NATIONAL DEVELOPMENT REPORT

FOR FINANCIAL YEAR 2015/16

National Planning Authority, P.O. Box 21434 Kampala

2017

FOREWORD

Development planning is a multifaceted and cross-cutting undertaking and it plays an important role in shaping our development goals and priorities. National Planning Authority (NPA) assesses the performance of the NDP annually in order to measure progress on agreed outputs, performance of the economy and come up with strategies and recommendations on how to improve planning and implementation for enhanced service delivery. This National Development Report (NDR) for FY2015/16 provides an overall assessment on performance of the economy and the status of implementation of the development initiatives highlighted in the Second National Development Plan (NDPII). This report is the 6th in a series of 30 to be produced in the Uganda Vision 2040 horizon. The report is therefore the first annual review under the second NDP.

The assessment of the performance of the economy is undertaken against the set macroeconomic framework indicator targets. It highlights achievements and challenges faced macroeconomic framework during the first year of the NDPII implementation. In addition, the report provides current trends in progress made against the NDPII Results and Reporting Framework, right from the NDP theme level to the NDP objective level indicators and targets including progress on NDPII core projects. Focus has also been put on the goal that is focused on attaining middle income status. Furthermore, an attempt has been made to assess the performance of NDP Sector key results, objectives and interventions as well as progress on implementation of the Ruling Party Manifesto. The findings of report are an input towards future planning, Mid Term Review (MTR) of NDPII and end evaluation of NDPs in attaining the Uganda Vision 2040 targets.

Overall, the current performance against the targets indicates slow progress to achieve the NDPII goal of middle-income status. The cumulative effect of slower growth in real GDP is likely to be an impediment on the attainment of the lower middle-income target per capita income by the end of the NDPII period. The economy registered a lower than targeted real Gross Domestic Product (GDP) for the second year running in the NDPII period which has ramifications for the attainment of the NDPII goal. The real GDP growth rate at the end of FY2015/16 was 4.8percent which was lower than 5.8percent target for the NDPII period. The growth outturn of 4.8percent for the FY 2015/16 is also slightly lower than the growth outturn for the FY 2014/15 which was 5percent.

I wish to thank all stakeholders for their contributions in the preparation of this report. Specifically, I recognize the contribution of Ministries, Departments and Agencies (MDAs), Development Partners, Civil Society, the Private Sector and all Ugandans in the achievement of the progress made. Special gratitude to the NPA M&E department that ensured that this report and the accompanying documents were compiled. I therefore, on behalf of NPA, wish to thank you and encourage you to make good use of the findings and recommendations herein.

Dr. Kisamba Mugerwa
CHAIRPERSON,
NATIONAL PLANNING AUTHORITY

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List of Acronyms and Abbreviations

ACF	Agricultural Credit Facility
AGOA	Africa Growth and Opportunity Act
AGR	African Gold Refinery
AIDS	Acquired Immune Deficiency Syndrome
ASMs	Artisanal and Small-Scale Miners
ATIs	Agricultural Training Institute
BCF	Billion Cubic Feet
BFP	Budget Framework Paper
BMAU	Budget Monitoring & Accountability Unit
BOQs	Bills of Quantities
BoU	Bank of Uganda
BPO	Business Process Outsourcing
BTVET	Business, Technical, Vocational Education and Training
BUBU	Buy Uganda Build Uganda
CAA	Civil Aviation Authority
CAIIP	Community Agricultural Infrastructure Improvement Programme
CAO	Chief Administrative Officer
CBET	Competency Based Education & Training
CCO	Certificate of Customary Ownership
CDO	Community Development Officer
CERU	Computer Emergency Response Unit
CMP	Common Market Protocol
CNDPF	Comprehensive National Development Planning Framework
COMESA	Common Market for Eastern and Southern Africa
CPI	Corruption Perception Index
CRB	Credit Reference Bureau
DAP	Draft Animal Power
DEI	Directorate of Ethics & Integrity
DFID	Department for International Development
DIPF	District Integrity Promotion Forum
DPP	Directorate of Public Prosecution
DRC	Democratic Republic of Congo
DRUSSA	Development Research Up-Take in Sub-Saharan Africa
DSC	District Service Commission
DUCAR	District Urban & Community Access Roads
EAC	East African Community
EACO	East African Communication Organization
EAPCE	East African Petroleum Conference
ECD	Early Childhood Department
EMIS	Education Management Information System
ENR	Environment and Natural Resources

ERA	Electricity Regulation Authority
ESO	External Security Organization
EU	European Union
FAO	Food & Agriculture Organization
FDI	Foreign Direct Investment
FGM	Female Genital Mutilation
FRI	Forest Reference Level
FY	Financial Year
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GER&D	Gross Domestic Expenditure on Research Development
GETFIT	Global Energy Transfer Feed-in Tariff
GHG	Green House Gases
GIS	Geographical Information System
GKMA	Greater Kampala Metropolitan Area
GoU	Government of Uganda
HC	Health Centre
HIV	Human Immunodeficiency Virus
HLG	High Local Government
HRD	Human Resource Development
HSE	Health, Safety & Energy
HTTI	Hotel Tourism & Training Institute
IA	Implementation Agreement
IAEA	International Atomic Energy Agency
ICT	Information & Communication Technology
IDB	Islamic Development Bank
IFMIS	Integrated Financial Management Information System
IGA	Intergovernmental Agreement
IGAD	Intergovernmental Authority on Development
IMCI	Integrated Management of Child Illness
IMF	International Monetary Fund
IPPS	Integrated Public Payroll System
IPR	Intellectual Property Rights
IRENA	International Renewable Energy Agency
IRS	Insecticide Residual Spraying
ISO	Internal Security Organization
IWT	Inland Water Transport
JARD	Joint Annual Review of Decentralization
JATA	Japan Association of Travel Agents
JLOS	Justice, Law & Order Sector
JST	Jinja Storage Tanks
KCCA	Kampala Capital City Authority
KIBP	Kampala Industries & Business Park
KM	Kilo Meter
KOICA	South Korean International Cooperation Agency

KRAs	Key Results Areas
KVNP	Kidepo Valley National Park
LED	Local Economic Development
LG	Local Government
LGFC	Local Government Finance Commission
LIS	Land Information System
LLIN	Long Lasting Insecticide Treated Nets
LMNP	Lake Mburo National Park
LPG	Liquidified Petroleum Gas
M&E	Monitoring and Evaluation
M2	Money Supply
MAAIF	Ministry of Agriculture, Animal Industry & Fisheries
MCM	Million Cubic Meters
MCRS	Mining Cadastre & Registry System
MDAs	Ministries, Departments & Agencies
MDI	Money Depositing Institute
MENP	Mount Elgon National Park
MFI	Micro-Finance Institute
MoES	Ministry of Education & Sports
MoFPED	Ministry of Finance, Planning & Economic Development
MoGLSD	Ministry of Gender Labor & Social Development
MoICT	Ministry of Information and Communications Technology
MoLG	Ministry of Local Government
MoLHUD	Ministry of Land Housing & Urban Development
MTEF	Medium Term Expenditure Framework
MTWA	Ministry of Tourism, Wildlife & Antiquities
MVP	Minimum Viable Product
NAADS	National Agricultural Advisory Services
NARO	National Agriculture Research Organization
NBI	National Backbone Infrastructure
NCI	National Construction Industry
NCPSP	National Content Policy Strategy & Plan
NDC	National Defense Comittee
NDP	National Development Plan
NDR	National Development Report
NEC	National Executive Committee
NEMA	National Environment Management Authority
NER	Net Enrolment Rate
NFA	National Forest Authority
NFMS	National Forest Monitoring System
NGO	Non- Governmental Organization
NHCCL	National Housing Corporation Company Limited
NHIS	National Health Insurance Scheme
NIRA	National Identification & Registration Authority
NIRR	National Information Risk Registry

NITA-U	National Information Technology Authority Uganda
NMS	National Medical Stores
NOC	Network Operating Centre
NOGP	National Oil & Gas Policy
NPA	National Planning Authority
NPIS	National Petroleum Information System
NPL	Non-Performing Loans
NRSA	National Roads Safety Authority
NSSF	National Social Security Fund
NTR	Non-Tax Revenue
NUSAF	Northern Uganda Social Action Fund
OOP	Out Of Pocket
OPD	Out-Patient Department
OVCMIS	Orphans & Vulnerable Children Management Information System
PA	Protected Areas
PAC	Public Accounts Committee
PBB	Programme Based Budgeting
PBS	Public Broadcasting Council
PIP	Public Investment Plan
PIRT	Presidential Investor's Round Table
PIVOC	Pre-Inspection Verification of Conformity
PPA	Power Purchase Agreement
PPDA	Public Procurement & Disposal of Public Assets
PPP	Public Private Partnership
PR	Public Relations
PSA	Production Sharing Agreements
PSC	Public Service Commission
PSFU	Public Sector Foundation of Uganda
PVoC	Pre-shipment Verification of Conformity
PWDs	People with Disabilities
Q	Quarter
QENP	Queen Elizabeth National Park
R&D	Research and Development
RAP	Resettlement Action Plan
REA	Rural Electrification Agency
REE	Rare Earth Element
RGDP	Real Gross Domestic Product
RPDP	Regional Physical Development Plan
SACCO	Savings & Credit Co-Operative
SADC	South African Development Community
SBA	Skilled Birth Attendants
SEAMIC	Southern & Eastern African Mineral Centre
SGBV	Sexual & Gender Based Violence
SGR	Standard Gauge Railway
SOP	Standards Operating Procedures

SSA	Sub-Saharan Africa
STDWG	Siting & Technology Development Working Group
STEI	Science Technology Engineering & Innovation
STI	Sexually Transmitted Infection
TB	Tuberculosis
TDA	Tourism Development Area
TMIS	Tourism Management Information System
TREP	Taxpayer Register Expansion Programme
TSA	Treasury Single Account
TSDMS	Time Series Data Management System
UBIC	Uganda Bioscience Information Centre
UBOS	Uganda Bureau of Statistics
UCC	Uganda Communication Commission
UCDA	Uganda Coffee Development Authority
UDBL	Uganda Development Bank Limited
UDC	Uganda Development Corporation
UDHS	Uganda Demographic and Household Survey
UDIS	Unpublished Document Information System
UEGCL	Uganda Electricity Generation Company Limited
UHRC	Uganda Human Rights Commission
UIA	Uganda Investment Authority
UICT	Uganda Institute for Information & Communication Technology
UIRI	Uganda Industrial Research Institute
UK	United Kingdom
ULRC	Uganda Law Reform Commission
UMA	Uganda Manufacturers Association
UN	United Nations
UNAA	Uganda North America Association
UNBS	Uganda National Bureau of Standards
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific & Cultural Organization
UNICEF	United Nations International Children’s Emergency Fund
UNRA	Uganda National Roads Authority
UPDF	Uganda People’s Defense Force
UPE	Universal Primary Education
UPPET	Universe Post Primary Education & Training
URA	Uganda Revenue Authority
URBS	Uganda Registration Service Bureau
USA	United States of America
USAID	United States Agency for International Development
USD	United States of America Dollar
UTB	Uganda Tourism Board
UWEC	Uganda Wildlife Education Centre
UWRTI	Uganda Wildlife Research & Training Institute
VAT	Value Added Tax

WAITRO	World Association of Industrial & Technological Organization
WCU	Wildlife Clubs of Uganda
WEO	World Economic Outlook
WRM	Water Resource Management
WRS	Warehouse Receipt System
WHO	World Trade Organization
WTTC	World Tourism Travel Council

Executive summary

The National Development Report FY2015/16 provides progress on the overall performance of the economy during the first year of implementation of the second National Development Plan. Specifically, it highlights the progress of implementation of the interventions prioritised in the plan in line with the results and reporting framework. Furthermore, the report is guided by the performance targets set prior to the start of the NDPII implementation. It details the progress on the macroeconomic indicators, indicators of the economy in respect to goal, objectives, Core projects, Sectoral Key Result Areas, objectives and interventions; and Ruling Party Manifesto performance during the FY2015/16.

In the FY2015/16, Real GDP growth was 4.9 percent. This is lower than the East African Community whose growth was 6.1percent in 2016. Tanzania registered the highest growth in real GDP standing at 7.2percent, followed by Kenya and Rwanda which both registered 6.0percent growth, this was followed by Uganda at 4.9percent and Burundi trailed with negative growth which stood at -0.5percent.

The inflation rate was maintained within a single digit at 5.5 which is within the range of the rest of the EAC member countries. In the EAC region, the highest level of inflation of 6.3percent was registered in Burundi followed by Kenya's 6.2percent, Uganda's 5.5percent, Rwanda's5.3 percent and Tanzania's5.2 percent. Whereas there was a decline in the food crops and related item prices towards the end of the financial year, this did not significantly reduce overall prices. Besides communication and health, the rest of the items experienced increases in inflation. Despite low international prices, the prices of transport remained on the rise and this is a key area of concern, as an element that demonstrates a proportion of the cost of doing business in the country, but this is mainly overtaken by the prices of electricity. This rising cost of power is a dent in the development process of the country.

There is a stagnant trend in government revenue to GDP in most EAC member states save for Burundi and Tanzania. Uganda has the lowest revenue to GDP level standing at 13.9percent behind all the other regional counterparts such as Kenya at 19.2percent, Rwanda at 18.3percent, Burundi at 15.5percent and Tanzania at 15.2percent.

The sluggish growth rates realized are attributed to both external and internal shocks to the economy. On the external front, strengthening of the United States dollar affected the shilling leading to depreciation pressures which subsequently fed into increased domestic prices. In response, to inflationary pressures, monetary policy rates rose followed by commercial bank lending rates. The tight credit conditions had a negative impact on private demand and investment. In addition, there were negative sentiments and uncertainty in the run-up to the February 2016 general elections which affected investment decisions (MoFPED, 2016).

The NDPII overall macroeconomic strategy is underpinned by the desire to maintain macroeconomic stability while at the same time improving the global competitiveness of

the country. Infrastructure and human capital development are at the core of this strategy. In addition, the growth momentum is being driven by increased re-orientation towards expanding infrastructure and industrialization-related financing.

The main drivers of growth in the services sector include: public administration; information and communication; education; and trade and repairs whereas financial and insurance, real estates, arts, entertainment and recreation activities registered dismal growth and therefore had an insignificant contribution to services and overall GDP growth. The annual growth in the services sector stood at 6.6percent which was higher than the NDPII target of 3.61percent.

The country's fiscal deficit has continued to grow over the last five years and stands at 6.2 percent (excluding grants) and 4.8 percent of GDP including grants. These levels however remain below the NDP II targets but affect the pace of front loading infrastructure spending. This consequently postpones fiscal expansion that was anticipated and affects the compliance requirements for joining the EAC monetary Union by 2021, especially with regard to the fiscal deficit

There has been significant growth in the country's revenue collections (revenue and grants) over the last five years, with an average of 11.8percent. Over the year 2015/16, local revenue collections constituted 13.1percent of GDP, with URA collections at 12.6percent of GDP and non-URA collections at 0.36percent of GDP.

There are deviations in expenditure as a proportion to GDP which might have affected the implementation of priority interventions in the public sector. Whereas the total expenditure was 18.92percent of GDP, compared to the anticipated 21.9percent during the year, the sectors with more allocations than anticipated include: security; education; justice & law and order; tourism trade and industry; public sector management, and public administration.

Interest payment received more than expected. Payments of interest domestically constitute a large and growing proportion of the government's expenditure, because of internal borrowing. Despite this, there is increasing payments made for domestic arrears, Central government share of public expenditures excluding interest payments amounted to 82percent of the total, which could undermine.

The trade balance improved to a deficit of USD2,565.64 in 2015/16 from a deficit of USD2,934.26 in 2014/15 on account of a reduction in the import bill by USD855.9million (approximately 11percent) in 2015/16. This was majorly due to the greater fall in the services import bill by 15.1percent as compared to the goods import bill that decreased by 8.4percent in 2015/16. The fall in value of goods imports was attributed to the decline in the oil imports on account of the falling global crude oil prices.

The targeted foreign exchange reserves of at least 4.3 months of imports for FY 2015/16 was achieved current at 4.3. This notwithstanding, this performance fell short of the previous period's performance of 4.6 months of imports. This is attributed to a large fall on the financial account net inflows.

Agriculture, which is an NDPII priority registered a decline in growth due to a deceleration in the performance of food crops and cash crops subsectors. The decline in the performance of the cash crop sector is attributed to a decline in global commodity demand. The poor growth in the agricultural sector is likely to have an impact on an escalation in the domestic food prices as well as a reduction in the export earnings.

While industrialisation is a critical strategy in NDPII, the economy has witnessed continued stagnation in the share of industry to GDP averaging at around 19percent over the previous two fiscal years. The highest output in the share of industry comes from manufacturing and construction at 8percent and 7percent respectively. It is important to note that around 90percent of the manufacturing activities are still dominated by small scale producers (Background to the Budget, June 2016) which is a signal of low capital accumulation. It also signals low value-addition to consumer goods produced by the small-scale manufacturers in agro-processing.

Some of the key activities that are crucial to improving the competitiveness of the economy are lagging behind. Such activities include financial and insurance services, transportation and storage services which act as enablers in trade and production.

Several key priority areas have not received the planned resources and this could affect the realisation of anticipated investment growth and productivity changes over the plan period. delays in the planned borrowing affects project implementation for prioritized interventions especially in roads infrastructure, agriculture, and energy and mineral development.

The report highlights 11 major recommendations below:

1. **Efforts to improve gross domestic savings are critical in order to sustain the imbalance in the current account as well as control the expanding fiscal deficits in the region.**

2. **There is need to accelerate growth of the food activities as the main driver of agriculture growth.** Uganda stands a great opportunity if it developed this food subsector for higher contribution to exports given the huge gap relative to world demand for food and food products. In addition, there is a strong link between the food and cash crop activities with the manufacturing activities in Uganda and this link needs to be strengthened for sustainable value-addition and improved exports.

3. **There is need to foster growth in education, trade and real estate activities, whose potential for sustainable growth seems to be much higher in the services sector.** The

reduction of costs for the private education sector activities as well as increasing opportunities for trade to compensate for lost markets in war ravaged areas such as South Sudan should constitute components of government strategies in the short run.

4. **There is need to increase availability of commercial transport services through reduction of taxes on commercial vehicles of all types.** This element exacerbates cost of doing business in the country especially for SMEs.

5. **There is need for efforts to explore ways to increase domestic revenue collections from taxes and non-tax revenues.** Despite a continuous recovery in the last two years in revenue and grants, these remain small as a proportion to GDP and cannot be relied upon for Uganda's future development.

6. **It is important that the budget takes into comprehensive consideration the key NDPII priorities and targets**. Notably among others, with the current low levels of growth, the Budget should take into consideration a higher growth target for the next financial years to compensate for the low growth out-turn projected in 2015/16 so as to remain on course with the NDPII per capita income targets.

7. **The Annual Budget should prioritize interventions aimed at employment creation such as** industrialization, value addition in key priority areas, skills development (centres of excellence), entrepreneurship, creativity and innovation and access to financial services.

8. **Prioritize and expedite the implementation of NDPII core projects.** Implementation of core projects is lagging behind with several projects not even started yet it was anticipated that these intervention would significantly contribute to the higher growth rates required for the attainment NDP goal.

9. **There is need to review the Budget instruments particularly the OBT to ensure a more comprehensive alignment of the Budget to the NDP results and reporting framework.** Also a detailed macro-economic framework reflecting macroeconomic targets should be attached to the budget documents against which assessment will be done.

10. **Fast track key activities that are crucial to improving the competitiveness of the economy.** Such activities include financial and insurance services, transportation and storage services which act as enablers in trade and production.

11. **Alignment of resources allocated to sectors to the NDPII MTEF is very critical to support the attainment of anticipated results** in roads infrastructure, agriculture, and energy and mineral development among others.

CHAPTER ONE: INTRODUCTION

1.1. Background

The production of the Annual National Development Report (NDR) 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 aim of the NDR is to provide information on the general performance of the economy, with a focus on the NDP. Thus, the report gives an account on Uganda's 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 interventions. The report also assesses the annual performance of the sectors, including performance of local governments. Lastly, it highlights challenges and recommendations for improvement.

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.

The report is intended to provide feedback on implementation of the planning across Government, particularly to the oversight functions in Government.

Therefore, the NDR is a synthesized independent review of the national development achievements, covering macroeconomic performance, sectors, local governments, and non-State actors' contribution.

Furthermore, the report provides progress towards achievement of Vision 2040 as provided for in the Comprehensive National Development Planning Framework (CNDPF).

This is the first NDR to be produced over the period of the NDPII (2015/16-2019/20). It is therefore, hoped that this Report will provide an update to key stakeholders on the progress made towards achievement of NDPII priorities and the overarching socio-economic transformation, which are an integral part of the Vision 2040.

1.3. Objectives

The following are the specific objectives of the NDR 2015/16:

1. To review the macroeconomic performance of the economy for the year under review
2. To review progress made in the first year of implementing the NDPII, including the implementation challenges faced, during the financial year under review;
3. To provide an assessment of the sectors and LGs performances in line with the NDPII; and
4. To provide the status of the development progress made during the FY 2015/16

These objectives are intended to provide a fairly comprehensive coverage of the performance of the entire economy.

1.4. Scope

This NDR covers the period 2015/16 starting from 1st July 2015 to 30th June 2016. It provides information on the performance of the entire economy covering the various blocks, namely: public, private, financial services sector and non-state actors. In particular, this report intends to provide progress on the NDPII implementation for the period under review by assessing performance against the indicators at all levels.

1.5. Methodology

This report was produced using data obtained mainly from secondary sources comprising: NDPII sector results framework progress matrices; sector/MDA annual reports and ministerial policy statements; survey reports of the Uganda Bureau of Statistics (UBOS); UBOS and sector statistical abstracts; Bank of Uganda annual reports; Background to the Budget and the budget speech. Others are: 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.

In addition, data was obtained from all local governments and municipalities to assess the performance of local governments. The data was collected through interviews and filling of a structured questionnaires. The key respondents were the Chief Administrative Officers (CAO) and Town Clerks, District and Municipality Planners, assisted by Heads of Departments.

The analysis to determine the progress involved comparing the MDAs and local governments' annual implementation 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 NDR15/16 is intended to inform key stakeholders and the general public about the progress on the performance of the economy. The report is also intended to be 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. In addition, the report is intended to be used by the Auditor General as a source of information on the challenges and problem areas highlighted regarding implementation and progress on the NDPII.

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

1.7. Structure of the Report

This report is prepared in five chapters; namely Introduction; Macroeconomic performance; Progress on NDPII Theme/Goal, Objectives and Priority areas; Sector performance; Local Government performance; and Conclusions and Recommendations.

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

Chapter Two contains the global, regional and national economic outlook for the period 2015/16, and the corresponding recommendations and challenges.

Chapter Three includes an assessment of the progress on implementation of the NDPII based on the indicators of the NDPII Theme, Objectives and Key Result Areas.

Chapter Four comprises an assessment of the sectors based on the indicators of the specific objectives. The chapter is arranged in four sections on: wealth creation and employment, infrastructure development, physical planning and urban development, governance and inclusive growth. It also contains specific conclusions on each Focus Areas.

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

CHAPTER TWO: MACROECONOMIC PERFORMANCE

2.1 Introduction

This chapter details a wide spectrum of issues in the global, regional and national macroeconomic situation over FY 2015/16, the first year of the NDPII implementation. The Section analyses Uganda's annual macroeconomic developments in the FY2015/16 and their implications on the attainment of the Second National Development Plan's macroeconomic targets. It specifically analyses developments in the real, external, fiscal and monetary sectors over the FY2015/16 providing the outlook for 2016/17. The outlook for 2016/17 is heavily dependent on the performance in 2015/16 and the changes in the fundamental factors locally, regionally and globally.

2.2 The Global Situation

In light of the global economic developments, growth for 2016 is projected to slow to 3.1 percent down from 3.2 percent of 2015. It is however, expected to rise to 3.4 percent by the end of 2017.The sluggish global growth projections are a reflection of subdued outlook for advanced economies following the June 2016 United Kingdom (U.K.) vote in favour of leaving the European Union (Brexit) and weaker than expected growth in the United States and other advanced economies.

The lower global growth projected is partly a reflection of uncertainty brought about by the exit of the U.K. from the European Union. Although financial market reaction to the result of the U.K. referendum has been contained, the increase in economic, political and institutional uncertainty and the likely reduction in trade and financial flows between the U.K. and the rest of the European Union over the medium term is expected to have negative macroeconomic consequences, especially in the U.K. As a result, the World Economic Outlook (WEO) 2016 growth forecast for advanced economies has been marked down to 1.6 percent as is shown in Table (1.0). Further a subdued outlook in advanced economies due to increased uncertainty and pronounced anti-integration views is gaining traction which is a signal to future uncertainty.

Growth in emerging market and developing economies is expected to strengthen slightly in 2016 to 4.2 percent after five consecutive years of decline, accounting for over three-quarters of projected world growth this year. However, the outlook for these economies is uneven and generally weaker than in the past due to a slowdown in China, low commodity prices, weak aggregate demand in advanced economies, domestic strife, political discord and geopolitical tensions in several countries. While growth in emerging Asia and especially India continues to be resilient, the largest economies in Sub-Saharan Africa (SSA) such as Nigeria, South Africa, Angola are experiencing sharp slowdowns or recessions as lower commodity prices interact with difficult domestic political and economic conditions.

Uganda's growth for the past two years compares favourably with the global and SSA growth although it still needs to do better in order for the country to be propelled to the middle-income status envisaged under NDPII. In 2015, Uganda registered a growth rate of 5.4 percent compared to 4.9percent that had been registered in 2014.

Table 2.1 Overview of World Economic Outlook

Countries and Regions	**Projections (percentage change)**			
	2014	2015	2016	2017
World Output	3.4	3.2	3.1	3.4
Advanced Economies	1.9	2.1	1.6	1.8
United States	2.4	2.6	1.6	2.2
United Kingdom	3.1	2.2	1.8	1.1
Emerging Market and Developing Economies	4.6	4	4.2	4.6
Emerging and Developing Asia	6.8	6.6	6.5	6.3
China	7.3	6.9	6.6	6.2
India	7.2	7.6	7.6	7.6
Latin America and the Caribbean	1	0	–0.6	1.6
Brazil	0.1	–3.8	–3.3	0.5
Mexico	2.2	2.5	2.1	2.3
Middle East, North Africa, Afghanistan, and Pakistan	2.7	2.3	3.4	3.4
Sub-Saharan Africa	5.1	3.4	1.4	2.9
Uganda	4.9	5.4	5.8	
Nigeria	6.3	2.7	–1.7	0.6
South Africa	1.6	1.3	0.1	0.8
Memorandum				
European Union	1.6	2.3	1.9	1.7
Low-Income Developing Countries	6	4.6	3.7	4.9
Middle East and North Africa	2.6	2.1	3.2	3.2
World Trade Volume (goods and services)	3.9	2.6	2.3	3.8
Imports				
Advanced Economies	3.8	4.2	2.4	3.9
Emerging Market and Developing Economies	4.5	–0.6	2.3	4.1
Exports				
Advanced Economies	3.8	3.6	1.8	3.5
Emerging Market and Developing Economies	3.5	1.3	2.9	3.6
Commodity Prices (U.S. dollars)				
Oil	–7.5	–47.2	–15.4	17.9
Nonfuel	–4.0	–17.5	–2.7	0.9
Consumer Prices				
Advanced Economies	1.4	0.3	0.8	1.7
Emerging Market and Developing Economies	4.7	4.7	4.5	4.4

Source: IMF, (2016) and UBOS (2016)
Source: IMF, (2016) and UBOS (2016)

The global price movements reveal that consumer price inflation in advanced economies in 2015 was, at 0.3 percent, the lowest it had been since the global financial crisis. It edged up to about 0.5 percent in the first half of 2016 as the drag from oil prices diminished. Core consumer price inflation is higher than headline inflation but differs across major advanced economies. It averaged slightly above 2percent in the first half of the year in the United States, which may reflect temporary factors or seasonality, while it was lower at about ¾percent in the euro area and Japan. Inflation has held steady in emerging markets and developing economies as exchange rates remained broadly stable—or appreciated—in many countries and the effects of past exchange rate depreciations began to fade.

