in SSH courses. Bachelor degree enrolments remain the highest at 94 percent while Masters Degree and Doctoral degree levels were 5.9 percent and 0.07 percent respectively.

This is a slight improvement in comparison with the 2009 figures. The high cost of

higher education, absence of local scholarship schemes are the main barriers to tertiary education attainment at these levels that are critical for research, knowledge generation and innovation in the economy. Universities are faced with several challenges including their ability to maintain a balance between quality and quantity in view of the private scheme system that explains a significant part of the enrolments.

Public universities in Uganda are faced with two major challenges: old and oversubscribed infrastructure, or new and under developed facilities. The ideal lecturer-student ratio of 1:15 for quality learning is often overlooked by many revenue-seeking universities. Equally, the 60 percent requirement of faculty comprising of doctoral degree holders (in view of the small number of doctoral degree holders in universities at 12 percent), is virtually unattainable by especially the new and rural-based universities.

4.3.2.1. Increase access and equity of primary education for girls and boys

Access and equity for primary education is planned to be achieved through cost reduction for families, extending support to the disadvantaged children and the youth, reduction of social-cultural barriers to girls, and expansion and improvement in primary school infrastructural facilities.

During the period under review, implementation of compulsory UPE continued with focus on costs reduction for families. In particular, government provided Shs. 383.2 billion as capitation grants for 8,297,780 pupils in government aided schools throughout the country. In addition, 620 disadvantaged and marginalized pupils were supported in Laroo Boarding Primary school with specialized equipment, facilities and materials. However, the process of creating differentiated allocation formula for capitation grants that takes into account differences among schools and the communities was yet to get completed.

In support for the disadvantaged children and the youth; WFP continued to provide food to schools in Karamoja sub-region basically to attract and keep children learning. A total of 3,460 primary school teachers were re-trained to provide SNE and inclusive education, and 9,549 teachers recruited to work in hard-to-reach, hard-to-stay, and conflict areas.

In order to increase girls' participation and retention in primary schools, a policy on Gender in Education was formulated and a handbook on mainstreaming gender in education was developed. In addition, through the TRACEI project and Presidential Initiative on AIDS Strategy for Communication to (PIASCY), washrooms have been constructed, and the policy of senior woman teacher and guidance and counselling in every school was implemented to address gender disparity.

Through the SFG, primary school infrastructural facilities continue to be expanded and improved. During the year, 1070 new classrooms, 518 teachers' houses, 2,256 latrine were constructed and 15,741 desks distributed. Also, 148 classrooms were completed and 4 classrooms rehabilitated. Another, 480 housing units for teachers in 80 schools was

under construction.

4.3.2.2. *Improve quality and relevance of primary education for girls and boys*

Improving quality and relevance of primary education for girls and boys is to be achieved by enhancing instructional quality to increase pupils' achievement of literacy, numeracy and basic life skills; strengthening the teaching force; and adopting pre-primary programs to prepare children for the intellectual requirements of primary schools.

During the first year of the NDP implementation, the efforts towards achieving increased literacy, numeracy and basic life skills were enhanced with the development of 9 languages for supporting thematic curriculum for P1-P3. While for P4, as a transitional class to change to English as a medium of instruction; 20 local languages were prequalified to enhance the reading scheme. Also, over 50 percent textbooks have been distributed to primary schools across the country and procurement of P1-P2 instructional materials was completed.

In a bid to strengthen the teaching force, government continued to support training of PTE and STE. During the year, grants for 16,239 pre-service students were paid. In addition, residential costs for 2,000 in-service students and operational costs to 23 core PTCs in support of 223,925 primary school teachers were paid.

The current pupil teacher ratio is 5:4 and a new teacher deployment and allocation formula was being implemented. More teachers accessed the payroll at primary and secondary levels despite remaining below the targets.

4.3.2.3. *Improve effectiveness and efficiency of primary education*

Improvements in effectiveness and efficiency of primary education are to be realized by ensuring that schools manage instructional programs, staff and other resources and become accountable to their communities, the district education offices deliver educational services, help schools comply with standards and regulations, monitor regularly and report accurately on school performance and also strengthen capacity of the Ministry of Education and Sports, its agencies and institutions to provide leadership and management.

During the period under review, schools were helped to comply with standards and regulations through the development and operationalization of training manual for trainer of trainers, and reports on numeracy and literacy highlighting pupils' achievements levels, and 2010 district league table were produced. In addition, the Customized Performance Targets Scheme for headteachers and deputy headteachers was implemented to encourage performance of districts and schools. Also, a compendium of TIET policies was developed to help schools comply with standards and regulations. Also, the piloting of Quality Enhancement Initiative commenced in 12 worst performing

districts of Oyam, Amuru, Arua, Nebbi, Bududa, Bukedea, Buliisa, Kyenjojo, Lyantonde, Mubende, Kaabong and Nakapiripirit.

4.3.2.4. Increase access and equity in secondary education

Increasing access and equity in secondary education is intended to be achieved through cost reduction of secondary education to families, expanding and equipping secondary school facilities and improving equity in the participation of girls, students with disability and needy students.

Government has continued to implement USE program. During the year under review, a total of Shs. 83.231 million was paid as capitation grants for 713,184 students under Universal Secondary Education. In addition, UCE costs for 133,810 students were paid

The improvement of secondary school facilities continued with the construction of seed secondary schools in the sub-counties where there is none and in districts where the need is great. During the year, 6 secondary schools (St. Kizito S.S.S, Katikamu, St. Paul Vocational S.S.S, Nkoma S.S.S, Busaana S.S.S., Busia S.S.S and Mpanga S.S.S) were rehabilitated and constructed. In addition, a dormitory for the deaf was constructed at Mbale Secondary School and 56 latrine stances constructed in 7 Seed Secondary Schools. Also, specimens for science practical were provided to 1,155 examination centres. However, the construction and renovation of secondary school teachers' houses was due to commence. Improving equity in the participation of girls, students with disability and needy were yet to be embarked on.

4.3.2.5. Improve quality of secondary education

Improving quality of secondary education is expected through strengthening the teaching force and the establishing education centres of excellence.

During the year as part of strengthening the teaching force in secondary schools, 4902 teachers received training in science and mathematics subjects, 60 teachers were trained in sign language (level 2) and another 3,460 primary teachers were re-trained in specific areas of SNE. However, no progress was made towards the establishment of education centres of excellence.

4.3.2.6. Improve effectiveness and efficiency of secondary education

Improving effectiveness and efficiency of secondary education is required by according high priority to workforce competencies; and reconfiguring secondary education

During the FY 2010/11 progress towards improving effectiveness and efficiency of secondary schools was made by supporting 300 secondary schools under the Digital Science project and Cyber schools and 8 schools were provided with funds to establish ICT laboratories for effective communication and broader application of ICT. However, no progress was made in redesigning secondary school curriculum to prepare students for the new undertaking.

4.3.2.7. Increase access and equity of BTVET

The approach for increasing access and equity of BTVET include expanding and improving BTVET facilities and improving equity in the participation of girls and needy students.

During the year, government paid capitation grants for 9,344 students in 62 UPPEP institutions. Also, the construction and rehabilitation of infrastructure in BTVET facilities started in Iyolwa Sanje, Wera, Karera, Kumi Technical School, Katakwi Technical School and Bbowo CP Elgon and Packwach, Mubende, Mbale, Kakika, and Sseese. However, payment of capitation grants for 8,304 students in 46 government technical institutions were the only interventions that started. Other intervention areas that include instituting bursary schemes for eligible girls and needy students and affirmative action for students in the war ravage areas did not materialize.

4.3.2.8. Improve quality and relevance of BTVET

The strategies to improve quality and relevance of BTVET include re-configuring the BTVET sub-sector; strengthening the teaching force and intra and inter-sectoral linkages; and adopting efficiency measures to deliver BTVET programs.

During the year under review, 4,478 candidates were assessed for competencies within the framework of the Uganda Vocational Qualifications, and 11,861 candidates assessed on the requirements of the labour market. The implementation of interventions for strengthening the teaching force and intra and inter-sectoral linkages; and adopting efficiency measures to deliver BTVET programs were on course. In addition, measures to deliver BTVET programs commenced with participation of the 116 private providers in the non-formal and UPPEP programs, as a result, 11,726 non-formal students were trained.

4.3.2.9. Increase equitable access to Higher Education

The policy for increasing equitable access to higher education include cost reduction of education to families; development of facilities to cope with rapidly increasing numbers; diversification of sources and mechanisms for financing higher education; reforming and improving curricula and instruction in priority disciplines; and promotion of applied research.

During FY 2010/11, Makerere University, Gulu University, Uganda Management Institute and Makerere University Business School opened up campuses in various locations in the country aimed at increasing access and reducing costs of education to families. The National Council for Higher Education licensed and registered four private universities and this increased the number of private universities licensed and registered to 24 in FY 2010/2011 from 21 in FY 2009/2010.

The expansion and rehabilitation of facilities at various public universities countrywide is continuing to meet the rapidly increasing number of students. Rehabilitation works were also completed at the Uganda Petroleum Institute Kigumba. Muni University of West Nile was also strengthened and it acquired 130 acres of land, another 34 square kilometres in Dokolo and 10 sq km in Yumbe district. In addition, the Private Sector Forum was established at Makerere University to encourage private sector participation in the provision of higher education. All universities have developed research policies to promote applied research.

4.3.2.10. Improve quality and relevance of the tertiary education system

In an effort to restructure the tertiary system to increase coherence and flexibility, all public universities have developed and operationalized their strategic plans. However, the development of the course credit system that allows mobility of students among disciplines and institutions without loss of hard work awaits the completion of the minimum standards for the East African region.

4.3.2.11. Improve access to physical education and sports in the country

The strategies to achieve the objective include: expanding physical education and sports (PES) facilities and capacity building.

During the first year of the NDP implementation, various educational institutions countrywide were provided with sports equipment and materials. And a number of coaches, lecturers, and secondary and primary school teachers were oriented and received in-service training to teach physical education and sports.

However, other developments such as the medium-term capacity building plan, and the physical education and sports database have also been embarked on to improve access to physical education and sports.

4.3.2.12. Combat HIV/AIDS in the Education Sector

The country's policy for combating HIV/AIDS in the education sector include: building capacity, treatment and care, and advocacy and prevention education

During the FY 2010/11, in an effort to build capacity to combat HIV/AIDS, the HIV/AIDS Workplace policy was put in place, 16,911 teachers were trained in the use of HIV readiness kit and also HIV and AIDS was mainstreamed in primary school curriculum. In addition, IEC Advocacy materials were distributed to schools and institutions so as create awareness and enhance knowledge creation.

HIV/AIDS prevention, care and treatment has been addressed through provision of ARVs for HIV/AIDS treatment and care, expansion of access to palliative care including ART and CD4 test and through provision of spiritual and physical support in schools/institutions.

However, the education sector is still in the process of formulating the strategic plan on HIV/AIDS and operationalizing the M&E framework.

4.3.2.13. Enhance quality and standards (quality assurance).

Quality and standards is expected to be achieved through; developing and maintaining a coherent and flexible system of standards and performance monitoring; strengthening school inspection and support supervision; and preventing and reducing corruption and misuse of public resources.

In the period under review, quality and standards in education was enhanced through training district inspectors of schools on professionalism, inspection process, self-evaluation and assessment, and use of quality indicators. 1,554 members from 222 Universal Secondary Schools were also trained in critical areas especially procurement and financial management so as promote proper management of public resources.

4.3.2.14. Adopt Information and Communication Technology in the delivery of Education and Sports services

Integration of ICT in various curricula and strengthening the use of ICT in the ministry are the key development strategies to be undertaken in adopting ICT in the delivery of education and sports services.

During the FY 2010/11, significant progress was made in upgrading ICT infrastructure in the ministry and enhancement of staff training in the use of LAN. The adoption of ICT in the education and sports services has been constrained by the inadequate budgetary resources required to procure and maintain ICT infrastructure.

4.3.2.15. Enhance environmental awareness in delivery of Education and Sports Services.

This is to be achieved through integrating environmental concerns in education and sports programs and Supporting Information Education Communication (IEC) activities on environment.

During the period under review, little progress was made in respect to the NDP strategies. The major achievement was development and dissemination of the national strategy for education for sustainable development (ESD).

4.3.2.16. Enhance equitable access to education and sports at all levels

The NDP strategies to achieve the objective of enhancing equitable access to education and sports at all levels were; policy development and review, carrying out advocacy and awareness creation and capacity building for SNE.

During the FY 2010/11, limited progress was registered against this objective. The

formulation of policy instruments such as the Special Needs Education policy, basic education policy for disadvantaged children and the guidance and counselling policy were in advanced stages.

4.3.2.17. Enhance gender equity in education and sports at all levels

Gender equity in education and sports at all levels is to be enhanced through raising gender awareness. In the period under review, gender awareness was created through training of primary senior female and male teachers countrywide in guidance and counseling and HIV/AIDS.

4.3.2.18. Increase equitable access to non-formal BTVET

The strategies aimed at achieving this objective include; offering non-formal training to communities in post P7 enrolling BTVET institutions; supporting companies and individuals that offer industrial training and BTVET non-formal training to increase the capacity of technicians and craftsmen; improving equity in the participation of girls and needy students; developing modules for BTVET courses; strengthening the teaching and assessment of enrolled students; fostering partnerships between the sector and other sectors in service delivery and capacity building; strengthening intra and inter-sectoral linkages to enhance sectoral synergies; and adopting efficiency measures to deliver BTVET programs.

During the FY 2010/11, a program to facilitate enrolment of communities around BTVET institutions for non-formal training during holidays was developed and the implementation started, girls participation in non-formal BTVET was improved and public private partnership was enhanced through payment of capitation grants for students under 16 UPPET UGAPR IV institutions.

4.3.2.19. Support and develop elite and community sports

The NDP planned to support and develop elite and community sports through; formulating and implementing appropriate policies, laws and guidelines, and supporting national sports federations and associations.

Progress has been made in supporting education institutions sports activities by providing sports equipment, conducting training in physical education and sports and mainstreaming sports in both the primary and secondary curriculum and in teacher training institutions. The amendment of the national council of sports law and the National community sports act is in process and awaits cabinet approval. In addition, the rehabilitation of 6 regional stadia has also commenced with needs assessment.

4.3.2.20. Develop a cadre of high performing sports persons on a sustainable basis.

The objective of developing a cadre of high performing sports persons on a sustainable basis is intended to be achieved through tracking and nurturing talented sports persons; establishing a national recognition and reward scheme for elite sports persons,

and introducing a pension scheme for nationally acclaimed elite sports persons.

During the review period, the implementation of the affirmative action of talented sports persons was strengthened in public universities and the Germany government also sponsored elite athletes for further training. Developments such as a draft policy for recognition of talented sports persons and a programme for establishing sports schools have also been embarked on.

4.3.3. SKILLS DEVELOPMENT

Overview

Skills development is central to improving productivity. In turn, productivity is an important source of improved living standards and growth. Education, training and lifelong learning foster a vicious circle of higher productivity, more employment of better quality, income growth and development.

Almost a quarter, 24.5 percent of the total population in Uganda lives below the poverty line and 72 percent of the adults is literate posing greater challenges towards skills development.

According to the Education Sector Annual Report, 2010/11, literacy levels improved slightly in 2011 over 2010, rising from 57.6 percent at primary 3 levels, while it remain unchanged at primary 6 level, at 50 percent. There are high drop-out rates at the primary (35 percent) and secondary (55.4) levels, which cause a massive inflow of adolescents and young adults into the labour force without employable skills, mainly due to the poor quality and inadequate relevance of education.

Business, Technical Vocational Education Training (BTVET) has a crucial role to play especially for the income generation of this poor segment of the society. Skills Development Programme need to address the gap between the skills that are being provided at the training institutes and the requirements of the employers and the needs of the market.

Other critical factors to consider include macroeconomic policies to maximize opportunities for pro-poor employment growth, an enabling environment for sustainable enterprise development and fundamental investments in basic education, health and physical infrastructure. There is need to initiate strategies geared towards bridging the skill gaps required in the economy and for global competitiveness through talents identification in young people for skill development.

4.3.3.1. Increase access to and participation in a coherent and flexible skills development system

This is to be achieved through: re-configuring the skills development system, making

more efficient use of instructors/teachers' and learners' time, and other resources, expanding, equipping and improvement of formal skills development facilities.

The capacity for certification of vocational skills for Uganda Vocational Qualification Framework (UVQF) was boosted by training 20 Master Assessors.

Government continued to pay capitation grants to BTVET institutions which are partnering with it in skills development. During the year, capitation grants for 1,680 students in 16 UGAPRIV BTVET were paid and training materials and equipment was provided for 9 BTVET institutions.

In addition, the construction of new facilities including classrooms commenced in Mubende, Mbale, Kakika and Sseese, Iyolwa Sanje, Wera, Karera, in Kumi TS, Katakwi TS and Bbowo CP Elgon and Packwach. These facilities are meant to increase access and improve formal skills development.

However, skills development courses were not modularized and training of instructors in latest technologies did not take off during the year. Also, the rehabilitation of Dokolo and Kabasanda Technical Schools as centres of excellence are yet to commence.

4.3.3.2. *Improve quality and relevance of skills development*

The relevance as well as quality for skills development is to be achieved by assuring employment security of trainees and through: provision of Life Long Learning, delivery of quality skill development, reform and improvement of curricula and instruction in priority disciplines and strengthening and motivation of the teaching force.

During the year, labour market scan activity was inducted to assure job security of trainees; industrial training funds provided to 52 BTVET institutions; and 110 instructors trained to improve delivery of quality skill development. However, no interventions were undertaken under the strategies of: reform and improve curricula and instruction in priority disciplines; and provision of lifelong learning except where the process of integration of non-formal training in BTVET is on-going.

4.3.3.3. *Improve effectiveness and efficiency in the delivery of skills development.*

This objective is to be achieved through: strengthening intra and inter-sectoral linkages, provision of requisite tools and resources to technical/administrative staff and development and maintain public private partnerships in delivery of services. During the year, the curriculum for Uganda Technical Colleges, Community Polytechnic and Technical Schools were reviewed, 3 examination bodies operationalized and 300 BTVET instructors re-deployed as a measure to improve the delivery of formal skills development programs.

4.3.4. HEALTH AND NUTRITION

Uganda's health and nutrition sector is characterized by mixed advances towards the goal of having a healthy population. Over the years, progress has been made on the key

health indicators, such as maternal, infant and child mortality. Other areas include improvements in staffing, provision of medicines and equipment and infrastructure development. The health and nutrition sector challenges have, however, continued to rise especially due to the rapid population growth. These challenges include: inadequate capacity to deliver the Uganda National Minimum Health Care Package (UNMHCP); weak structures for inter-sectoral collaboration; shortage of health workers; inadequate health infrastructure and equipment; inefficiencies in the sector; inadequate research; and ineffective supervision.

Overall there was varied performance in the NDP health indicators for the period 2008/09-2010/2011. There has been a remarkable improvement above the NDP 2010/11 targets in deliveries in health facilities, DPT pentavalent vaccines, and Health Centers without medicine stock out of 6 tracer medicines and supply. An overview of the general performance against key health indicators is given in Table 4.7 below

Table 4. 7: Progress against health indicators

| Indicator | 2008/09 Achievement | 2009/10 Achievement | 2010/11 NDP target | 2010/11 Achievement | Performance Trend |
|--|------------------------|------------------------|--------------------------|------------------------|------------------------|
| Percentage of pregnant women attending 4 ANC sessions | No data | 47 | 60 | 32 | Reversal |
| Percentage of deliveries in health facilities | 34 | 33 | 35 | 39 | improvement |
| DPT 3 Penta-valent Vaccine | 85 | 76 | 90 | 90 | improvement |
| Percentage of pregnant women who have completed IPT2 | 44 | 47 | 80 | 43 | Reversal |
| U5s with malaria children correctly treated within 24 hours of onset of symptoms | No data | 13.7 | 80 | No data | No current information |
| Contraceptive Prevalence Rate | 24 | 33 | 34 | 30 | Reversal |
| HCS without medicine stock out of 6 tracer medicines and | 28 | 21 | 80 | 43 | improvement |
| Approved posts filled by trained health workers (percent) | 51 | 56 | 56 | 56 | improvement |
| OPD utilization | 0.8 | 0.9 | | 1.0 | improvement |

Source: Ministry of Health Annual Sector Performance Report 2010/11 and UDHS 2011

The increase in access to health services is witnessed by improvements in the per capita

out-patient department (OPD) service utilization. From the table above, per capita OPD utilization rate increased from 0.8 in 2008/09 to 1.0 in 2010/11; drug availability also improved significantly with 43 percent of facilities reporting shortage of stock out of the six tracer drugs in the first and last quarters of 2010/11, up from 28 percent in the 2008/09. The improvement registered in district supply of vaccines and injection materials from the centre could be attributed to the shift from 'pull' to a 'push' system and reintroduction of the essential medicines kit medicines.

4.3.4.1. *Strengthen the organization and management of the basic and minimum national health care services*

Strategies to achieve the objective of organization and management of the basic and minimum national health care services include: ensuring that all levels of the health system carry out their core and basic functions effectively and efficiently; building a harmonized and coordinated national health information system; strengthening human resources planning in the health sector; reviewing curricula and training strategies to enable health workers cope with emerging health problems, approaches and challenges; increasing motivation, productivity, performance, integrity and ethical behavior of human resource through the development and efficient utilization of health workforce; ensuring that essential, efficacious, safe, good quality and affordable medicines are available and used rationally at all times; and mobilizing sufficient financial resources to fund the health sector programs whilst ensuring equity, efficiency, transparency and mutual accountability.

In the FY 2010/11, 1,006 health workers were recruited out of the planned 19,431 health workers. During the period under review, the proportion of approved positions filled by trained health workers was 56 percent up from 51 percent in FY 2008/9. The program on construction of staff houses continued in order to improve on the welfare of health workers.

Professional standards and accountability were enforced and strengthened through establishing a functional Medical Licensure and Examinations Board and a website, and registration of practitioners. 5S-CQI-TQM strategy was adopted and implemented in Tororo, Busolwe, Mbale, Kapchorwa, Entebbe, Bugiri and Lira hospitals.

The regulation and enforcement in the pharmaceutical sector was strengthened through licensing 529 pharmacies and 5,453 drug shops. In addition, complementary and traditional medicines were promoted through the development of standards for Good Agricultural Practices (GAP) and Good Manufacturing Practices (GMP) for medicinal plants and herbal medicines, and undertaking research on ethno botanical and ethno pharmacological medicinal plants in Kabale and Dokolo districts

The following developments have been embarked on, and are in the final stages of completion; a community based health information system was established, but yet to become functional, Pharmacy Profession and Pharmacy Practice Bill developed and

submitted to Parliament, and National Social Health Insurance Scheme Bill re-drafted and yet to be presented to cabinet for approval. However, no significant progress was made on the strategy of mobilizing sufficient financial resources to fund the health sector programs, whilst ensuring equity, efficiency, transparency and mutual accountability.

4.3.4.2. Ensure universal access to quality UNMHCP, with emphasis on vulnerable populations

Access to quality UNMHCP is to be achieved through: an integrated, preventive, curative and rehabilitative services approach; improving access to quality hospital services at all levels; and providing and maintaining a functional, efficient, safe, environmentally friendly and sustainable health infrastructure, including laboratories and waste management facilities.

In the first year of the NDP, the progress made included: distribution of over 7.25 million Long Lasting Insecticide Treated Nets (LLINs); an Indoor Residual Spraying (IRS) was done in 10 out of 53 districts in Northern Uganda (Apac, Oyam, Kole, Pader, Agago, Kitgum, Lamwo, Gulu, Amuru and Nwoya); provision of Reproductive Health services at all HCIIIs and HCIVs; promotion of health education; and in the implementation of the VHT strategy in 69 districts. A number of quality improvement initiatives, mainly maternal health and HIV/AIDS were also implemented.

As part of the specialized hospital care in autonomous and national referral hospitals, as well at the Uganda Heart and Uganda Cancer Institute, 30 open heart and 163 close heart surgeries were performed. 15,000 cancer patients were also treated at the Uganda Heart Institute. Despite these developments, specialized hospital care is still constrained by frequent breakdown of equipment, and lack of specialized staff compounded by inadequate funding for the high costs of consumables.

The lower level referral system has been strengthened by installing modern infrastructure such as solar packages and equipping HC IV theaters. Additionally, the national referral system has been improved through upgrading of regional referral hospitals of Mbarara and Butabika, to national referral status. Construction of the general hospital at Naguru, in Nakawa division of Kampala has been completed as part of the initiative to decongest Mulago national referral hospital. The expansion of Nakasero Regional Blood Bank was also completed.

Overall, a number of frameworks, strategies and guidelines are being developed and these include; the Quality Development Framework, development of hospital standards aimed at ensuring continuity of care for patients, the e-healthy strategy to computerize patients' records and the ambulance management strategy and guidelines.

4.3.4.3. Improve nutrition status of the Ugandan Population through a multi-sectoral collaboration

The planned multi-sectoral collaborations that are required for improving the nutrition status of the Uganda include: support maternal and child nutrition initiatives to promote child survival, growth and development; strengthening mechanisms for control and prevention of micronutrient deficiencies; and building community and institutional capacity for management of malnutrition.

During the year under review, a number of health facilities were supported to protect and promote breastfeeding through the Baby Friendly Health Facility Initiative (BFHI). A population nutrition handbook and guidelines for maternal nutrition and integrated management of acute malnutrition were finalized. A draft communication strategy for mental health education to the community was also put in place.

However, the absence of a policy on macronutrient deficiencies and food fortification compose the necessary actions that are intended to contribute to the improvement the nutrition status of the population incomplete.

4.3.4.4. *Create a culture in which health research plays a significant role in guiding policy formulation and action to improve the health and development of the people of Uganda.*

Policy formulation and actions to improve the health and development of the people of Uganda is to be achieved through health research and its application. During the year, a number of research staff were recruited as a move towards strengthening research capacity in health institutions.

Overall, the focus on introducing the necessary frameworks for health research during the year under review was not significant, which creates major challenges to local health and medicines innovations.

4.3.4.5. *Improve the policy, legal and regulatory framework*

This objective is to be achieved through the review and development of relevant acts and regulations governing health in Uganda. During the year, the mental health policy was reviewed with the view to strengthening coordination of policy development in health related sectors. Many of the intended actions on health legal and regulatory framework strengthening were not embarked on.

4.3.4.6. *Build and utilize the full potential of the public and private partnerships in Uganda's national health development*

The development of national health system depends on the building and utilizing the public and private partnership potential. This is to be achieved through: strengthening and coordinating health services providers, including training health workers by PNFP and private health providers; and implementing the national health policy II and the HSSPIII within the sector wide approach, and IHP framework

During the year, the performance standards for health service delivery were developed, and the HMIS tools harmonized in line with accepted good practices for both public and private sector. Government also continued to finance PNFPs through the PHC grant.

However, the enactments of the health sector public private partnership policy and the roll out of the incentive scheme for health workers in hard-to-reach and under-served areas were not realized.

4.3.4.7. *Strengthen collaboration between the sector and other MDAs and various public and private institutions on health and related issues*

This is intended to be achieved by defining systems, structures and methods of consultation on cross-cutting issues with multi-sectoral implications; and promotion of the use of Health Impact Assessment as a tool for measuring the potential impact of new policies on the population.

Collaboration of the sector with the rest of the national stakeholders continued through the sector-wide approaches at national and local government levels. However, specific assessments and reviews of the effectiveness of the existing institutional and structural systems were not implemented during the year, as required by the NDP.

4.3.4.8. *Ensure that communities, households and individuals are empowered to play their role and take responsibility for their own health and wellbeing and to participate actively in the management of their local health services*

This is to be achieved through building the capacity of communities in the design, planning and management of health services. During the first year of the NDP implementation, guidelines for the operation of HUMCs and Boards were reviewed, and VHTs were established in 69 LGs. The plan in the first year was to establish VHT in 97 Local Governments.

4.3.5. HIV/AIDS

Overview

HIV/AIDS has had significant negative impact on economies, especially in Sub-Saharan Africa, where the prevalence is believed to be the highest in the world. The negative impact has mainly been evident in loss of active human capital and reduced labour participation. Since the beginning of the epidemic, more than 15 million people have died from AIDS-related illnesses. Although access to antiretroviral treatment is starting to lessen the toll of HIV and AIDS, fewer than half of the patients who need treatment are receiving it. The worst affected Sub-Saharan African countries have to deal with double effects of both struggling with development challenges, debt and declining trade, and the HIV and AIDS epidemic.

It is estimated that the impact of HIV and AIDS on the gross domestic product (GDP) of the worst affected countries is a loss of around 1.5 percent per year; this means that after 25 years the economy would be 31 percent smaller than it would otherwise have been.

The impact of HIV and AIDS is aggravated by poverty and poor public infrastructures.

In Uganda, HIV/AIDS is considered to be the most serious health problem and the leading cause of death for adults. AIDS is no longer only a human loss but a substantially economic one, which poses a serious threat to economic growth, development prospects and poverty alleviation. According to UNDP, Uganda has 130,000 new HIV infections every year. This equates to around 10,000 people being newly infected with HIV every month, which is a worrying trend. Nearly 80 percent of those infected with HIV are between the ages of 15 and 45; the breadwinners, and parents of families with an average size of seven children. With fears that HIV prevalence in Uganda is stagnating at about 6.4 percent (according to Uganda AIDS Commission), and even on the increase according to some longitudinal studies in Masaka and Rakai, the direct and indirect economic costs of the epidemic are set to become greatly compounded.

4.3.5.1. Build and maintain an effective National HIV/AIDS response system

Building effective HIV/AIDS response system is to be achieved through strengthening the policy, legal, and social and community response framework and institutional coordination.

During the year under review, government ratified the National HIV and AIDS Policy and enacted the HIV and AIDS Control Bill. The National HIV Prevention Strategy 2011/12-2014/15 and Action Plans were also developed. In addition, various sectors continued to develop sector specific HIV/AIDS workplace policies. By end of the FY 2010/11, over 80 percent of the sectors had developed their HIV and AIDS workplace policies. However, many sectors and agencies are yet to develop specific HIV Prevention Strategic Plans.

4.3.5.2. Reduce the incidence of HIV by 40 percent

This is to be achieved through: increasing access; prevention and treatment of HIV/AIDS and opportunistic infections; and ART infections.

During the year under review, Prevention of Mother to Child Transmission (PMTCT) was successfully implemented. There was a 6.2 percent decline in new infections of children under 15 years of age. By June 2011, about 290,563 persons living with HIV/AIDS were receiving ARVs. The most current HIV and AIDS prevalence statistics are given in Table 4.8

Table 4. 8: HIV/AIDS Statistics 2010

| NO. | Indicator | Statistic 2010 |
|-----|--|--------------------|
| | Estimated Number of People Living with HIV | 1,200,000 |
| | Adults 15+ | 1,000,000 |
| | Women 15+ | 610,000 |
| | Children 0-15 | 150,000 |
| | Prevalence of HIV (adults 15-49) | 6.5per cent |
| | Women 15-24 | 4.8per cent |
| | Men 15-24 | 2.3per cent |
| | Estimated New Infections (adults + children) Adults 15+ Newly Infected | 128,980 100,000 |
| | Adult (15-49) Incidence Rate | 74.0per cent |
| | AIDS Related Deaths (adults + children) | 64,000 |
| | Estimated Orphans (0-17) due to AIDS | 1,200,000 |

Source: UNAIDS Global HIV/AIDS Report 2010

4.3.5.3. Enhance livelihoods and economic empowerment of affected communities and house-holds

Livelihoods and economic empowerment of the affected communities and households are intended to be achieved through increasing support to income generating activities for the affected households and scaling up social support to affected households.

In Uganda, the support to livelihoods and economic empowerment of affected communities and households has been dominated by non-government actors. Non-government actions continued to include care through provision of food and other essential commodities and medicines. The key non-government actors are: The AIDS Support Organization (TASO), World Vision, Action Aid, Catholic Relief Service (CRS), Adventist Relief Agency (ADRA), CARITAS, etc.

4.3.6. WATER AND SANITATION

Overview

Statistics indicate that 65 percent of the country's population has access to safe water. The availability of safe water is higher in urban areas with 66 percent accessing safe water. The rural population accessing safe water is 65 percent of the population. National piped water coverage is about 15 percent. Most safe water sources in the country are therefore not piped water and include boreholes, springs, shallow wells and gravity flow schemes. The household latrine coverage in rural areas is estimated at 69.8 percent. The sanitation coverage in urban areas is estimated at 81 percent (79 percent if Kampala is excluded).

The access to hand washing in the rural areas is estimated at 24 percent, as compared to 21 percent in the last financial year. The access to hand washing facilities in primary schools is 33 percent (85 districts reporting); some districts reported that many of the hand washing facilities have no water, therefore the actual rate of hand washing after using the toilet is much lower.

The rapid urbanization has resulted into overcrowding, and the development of slums and informal settlements in the urban areas, especially in Kampala which accounts for 35 percent of the urban population in Uganda. The slums areas are characterized by poor sanitation practices, with many dwellers having no access to safe, convenient private latrines and are obligated to practice open defecation or resort to plastic bags. In some cases, residents in these areas do not have a right to the land and therefore are not able to construct permanent sanitation facilities and also due to overcrowding, there is scarcity of land to construct such household facilities. Although different stakeholders, both government and NGOs have constructed public toilets, these are limited and are often inadequately operated and poorly maintained. These public toilets also pose a potential health hazard, particularly to women who suffer indignity and harassment especially in the night

According to the 2010 MDG progress report on sanitation and drinking water by WHO and UNICEF, access to improved sanitation in urban areas in Uganda is estimated at 38 percent, but this does not include 56 percent of the urban population which uses shared facilities. The access to hand washing facilities in urban areas is estimated at 30 percent (excluding Kampala which has no data); which is much higher than the national average.

4.3.6.1. Increase access to safe water supply in rural areas from 63 percent to 77 percent by 2015

The strategies for achieving the water sector development objective to increase access to safe water in rural areas from 63 percent to 77 percent by 2015 include: construction, maintenance and operation of the water supply systems in rural areas; and improving the functionality of water supply systems.

During FY 2010/11 developments in rural water access included construction of 2,863 water points to serve 559,136 persons through the District Water and Sanitation Conditional Grant (DWSCG). This, however, is lower than the 670,910 people served in FY 2009/10. The reduction in the number of people served in FY 2010/11 (15 percent) is mainly attributed to the creation of new districts where considerable investments from the DWSCG went into establishing new district water offices, purchase of transport and office equipment. In addition, the increasing unit costs due to inflation and the depreciation of the shilling have had negative effect on service delivery. The per capita investment cost for rural water supplies for FY 2010/11 is US\$ 47.

An estimated 77,964 people were served with new water supplies as a result of investments through MWE in rainwater harvesting projects and the drilling of

Overall, it is estimated that a total of 637,100 people have been served by new water supplies in FY 2010/11.

4.3.6.2. Increase access to safe water supply in urban areas from 60 percent in 2008 to 100 percent by 2015

The country's development strategies for achieving the urban water access from 60 percent in 2008 to 100 percent by 2015 are: construction, maintenance and operation of piped water supply systems in urban areas; reduction in wastage of water in NWSC systems in Greater Kampala Metropolitan Area (GKMA) from 40 percent to 18 percent.

As at June 2011, the number of urban councils outside the jurisdiction of NWSC was 163. Of these, 105 have operational piped water supply schemes, while 51 still rely on other sources such as boreholes, wells and springs. A total of 74 town councils with water supplies and 9 town boards have management contracts with private water operators in addition to other 12 gazetted water supplies. Individual operators (not firms) have also been engaged in town water supplies with low level of capacity utilisation and those

with small piped water supplies.

By June 2011, a total of 183 water supplies in small towns and rural growth centres were supported by Umbrella Organisations (an increase of 21 members from 162 reported in 2010). A total of 19.6 km of pipeline extensions were implemented by the three Umbrella Organisations during the year.

The operations of Management Boards for the FY 2011 are reported to be 71 percent. The overall average operation of small towns with prepared data on piped water supply for FY 2010/11 is 91 percent, up from 90 percent in the previous year. During the FY 2010/11, a total of twelve town piped water supply systems and one extension were completed, serving a population of 80,145 people. The "average per capita investment cost" for the completed twelve towns' water supply systems in FY 2010/11 was US\$ 40.

Also, 123.14 kms of water mains extensions have been laid by NWSC in 2010/11. These are in Kampala, Tororo, Kabale, Entebbe, Masaka and Iganga. In addition, 469 public stand posts were installed to increase access to safe water in informal settlements, 67.5 kms of water mains in Kampala to cover new growth areas in parts of Wakiso and Kampala districts were laid, and Non-Revenue Water (NRW) was reduced from 33.3 percent in 2009/10 to 32.8 percent in FY 2010/11.

4.3.6.3. Improve efficiency and effectiveness in water and sanitation service delivery

The strategies to achieve the water sector development objective to improve efficiency and effectiveness in water and sanitation service delivery were: improving the sector

policy, legal and regulatory framework; strengthening the institutional structures and systems and coordination of water and sanitation activities; enhancing the involvement of private sector players in water infrastructure financing, development and provision of water services; and enhancing the sector coordination and management.

According to the Ministry of Health data, the pupil-stance ratio in primary schools is 66:1. Despite the stagnation in the national sanitation coverage, the country is still on track to meet the national target of 77 percent sanitation coverage by 2015. At least 37 districts (33 percent) have met the national sanitation target and an extra 9 districts are on track to meet the national target, while at least 65 districts which will not meet the national target.

As at June 2011, 105 urban councils had operational piped water supply schemes, while 51 still rely on other sources such as boreholes, wells and springs. A total of 74 town councils with water supplies and 9 town boards have management contracts with private water operators in addition to other 12 gazetted water supplies. Individual operators (not firms) have also been engaged in town water supplies with low level of capacity utilization and those with small piped water supplies.

4.3.6.4. Increase access to improved sanitation from 69 percent to 80 percent for rural areas and 77 percent to 100 percent for urban areas

The development strategies for increasing access to improved sanitation from 69 percent to 80 percent for rural areas and 77 percent to 100 percent for urban areas were: promoting good sanitation and hygiene practices in households, communities and rural growth centres; and promoting good sanitation and increase sewerage systems to cover urban areas.

During the year under review, 82 public sanitation facilities in rural growth centres were constructed; sanitation coverage stood at 70 percent; access to hand washing facilities stood at 24 percent; 301 new sewerage connections were made; 30 multiple stance latrines constructed for the urban poor in Kawempe division; and 2 kms of sewer mains were extended.

4.4. ENABLING SECTORS

4.4.1. JUSTICE, LAW AND ORDER

Overview

Justice, Law and Order sector comprises the Judiciary, Police, Prisons, Ministry of Justice and Constitutional Affairs and the Ministry of Internal Affairs. The Justice, Law and Order Sector (JLOS) continues to pursue the vision of “Justice for All” designed around a six-point agenda, namely: i) promotion of the rule of law and due process; ii) fostering a human rights culture across JLOS institutions; iii) enhancing access to “Justice for All” especially the poor and the marginalized groups; iv) reducing the incidence of crime, and

promoting safety of persons and security of property; v) enhancing JLOS contribution to economic development; and vi) building institutional capacity to enhance service delivery.

4.4.1.1. *Promote rule of law and due process in Uganda*

Promotion of rule of law and due process is intended to be achieved by: fostering the faster enactment and availability of laws and their continuous revision, foster independence of the judiciary, enhancing due process; enhancing transparency, accountability and ethics across JLOS institutions; and creating more awareness on the value of administration of justice in the country.

During the year under review, progress was made in the areas of: development of JLOS anti-corruption strategy, strengthening anti-corruption agencies; and establishment of inspectors' forum and internal disciplinary committees. The administration of Justice Bill was drafted but yet to be submitted to cabinet.

However, a number of challenges were encountered. These included: continuous revision of laws without a budget provision for printing to effect the dissemination; re-vision and simplification of laws proceeded at a very slow pace due to resource constraints; heavy reliance on consultants to support drafting of laws instead of strengthening internal capacity for cost-effectiveness and sustainability; improvement of working conditions of personnel in JLOS institutions is still on-going without success so far registered; development and implementation of programs to facilitate timely delivery of judgment is on-going but the judiciary remains understaffed leading to heavy workloads; and focus in expediting the enactment of laws is currently on advocacy, but delays in parliament were noted.

Other key challenges were: the non-computerization of most processes as required; the inadequacy of police surgeons; and lack of state attorneys in most districts.

4.4.1.2. *Foster a culture of human rights observance across JLOS institution*

Fostering a culture of human rights observance across JLOS institutions is intended to be achieved by: enhancing human rights awareness and practices at institutional and sectoral levels and reducing human rights violations in JLOS institutions. During the year under review, institutions were supported to develop client charters.

However, due to limited financial resources, only 1,000 out of 50,000 targeted staff in police and prisons was trained.

4.4.1.3. *Enhance access to "Justice for All", particularly for the poor and marginalized*

Enhancing access to Justice for All, particularly for the poor and marginalized is intended to be achieved by: rationalizing physical access and availability of JLOS institutions and

functions; minimizing financial bottlenecks hampering access to justice; promoting use of alternative conflict resolution mechanisms, and innovative approaches to enhance justice; supporting national community service program; strengthening capacity of local council courts to ease access to justice; and enhancing quality of delivery of justice and minimizing technicalities that hamper access to justice.

During the year under review, JLOS front line services were operational in 85 percent of the districts. The target is for police to be at national and sub county levels.

4.4.1.4. *Reduce the incidence of crime and promote safety of person and security of property*

Reducing the incidence of crime and promoting safety of person and security of property is to be realized through: enhancing JLOS response to crime; reducing the rate of recidivism; strengthening crime prevention mechanisms; promoting safety of persons and security of property; controlling, preventing and reducing proliferation of small arms and light weapons.

During the period under review, the crime rate reduced by 4 percent; community policing program was rolled out country wide; and early warning committees were established.

Some key earmarked development issues such as the development and implementation of a costed strategy to promote safety and security of persons, establishment of electronic database and improving data and information management systems were not tackled.

4.4.1.5. *Enhance JLOS contribution to economic development*

Enhancing JLOS contribution to economic development is intended to be achieved through: supporting production, competitiveness and wealth creation; increasing non-tax revenue collections; and strengthening JLOS contribution to creating an environment that enables Uganda comply with, and take advantage of regional, bilateral and international trade agreements.

During the year under review, a number of key legal processes were reviewed to minimize costs of doing business in Uganda. Work was in progress regarding: land and family justice laws; implementation of the financial management strategy; review of systems for collection of non-tax revenue; revision of fines and other matters; review of operations of the industrial court; and review of domestic, regional and international laws and procedures affecting the business environment that limit economic growth.

4.4.2. NATIONAL DEFENCE AND SECURITY

Overview

The Defence and Security sector is mandated to: defend and protect sovereignty and territorial integrity of Uganda; cooperate with civilian authorities in emergency

situations and in cases of natural disasters; foster harmony and understanding between the defence forces and civilians; and engage in productive developmental activities. In national development terms, the defence and security sector contributes to providing an enabling environment for efficient performance of all the other sectors of the economy.

In the medium term, the sector aims at achieving a stable, peaceful and secure nation; an effective, efficient and credible security capacity that readily addresses internal and external threats; and playing a contributory role in the stability of the African region and among United Nations (UN) member states.