2.3 African Economic Outlook

Since 2015, growth in SSA has been declining and currently it looks set to slow to its lowest level in more than 20 years. With lower commodity prices and a generally less supportive global economic environment, average growth in the region is foreseen to decelerate sharply to 1½ percent this year—well below population growth, and in sharp contrast to the high growth rates of the past 15 years. While the projection is for a modest recovery for next year -2017 (to nearly 3percent), this is predicated on prompt action to address the large macroeconomic imbalances and policy uncertainty in some of the region's largest economies.

Table 2.2 Real GDP growth for SSA

	2013	2014	2015	2016	2017
Sub-Saharan Africa	5.2	5.1	3.4	1.4	2.9
Of which:					
Oil-exporting countries	5.7	5.9	2.6	-1.3	0.9
Of which: Nigeria	*5.4*	*6.3*	*2.7*	*-1.7*	*0.6*
Middle-income countries	4.7	4.6	2.7	0.4	2.0
Of which: South Africa	2.3	1.6	1.3	0.1	0.8
Low-income countries	7.1	6.6	5.6	4.7	5.4
Memorandum item:					
World economic growth	3.3	3.4	3.2	3.1	3.4
Sub-Saharan Africa other resource-intensive countries[1]	4.2	3.4	2.5	2.1	3.0
Sub-Saharan Africa non-resource-intensive countries[2]	6.3	6.5	6.5	5.6	6.2
Sub-Saharan Africa frontier and emerging market economies[3]	5.1	5.1	3.6	1.3	2.8

Source: IMF, (2016), Regional Economic Outlook

It is important to note the heterogeneity in the SSA economic group which translates into varied economic performances. For most of the non–resource-intensive countries—half of the countries in the region—continue to perform well, as they benefit from lower oil import prices, an improved business environment, and continuous strong infrastructure investment. Countries such as Côte d'Ivoire, Ethiopia, Kenya, and Senegal have continued to grow at more than 6 percent. In contrast, commodity exporters are under severe economic strains, including the region's three largest countries, Angola, Nigeria, and South Africa owing to lower oil prices and shrinking demand in advanced countries. The near-term prospects of oil exporters in particular have worsened, notwithstanding the modest uptick in oil prices, as the slowdown is becoming entrenched— activity among these countries is expected to contract by 1¼percent this year. Among other resource-intensive countries, growth in the Democratic Republic of Congo, Ghana, South Africa, Zambia, and Zimbabwe is decelerating sharply or stuck in low gear.

On average the SSA overall fiscal balance has been widening since 2014 and it is projected to increase to 4.6percent this year, on the back of a deterioration among oil exporters, before narrowing to -4 percent in 2017. Likewise, the external current account deficit is expected to narrow gradually to -4.5 percent in 2016 and -3.9 percent in 2017 as oil-exporting countries adjust through substantial import compression. The regional aggregate inflation has been increasing from single to double-digit figures as depreciation pass-through, and foreign exchange shortages feed into prices in a context of an overly accommodative monetary stance (Table 2.3).

Table 2.3: Sub-Saharan Africa: Other Key Macroeconomic Indicators

	2013	2014	2015	2016	2017
Inflation, average (Percent change)	6.6	6.3	7.0	11.3	10.8
Fiscal balance (Percent of GDP)	–2.9	–3.2	–4.3	–4.6	–4.0
Of which: Excluding oil exporters	–3.8	–4.0	–4.3	–4.4	–3.8
Current account balance	–2.1	–3.7	–5.9	–4.5	–3.9
Of which: Excluding oil exporters	–7.1	–6.5	–6.8	–6.2	–5.4
Reserves coverage (Months of Imports)	4.9	5.3	5.4	4.6	4.3

Source: IMF (2016), Regional Economic Outlook

2.4 The East African Community Situation

Real GDP growth in the East Africa Community (EAC) region amounted to 6.1percent in 2016 and it is expected to even be higher in 2017 at 6.3percent (Table 2.3). In general terms, the EAC posted higher growth compared with other similar regional groupings such as COMESA and SADC whose real GDP growth amounted to 4.8 and 1.6percentage points respectively. Tanzania registered the highest growth in real GDP standing at 7.2percent, followed by Kenya and Rwanda which both registered 6.0percent growth, this was followed by Uganda at 4.9percent and Burundi trailed with negative growth which stood at -0.5percent, although, this is expected to recover in 2017 at 2.0percent.

The relatively impressive growth figures for the region in the face of subdued global growth is attributed to the fact that almost all of the EAC member countries save for Tanzania are in the non-resource intensive category that has not been badly impacted by the falling global oil prices and the fall in demand for metal products (International Monetary Fund, 2016). The relatively higher growth is attributed to the lower oil import bill following the fall in the global oil prices, an improved business environment with the exception of Burundi and the strong infrastructure investment that continues to sustain the growth momentum.

All the EAC member countries maintained their inflation rates within single digits. The highest level of inflation of 6.3percent was registered in Burundi followed by Kenya's 6.2percent, Uganda's 5.5percent, Rwanda's5.3 percent and Tanzania's5.2 percent. The low inflationary levels are attributed to the strong monetary policy reactions of the countries' monetary authorities to keep inflation within the Central Banks' target levels.

Table 2.4: EAC Comparative Selected Macroeconomic Indicators

Country	2013	2014	2015	2016	2017
	Real GDP Growth				
Burundi	5.9	4.5	-4	-0.5	2
Rwanda	4.7	7	6.9	6	6
Uganda	4	4.9	4.8	4.9	5.5
Kenya	5.7	5.3	5.6	6	6.1
Tanzania	7.3	7	7	7.2	7.2
EAC	5.9	5.9	5.8	6.1	6.3
COMESA	6.2	6.5	5.9	4.8	5.3
SADC	4.2	3.5	2.7	1.6	2.4
	Consumer Prices (Annual Average, Percent change)				
Burundi	7.9	4.4	5.6	6.3	9.4
Rwanda	4.2	1.8	2.5	5.3	4.9
Uganda	5	3.1	5.5	5.5	5.1
Kenya	5.7	6.9	6.6	6.2	5.5
Tanzania	7.9	6.1	5.6	5.2	5
EAC	6.3	5.5	5.8	5.6	5.3
	Gross National Savings (percent of GDP)				
Burundi	-4	-2.7	-4.9	-0.1	-0.6
Rwanda	19.1	15.6	12.8	12.9	14
Uganda	20.8	17.7	15.3	16.9	18.9
Kenya	11.3	12.2	12.7	16.1	16.2
Tanzania	14.9	21.9	22	21.9	22
EAC	14.6	16.6	16.2	17.9	18.4
	Overall Fiscal Balance, excluding grants (percent of GDP)				
Burundi	-19.2	-17.3	-15.6	-7	-11.9
Rwanda	-11.2	-10.9	-9.6	-8.5	-6.8
Uganda	-5.1	-4.6	-4.1	-6	-4.1
Kenya	-6.2	-7.9	-8.7	-7.8	-6.8
Tanzania	-6.3	-4.7	-4.2	-5.1	-5.8
EAC	-6.5	-6.6	-6.7	-6.7	-6.1
	Government Revenue, excluding Grants (Percent of GDP)				
Burundi	14	14.4	12.9	15.5	13.3
Rwanda	16.5	16.7	18.6	18.2	18.1
Uganda	11.7	12.5	13.9	13.9	14.8
Kenya	19.2	19.3	19.1	19.2	19.4
Tanzania	13.1	13.3	13.7	15.2	15.7
EAC	15.5	15.8	16.4	17	17.3

Source: IMF (2016), Regional Economic Outlook

With the growth momentum being driven by increased re-orientation towards expanding infrastructure and industrialization-related financing mainly in Kenya, Rwanda, Uganda and

Tanzania, efforts to improve gross domestic savings are critical in order to sustain the imbalance in the current account as well as control the expanding fiscal deficits in the region. Given the lower earnings from commodity exports for most non-resource intensive countries in the EAC region, the current account deficit that stands at 8.8percent is likely to worsen. This calls for better and innovative ways to raise more domestic resources to finance the development projects in the region without causing huge macroeconomic imbalances.

There is a stagnant trend in government revenue to GDP in most EAC member states save for Burundi and Tanzania. Uganda has the lowest revenue to GDP level standing at 13.9percent behind all the other regional counterparts such as Kenya at 19.2percent, Rwanda at 18.3percent, Burundi at 15.5percent and Tanzania at 15.2percent. Actions should combine better mobilizing of domestic revenue both through the expansion of the revenue base and the improvement of tax administration; rationalizing spending; and improving its efficiency, in particular by strengthening public investment management.

2.5 The Ugandan Economy

The NDPII overall macroeconomic strategy is underpinned by the desire to maintain macroeconomic stability while at the same time improving the global competitiveness of the country. Infrastructure and human capital development are at the core of this strategy. In this regard, the overall strategy envisages growth largely driven by both public and private investment demand and an increase in export growth.

2.5.1 Overall Economic Growth

The cumulative effect of slower growth in real GDP is likely to be an impediment on the attainment of the lower middle-income target per capita income by the end of the NDPII period. The economy registered a lower than targeted real Gross Domestic Product (GDP) for the second year running in the NDPII period which has ramifications for the attainment of the NDPII goal. The real GDP growth rate at the end of FY2015/16 was 4.8percent which was lower than 5.8percent target for the NDPII period. The growth outturn of 4.8percent for the FY 2015/16 is also slightly lower than the growth outturn for the FY 2014/15 which was 5percent. It is important to note though, that over the last two financial years, Uganda's growth has been above the average of the Sub Saharan Africa that stands at around 3 percent.

The sluggish growth rates realized are attributed to both external and internal shocks to the economy. On the external front, strengthening of the United States dollar affected the shilling leading to depreciation pressures which subsequently fed into increased domestic prices. In response, to inflationary pressures, monetary policy rates rose followed by commercial bank lending rates. The tight credit conditions had a negative impact on private demand and investment. In addition, there were negative sentiments and uncertainty in the run-up to the February 2016 general elections which affected investment decisions (MoFPED, 2016).

2.5.2 Sources of Growth and Decomposition of Growth

The quarterly decomposition of growth sources indicates that of the three sectors of agriculture, industry and services, it is the services sector that outperformed the rest in terms of contribution to GDP growth. Specifically, value added in the services sector was highest in the first half of the FY2015/16 compared to value added in both industry and agriculture as is depicted in Table 2.5.

Table 2.5 Value Added at constant 2009/10 prices, source of growth, 2013/14 – 2015/16

Activity	2013/14				2014/15				2015/16			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP at market prices	4	-2	3.2	1.7	-0.1	3.3	0.7	1.3	1.1	1.5	-0.1	1.4
Agriculture, Forestry &Fishing	2.9	-2.4	1.3	0.3	-0.2	1.1	-0.5	0.8	0.3	0.2	-0.8	-0.2
Cash crops	-0.1	0.1	-0.1	0	0	0	0.1	0.1	0.3	-0.5	0.2	-0.1
Food crops	2.6	-2.7	1.2	0.4	-0.3	1.2	-0.6	0.3	-0.1	0.6	-0.9	-0.2
Livestock	0	0	0	0	0	0	0	0	0	0	0	0
Agriculture Support Services	0	0	0	0	0	0	0	0	0	0	0	0
Forestry	0.1	0.1	0.2	0	0	-0.2	0.1	0.3	0	0	-0.1	0
Fishing	0.3	0	0	-0.1	0	0.1	-0.1	0	0	0	0	0
Industry	0.1	0.3	0.5	0.5	0.4	-0.1	0.9	-0.3	0.1	-0.2	1	0.2
Mining & quarrying	0.1	-0.2	0.1	0.2	0	0	0.1	0	0	0	-0.1	0.3
Manufacturing	-0.2	0.1	0.4	-0.2	0.5	0	0.8	-0.5	-0.1	-0.4	0.8	0.4
Electricity	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0
Construction	0.1	0.3	-0.1	0.5	-0.2	-0.1	-0.1	0.2	0.2	0.2	0.2	-0.5
Services	1.3	-0.2	1.3	0.6	-0.2	1.7	0.2	0.6	0.7	1.7	0	0.7
Trade & Repairs	-0.3	-0.5	0.5	0.1	0	0.5	-0.1	-0.1	0.1	0.8	-0.7	0.3
Transportation & Storage	-0.1	0.1	0.1	0.1	0	0.1	0.1	0.1	0.1	0	0	0
Accommodation & Food Service	0.1	0	0.1	-0.1	0	0	0	0.1	0	0.1	0	-0.1
Information & Communication	1.1	-0.1	-0.4	0.4	-0.8	0.6	0.1	0.1	0.5	0.1	0.4	0.2
Financial & Insurance	0.2	0	0.4	0	-0.2	0.3	0	-0.1	0.2	-0.1	0	0
Real Estate Activities	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Professional, Scientific & Technical	0.1	-0.1	0	0	-0.1	-0.1	0	0.1	0	0.1	0	-0.3
Administrative & Support	0.2	-	0.1	0.2	0.1	0.1	0	0	-	-	0	-

Activity	2013/14				2014/15				2015/16			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Service		0.1							0.1	0.2		0.1
Public Administration	-0.3	0.2	0.2	-0.1	0.4	0.2	0	0.2	-0.2	0.5	0.1	0.4
Education	0.1	0	0	0	0.2	0	0.1	0.2	-0.1	0.2	0.2	0.3
Human Health & Social Work	0	0	0	0.1	0	0	0	0.1	0	0.1	0	0
Arts, Entertainment & Recreation	0	0	0	0	0	0	0	0	0	0	0	-0.1
Other Service Activities	0	0	0	0	0	0	0	0	0	0	0	0
Activities of Households	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments												
Other Service Activities	-0.2	0.4	0.1	0.2	-0.1	0.5	0.1	0.2	-0.1	-0.1	-0.3	0.7

Source: Uganda Bureau of Statistics, 2016

On one hand, the main drivers of growth in the services sector include: public administration; information and communication; education; and trade and repairs whereas financial and insurance, real estates, arts, entertainment and recreation activities registered dismal growth and therefore had an insignificant contribution to services and overall GDP growth. The annual growth in the services sector stood at 6.6percent which was higher than the NDPII target of 3.61percent.

Agriculture, which is an NDPII priority registered a decline in growth due to a deceleration in the performance of food crops and cash crops subsectors. The decline in the performance of the cash crop sector is attributed to a decline in global commodity demand. The poor growth in the agricultural sector is likely to have an impact on an escalation in the domestic food prices as well as a reduction in the export earnings.

2.5.2.1 Decomposition of NDPII Growth Sources

The services sector contributed the largest share to GDP over the entire financial year. Its average contribution over the different quarters in FY 2015/16 was 51.2percent. The second highest contribution came from agriculture (22.2percent) whereas the third was industry which stood at 18.6percent. The stagnation in the contribution of industry slows down the economy's structural transformation envisaged under Vision 2040.

Table 2.6: Annual Contribution to Real GDP growth by Economic Activity

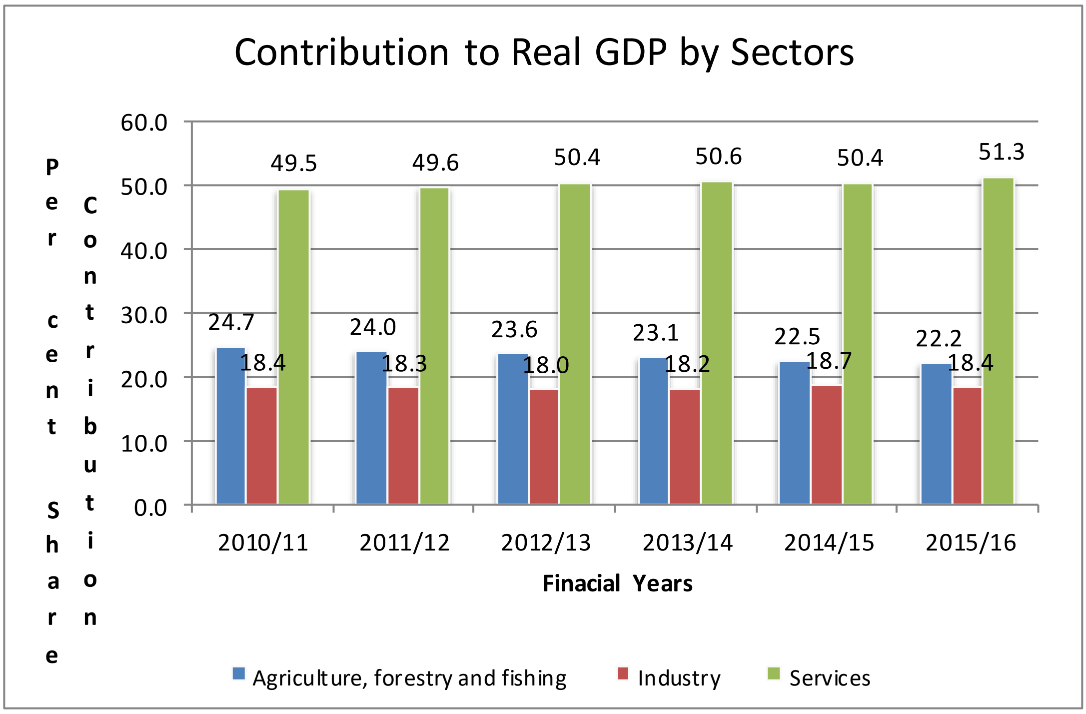
GDP at purchaser prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Agriculture, forestry and fishing	**24.7**	**24.0**	**23.6**	**23.1**	**22.5**	**22.2**
Cash crops	1.7	1.8	1.8	1.7	1.7	1.7
Food crops	13.5	12.8	12.3	12.1	11.7	11.5
Livestock	4.2	4.2	4.1	4.0	4.0	3.9
Agriculture Support Services	0.0	0.0	0.0	0.0	0.0	0.0
Forestry	3.9	3.8	4.2	4.1	4.0	4.0
Fishing	1.3	1.3	1.2	1.2	1.1	1.1

Industry	18.4	18.3	18.0	18.2	18.7	18.4
Mining & quarrying	1.3	1.2	1.3	1.3	1.5	1.4
Manufacturing	8.4	8.3	7.8	7.6	8.0	7.7
Electricity	0.9	0.9	0.9	0.9	0.9	0.9
Water	1.8	1.9	1.9	1.9	1.9	2.0
Construction	6.1	6.1	6.1	6.5	6.4	6.4
Services	**49.5**	**49.6**	**50.4**	**50.6**	**50.4**	**51.3**
Trade and Repairs	13.0	12.6	12.4	11.7	11.6	11.4
Transportation and Storage	2.6	2.7	2.7	2.8	2.8	2.9
Accommodation and Food Service Activities	2.2	2.3	2.4	2.5	2.3	2.4
Information and Communication	6.1	7.0	8.0	8.7	8.0	9.0
Financial and Insurance Activities	2.4	2.3	2.4	2.7	2.7	2.7
Real Estate Activities	5.0	5.1	5.1	5.2	5.3	5.3
Professional, Scientific and Technical Activities	3.5	3.2	3.1	3.0	2.7	2.5
Administrative and Support Service Activities	1.9	1.7	1.5	1.5	1.8	1.4
Public Administration	3.1	2.9	2.8	2.7	3.1	3.6
Education	5.0	5.2	5.4	5.4	5.4	5.5
Human Health and Social Work Activities	2.9	2.9	2.9	2.9	2.9	2.9
Arts, Entertainment and Recreation	0.3	0.3	0.3	0.3	0.3	0.3
Other Service Activities	0.9	1.0	1.0	1.0	1.0	1.1
Activities of Households as Employers	0.5	0.5	0.5	0.5	0.5	0.5
Adjustments	**7.3**	**8.1**	**7.9**	**8.1**	**8.4**	**8.1**
Taxes on products	**7.3**	**8.1**	**7.9**	**8.1**	**8.4**	**8.1**

Source: UBOS, (2016)

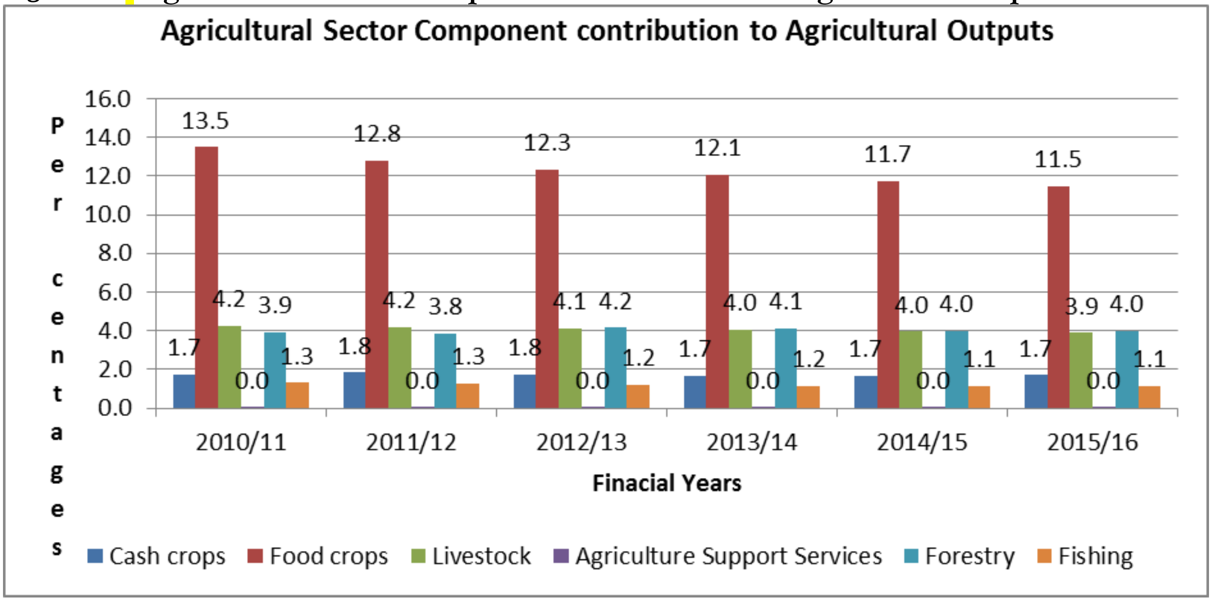
Figure 2.1 reveals that over the last two years (eight quarters), the services sector has dominated the other sectors of agriculture, forestry and fishing and services in contributing to Real GDP growth. There is some level of stagnation in the share of contribution to Real GDP growth across all sectors. More efforts are needed to reinvigorate the economy if the middle-income goal of 2020 is to be attained.

Figure 2. 1: Contribution to Real GDP by Sectors for 2014/15-2015/16



A decomposition of the economic activities in the agricultural sector in Figure 2.1 reveals that food crops production followed by livestock and forestry are the dominant activities that contribute highest/the most to agricultural output. There has been a dismal contribution of cash crops, fishing and agricultural support services on the overall growth of agricultural output. The minimum contribution of cash crops to the total agricultural output points to constrained agricultural export earnings with implications on the country's external balance.

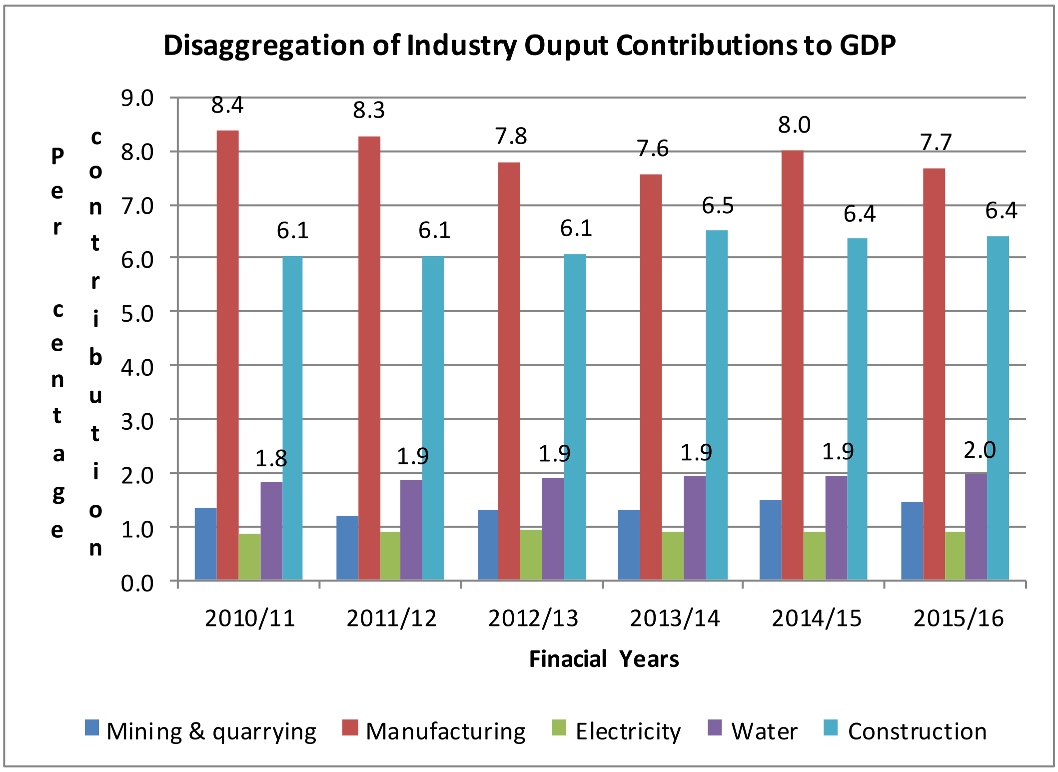
Figure 2. 2: Agricultural Sector Component Contributions to agricultural output



In the sector of agriculture, there is need to accelerate growth of the food activities as the main driver of agriculture growth. Uganda stands a great opportunity if it developed this food subsector for higher contribution to exports given the huge gap relative to world demand for food and food products. In addition, there is a strong link between the food and cash crop activities with the manufacturing activities in Uganda and this link needs to be strengthened for sustainable value-addition and improved exports.

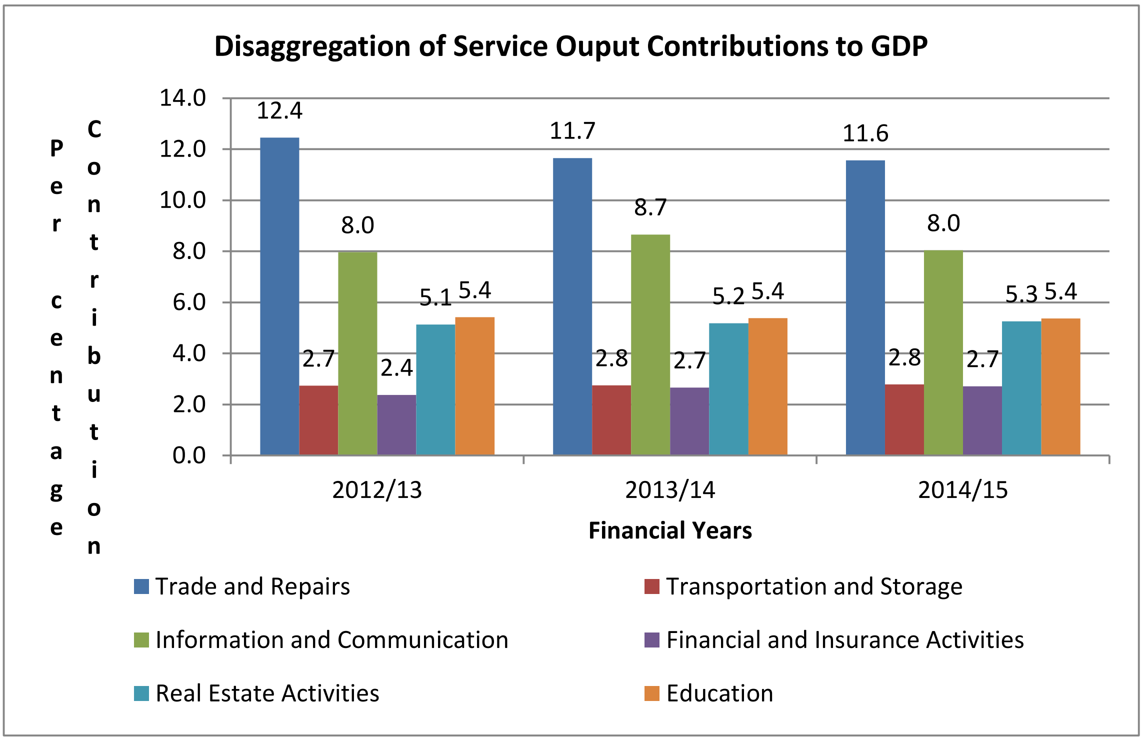
Much as industrialisation is a critical strategy in NDPII, the economy has witnessed continued stagnation in the share of industry to GDP averaging at around 19percent over the previous two fiscal years. The highest output in the share of industry comes from manufacturing and construction at 8percent and 7percent respectively. It is important to note that around 90percent of the manufacturing activities are still dominated by small scale producers (Background to the Budget, June 2016) which is a signal of low capital accumulation. It also signals low value-addition to consumer goods produced by the small-scale manufacturers in agro-processing.

Figure 2. 3: A Disaggregation of Industry Output Contribution to RGDP FY 2015/16



The services sector which contributes over 50percent of the GDP (see Figure 2.3) is dominated by the following activities: trade and repairs (10percent); Information and Communication (around 9percent); education (around 5.8percent) and real estate (around 5.5percent). Some of the key activities that are crucial to improving the competitiveness of the economy are lagging behind. Such activities include financial and insurance services, transportation and storage services which act as enablers in trade and production.

Figure 2. 4: A Disaggregation of Service Output Contribution to RGDP FY 2015/16



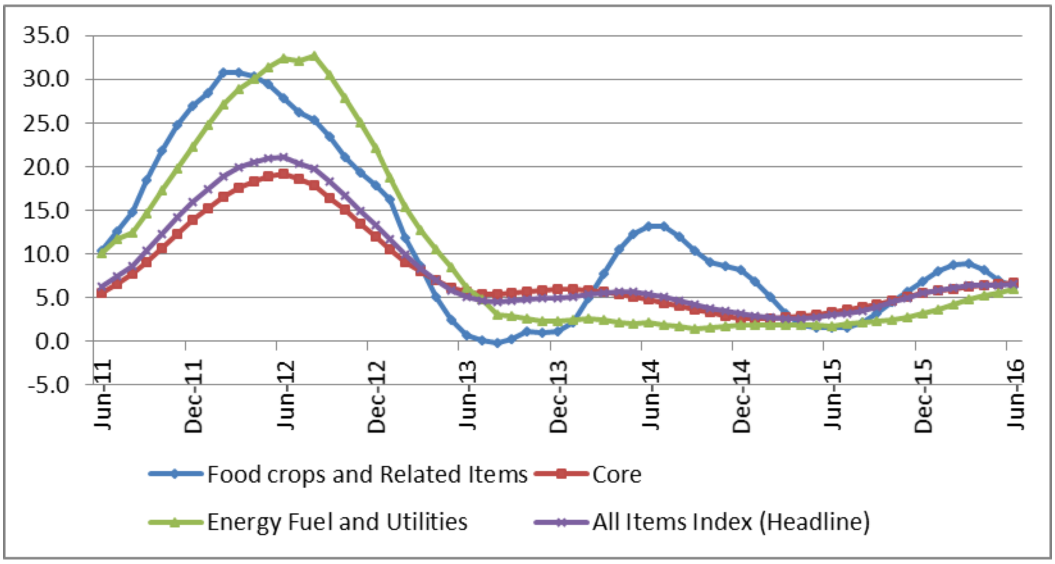
There is need to foster growth in education, trade and real estate activities, whose potential for sustainable growth seems to be much higher in the services sector. The reduction of costs for the private education sector activities as well as increasing opportunities for trade to compensate for lost markets in war ravaged areas such as South Sudan should constitute components of government strategies in the short run.

2.5.3 Consumer Price Indices and Inflation

As at the end of the financial year, annual headline inflation was on the rise at 6.6percent up from 3.0percent recorded last year. On the other hand, core inflation which excludes transitory or temporary price volatility as in the case of some commodities such as food items and energy products was 6.7 compared to 3.3 in June 2015.

Noting that a large proportion of the consumption commodities are constituted by large proportions of Food and Non-Alcoholic Beverages; Housing, Water, Electricity, Gas and Other Fuels; and Transport, these commodities highly influence the overall price trends. The prices of food have often varied with meteorological factors; rainfall or drought.

Figure 2. 5: Annual Inflation, as at end of month (2009/10 prices)



Whereas there was a decline in the food crops and related item prices towards the end of the financial year, this did not significantly reduce overall prices. Besides communication and health, the rest of the items experienced increases in inflation. Despite low international prices, the prices of transport remained on the rise and this is a key area of concern, as an element that demonstrates a proportion of the cost of doing business in the country, but this is mainly overtaken by the prices of electricity. This rising cost of power is a dent in the development process of the country.

Table 2.7: Sources of inflation

Item	Weight	2011/12	2012/13	2013/14	2014/15	2015/16
Food and Non-Alcoholic Beverages	284.6	30.0	0.6	6.2	2.6	8.3
Alcoholic Beverages, Tobacco & Narcotics	28.0	16.2	9.3	6.3	0.5	4.1
Clothing and Footwear	50.8	36.2	2.2	8.9	3.9	9.9
Housing, Water, Electricity, Gas and Other Fuels	119.4	28.7	10.8	4.4	4.0	8.0
Furnishings, Household Equip & Maintenance	38.7	23.3	6.8	5.2	4.1	4.4
Health	57.5	15.0	14.6	6.6	4.3	2.2
Transport	137.8	13.4	3.8	2.8	-0.3	5.3
Communication	51.8	6.2	0.1	1.0	11.9	5.9
Recreation and Culture	55.2	10.1	2.2	3.1	1.7	1.9
Education	55.1	7.0	12.5	13.0	8.0	8.5
Restaurants and Hotels	57.2	15.6	8.3	3.8	1.7	5.6
Miscellaneous Goods and Services	63.9	18.7	6.8	3.8	2.2	6.7
All Items Index	**1000.0**	**21.3**	**5.1**	**5.4**	**3.1**	**6.7**

Source: UBOS

2.5.4 Fiscal Sector

The NDPII fiscal strategy aimed to foster fiscal expansion for frontloading of infrastructure investments and having emphasis on domestic resource mobilization and harnessing of new sources of financing beyond the traditional sources. These strategies are based on the understanding that over the medium term, the country will be constrained by a ceiling on the fiscal deficit, including grants of 3percent of GDP by 2019/20 and a current ceiling on public debt of 50percent of GDP in net present value terms. These standards are set in the EAC macroeconomic convergence criteria and mainstreamed in the country's debt management strategy.

In this particular year 2015/16, the expenditure was expected to be rising through 2016/17 in order to allow a peak in the fiscal deficit at 8.6percent of GDP by 2016/17 to 2017/18 in order to be in line with already set standards. In regard to revenue, corporate tax revenue and a wider VAT coverage were envisaged, in addition to increased efficiency of taxation; then harness concessional and semi-concessional financing and other development support facilities to finance investment activities.

Table 2.8: NDP Fiscal Sector Indicators and targets, 2015/16

Indicators	**2014/15**		**2015/16**	
	Target	Actual	Target	actual
Government domestic revenue (% GDP)	15.1	13.5	13.5	13.08
Government Expenditure (% GDP)	19.4	19.4	21.9	18.92
Fiscal deficit, excl. grants (% GDP)	4.3	4.7	8.6	5.97
Domestic interest payments (% GDP)	0.60	1.4	-	1.87
Domestic borrowing (% GDP)	0.60	3.3	1.5	2.37
Foreign Debt stock/GDP (%)	18.2	19.5	20.2	19.5
Domestic Debt Stock /GDP (%)		13.0	14.4	13.2
Net donor aid (% GDP)1	3.7	2.36	2.5	

Source: NDP (I & II), MoFPED-GFS (2014/15 & 2015/16)

2.5.5 Budget Deficit

The country's fiscal deficit has continued to grow over the last five years and stands at 6.2 percent (excluding grants) and 4.8 percent of GDP including grants. These levels however remain below the NDP II targets but affect the pace of front loading infrastructure spending. This consequently postpones fiscal expansion that was anticipated and affects the compliance requirements for joining the EAC monetary Union by 2021, especially with regard to the fiscal deficit

The deficit was largely financed by external borrowing both concessional and non-concessional, and to a lesser extent by domestic borrowing equivalent to 1.6% of GDP (Budget Speech, 2016/17). With increasing financing requirements for the NDPII envisaged infrastructure development, coupled with limited availability of concessional loans, non-concessional borrowing has risen. Given that non-concessional borrowing is a little more expensive, efficiency and effectiveness in the utilization of these loans is paramount.

[1] In 2015/16, the target includes grants and concessional borrowing.

2.5.6 Revenue Collections

There has been significant growth in the country's revenue collections (revenue and grants) over the last five years, with an average of 11.8percent. The growth over the same period of local revenues has been 12.6percent per annum. URA revenues have performed much better at 16.7percent 5-year average. Over the year 2015/16, local revenue collections constituted 13.1percent of GDP, with URA collections at 12.6percent of GDP and non-URA collections at 0.36percent of GDP. Despite a continuous recovery in the last two years in grants, these remain small as a proportion to GDP and cannot be relied upon for Uganda's future development. There are efforts to explore ways to increase domestic revenue collections from taxes and non-tax revenues, as shown in part two, chapter three, of this report.

Table 2.9: Overall Revenue Operations

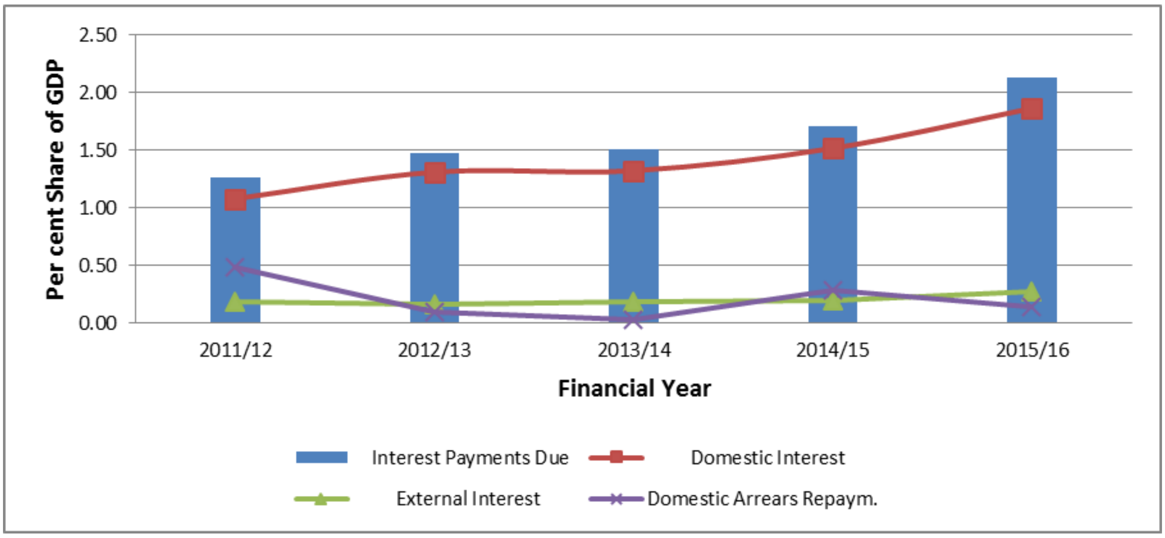
Source	% Growth					% of GDP				
	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Revenues and Grants	**6.46**	**6.61**	**7.18**	**24.51**	**14.49**	**12.91**	**12.84**	**12.51**	**14.02**	**14.39**
Revenues	***3.63***	***10.64***	***11.27***	***23.83***	***13.69***	***11.03***	***11.39***	***11.52***	***12.84***	***13.08***
URA	19.98	16.52	12.33	21.69	13.16	10.20	11.09	11.33	12.41	12.58
Non-URA	11.36	80.29	-28.28	61.80	43.63	0.18	0.30	0.19	0.28	0.36
Oil Revenues	-67.11	-100.0			1.52	0.65	-	-	0.15	0.14
Grants	***26.81***	***-17.10***	***-24.96***	***32.50***	***23.17***	***1.88***	***1.45***	***0.99***	***1.18***	***1.30***
Budget Support	11.74	-65.51	-3.64	34.85	31.56	0.96	0.31	0.27	0.33	0.39
Project Support	47.53	33.30	-30.71	31.62	19.95	0.92	1.14	0.72	0.85	0.92

Source: MoFPED and URA

2.5.7 Public Expenditure

There are deviations in expenditure as a proportion to GDP which might have affected the implementation of priority interventions in the public sector. Whereas the total expenditure was 18.92percent of GDP, compared to the anticipated 21.9percent during the year, the sectors with more allocations than anticipated include: security; education; justice & law and order; tourism trade and industry; public sector management, and public administration.

Figure 2. 6: Trends of Interest Payments



In addition to these, interest payment received more than expected. It is important to note that payments of interest domestically constitute a large and growing proportion of the government's expenditure, because of internal borrowing. Despite this, there is increasing payments made for domestic arrears, Central government share of public expenditures excluding interest payments amounted to 82percent of the total, which could undermine.

Table 2.10: Total Expenditures Including Donor projects

Sector	Growth (%)					% of GDP					Target (% GDP)	
	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16	Deviation
Security	(35.2)	(16.4)	27.8	1.8	30.6	2.46	1.63	1.94	1.80	2.11	1.95	0.16
Roads & Works	**46.5**	**32.6**	**22.5**	**8.9**	**(9.6)**	**2.72**	**2.86**	**3.27**	**3.23**	**2.63**	**3.98**	**-1.35**
Agriculture	**0.2**	**1.7**	**20.9**	**(3.8)**	**(2.5)**	**0.73**	**0.59**	**0.66**	**0.58**	**0.51**	**0.57**	**-0.06**
Education	8.6	16.7	13.6	9.1	10.9	2.62	2.42	2.57	2.55	2.54	2.43	0.11
Health	3.2	56.9	(25.2)	8.5	23.2	1.44	1.78	1.25	1.23	1.36	1.52	-0.16
Water & Environment	55.9	55.1	22.6	22.7	25.0	0.43	0.53	0.60	0.67	0.76	0.65	0.11
Justice, Law & Order	(22.9)	(1.7)	54.2	(3.7)	31.6	1.27	0.99	1.42	1.24	1.47	1.26	0.21
Accountability	1.1	40.4	18.1	15.1	(1.0)	0.87	0.97	1.06	1.11	0.99	1.09	-0.10
Energy & Minerals	**(16.5)**	**(49.2)**	**32.8**	**33.4**	**15.7**	**1.04**	**0.42**	**0.52**	**0.63**	**0.65**	**3.38**	**-2.73**
Tourism, Trade & Industry	**94.1**	**(6.7)**	**(10.4)**	**19.3**	**20.2**	**0.15**	**0.11**	**0.09**	**0.10**	**0.11**	**0.10**	**0.01**
Lands, Housing & Urban Dev't	253.9	(44.3)	247.9	22.1	30.8	0.10	0.05	0.15	0.17	0.20	0.20	0.00
Social Development	45.3	(22.1)	46.0	77.8	(1.8)	0.08	0.05	0.06	0.10	0.09	0.11	-0.02
Information & Comm$^{\underline{n}}$ Technology	(27.7)	(2.3)	262.7	(68.2)	87.1	0.03	0.02	0.08	0.02	0.04	0.08	-0.04
Public Sector Management	34.8	(5.9)	6.1	(3.4)	14.2	2.46	1.83	1.81	1.59	1.64	1.13	0.51
Public	(27.3)	1.4	11.6	39.4	59.4	0.76	0.61	0.63	0.80	1.15	0.91	0.24

Sector	Growth (%)					% of GDP					Target (% GDP)	
	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16	Deviation
Administration												
Parliament	61.1	(9.0)	1.8	35.7	29.9	0.54	0.39	0.37	0.45	0.53	0.56	-0.03
Interest Payments Due	42.4	47.5	9.0	25.0	38.6	1.27	1.48	1.50	1.71	2.13	1.98	0.15
Domestic Interest	47.8	53.2	8.2	26.2	36.5	1.08	1.31	1.32	1.52	1.87		
External Interest	17.5	14.2	15.4	16.6	55.8	0.19	0.17	0.18	0.19	0.27		
Total Centre	(0.7)	8.4	17.2	8.5	15.3	14.34	12.31	13.46	13.28	13.79		
Total Local Gov't Programmes	5.8	10.6	11.2	9.2	10.9	3.33	2.92	3.03	3.01	3.00		
Grand total	**2.4**	**11.4**	**15.4**	**10.0**	**16.8**	**18.94**	**16.71**	**17.99**	**18.00**	**18.92**	**21.90**	-2.98

Source of Data: MoFPED and UBOS

A number of priority areas have not received the planned resources and this could affect the realisation of anticipated investment growth and productivity changes over the plan period. These areas include: roads and infrastructure, agriculture, and energy and mineral development. This could affect the pace of implementation and the onset of anticipated results in the respective sectors.

Uganda's primary balance which is the total non-interest revenue minus total non-interest expense and net acquisition of nonfinancial assets presents a growing deficit at 2.75percent of GDP an increase of 0.06percentage point's equivalent to a 2.3percent increase. The country's deficit has continued to grow over the last five years and stands at 5.96percent (excluding grants) and 4.67percent of GDP including grants. These levels however remain below the NDPII targets of primary balance at 5.0 and overall fiscal balance (excluding grants) of -8.6 as a result of increased borrowing for infrastructure projects. In a number of areas, this planned borrowing has been delayed and could affect project implementation.

Table 2.11: Uganda's Overall Expenditure and Lending Position

Item	Growth (%)					% of GDP				
	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Expenditure and Lending	3.4	13.5	11.0	23.1	16.5	15.42	16.32	16.48	18.25	19.06
Current Expenditures	***-9.0***	***7.2***	***15.4***	***14.7***	***19.5***	***9.01***	***9.02***	***9.46***	***9.76***	***10.46***
Wages and Salaries	10.4	17.9	10.4	15.7	11.4	3.05	3.35	3.37	3.50	3.50
Interest Payments	42.4	47.5	9.0	25.0	38.6	1.00	1.38	1.37	1.54	1.91
Development Expenditures	***26.4***	***17.6***	***16.5***	***5.9***	***12.9***	***5.99***	***6.57***	***6.96***	***6.64***	***6.72***
Net Lending/Repayments	30.3	-1138.9	-95.3	6274.0	24.1	-0.07	0.64	0.03	1.57	1.74
Domestic Arrears Repayment.	49.1	-78.2	-68.1	1021.1	-47.1	0.48	0.10	0.03	0.29	0.14
Primary Balance	-27.8	93.1	5.2	15.2	14.2	-1.51	-2.72	-2.60	-2.69	-2.75
Overall Fiscal Bal.	2.7	20.5	10.5	21.4	23.1	-4.39	-4.93	-4.96	-5.41	-5.97

Item	Growth (%)					% of GDP				
	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
(excl. Grants)										
Overall Fiscal Bal. (incl. Grants)	-10.1	48.7	25.3	18.6	23.1	-2.51	-3.48	-3.97	-4.23	-4.67

Source of Data: *MoFPED and UBOS*

It is important to note that the increase in the overall expenditures as a share of GDP has been higher on current expenditures (7.1percent) compared to development (1.2 percent).

2.5.8 Deficit Financing

It is important to note that domestic financing declined by 16.3percent, a reversal of the previous year increase of 50.5percent. This is consistent with the need to guard against competing with the private sector for resources.

Table 2.12: Financing of the Public Budget Deficit

Source	Growth (%)					% of GDP				
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Total Financing	**-10.12**	**48.68**	**25.25**	**18.56**	**23.07**	**2.51**	**3.48**	**3.97**	**4.23**	**4.67**
External Financing (Net)	**59.36**	**22.87**	**-37.45**	**3.61**	**171.37**	**1.92**	**2.20**	**1.25**	**1.17**	**2.84**
Disbursements	54.46	20.01	-30.68	4.32	138.99	2.26	2.53	1.59	1.49	3.20
Budget Support Loans	-46.17	158.15	-100.00	-100.00		0.21	0.50	0.00	-	-
Project Loans	90.89	5.90	-13.43	4.32	138.99	2.05	2.02	1.59	1.49	3.20
Amortization	31.45	3.67	15.02	6.92	23.73	-0.34	- 0.33	-0.34	- 0.33	- 0.36
Domestic Financing (Net)	**-97.77**	**2814.58**	**130.02**	**50.50**	**-16.30**	**0.04**	**1.11**	**2.33**	**3.15**	**2.37**
Bank Financing (Net)	-393.70	-140.29	28.97	100.30	-14.39	- 2.06	0.77	0.91	1.64	1.25
Non-bank Financing (Net)	84.84	-82.67	360.41	18.70	-18.36	2.10	0.34	1.42	1.52	1.11

Source of Data: MoFPED and UBOS

It is observed that both bank and non-bank financing declined as a share of GDP during the year. Non-bank financing declined from 1.5percent to 1.1percent of GDP, while bank financing declined from 1.6percent to 1.3percent of GDP. Overall, domestic financing is now at

2.4percent of GDP lower than the previous year level of 3.2percent of GDP. This is a positive development in line with the need to promote private investment.

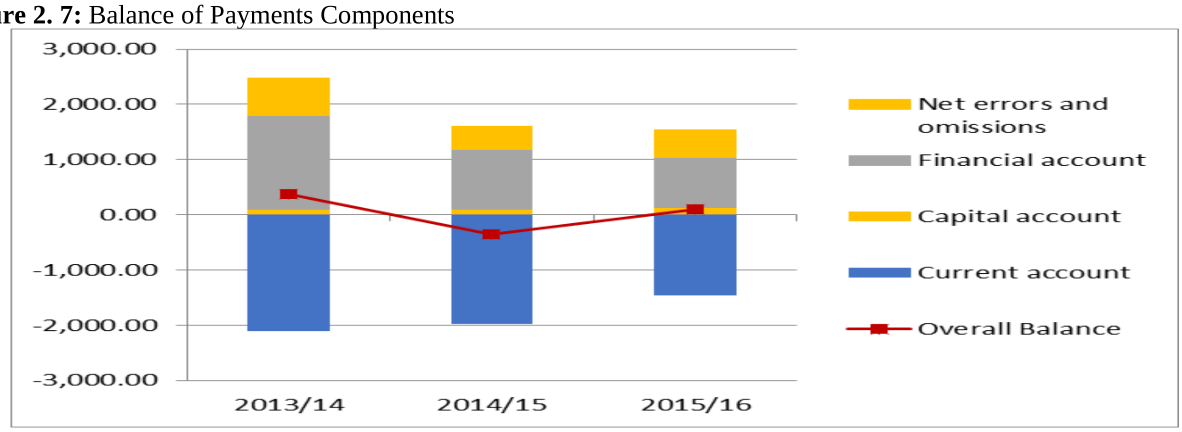
2.5.9 Public Debt

Uganda's public debt estimated at 28.7 trillion excluding non-disbursed external borrowing is 32.7percent of GDP. Gross Domestic Debt for 2015/16 is 11.6 trillion (13.2percent of GDP), while the stock of external borrowing is about 17.1trillion (USD 4,964 million) as at the end of June 2016 (19.5percent of GDP). There are commitments to borrowing which make the country's overall external debt to be about USD10.6 billion, making the non-disbursed borrowing to amount to about USD5.6 billion. The need to lump up infrastructure investment contributed to a rise in the debt portfolio. While the level of public debt remains manageable, the upward growth could see the country falling into an unsustainable debt burden in the long run.

2.5.10 External Sector

There has been an overall improvement in the balance of payment to a surplus of USD 94.7 million in 2015/16 from a deficit of USD 352.8 million in 2014/15. This performance is on account of the improvement in current and capital account balances as is depicted in Figure below

Figure 2. 7: Balance of Payments Components

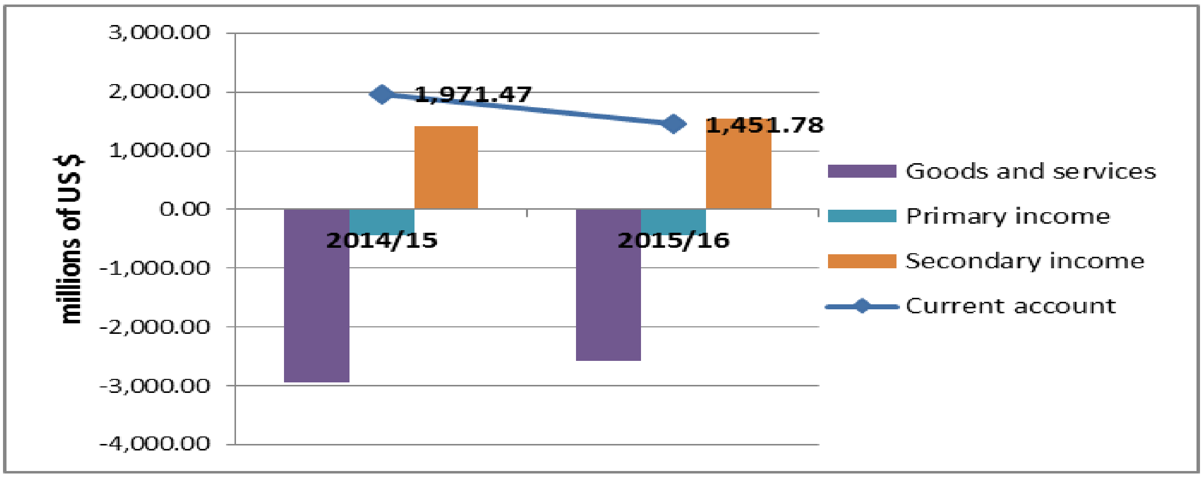


Source: BoU

2.6.10.1 Current Account Balance

The current account balance in 2015/16 showed a significant improvement of 26percent from USD 1,971.47 million in 2014/15 to USD 1,451.78 million, owing to the general improvement in the trade balance, the primary income account and secondary income account. The deficit in the trade balance and primary account decreased by 12.6percent and 3.3percent, respectively while the secondary income increased by 9.7percent in FY2015/16 as shown in figure 2.7. The decline in the trade deficit was primarily due to a fall in the import bill arising from lower global oil prices and fall in services imports.