The national defence and security sector comprises the Ministry of Defence (MoD), Internal Security Organization (ISO), and External Security Organization (ESO).

4.4.2.1. Enhance the sectors capabilities

The national defence and security capabilities are to be achieved through: development of human resource, re-organizing and restructuring the defence and security sector, procurement and maintenance of equipment, strengthening the defence alliance, building strategic partnerships with the public and strengthening the reserve force.

During the year under review, defence and security personnel were trained and retrained in various courses both local and abroad. The specialized courses were in the following areas: cadet, specialized intelligence, recruits, junior and senior NCO, political education, peace supports, logistics and engineering, military engineers, crews, aviation courses, and joint exercises. This training continued to enhance the combat readiness and improved resourcefulness for both war and peacetime. Complementarily, the country has acquired and maintained classified strategic weapon system including vehicles and other transport equipment, and specialised machinery.

The re-organization and restructuring of the sector continued with the creation of more administrative structures, such as the inspectorate department that was created to enhance efficiency and effectiveness.

The Uganda People's Defence Forces (UPDF) continued to build capacity to support regional and continental security needs through the East African Community (EAC) and the African Union (AU). This has enabled the force to contribute to the Peace Support Operations (PSOs), especially in Somalia, Darfur, Ivory Coast and Southern Sudan

During the period under review, security personnel continued to build strategic partnerships with the public, such as during the natural disasters and the community services

Lastly, the Uganda Peoples Defence Reserve Force [UPDRF] was restructured and re-organised into a fully-fledged services under a General Officer Command. However, government is yet to begin investing in strengthening defence diplomacy through training and deployment of career defence attachés to facilitate execution of multiple tasks.

4.4.2.2. *Provide and ensure internal security*

This objective is to be achieved through: supporting internal policing, strengthening early warning mechanisms, and stopping proliferation of Small Arms and Light Weapons (SALW).

In FY 2010/11, the UPDF continued with the disarmament programme in the Karamoja sub-region in order to facilitate law and order, which has hindered economic development in the region for a long time. The effort has led to reduction in cattle rustling, ambushes and loss of life and property within Karamoja and the neighboring districts. The improved security has enabled the successful implementation of government and private sector development programs/projects.

4.4.2.3. *Develop physical infrastructure*

The participation of the army in the development of national physical infrastructure projects is to be achieved through: development of the Engineers Corp in the Army; undertaking development of the administrative and accommodation infrastructure; and participating in the development of national social services infrastructure.

During the year, the MoD undertook the construction, rehabilitation and maintenance of a number of barracks, administrative blocks, health and sanitation, training and storage facilities. Land titles were acquired for Bombo barracks, Mubende MRC, Magamaga ordinance depot, and Tororo Rubongi barracks. The following land had its boundaries opened and titled; Kasenyi I, Kasenyi II, Lunyo estates, Katabi barracks, Nakasongola (original land) Phasel and Lukanja airstrip.

4.4.2.4. *Promote Innovation, Research and Development*

Development in innovation, research in the defence and security sector is aimed at enhancing and fastering national socio-economic transformation through increased partnership with the academia, private sector and other government agencies.

During the year, research and development was undertaken in order to keep abreast with technological and scientific changes in the military operations, through the Technical Information Service Unit [TISU]. However, due to limited resources, research initiatives and collaboration with the academia in the science world were limited.

4.4.2.5. Improve staff welfare especially remuneration for the sector

Welfare improvement is to be achieved through the rationalisation of salaries and wages; improving working environment; improving provision of health services; and improving SACCOs and police and army shops.

The staff welfare provisions policy was strengthened and the supplies for food, uniforms and formal education for the soldiers' children were sustained. During the period, construction of decent accommodation, stores and offices for the army continued. Also, efforts to provide better medical and training facilities were sustained. Remarkable performance of the Wazalendo SACCO (WASACCO) was registered during the period. The program to provide subsidized duty free building materials was expanded.

During FY 2010/11, a nationwide documentation and verification exercise for ex-service men was carried out to facilitate management of their pension and gratuity. As a result, a database for 140,584 veterans and ex-service men was created, and 2,000 documents of terminal benefits for veterans and 20,998 ex-services men were processed.

4.4.3. ENVIRONMENT

Environmental degradation results mainly from depletion of atmospheric resources, water resources and wetlands, biodiversity and ecosystem health and land resources. Its impacts threaten sustainable development as a result of ecosystem failures and disappearance of resources necessary for existence of life. At the global level the depletion of environmental resources is mainly attributed to industrial and other forms of air pollution of the atmosphere, deforestation due to commercial exploitation of forest resources and for human settlement and water pollution from industrial waste and human activities.

In Uganda, degradation of the environment is mainly a result of deforestation caused by clearance of forest cover due to the rapidly increasing population and the need for agricultural land and wood for fuel and timber. Currently, the country's forest cover is estimated at 18 percent, with only about 8 percent remaining as natural forest. Poor land and wetland management is another important contributory factor to environmental degradation in Uganda. Industrial pollution and commercial and urban slum settlements that lack the necessary physical infrastructure is also a rapidly growing contributor to environmental degradation, especially of the country's major lakes and rivers.

Over the years, however, significant achievements have been made in enhancing access to environmental information and education.

NEMA has supported 9 urban authorities to construct and equip municipal solid waste composting plants in Lira, Soroti, Mbale, Jinja, Mukono, Fort Portal, Kasese, Mbarara

and Kabale. All these sites are now sorting waste and producing compost manure.

Unfortunately, there are increasing cases where the delicate environmental balance is not being maintained, where loss of forest cover, pollution of water bodies and loss of wetlands in several parts of the country have been observed. (GOU/Development Partners joint review of the water and environment sector).

It should further be noted that the high population growth rate; the third highest in the world at 3.2% per year, coupled with economic development are placing a heavy burden on the environment and natural resource base, including water resources. In particular, the country's environment is under threat both from natural and man-made causes of change including unsustainable use of resources, poverty, lack of enforcement laws, rapid population growth, urbanization, agricultural expansion, industrialization, and the impacts of climate variability, among others. More emphasis is required in prioritizing environmental sustainability in the development agenda.

4.4.3.1. *Restore degraded ecosystems (wetlands, forests, range lands and catchments) to appropriate levels*

The development strategies to restore the degraded ecosystems (wetlands, forests, range lands and catchments) to appropriate levels include: restoration of the forest cover to 1990 levels; restoration of wetlands, rangelands and monitor restoration of all ecosystems; and supporting environmental improvement initiatives.

During the year under review, 235.6 Ha of degraded forests were re-planted; and 11,677,474 tree seedlings and 107,804 fruit seedlings were distributed and planted.

4.4.3.2. *Ensure sustainable management of environmental resources and minimize degradation*

The development strategies for ensuring sustainable management of environmental resources and minimize degradation are, integration of environmental concerns in all development initiatives; strengthening the policy, legal and institutional framework to support environmental management; developing national, regional and international partnerships and networks to enhance trans-boundary environmental management; enhancing institutional collaboration between key actors such as UNBS, URA and NEMA to assist in regulating counterfeits and other non-environmental friendly products; increasing public awareness and environmental education; promoting compliance with environmental laws and regulations; and increasing and enhancing access to environmental information for investment and environmental management

During the year under review, strategies to realize this objective were not undertaken due to among other things, lack of funds to facilitate operations and payments. A few processes were, however, implemented such as 686 EIA reports reviewed and approved, and 892 environmental inspections and audits conducted.

4.4.3.3. Identify and address emerging environmental issues and opportunities.

The development strategies to realize the above objective are improving electronic and other hazardous waste management; sustainable management of oil and gas resources; and improving the management of chemicals.

During the year under review, no progress was made under this NDP development objective.

4.4.4. CLIMATE CHANGE**Overview**

Climate change is a change in the statistical properties of the climate system when considered over a long period of time, regardless of the cause (UNFCCC, 1994). It is a global phenomenon with local effects to the environment and livelihoods that forces change from the normal way of life and carrying production and economic activities. It is a threat to its fragile ecosystems, people's livelihoods and ultimately the national economic development efforts. In Uganda, models predict an increase in temperatures of between 0.70 and 1.50 by 2020 (Goo, 2009).

Poorer and natural resource dependent countries like Uganda are more vulnerable to phenomenon than the more developed countries. Great reliance on climate sensitive sectors exacerbates the problem. Practically, a country's degree of vulnerability depends on its ability to cope with the local vagaries of weather changes and associated challenges such as drought, floods and severe weather. The resultant impacts include; food shortages, increase in vector-borne diseases, damage of infrastructure and degradation of natural resources which support millions of livelihoods. The African Initiative on Climate Change (CIGI, 2007) identified Uganda as one of the most vulnerable countries in the world to the impacts of climate change. This situation calls for adaptation and mitigation, the pursuance of which action made it necessary for Uganda to join the Community of Nations in the global cooperation to address the problem in a timeframe safe for life and development sustainability.

Climate change trends in the country are evidenced in the frequent floods experience in low lying areas such as the Tesco sub-region, landslides in Eastern Uganda, change in the rainfall patterns, frequent droughts and associated food shortages, increase in incidence of malaria in Kabale, damage of bridges in Eastern Uganda, damage to houses and crops in central region, etc. The Climate Change effects to key sectors of Uganda are summarized in Table 4.9

Table 4. 9: Effects of Climate Change

| Effect Sector | Higher temperatures | Increased drought | Increased rainfall & shift in seasonality | Impacts |
|------------------------------|---|---|--|---|
| Human health | Shifts in areas / incidence of malaria | Increased risk of water related disease; food shortage; water conflict | Increased risk of waterborne diseases; flood/ landslide risk | Conflict; health burden and risks; economic costs; poverty |
| Agriculture & food security | Shifts in viable area for cash crops; reduced maize output | Crop failure; reduction in grazing potential | Elevated erosion, land degradation crop loss; change in crop yields/ disease | Food insecurity; economic shocks; loss of incomes and livelihood options; poverty |
| Infrastructure & settlements | Increased evaporative losses; damage to roads | Significant implications for run-off-river for HEP; water shortage | Flood damage to infrastructure, transport, communications and settlements | Economic loss and growth volatility; reduced reliability of HEP; migration |
| Environment & biodiversity | Biodiversity loss; changing ecosystem dynamics and production | Additional pressure on natural resource use through fallback on forests | Shift in habitats and growing seasons | Impacts on biodiversity and agro-ecological systems; deforestation |

Source: NPA compilation

The assessment of the development performance for FY2010/11 on Climate Change in regard to the NDP specific objectives are reviewed in sections 135 to 134 below.

4.4.4.1. Develop national capacity for coordination and implementation of climate change adaptation and mitigation activities in the country in support of social welfare and national development

The strategy to realize this development objective is focused at addressing legal and institutional frameworks necessary for the implementation of the UNFCCC

During FY 201/11, progress registered included producing the draft statutory instrument for coordination and implementation of climate change actions; development of National Climate Change Policy; and production of guidelines for mainstreaming climate change by sectors and local governments. Drafting of the Climate Change Policy is underway.

Also, adaptation strategy and action plan for the water resources sector was undertaken during FY 2010/11. The adaptation strategy addresses key areas that are most vulnerable to climate change such as agriculture, fisheries and large lakes and takes into account issues concerning trans- boundary water resources and cross-sectoral impacts.

4.4.4.2. Ensure climate proof development planning

The strategy to realize the above objective was to re-define climate change as a

development issue.

During FY 201/11, efforts continued through participation in regional and international fora to reach consensus on redefining climate change as a development issue. The activities undertaken included 4 NAPA pilots implemented for enhanced community and ecosystem resilience; climate change research undertaken in collaboration with research institutions academia and CSOs and reaching agreement on drafting climate change guidelines.

4.4.4.3. *Promote Low carbon economic development path*

The main strategy for realizing the objective of promoting low carbon economic development path is focused at providing and promoting incentives for clean development.

During FY 201/11, the progress made in promoting low carbon economic development path included on-going construction of mini-hydropower dams; energy saving cooking stoves; solar lanterns; and relevant carbon trade activities. Others are CDM projects; CDM capacity development; and preparation of the REDD+ preparedness strategy.

4.4.4.4. *Meet Uganda's international obligations*

To realize Uganda's international climate change obligations is through implementation of climate change conventions.

During FY 201/11, the progress registered towards achieving this objective included: Article 6 Focal Point for the Convention put in place; implementation of COP decisions; and Piloting of NAPA.

4.4.5. WATER RESOURCE MANAGEMENT

Overview

Water resource management is critical for sustainable livelihood, environment and economic development. Water resource management constitutes water allocation; river/lake basin planning; stakeholder participation; pollution control; monitoring; information management; and economic and financial management.

Water resources face serious challenges due to high environmental degradation, high population growth, high water demand and climate change. Indeed, climate change impacts are felt strongest in water resources in form of frequent floods and droughts. Actions to address the above issues and challenges are needed if the country's water resources are to continue supporting the various socio-economic activities.

More than 98 percent of Uganda's water resources are trans-boundary in nature and part of the Nile. Major trans-boundary water bodies include Lakes Victoria, Albert, Edward

and Kyoga, and Rivers Kagera, Semliki, Malaba, Sio, Aswa Victoria Nile, Albert Nile and Kyoga Nile⁶.

4.4.5.1. *Ensure that Uganda fully utilizes its water resources for development and guarantees her water security*

The main strategy for ensuring that Uganda fully utilizes its water resources for development and guarantees her water security is to promote cooperation for equitable and sustainable utilization of shared water resources of the Nile and Lake Victoria Basins.

During the year under review, the development initiatives aimed at promoting cooperation for sustainable utilization of the Nile and Lake Victoria Basins were lowly pursued due to resource constraints.

4.4.5.2. *Ensure sustainable utilization of water resources to maximize benefits for the present and future generations*

The development strategies for ensuring sustainable utilization of water resources to maximize benefits are; monitor the quantity and quality of water resources in the country; foster partnerships with relevant agencies to ensure proper use and protection of catchments to minimize degradation of water resources; promote cost effective planning and development of water resources; strengthen the national data and management information system for water resources management and development; and decentralize the management of water resources to the lowest appropriate scientific level (water management zones, catchments and or basins). Others are; strengthen national and regional capacity for water quality analysis; improve regulation and management procedures of large and small hydraulic works; strengthen the management and use of water reservoirs for fisheries, hydropower and lake transport; strengthen regulation of water use and waste water discharge to safeguard the water resources from over exploitation and pollution.

During the financial year 2010/2011, the National Water Resources Assessment was completed and the country now has information on the available surface and groundwater resources in terms of their quantity and quality, and how much of this water is being used currently and will be needed to meet the various demands up to the year 2035. Renewable water resources are being taken to be the long term average annual flow of rivers and recharge of aquifers. During the period 1953-1978, the renewable surface water resources were estimated to be 37.43 billion cubic meters per year.

De-concentration of water resources management to regional Water Management Zones

⁶ MWE 2010/11 Annual Performance Report

(WMZ) and Catchments through creation of Catchment Management Organizations was embarked on.

4.4.5.3. *Support the sustainable exploitation of water resources for economic activities*

Supporting sustainable exploitation of water resources for economic activities are intended to be achieved through promotion of use for water resources to increase the per capita withdraw target. The current per capita water consumption is 2l cubic metres.

During the year, the following developments were realized; 30 groundwater, and 103 water quality monitoring stations were operated and maintained; 4 databases for surface water were maintained; several groundwater, water quality and water permits were issued; one national water quality reference laboratory continued to be operated and maintained; draft ground water maps prepared for 15 districts in central and northern Uganda were prepared; and a climate change adaptation strategy for the water sector was finalized and integrated in the national water resources assessment.

Other development areas where progress was made are; 61 new water abstraction permits and 8 new effluent discharge permits were issued; 30 drilling permits were issued; 980 water samples were received and analyzed; and Water Sector EIA guidelines were developed and 12 EIA reports were reviewed.

4.4.6. WETLAND MANAGEMENT

Overview

There has been a general decline in wetland coverage with Lake Victoria and Kyoga drainage basins having been affected most. In 2008, wetlands in Uganda covered about 10.9 percent of the land surface area down from 13 percent in 1994. Widespread

degradation of wetlands countrywide is attributed to a number of factors. These include: unclear institutional mandate and linkages at all levels, weak enforcement capacity by the relevant institutions; lack of specific law with sufficient enforcement provisions; rapid population growth; widespread poverty and improper physical planning; and unclear boundary and legal definition of wetlands.

Others are the need for compensation of wetland titleholders; political intervention and interference at all levels; the trans-boundary nature of wetland systems; and the emerging issue of oil discovery in the Albertine Rift Graben; settlement of IDP returnees into wetland areas; and the adaptation strategy to climate change targeting wetland ecosystems for paddy rice growing.

4.4.6.1. Enhance the sustainable use of wetlands in order to achieve the optimum, ecological value and socio-economic benefits for development

Achieving optimum ecological value and socio-economic benefits from sustainable use of wetlands is intended to be achieved through conservation the biodiversity value of wetlands; enhancing the ecological value of wetlands; ensuring sustainable use of wetlands for economic purposes; instituting and operationalizing appropriate policy, legal and institutional frameworks; restoring degraded wetlands and ensuring sustainable management; and promoting trans-boundary co-operation for sustainable management of wetlands.

Progress towards achieving development in these areas during the year under review focused on preparation of inventory reports on degradation, pollution sources and affected sites for 6 districts; inspection of 35 local governments for compliance; and preparation of the 5-year strategic plan for DESS;

Others are re-vegetation of 6,162 ha in 100 watersheds with 8.7 million tree seedlings in 50 districts; rehabilitation of 3,000 ha of 117 degraded privately owned natural forests, and 43 community forest reserves with 1,788,500 tree seedlings; demarcation and surveying of 150 kilometers of selected privately owned natural forests.

4.4.7. STATISTICS AND NATIONAL DEVELOPMENT

Overview

Statistics are an integral part of the enabling infrastructure for national development. They are important for public policy and program formulation, implementation, monitoring and evaluation. Statistics are critical to national development planning and implementation of private sector, civil society and academic research activities.

Significant efforts have been made over the years to improve national statistics. Various statistics are produced through censuses, surveys and administrative actions. At the level of MDAs, a variety of management information systems that process administrative and other data have been developed such as the Education Management Information System (EMIS) and the Health Management Information System (HMIS), although hampered by issues of coordination, financing, standardization and donor dependency. In 2006, the Plan for National Statistical Development (PNSD) was developed with the view to enhance the quality and availability of national statistics.

4.4.7.1. Improve the availability and quality of Sector statistics

Improving the availability and quality of sector statistics is intended to be achieved through operationalization of the Plan for National Statistical Development (PNSD); and improving use of statistics by MDAs and promoting information sharing at national level.

During the year under review, the achievements made were; 17 MDAs and 10 local governments implementing the PNSD produced specific Statistical Abstracts and Strategic Plans for Statistics; and an NSS Meta Data dictionary and a Compendium of

Statistical Concepts and definitions and terminologies were produced.

4.4.7.2. *Strengthen institutional capacity of UBOS for effective coordination of the National Statistical System (NSS)*

Strengthening institutional capacity of Uganda Bureau of Statistics (UBOS) for effective coordination of the National Statistical System is to be achieved by instituting a consistent and coherent framework for coordination of the National Statistical System, as well as training and retaining personnel to implement, and develop the NSS.

During the year under review, an amendment to the Uganda Bureau of Statistics Act was prepared but referred back by the Ministry of Finance for further harmonization with best practices.

4.4.7.3. *Strengthen LGs in data generation and dissemination*

Strengthening LGs in data generation and dissemination, the strategy is to be achieved by developing LG institutional capacity for generation and use of statistics.

During the year 10 LGs were consulted and supported to develop strategic plans for statistics under the PNSD framework; and 10 LGs were supported with funds from UNICEF to develop Abstracts.

4.4.7.4. *Train, build capacity and retain statisticians in key relevant areas/fields*

Training, building capacity and retaining statisticians in key relevant fields is to be achieved through short to medium-term support to key tertiary training institutions;

developing a critical mass of local tertiary institutional staff to provide graduate training in priority areas; and reviving the East and Central African Regional Statistics training program.

No progress has been made in establishing a scheme for short to medium training scholarships and graduate training in priority areas, and reviving the East Central African Regional Statistics training programme by the School of Statistics and Applied Economics (SSAE) at Makerere University.

4.4.7.5. *Improve availability of national statistics*

Improving availability of national statistics is to be realized by generating socio-economic indicators and population data.

During the year under review, the achievements made in this respect included: production and dissemination of the Uganda National Household Survey IV, 2010/11;

Uganda National Panel Survey (UNPS) Wave I; the Annual Labour Force Survey Report; Uganda National Census of Agriculture (UCA) Report (5); Weekly and Monthly CPI reports; quarterly Producer Price Indexes (PPI); Consumer Satisfaction Index (CSI); GDP Estimates; a Register of Businesses with fixed locations country wide; quarterly reports on the Informal Cross Border Trade (ICBT); and the annual Business Inquiry, 2010.

Under population data the following progress was made: mapping of the entire country in preparation for the National Population and Housing Census (NPHC) due in August, 2012; development of Sub-County Profiles for 111 districts; production of population projections up to parish level; made geo-files for 73 districts; and produced the Uganda Census of Agriculture (UCA) estimates at district level.

4.4.8. PUBLIC SECTOR MANAGEMENT

Overview

Public Sector Management (PSM) is highlighted by the NDP as one of the key binding constraint to achieve the development objectives and overall growth, employment and socio-economic transformation. PSM cuts across all sectors/thematic areas and is the main factor for realizing efficient and effective management of public service delivery.