Figure 2. 8: Current account balance



Source: Bank of Uganda 2015/16

As a percentage of GDP, the current account balance stood at a deficit of 5.8percent of GDP at the close of FY2015/16 which is a great improvement from the 7.8percent deficit in 2014/15 (Table 2.13). This performance is also substantially below the NDPII target of a 10.1 percent deficit for the same period and is therefore an indication of good performance.

Table 2.13 Current Account Balance as a percentage of GDP

	2014/15		2015/16	
% of GDP	**NDPII**	**OUTTURN**	**NDPII**	**OUTURN**
Current account balance	-10.6	-7.48	-10.1	-5.80
Current account balance (excluding grants)	-10.9	-8.20	-10.4	-6.58

Source: BoU, NDPII

2.5.10.1 Trade Balance

The trade balance improved to a deficit of USD2,565.64 in 2015/16 from a deficit of USD2,934.26 in 2014/15 on account of a reduction in the import bill by USD855.9million (approximately 11percent) in 2015/16 as indicated in Table 2.3.10. This was majorly due to the greater fall in the services import bill by 15.1percent as compared to the goods import bill that decreased by 8.4percent in 2015/16. The fall in value of goods imports was attributed to the decline in the oil imports on account of the falling global crude oil prices.

The above trends notwithstanding, the value of exports also declined during the same period by 9.8 percent on account of falling services exports despite the depreciation of the Uganda shilling against the US dollar which is supposed to make Uganda's goods more competitive in the external market. There's therefore need for concerted effort in improving the export sector performance so as to have a better performance in the trade balance.

Given that the services sector provides the largest contribution to GDP, and has been steadily growing, the government needs to put in place interventions to support the growth of services exports like intellectual property (education services), labour, etc. This sector shows prospects for growth of the economy given the lower requirement for capital input.

Table 2.14 Trade Balance (in USD Million)

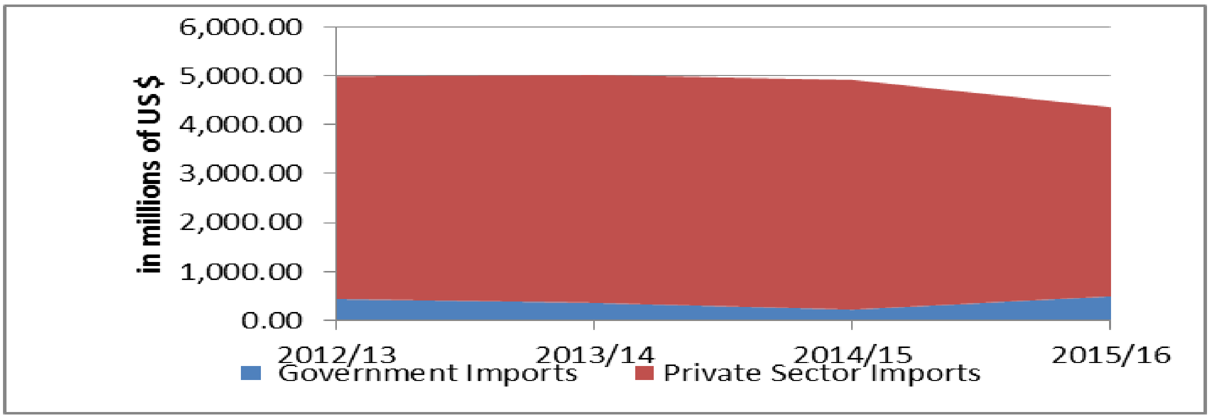
	2014/15	2015/16	% Change	Change (in USD million)
Trade Balance (Goods and services)	**-2,934.3**	**-2,565.6**	**-12.6**	**-368.6**
Exports	**4,986.2**	**4,499.0**	**-9.8**	**-487.2**
Goods exports	2,738.4	2,704.5	-1.2	-33.8
Services exports	2,247.9	1,794.4	-20.2	-453.4
imports	**7,920.5**	**7,064.6**	**-10.8**	**-855.9**
Goods imports	4,988.0	4,574.5	-8.3	-413.5
Services imports	2,932.5	2,490.1	-15.1	-442.4

Source: Bank of Uganda

2.5.10.3 Imports of Merchandise

Private sector imports contribute the largest share to Uganda's total imports as compared to government imports as shown in the figure below. In 2015/16, the private sector imports amounted to USD 3,862.7 million while the government imports were USD494.18 million.

Figure 2. 9: Composition of Imports (USD Million)



Source: Bank of Uganda (BPM 6 2015/16)

During the financial year 2015/16, the private sector import bill decreased by 17.7percent as shown in table2.3.12 below from USD4,692.7 million to USD3862.7 million as an upshot of the falling global crude oil prices. Given the larger contribution of the private sector imports to the total imports, the fall in private sector imports was the cause of the reduction in the total imports in 2015/16. The government imports on the other hand increased significantly by 120.8percent due to the rising project imports resulting from the government's efforts to front load infrastructure spending in a bid to achieve the objectives of the NDPII.

Table 2.15: Imports of Merchandise (USD Millions)

Category	2014/15	2015/16	% change
Government Imports	223.83	494.18	-120.8
Project imports	194.12	449.09	-131.3
Non-Project imports	29.70	45.09	-51.8
Private Sector Imports	4,692.67	3,862.73	17.7

Category	2014/15	2015/16	% change
Oil imports	933.03	647.31	30.6
Non-oil imports	3,759.64	3,215.42	14.5
Estimated imports	71.52	217.64	-204.3

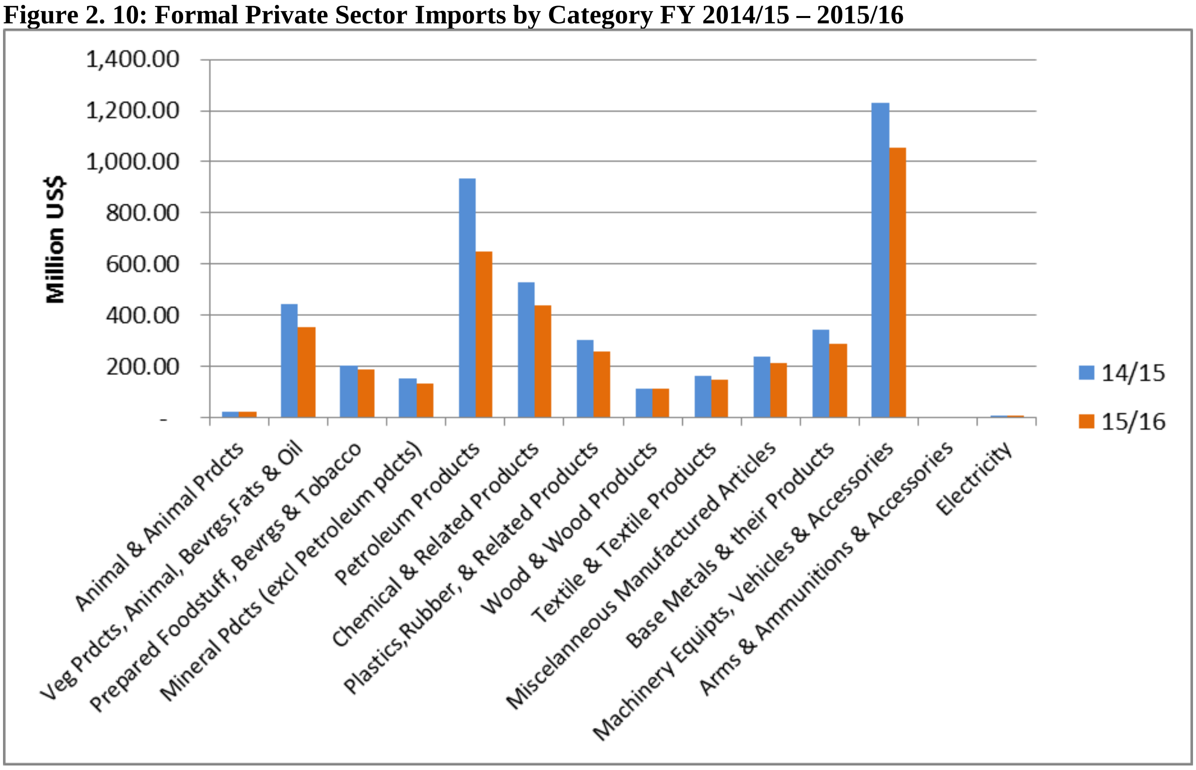
Source; Bank of Uganda

Formal Private Sector Import Receipts by Category (Million USD)

Uganda's imports during the FY2015/16 were mainly dominated by machinery, equipment, vehicles and accessories; petroleum products; chemical and related products; and vegetable products, animal, beverages, fats and oil respectively. This is majorly due to the large infrastructure projects that government was to undertake during this period.

The imports in FY2015/16 declined for most of the imported products as compared to the value of the imports in FY2014/15 as shown in Figure 2.10 below. The largest decline was in the value of petroleum imports which declined by 30.6percent due to the fall in the global crude oil prices, followed by vegetable products, animal, beverages, and fats and oil whose import bill declined by 20.3percent.

Figure 2. 10: Formal Private Sector Imports by Category FY 2014/15 – 2015/16



Source: Bank of Uganda

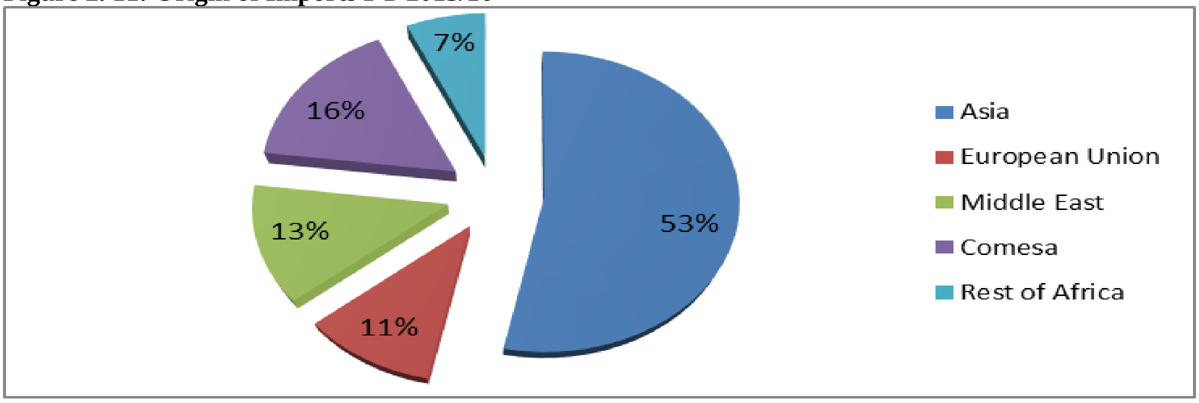
A high import bill may not necessarily indicate poor performance of an economy especially if the imports serve a purpose of fostering production. The structure of Uganda's imports however shows an incline towards consumables. There is need for policy interventions to help change the structure of Uganda's imports.

2.5.10.3 Origin of Imports

As indicated in figure 2.11 below, Uganda's imports in 2015/16 mainly originated from Asia (USD2,336.99 million) which takes a share of more than half of the imports at 53percent. This is followed by COMESA (USD708.91 million) and Middle East (USD568.4 million), respectively, with the European Union (USD470.7 million) and the rest of Africa (USD297 million) taking up the least share of 11percent and 7percent, respectively.

Most of the imports from Asia originated from India, China and Japan while the imports from European Union mainly came from Germany, UK and Netherlands. In Africa, the largest number of imports from COMESA originated from Kenya and Egypt, with the imports from the rest of Africa Originating from South Africa and Tanzania.

Figure 2. 11: Origin of Imports FY 2015/16



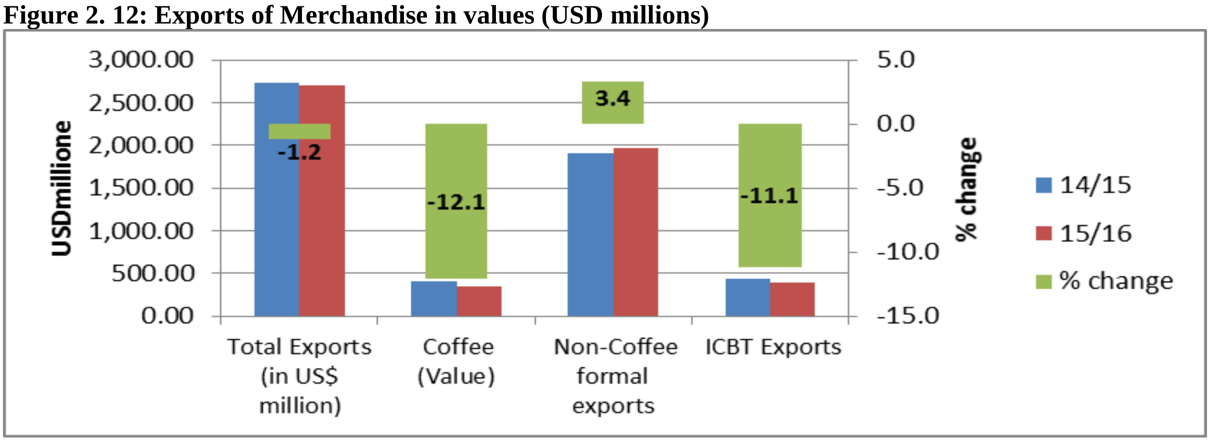
Source: Bank of Uganda

2.6.2.4 Exports of Merchandise

Uganda's exports sector weakened in 2015/16 marked by a 1.2percent decline to USD 2,704.5 million. This decline was mainly attributed to the fall in value of coffee exports and Informal Cross Border Trade (ICBT) exports respectively, with the coffee exports falling by 12.1percent and ICBT exports by 11.1percent. The decline in the value of coffee was due to the drop in global commodity prices while the ICBT exports were mainly affected by the political instability in South Sudan which had become a major export market for the country.

The formal non-coffee exports were estimated at USD1962.9 million in 2015/16, a rise of 3.4 percent from the USD1899.3 million value of 2014/15. This is partly on account of the leapfrog rise in value of gold exports after the ban on the export of minerals was lifted.

Figure 2. 12: Exports of Merchandise in values (USD millions)



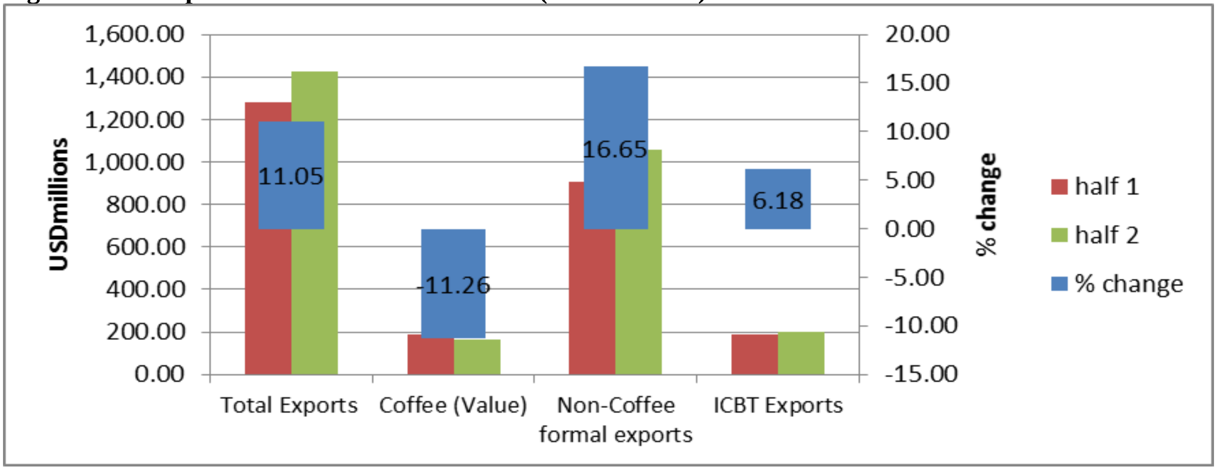
Source: Bank of Uganda

Bi-Annual performance of Exports Merchandise

The total value of Uganda's exports showed an increment of 11.1percent, with exports rising in value from USD 1,281.5 million in the first two quarters of FY 2015/16 to USD 1,423.1 million in the last two quarter of the same period.

Coffee however declined in value in second half of 2015/16 to USD165.5 million from USD186.5 million in the first half of the same period, an approximate decline of 11.3percent. Nevertheless, the formal non-coffee exports and ICBT exports rose in the second half by 16.7percent and 6.2percent respectively.

Figure 2. 13: Exports of merchandise in values (USD millions)



Source: Bank of Uganda

Uganda's exports have been diversified largely compared to the previous periods where the country had a few traditional exports. However, the diversification has been mainly in low value exports, which is one of the factors contributing to the country's trade deficit. Diversification should be further boosted in more valuable commodities.

Composition of Exports Volume

Most of Uganda's exports increased in volumes in FY2015/16 despite the decline in the value brought about by the falling global food prices. Coffee, Uganda's largest export increased to 3,556,766 kg bags in 2015/16 as compared to the 3,259,500 kg bags exported in 2014/15. Cement which was the second largest export during the period also increased in volume by 49.3percent to 381,455tons. This was followed by maize, beans, electricity, sugar and petroleum products respectively. These also increased in volume save for electricity, sugar and petroleum products that declined in volumes (Table 2.16).

Table 2.16: Exports Volume (tons unless otherwise stated)

Sno.	Goods	14/15	15/16	% change
1	**Coffee (60 kg bags)**	3,259,500	3,556,766	9.1
2	**Cement**	255,512	381,455	49.3
3	**Maize**	208,674	308,911	48.0
4	**Beans**	92,675	144,925	56.4
5	**Electricity ('MWH)**	138,816	137,608	-0.9

Sno.	Goods	14/15	15/16	% change
6	**Sugar**	114,910	114,251	-0.6
7	**Petroleum Products ('000 liters)**	134,241	114,082	-15.0
8	**Cotton (185 kg Bales)**	58,421	93,988	60.9
9	**Fruits & Vegetables**	43,802	82,357	88.0
10	**Sorghum**	65,796	69,279	5.3
11	**Tea**	53,500	54,989	2.8
12	**Vanilla ('000 Kgs)**	64,272	50,660	-21.2
13	**Rice**	53,827	50,512	-6.2
14	**Tobacco**	24,792	41,466	67.3
15	**Soap**	30,370	39,467	30.0

Source: Bank of Uganda (BoU)

Table 2.17: Trade Exports to COMESA Countries (USD Million)

	2014/15	2015/16	% change
Kenya	374.75	429.76	14.7
South Sudan	309.66	225.60	-27.1
Rwanda	253.54	206.59	-18.5
Congo (D.R.)	160.16	164.50	2.7
Sudan	92.25	58.37	-36.7
Burundi	39.96	50.39	26.1

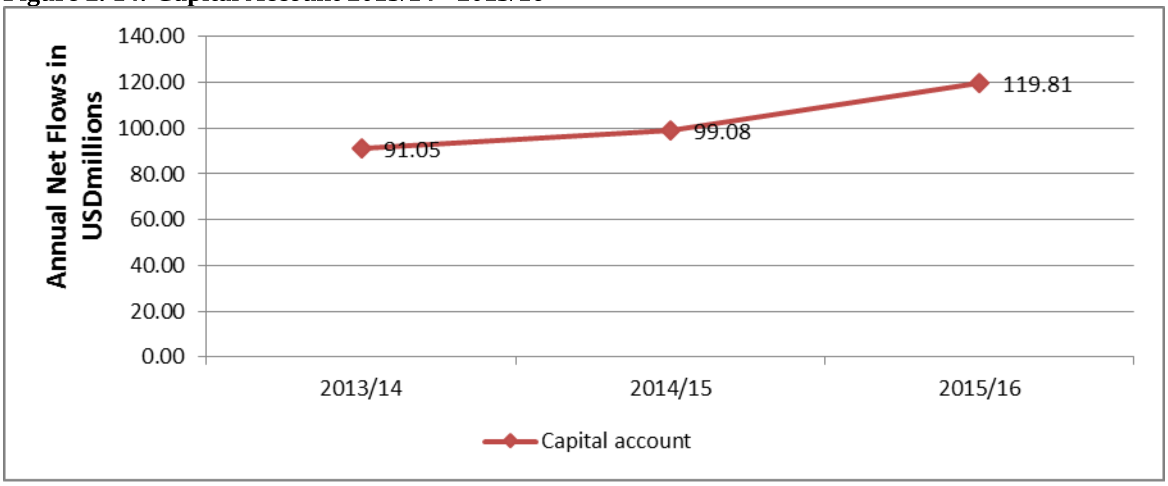
Source: Bank of Uganda (BoU)

2.5.11 Capital Account

As indicated in figure 2.14 below, the capital account has shown resilience over the years maintaining an upward trend in FY 2015/16. This trend is due to the rise in capital transfers during the period by 20.1percent to USD119.8 million.

The half annual performance also showed a rise in the capital account inflows in the first half of the financial year to USD38.66 million in Q2 from USD37.49million in Q1, followed by a decline in the third quarter before recovery to USD29.85 million in the final quarter of FY2015/16.

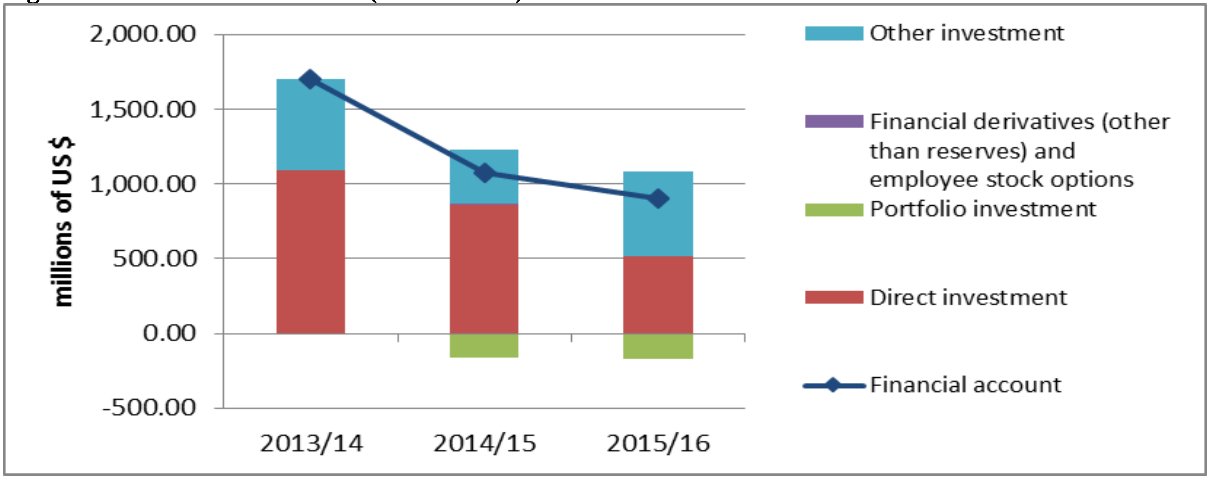
Figure 2. 14: Capital Account 2013/14 - 2015/16



2.5.11.1 Financial Account

FY2015/16 was marked by a fall in the financial account performance, with the financial account balance reducing to USD905.1 million from USD1070.7 million in 2014/15 (Figure 2.15). This decline was predominantly on account of a decrease in the direct investment net inflows from USD861.6 million in 2014/15 to USD511.9 million in 2015/16. Similarly, there was an increase in portfolio investment outflows by 8percent during the period under review. This was as a result of local entities acquiring foreign assets in form of equity and debt instruments especially in the East African Community markets and exit of some offshore investors in Uganda's debt securities market in FY 2015/16.

Figure 2. 15: Financial Account (Million US$) FY 2013/15 – 2015/16

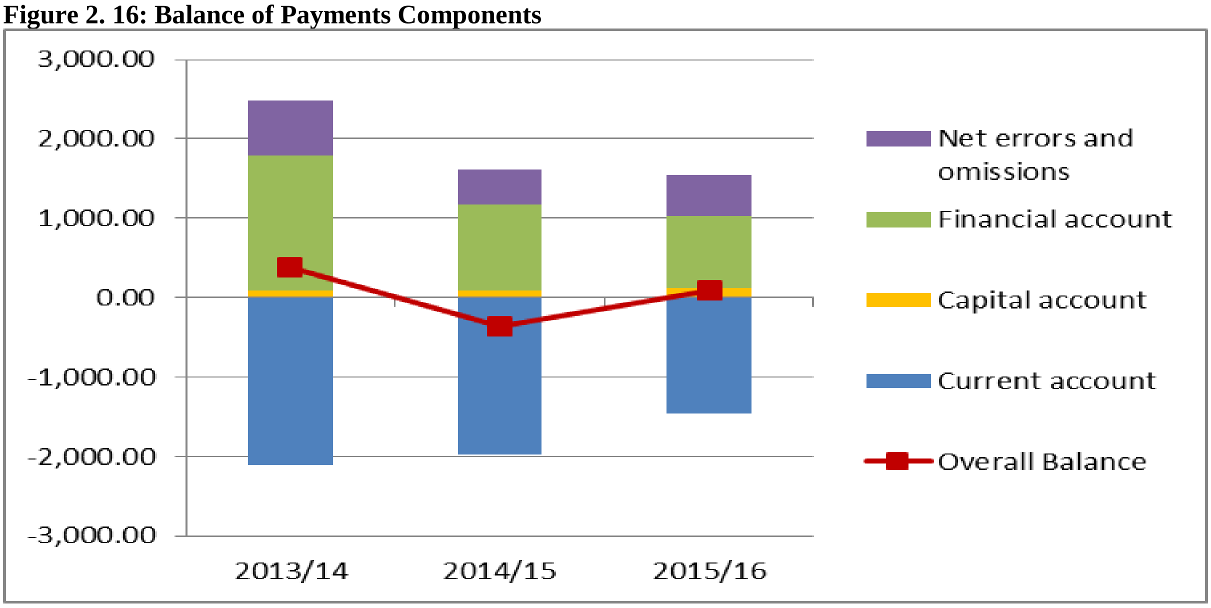


Source: Bank of Uganda (BoU)

2.5.11.2 Overall Balance of Payments

The overall balance continued to be funded by the capital and financial account as shown in the figure below, and the data shows a strong improvement in the overall balance to a surplus of USD94.7 million in 2015/16 from a deficit of USD352.8 million in the previous financial year. This performance is on account of the improvement in current and capital account balance in 2015/16.

Figure 2. 16: Balance of Payments Components



Source: Bank of Uganda (BoU)

2.5.11.3 Reserves

The NDPII targeted foreign exchange reserves of at least 4.3 months of imports for FY 2015/16. The performance for this period was in line with the NDPII target as the FY closed with reserves of 4.3 in months of next year's total imports as seen in table 2.18. This is an indication of good macro stability and a good buffer against external shocks. The above notwithstanding, this performance fell short of the previous period's performance of 4.6 months of imports as shown in table 2.18 below that arose mainly because of the large fall on the financial account net inflows.

Table 2.18: Gross Foreign Exchange Reserves (USD millions)

Gross foreign exchange reserves	2014/15		2015/16	
	NDPII	Outturn	NDPII	Outturn
% of GDP	3.2		3.5	
USDmillions		2,895.3		2,962.1
In months of next year's total imports	4.4	4.6	4.3	4.3
excluding one-off infrastructure-related imports	5.4		5.4	
GDP at Market prices (USDmillion)		26,369.25		25,031.33

Source: BoU, NDPII

2.6 Monetary Sector

2.6.1 Private Sector Credit

Outstanding private sector credit increased by 4.2 percent from UGX 10,973.1 billion in June 2015 to UGX 11,433.8 billion at the end of the year (June 2016) for other depository financial institutions (excl. the central bank). It is observed that the 5 top most activities with highest growth in credit are transport and communications, mining and quarrying (specifically to oil related activities), electricity and water, and agriculture, a large proportion of which is processing and marketing. These areas are indeed with in the priority areas of the National Development Plan. More targeting may be needed in order to facilitate increase in productivity of the export related components of these activities, in order to fast track a national re-alignment with the medium-term development goals.

During the first half of the year, that is, June - December 2015, year on year growth in credit was in favour of mining and quarrying, which maintained the highest growth. Credit growth in this sector decelerated from 127.4percent to 42.6 percent per annum. In the second half of the year, leading credit growth sector was transport and communications, whose growth accelerated from 24.9percent at the end of December 2015 to 42.1percent in June 2016. This performance is shown in both Table 2.19 and Figure 2.17 below.

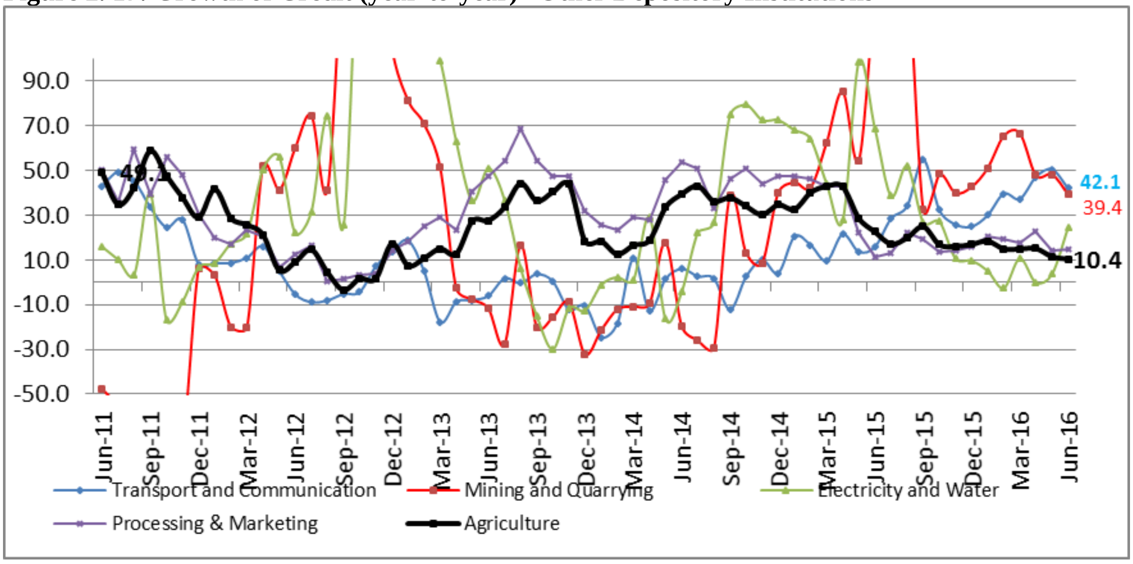
Table 2.19: Bi-annual Performance of Credit to Sectors

Sector	Jun-14	Dec-14	Jun-15	Dec-15	Jun-16
Transport and Communication	6.0	4.2	15.8	24.9	42.1

Sector	Jun-14	Dec-14	Jun-15	Dec-15	Jun-16
Mining and Quarrying	-19.6	40.1	127.4	42.6	39.4
Electricity and Water	-4.3	72.5	68.9	9.7	24.5
Processing & Marketing	53.7	47.4	11.4	15.8	14.9
Agriculture	39.4	34.7	22.6	17.0	10.4
Personal Loans and Household Loans	43.6	9.7	5.6	7.3	9.2
Exports	-46.9	-36.3	-21.3	17.6	8.3
Community, Social & Other Services	19.3	28.5	20.0	7.2	7.3
Building, Mortgage, Construction and Real Estate	14.5	36.6	19.7	19.4	5.5
Production	22.2	20.3	39.6	18.6	5.0
Mortgage	26.3	74.0	9.2	10.8	2.1
Other Services	-69.3	-79.8	23.9	27.1	0.2
Trade	16.8	33.4	13.8	9.9	-3.1
Manufacturing	7.8	4.1	40.4	20.0	-5.5
Imports	-1.4	156.4	-61.0	-42.6	-8.7
Business Services	-3.2	8.5	30.4	20.9	-15.8

Credit to manufacturing, trade, imports, and business services activities declined in the second half of 2015/16. This was particularly worse for the import sector given that its performance since June 2015 was already on the decline. This explains the decline in imports by 12.3percent, especially in services as seen in the external sectr analysis above.

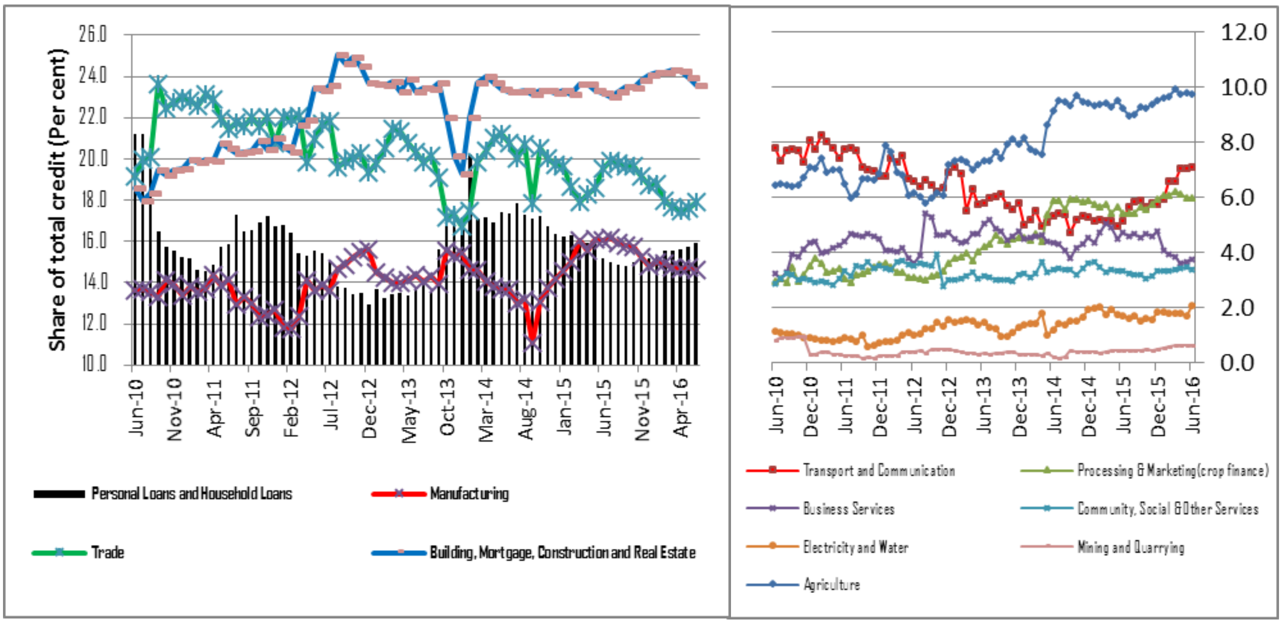
Figure 2. 17: Growth of Credit (year-to-year) –Other Depository Institutions



This is however determined by demand and the level of risk of the proposals financed. The re-capitalisation of the Uganda Development Bank is likely to change the land scape for access to private sector credit and to facilitate growth in the coming years. It is important to note that the key priority areas such as agriculture and manufacturing activities take a small share of available credit that is 9.8percent and 14.6percent by end of June 2016 (Figure 2.18). At the same time, observed is a decline in the growth of credit to these sectors in the last one year, for all performance levels at end of December 2015 and at end of June 2016. Credit in agriculture is mainly for processing and marketing, and this drives the sector's performance.

The lack of funds specific for priority sectors is observed to be a constraint to the performance of credit growth to key growth activities such as agriculture. This is explained in the inverse trends between transport and communication, and mining and quarrying on one hand, versus agriculture on the other hand. That is why agriculture credit funds need to be provided with special considerations to support the private sector in this priority sector.

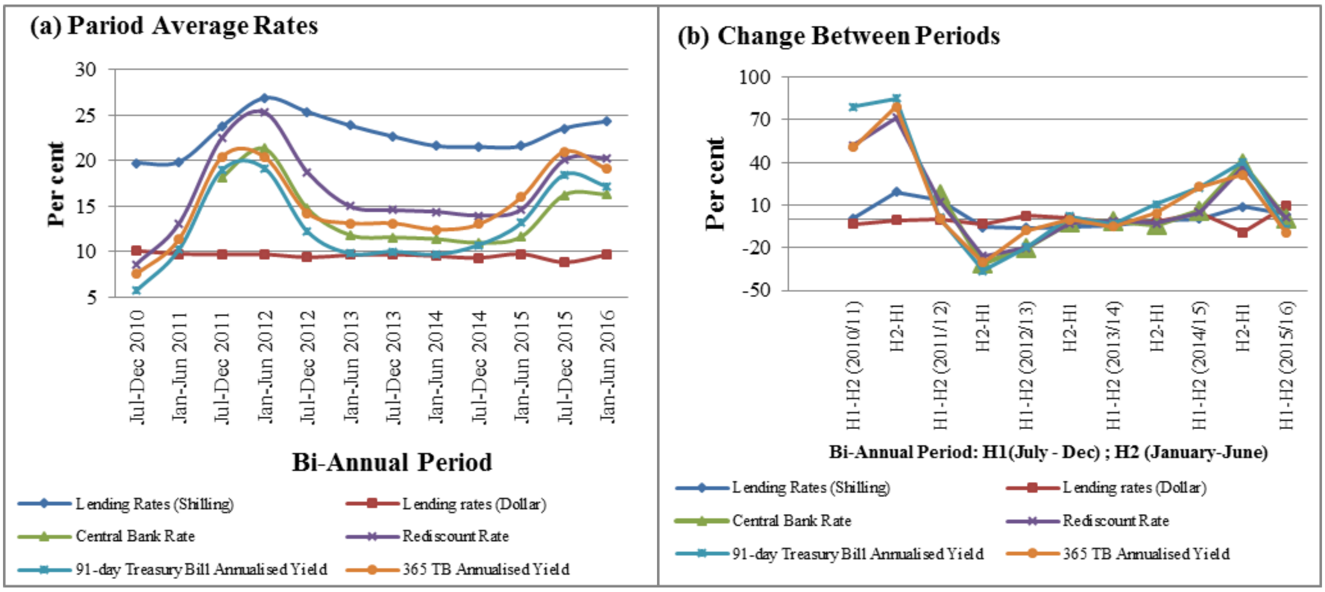
Figure 2. 18: Share of PSC by sector (Commercial Bank)



2.6.2 Interest rates

Over the last financial year, the central bank monetary policy was tight, and thus kept the central bank rate high at an average of 16percent over 2015/16, compared to 11percent in 2014/15. This was aimed at controlling the pass-through effect of the depreciated shilling which is a phenomenon that had been experienced over the previous year. There has been easing of this policy as the situation eases, as observed in the recent monetary policy statements from the central bank. This is positive in terms of encouraging the private sector to borrow, indicative of a better 2016/17.

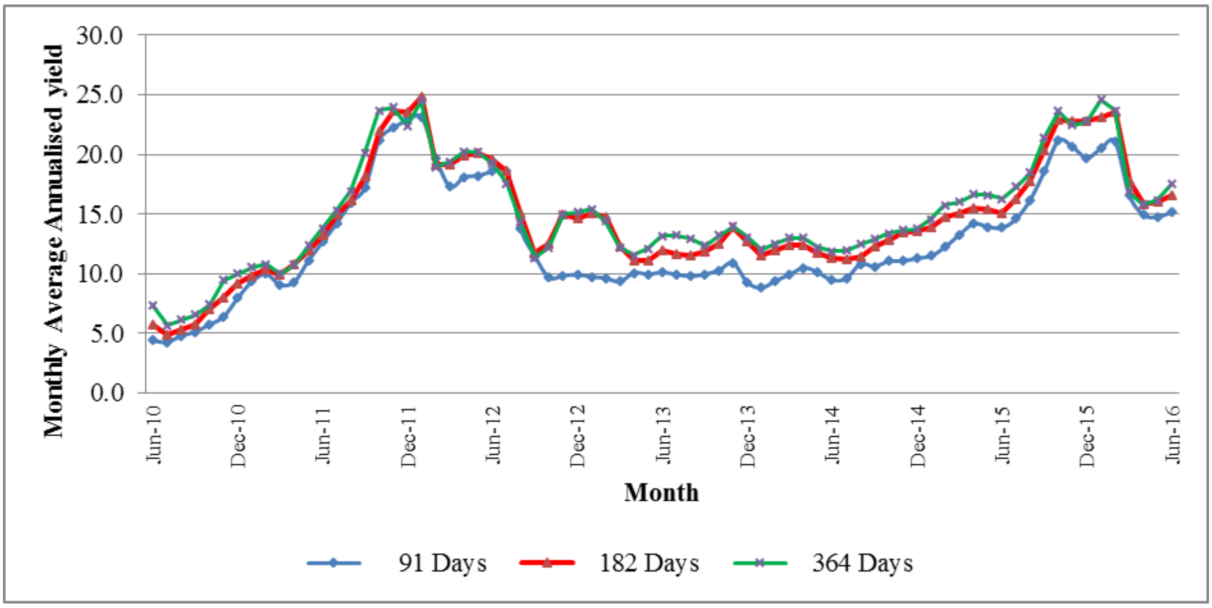
Figure 2. 19: Interest Rate developments, 2010/11 – 2015



Interest rates were generally higher in the first half of the year, compared to the second half. This was a result of a relaxation in the monetary policy stance by the central bank, by adjusting the central bank rate down wards. Despite a decline in the rates under the control of the monetary authorities, lending rates determined by the other depository institutions remain with very low responsiveness to monetary policy instruments. This is a demonstration of the power of a liberal financial market that Uganda has. Whether the central bank needs to have in place more instruments that can enable the market to respond in tandem with the monetary policy stance is a matter of the degree of liberalisation policy. Commercial banks should not be controlled to respond with every action of the central bank, but rather the underlying factors regarding sources of the market risks and the structure of assets and liabilities of the commercial banks are critical for financial sector development.

Interest rates, and interest rate spreads in the country particularly remain high in the country on grounds of a number of factors: the bank rate, treasury bill rate, and non-performing loans. Further, to this there is evidence that growth in the proportion in the money supply (M2) to GDP and real GDP are factors empirically assessed to be capable of causing a narrowing in the interest rate spreads both in the short and long-run period.

Figure 2. 20: Five-year Trends in Treasury Bill Yields



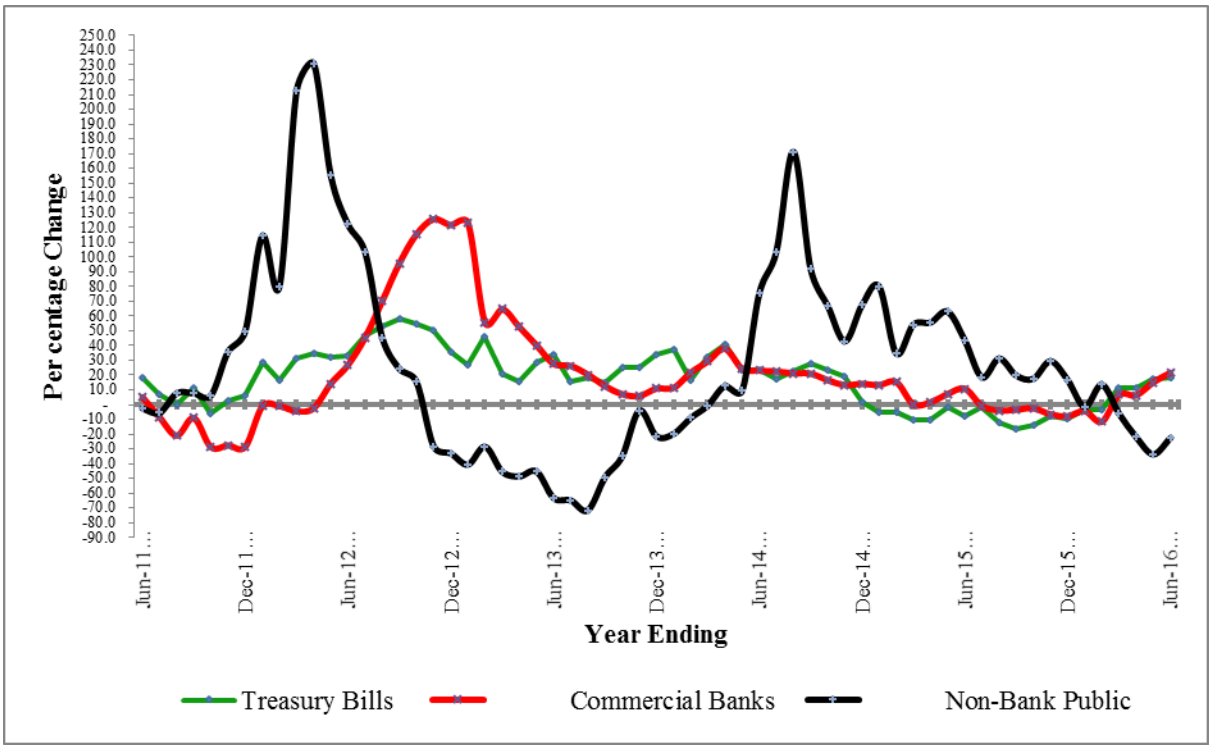
The year under review presents a replica of the Treasury bill yield trends for 2011/12 when yields rose to a peak of 24-25percent in the month of December, mainly because of pressures of the electioneering period as the associated high uncertainty in other investment opportunities.

2.6.3 Government Securities

The trends in value of treasury bills indicate that commercial bank participation has been a key driver of trade in government securities. In the year ending June 2016, growth in non-bank public was negative, yet commercial banks purchases grew by 21.6percent compared to 10.8percent in June 2015.

This is a consequence of the high yield rates on both the 91 and 364 treasury bills yield whose percentage change was 49percent for 91 days and 38.3percent for the 364-day Treasury bill yields. Investors will always want to put their money where the risk is lowest, and the movements in the Treasury bill yields are a signal of the increase in their demand and a reflection of high risk elsewhere. This therefore signalled a rise in the competition for funds between government and the private borrowers, as commercial banks show increased preference for government securities. A fall in the nominal yield indicates that investors expect inflation to be lower. This further reminds policy makers of the need to address sources of risk from the side of the private non-bank public.

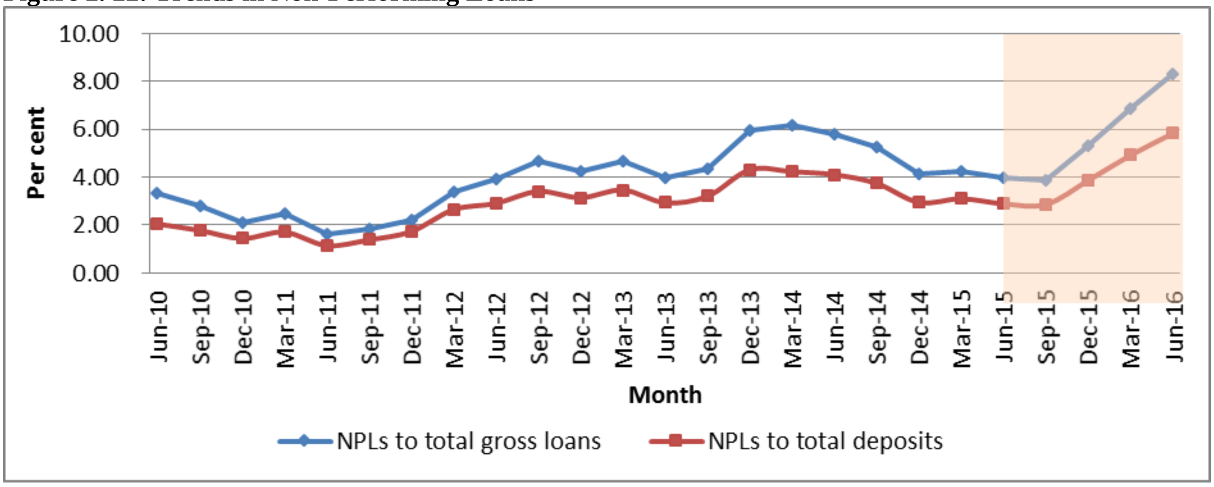
Figure 2. 21: Government treasury bills (Year-on-Year)



2.6.4 Financial Sector Soundness

Uganda's financial sector asset quality (%) as reflected in the ratio of nonperforming loans to total loans has been deteriorating. A number of factors explain this development challenge.

Figure 2. 22: Trends in Non-Performing Loans



Among them is the growth of government arrears, resulting from low effectiveness and efficiency of the government procurement process that has led to the accumulation of domestic debt. There is also indication that weak debt management rather than economy wide factors are responsible for the growth of these NPLs, which calls for increased bank supervision by the central bank. There is need to address sources of uncertainty in the economy in order to smooth investment, as well as pay domestic arrears. Further economy wide reforms related to sources of risks reported by the commercial banks is an area that requires in-depth investigation at meso and micro levels.

2.7 The 2015/16 Economic Outlook

Factors affecting Agriculture: seasonal factors: rainfall/drought, availability of planting materials, and lagged price effects on key commodities.

Factors affecting Manufacturing and other Industry: cost of imported raw materials such as the change in the value of the shilling (imported inflation, exchange rate movements); cost of local raw materials/inputs: stability in the supply of electricity (power), changes in the prices of power, supply of intermediate inputs from agriculture, changes in the cost of money (inflation, interest rates); absorption, private consumption and investment (weakness of the global economy will affect the investment inflows and demand for exports), and government activity including borrowing and debt servicing; and effect of licencing of oil companies.

Factors affecting Services (trade and investment): instability in neighbouring countries; availability of credit, interest rates, and exchange rates; accumulation of domestic arrears; Brexit (mixed effects); and effectiveness of regional trade arrangements.

CHAPTER THREE: PROGRESS ON NDPII GOALS, OBJECTIVES AND KEY RESULTS AREAS

3.1 Overview of the NDPII Objectives

The goal of the second National Development Plan (2015/16-2019/20) is to attain middle income status by 2020 through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth. In particular the NDPII has 4 objectives. These are: (i) Increase sustainable production, productivity and value addition in key growth opportunities; (ii) Increase the stock and quality of strategic infrastructure to accelerate the country's competitiveness; (iii) Enhance human capital development; and (iv) Strengthen mechanisms for quality, effective and efficient service delivery. The NDPII prioritizes agriculture, tourism, minerals, oil and gas, infrastructure and human capital development.

Within the agriculture sector, focus is on four key areas: (i) increasing production and productivity; (ii) addressing challenges in the selected thematic technical areas including critical farm inputs, mechanization and water for agricultural production; (iii) improving agricultural markets and value addition in the 12 prioritized commodities; and (iv) institutional strengthening for agricultural development.

Under the tourism sector, focus is on five areas: (i) aggressive marketing for tourism; (ii) product development and diversification; (iii) human skills development; (iv) increasing the stock of human capital along the tourism value chains; and (v) improving coordination, regulation and management of the tourism sector.

In the minerals, oil and gas sector, focus is on five prioritized minerals which include iron ore, limestone, phosphates, copper/cobalt and dimension stones.

Regarding human capital development, the focus in education is on: introduction of early childhood development programmes; improvement of quality, equity, retention, relevance and efficiency in basic education while consolidating the gains made in the access to education at all levels. In health sector, efforts are geared towards: production of a healthy human capital through provision of equitable, safe and sustainable health services; increase financial risk protection of households against impoverishment due to health expenditures; and establishing Centres of excellence in heart, cancer, renal care domains and diagnostic services.

For skills development, focus is on: increasing equitable access to appropriate skills training at all levels; improving quality and relevance of skills development; enhancing efficiency and effectiveness in skills delivery. In the water and sanitation sub-sector focus is on: increasing access to safe water in rural and urban areas; increasing sanitation and hygiene levels in rural and urban areas; increasing functionality of water supply systems; incorporating gender concerns, implementing water resources management reforms and promoting catchment based integrated water resources management.

In infrastructure development the focus on works and transport is on; developing adequate, reliable and efficient multi modal transport network in the country; improving the human resource and institutional capacity of the Sector to efficiently execute the planned interventions; improving the National construction industry; and increasing safety of transport services.

In the energy sub-sector, the key focus areas include: increasing power generation capacity to drive economic development; expanding the electricity transmission grid network; increasing energy efficiency; promoting the use of alternative sources of energy; and strengthening the policy, legal and institutional framework.

Under water for production focus is on: increasing the provision of water for production facilities; and increasing the functionality and utilization of water for production facilities.

Under Information Communication and Technology the key focus areas of the sector include: collaborative development of an interoperable and secure ubiquitous ICT infrastructure; creation of an enabling environment that is aligned to emerging changes; enhancing integration and automation of e-Government services and position Uganda competitively in the Global ICT market; enhancing capacity for local content development and usage in the various ICT Sector services; and, development of quality ICT human capital stock to meet the industry demands for ICT skills and support R&D.

The focus on the above mentioned sectoral areas is aimed at ensuring garnering the synergies for maximum results towards achievement of middle income status over the five-year period. Further prioritisation is reflected in the interventions provided in the second National Development Plan.

The key development results are based on macroeconomic projections, previous performance, Sustainable Development Goals, and Uganda Vision 2040 targets. The key result areas include: a competitive economy, increased employment and wealth, and skilled human capital.

3.2 Progress against key NDPII Goal and Objectives (Indicators and Targets)

The overall NDPII Goal is "to achieve middle income status by 2020 through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth". The progress against the NDPII goal and objectives is given in the sections below.

3.2.1 Progress on NDPII Goal

The development indicators for assessing progress against the NDPII goal are: income per capita (USD), average economic growth rate, percentage of people living on less than USD 1 a day, and percentage of national labour force employed and the number of young people not in education, employment or training. Table 3.1 provides the key development results and targets against these indicators.