The constraints to PSM have been established to be weak policy, legal and regulatory frameworks; overlapping and duplication of mandates and functions; absence and non-compliance to existing service and service delivery standards; poor remuneration and inspiration; weak service delivery structures; understaffing; low personnel productivity; ineffective coordination of implementation, budgeting and planning; non-businesslike approaches; and limited resource envelop.

4.4.8.1. Strengthen the policy, legal and regulatory framework

Strengthening the public policy formulation and implementation, and legal framework is intended to involve separation of the role of regulation from that of planning and implementation across MDAs; and strengthen policy planning frameworks in government.

During the year under review, alignment of the national budget, Sector Investment Plans, Policies (SIPs), Output Budget Tool (OBT), Budget Framework Papers (BFPs), Public Investment Plan (PIP), Medium Term Expenditure Framework (MTEF) and District Development Plans, to the NDP, was embarked on. The public service reforms by Ministry of Public Service were also re-invigorated to enhance efficiency and effectiveness and the framework and Public Private Partnership (PPP) policy for service delivery were drafted. In addition, the Local Government Act was amended to cater for the NDP planning cycle, while drafting of the PSM Investment Plan and the National Vision Framework started.

However, some key areas that were identified by the NDP for strengthening the policy, legal and regulatory framework, could not be worked on in the first year of the plan as

required. These include: rationalizing policy coordination by strengthening the Cabinet Secretariat and the recruitment of the legal officers in MDAs and LGs due to delayed public service reforms and restructuring. Other priorities that were not embarked on are: separation of implementation, planning and operations in MW&E, MW&T and MAAIF; reviewing the framework for oversight of privatized institutions by decongesting Ministry of Finance; and reviewing the institutional framework for the national development planning function.

4.4.8.2. Rationalize public sector institutions to deliver the NDP Objectives

Rationalizing public sector institutions to deliver the NDP objectives is intended to be achieved through reviewing institutional mandates, roles, responsibilities and structures; ensuring that the five year NDP is operational; providing overall oversight and reporting on the 5-Year National Development Plan, 10 Year Plan and the 30 Year Vision; building sustainable capacity of Sectors and Local Governments for development planning.

Plans for a comprehensive review of Phase 1 MDAs (32) have been finalized. This will include rationalizing functions at OPM with a view of decongesting it in order for this Office to concentrate on its mandate effectively. The NDP also recommends strengthening of the Ministry of Local Government to take charge of all regional development programs and decongesting the ministry of education by returning training

4.4.8.3. Strengthen human resource capacity

Strengthening human resource capacity is intended to be achieved by developing the National Human Resource Plan; and developing and maintaining skilled, able and committed human resource in the public service.

During the year under review, the framework for attracting and retaining skilled and committed human resource in the hard to reach areas was finalized. Implementation of the targeted capacity building plans in areas that support transformation of the public service commenced. Incorporation of values modules in training programs to strengthen the public service value system is underway. Development of a public policy research framework to promote research and development in human resources management is underway. Also, establishment of a civil service college is in advanced stages.

4.4.8.4. Enhance the performance of the public sector

The overarching task of enhancing the performance of the public sector is intended to be achieved through implementation of an accelerated pay reform strategy; implementation of a pension reform strategy; institutionalization of a result oriented performance management; strengthening public service delivery accountability; and improving public and media relations management system. Others are improving work

facilities and environment; strengthening records and information managements systems to improve timeliness and quality of decisions made; ensuring adequate financing for priority public service delivery functions; improving value for money and downward accountability; and strengthening coordination of the implementation of government policies and programs

The developments during the year in these areas include implementation of an accelerated pay reform strategy, where salaries were enhanced by 20 percent for scientists, 30 percent for lower cadres, 5 percent for public universities and 5 percent for other civil servants; strengthening the payroll management in MDAs and LGs through adoption of the integrated personnel and payroll system (IPPS), commissioned on 31st January, 2011; strengthening the results framework and measures for ensuring compliance to standards by issuing the ROM OOB framework; and fast tracking settlement of pension arrears whereby a total number of 82,681 Pensioners were paid their benefits (UPDF_ Survivors 6,583, UPDF_ Veterans 4,329, Ret-Traditional 21,914, Ret-Teachers 12,091, Gratuities and Arrears 16,644, Past leaders 91, Ex-gratia payment 21,029).

Other developments included strengthening compliance to international and national service delivery standards, central government inspection and supervision regimes were reviewed; issuance of guidelines for service delivery standards in order to strengthen public service delivery accountability; and cadastral and topographical surveys of the plot for construction of the records and information managements systems centre were carried out.

4.4.8.5. *Ensure that all national plans, sectoral and LG Plans are sensitive to the plight of special interest groups*

Ensuring the sensitivity of national, sectoral and LG plans to the plight of special interest groups is to be achieved through implementing special programmes for affirmative action; strengthening capacity for mainstreaming cross cutting issues into National, Sectoral and LG Plans;

The progress included continuation with programmes for mainstreaming cross-cutting issues such as gender, HIV/AIDS, environment etc, in the main arena of public sector management. The framework for implementing the social security program for the elderly and other vulnerable groups was finalized.

4.4.8.6. *Ensure that National Development Plans and programs as well as other interventions achieve the intended goals of socio-economic transformation*

The realisation of the goals of socio-economic transformation in the NDP programs and interventions is to be achieved through effective monitoring and evaluation of the NDPs and the Vision Framework; maintaining essential linkages and working relations among key stakeholders in development planning, policy formulation and management; and carrying out global scanning and benchmarking for improved planning.

In order to focus development efforts in the economy, an NDP Results Framework with clear indicators at the goal, outcome, output and input/activities levels and the NDP Monitoring and Evaluation Framework were produced in FY 2010/11.

4.4.8.7. *Ensure proper co-ordination of Continental, Regional and National Cross-Sectoral Development Initiatives*

Ensuring proper co-ordination of Continental, Regional and National Cross-Sectoral Development Initiatives is to be achieved through: coordination of NEPAD initiatives in Uganda; co-ordination of the implementation of the Uganda Country Capacity Building Programme (UCCBP); and coordination of the National Productivity Movement (NPM).

During FY 2010/11, programs of APRM/NEPAD, CAADP, e-Schools were integrated into the mainstream national development planning functions. APRM Program of Action (POA) was concluded during the year and the final third year progress report was produced. Also, the UCCBP project was reviewed and refocused.

However, the National Productivity Movement (NPM) programs did not start as planned.

4.4.9. DISASTER MANAGEMENT

Overview

The common disasters in Uganda include displacement of persons, famine, earthquakes, epidemics, livestock and crop diseases, floods, landslides and technological accidents. The events have often led to casualties, damages to or loss of property, infrastructure, essential services or means of livelihood.

In response to growing risks associated with disasters, government has made the following efforts to reduce vulnerability due to natural and human-induced hazards; a policy on IDPs was developed and operationalized, an inter-agency forum for peace

building and conflict resolution was established, standardization of information on humanitarian issues was carried out, settlement of Internally Displaced Persons (IDPs) in camps during the war and their resettlement after peace returned to Northern Uganda, integration of disaster management in National and Local Government plans, establishment of seven regional disaster coordination offices. The government is developing a National Policy for Disaster Risk Reduction and working on a Program of Action for Implementation of the Policy. The policy aims at reducing the potential impacts of disasters.

4.4.9.1. Reduce the social, economic and environmental impacts of disasters on people and the economy

Reducing the social, economic and environmental impacts of disasters on people and the economy is to be achieved through developing of an appropriate policy, legal and regulatory framework for handling national disasters; enhancing capacity of government, private sector and civil society for disaster preparedness and management; and ensuring rehabilitation and long term welfare of disaster affected communities.

During the year under review, a national disaster policy was approved and implemented; a disaster risk reduction platform was operationalized; some district disaster management committees were established and made operational as part the coordination and monitoring framework for disaster management; and several early warning systems were established i.e. health, drought, food security (IPC), and weather forecasts.

Other progress includes hazard mapping for selected sub-regions of Teso, Lango and Acholi developed; 600 households were resettled due to the Bududa landslide to Kiryandongo; food and non-food items were provided to over 1 million disaster victims.

4.4.9.2. Reduce natural and eliminate human-induced disaster risks

Reducing natural disaster risks and elimination of human-induced disasters are to be achieved through ensuring sustainable financing of national response to natural and human-induced disasters and developing a quick response mechanism to disasters.

During the year under review, a draft policy was developed to facilitate the establishment and implementation of the National Contingency Fund.

However, the planned establishment of the National Disaster Training Institute did not start.

4.4.9.3. Promote and uphold the rights of refugees

Promoting and upholding the rights of refugees is to be achieved through supporting refugees to attain durable solutions.

During the year under review, nine refugee settlements with 171,540 refugees were maintained, about 70 percent of refugees reached with self-reliance interventions; and 244 Sudanese refugees were repatriated.

4.4.10. SUB-NATIONAL DEVELOPMENT

Overview

In Uganda, sub-national development is premised on the need for equitable regional development and the obligation to take services nearer to the people. It has been enhanced by the de-centralization policy that was adopted in 1993. Sub-national development is facilitated through strengthening of the devolved functions of planning,

budgeting, administration, fiscal management and control, and administration of justice in local council courts, within the local government administration institutional framework. By June 2011, there were 111 districts, 22 municipalities, 1,147 sub-counties, 7,771 parishes and 66,739 villages in the country.

In order to mitigate regional development imbalances created by previous wars, gender and other factors, government has put in place the Northern Uganda Social Action Fund (NUSAF), Northern Uganda Rehabilitation Programme (NUREP) I and II, Peace, Recovery and Development Plan (PRDP), Luwero Rwenzori Development Fund (LRDF), and Karamoja Integrated Disarmament and Development Programme (KIDDP).

Expansion of local revenue base continues to be the greatest challenge to local economic development coupled with inadequate physical infrastructure and inadequate frontline program implementation capacity in most local governments. Most funds are received as transfers from the centre in form of conditional, non-conditional and equalization grants. The findings presented in this chapter illustrate the specific situations and challenges found to exist within local governments at the time of preparing this report.

4.4.10.1. Enhance democratic and political governance

Enhancing democratization and political governance is to be achieved by harmonizing local government policies, laws and regulations with those at the national level; streamlining the mandates and functions between Parliamentary Accounts Committee and the Local Government Public Accounts Committee; and reviewing the LG by-laws and ordinances.

During the year under review progress made included revision of the LG Act to accommodate the planning cycle as per the NDP; revision of the LG Act cap 243 to enable LGs lay their budgets before council by 30th June, not 15th June; revision of LG Act to allow Ministry of Local Government (MoLG) approve creation of new administrative units, which mandate was earlier executed by LGs; and regulations and the Public Finance Act were regularized.

However, comprehensive harmonization of the LG Act with the NPA Act and Budget Act to streamline planning and budgeting; and formulation and implementation of the relevant regulations to operationalize the respective Acts, were not executed.

4.4.10.2. Ensure efficient and effective administration

Ensuring efficient and effective administration is to be achieved by strengthening

human resource capacity; strengthening LG institutions and systems; and enhancing revenue mobilization and management

Progress made during the year under review included training of PPOs; PPP was developed and regulations are being designed and implemented through MoPS and MoFPED; JARD for 2010/11 was conducted; CIS continued to be implemented in selected LGs; ToRs were developed for a consultant to undertake study in respect of financing LGs; provided technical support to LGs to improve revenue performance; FDS implementation was halted by cabinet following the request by ministry of Education.

The priorities of capacity building of private sector players in LGs such as contractors; review of the allocation formula for grants to LGs; operationalizing the LG Rating Act to expand local revenue; and strengthening data management systems, were not undertaken during the first year of the NDP as required.

4.4.10.3. Support affirmative action for post conflict and marginalized areas

Supporting affirmative action for post conflict and marginalized areas is to be achieved through ensuring stabilization in order to consolidate peace and lay foundation for recovery and development in Northern Uganda through implementation of PRDP; focusing on the implementation of the Karamoja Integrated Disarmament and Development Programme (KIDDP); finalizing and implementing the Luwero-Rwenzori Development Plan (LRDP) as an integrated affirmative and recovery plan for the 29 districts that were affected by insurgency; and providing support, under the broader PRDP framework, to household income enhancement initiatives of the poor and improve public infrastructure, access and utilization of basic services in under-served communities through implementation of the Second Northern Uganda Social Action Fund (NUSAF2)

During the year under review, a total of 188 sub county offices, 151 SC chiefs' houses, and 178 staff houses were constructed; 40 vehicles procured; and 2300 bicycles for parish chiefs were provided.

Also, the recovery, resettlement and reintegration processes were supported through LGMSD, CDD NUSAF, DLSP; LED project was piloted in Kitgum, Arua and Adjumani; NUSAF provided basic social services to the people of Karamoja; NUSAF II and CAIIP II have components for the improvement of road infrastructure and community income improvement; and CAIIP was designed with components of construction of community access roads. Also, the Institutional Development component for CDD and NAADS were streamlined in LG structures.

4.4.10.4. Promote Local Economic Development

Promoting Local Economic Development is to be achieved through creating conducive environment for local investments.

During the year under review, QUICKWINS MATIP was designed to construct markets and improve incomes; CAIIP designed to improve community infrastructure access; and business assessments were conducted to involve LED policy.

The key priority of designing and implementing LED based plans did not start as planned.

4.4.10.5. Enhance good governance

Enhancing good governance is to be achieved by promoting community participation and improving information flow and social accountability

During the year under review, implementation guidelines to benchmark community driven development were issued pending the review of all planning guidelines; local communication and information flow and the national assessment was undertaken; MOLG partnered with ULGA-UAAA to popularise the charters on accountability and ethical code of conduct.

Slow progress was made in mainstreaming the national anti-corruption strategy in LG operations due to the closure of LGSIP.

4.4.11. LOCAL GOVERNMENTS DEVELOPMENT PERFORMANCE

Overview

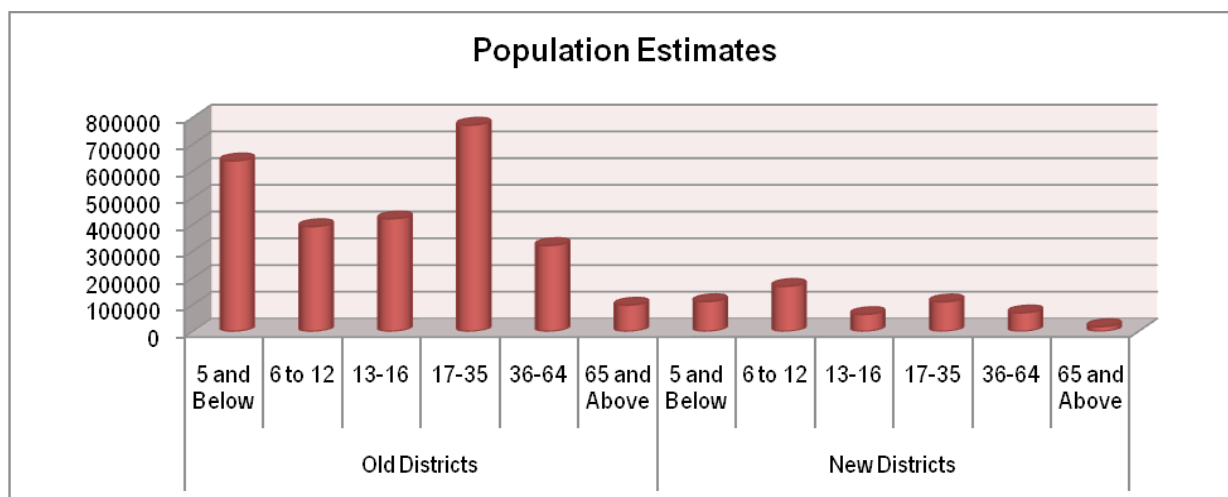
This section is based on data collected from twelve districts Buliisa, Masaka Mityana; Rukungiri, Kasese and Kamwenge; Arua, Lira, and Amolatar; Namutumba, Bukedea and Kamuli in February 2012, using structured questionnaires. The tool was designed to assess achievements towards the overall national development objectives and in particular progress made in the first year of implementing the NDP.

For analysis and comparison purposes, data collected was grouped in category one for old districts well as for new districts in category two. Accordingly the old districts comprised Rukungiri, Kasese and Kamwenge, Arua, Lira, Kamuli, Masaka on the basis of the first 56 districts established before 2005 and the new ones created thereafter comprising Amolatar, Bukedea, Buliisa, Mityana and Namutumba. From the sample, 58 percent were old districts.

4.4.11.1. Population Estimates

The population estimates and functional age groups of the sampled districts are presented

in the figure below. The other sections of the chapter provide presentations on the analysis of local government institutional capacity for service delivery, social sector development and socio-economic sectors.

Figure 4. 21: Population Estimates

Source: NPA, Local Government Data Collection Assessment Tool

The old districts had higher population estimates as compared to the new ones among the districts sampled. Still more people are in the age group of 6 to 12 in the new districts, and 17 to 35 in the old districts. The higher population estimates in the old districts is explained by the bigger areas they cover as compared to most of the new districts. Both the new and old districts had in the age group of 5 and below compared to all other age groups.

4.4.11.2. Infrastructure for effective and efficient service delivery

a) Staffing Level

According to the data obtained from the 12 districts, average staffing level had significantly improved in local governments during 2010. The staffing level in the old districts increased from 68.9 percent in 2009 to 70.0 percent in 2010 before slightly declining by 0.6 percent point during 2011. During the same period, the new districts also registered increases in their staffing level although these have remained below that of the old districts, on average. The staffing level in the new districts increased from 61.4 percent in 2009 to 64.7 percent in 2010 and to 65.7 percent in 2011. However, the improvements in staffing level in local governments have not been across all the departments and functions of the districts. The most understaffed (below 50 percent level) departments in the old districts is planning unit followed by production and marketing, and administration departments where their staffing levels ranges between 50 and 60 percent levels.

On the other hand, in the new districts the most affected departments were natural resources management and administration. However, the average staffing level in natural resources management department for the new districts increased from 34.5 percent in 2009 to 40.7 percent in 2011. One major implication of understaffing in natural resources management departments is the high risks of over exploitation of environment and natural resources by the population and business community that threatens the

sustainable use for future generations.

Table 4. 10: Local Government Staffing Levels, February 2012

| Indicators | Old Districts | | | New Districts | | |
|---------------------------|---------------|------|------|---------------|------|------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| Staffing level (per cent) | | | | | | |
| Board and Commission | 94 | 94.3 | 89.3 | 55 | 56 | 53.3 |
| Executive Statutory | 94 | 94.3 | 94.3 | 100 | 100 | 100 |
| Community Services | 72.1 | 66.9 | 63.6 | 70 | 75 | 72.7 |
| Education | 53.3 | 70 | 67.5 | 47.5 | 55 | 60.7 |
| Health | 54.3 | 63.7 | 62 | 50.5 | 50.5 | 65 |
| Finance | 81 | 81 | 79 | 62 | 69 | 71 |
| Administration | 44.8 | 54.7 | 55.4 | 28 | 38.3 | 57.5 |
| Internal Audit | 65 | 66.7 | 72 | 70 | 72.5 | 74.3 |
| Planning Unit | 54.2 | 48.5 | 48.5 | 71 | 73 | 62.3 |
| Secretariat-Stat | 85.7 | 85.9 | 85.9 | 75 | 75 | 75 |
| Natural resources | 69.5 | 69.8 | 66.5 | 34.5 | 36.5 | 40.7 |
| Production | 66 | 54.2 | 58.2 | 55 | 58 | 52 |
| Works | 61.5 | 60.3 | 60.3 | 80 | 82.5 | 70 |

Source: NPA, Local Government Data Collection Assessment Tool

Again, observed from the information obtained was that there is increasing trends in the staffing levels for the social sector departments in the local governments. In 2011, the average staffing level, 64.4 percent for the social sector departments in the old districts was below the average, 66.1 percent in the new districts for the same departments. The most affected in this regard were health and education departments.

Lastly, according to the data obtained from the 12 local governments suggest a number of boards and commissions in the new districts are not fully operational as they would wish compared to their counterparts in the old districts. In 2011, the average staffing level for board and commissions in the old districts was 89.3 percent above the new district average of 53.3 percent. It is highly likely that the understaffing in local governments is directly correlated with under performance of the board and commissions and poor social services especially in the new districts.

b) Acquisition of Capital Assets

Significant progress has been made in acquisition of computers by local governments' provision for access to internet services and construction of offices compared to other

capital investment areas. More; 51.4 percent new districts than old districts constructed new offices in the first year of implementing the NDP. In the case of new districts, construction of offices were undertaken in Amolatar, Buliisa and Mityana districts.

While, the old districts that had no new office construction were Arua, Lira, Masaka and Kamuli. Instead more; 42.9 percent old districts than new districts; 31.4 percent constructed council halls during the same period. They were Kasese and Rukungiri districts. More (71.4 percent) of old districts than the new districts (55.7 percent) had access to internet services, although more new districts (51.4 percent) had acquired new computers than old districts (42.9 percent).