Growth slowed down in the first year of the NDPII implementation at 4.8 percent compared to the target of 5.5 percent in FY2015/16. The lower growth can in part be attributed to the slow execution of public investments; the uncertainty related to electioneering, the relatively tight monetary policy stance, which was aimed at reining in the inflationary pressures that ensued in the second half of 2015; and the difficult international economic environment, including the declining international commodity prices, which have affected mainly Uganda's exports.

Uganda's economy grew by 4.6 percent from UGX 53,257 billion to UGX 55,733 billion (2009/10 constant prices). In nominal terms, GDP at market prices increased from UGX 78,770 billion to UGX 84.4 billion in 2015/16, according to the data from UBOS. This was higher than the NDPII target of UGX 83,378 billion. In FY2015/16 GDP per capita was USD 671, which is below the NDPII target of USD833 by over by more than 24 percent. This growth was contributed to mostly by services (6.5 percent) followed by Industry (4.0 percent), Agriculture, Forestry and Fisheries (3.2 percent) and Taxes on products (0.9 percent).

The Global Competitiveness Ranking for Uganda averaged 122.6 during the NDPI period. Continued investments in transports, energy and ICT infrastructure geared towards enhancing competitiveness are helping in improving the country's competitiveness. Ranking by the World Economic Forum puts Uganda at position 115 out of 144 economies. The World Bank Doing Business 2016 indicated that Uganda's doing business performance is improving. In 2015/16, Uganda was ranked 122nd out of 189 countries surveyed, compared to a rank of 132nd in 2014. The improvement was partly a result of the introduction of an online system for obtaining trading licenses, reducing business incorporation fees, improving access to credit information and reduced delays for new electricity connections.

Table 3. 1: Progress on NDPII Goal and Targets

Development Indicator	NDPII Baseline 2012/13	Targets		NDPII Progress in FY2015/16	
		NDPII 2019/20	Vision	Target	Actual
GDP Income per capita (USD) (current prices)	743	1,039	9,500	833	728
Average economic growth rate	5.2	6.3	8.2	5.5	4.8
Export proportion of GDP	16.1			9.49	9.7
Percentage of people living on less than USD 1 a day		14.2	5.0	19.50	19.7
Percentage of national labour force employed		79	94	N/A	N/A
Reduction in number of young people not in education, employment or training		By 20 %	By 90 %	N/A	N/A
Competitiveness					
Ease of doing business ranking	150/189			122/189	122/189
Global Competitive ranking	123/148			123/148	115/144
Sustainable wealth creation					
Wetland cover (% of total area)	11.9	12	13	10.9	10
Forest cover (%)	14	18	24	14.8	11
Population growth rate (%)	3.2	2.9	2.4	3.03	3

Development Indicator	NDPII Baseline 2012/13	Targets		NDPII Progress in FY2015/16	
		NDPII 2019/20	Vision	Target	Actual
Employment					
Unemployment rate (%)					9.4
Inclusive growth					
Income distribution	0.395	0.452	0.32	0.446	0.395

3.2.1 Progress on NDPII objectives

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

The development indicators for assessing progress against this objective are: manufactured exports as a percentage of total exports; labor productivity; and forest cover. Table 3.2 provides the key development results and targets.

The growth in Uganda's economy was largely supported by increase in public investment in infrastructure, rise in private domestic consumption and investment demand, and a rebound in agriculture.

Uganda's labor force is estimated at about 22 million people and these are distributed in agriculture, industry and services in the proportions of 68.4 percent, 7.4 percent and 24.2 percent, respectively with corresponding output per worker as USD 370, USD 2,763 and USD2,391 (Table 3.2) The decline in output per worker is explained by variations in the exchange rate and increase of the population in the agricultural sector.

Table 3. 2: Progress on NDPII objective 1 and Targets

Development Indicator		NDPII Baseline 2012/13	Targets		NDPII Progress in FY2015/16	
			NDPII 2019/20	Vision 2040	Target	Actual
Manufactured exports as a percentage of total exports		6.0	19	50	8.5	N/A
Labour Productivity (GDP per Worker - USD)	**Agriculture**	581	977.77	6,790	598.9	370
	Industry	5,106	7,871.35	24,820	6327	2763
	Services	2,441	5,217.65	25,513	2839	2391
Nominal GDP (UGX Billions)		54,688	124,381	1,451,250	78,770	87,891
Real GDP (UGX Billions)		48,195	N/S	128,200	53,257	55,733
Forest Cover (percent Land Area)		14	18	24	14.8	11

Data Source: UBOS

In 2015/16, the highest growth was registered from the services sector (71.6percent) followed by agriculture (15.4percent) and industry (12.1percent) trailed. The services sector performance is attributed to the rebound of information and communications activities whose contribution to growth was 28.9percent.

In the agriculture sector, the food crops activities maintained the growth prowess. The worst performing activities were in the industrial sector where the contribution to growth declined from 28.5percent to 12.1percent on account of deceleration in the growth of manufacturing, electricity, and mining and quarrying. These activities grew but at lower growth rates compared to the previous year.

Table 3. 3: Sources of real growth (share) by activity, 2013/14-2015/16

Activity and Sector	Growth (Annual percentage Change)				Contribution to Growth (Share of Total Annual Growth)			
	2013/ 14	2014/ 15	2015/ 16	Rank *	2013/ 14	2014/ 15	2015/ 16	Rank *
GDP at market prices	**5.2**	**5.0**	**4.6**	**-**	**100.0**	**100.0**	**100.0**	**-**
Agriculture, forestry and fishing	**3.0**	**2.3**	**3.2**	**2**	**13.4**	**10.7**	**15.4**	**2**
Food crops	2.9	2.0	2.2	19	6.9	4.9	5.6	7
Forestry	4.7	1.7	3.7	13	3.7	1.4	3.2	10
Livestock	2.8	2.9	3.1	16	2.2	2.4	2.6	12
Cash crops	0.3	4.3	7.2	5	0.1	1.4	2.6	13
Fishing	2.6	1.9	5.7	10	0.6	0.5	1.4	17
Agriculture Support Services	0.5	16.8	-5.6	25	0.0	0.1	- 0.0	22
Industry	**6.3**	**7.8**	**3.0**	**3**	**21.8**	**28.5**	**12.1**	**3**
Construction	12.5	2.5	5.7	11	14.6	3.3	7.8	4
Water	6.3	6.1	6.0	8	2.3	2.4	2.5	14
Manufacturing	2.2	11.0	0.4	21	3.2	16.7	0.7	18
Electricity	1.9	5.7	3.1	15	0.3	1.0	0.6	19
Mining & quarrying	5.7	19.5	1.4	20	1.4	5.1	0.5	20
Services	**5.6**	**4.5**	**6.6**	**1**	**53.4**	**45.6**	**71.6**	**1**
Information and Communication	14.5	-2.5	16.7	2	22.0	- 4.4	28.9	1
Public Administration	0.3	22.2	19.6	1	0.2	11.9	13.1	2
Education	4.5	4.8	6.9	7	4.6	5.2	7.9	3
Trade and Repairs	-1.5	4.1	2.8	18	- 3.5	9.6	7.0	5
Real Estate Activities	6.3	6.5	6.0	9	6.1	6.8	6.7	6
Transportation and Storage	5.8	6.2	7.7	4	3.0	3.4	4.6	8
Accommodation and Food Service Activities	8.8	-0.1	6.9	6	4.0	- 0.1	3.5	9
Human Health and Social Work Activities	5.3	4.9	4.4	12	2.9	2.8	2.8	11
Other Service Activities	10.7	7.9	9.4	3	2.0	1.6	2.1	15
Financial and Insurance Activities	18.0	7.0	2.9	17	8.1	3.8	1.7	16
Activities of HHs as Employers	2.4	2.8	3.4	14	0.2	0.3	0.3	21
Professional, Scientific and Tech Activities	1.8	-5.7	-0.1	22	1.1	- 3.4	- 0.0	23
Arts, Entertainment and Recreation	6.7	5.4	-2.1	23	0.4	0.3	- 0.1	24
Admin' and Support Service Activities	8.1	25.6	-17.9	25	2.3	7.8	- 7.0	25
Taxes on products	7.6	9.4	0.5	4	11.4	15.2	0.9	4

Data Source: Uganda Bureau Of Statistics

*The rank applies to 2015/16 only. The rank is the order of contribution from the highest to the lowest.

In the agriculture sector, there is need to accelerate growth of the food activities as the main driver of agriculture growth. Uganda stands a great opportunity if it developed this food subsector for higher contribution to exports given the huge gap relative to world demand for food and food products.

In the industrial sector, there is need to address the issues associated with manufacturing to prevent further sharp declines in growth.

In the services sector, the sharp growth in information and communication is likely not to be repeated in the following year, yet the rapid growth in public administration over the two years is unprecedented. There is need to foster growth in education, trade and real estate activities, whose potential for sustainable growth seems to be much higher in the services sector. The reduction of costs for the private education sector activities as well as increasing opportunities for trade to compensate for lost markets in war ravaged areas such as South Sudan should compensate components of government strategies in the short run.

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

The development indicators for assessing progress against this objective are: gross capital formation as a percentage of GDP; total national paved road network (km); percentage of cargo freight on rail to total freight; percentage of the population with electricity and consumption of electricity (Kwh per capita). Table 3.4 provides the key development results and targets.

Gross capita formation as a percentage of GDP declined to 23.2percent in FY2015/16 from 28percent in FY2012/13. This is partly explained by the decline in FDIs due to the slowdown in investment in oil sector. On average since FY2012/13 to date, there has been a deceleration in growth of transport equipment, other machinery and equipment and mineral and petroleum exploration. Most of these are associated with delayed public investment in some infrastructure projects.

The length (km) of paved national road network has increased significantly. Total paved national road network (km) increased to 4,219.7 km in 2015/16, up from 3,795 km in 2012/13. This is above the NDPII 2015/16 target of 4,095 km with an annual addition of about 212.3km.

According to 2014 National Population and Housing Census, one in every five Ugandan households (20percent of household access) now had access to electricity. This number has more than doubled over the past decade, from 7.8percent in 2002.

Table 3. 4: Progress on NDPII Objective 2 and Targets

Development Indicator	**NDPII Baseline 2012/13**	**Targets**		**NDPII Progress in FY2015/16**	
		NDPII 2019/20	Vision 2040	Target	Actual
Gross capital formation as a percentage of GDP	28.03	27.7	30	N/A	23.2
Proportion of paved road to the national road network (%)	16.6	25	80	19.5	20.2

Total national paved road network (km)	3,795	6,000	119,840	4,095	4,219.7
Percentage of cargo freight on rail to total freight	12	25.5	80	17.8	8.3
Percentage of the population with electricity	14	30	80	16	20.4
Consumption of electricity (Kwh per capita)	80	578	3,668	90	100
Water consumption (cubic meter per capita)	27	N/S	600	N/S	30.27

Source: BTTB 2016/17

The increased investments in transports, energy and ICT infrastructure geared towards enhancing competitiveness are helping in improving the country's competitiveness. Ranking by the World Economic Forum put Uganda at position 115 out of 144 economies compared to 123/148 in 2012/13. The Competitiveness Ranking for Uganda averaged 122.6 during the NDPI period. Also, the World Bank Doing Business, 2016, indicated that Uganda's doing business performance improved during 2015/16. Uganda was ranked 122nd out of 189 countries surveyed, compared to a rank of 132nd in 2014. The improvement was partly a result of the introduction of an online system for obtaining a trading license, reducing business incorporation fees, improving access to credit information and reduced delays for new electricity connections.

Objective 3: Enhance human capital development

The development indicators for assessing progress against this objective are: life expectancy at birth; infant mortality rate per 1,000 live births; under five mortality rate per 1,000 live births; maternal mortality rate per 100,000 live births; child stunting as a percent of under-5s; total fertility rate; primary to secondary school transition rate; net secondary completion rates; and average years of schooling. Table 3.5 provides the key development results and targets.

On average, life expectancy increased to 63.3 years in 2014 from 54.5 in 2012/13 which is above the NDPII target of 56 years. This is because of improvement in health outcomes over the years. Trends in health sector outcome indicators reveal an improvement over the years. Uganda's under-5 mortality rate has reduced from 137/1000(UDHS, 2006) to 80/1000 live births (Census 2014). The infant mortality rate in particular has reduced from 85 deaths per 1000 live births in 2006 (UDHS, 2006) to 43 deaths (UDHS 2016). The causes of child mortality in Uganda are: birth related (more than a third of the infant deaths as high risk); preventable diseases (malaria, diarrhea, measles, pneumonia); malnutrition and low full immunization.

The trend in the maternal mortality ratio which was 435 per 100,000 live births (UDHS, 2006) improved to 336 per 100,000 live births in 2016 (UDHS 2016). The major causes of maternal mortality remain; severe bleeding; infections; unsafe abortion; eclampsia; and obstructed labor.
The total fertility rate improved from 6.2 in 2012/13 to 5.8 in 2015/16. This is due to programmes focusing on; needs for family planning, contraceptive use, desired family size, and teenage pregnancy.

Table 3. 5: Progress on NDPII Objective 3 and Targets

Development Indicator	NDPII Baseline 2012/13	Targets		NDPII Progress in FY2015/16	
		NDPII 2019/20	Vision 2040	Target	Actual

Development Indicator		NDPII Baseline 2012/13	Targets		NDPII Progress in FY2015/16	
			NDPII 2019/20	Vision 2040	Target	Actual
Life expectancy at birth		54.5	60	85	56	63.3*
Infant mortality rate per 1,000 live births		54	44	4	50	43*
Under five mortality rate per 1,000 live births		90	51	8	64	64*
Maternal mortality rate per 1,00,000 live births		438	320	15	393	336*
Child stunting as percent of under-5s			25	0	N/A	N/A
Total Fertility Rate		6.2	4.5	3	5.8	5.8
Primary to secondary school transition rate		73	80	N/S	75	63.2
Net secondary completion rates		35.3	50	N/S	38.1	37.8
Average years of schooling		4.7	11	N/S	5.96	6.0
Safe water coverage	**Rural**	64	79	100	72	66.6
	Urban	70	100	100	86	71

***National Population and Household survey 2014, ** 2011 UDHS**

Progress on primary education continues to be a challenge on some key indicators. At primary level, P.7 completion and transition to S.1 continued to stagnate with the respective targets not achieved. At secondary level, net enrollment was not achieved for both girls and boys, with boys failing to achieve the targeted completion rate. Only girls were able to marginally achieve the targeted transition from S4 to S5. At tertiary level, all targets were achieved. The details are shown in the table 3.6 below.

Table 3. 6: Education access indicators

INDICATOR		Baseline 2012/13	NDPII 2015/16 Progress	NDPII 2015/16 target	NDPII 2020 target
Net Primary school enrolment rate (%)	Total	95.3	90	96.4	100
	Girls	96	91	97	100
	Boys	94.57	89	95.8	100
P7 completion rate (%)	Total	71	61.5	73	85
	Girls	71	63.4	73	85
	Boys	71	59.7	73	85
Transition rate to S1 (%)	Total	73	64.8	75	83
	Girls	72	65.2	74	83
	Boys	72	64.4	74	83
Net Secondary enrolment rate (%)	Total	24.7	23.7	28.9	40
	Girls	23.6	22.8	25.7	35
	Boys	25.9	24.2	26.6	30
Net Secondary school completion rate (%)	Total	35.3	37.8	38.1	50
	Girls	33.8	36	35	48
	Boys	36.7	39.6	40	52
Transition rate from S4 to S5 (%)	Total	32	30.2	36	50
	Girls	27	29.4	28	35
	Boys	37	31	39	45
University students	Total	140,403	186,412	149,763	187,204
	Female	60,398	81,980	64,425	80,530
	Male	79,709	104,432	85,023	106,279

INDICATOR		Baseline 2012/13	NDPII 2015/16 Progress	NDPII 2015/16 target	NDPII 2020 target
Tertiary Institution students	Total	208,376	261,094	222,962	292,258
	Female	90,910	113,817	97,283	127,518
	Male	117,740	147,277	125,981	165,136

Literacy targets for the FY2015/16 at P.3 and P.6 for both boys and girls were achieved as shown in the table 3.7 below

Table 3. 7: Literacy rates at P.3 and P.6

INDICATOR		Baseline 2012/13	NDPII 2015/16 Progress	NDPII 2015/16 target	NDPII 2020 target
Literacy rate at P3 (%)	Total	56.21	60.2	58.26	70
	Boys	53.87	59	55.71	70
	Girls	56.42	61.3	58.34	70
Literacy rate at P6 (%)	Total	40.15	51.9	43.51	50
	Boys	38.72	51.6	39.82	50
	Girls	40.1	52.2	41.95	50

There is still a challenge in attracting females to BTVET as indicated by the failure to achieve the targets in the table 3.8 below

Table 3. 8: BTVET enrolment

INDICATOR		Baseline 2012/13	NDPII 2015/16 Progress	NDPII 2015/16 target	NDPII 2020 target
BTVET enrolment	Total	42,674	63,209	46,941	64,011
	Female	14,650	26,249	16,115	21,975
	Male	28,024	36,960	30,826	42,036

Average years of schooling for Ugandans increased from 4.7 years in 2012/13, up to 6.0 years (2015 HRD, UNDP). This is likely due to the continued effects of UPE and USE, and reduction in poverty level over the years.

Access to safe water has stagnated at 65percent between 2012/13 and 2015 for rural while for urban areas it declined from 77percent in 2012/13 to 73percent in the same period (MWE 2015 Report).

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

The development indicators for assessing progress against this objective are; government effectiveness index, public resources allocated to the local governments level (percent), and Corruption Perception Index (CPI). Table 3.9 provides the key development results and targets.

Table 3. 9: Progress on NDPII Objective 4 and Targets

Development Indicator	NDPII Baseline 2012/13	Targets	NDPII Progress in FY2015/16

		NDPII 2019/20	Vision 2040	Target	Actual
Government Effectiveness Index	-0.57	0.01	N/S	0.36	-0.5
Public Resources Allocated to Local Governments Level (percent)	19	30	N/S	30	15.8
Corruption Perception Index (CPI)	2.9	3.7	7.1	3.3	2.5

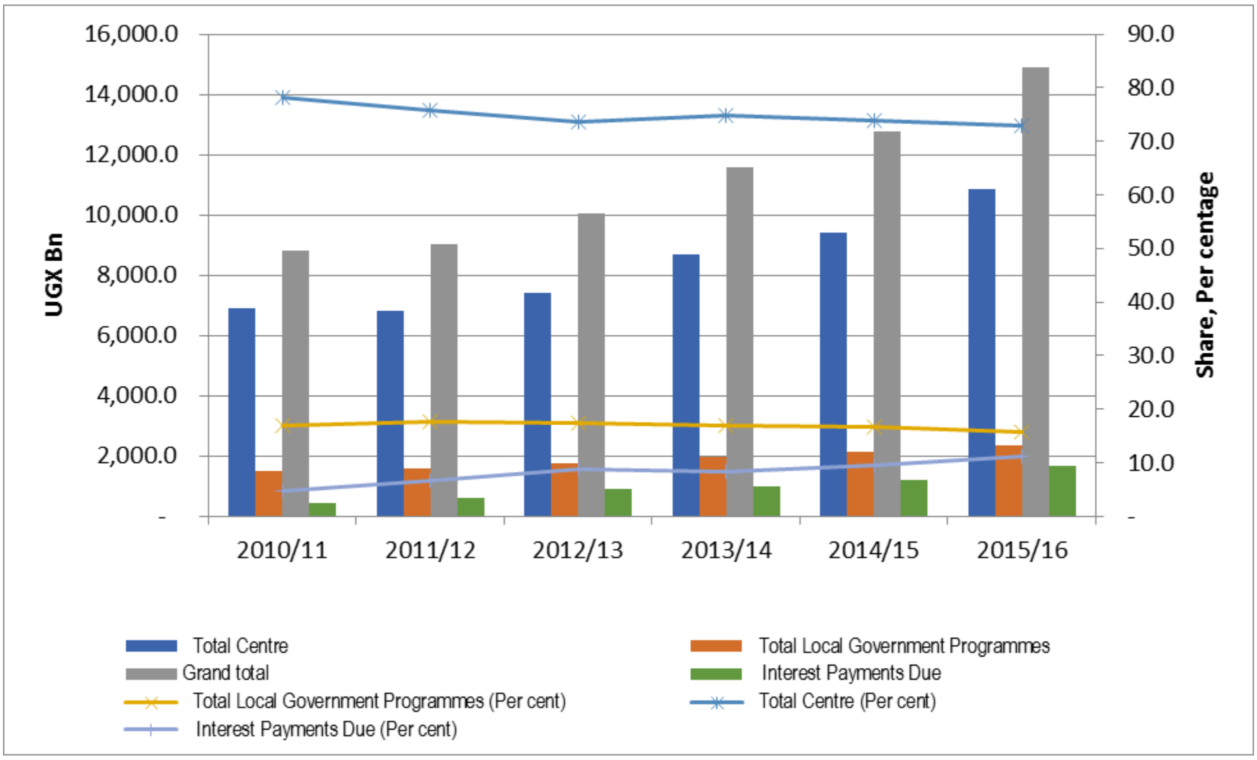
Government has over the years' implemented legal, institutional and administrative reforms to increase efficiency in Government operations. These include, among others, fiscal decentralization to bring services nearer to the people. Strengthening public financial management, budget transparency and accountability to fight corruption, performance contracting of accounting officers and salary enhancement of frontline service delivery workers are now being entrenched into the system.

In 2015, government passed the Public Finance Management Act, 2015, whose implementation will enhance efficiency and effectiveness in service delivery especially in regards with aligning budgets and plans at all levels.

However, further effort is still required in order to improve the efficiency of Government operations. The abilities, capacity and work ethic and attitudes of public officials must also be seriously addressed.

There is increasing pressure from LGs to have an increasing share of the national budget resources allocated to them in order to deliver on their mandates under decentralization. However, it is observed there is a continuous decline in allocations to the current 15.8percent down from 17.5 in 2012/13. There is more responsibility growing at the center rather than devolving it to the districts under the decentralization policy. There is a realization that the increasing responsibility at the center takes into account the inter-regional, inter-district services that cut across priority areas such as infrastructure, security and public administration responsibilities. However, there is a concern on the unit cost of delivering services.

Figure 3. 1: Trends in transfers to local governments over five financial years



3.2.2 Progress on Key Results Areas

The Second Plan focuses on agriculture, tourism, mineral, oil and gas, infrastructure, and human capital development aimed at contributing to the achievements of the overall development results. Performances on their indicators are elaborated under each priority areas below.

Agriculture
The NDPII puts emphasis on investing in cotton, coffee, tea, maize, rice, cassava, beans, fish, beef, milk, citrus and bananas enterprises along the value chain. The Plan targets to increase value added exports of coffee from USD 425.4 million to USD 584.321 million, of cotton (%) from USD 31.686 million to USD41.367 million, of tea (%) form USD85.589 million to USD113.844 million. The targets for others products are: maize (%) form USD42.254 million to USD55.131, rice (%) from USD39.966 to SD48.037, fish (%) from USD126.727 million to USD165.477 million and beans (%) from USD20.577 million to USD26.558 million.

Besides, the Plan envisages increase in export of primary products for coffee, tea and cotton. Exports in tons for coffee are expected to increase from 220,546 to 320,933, tea from 61,971 to 81,351 and for cotton from 18,671 to 24,186 in the same period.
Over the years, results show that the export values for all the priority commodities initially increased during the first half of NDPI period but began to slowly decline towards the end. This trend continued into the NDPII. The performance of export values for all the priority commodities in year one of NDPII implementation was below the set targets. For instance, the export value of coffee was USD 351.90 million achieved below the target value of USD 450 million, cotton fetched USD 24.29 million below the annual target of USD 33.5million, and tea USD 74.79 million below the target of USD 90.5 million.

Therefore, there was considerable decline in exports for all the priority commodities during the first year of the Plan implementation (Table 3.10)

Table 3. 10: Exports of priority commodities in values (USD millions)

	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
Coffee (Value)	371.04	444.21	422.69	404.00	400.49	351.90
Cotton	82.95	77.59	36.46	21.75	18.18	24.29
Tea	63.60	71.59	86.20	83.22	73.37	74.79
Fish & its prod. (excl. regional)	143.19	137.81	108.61	110.18	136.82	114.65
Maize	25.59	47.03	54.43	35.74	74.19	79.83
Beans	11.14	15.22	16.12	20.32	37.62	49.77

Source: Bank of Uganda 2016

Table 3. 11: Exports of priority commodities in volumes

	UNITS	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
Coffee	(60 kg bags)	778,741	037,585	374,455	653,193	259,500	556,766
Cotton	(185 kg Bales)	133,316	230,773	110,484	40,506	58,421	93,988
Tea	Tons	51,740	54,402	63,456	58,991	53,500	54,989
Fish & its Products		21,880	20,691	20,202	16,874	19,020	19,328

Source: Bank of Uganda 2016

The policy for realizing add value targets in agriculture is to increase production, transportation, storage, processing, as well as, marketing and distribution through strengthening research, identifying and building key human resource capacity; technology adaptation at the farm level including modern irrigation technologies; up scaling the transfer and utilization of food-production and labor-saving technologies for women farmers; enhancing extension services; increasing access to and use of critical farm inputs; promoting sustainable land use and soil management; and increasing access to agricultural finance with specific attention to women.

There is need for developing the agriculture sector along cooperatives and diversify the rural economy which would expand non-agricultural activities along with such activities as fish farming, poultry, animal husbandry and dairy farming.

Tourism

In recent years, the country has made strides in the promotion and development of tourism aimed at increasing the receipts and sector contributions to GDP, in addition to providing jobs. The results in the Table 3.12 shows that, between 2011/12 and 2015/16, tourist arrivals increased from 1,196,765 to 1,302,802 and receipts from tourism to USD 1,350 million from USD 805 million in 2012/13, consequently the sector share to GDP increased from 8.9percent to 9percent in the same period.

Table 3. 12: Progress on Tourism Targets

	UNITS	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16

Tourism receipts	(Million USD)	662	805	971	1,003		1,350
Tourist arrivals	Number	1,151,000	1,197,000	1,206,000	1,266,000	1,303,000	
Tourism sector contribution to GDP	%	7.6	9	8.9	7.9	9.9	9
Persons employed by the tourism sector	Number			182,500			464,300

Source: Tourism Performance Report FY2015/16

The policy for promoting and development of tourism is on extending and adapting tourism through business and leisure needs and providing facilities for visiting foreign, and Ugandan, investors to economic development areas and sites.

Mineral, Oil and Gas

The key minerals earmarked for exploitation and value addition during the NDPII period include: uranium, iron ore, limestone/marble, copper/cobalt, phosphates and dimension stones. Progress as measured by export earnings from mineral products (bn), numbers of people employed in mining sector and contribution of the mining sector to GDP indicates mix results.

The mineral sector performed significantly well during the NDPI period. Export earnings from mineral products averaged UGX389.5 billion, excluding oil re-exports. In 2015/16, UGX 376.83 billion was earned in exports more than the value that was earned (UGX 375.29 billion) in 2014/15. This was well above the target expected in the first year of the NDPII implementation. Also, the contribution of the mining sector to GDP increased during the NDPI period. However, the contribution of the mining sector to GDP fell to 0.6percent in 2015/16, down from 0.7percent in 2014/15, due to poor world prices of cobalt and copper, among others. The 2015/16 target was 0.55percent.

Table 3. 13: Exports of merchandise in values (UGX bn)

	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
Oil re-exports	243.08	300.93	355.57	360.55	404.65	421.83
Cobalt	39.85	35.06	40.96	9.59	-	-
Cement	179.55	265.12	279.04	234.21	260.33	235.74
Crude oil (excl petroleum products)	73.49	142.88	153.73	118.49	114.96	141.09
Total (excluding oil re-exports	**292.89**	**443.06**	**473.73**	**362.30**	**375.29**	**376.83**

Table 3. 14: Composition of Exports - Volume (tons unless otherwise stated)

	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16
Gold (Kgs)	177	273	678	2,118	20	5,423
Cobalt	649	520	601	143	-	-

Source: Bank of Uganda, 2016

Infrastructure

Works and Transport

Rapid growth of agriculture, tourism, mineral, oil and gas are crucially dependent on the expansion of key infrastructure sector. The key strategic infrastructure that the NDPII focuses on includes: transport, energy, ICT, oil and gas, as well as, water for production. The base for the sectors was laid in the NDPI and this has continued in the NDPII. There has been substantial growth both in the spread of road network as well as the output of the transport system. Besides, increase in railway, road, water and airlines transport.

The KRAs for the transport sector are measured through increase in the total paved national road network (km) from 3,795 to 5,292 km; increase in proportion of paved national to total national roads (%) from 16.6 to 25percent; increase in proportion of paved urban roads to national roads from 3.6 to 4.3percent; and increase in proportion of paved KCCA roads to total KCCA roads from 38.4percent to 46.6percent.

Roads

During the NDPI period, a total of 796km of paved roads was added against the target of 1,100km. The total paved national road network (km) has increased since to 4,157 km, including 178.1km that was constructed in 2015/16. This has been achieved ahead of the annual target of 4,065 km. The proportion of paved national roads increased to 20.2percent in 2015/16 from 18.5percent in 2012/13. The 2015/16 target was 19.5percent. Similarly, there has been a rise in the kilometers of paved urban roads. The proportion of paved urban roads to national roads increased to 3.6 percent in 2015/16, up from 2.3percent in 2012/13. This is slightly below the 2015/16 NDPII target. Close to 50percent of the KCCA roads is now paved, an increase of about 15percent since 2012/13.

Table 3. 15: Progress of Infrastructure Targets

Component	Key Indicators	Baseline 2012/13	2015/16 TARGET	2015/16 ACTUAL
Road Transport	Increase in the total paved national road network (km)	3795	4095	4157
	Increase in Proportion of paved national to total national roads (%)	16.6	19.5	20.2
	Increase in Proportion of paved urban roads to national roads	3.57	3.71	0
	Increased in paved KCCA roads to total KCCA roads.	38.36	40.02	41.67
Railway Transport	Increase in Proportion of freight cargo by rail	12	17.7	8.3
	Increase in Proportion of passenger traffic by rail	0	0.029	N/S
	Increased Proportion of functional railway network	51	51	57
	Increase in volume of cargo transported by railway (million tonnes km)	124.40	128.13	165.7
Air Transport	Increase in Volume of international air	1,342,112	1,476,323	1,504155

	passenger traffic				
	Increase in Volume of domestic air passenger traffic		13,780	15,158	14,186
	Increase in Volume of international air cargo traffic	Unloaded	22,123	23,229	2,1490
		Loaded	33,784	36,487	34,693

Rail transport

Between 2012/13 and 2015/16, freight cargo by rail increased from 124.4 to 165.7. Data on passenger traffic for the period was not obtained. In the same period volume of cargo transported by railway fell by 31 percent to 5,162.7 tons.

During 2015/16, the Government signed a contract to develop the Eastern (Malaba-Tororo-Jinja-Kampala) and Northern (Tororo-Mbale-Soroti-Lira-Gulu-Nimule/Pakwach) Standard Gauge Railway lines. The country aspires to have a multi-lane Standard Gauge Railway system with high speed trains using the latest technology for both passenger transport and cargo freights by 2040.

Air Transport

There has been a remarkable improvement in air transport measured by increase in the volumes of international air passenger traffic, domestic air passenger traffic and international air cargo traffic. However, in 2015/16, the volume of international air passenger traffic and domestic air passenger traffic dropped by 2.8percent compared with 2012/13. Also, the volume of air cargo traffic fell from 57,324tons in 2012/13 to 56,183tons in 2015/16.

Energy

Power generation capacity increased from 850MW in 2013/14 to 892.7MW in 2015/16. As a result, access to the national power grid climbed to 15.7percent and the national electrification rate now stands at 20.5percent in the same period, helped by the extension of the transmission networks into a national grid. The NDPII sets to increase power generation capacity from 850MW to 2,500MW in 2020 through hydropower, geothermal, and nuclear power generation. To achieve this target, building of additional large hydropower facilities are on-going at Karuma and Isimba with expected capacities of 600MW and 183MW, respectively. Other mini-hydropower constructions are too underway.

Table 3. 16: Progress of Energy Targets

Development Indicator		Targets	NDPII Progress in FY2015/16	
		NDPII 2019/20	Target	Actual
Power generation capacity (mw)		2,500	1,000	892.7
Proportion of households accessing power from national grid		30	16	20.5
Proportion of electricity consumed by industrial and commercial sector	Industrial	50	65	N/A
	Residential	30	25	N/A
	Commercial and others	20	10	N/A

Power consumption per capita	578	90	N/A

Information Communication and Technology

Internet penetration stands at 37.4percent of the population. The number of registered internet users increased from 8.5million in 2014, up to 13.023million in 2015.

The tele-density increased to 53.3percent in 2015 from 51.3percent in 2014, largely attributed to growing number of active telephone subscribers. The number of active subscribers increased from 19.5 million in 2014 to 22.97 million active subscribers in 2015.

Table 3. 17: Progress of ICT Targets

Indicators	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Increased Ratio of national budget allocated STI (R&D) and ICT	0.15	0.18	0.22	0.27	0.33	0.4
Internet penetration	20.7	21.8	33.7	39	44	50
Proportion of businesses using the internet (%)	4	5	6	7	9	10
Proportion of households with a TV (%)	11.6	11.9	13	15.4	16.6	18
Increase in % of mobile line subscriptions	6.6	10.1	11.85	13.6	15.35	17.1
Proportion of districts with backbone (%)	45	62	72	77	86	80
Tele-density (lines per 100 population)	51.9	60	70	80	83	85

Human Capital Development

Infrastructure contributes greatly to the growth income per capita especially when the accumulation of knowledge through continuing education and training move to higher levels.

Progress in human capital development indicates that the average number of years of schooling increased to 5.4 years in 2015 (UNDP 2015) up from 4.7 in 2012 (NDPII). This is attributed to the increase in gross enrolment rate in primary, secondary and tertiary schools over the years. Besides, the literacy rate now stands at 76.6percent (UBOS). On the other hand, health outcomes have been promising over the same period. For instance, life expectancy increased to 63.3 years. However, unemployment rate remains high. The country's unemployment rate increased to 9.4percent (UBOS 2012/13) from 4.2percent in 2009/10.

Table 3. 18: Status of Implementation of NDPII Core Projects

Nature of Project	Core Project Name	Status of implementation
1. Agriculture	1.1.1 Agriculture Cluster Development Project (ACDP)	Project being implemented in 12 geographical clusters including the following districts; Masaka, Mpigi, Rakai, Iganga, Bugiri, Namutamba, Pallisa, Tororo, Butaleja, Kapchorwa, Bukwo, Mbale, Soroti, Serere, Amuru, Nwoya, Gulu, Apac, Kole, Oyam, Lira, Dokolo, Kabarole, Kamwenge, Kasese, Kyenjojo, Kyegwega, Mubende, Kibaale, Hoima, Masindi, Kiryandong, Ntungamo, Kabale, Bushenyi, Isingiro, Nebbi, Arua, Maracha and Yumbe.

Nature of Project	Core Project Name	Status of implementation
		Near completion of project (Expected to close in 2019)
	1.2.1 Markets & Agriculture Trade Improvement Project (MATIP II)	• Second phase of MATIP approved to reconstruct an additional 11 out of the remaining 14 identified markets in four regions of the country. • Rehabilitation ongoing at different stages • Near completion of construction of central and auxiliary markets. (expected completion is 2020)
	1.3.1 Farm Income Enhancement and Forest Conservation II	• Agreement has been signed with ADB and the project is due to start in FY2016/17 • GoU has provided for counterpart funding • Project has been assigned a Code and was included in the PIP for FY 2016/17. • Project aims to improve household incomes, food security and climate resilience through development of agricultural infrastructure. Project to be implemented over a five-year period in five districts where proposed irrigation schemes are located namely Nebbi, Oyam, Butaleja, Kween and Kasese.
	Storage Infrastructure	• Warehouse Receipts System Authority (WRSA) established • Grain Policy approved by Parliament • Implementation for the Grain policy under development
	Phosphate industry in Tororo	• Underground study to ascertain the quality and quantity of phosphate in the area, alongside land leasing, relocation and compensation of local communities carried out. • Assembling of the processing plant equipment is on-going in China and is expected to be shipped in the course of 2016.
2. Tourism Development	2.2.1 Tourism Marketing and Product Development Project	• Rehabilitation works on Namugongo shrine commenced and were completed. • Kagulu Hills – No progress realised • Evaluation of a consultant to undertake a feasibility study for development of Source of the Nile completed. **Target:** • Commencement of construction works on source of the Nile.
3.Infrastructure Development	3.1.1 Hoima Oil Refinery	• Procurement of lead investor completed. • Documentation for the Lead Investor Consortium and GOU to constitute a Special Purpose Vehicle (the Refinery Company) to take forward engineering and financing aspects of the Project was finalised • Uganda is to route its oil exports through Tanzania after a report found the country was a cheaper and more secure option than its other east African neighbour Kenya. Uganda is to use Tanga, a seaport city about 200km north of Dar es Salaam, to export its crude oil, rather than Lamu in Kenya. • The announcement was made at the East African Community (EAC) summit held just outside Uganda's capital, Kampala. • France's Total, a major player in Uganda's oil sector and widely seen as having influenced the choice of route, says it has already secured the $4bn needed to fund the Hoima-

Nature of Project	Core Project Name	Status of implementation
		Tanga route.
	3.1.2 Oil-related infrastructure projects	• A detailed routing study and Baseline Environmental survey for Hoima-Buloba multi-product pipeline (Utility Corridor); and the Resettlement Action Plan study for the Hoima-Buloba product pipeline are ongoing. • Under the Public Private Partnership arrangement, the 30 million litre Jinja Storage facility is operational and payment to Government of the concession fees as Non-Tax Revenue commenced.
	3.1.3 Albertine region airport	• The Master plan and the detailed designs for the airport were completed. Civil Aviation Authority will take forward the construction of the Airport. The airport is to be developed in the Albertine Graben, to be located at Kabaale in Hoima District, so as to facilitate delivery of equipment and transportation of personnel during the exploration and development phases of oil fields, construction of the oil refinery and other activities in the Graben.
	3.1.4 Albertine region roads	• The Albertine Region Sustainable Development Project was approved and included in the Public Investment Plan with the aim to improve regional and local access to infrastructure, markets and skills development in the Albertine region • The contract for the upgrading of 100km of road between Kyenjojo and Kabwoya was signed with Shengli Engineering Construction Company of Shengli Oil Field • The supervision contract was signed with Comptran Engineering and Planning associates to run through November 2019 to cover the defects and liabilities period • The process for selection of the consultants to prepare the detailed designs and bidding documents for the small-scale infrastructure works in the targeted districts and towns commenced. However, the project has been affected by suspension of funding by the World Bank.
	3.1.5 Other oil-related support infrastructure	• Draft strategy and plan for the petrochemical and other energy based industries awaits input from the refinery Front End Engineering Design (FEED) studies
	3.1.6 Mineral Development for Strategic minerals	• Six key minerals earmarked for exploitation within NDPII including; limestone/marble, copper/cobalt, phosphates, dimension stones and uranium • Government commenced on uranium exploration in Ndale, Fort Portal and Rusekere volcanic fields (Fort Portal west uranium anomaly) and Rare Earth Elements (REE) exploration at Makutu-Buwaya radiometric anomaly in Eastern Uganda. Three • Hundred Sixty-Seven (367) samples were collected and analyzed. Geological studies have confirmed an area of 160km2 in Kibito, Fortportal for further follow-up and detailed studies to establish the Uranium potential in the area. • New mineral targets of tourmaline, gold, wolfram, tin, columbite-tantalite, beryl, zinc, cobalt, nickel and chromium

Nature of Project	Core Project Name	Status of implementation
		and potential of black sands that host heavy metals such as magnetite, ilmenite and rutile have been discovered from geological mapping and geochemical surveys done.
	3.1.7 Development of Iron Ore and Steel Industry	• Geological surveys revealed large deposits of iron ore that is required for the steel industry. (200 million tonnes reserves of hematite iron ore in south west Uganda and 60 million tonnes of magnetite iron ore in the south east) • The ground geological and geochemical mapping that were conducted resulted into new discoveries of iron ore resources in Nyakarambi, Kitunga, Kashambya Kitojo, Kobutare, Katagata in Rukiga County, Kabale District. The study has confirmed the Iron Ore Resources in the Rutenga Magnetic anomaly.
	3.2.1 Karuma hydro power plant;	• The construction of the dam and power station officially started on 12th August 2013 and is expected to be commissioned by 2018. • Construction is on-going and overall, 40percent of the works have been completed. • In 2016, cracks were observed at a section of the dam component of the project that necessitated stoppage of works of concrete works at that particular section to allow investigations into the cause of the cracks and recommend appropriate repair methods. Investigations concluded that the cracks can be repaired and will not affect the integrity and performance of the dam • Final product is a 20 m-high, 311.53 m-large RCC concrete gravity dam, coffer dams, power intake works and a surface power house (6x 100 MW)
	3.2.2 Isimba hydro power plant;	• In September 2013, the government of Uganda signed a contract for the construction of Isimba hydropower plant to generate 183 megawatts. • Construction works are progressing as expected. Resettlement Action Plan for both the dam area and the transmission line is on-going with progress at 83percent. The overall construction works stand at 25percent • Expected commissioning of project is August 2018
	3.2.3 Industrial substations;	N/A
	3.2.4 Ayago hydro power plant;	• The feasibility study for this project was accomplished and CGGC submitted a bridge financing proposal aimed at facilitating the Ayago project commence construction in the financial year 2016/17 which is being evaluated by Government.
	3.2.5 Grid Extension in North-East, Central and Lira;	• Construction is on-going for a number of transmission Lines and associated substations with commissioning expected during the FY 2016/17
	3.2.6 Masaka-Mbarara Transmission Line;	• Construction ongoing. • Project to be commissioned in 2018. The final product is approximately 135km, 220kV, Double Circuit Transmission Line, and the associated connection to Mbarara and Masaka

Nature of Project	Core Project Name	Status of implementation
		220kV Substations
	3.2.7 Kabale-Mirama Transmission Line;	• Transmission line has been prepared for implementation. • Project to be commissioned in 2019. Final product is construction of 76km 132kV Double circuit transmission Line from Mirama Hills to Kabale and Kabale 132/33kV substation
	3.2.8 National Grid Extensions	N/A
	3.3.1 Standard Gauge Railway	• Construction works to begin in September 2016. • Uganda and Kenya in November 2, 2016 signed a bilateral agreement for the seamless operation of the Standard Gauge Railway (SGR) between the two states. • Completed the marking of the right of way from Malaba to Kampala. • Completed the Resettlement Action Plan (assessment and valuation) in all 11 districts along the Eastern Route from Malaba to Kampala. Compensated affected persons in Tororo (95%), Butaleja (fully), Namutumba (fully), Luuka (fully) and nearly 50% in Iganga where payments are still ongoing. The process towards compensation is ongoing in the other districts
	3.3.2 The Entebbe Airport Rehabilitation	• Work in progress. Expansion and upgrade of Entebbe International Airport was commission in August 2015. Government of China has extended financial support through a loan of US $200 million to be utilized for the upgrade and expansion works • Construction works under phase 1 are ongoing (Phase 1 entails the airport expansion that will include strengthening of the main Runway 17/35 and its associated Taxiways, expansion and strengthening of Aircraft parking aprons 1, 2 and 4 and rehabilitation of the old Runway 12/30 and its associated Taxiways. • Near end of phase 1 and start of phase 2. The first phase will end in 2018, the second phase will be implemented between 2019-2023 and the third phase between 2024-2034.
	3.3.3 Kampala-Jinja highway	• A tender for the Kampala – Jinja Expressway was put up by UNRA. The construction will be managed under Public-Private Partnership arrangements • Detailed designs for the project were completed • Procurement process for a contractor to build the highway commenced. • Near end of project (expected completion is November 2017) • Final product is a 77km expressway road of 4-8 lanes of mainline Expressway with a design speed of up to 120kph between Kampala and Jinja
	3.3.4 Kibuye - Busega - Mpigi (33km)	• Detailed designs for the project were completed • Procurement process for a contractor to build the highway commenced. • Construction works to begin. • The proposal is for a four lane, dual carriage highway

Nature of Project	Core Project Name		Status of implementation
			connecting, Kampala, and Bombo, in Luweero District
	3.3.5	Kampala Southern by-pass(18km)	• Detailed designs for the project were completed • Procurement process for a contractor to build the highway commenced. • Near end of project (expected completion is November 2017) • Final product is an 18kmroad stretch that will start at Butabika, on the eastern outskirts of Kampala and connect the new Kampala- Jinja Expressway and Munyonyoat the new Kampala-Entebbe Expressway. It will have a design speed of up to 100 kph with 2by2 lanes for the entire 18km.
	3.3.6	Kampala-Bombo Express highway(35km)	• Design study ongoing; Design commenced in April 2015; • Inception report and Design Base Statement submitted and approved; • Draft Route Options Report has been submitted.
	3.3.7	Upgrading of Kapchorwa-Suam Road (77km)	• This project will be funded by AfDB as a regional project between Uganda and Kenya. • The revised feasibility study, detailed design, ESIA and RAP were submitted to AfDB for no objection. • Procurement of the contractor commenced in October 2015. Expressions of Interest applications for Consultancy Services for Design Review and Construction Supervision for Upgrading to Paved Standards were received on 30 June 2016 and are under review.
	3.3.8	Kampala-Mpigi Expressway	• This project is being appraised by AfDB for funding. AfDB has provided financing for civil works amounting to approx. US$140m for Busega to Mpigi road section • Detailed designs for the project were completed • Procurement process for a contractor to build the highway commenced.
	3.3.9	Rwekunye-Apac-Lira-Kitgum-Musingo Road	• Final Feasibility Study, Final Design Review Report and Draft Bidding Documents submission for Rwenkunye-Apa-Lira-Acholibur road and Geotechnical Investigation Report for Masindi Port Bridge submitted April 2016. • Loan for the project was submitted to Cabinet for approval 09 May 2016
	3.3.10	Road Construction Equipment	• In 2016, some equipment was purchased by UNRA in addition to quipment provided by the ministry of works and transport
4. Human Capital Development	4.1.1	Renovation of 25 Selected General Hospitals	• Major rehabilitation works started in 5 out of the 25 government-owned general hospitals including Masindi, Kiboga, Kapchorwa, Bugiri and Apac hospitals. • Under the Uganda-Spanish Debt Swap Grant, Kawolo hospital is to be refurbished and equipped • Project approved by binational committee for construction and refurbishment. Works commenced. • Rehabilitation works progressing at different stages.
	4.1.2	Mass Treatment	• National Malaria control Programme launched to provide

Nature of Project	Core Project Name	Status of implementation
	of Malaria for Prevention	quality assured services for Malaria prevention and treatment to all people in Uganda. • Government embarked on an indoor residual spraying campaign targeting 4.5 million people in 16 districts in the east and north of the country. • Protection of at least 85 percent of the people at risk of malaria by 2017 guided by various interventions as highlighted within the Uganda Malaria Reduction
	4.2.1 Comprehensive Skills Development	• Proposed Skills Development Project conceptualized, targeted at improving the regionally located technical colleges into centres of excellence. • Project agreement approved by Parliament and currently before Solicitor General for clearance.
	4.3.1 Uganda Women Entrepreneurship Programme (UWEP)	• On 11th Feb. Cabinet approved the UWEP implementation to start in Financial Year 2016/2017. • Cabinet approves programme and it is included in the Public Investment Plan and Medium Term Expenditure Framework with a Government commitment of UGX 53 billion for each of the next three years starting, in July 2016, with FY2016/17 to FY2018/19.
	4.3.2 Youth livelihood Programme (YLP)	• Phase I and II of implementation completed with all 112 districts covered and 5,507 youth groups financed. • 71,866 beneficiaries (45percent female) engaged directly in self-employment and income generating activities. • UGX 655 Million repaid by 649 groups by the end of the first year of access of funds by the groups. • 6970 projects have been funded to date. Beneficiaries have increased to 89,884. • A total of UGX. 2,541,541,835 has been repaid by 2,101 Youth Groups as at April 31, 2016.
	4.4.1 Strengthening Effective, Management and Accounting for the use of Public Resources (SEMMA)	• Introduction of the Treasury Single Account led to efficient cash management through the closure of dormant bank accounts • Integrated Financial Management System rolled out countrywide • Public Financial Management Act (PFMA) passed. • PFMA regulations being finalised to enforce the Act.
	4.4.2 Revitalization of UDC and Revitalization of UDB	• UGX 5billion provided in Budget for recapitalization of UDB • UDC Bill 2014 passed by Parliament. • In November 2015, Government pledged to fund the UDB to the tune of USD 1Bn as opposed to the earlier announced UGX 500 Bn; UDC on-going projects include: Kalangala Infrastructure Services Project, Soroti Fruit factory Project, Luwero Fruit Project and Kiira Motors Project
	ICT National Backbone Project	• 2nd phase of National Backbone Infrastructure (NBI) project completed with 1400.734Km of Optical Fibre Cable laid connecting Busia, Tororo, Mbale, Malaba, Kumi, Soroti, Lira, Gulu, Elegu, Masindi, Kyenjojo, Fort Portal, Kasese, Bushenyi and Mbarara

Nature of Project	Core Project Name	Status of implementation
		• 48 Government entities utilizing the Internet Bandwidth provisioned through the National Data Transmission Backbone. • E-Government Infrastructure installed in 27 main line Government Ministries, Departments and Agencies (MDAs) and the Primary Data Center. • Phase 3 of the NBI/EGI project which will extend connectivity to the towns of Masaka, Mutukula, Mbarara, Kabale and the Katuna Border Post commenced • Finalisation of Phase III to connect all major towns and Government agencies within the country onto a high speed Optical Fibre Cable based Network.

CHAPTER FOUR: PROGRESS ON SECTORAL OBJECTIVES AND INTERVENTIONS

4.1 WEALTH CREATION AND EMPLOYMENT

4.1.1 AGRICULTURE

Increase agricultural production and productivity

The sector planned to achieve the objective through the following interventions: strengthening ecologically sound agricultural research and climate change resilient technology; implementing the single spine agricultural extension system; strengthening institutional and enabling environment for agricultural development; strengthening quality assurance, regulation and safety standards for agricultural products; supporting access to agricultural finance services; accelerating the development of the prioritized agricultural commodities; increasing market access as well as improving physical agricultural infrastructure; promoting value addition and agro-processing; controlling pests, diseases and vectors; and strengthening Farmer Group formation and cohesion including commodity associations, platforms, federations and co-operatives.

To ensure sound ecologically agricultural research, the sector planned to increase the number of functional agriculture research centers; generate improved productivity technologies; submit a number of new varieties to the Variety Release Committee; deliver technological innovations to uptake pathways; and establish technological innovation platforms.

During FY2015/16, the sector achieved its target of 16 functional agriculture research centers; of the 60 planned improved productivity technologies, 86 were generated; of the 20 new varieties, 46 were submitted to the Variety Release Committee; of the 5 planned technological innovations, 93 were delivered for uptake pathways; and of the 5 targeted technological platforms, 44 were established.

The sector implemented and operationalized the single spine extension system in order to produce high quality output. During the FY2015/16, of the 800 employees the sector projected, 2,503 employees were hired through the creation of the Directorate of Extension Services and government commitment to the recruitment of extension workers; 9 extension services were provided that included; Crop Agronomic Services of livestock, fisheries, apiary, pest and disease control, SLM, value addition, post-harvest handling, and marketing; and of the 1,387,391 farmers intended, 4,340,800 received extension services through the Directorate of Extension Services.

To strengthen institutional and an enabling environment for agriculture development; an operational and efficient institutional body was set up through a number of reforms that include: land ownership settlement reforms; the sector trained and equipped a number of staff; involved farmers in modern agriculture; and 75percent recruitment was undertaken of the intended 100percent staffing for the sector.

In order to support farmers access farm inputs and resources; the sector reviewed 14 legal and policy frameworks that include the Cassava draft Policy and Standards, and Cocoa draft Policy; Maize and Bean standards were disseminated; National Fertilizer Policy and Strategy were approved by Cabinet; Draft Seed policy had been finalized; Seed Regulations were realigned to the Harmonized COMESA Seed Trade Regulations; Draft fertilizer policy and strategy finalized; regulations on plant health and Phyto-sanitary policy were drafted; regulations under seeds and Plant Act, 2006 and regulations for agricultural chemicals control Act, 2006 gazetted; Tea Strategy reviewed; and Banana strategy initiated. Of the 717,515 deliberated farmers, 2,998,015 got access to farm inputs because more funds were earmarked to support more farmers with seeds and seedlings due to high demand for bean and maize seed for food security; of the 85 planned agro chemical dealers, 111 were registered.

On strengthening quality assurance; the sector put in place quality assurance, regulations and safety standards and a number of firms were complying with the safety and regulations.

To accelerate the development of the prioritized agricultural commodities; the sector increased production of priority and strategic commodities by an average of 32.6percent. The actual production quantities (tons) of maize, beans, rice, coffee, tea, beef, dairy, cotton, oil seeds, oil palm, cocoa and fish were 3,513,300, 1,526,610, 243,653, 216,064, 73,600 above the targeted 65,000, 332,640, 2,089,243, 20,339, 1,176,600, 106,000, 26,540, respectively.

In order to control pests, diseases and vectors; five incidences of pests' infestation was reduced. The diseases and vectors registered were below the planned 23 and 32percent for smallholder farmer produced goods on the market. Export of agricultural products of maize, beans, coffee, cotton, cocoa beans, tea, rice, banana, fish, and dairy at 343,357, 161,731, 213,139, 19,905, 30,689, 57,419, 55,314, 4,526, 18,976, (1,963,252 for UHT and 1,932,810kgs for milk powder), respectively, increased.

To strengthen farmer group formation and cohesion including commodity associations, platforms, federations and co-operatives; the sector formed 466,980 cooperatives and commodity associations.

Increase access to critical farm inputs
The sector planned to achieve this objective through increased support to selected agricultural enterprises.

To enhance access and use of fertilizers by both women and men, fertilizers were distributed and the percentage of farm household using fertilizers increased by 8percent.
The sector promoted agricultural mechanization through promotion of the use of Draft Animal Power (DAP) and tractors. The Agricultural Mechanization Resource Center at Namalere was undergoing rehabilitation and equipping.