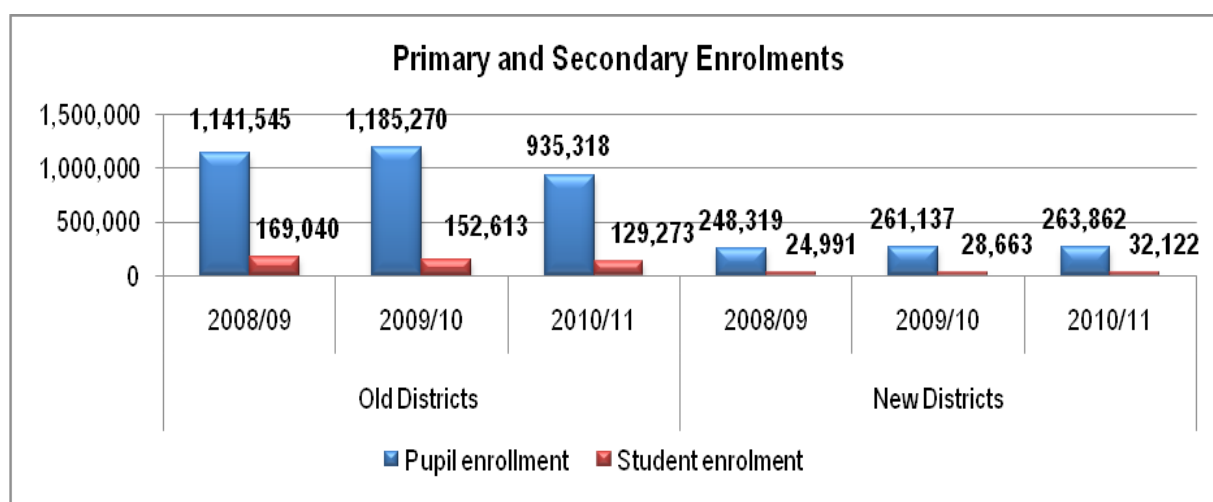
Among the new districts that did not acquire new computers in 201/11 were Lira and Kamwenge, while Amolatar district had no provision for internet services. In addition, only 14.3 percent of the old districts which were assessed have established MIS data banks, and none for the new districts. It was only Lira district that reported it has established MIS data banks.

4.4.11.3. Social development

a) Education

Analysis showed that there has been a 21 percent decline in primary school enrollments in old districts and a 1 percent increase in primary school enrollments in new districts for the period between 2009/10 and 2010/11. This could be attributed to UPE policy which emphasizes sending all children to schools at the right age 6-12 years, and due to the creation of new districts. Between 2009/10 and 2010/11, the pupil-classroom ratios in old and new districts reduced from 7:7 to 6:1 and 9:1 to 7:2, respectively. It is also significant that the pupil-teacher ratio reduced from 5:2 to 4:7 in old districts but slightly increased from 5:6 to 5:7 in the new districts, during the same period. This was as a result of the following interventions; construction of teachers' houses, hard to reach allowance scheme and annual recruitment of teachers.

Figure 4. 22: Primary and secondary school enrolments for selected old and new districts (2008/09-2010/11)



Source: NPA, Local Government Data Collection Assessment Tool

The average net enrollment rate in the old districts assessed: Arua, Lira, Kasese, Kamwenge, Kamuli, Rukungiri and Masaka for the period 2009/10 and 2010/11 decreased from 112.24 to 102.8. While in the new districts: Amolatar, Buliisa, Mityana, Namutumba

and Bukedea, it decreased from 125.98 in the FY 2009/10 to 112.36 in the FY 2010/11. Since the net enrollment in both the old and new districts is slightly more than 100, this implies that more primary pupils of ages from 6 to 12 years were in schools compared to the base population estimates for the districts.

Information obtained from the 12 districts indicated that there has been a 15 percent decrease in secondary school enrolments in old districts and a 12 percent increase in secondary school enrollments in new districts for the period between 2009/10 and 2010/11. Similarly this could be due to the creation of new districts.

Between the FY 2009/10 and FY 2010/11, the student-classroom ratios increased from 3:3 in 2008/09 to 4:3 in the old districts and from 3:2 to 5:2 in new districts. This could be attributed to increase in enrolment in secondary schools as a result of the introduction of Universal Secondary Education (USE), but due to limited classrooms in the USE schools there are overcrowding as hence poor learning conditions. The student-teacher ratio in old districts insignificantly improved from 20 students per teacher to 19 students per teacher between the periods 2009/10 and 2010/11. While a slight increase was realized in the number of students per teacher in the new districts between the period 2009/10 and 2010/11.

Between 2009/10 and 2010/11, the proportion of students that would officially be in school at secondary level increased in both the new districts (Amolatar, Buliisa, Namutumba, Bukedea and Mityana) and the old districts (Arua, Lira, Kamuli, Kamwenge, Kasese, Rukungiri, Masaka from 19.4 percent to 22 percent and from 22.4 percent to 26.1 percent, respectively.

b) Health

The data shows that there was little progress made in construction of health units between 2009/10 and 2010/11 with 11 HCIIIs being constructed and no HCIIIs or HCIVs constructed within the same period. The HCIIIs were constructed in the districts of Rukungiri, Kamwenge and Bukedea. However, works were undertaken to improve or add to the stock of existing infrastructure within the health facilities. This comprised construction of staff houses and maternity wards as well as renovation of the existing facilities such as the Outpatient departments.

The provision of mattresses and beds has lagged behind the NDP targets shown by the inability of the old districts to acquire these items in the FY 2009/10. The new districts fared better especially in the acquisition of beds as 102 beds and only 30 mattresses were acquired. However, the old districts registered a significant improvement during FY 2010/11 as 364 mattresses and 1,144 beds were acquired. The number of beds acquired by the new districts dropped slightly to 97 beds whereas the number of mattresses

acquired increased substantially to 341. This is however still way behind the NDP target

that stands at 36,884 mattresses required over the 5 year period for all the districts.

As regards upgrading of health facilities, 9 HCIIIs were upgraded to HCIIIs, one HCIII upgraded to HCIV and no Health units were upgraded to district and regional referral hospitals. This implies that the figures are still below the NDP figures which provide for 583 HCIIIs, 251 HCIIIs and 62 HCIVs to be upgraded at the end of the NDP period for all districts.

The average staffing level among the old districts sampled stands at 47.71 percent with Kamwenge district having the highest (77 percent) and Kasese registering the lowest (34 percent). The average staffing level of the new districts is currently at 58.14 percent with Buliisa and Amolatar registering the highest levels (68 percent). Mityana district had the lowest staffing level (41 percent). The total number of midwives in the twelve districts stands at 504 with the old districts having 382 while the new ones having only 122.

Table 4. 11: Status of Health Infrastructure and staffing level

| Indicator | Old Districts | | New Districts | |
|---------------------------------------|---------------|---------|---------------|---------|
| | 2009/10 | 2010/11 | 2009/10 | 2010/11 |
| Number of Beds | 0 | 1144 | 102 | 97 |
| Number of Mattresses | 0 | 364 | 30 | 341 |
| Number of HCIIIs Upgraded | - | 9 | - | 1 |
| Number of HCIIIs Upgraded | - | 1 | - | 4 |
| Number of HCIVs Upgraded | - | 1 | - | 0 |
| Number of District hospitals Upgraded | - | 0 | - | 0 |
| Number of Referral hospitals Upgraded | - | 0 | - | 0 |
| Number of HCIIIs constructed | - | 4 | - | 7 |
| Number of HCIIIs constructed | - | 0 | - | 0 |
| Number of HCIVs constructed | - | 0 | - | 0 |
| Number of Midwives | - | 382 | - | 122 |
| Staff levels | - | 47.71 | - | 58.14 |

Source: NPA, Local Government Data Collection Assessment Tool

c) Water and Sanitation

i) Water

More bore holes were constructed in the new districts than in the old ones. This could be partly because some of the old districts are not potential areas for borehole drilling. For example, the terrain of Kasese and Rukungiri cannot easily allow bore hole drilling; instead, more shallow wells and springs had been dug in the old districts compared to the new ones. However, old districts had a better safe water coverage compared to the new ones. This could be explained by the more shallow wells and springs that had been constructed in the old districts compared to less number in the new districts. Still, the

safe water coverage for the old districts is improving steadily as there was 12.1 percent point increase in the safe water coverage between the years of 2009 and 2010 and just 1.2 percent point increase between the years of 2010 and 2011. While, there was increase of only 3 percent point between the years of 2009 and 2010 and a big drop of 13.4 percent between the years of 2010 and 2011 in the new districts. This implies that the new districts are at a higher risk of water borne diseases outbreak as compared to the new districts. It should however be noted that the districts of Amolatar and Arua had the highest numbers of bore holes constructed among all those sampled since the year.

Table 4. 12: Water Coverage Status

| Indicators | Old Districts | | | New Districts | | |
|--------------------------------|---------------|------|-------|---------------|------|------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| No. Of boreholes constructed | 73 | 55 | 55 | 73 | 65 | 64 |
| No. Shallow well protected | 133 | 114 | 85 | 46 | 74 | 37 |
| No. Of Springs constructed | 44 | 56 | 41 | 18 | 22 | 10 |
| Safe Water coverage (per cent) | 66.2 | 78.3 | 79.51 | 48.8 | 51.8 | 38.4 |

Source: NPA, Local Government Data Collection Assessment Tool

ii) Sanitation

More public toilets had been constructed in the new districts compared to the old ones since the year of 2008. This could be explained by the earlier investments made by the old districts. The old districts had a better latrine coverage compared to the new ones even though their population totals were much higher compared to the new ones. Both the new and old districts had significant improvements in the latrine coverage between the years of 2009 and 2010. And whereas the latrine coverage of the old districts increased by 4.43 percent between the years of 2010 and 2011, that for the new districts dropped by 21.35. This implies that the water and sanitation issues are significantly dropping between the years of 2010 and 2011 and could have an implication on the health of the citizens.

Table 4. 13: Sanitation Status

| Indicators | Old Districts | | | | New Districts | | | |
|-----------------------------------|---------------|------|------|------|---------------|-------|-------|-------|
| | 2008 | 2009 | 2010 | 2011 | 2008 | 2009 | 2010 | 2011 |
| No. of Public toilets constructed | | | 19 | 7 | | 21 | 25 | 16 |
| Latrine coverage (per cent) | | 68.9 | | | | 51.25 | 56.56 | 35.25 |

Source: NPA, Local Government Data Collection Assessment Tool

d) Social development

Although more community halls were constructed in the old districts than the new ones, the total number constructed is not significant as planned. For the old districts, two halls were constructed in Arua and three in Lira whereas the other hall was constructed in Namutumba.

There was no construction of youth centres in the new districts as compared to the old districts that had 17 youth centres. Kamwenge had the highest number of youth centres (82 percent) constructed. These are also used as recreation centres and have been constructed in 2009 in partnership with Samaritan's Purse.

Only one recreation centre has been constructed among the selected districts. This was constructed in 2010 by Mityana district. Rukungiri and Arua constructed 6 and 3 resource centres in 2009 respectively whereas in 2010, it was only Rukungiri that had six resource centres constructed. Among the new districts, it was only Namutumba and Buliisa that constructed one resource centre each in 2009 and 2011 respectively.

Table 4. 14: Social Development Infrastructure

| Indicators | Old Districts | | | New Districts | | |
|--------------------------------|---------------|------|------|---------------|------|------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| Community Halls Constructed | 5 | 0 | 0 | 1 | 0 | 0 |
| Youth Centres Constructed | 15 | 1 | 1 | 0 | 0 | 0 |
| Recreation Centres Constructed | 0 | 0 | 0 | 0 | 1 | 0 |
| Resource Centres Constructed | 9 | 9 | 0 | 1 | 0 | 1 |

Source: NPA, Local Government Data Collection Assessment Tool

4.4.11.4. Socio-economic Sector development

a) Enhancing agricultural production and productivity

Some progress has been made towards the NDP specific objective of improving access to and sustainability. From the 12 districts assessed, there were more markets constructed in the new districts as compared to the old districts for the three consecutive years. Among the old districts that had markets constructed were Kamwenge, Rukungiri one each in 2009 and two in Kamuli in 2010, whereas in the new districts Mityana constructing one in each year, Amolatar constructed one in 2009 and two in 2010 and Namutumba with the highest number of 3 in 2011. The total number of markets required to be constructed for the next five years were 196 and 124 for old and new districts respectively giving an average of 28 and 25 markets per year respectively. It therefore means that the targets are far away from being achieved.

Table 4. 15: Progress made in construction under Production and Marketing (2009-2011)

| Indicators | Old Districts | | | New Districts | | |
|-------------------------|---------------|------|------|---------------|------|------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| Markets constructed | 2 | 2 | 0 | 2 | 3 | 4 |
| Stores constructed | 0 | 2 | 5 | 0 | 0 | 0 |
| Valley Dams constructed | 1 | 0 | 0 | 3 | 0 | 0 |
| Fish ponds Constructed | 500 | 91 | 116 | 1 | 4 | 56 |

Source: NPA, Local Government Data Collection Assessment Tool

Of the 12 sampled districts, construction of stores is being depicted in the old districts where only 7 stores were constructed. The two markets in 2010 were constructed in Kamuli district whereas four and one were constructed in Kamwenge and Lira districts respectively. Two districts; Mityana and Lira had valley dams constructed and thus representing about 17 percent of the sampled districts. All constructions were in 2009 with Mityana constructing three and Lira only one. In comparison to the number required, the service delivery levels are far from being achieved.

There were more fish ponds constructed in the older districts with about 92 percent compared to the new districts. In 2009, major constructions were done by Masaka with about 90.4 percent, closely followed by Kasese with 3.8 percent, Rukungiri 3.2 percent, Kamwenge 2 percent, Lira 0.4 percent and Bukedea 0.2 percent. In 2010, construction of fish ponds was realised only in Lira and Buliisa with 67 percent and 33 percent respectively. In 2011, only Lira constructed two fish ponds and the rest none. Although the target may not be met, it's easily observed that old district are performing much better than the newly created districts and this could be as a result of existence of the systems in the old districts.

b) Restoration of forest cover

Since the year of 2008, significant progress has been made in as far as tree planting is concerned, although the old districts had more numbers of trees planted compared to the new ones among the districts sampled. This could be explained by the longer period that the old districts had stayed in that they could be in position to attract more aid; there is a possibility that their leadership is more organized as compared to that of the new districts. Most of the older districts also covered bigger total area as compared to the new ones in that some of the new districts had only one sub-county. This could also have impacted on the acreage of planted trees.

More swamps had still been demarcated and protected in the old districts as compared to the new ones. However, among the districts sampled, most of the new districts did not contain swamps and other new districts had to report that the fund allocated for natural resources was not enough to cater for demarcating and protecting swamps. These could have caused that significant divergence.

Table 4. 16: Progress made in Management of Natural resources and Tree planting (2009-2011)

| Indicators | Old Districts | | | New Districts | | |
|--|---------------|---------|--------|---------------|-------|------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| Acreage of newly planted trees | 2406.74 | 1033.34 | 739.98 | 819.7 | 423.5 | 450 |
| No. Of swamps demarcated and protected | 32 | 34 | 31 | 1 | 3 | 1 |

Source: NPA, Local Government Data Collection Assessment Tool

c) Improving the stock and quality of road infrastructure

The progress made on the stock of roads for the 12 districts assessed indicated a rise by 1,780.1 km, an increase of about 34.5 percent. But particular, more kilometers of road were opened and rehabilitated in the old districts than in the new districts; 534 km and 591.6 km, 207.4 km and 437.2 km, respectively. While, the proportion of paved roads to total roads length in the 12 districts stands at 1.2 percent. The old districts combined have 81.9 km of paved roads compared to just 2.7 km for the new districts. However, this proportion has remarkably increased from 2.0 percent and 0 percent in 2008/2009 to 10.6 percent and 0.13 percent in 2010/11 respectively, in the old districts and new districts. Also, more bridges in the old districts (Arua: 5, Masaka: 1, Rukungiri: 1, Mityana: 3, Lira: 1) than swamp crossing points have been constructed in the new districts. The swamp crossing points constructed were conversely more in the new districts: Kamwenge, 1; Mityana, 18; Amolatar, 3; Bukedea, 5; and Namutumba, 9, than in the old districts; Masaka, 4. The under performance of the new districts could be due to low capacity in financial and human resources for infrastructure development.

Table 4. 17: Progress made in Road Construction (2009-2011)

| Indicators | Old Districts | | New Districts | |
|-------------------------|---------------|---------|---------------|---------|
| | 2009/10 | 2010/11 | 2009/10 | 2010/11 |
| Roads opened (km) | 408 | 126 | 102.4 | 105 |
| Roads rehabilitated(km) | 343 | 248.6 | 132 | 305.2 |
| Roads paved (km) | 6 | 1.7 | 1.8 | 0.6 |

Source: NPA, Local Government Data Collection Assessment Tool

4.4.11.5. Local Government challenges/emerging issues facing NDP implementation

The monitoring activity in districts revealed a number of NDP implementation challenges at the local government level. These are:

- (i) Persistent underfunding of local governments coupled with lack of a definite source and clear strategy for local revenue mobilization identified by the central government;
- (ii) The policy is that old and traditional districts should have staffing levels of up to at least 65 percent, while new districts should have a minimum of 35 percent. The prevailing situation, however, is that most old and traditional districts have only about 50 percent staffing, while a significant number of the new ones have an average of 25 percent staffing. The low remuneration for health workers, particularly doctors, has made it difficult to attract and retain them in upcountry facilities. All these have significantly affected service delivery and implementation

- (iii) The district education officers lack facilitation to inspect schools, which has affected the quality of education, particularly in rural schools;
- (iv) There is lack of a clear policy on inspection of secondary schools, which leaves most of them unsupervised since the ministry is far.
- (v) By 2009 there was a total service delivery gap of about 38,000 classrooms. School Facilities Grant (SFG) has reduced over the last three years, which has led to high pupil classroom ratios that often exceed 100 pupils per classroom in a significant number of rural primary schools
- (vi) The primary school curriculum was reviewed and acquisition of new textbooks was recommended seven years ago. However, many districts continue to use old textbooks and yet examinations are set according to the new curriculum and new text books.
- (vii) The government policy on uniforms for health workers requires to be reviewed to enable local procurement of these uniforms, in order to bring end to the long-time problem of non-uniformed mid-wives and nurses in districts.
- (viii) Many districts currently have both NAADS coordinators and the traditional agricultural extension workers. The absence of a clearcut policy on extension workers has affected agricultural performance in the districts. In addition, making NAADS a farm input system and at the same time a coordinating authority to be responsible for procurement of farm inputs are diversionary.
- (ix) Inconsistence of donor, civil society, private sector and religious bodies' activities with the district development plans and the NDP, resulting into duplication, despite them receiving copies of the NDP and participating in various sensitization workshops.

4.4.12. REGIONAL AND INTERNATIONAL COORDINATION

Overview

Regional and international cooperation provides a framework for harnessing Uganda's benefits and interests abroad. Uganda's foreign policy is designed around three main areas: (i) peace and security; (ii) regional cooperation and trade; (iii) tourism, investment and resource mobilization. These interests are pursued through regional and international cooperation, and protocol consular and diaspora services.

Uganda is, therefore, a member to several regional and international organisations in order to facilitate realization of her interests. The key regional cooperation and trade ones are the Preferential Trade Area (PTA), the Common Market for East and Southern Africa (COMESA), the East African Community (EAC).

4.4.12.1. Ensure cordial bilateral and multilateral relationship at both regional and international levels

Ensuring cordial bilateral and multilateral relationship is intended to be achieved through initiation and coordination of foreign policy decisions relating to regional and international cooperation and development; initiation, promotion and coordination of bilateral, regional and multilateral cooperation; conclusion of bilateral, regional, and multilateral treaties and agreements between Uganda and other countries, multilateral and international organizations; and enhancing the capacity of the Ministry of Foreign Affairs to forecast and respond to emerging regional, international and global challenges. During the FY under review, progress was made towards reviewing the foreign policy. Memoranda of understanding as well as agreements and legal frameworks were signed including the AU Afro South American and AU-EU MoUs, and a MoU signed with China in the field of Trade and Investment, 2 MoUs signed with Germany and Belgium on avoidance of double taxation and investment. A number of cooperative frameworks were also strengthened. The legal frameworks signed included the instrument of ratification for the protocol establishing the Southern-Northern Transit Transport Corridor; a MoU on joint development of the Tanga-Arusha-Musoma-Kampala route.

The capacity of the Ministry of Foreign Affairs was enhanced through recruitment of forty-six staff in the different capacities in addition to training and induction of forty staff. No development has however been registered regarding a monitoring and evaluation framework for the implementation of regional and international agreement and treaties.

4.4.12.2. Mobilize external resources for national development programs

Mobilization of external resources is to be realized through networking with and lobbying foreign countries to attract development partners to Uganda. Progress towards realizing the above objective was made in a number of areas. These include campaigning to remain on the list of 15 top priority countries for Netherlands, subsequently protecting development assistance worth over 40m Euros per year; and negotiation for the retention of the UN World Food Program East Africa Regional Centre, which provides a ready market worth US\$ 50m in food purchases per year.

Negotiations with Japan were initiated for development assistance worth US\$ 130m and US\$ 36.5m for construction of the Nile Bridge at Jinja and upgrading of the Atiak-Nimule road, respectively.

Acceptance for technical support was secured from Iceland and Ireland for the following projects; support to Uganda Fisheries Laboratory towards ISO Accreditation; construction of piped water infrastructure systems in Kalangala district; US\$ 82.3m support from IDB for cotton Development.

Also, a Joint Venture Tractor Project between Uganda and Iran for a US\$ 1.5m revolving fund and a UGX 30b modern slaughter house investment to be established at Nakirebe, in Mpigi district were secured.

Negotiations were initiated with China for the constructions of an office blocks for the Office of the President and agriculture and technological demonstration centre at Kajjansi. Cooperation with China was initiated for the construction of KCCA Naguru Hospital.

4.4.12.3. Provide relevant and adequate infrastructure for missions abroad in order to improve service delivery and the image of Uganda

Providing relevant and adequate infrastructure for missions abroad is to be achieved by ensuring that infrastructure and service delivery standards are commensurate with the highest standards obtained in the respective locations.

During the FY 2010/11, official residences in New York and Washington were furnished; architecture designs for the renovation of missions in Juba, Abuja, Kigali and Nairobi were completed; and communication software for Italy, Nigeria and Tanzania missions was rolled out.

4.4.12.4. Establish Missions in strategic locations abroad

Establishing missions in strategic locations abroad is to be achieved by identifying locations of strategic importance in accordance with the national foreign policy objectives under the principle of comparative advantage. During FY 2010/11, two missions were commissioned in Guangzhou and Ankara.

4.4.12.5. Acquire, develop and manage Uganda's properties abroad

Acquiring, developing and managing Uganda's properties abroad are intended to be improved by developing institutional and legal frameworks.

During the FY under review, a draft policy on missions' properties was developed and presented to cabinet for approval. Acquisition of land for the construction of missions in Mogadishu and Addis Ababa was approved by cabinet.

4.4.12.6. Ensure that Missions accredited to Uganda are adequately and effectively provided with the necessary services

Ensuring adequate and effective accreditation of Uganda's missions abroad is to be realized by administering requisite privileges and immunities for missions accredited to Uganda.

During the year under review, guidelines for provision of protocol and hospitality services to the missions accredited to Uganda were in their final stages of preparation.

Chapter Five

Observations and Recommendations

5.1. OVERALL PERFORMANCE AGAINST NDP OBJECTIVES

In general, development performance against the NDP objectives is less than anticipated. Due to lukewarm alignment of the budget towards the realization of the medium-term NDP objectives, the progress realized in FY 2010/11, the first year of the NDP implementation, was mixed with progress made against achievement of some objectives, and lack of worthwhile progress on others. In a few cases, implementation progress could not be adequately tracked for some NDP objectives due to inadequate data in such areas as: strengthening good governance; promoting sustainable population and use of the environment and natural resources; and promoting science, technology, innovation (STI) and ICT competitiveness.

Furthermore, the NDP implementation was affected by factors that included; inadequate linkage between the NDP and the national budget; weak linkage of the budgeting systems and tools to the National Development Plan; delayed execution of public service reforms; harmonization of the role of quality assuring MDA and Local Government work-plans and performance reports; and slow coordination of the role of monitoring and evaluation of the NDP.

Arising from the general NDR 2010/11 findings, a number of actions require to be undertaken in order to enable successful NDP implementation in the subsequent fiscal years. In particular, there is need to create a direct linkage and fully align the national budget to the NDP. This will also enable linking of the budgeting systems and tools to the National Development Plan.

It is necessary to expedite the public service reforms, including speedy restructuring of MDAs, in order to improve service delivery and accountability. The reforms should also include setting a new regime of performance indicators as well as modes of service delivery performance reviews.

MDAs and OPM, in collaboration with NPA, ought to ensure that all sectors fully align their annual and quarterly work plans to the NDP. Relatedly, it will be necessary to strengthen coordination of implementation by restructuring the Office of Prime Minister to enhance its focus on coordination of implementation of the NDP.

In addition, it will be necessary to develop and operationalize the NDP Monitoring and Evaluation System to facilitate data collection, management and reporting on the NDP. Harmonizing the role of monitoring and evaluation of the NDP and ensuring that it is comprehensive enough to measure progress on national development beyond the public sector by covering the private sector, financial sector and the civil society, also requires urgent action.

5.2. THEMATIC AREAS PERFORMANCE

Under the thematic areas performance, the progress achieved against the set NDP targets fell short in most sectors. The failure to achieve the set targets was mainly due to budget cuts and inadequate alignment of the sector budgets for 2010/11 to the NDP strategies. Many MDAs continued to operate in order to comply with the financial requirements rather than implementing the NDP. The MDAs that fully aligned their implementation work-plans to the NDP were the ministries of Education and Sports; Justice and Constitutional Affairs; Defense and Security; Agriculture, Animal Industry and Fisheries; and Health, while others are yet to fully comply. The misalignment, therefore, greatly affected the implementation process as the sector priorities continued to be different from those of the NDP.

5.2.1. PRIMARY GROWTH SECTORS

The performance of the primary growth sectors, which constitute the foundation to Uganda's economic transformation, registered mixed results in their contributions to economic development during FY 2010/11. Overall, the progress attained remained below the NDP targeted levels. Resulting from the analysis undertaken, the key observations and conclusions made are presented in the sections below.

5.2.1.1. Agriculture

The development performance of the agriculture sector during FY 2010/11 is less than expected in relation to the planned indicator targets, and the overall contribution expected for the primary growth sectors. This is evident in the marginal improvements and stagnation in production of most crops, livestock and fisheries outlined in the report. Nevertheless, the foundations for improvements in agricultural productivity appeared to be getting laid through creation of improved technologies although limited support mechanisms delayed adaptation of these technologies. Enterprise selection has so far not been guided by export led strategies and local value addition linkages; the key ingredients for agricultural development.

In addition, the after effects of the global economic crisis hindered progression towards provision of incentives and favourable credit and tax regimes that had been designed to create an enabling environment for competitive investment in the sector. The agricultural policy makers continue to be at cross-roads over the sector's institutional framework, particularly the extension services, with most functions relegated to the sole responsibility of NAADS. Urgent action is needed to reverse the negative trend in order

to improve the sector's performance towards achievement of the set development objectives, including food security and production of inputs for industrialisation.

5.2.1.2. Tourism

Preliminary developments towards contribution of tourism to GDP and employment were put in place. The financial resources and human resource capacity challenges continue to constrain the much needed institutional leadership to development of the sector. As a result, development in the sector was generally poor as assessed against tourism specific development objectives such as increased employment and sector specific interventions. Particular attention is required from government to address the sector's challenges in order to enable it to fully play its role as one of the key primary growth sectors in the economy. Strengthening the institutional and intra and inter-sectoral tourism related linkages are required for creating a supportive environment to private sector-led development in the sector.

5.2.1.3. Manufacturing

Manufacturing is envisaged to be a key player in the socio-economic transformation of the society. The sector's contribution to GDP is expected to increase from the current 8.6 percent to over 20 percent and absorb the excess labour in agriculture and the rapidly growing number of young graduates. Coming from a small base, the rate of growth of the manufacturing sector require to be more than 10 percent per annum in order to effectively absorb the excess labour force, and cause the necessary shift in the structure of the economy from over-dependence on export of primary agricultural products to value added exports.

The slow implementation of strategic development interventions such as the iron ore and phosphate industries, the delayed implementation of value addition skills and conceptual frameworks for the planned systematic technology skills transfer and acquisition, and the weak policy to support agro-processing, do not mean well for the much needed manufacturing role in the socio-economic transformation programs. In view of the current slow pace of industrialization, through the current strategy of attracting investors, it is recommended that government urgently provides direct support to key industries such as the iron ore and phosphate industries.

5.2.1.4. Information and Communication Technology

There was significant progress in the development performance regarding the use and application of ICT services in business and service delivery. There was also significant contribution to employment, domestic taxes and disposable incomes from use and application of ICT. Particular attention is, however, required to ensure progress on the library and postal services development areas, as these services are critical in complementing e-communication services. It is further worthwhile to note that postal

services are continuing to play a significant complementary role to e-communication as a result of increasing electronic and cyber-crime and the needs for emergency courier services associated with industrialization and development in general.

5.2.1.5. Housing Development

Housing is identified as a key primary growth sector in the NDP due to its capacity to create jobs and wealth in the medium to long term period. Growth of the housing sector is synonymous with, as well as a pre-requisite for, development and socio-economic transformation. It is vital that the necessary policy, legal and regulatory frameworks are urgently put in place to enable the sector play a greater role in the monetary economy. Faster growth of the housing sector will significantly depend on availability of cheap locally mined and manufactured housing inputs such as iron ore and cement, coupled with availability of affordable housing finance.

Firm government policies are required in the areas of slum redevelopment, provision of public housing in local governments and housing schemes for young graduates.

5.2.1.6. Forestry

The coverage of planted forests continued to increase mainly on community and private land in the effort to restore forest cover from the current 18 percent to the target of 24 percent of early 1990s. The newly created environmental police require being fully operationalized and equipped to protect the remaining natural forest cover. There is also need to prioritize regular acquisition of satellite biomass maps/images from the Geographical Information Centre in Nairobi to facilitate timely and accurate monitoring and reporting on the status of forest cover. As a strategy to reduce pressure on forests for timber as a source of fuel, the rural electrification program, with focus on urban growth centres, requires to be rapidly expanded in preparation for the expected increase in hydro-power supply at Bujagali and Karuma. Overall, there is need to put in place concrete strategies for attracting forestry based industries.

5.2.2. COMPLEMENTARY SECTORS

5.2.2.1. Science and Technology

It will be necessary to fast track a number of issues regarding science and technology. These are putting in place a policy framework to operationalize establishment of the venture capital for R&D; providing the cabinet strategy paper on public sector support to private companies on upgrading technology; and creation of technology platforms for the academia, researchers, research institutions and the private sector. The issue of restructuring the tourism, trade and industry sectors with the view to elevating science and technology to a ministry status remains outstanding.

5.2.2.2. Works and Transport

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The increase in the paved national road network by 2 percent (64 kilometres) in FY 2010/11 increased the total road network to 16 percent. The percentage of paved roads is

still very low compared to other African countries. Unpaved roads negatively affect efficiency and development in all sectors of the economy. On the other hand, progress on the proposed developments on the Greater Kampala Metropolitan Area appears to be very slow. It is recommended that it should be implemented as a special project, away from implementation by mainstream public servants who are busy with many other routine duties.

The railway cargo traffic to and from Uganda is picking up but still below competitive levels for rail transport. The priority should be to deal with the various technical and legal bottlenecks and rehabilitate the sections of the rail to Pakwach and Kasese using the UPDF in the next financial year. Strict timelines may be required where RVR committed itself to infrastructure developments.

On air transport, it is recommended that the long standing land dispute between Ministry of Agricultural Animal Industry and Fisheries (MAAIF) and Civil Aviation Authority (CAA) be arbitrated by the Office of the Prime Minister and the transfer of the land title to CAA be expedited to facilitate the re-design and construction of the new Entebbe airport cargo centre. New land may be acquired for the MAAIF facility in nearby areas of Baita-Ababiri and Kisubi, within easy transport proximity to the airport.

A concessional loan should be sought for resurfacing and ground lighting systems at Soroti airport to enhance the quality of the training and reduce the heavy costs incurred to transfer night training activities to Entebbe.

The survey of navigable routes on Lake Victoria and works on the standard rail route to Tanga will also require fast tracking by the relevant ministries.

5.2.2.3. Energy Sector

There has been marked progress towards increasing electricity supply to the national grid to meet the existing deficit. However, greater effort is required in the area of renewable energy such as gasification technology, gasifiers for forest areas, biogas programs, bio-fuel crop growing, and wind energy and power co-generation.

The initial steps on nuclear energy for peaceful purposes are commendable and more attention and funding are required for training of nuclear power technicians and engineers in the medium term period.

As rural electrification extend to many remote areas, the transmission lines should continue to target urban and growth centres to support SME activities and concentration of activities to these areas to release land for agriculture.

5.2.2.4. Water for production

Changing rainfall patterns and prolonged drought periods are calling for urgent mitigation measures through increased irrigation farming methods. There is therefore need for all stakeholders to put attention to providing awareness on rain harvesting and small scale irrigation methods. Incentives should also be put in place for local production and importation of irrigation equipment.

5.2.2.5. Land Management and Administration

The delayed approval of the National Land Policy by cabinet remains critical for inclusive pro-poor growth. Its approval should be expedited to enhance development of comprehensive land use and spatial planning.

It is also recommended that further review of the provisions in the Land Act and the constitution should be undertaken as necessary to ease acquisition of land for investment and development of public infrastructure.

The process of demarcating/re-demarcating of national boundaries should be expedited, especially with DRC and Sudan.

The constraints of financial resources, inadequate human resource and inadequate equipment require to be addressed in order to improve delivery of land services.

5.2.2.6. Physical Planning

It is recommended that the Physical Planning Board should be constituted and approved by parliament to enhance compliance to physical development plans. The activity of putting in place national and regional physical development plans should be prioritised by the Ministry of Lands, Housing and Urban Development, including the revival of conditional local government transfers for physical planning.

5.2.2.7. Urban development

Performance under urban development registered marginal progress against the sector specific objectives in the NDP. The performance is not consistent with the emphasis on urbanization. A collaboration framework should be established for supporting implementation planning and resourcing by the relevant institutions.

5.2.2.8. Trade development

On trade development, the water transport system, rehabilitation of the existing railway system, construction of a standard rail gauge line and establishment of a national quality institute require to be prioritized to improve trade competitiveness. The PPP framework measures at local government should also be prioritized in the next financial year.

5.2.2.9. Cooperatives

The cooperatives sub-sector is still under revival since its collapse in the 1990s. However,

a lot more needs to be done in order to fully revive this sub-sector. It should be noted that given the nature of small holder farmers, cooperatives provide an appropriate

mechanism for marketing, value addition and supply of farm in-puts. Revival and establishment of new cooperative societies should be strengthened and resourced.

5.2.3. SOCIAL SECTORS

5.2.3.1. Population

Uganda has continued to register high population growth rate, poor maternal health attributed to a number of factors including poor policy implementation, low resourcing, high adolescent fertility rate (15-19 years), and a high rate of infant and child mortality. It will be important to address the factors of per capita income and human capital development, particularly literacy to improve Uganda's HDI. There is also urgent need to comprehensively deal with the over 40 percent shortfall on contraceptive requirement. It is recommended that the Population Secretariat should aggressively build partnerships and mobilize resources for support to enhance country-wide advocacy and training on nutrition and food security standards; health and living standards; clean energy; and water resources conservation. These activities were not tackled at all during FY 2010/11.

5.2.3.2. Education and Sports

The sector continued to be dodged by quality concerns due to high pupil-teacher ratios, high pupil-textbook ratios, high pupil-classroom ratios, lack of scholastic materials, inadequate teachers' houses, and low teachers' morale and absenteeism. The main challenge has been to secure additional financial resources to pull the sector out of its current situation. The current budget allocation is inadequate, and therefore, incapable of providing quality education necessary to have a quality population.

A particular outstanding issue regarding the strategy of increasing access and equity of primary education for girls and boys remained one of creating differentiated allocation formula for capitation grants taking into account differences among schools and communities, which may require further analysis before implementation. During FY 2010/11, several districts were found to be using old text books, yet examinations are being set using new text books, which may be one of the factors behind the differences in performance among districts. There is need to prioritize provision of text books to ensure equity, quality and relevancy of the education.

On secondary education, it is recommended that the long overdue program of establishing centres of excellence should be fast tracked to enhance the efficiency and effectiveness of education.

The BTVET issue on institutionalization of bursary schemes for eligible girls and needy students and affirmative action for students in the war ravaged areas requires prompt

consideration.

High cost of education to families, limited resources amidst growing pupil and student numbers, and quality concerns of the education and inadequate infrastructure continued to be the major challenges facing all tertiary education.

The key shortfall highlighted under the skills development thematic area included the delayed take off of the courses on modularization and training of instructors in latest technologies and the rehabilitation of Dokolo and Kabasanda Technical Schools as centres of excellence, which should be prioritized in the coming year. There is also need to speed up the reform and improvement in the curricula and instruction in priority disciplines, including integration of lifelong learning.

5.2.3.4. Health and nutrition sector

Overall, despite the aggregate achievements made by the health sector such as national immunisation coverage, increased life expectancy, reduced maternal, infant and child mortality, among others, the health and nutrition sector requires finding solutions to a number of challenges. These include inadequate capacity to deliver the Uganda National Minimum Health Care Package (UNMHCP); weak structures for inter-sectoral collaboration; shortage of health workers; inadequate health infrastructure and equipment; inefficiencies in the sector; inadequate research; and ineffective supervision.

In particular, the sector requires putting in place emphasis on staff recruitment and deployment, research, infrastructure development and supervision. It is also urgent that strategies should be designed to enhance financing to the health sector in order to ensure equity, efficiency, transparency and mutual accountability.

Other specific recommendations include the need to formulate a policy on macro nutrient deficiencies and food fortification to enable harnessing and improvement of the nutrition status of the population.

It is further recommended that the enactment of the health sector public private partnership policy, and the roll out of the incentive scheme for health workers in hard-to-reach and under-served areas should be prioritized by the sector.

5.2.3.5. HIV/AIDS

The treatment of pregnant mothers to prevent unborn children from contracting HIV/AIDS has been a major factor behind the decline in the incidence of HIV/AIDS among the aged 15 and below to 6.2 percent. The strategy requires to be strengthened with emphasis at the lower levels of HCl and HCII.

There is need for more collaboration among stakeholder public sector agencies such as the Uganda AIDS Commission, Ministry of Gender, Labour and Social Development, Ministry of Local Government, Ministry of Health, to enhance research, communication and incorporation of issues on HIV AIDS in the daily lives of ordinary citizens.

5.2.3.6. Water and sanitation

Access to safe water stagnated during the year under review for both rural and urban areas. The particular focus should be on providing piped water to raise the coverage beyond the current 15 percent coverage. Legal and regulatory frameworks also require to be enhanced through the ministries of Local Government and Gender, Labour and Social Development to increase sanitation coverage to the target of 100 percent. There is need to prioritise water and sanitation infrastructure as part of the urbanization promotion strategy for the country.

5.2.4. ENABLING SECTORS**5.2.4.1. Justice, Law and Order**

There is the need to further strengthen the achievements made by JLOS through the anti-corruption strategy, and establishment of inspectors' forum and internal disciplinary committees.

It is also recommended that the Uganda Printing and Publishing Corporation should revitalize its outlet in Kampala where printed laws are sold at cost recovery basis to enhance the dissemination of laws to the public. Provision of resources and recruitment of staff for JLOS should be prioritized during next year's budget appropriations to reduce the sector's heavy reliance on consultants to support drafting of laws. Such capacity strengthening should be aimed at building internal capacity and enhancing cost-effectiveness and sustainability in the effort to promote the rule of law and overall timely delivery of justice. Also, suitable encouragement should be considered to attract medical doctors to work as police surgeons.

It is noted in this report that due to limited financial resources, only 1,000 (2 percent) out of 50,000 targeted staff in police and prisons were trained in human rights observance. Support should be sought from development partners and other government departments to facilitate this important training for police and prisons. Police presence should also be established at all county and sub county levels.

In addition, the focus on advocacy in expediting the enactment of laws requires to be spread to also address the serious delays experienced in parliament. The Ministry of ICT and its implementing body, NITA, should prioritize support to computerization of most processes within the JLOS sector, the foundation pillar for economic development. In view of government effort to reduce administrative costs, the policy on putting in place a State Attorney for each district should be reviewed to focus on providing such services at the zonal level for a group of districts.

5.2.4.2. National Defence and Security

The national defence and security sector performed well and in line with the sector specific objectives outlined in the NDP. It is recommended that the areas where sluggish

performance was identified should be fast tracked. These areas included: defence diplomacy; development of the Engineers Corp; R&D; and collaboration with the academia, private sector and other government agencies on innovation, research and development.

5.2.4.3. Environment

The target of restoring the degraded ecosystems; wetlands, forests, range lands and catchments to the 1990 levels would require much more effort and commitment from the ministries of Water and Environment and Lands, Housing and Urban Development, and NEMA, NFA, urban authorities and local governments than has been exhibited in FY 2010/11 and preceding years. Out of the natural forest cover lost between 1990 and 2005 of 1,329,570 hectares, only 235.6 hectares (0.017 percent) were replanted in 2010/11, which was insignificant. The NDP annual recovery target is 277,914 hectares (20 percent) per annum. The implication is that, at this rate, it may not be possible to recover the degraded forests unless the economic transformation takes place at a greater speed to cause rapid shifts in resettlement of the populations from rural to urban areas, in the dependency on land for livelihoods such as growing crops in swamps and in stopping to use firewood as a source of energy by households.

The report noted that the development strategies for ensuring sustainable management of environmental resources and minimize degradation were largely not tackled due to resource constraints. This led to increased degradation of the environment during the year. It is recommended that government, and parliament in particular, prioritize allocations to the sector to support the legal and other frameworks for environmental management such as national, regional and international partnerships and networks to enhance trans-boundary environmental management; enhancing institutional collaboration between key actors such as UNBS, URA and NEMA to assist in regulating counterfeits and other non-environmental friendly products; increasing public awareness and environmental education; promoting compliance with environmental laws and regulations; increasing and enhancing access to environmental information for investment and environmental management.

Mechanisms should be put in place for managing electronic and other hazardous materials through collaboration between the private sector led by Kampala City Council and other government agencies.

5.2.4.4. Development of National Statistics

It should be a priority for Makerere University and other institutions of higher learning to produce post-graduate professional statisticians to support scientific innovations necessary for transformation, beyond routine data collection and analysis for performance monitoring. It is, therefore, suggested that institutions, especially Makerere

University School of Statistics and Applied Economics, should focus on establishing postgraduate statistics training schemes in priority areas where capacity is still inadequate or lacking. Short to medium term solutions to address the shortage of lecturers in key statistics training areas may include seeking technical assistance and forging partnerships with countries that have such professionals in excess such as India, Sri-Lanka and Malaysia. The Eastern, Southern and Central African Regional Statistics program of the School of Statistics and Applied Economics (SSAE) should be revived and restructured to focus on higher degrees and fellowships, as recommended by the NDP.

During the year under review, an appraisal of the UBOS Act was embarked on. It will be necessary for the focus of UBOS to remain harmonized with international best practices.

5.2.4.5. Public Sector Management

Some of the key areas that were identified by the NDP for unlocking the binding constraints within public sector management could not be dealt with in the first year of the plan as required. These include: rationalizing policy coordination by strengthening the Cabinet Secretariat; recruitment of the legal officers in MDAs and LGs; separation of implementation, planning and operations in MW&E, MW&T and MAAIF; reviewing the framework for oversight of privatized institutions by decongesting Ministry of Finance; and reviewing the institutional framework for the national development planning function.

The envisaged NDP restructuring of MDAs to enhance service delivery has dragged on too slowly to facilitate faster implementation of the plan. The coordinating Ministry of Public Service needs to expedite this activity in a timely manner.

5.2.4.6. Sub-National Development

Like the case at the central government level, the implementation of the NDP at the local government level, did not register significant progress due to persistent underfunding of local governments; inadequate staffing levels; lack of facilitation to enable school supervision; lack of a clear policy on inspection of secondary schools, which leaves most of them unsupervised; many districts continue to use outdated textbooks despite change of syllabus; and absence of a precise policy on extension workers which has affected agricultural performance in the districts.

In particular, a lot still requires to be done under sub-national development theme in order to integrate local government activities into the mainstream NDP implementation. As such, decentralised planning guidelines need to be developed and disseminated to inform local government planning and also to ensure consistence of implementation with the NDP at all levels of local government.

The key priority of designing and implementing LED-based plans should be executed as planned. The persistent issue of underfunding of local governments coupled with the lack of a definite source and clear strategy for local revenue mobilization needs urgent

The staffing levels in districts are often too low to support effective implementation of public programs. The situation needs to be tackled to enhance service delivery and implementation of the NDP.

There should be a review of the policy regarding the lack of adequate facilitation of District Education Officers to enable inspection of schools, which has affected the quality of education, particularly in rural schools.

There is lack of a clear policy on inspection of secondary schools, which leaves most of them unsupervised since the Ministry of Education is far and may not have capacity to inspect schools from the centre.

An NPA research study of 2009 established that there was a service delivery gap of about 38,000 classrooms. However, the school Facilities Grant (SFG) has reduced over the last three years, which has led to high pupil classroom ratios that often exceed 100 pupils per classroom in a significant number of rural primary schools. It will be necessary for the Ministry of Education and Sports together with the sector's development partners to address the challenge of the high pupil classroom ratio, especially in upcountry schools.

The Ministry of Education and Sports should ensure that all districts get new text books based on the new curriculum to ensure that the education standards in all districts in the country are balanced.

The government policy on uniforms for health workers requires to be reviewed to enable local procurement of these uniforms, in order to enable medical staff to obtain them more easily.

5.2.4.7. *Regional and International Cooperation*

Under Regional and International Cooperation, interventions that were not implemented include putting in place a monitoring and evaluation framework for implementation of regional and international agreement and treaties. MoFA and other government agencies require prioritizing evaluation of regional and international cooperation to guide strategic decisions by government.

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ANNEXES

Annex 1: NDP Results Framework for Objectives Level Indicators

| ANNEX 1: OBJECTIVE LEVEL RESULTS MATRIX | | | | | |
|---|--|---|--------------|----------------|----------------|
| NDP OBJECTIVES | Development Indicators | Specific Indicators | Base Year | | |
| | | | 2008/09 | TARGET 2010/11 | ACTUAL 2010/11 |
| 1 Increasing household incomes and promoting equity | Per Capita Income US Dollars | | 506 | 614 | 667 |
| | Proportion of people living below poverty line | | | | |
| | | Global Gender Gap Ranking | 43/130 | | |
| 2. Enhancing the availability and quality of gainful employment | Employment level | per centage share of total national labour force employed | 70.9 | | |
| 3. Enhancing human capital development | Human Development Index | Life expectancy | 50.4 | 51.0 | 54.1 |
| | | Literacy | 73.6 | 75.2 | 73.2 |
| | Transport Indicators | Proportion of paved roads to the total road network | 4.0per cent | N/A | 16 |
| | | Proportion of freight cargo by rail | 3.5per cent | | 9per cent |
| | Energy Indicators | Proportion of households accessing power from national grid | 11.0per cent | | 12per cent |
| | | Power Consumption Per Capita | 60Kwh | 75 | 63.89 |
| 4. Increasing access to quality social services | Level of access to quality social services | Health | | | |
| | | DPT 3 penta-valent vaccine | 85 | | 91 |
| | | Proportion of qualified workers | 56 | 60 | 56 |
| | | HCs without medicine stock outs | 26 | 28 | 43 |
| | | Deliveries in health facilities per cent | 34 | 35 | 39 |
| | | OPD utilization | 0.8 | | 1.0 |
| | | Infant mortality rate | 76 | | |
| | | Under five mortality rate(per 1000 live | 137 | | |

| ANNEX 1: OBJECTIVE LEVEL RESULTS MATRIX | | | | | |
|---|--|---|--------------|----------------|----------------|
| NDP OBJECTIVES | Development Indicators | Specific Indicators | Base Year | | |
| | | | 2008/09 | TARGET 2010/11 | ACTUAL 2010/11 |
| | | births) | | | |
| | | Maternal mortality rate | 435 | | |
| | | Net Enrolment rate primary | 93.2 | 93.3 | 96.7 |
| | | Net Enrolment Rate - Secondary | 23.5 | 25 | 25 |
| | | Net Completion Rate in Secondary School (O' Level) | 35.0per cent | | 41.1 |
| | | Pupil-Teacher Ratio | 53:1 | 49:1 | 47:1 |
| | | Pupil-Classroom ratio | 72:1 | 68:1 | 58:1 |
| | | Student-Teacher Ratio | 19:1 | 19:1 | 19:1 |
| | | Student-Classroom ratio | 38:1 | | 44:1 |
| | | BTVET Enrolment | 30,009 | | 40,428 |
| | | Water Consumption Indicators | | | |
| | | Rural water coverage | 65per cent | | 65 |
| | | Urban water Coverage | 66per cent | | 66 |
| 5. Promoting science, technology, Innovation (STI) and ICT to enhance competitiveness | Proportion of budget dedicated for promoting STI and ICT | Ratio of national budget allocated STI (R&D) and ICT | 0.3per cent | | |
| | | Ratio of S&T to Arts Graduates | 1:5 | | |
| | | Level of ICT deepening | | | |
| | Level of development of the industrial sector | Proportion of manufactured exports to total exports | | | |
| | | Ratio of manufactured exports to GDP | | | |
| 6. Strengthening good governance, defence and security | Extent of improvement in good governance | Level of representation and participation of marginalized groups in development processes | | | |
| | | Level of transparency in public | | | |

| ANNEX 1: OBJECTIVE LEVEL RESULTS MATRIX | | | | | |
|--|--|---|------------|----------------|----------------|
| NDP OBJECTIVES | Development Indicators | Specific Indicators | Base Year | | |
| | | | 2008/09 | TARGET 2010/11 | ACTUAL 2010/11 |
| | | institutions | | | |
| | | Level of implementation of regional and international protocols and standards | | | |
| | Level of modernization of defence and security | Level of R&D developed | | | |
| | | Level of core sector capabilities | | | |
| | | Level of capacity built for infrastructure development | | | |
| 7. Promoting sustainable population and use of the environment and natural resources | Proportion of ecosystems restored | Number of wetlands gazetted and restored | | | |
| | | Level of forestation and re-a forestation | | | |
| | | Forest cover | 13per cent | | |
| | Level of management of environmental resources | Wetland cover | | | |
| | | Level of water pollution | | | |
| | | Level of industrial pollution | | | |

Annex 2: NDP Results Framework for the Key Result Areas (KRAs) Level Indicators

| ANNEX 2: KEY RESULT AREAS MATRIX | | | | | |
|--|---------------------------------|--|----------------|----------------|----------------|
| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | |
| | | Performance Indicator | Baseline Value | TARGET 2010/11 | Actual 2010/11 |
| KRA1-Increased Quantity and improved quality of human resource | Education | Increase in total Net Primary school enrolment rate | | | |
| | | Total | 93.30per cent | 95.00per cent | |
| | | Girls | 91.40per cent | 93.10per cent | |
| | | Boys | 95.30per cent | 96.90per cent | |
| | | Increase in total Net Primary school completion rate | | | |
| | | Total | 49per cent | 52.15per cent | |
| | | Girls | 47per cent | 49.89per cent | |
| | | Boys | 51per cent | 57.45per cent | |
| | | Increased total Transition from P7 to S1 | | | |
| | | Total | 70per cent | 72per cent | |
| | | Girls | 68per cent | 71per cent | |
| | | Boys | 71per cent | 74per cent | |
| | | Increase in Net Secondary enrolment rate | | | |
| | | Total | 23.50per cent | 25per cent | |
| | | Girls | 21.90per cent | 23per cent | |
| | | Boys | 25.20per cent | 27per cent | |
| | | Increase in total Net Secondary school completion rate | | | |

ANNEX 2: KEY RESULT AREAS MATRIX

| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | |
|------------------|--|--|----------------|----------------|----------------|
| | | Performance Indicator | Baseline Value | TARGET 2010/11 | Actual 2010/11 |
| | | Total | 35per cent | 38per cent | 41.1per cent |
| | | Girls | 31per cent | 33per cent | 33.0per cent |
| | | Boys | 40per cent | 43per cent | 48.2per cent |
| | | Transition from S4 to S5 | | | |
| | | Total | 41.10per cent | 49per cent | |
| | | Girls | 37.90per cent | 46per cent | |
| | | Boys | 43.80per cent | 52per cent | |
| | | Increase in total BTVET enrolment | | | |
| | | Total | 185,430* | 215,181 | |
| | | Female | 80,332* | 93,221 | |
| | | Male | 105,098* | 121,960 | |
| | | Increase in total University students | | | |
| | | Total | 123,279* | 142,915 | |
| | | Female | 55,470* | 64,305 | |
| | | Male | 67,809* | 78,610 | |
| | | Increase in total Tertiary Institution students | | | |
| | | Total | 56,221 | 61,268 | |
| | | Female | 18,065 | 19,686 | |
| | | Male | 38,157 | 41,582 | |
| | | Increase Teacher Training College students | 38,157 | 41,582 | |
| | | Ratio of graduates in science and technology to Arts | 2:1 | | |
| | Skills development National Skills gap by | National Skills gap by type and sector | | | |
| | | Increase in Ratio of doctors to population | 1:12,500 | | |

ANNEX 2: KEY RESULT AREAS MATRIX

| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | |
|------------------|---------------------------------|--|----------------|----------------|----------------|
| | | Performance Indicator | Baseline Value | TARGET 2010/11 | Actual 2010/11 |
| | type and sector | Increase in Ratio of technicians to population | | | |
| | | Increase in Ratio of nurses to population | 1:7700 | | |
| | | Increase in Ratio of engineers to population | | | |
| | | Ratio of teachers to population | | | |
| | Health | Decrease in Infant Mortality | 76 | | |
| | | Decrease in Under Five Mortality Rate | 137 | 120.1 | |
| | | Decrease in Maternal Mortality Rate | 435 | | |
| | | Decrease in Total fertility rate (2006/07) | 6.5 | | |
| | | Increase in Contraceptive prevalence rate (2006) | 40 | | |
| | | Reduction in communicable diseases by 300per cent | 0.75 | | |
| | | Increase in Life expectancy by X per cent | 53 | | |
| | | Reduction in Child mortality by x per cent | 128.7 | | |
| | | Ratio of national referral hospital to population | 30,000,000 | | |
| | | Ratio of regional referral hospital to population | 2,307,692 | | |
| | | Increase in Ratio of district referral hospital | 1:263,157 | | |
| | | Increase in Ratio health centre IV to the population | 1:187,500 | | |
| | | Increase in Ratio of health centre III to the population | 1:84,507 | | |
| | | Ratio of VCT centres/services | | | |
| | | Increase in OPD utilization | 0.8 | | |
| | | Increase in DPT 3/Penta-valent Vaccine | 85 | | |
| | | Increase in Deliveries in health facilities | 34 | | |

ANNEX 2: KEY RESULT AREAS MATRIX

| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | |
|--|---------------------------------|--|----------------|----------------|----------------|
| | | Performance Indicator | Baseline Value | TARGET 2010/11 | Actual 2010/11 |
| | | Increase in Proportion of qualified workers | 56 | | |
| | | Stagnant HIV - Prevalence per cent | 6.7 | | |
| | | Increase in HCs without medicine stock out | 26 | | |
| | | Increase in Household latrine coverage | 67.4 | | |
| | Water and sanitation | | 0.679 | 0.686 | |
| | | Increase in Rural Access to safe water supply (2008/9) | 0.65 | 0.66 | |
| | | Increase in Urban Access to safe water in Urban areas (2008/9) | 0.66 | 0.68 | |
| | | | 0.85 | 0.86 | |
| | | | 0.87 | 0.88 | |
| | | Increase in Rural Access to sanitation facilities | 0.69 | 0.7 | |
| | | Increase in Water consumption index | 21M3 | | |
| | | Increase in Urban Access to sanitation facilities | 0.77 | 0.82 | |
| KRA 2: The stock of public physical infrastructure increased | Transport | Increase in Proportion of paved roads to the total road network | 4.0per cent | | |
| | | Increase in Proportion of freight cargo rail | 0.0per cent | | |
| | | Increase in Proportion of passenger traffic by rail | 3.5per cent | | |
| | | Increase in Proportion of paved national roads | 0.26 | | |
| | | Increase in Proportion of loosely paved district roads | 0.035 | | |
| | | Increase in Proportion of manufactured exports to total exports | 4.2per cent | | |
| | | Increase in Proportion of employees in industrial sector to total employed persons | 7.3per cent | | |

ANNEX 2: KEY RESULT AREAS MATRIX

| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | |
|---|---------------------------------|--|----------------|----------------|----------------|
| | | Performance Indicator | Baseline Value | TARGET 2010/11 | Actual 2010/11 |
| | | Increase in Proportion of loosely paved urban roads | | | |
| | | Increase in Proportion of maintained community access roads | | | |
| | | Proportion of maintained district roads | | | |
| | | Increased Proportion of paved Greater Kampala Metropolitan Area (GKMA) roads | | | |
| | Railway Transport | Increased Proportion of functional railway network | 1000mm | | |
| | | per cent volume of cargo transported by railway | 0.01 | | |
| | Air Transport | Increase in Volume of international air passenger traffic | 0.243 | | |
| | | | 0.078490566 | | |
| | | Increase in Volume of domestic air passenger traffic | 0.508 | | |
| | | Increase in Volume of international air cargo traffic | 0.11 | | |
| | | | 0.06 | | |
| | Energy | Wider National electricity coverage | 0.4 | | |
| | | Increase in Proportion of households accessing power from national grid | 11per cent | | |
| | | Increase in Proportion of electricity consumed by industrial and commercial sector | 60 kWh | | |
| | | Increased Power consumption per capita | 60 kWh | | |
| KRA 3: The quality of public physical infrastructure improved | ICT | Increased Ratio of national budget allocated STI (R&D) and ICT | 0.3per cent | | |
| | | Increase in Ratio of S&T to Arts graduates | 1:05 | | |

ANNEX 2: KEY RESULT AREAS MATRIX

| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | |
|---|---------------------------------|---|----------------|----------------|----------------|
| | | Performance Indicator | Baseline Value | TARGET 2010/11 | Actual 2010/11 |
| | | per cent Increase in No of public pay phones | 37,595 | | |
| | | Penetration(I phone per 1000) | 1,000 | | |
| | | ICT-based businesses established in USD | 90M | | |
| | | Increased Proportion in number of TV stations | 41 | | |
| | | Increased Proportion in number of FM radio stations | 199 | | |
| | | Increase in per cent of mobile line subscriptions | 61per cent | | |
| | | Proportion of internet usage | | | |
| | | Proportion of districts with backbone | | | |
| KRA 4: Availability and access to critical production inputs improved | Agriculture | Total fertilizer production | | | |
| | | Increase in Growth rates and shares in agriculture | 2.6per cent | | |
| | | Increase in Agricultural exports | 47per cent | | |
| | | Increase in Cash crop production | 1.7per cent | | |
| | | Increase in Food crop production | 2.9per cent | | |
| | | Increase in Livestock production | 3.0per cent | | |
| | | Increase in Fisheries | -0.4per cent | | |
| | | Increase in Industrial productions | 3.8per cent | | |
| | | Increase in Services | 9.4per cent | | |
| | | Increase in Fertilizer usage per hectare | | | |
| | | Increase in Acreage of land under irrigation | | | |
| | | Increase in Consumptive use of water per capita (cubic metres per capita) | | | |
| | | Increase in Domestic steel production to demand | | | |
| | | Increase in domestic cement production to | | | |

| ANNEX 2: KEY RESULT AREAS MATRIX | | | | | |
|----------------------------------|---------------------------------|---|----------------|----------------|----------------|
| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | |
| | | Performance Indicator | Baseline Value | TARGET 2010/11 | Actual 2010/11 |
| | | demand | | | |
| | | Increase in Level of agricultural mechanization | | | |
| | | Increase in improved seeds produced domestically | | | |
| | | Increase in variety of improved animal breeds domestically produced | | | |
| | | Increase in Level of coverage of meteorological services | | | |

Source: NDP M&E strategy

Annex 3: Other Key Result Areas

| ANNEX 3: OTHER KEY RESULT AREAS MATRIX | | | | | | | | | |
|--|---------------------------------------|--|-------------------|---------|---------|---------|---------|-----------|--------------------------|
| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | | | | | Responsibility Centre |
| | | Performance Indicator | Baseline Value | Targets | | | | | |
| | | | | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/2015 | |
| Public sector management and administration improved | Public sector management | Proportion of Sub-sectors with functional policies | | | | | | | |
| | | Proportion of harmonized institutional, legal and regulatory frameworks | | | | | | | |
| | | Proportion of institutions with performance standards | | | | | | | |
| | | Number of standards for goods and services | | | | | | | |
| | | Level of rationalization of public service delivery functions | | | | | | | |
| | | Proportion of sectors with current Investment Plans | | | | | | | |
| | | Level of productivity in public service | | | | | | | |

ANNEX 3: OTHER KEY RESULT AREAS MATRIX

| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | | | | | Responsibility Centre |
|----------------------------------|------------------------------------|---|----------------|---------|---------|---------|---------|-----------|-----------------------|
| | | Performance Indicator | Baseline Value | Targets | | | | | |
| | | | | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/2015 | |
| | | Staffing levels in public service | | | | | | | |
| | | Level of implementation of planned interventions | | | | | | | |
| | | Level of implementation of sector capacity building plans | | | | | | | |
| | | Proportion of pension claims cleared as a percentage of total claims | | | | | | | |
| | | Proportion of sectors with functional MIS | | | | | | | |
| | | Proportion of institutions complying with corporate governance principles | | | | | | | |
| Public sector financing improved | Public sector financing | Government domestic revenue collection as a per cent of GDP | 0.121 | 0.131 | 0.136 | 0.141 | 0.146 | 0.151 | |
| | | Government expenditure as | 0.169 | 0.192 | 0.198 | 0.198 | 0.198 | 0.194 | |

ANNEX 3: OTHER KEY RESULT AREAS MATRIX

| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | | | | | Responsibility Centre |
|-----------------------------------|---------------------------------------|---|-------------------|---------|---------|---------|---------|-----------|--------------------------|
| | | Performance Indicator | Baseline Value | Targets | | | | | |
| | | | | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/2015 | |
| | | per cent of GDP | | | | | | | |
| | | Fiscal deficit, excluding grants as a per cent of GDP | -0.044 | -0.061 | -0.062 | -0.057 | -0.052 | -0.043 | |
| | | Domestic interest payments as a per cent of GDP | 0.011 | 0.008 | 0.007 | 0.007 | 0.006 | 0.006 | |
| | | Public domestic borrowing as per cent of GDP | | 0.007 | 0.006 | 0.006 | 0.006 | 0.006 | |
| | | Net Donor Aid | | | | | | | |
| | | Debt stock as per cent of GDP | | | | | | | |
| Private sector financing improved | Private sector financing | Private investment as a per cent of GDP | 0.176 | 0.169 | 0.174 | 0.181 | 0.182 | 0.183 | |
| | | Private sector credit as a per cent of GDP | 0.121 | 0.143 | 0.152 | 0.16 | 0.168 | 0.175 | |
| | | Private sector credit growth rate | 0.316 | 0.271 | 0.206 | 0.201 | 0.193 | 0.193 | |
| | | per cent of districts with commercial banks | 0.23 | | | | | 0.9 | |

| ANNEX 3: OTHER KEY RESULT AREAS MATRIX | | | | | | | | | |
|---|------------------------------------|--|----------------|---------|---------|---------|---------|-----------|-----------------------|
| Key Result Areas | Category (Thematic Area/Sector) | Medium Term Expected Results (Outcomes) | | | | | | | Responsibility Centre |
| | | Performance Indicator | Baseline Value | Targets | | | | | |
| | | | | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/2015 | |
| | | Rate of financial banking penetration | 0.16 | | | | | 0.5 | 0.59 |
| Issues of attitudes, mind-set, gender inequalities, and negative cultural practices development addressed | | Corruption perception index | 43/130 | | | | | | |
| | | Gender inequalities index (GII) | 0.2 | | | | | 0.35 | |
| | | Global Gender Gap index ranking (2008) | 0.042 | | | | | 0.1 | |
| | | Ratio of the population with positive attitudes and behaviour towards work and success | 1 | | | | | 5 | |
| | | Ratio of graduates in science and technology | | | | | | | |
| | | Workforce productivity | 0.09 | | | | | 0.3 | |

KEY COUNTRY FACTS

| | | | | |
|-----------------------------|--|---------------------|----------------------|----------------------|
| Location | Eastern Africa and land linked to Indian Ocean. Border countries: Kenya to the east, Tanzania to the south, Rwanda to the south-west, Democratic Republic of the Congo to the west, and South Sudan to the north. | | | |
| Area | Total : 241 551 sq km; Land: 205 221 sq km; Water: 36 330 sq km | | | |
| Population | Year | 2007Estimate | 2010 Estimate | 2011 Estimate |
| | Total | 30 263 000 | 31,848,169 | 32,939,800 |
| | Female | 51 per cent | 51.2 per cent | 51.2 per cent |
| | Male | 49 per cent | 48.8 per cent | 48.8 per cent |
| Population Structure | Under 15 years | | | |
| | Total | 50 per cent | 50.2 per cent | 50.2per cent |
| | Male | | 49.7 per cent | 49.7 per cent |
| | Female | | 50.3 per cent | 50.3 per cent |
| | 15-64 years | | | |
| | Total | 48 per cent | 48.3 per cent | 48.3per cent |
| | Male | | 47.9 per cent | 47.9 per cent |
| | Female | | 52.1 per cent | 52.1 per cent |
| | Over 65 years | | | |
| | Total | 2 per cent | 1.5 per cent | 1.5per cent |
| | Male | | 46.7 per cent | 46.7 per cent |
| | Female | | 53.3 per cent | 53.3 per cent |
| Capital | Kampala. Time zone: GMT+3 | | | |
| Main towns | Kampala (capital), Entebbe, Gulu, Jinja, Masaka, Mbale and Mbarara | | | |
| Land use | Arable land (21.57 per cent); permanent crops (8.92 per cent); other (69.51 per cent) (2005) | | | |
| Ethnic groups | The colonial boundaries created by Britain to delimit Uganda grouped together a wide range of ethnic groups with different political systems and cultures. There are about 20 ethnic groups among them the Baganda (16.9 per cent), Banyankole (9.5 per cent), Basoga (8.4 per cent), Bakiga (6.9 per cent), Iteso (6.4 per cent), Langi (6.1 per cent), Acholi (4.7 per cent), Bagisu (4.6 per cent), Lugbara (4.2 per cent), Banyoro (2.7 per cent), other (29.6 per cent) (2002 Census) | | | |
| Languages | The official language is English. There are four main linguistic groups, which can be divided roughly by region. Luganda is spoken in the central area, Luo in the north, Ateso in the east and Runyakitara in the west, but there are also a number of other indigenous languages. | | | |
| Religion | Roman Catholic (41.9 per cent), Anglican (35.9 per cent), Muslim (12.1 per cent), Pentecostal (4.6 per cent), Seventh Day Adventist (1.5 per cent), other (3.1 per cent), none 0.9 (per cent) (2002 Census) | | | |
| Administrative Units | Year 2007 | Year 2010 | Year 2011 | |
| Districts | 80 | 112 | 111 | |
| Counties | 163 | 194 | 194 | |
| Sub-counties | 970 | 1,323 | 1,323 | |

| | | | |
|-------------------------|--|--------|--------|
| Parishes | 5 305 | 7,227 | 7,227 |
| Villages | 51 001 | 57,371 | 57,371 |
| Cabinet Ministries | 25 | 26 | 26 |
| Constituencies | 234 | 238 | 238 |
| Independence Day | 9 October 1962 (from the United Kingdom) | | |
| Constitution | 8 October 1995. In 2005, the Constitution was amended, removing presidential term limits and legalising a multiparty political system. | | |
| Legal System | In 1995, the government restored the legal system to one based on English common law and customary law. | | |
| Executive | Last Presidential Elections: 23 February 2006; 18 February 2011. | | |

| | | |
|---------------------------|---|--|
| Election Results | 2006 Yoweri Kaguta Museveni elected President, with a 59.3 percentage of the vote; Kiiza Besigye with 37.4 per cent; others 3.3 per cent. | 2011 Yoweri Kaguta Museveni elected President, with a 68.38 percentage of the vote; Kiiza Besigye with 26.01per cent; others 5.6 per cent. |
| Head of Government | President: Yoweri Kaguta Museveni (since seizing power on 26 January 1986); Prime Minister: Amama Mbabazi (Since May 2011). The Prime Minister is head of government business | |
| Legislative | Unicameral National Assembly: 332 seats; 215 members elected by popular vote; 104 nominated by legally established special interest groups - women (79), army (10), disabled persons (5), youth (5) and worker(5); 13 ex officio members; to serve five-year terms. | Unicameral National Assembly: 375 seats; 238 Members elected by popular vote for Constituencies; Women for Districts(112), Army (10); Disabled Persons (5); Youth (5); Worker(5) |
| Elections | Held on 23 February 2006 | Most Recent held on 18 February 2011 |
| Election Results | (percentage of vote by party N/A); seats by party: NRM 191, FDC 37, UPC 9, DP 8, CP 1, JEEMA 1, independents 36, other 49. | Seats by party: NRM 264, FDC 34, UPC 10, DP 12, CP 1, JEEMA 1, independents 43, UPDF 10. |
| Judiciary: | Court of Appeal and High Court (judges are appointed by the President and approved by the legislature). | |

Sources: Compiled from statistics provided by Uganda Bureau of Statistics; Central Bank of Uganda; the CIA World Fact Book and the Uganda APRM Self-Assessment Report.

ECONOMIC AND OTHER INDICATORS

| | | | |
|-----------------------|-----------------|------------------|------------------|
| GDP (Nominal) Billion | 21,212 (2006/7) | 34,811 (2009/10) | 38,798 (2010/11) |
|-----------------------|-----------------|------------------|------------------|

| | | | |
|--------------------------------------|--|--|--|
| Shs. | | | |
| GDP per capita Growth rate | 4.8 per cent (2006/7) | 1.7 per cent (2009/10) | 2.6 per cent (2010/11) |
| Real GDP growth Rate | 8.4 per cent (2006/7) | 5.5 per cent (2009/10) | 6.3 per cent (2010/11) |
| Exchange Rate (UShs/US\$) | 1697.34 (December 2007) | 2,022.2 (2009) | 2,170.2 (2010) |
| Budget deficit | 8.3 per cent of GDP(2006/7) | 7.3 per cent (2009/10) | 10.6 per cent (2010/11) |
| Long-term debt (DOD, current US\$) | 1.2 billion (2006) | 2.24 billion (2009) | 4.76 billion (2010/11) |
| Workers' Remittances Received (US\$) | 845 million (2006) | 690million (2009) | - |
| Trade Exports US\$ | 961.7 million(2006) | US\$ 2.32 billion (2009/10) | US\$2.43 billion (2010/11) |
| Imports (US\$) | 1.945 billion | US\$ 4.149 billion (2009/10) | US\$4.544 billion (2010/11) |
| Major exports | Coffee, fish and fish products, tea, cotton, horticultural products and gold | Coffee, Tea, Tobacco, Cotton, Electricity, Maize, Beans and Other Legumes, Fish and Fish Products and Soap | Coffee, Fish and Fish products, Petroleum products, Tobacco, Tea, Maize, Cocoa beans, Gold and gold compounds, Roses and Cut flowers, Cotton, Soap, Cobalt, Cattle hides, Sesame seeds, Electric Current |
| Leading export destinations: | Belgium, France, Germany, Netherlands, Rwanda and Sudan | Sudan, Rwanda, Netherlands, UK, France and Germany | 2010: D.R.Congo, Rwanda, Sudan, Kenya, Netherlands, Germany, Switzerland, Burundi, Tanzania, United Arab Emirates |
| Major Imports: | Capital equipment, vehicles, petroleum, medical supplies and cereals | Vehicles, Capital Equipment, Petroleum, Medical Supplies, Electronics and Cereals | |
| Leading import partners: | China, India, Japan, Kenya, South Africa, United Arab Emirates | China, India, Japan, Kenya, South Africa and United Arab Emirates. | 2010: Kenya, India, Japan, China, South Africa, Malaysia, Germany, Netherlands, United Kingdom, Saudi Arabia, United Arab Emirates |
| Foreign direct investment US\$ | 307 million (2006) | 772.4 Million (2008/09) | 883.8Million (2010/11) |
| Tourism Total arrival: | 638 000 (2006) | 844,000(2008) | 946,000 (2010) |
| Average annual rate of inflation | 8 per cent(1990-2006) | 9.4 per cent (2009/10) | 6.5 per cent (2010/11) |

| | | | |
|---|------------------------|--|-------------------------|
| Labour force | 13.8 million (2006) | Total: 16,122,996 (2010) Male: 48 per cent; Female: 52 per cent | - |
| Central government expenditure allocated to health | 3.8 per cent(2006/7) | 6.6 per cent (2008/09) | 6.1 per cent (2009/10) |
| Central government expenditure allocated to education | 14.2 per cent(2006/7) | 7.1 per cent (2008/09) | 9.4per cent (2009/10) |
| Central government expenditure allocated to defense | 20.8 per cent (2006/7) | 23.3 per cent (2008/09) | 19.3 per cent (2009/10) |
| ODA inflow in millions US\$ | 1 198 (2005) | 1,641.25 (2008) | 1,785.88 (2009) |
| ODA inflow as a percentage of recipient GNI | 15.97 (2006) | 11.59 (2008) | 11.51 (2009) |
| Debt service as a percentage of exports of goods and services | 5.63 (2006) | 1.95 per cent (2009) |(2010) |

Total GDP (Billions) and Shares of the Total by Industry Group at 1997/8 Prices, FY 2003/4-2009/10

| Industry Group | 2003/4 | 2004/5 | 2005/6 | 2006/7 | 2007/8 | 2008/9 | 2009/10 |
|---|--------|--------|--------|--------|---------------|---------------|---------------|
| Agriculture | 3 619 | 3 636 | 3 615 | 3 683 | 2,862 | 2,935 | 2,997 |
| | (37.3) | (35.1) | (33.3) | (31.9) | (15.8) | (15.1) | (14.6) |
| Mining and quarrying | 77 | 85 | 93 | 106 | 61 | 63 | 71 |
| | (0.8) | (0.8) | (0.9) | (0.9) | (0.3) | (0.3) | (0.3) |
| Manufacturing | 911 | 1 019 | 1 018 | 1 047 | 1,209 | 1,330 | 1,409 |
| | (9.4) | (9.8) | (9.4) | (9.1) | (6.7) | (6.8) | (6.9) |
| Electricity and Water | 139 | 144 | 141 | 144 | 504 | 541 | 567 |
| | (1.4) | (1.4) | (1.3) | (1.3) | (2.8) | (2.8) | (2.8) |
| Construction | 797 | 887 | 1 006 | 1 120 | 2,782 | 2,884 | 3,200 |
| | (8.2) | (8.6) | (9.3) | (9.7) | (15.3) | (14.8) | (15.6) |
| Wholesale and retail Trade, hotel and restaurants | 1 361 | 1 494 | 1 596 | 1 734 | 2,504 | 2,748 | 2,741 |
| | (14.0) | (14.4) | (14.7) | (15.0) | (13.8) | (14.1) | (13.3) |
| Transport and communication | 672 | 817 | 979 | 1 196 | 1,285 | 1,469 | 1,691 |
| | (6.9) | (7.9) | (9.0) | (10.4) | (7.1) | (7.6) | (8.2) |
| Community services | 1 401 | 1 493 | 1 613 | 1 672 | 412 | 462 | 517 |
| | (14.4) | (14.4) | (14.8) | (14.5) | (2.3) | (2.4) | (2.5) |
| Rent and owner-occupied dwelling | 738 | 777 | 808 | 836 | 1,296 | 1,369 | 1,447 |
| | (7.6) | (7.5) | (7.4) | (7.2) | (7.1) | (7.0) | (7.0) |
| Total GDP | 9 715 | 10 351 | 10 867 | 11 541 | 18,145 | 19,448 | 20,567 |
| | (100) | (100) | (100) | (100) | (100) | (100) | (100) |

Note: GDP at constant (1997/8) prices: UGX million and percentage distribution; 2007/8 - 2009/10 is constant 2002 prices.

Source: Uganda Bureau of Statistics.

Corporate Governance Indicators

| Indicator | 2006/7 | 2007/8 | 2008/9 | 2009/10 | 2010/11 |
|---|--------|--------|--------|---------|---------|
| Market capitalization of listed companies (per cent of GDP) | 21.53 | 27.07 | 25.58 | 28.89 | 35.14 |
| Time required starting a business (days) | | 28 | 28 | 25 | 25 |

| | | | | | |
|---|--|---------|---------|---------|---------|
| Number of procedures | | 18 | 18 | 18 | 16 |
| Starting a Business Rank | | | | 129/178 | 143/178 |
| Ease of doing business (Doing Business Rank) | | 116/178 | 118/178 | 112/178 | 123/178 |
| Protecting investors rank (Doing Business Rank) | | 120/178 | 122/178 | 132/178 | 133/178 |
| Enforcing contracts rank (Doing Business Rank) | | | 119/178 | 116/178 | 116/178 |

Source: Adapted from Doing Business, a publication of The World Bank Group; and CMA Research and Market Development Department

Trend of Key Primary Education Indicators, 2002-10

| Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Enrolment ('000) | 7 354 | 7 633 | 7 377 | 7 224 | 7 225 | 7,538 | 7,964 | 8,298 | 8,325 |
| Number of primary teachers ('000s) | 139 | 146 | 147 | 145 | 150 | 152 | 160 | 168 | 169 |
| Number of primary schools | 13 332 | 13 353 | 13 371 | 13 576 | 14 093 | 18,583 | 19,185 | 19,797 | 20,429 |
| Percentage annual change in enrolment | 6.6 | 3.8 | (3) | (2) | 0.1 | 4.3 | 5.7 | 4.2 | 0.3 |
| Pupil-teacher ratio (PTR) | 53 | 52 | 50 | 50 | 48 | 50 | 50 | 49 | 49 |
| Pupil-classroom ratio | 87 | 87 | 79 | 74 | 71 | 72 | 70 | 68 | 65 |

Source: Uganda Bureau of Statistics and MoES Education Sector Annual Performance Review Report, 2010.

Trend of Key Secondary Education Indicators, 2002-2010

| Year | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-------------------------------|---------|---------|---------|-----------|-----------|-----------|
| Enrolment | 728,393 | 814,087 | 954,328 | 1,088,744 | 1,194,454 | 1,202,406 |
| Number of schools | 1 961 | 2 286 | | 2,908 | 3,149 | 3,234 |
| Number of Class Rooms | 14,760 | 16,948 | 20,692 | 31,368 | 34,495 | 35,056 |
| Number of Teachers | 37 609 | 42 673 | 50,767 | 57,158 | 50,767 | 57,158 |
| Percentage growth (enrolment) | 11.8 | 11.8 | 17.2 | 14.1 | 9.7 | 0.7 |
| Student-teacher ratio | 19 | 19 | 19 | 19 | 24 | 21 |

Source: Uganda Bureau of Statistics and Education Sector Annual Performance Review Report, 2010; Education Statistics, 2010.

Tertiary Sector Performance Indicators (2002 - 2010)

| Indicators | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| a)Total Enrolment at Tertiary Institutions | 79,857 | 88,922 | 108,295 | 124,313 | 137,190 | 155,082 | 164,576 | 174,650 | 185,363 |
| Male Enrolment | 49,179 | 53,932 | 40,400 | 69,558 | 79,469 | 88,228 | 92,820 | 97,635 | 102,700 |
| Female Enrolment | 30,678 | 34,990 | 63,574 | 50,587 | 57,721 | 66,854 | 71,755 | 77,016 | 82,663 |
| (b) Enrolment at Universities | 57,144 | 65,212 | 71,659 | 78,107 | 92,605 | 96,821 | 98,976 | 101,179 | 103,431 |
| Male | 33,762 | 39,374 | 36,250 | 33,127 | 52,507 | 55,028 | 56,318 | 57,639 | 58,991 |
| Female | 23,382 | 25,285 | 35,046 | 44,807 | 40,098 | 41,793 | 42,658 | 43,540 | 44,440 |

| | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| (c) Enrolment in Other Tertiary institutions | 22,713 | 23,710 | 36,636 | 46,206 | 44,585 | 58,261 | 65,600 | 73,471 | 81,932 |
| Male | 15,417 | 14,558 | 4,150 | 36,431 | 26,962 | 33,200 | 36,502 | 39,996 | 43,709 |
| Female | 7,296 | 9,705 | 28,528 | 5,780 | 17,623 | 25,061 | 29,097 | 33,476 | 38,223 |

Source: MoES Education Sector Annual Performance Review Report, 2010.

Poverty Statistics in the UNHS 2005/6 and 2009/10

| Residence | Population Share | 2005/6 | | | | | | | 2009/10 |
|-----------------|------------------|--------------|-------------|------------|------------|-----------------|--------------|--------------|-------------|
| | | Mean CPAE* | Poverty | | | Contribution to | | | Poverty |
| | | | P0 | P1 | P2 | P0 | P1 | P2 | P0 |
| National | 100.0 | 39746 | 31.1 | 8.7 | 3.5 | 100.0 | 100.0 | 100.0 | 24.5 |
| Rural | 84.6 | 33900 | 34.2 | 9.7 | 3.9 | 93.2 | 93.8 | 94.1 | 27.2 |
| Urban | 15.4 | 71800 | 13.7 | 3.5 | 1.4 | 6.8 | 6.2 | 5.9 | 9.1 |
| Region | | | | | | | | | |
| Central | 29.2 | 57600 | 16.4 | 3.6 | 1.3 | 15.4 | 12.1 | 10.7 | 10.7 |
| Eastern | 25.2 | 32300 | 35.9 | 9.1 | 3.4 | 29.0 | 26.1 | 24.6 | 24.3 |
| Northern | 19.7 | 22600 | 60.7 | 20.7 | 9.2 | 38.5 | 46.8 | 51.3 | 46.2 |
| Western | 25.9 | 39900 | 20.5 | 5.1 | 1.8 | 17.0 | 15.1 | 13.4 | 21.8 |

* Consumption expenditure per adult equivalent

Source: Uganda Bureau of Statistics and EPRC, 2011

Gini-Coefficients for Consumption

| Residence | 1992/3 | 2002/3 | 2005/6 | 2009/10 |
|--------------------|--------------|--------------|--------------|-------------|
| Rural/Urban | | | | |
| Urban | 0.396 | 0.483 | 0.432 | 0.37 |
| Rural | 0.328 | 0.363 | 0.363 | 0.45 |
| Region | | | | |
| Central | 0.395 | 0.460 | 0.417 | 0.445 |
| Eastern | 0.327 | 0.365 | 0.354 | 0.319 |
| Northern | 0.345 | 0.350 | 0.331 | 0.367 |
| Western | 0.319 | 0.359 | 0.342 | 0.367 |
| National | 0.365 | 0.428 | 0.408 | 0.42 |

Source: Uganda Bureau of Statistics; EPRC

Gender Profile (Trend)⁷

| Indicator | 1980 | 1990 | 1995 | 2004 | 2009/10 |
|---|------|------|------|------|---------|
| GNP per capita (US\$) | - | 320 | 260 | 250 | 535 |
| Population -Total (millions) | 12.6 | 17.8 | 24.3 | 27.8 | 31.8 |
| Female (per cent of total) | 50.2 | 50.3 | 50.1 | 50 | 50.3 |
| Life expectancy at birth (years) -Total | 50.2 | 50.3 | 50.1 | 50 | 50.4 |
| Male | 49 | 44 | 45 | 48 | 48.8 |
| Female | 52 | 48 | 45 | 49 | 52.0 |
| Adult literacy rate (per cent of people aged 15+) | - | 69 | - | 77 | 76 |
| Male | - | 69 | - | 77 | 76 |
| Female | - | 43 | - | 58 | 63 |
| Total labour force (millions) | 5 | 8 | 10 | 11 | 15.4 |
| Female labour force (percentage of total labour force) | 48 | 47 | 48 | 48 | 52.1 |
| Unemployment Total (per cent of total labour force) | - | - | - | 3.2 | 3.2 |
| Female (per cent of total labour force) | - | - | - | 3.9 | 3.9 |
| Net primary school enrolment rate - Male | - | - | - | 97 | 96 |
| Female | - | - | - | 99 | 96.5 |
| Progression to Grade 5 (per cent of cohort) - Male | - | - | 56 | - | 61.8 |
| Female | - | - | 57 | - | 60.9 |
| Primary completion rate(per cent of relevant age group) - Male | - | - | 64 | 61 | 56 |

⁷Some of the indicators are not updated annually.

| | | | | | |
|--|-----|-----|-----|-----|-----|
| Female | - | - | 52 | 53 | 51 |
| Youth literacy rate (per cent of people aged 15-24) - Male | - | 80 | - | 83 | 83 |
| Female | - | 60 | - | 71 | 71 |
| Total fertility rate (births per woman) | 7.1 | 7.1 | 6.9 | 6.7 | 6.7 |
| Contraceptive prevalence (per cent of women aged 15-49) | 1 | 5 | 23 | | 23 |
| Births attended by skilled health staff (per cent of total births) | | 38 | 39 | | 39 |
| Maternal Mortality ratio (per 100 000 live births) | | | 880 | | 435 |

Source: UNICEF, 2008, MoES, UBOS.

Other Basic Indicators

| Indicator | 2005/6 | 2010 | 2011 |
|---|-------------------|---------------|----------------|
| Under-five mortality rate | 137/1000 | 90 | 90 |
| Infant mortality rate (2006) | 76/1000 | 54/1000 | 54/1000 |
| Annual number of births ('000) (2006) | - | - | - |
| Life expectancy at birth | 50.2 years | 53.24 | 53.24 |
| Total adult literacy rate (2000-5) | 67 | 75.4 | - |
| Primary school net enrolment/attendance (per cent) | 82 (2000-6) | 96.1(2009/10) | 96.3 (2010/11) |
| Telephone Mainlines | 120 000 (2006) | 327,114 | 216,163 |
| Telephone Cellular mobile subscribers | 3,000,000 (2006) | 12,828,264 | 14,615,641 |
| Electrification Rate | 9 per cent | 12 per cent | 12 per cent |
| Electricity consumption per capita in kilowatt/hours | 63 | 63.89 | 63.89 |
| Electricity consumption per capita in kilowatt/hours Sub-Saharan Africa | 478 | - | - |
| Human Development Index | 0.502 (2005) | 0.442 (2010) | 0.446 (2011) |
| Human Development Index ranking | 157/1183 (2008/9) | 152/183 | 161/187 |

Sources: UBOS; WB African Development Indicators, 2007; UNDP HDR, 2011