In order to increase access to water for agricultural production; the sector increased land area under irrigation to 5percent from the targeted 1percent. Of the 60 projected valley tanks/ dams and ponds, 118 valley tanks and 27,000 pounds were constructed to increase access water for livestock, crops and fish farming. This was due to increased demand and contribution from farmers and the improved capacity of machine operators as well as more time due to the dry spell that favored construction; of the 20 targeted dilapidated irrigation schemes and livestock watering facilities, 8 were rehabilitated as preference was given to construction of valley tanks which are farm based. In the same vein, 34 water user committees were established from the planned 20 committees following the establishment of more valley tanks and dams during the financial year. Farmers were trained on irrigation and water harvesting by constructing 10 small scale irrigation demonstration centers with the support of FAO-Climate Change Alliance Project.

Improve agricultural markets and value addition for the 12 prioritized commodities

The sector planned to achieve this objective through; promoting private sector investment in value addition; building capacities of farmers, traders and processors in quality standards and market requirements of the priority and strategic commodities; operationalizing the commercialization fund; and ensuring the development, maintenance and improvement of physical agricultural marketing infrastructure.

To promote private sector investment in value addition, the sector developed value addition investment proposals for priority and strategic commodities. The sector built capacities of farmers, traders and processors in quality standards and market requirements of the priority and strategic commodities. In addition, the sector constructed 10 key physical marketing infrastructures in selected areas with high production potential for priority commodities in partnership with the private sector.

Strength institutional capacity of MAAIF and public agricultural agencies

The sector planned to achieve this objective through; strengthening institutional capacity of MAAIF and related public agricultural agencies, and improving the capacity for quality assurance, regulation, food and safety standards for outputs and products.

To operationalize the new MAAIF structure, 28 MAAIF staff out of the planned 286 were reorganized and new positions were filled; agricultural service delivery was streamlined and coordinated at all levels through proportion of reports and feedbacks reaching in line with MAAIF policy; standards for outputs and products were adapted and implemented in a number of agricultural training institutes; guidelines for mainstreaming cross cutting issues in agriculture were developed for example the guidelines for mainstreaming climate change in MAAIF policies and plans were finalized, MAAIF and FAO developed a strategy for involving youths in agricultural value chains especially in value addition.

4.1.2 TOURISM

The tourism sector is responsible for identifying, developing, promoting and providing sustainable tourism services and products. The sector target over the Plan period is to increase the contribution of tourism to GDP from 9percent in 2012/13 to 15percent in 2019/20. The sector's contribution to wealth creation and employment will be achieved through supporting and developing synergies along the tourism development value chain.

Over the Plan period, the sector will focus on five areas: i) aggressive marketing for tourism; ii) product development and diversification; iii) human skills development; iv) increasing the stock of human capital along the tourism value chains; and v) improving coordination, regulation and management of the tourism sector. The sector progress against these focus areas in FY2015/16 is discussed below.

Increase Market share for tourism

During the FY2015/16, the sector registered a total increase in the number of international tourists of 1,302,802 from 1,196,765 in 2014. The number of foreigners visiting national parks rose from 81,470 in 2014 to 85,866. This increase led to an increase in the amount of foreign exchange earnings from Tourism from USD 971 million to USD 1,350 million in the same period. The sector planned to achieve this objective through the following interventions:

Under aggressive marketing in source markets, the sector showcased in four major International tourism trade fairs in Berlin, South Africa, Kenya and London. Arrivals of leisure and business tourists from the UK, Germany, USA, Canada and South Africa increased from 44,291 in FY2012/13 to 78,607 in 2015/16.

The sector participated in various international, regional and national expos to increase visibility and attract visitors to Uganda which include; British Birding Fair London, American birding exhibition, JATA Japan, WTM London and Magical Kenya where Uganda won an award for best exhibitor. Participated in the UN exhibition; the Uganda North America Association (UNAA) trade expo in New York; 10th Annual presentation forum on Tourism attended in New York; United Nations World Tourism Organization Medellin Columbia and Milan expo in Italy.

In addition, the sector produced Promotion and Marketing videos for promoting UWEC nationally and internationally, and undertook community conservation education programs across the country.

Various events were held to promote domestic tourism through national events, cultural and regional cluster initiative, and these included; Buganda Tourism Expo, Food festival, the World Tourism Day, Miss Tourism Uganda competitions, Pearl of Africa International Tourism Expo, Birding week events showcasing, Pope's visit, Tourism Excellence awards. Additionally, sports tourism was promoted through participating in the Jinja Corporate Challenge and the Kampala Adventure Cycling and Challenge. The sector continued to support tourism cluster governance and development. There was an increase in the number of Ugandans visiting; UWEC from

239,122 in FY 2012/13 to 285,432 in FY 2015/16, Uganda Museum from 98,435 in 2012 to 102,890 in 2015 and National Parks from 182,149 in 2012 to 215,558 in 2015.

With respect to developing and upgrading tourism support infrastructure, 11 tourist's sites were supported with utilities and ICT related services from government agencies. The sector opened up a new track in Murchison falls National Park; a 200m boardwalk and a 100m steep ladder were constructed along the central circuit; constructed a new museum in Soroti; rehabilitated Namugongo Martyrs shrine; completed 21percent construction work on Kanjokya Project, and 80percent of modern gate at Kabaatoro with QENP and Kichumbanyobo within Murchison Falls National Park. It further completed 60percent of construction work on staff accommodation at Muhavura Ranger Outpost in Mugahinga Gorilla National Park and undertook construction of the veterinary bio safety laboratory in Queen Elizabeth National Park.

To promote the utility of e-commerce tools such as credit cards, web based bookings and tracking facilities, during the FY2015/16, 11 Protected Areas (PAs) were supported with utilities and ICT related services from government agencies.

Increase and diversify the stock of tourism products

The sector experienced an increase in the tourist stay time from 6 to 7 days as a result of increased product range which improved visitors' experience. The annual average bedroom occupancy in accommodation facilities rose to 48.5percent in 2015/16 from 38.5percent in 2012/13. Accommodation capacity (number of beds) increased from 73,826 in 2013 to 81,393 in the FY2015/16. These results are attributed to a number of interventions which include.

To develop the tourism product range and appeal, the sector improved 2 tourism products that is Namugongo Martyrs shrine and hot air balloons in Queen Elizabeth National Park. A product assessment study that profiled all Tourism Development Areas (TDAs); and developed 10 conservation education products for lake Mburo conservation education Centre in lake Mburo National park was carried out.

The incidences of insecurity and safety issues reported by tourists (number) reduced during the FY2015/16 indicating increased safety and security of tourists.

To set up a specific fund to support women in tourism sector to grow out of the informal to the formal status with clear e-market linkages, the Ministry is fronting the sector funding to cater for such developments.

Increase the stock of human capital along the tourism value chain and create new jobs

To develop tourism training institutions as Regional Centres of Excellence, during FY 2015/16, a feasibility study for the new Hotel Tourism and Training Institute (HTTI) was concluded, designs and BOQs for the new HTTI hotel infrastructure were produced. In addition, the design and installation of the sponsorship board and the feasibility study on the establishment of a Conservation Education Centre at Lake Mburo National park were done.

In an effort to promote private sector investment in tourism skills development with focus on hospitality and wildlife management, the number of private institutions offering training in tourism and related courses rose from 18 in 2013 to 81 emanating from inclusion of more institutions that were not being considered before. The sector also engaged in a joint investment guide with UIA in an effort to promote private sector investment in tourism skills development with focus on hospitality and wildlife management.

The surveys/studies to establish the number of local people engaged in tourism related enterprises was not conducted due to lack of resources during that financial year which could have provided support to communities around/along tourist sites to engage in income generation activities.

Improve coordination, regulation and management of the tourism sector

To develop and review the relevant policy and regulatory standards, in a manner that encourages meaningful participation of women, youth and other players in the sector; during the FY2015/16, the sector strengthened its capacity by increasing the level of staffing in sector MDAs from 53percent to 58.7percent (UWA, 70percent, MTWA, 54.7percent, HTTI, 64percent, UWRTI, 40percent, UWEC, 55percent and UTB, 67percent). The sector further completed the development of the Tourism standards development framework and increased the level adherence to Tourism Regulations by tourism related enterprises.

An efficient Coordination Framework was not developed by the sector during the financial year under review which could have established mechanisms for enhancing inter and intra sectoral linkages.

To establish a gender responsive information management system for the sector; the sector signed a contract with a consultant to carry out an information needs assessment in an effort to develop a Tourism Information Management System.

Increase conservation of natural and cultural heritage.

To promote the protection of wildlife species, the sector had reduction in the area of encroachment (hectares) from 800 in 2013 to 380 and the number of cases of poaching reduced from 7, 920 to 7,142 over the same period in an effort to improve the integrity of wildlife resources.

During the FY2015/16, no progress was reported on controlling the spread of invasive species.

In an effort to promote country wide protection of natural and cultural heritage taking into account resilience to climate change, the sector undertook 776 routine and 24 extended patrols in Mount Elgon National Park (MENP). This lead to the recovery of one SMG gun and 198 rounds of ammunitions from criminals operating across international border through MENP, one spear, 112 handsaws, 146 pangas, 40 axes, 8 wire snares and 11.5kg of African elephant ivory. In addition, in MBWR a total of 57 routine and 7 extended patrols were conducted resulting into the confiscation of 25 arrows, 5 bows, 5 wire snares, 3 metal traps and two axes and in PUWR, a total of 44 routine and 7 extended patrols were conducted leading to the confiscation of 3 hoes, 2 pangas and one handsaw.

During the FY, 226 game rangers were recruited, trained, passed out and deployed in protected areas to enhance field patrols to control illegal activities. Furthermore, a total of 83 suspects were arrested in MENP, 58 of them cautioned by LCs, 13 released on police bond, 11 convicted and given court bail. Of the arrested suspects, was one notorious ivory dealer who was detained in Sironko Prison.

No progress was reported towards the development and promotion of conservation curricula in schools though the sector had planned to revive Wildlife Clubs of Uganda (WCU) in schools as a way of promoting Wildlife conservation curricula.

4.1.3 MINERALS, OIL AND GAS

4.1.3.1 MINERALS

The sector planned to: establish the geological and mineral potential of the country; increase monitoring and regulation in the mining sector; increase regulations for trade in mineral commodities; increase private sector investment in the Mineral sector; increase geothermal energy in the country; increase response to mitigate seismic risk; and increase the stock of skilled human capital along the mineral development value chain.

To establish the geological and mineral potential of the country, government established 17 mineral potential commodity zones and limestone, graphite and marble reserves have been discovered.

The targeted and detailed geological mapping at 1:50,000 scale was carried out and maps sheets produced and include; 66 (Fort Portal), 15 (Kitgum East) and 13 & 14 (Kitgum West).
150 people have been trained with the objective of developing Uranium resources into nuclear energy. Specific specialized training is 140 for lower lever certificates and workshops and 10 for degree programmes.

The Ministry commenced on uranium exploration in Ndale, Fort Portal and Rusekere volcanic fields (Fort Portal west uranium anomaly) and Rare Earth Elements (REE) exploration at Makutu-Buwaya radiometric anomaly in Eastern Uganda. Three hundred sixty-seven (367) samples were collected. Geochemical and geological maps for Makuutu and Buwaya in Bugiri have been produced.

In the reporting period, five (5) Geo-parks have been mapped and gazetted with two in western and Karamoja region and one in the northern part of Uganda (Gulu).

In establishing the mineral potential of Karamoja region, thirty percent (30%) of the current mineral map of Karamoja has been updated by carrying out ground geological and geochemical surveys. New mineral targets of tourmaline, gold, wolfram, tin, columbite-tantalite, beryl, zinc, cobalt, nickel and chromium and potential of black sands that host heavy metals such as magnetite, ilmenite and rutile have been discovered from geological mapping and geochemical surveys done. During the geological mapping of the Karamoja region, more limestone and marble resources up to 319.27 million tonnes on 16 targets are estimated. More minerals are anticipated to be discovered after the planned airborne surveys have been carried out in the region followed by carrying out geological mapping, geochemical surveys and ground geophysical surveys. So far, 15 Geophysical maps were produced in the reporting (Panyimur (3), Buranga (3), Kibiro (3), Fort Portal (3), Kitgum (3)). Twelve map sheets were in addition covered with four in each of Kabale, Fort Portal and Kitgum districts. Commodity maps were also produced for Limestone, Iron Ore, Graphite and Gold.

Increase monitoring and regulation in the mining sector

The increase in monitoring and regulation in the mining sector where the number of field inspections carried out per year by the sector increased from 12 in FY2012/13 to 30 in FY2015/16 have led to the increase in compliance to the mining law. There has been an increase in mineral rights from 20% in 2002 to 80.4% in 2015/16. The sector has also made strides in reviewing 770 mineral rights in the reporting period down from 350 in FY2012/13.

4,513 stakeholders have been sensitized with ASMs trained in mining (2,249 registered, sensitized and trained in Mubende; 1,614 Miners in Namayingo and Busia districts; and 600 Miners in Karamoja region; and 50 miners were registered in Rwengoma, Ruhama S/C, Ntungamo. To achieve this outcome, the following specific interventions achieved.

The sector is yet to develop a mineral development master plan citing the lack of funds. The review of the Mineral Policy 2001 and the Mining Act, 2003 was completed. A draft Green Paper on the Minerals and Mining policy and a draft Cabinet Memo on the principles for the policy review and, a Cabinet Memo for the principles to be embodied in the Mining Act amendment, 2016 is in place. The Policy was published online for final public comments.

In FY2015/16, the sector developed a Hand book for ASMs to ensure health and safety standards. The mineral exploration and production was regulated through increased inspections and monitoring. 22 environmental studies have been undertaken as a strategy to implement restoration of derelict and abandoned mines. The Studies carried out during inspection of mines and audit of mining activities. Furthermore, five mines were restored in Western, Central and Eastern Uganda.

In the reporting period, 4 geo-data information systems/ portals have been maintained. Management and update of geo-data systems continued for the Geological and Mineral Information System, Library Management System (Libero), Unpublished Document Information System (UDIS) Electronic Record Management System and their integration with the Mining Cadastre and Registry System (MCRS) to facilitate data search and retrieval.

Increase regulations for trade in mineral commodities

There has been a reduction in the amount of Non-Tax Revenue (NTR) collected from 5.7 billion in FY2012/13 to 3.7 billion in FY2015/16 due to a ban on raw mineral exports. In order to have improved minerals trade regulation framework and jobs creation, a statutory instrument was prepared and a draft mine site inspection manual developed.

Two site pilot (mock) inspections on Regional Certification Mechanism registered compliance. Two mineral value addition businesses were created in FY2015/16 which include; (i) African Gold Refinery (AGR) (A private company has set up a gold refinery in Entebbe near the Entebbe International Airport). Gold can now be refined and packaged in to pure gold bars of purity 99.99% in Uganda and (ii) Dao Marble (A private company established Marble Tiles factory in Bugolobi, Kampala). The company is producing high quality marble tiles from dimension stones.

There is no institution as provided for in NDPII established to handle the certification process. However, a statutory instrument and a training manual on mineral certification were developed. This is addition to a regional certification mechanism as a tool for rational management of natural resources implemented to avoid illegal exploitation. However, a statutory instrument and a training manual on mineral certification were developed. Meanwhile, procurement of equipment (ICGLR Servers, Certificates, Cameras, Computers, and certification tools) is ongoing.

A traceability system to ensure availability of the operators is yet to be established. An inspection system is in place with the Mines department established with full division of inspection headed by an Assistant Commissioner. In FY2015/16, 58 inspections were carried out of the planned 64%. There has also been a reduction in the production and productivity of the labour force with output produced per unit of labour reducing from 103 billion per annum in FY2012/13 to 99 billion per annum in FY2015/16.

Increase private sector investment in the Mineral sector

There has been an increase in the number of private investors as depicted by the number of licenses granted. The number of licenses granted increased from 350 in FY2012/13 to 770 in FY2015/16. The amount of capital investment by private companies also increased from 175 billion in FY2012/13 to 350 billion in FY2015/16 as contributed to by the two flagship projects of Sukulu Phosphates and Tibet Hima (Kilembe copper project). There has also been an increase in the employment opportunities in the mining sector. In FY2015/16, 26% of the population is engaged in the mineral and mining activities of which more than 50% are women and the youth. This improved from 20% in FY2012/13.

The increase in this investment is probably as a result of the following implemented interventions: In the FY2015/16, four trainings and demonstrations were conducted in mineral value addition to promote and encourage beneficiation and value addition in the priority minerals. In addition, procurement of a contractor to construct the Karamoja mineral beneficiation centre commenced. Evaluation report was generated. The Evaluation Team is reviewing the Comments on the report to enable selection of the Contractor. The Land for Ntungamo and Fortportal Beneficiation centres has been identified.

The Energy and Mineral development sector continued to maintain the Geo-information data system with the number of people accessing the geodata more than doubled as it increased from 200 in FY2012/13 to 550 in FY2015/16. In addition, 20 geo-information promotional packages prepared although were less than the target by 33%. Promotion of mineral targets at international conferences in Australia, Canada, South Africa was also undertaken.

Although the sector has not developed a strategy for promotion of the sector locally and internationally, 4 minerals were promoted and exploited out of the 16 planned which include; copper, phosphates, iron ore and graphite.

A total of 10 scientists were trained in geo-information management of which two were trained in masters, 6 in certificates and 2 diploma in order to have increased capacity in the geo-information management and analysis. In addition, 40 geological maps were produced i.e. geochemical (10), geophysical (10) and geological (10 maps), earthquakes (2), ASM (1), and geothermal (7).

In strengthening the capacity of the mineral testing laboratory, 2 staff of the mineral testing laboratories were trained; 86 specialized equipment was procured (geophysical equipment: MT units (6), TEM unit (1), gravity meter (1), global navigation satellite system (1); geochemical lab and field equipment: niton thermal scientific analyser (1), mercury meter (2), multimeter (1); geological equipment: compass clinometers (43), microscope (2), health and safety equipment (first aid kits 10), clear safety goggles (10), plastic goggles (10), thermo couple (2), digital thermometer (4)); and 1,523 mineral samples analysed (1,220 rocks, soil and stream sediment samples, 203 samples of gold, copper, tungsten, cassiterite, coltan, iron ore, limestone, pozzolana, sand, kaolin, aluminium, and tailings three (3) techniques: (i) gravimetric, (ii) Ultra-Violent-Visible Spectrometry and X-Ray Fluorescence).

Increase geothermal energy in the country

In the reporting period, three geothermal potential areas continued to be under detailed exploration and include; Kibiro, Buranga, and Katwe-Kikorongo. Their completion will lead towards increasing the geothermal energy in the country and eventually expand the energy mix. In addition, three prospects have been promoted for investment in the districts of Kabale, Fortportal and Kitgum.

In FY2015/16, three geo thermal prospects were explored at Buranga, Kibiro, Panyimur. The Kibiro Geothermal Model was developed for drilling however, there have been no exploratory wells drilled due to the incomplete surface studies. Kibiro Geothermal Model was updated based on geology, geochemical and geophysical surveys. The sector trained sixteen persons in post graduate exploration skills aimed at developing a pool of human resources for geothermal industry.

Increase response to mitigate seismic risk

In the reporting period, four functioning earthquake monitoring and research facilities exist in the country and these include Kyahi station, Hoima, Kilembe and Entebbe. The number reduced by one in FY2012/13. The increase earthquake risk management is therefore far from being achieved hence reduced response to mitigate seismic risk.

In FY2015/16, the earthquake risk map of Uganda was updated. The studies on other geo-hazards such as landslides and lightening risk in the country commenced so as to generate risk maps for prone zones. The earthquakes and other geotectonic activity were monitored using

Uganda National seismological stations installed at Kilembe, Hoima, Kyahi and Entebbe. The VSAT and GCI were upgraded so as to improve seismic data transmission from Kyahi earthquake monitoring station near Mbarara to Entebbe National Data Centre; and then to Vienna International Data Centre. In addition, Virtual Private Network (VPN) was constructed and set up in Entebbe to enhance real time data transmission and earthquake early warning systems.

The earthquake administrative policy to enforce seismic safety standards is being incorporated in the New Mineral Policy. In addition, 4 earthquake research facilities are in place.

In FY2015/16, the sector has initiated procurement process to extend seismological network coverage to other stations and restoration of earthquake research facility. More sites for seven (7) stations in the districts of; Rubirizi, Ntoroko, Zombo , Nakasongola, Hoima, Nwoya and Moroto have been identified for new stations for FY 2016/17.

The institutional research capacity in seismology and earthquake engineering is yet to be improved despite training two persons (1 Msc and 1 PhD) in seismology. Three professional and one support staff were in addition employed.

Increase the stock of skilled human capital along the mineral development value chain.

Despite the government effort to have skilled capital along the mineral development value chain, the sector reported inadequate funding to undertake the training of skilled geoscientists in the minerals sector. 5 staff of the 60 planned were recruited due to inadequate funds for the wage bill.

The sector in FY2015/16 trained 550 ASMs on Health, Safety and Environment (HSE) issues. However, a comprehensive programme for continued training has not been developed by the sector. The sector identified and explored three minerals i.e. gold, graphite, iron ore and limestone.

Government made payment of its annual subscriptions to the following international organizations: International Atomic Energy Agency (IAEA), International Renewable Energy Agency (IRENA) and Pan-African Mineral and Geoscience, formerly known as Southern and Eastern African Mineral Centre (SEAMIC). Five collaborative meetings and projects were undertaken in Vienna, Tanzania, Kenya and South Africa. Research in cement, uranium, gold, iron ore, graphite, geothermal and seismology was also undertaken.

In the FY2015/16 the Minerals Laboratories of the DGSM carried out mineral assay sample preparation of one thousand two hundred twenty-two (1,222) rocks, soil and stream sediment samples from mineral prospecting activities and uranium anomaly follow-up in Ndale and Rutenga in Fort Portal. The laboratories analyzed two hundred three (203) samples of gold, copper, tungsten, cassiterite, coltan, iron ore, limestone, pozzolana, sand, kaolin, aluminium, and tailings. The laboratory analyzed rocks from mineral prospecting activities for gold, copper, tungsten, tin, coltan/tantalite, iron ore, lead for assessments of royalty, using three (3) techniques: (i) gravimetric, (ii) Ultra-Violent-Visible Spectrometry and X-Ray Fluorescence.

4.1.3.2 PETROLEUM (OIL AND GAS)

The exploitation of oil and gas resources will contribute to the take-off and social economic transformation of the country; however, a lot more needs to be done to overcome the various challenges outlined in the NDPII. GoU has continued to promote the establishment of the country's petroleum resource base so as to achieve sustainable exploitation. These efforts include building the national expertise in the field of petroleum exploration, development and production; attraction of oil companies to invest in exploration and production as well as commercialization plans of the oil and gas resources.

During the entire NDPII period, the sub-sector targeted to increase oil and petroleum related wealth by establishing refining and distribution infrastructure. These developments in the oil and gas sub-sector have great potential of creating employment and generating wealth to Ugandans. The sector performance is against the NDPII objectives is described below:

To increase the exploitation of oil and gas production, the Petroleum (Exploration, Development and Production) Act was enacted in 2013 and formulation of the upstream petroleum regulations was completed and the regulations gazetted in April 2016 as one of the mechanisms to regulate licensed areas. These are the Petroleum (Exploration, Development and Production) (National Content) Regulations, 2016; Petroleum (Exploration, Development and Production) (Metering) Regulations, 2016; Petroleum (Exploration, Development and Production) (Health, Safety and Environment) Regulations, 2016; and Petroleum (Exploration, Development and Production) Regulations, 2016.

In the reporting period, the Production Sharing Agreement (PSA) model was concluded and is to be used in licensing new areas. Government also commenced negotiations for their respective Production Sharing Agreements (PSAs) and once concluded, new exploration licenses will be issued to the negotiated PSAs. Appraisal of fifteen (15) discoveries was completed and some production licenses are planned to be issued during end of 2016 and development of the oil fields is to be carried out thereafter.

By the end of the FY2015/16, twenty-one (21) discoveries had been made with an estimated accumulation of 6.5 billion barrels of oil in place out of which 1.4 billion barrels of oil is estimated to be recoverable. Gas reserves in the country are estimated at 672 Billion Cubic Feet (BCF), of which, 499 BCF is non-associated gas and 173 BCF is associated gas.

In promoting the country's oil and gas potential in the unlicensed areas to attract investment, 25 investors expressed interest in various oil and gas fields. However, this is short of the 30 targeted in the first year of NPII implementation.

Increase efficiency and effectiveness in the management of Uganda's oil and gas resource potential

Government has continued to promote the establishment of the country's petroleum resource base so as to achieve sustainable exploitation. These efforts include building the national expertise in the field of petroleum exploration, development and production; attraction of oil companies to invest in exploration and production as well as commercialization plans of the oil and gas resources. There is transparency in the oil and gas sector given the 100% level of compliance to the rules, regulations and standards for the oil and gas sector. The exploration companies make appropriate adjustments in case their submissions are found lacking.

Following the enactment of the Petroleum Laws; the Petroleum Authority of Uganda and the Uganda National Oil Company Ltd have been formed. Boards were constituted. The Executive Director for the Petroleum Authority and the Chief Executive Officer for the Uganda National Oil Company Ltd were appointed, and Office space and administrative support was also provided. The recruitment process for the other positions in the institutions is on-going. The institutions are to effectively monitor operations. Eight (8) staff's capacity was enhanced through their training at Msc. level in Petroleum related studies.

The National Content Policy together with the Strategy and Plan (NCPSP) was finalized but was yet to be approved by Cabinet. Some aspects of the Policy and plan were already under implementation, i.e. under the Workforce Skills Development Strategy and Plan. Stakeholder consultations workshops for local content and issues were held in June to July 2016.

For easy access to oil and gas information and data, a National oil and gas resource data bank is being developed. In implementing of Monitoring and Evaluation (M & E) strategy for the National Oil and Gas Policy (NOGP), development of the M&E database is ongoing, however, delays resulted from procurement processes.

Increase efficiency in extraction of oil and gas resources

In FY2015/16, Oil and Gas production has not yet commenced. However, two (2) spills and environment incidents were reported in the period. The spillage of drilling waste during transportation and there was adequate response and clean-up. This is aimed at having reduced spills and environmental protection. In addition, the Refinery Project is still under negotiations and project restructuring options are being evaluated.

Produce refined oil and oil by-products for the local and export markets

The lengthy negotiations for the oil refinery and associated infrastructure has caused delays in implementation and thus delay in getting revenues, jobs and businesses, among other things. To date, the Land to host the refinery and attendant industries has almost been acquired with 97.4percent cash compensation done. Some delays are due to legal complaints on land. In addition, construction of resettlement houses for Project affected persons that opted for relocation is at 65percent and is progressing well.

The Ministry has progressed in its planning for development of refinery, pipelines and storage facilities. Implementation processes are on-going for the development of a 60,000 bbl/day petroleum refinery in a phased manner starting with 30,000 bpd, crude oil feeder pipelines from the oil fields to an oil hub near the refinery, a 1,445km long, 24-inch diameter crude oil export pipeline, and a 211 km long 12-inch diameter pipeline from the refinery to a storage terminal to be developed North-West of Kampala city. The acquisition of 29.5km^2 of land to accommodate a petrochemical-based industrial park has been completed. The park will include a refinery, a crude oil export hub, an international airport, logistics systems, utilities, and other petrochemical industries.

A master plan for the development of the industrial park is expected to be completed by February, 2017. Also, an integrated infrastructure corridor which will accommodate a pipeline, a highway, power transmission and ICT infrastructure cable systems is being planned, from the industrial park at Kabaale in Hoima to Kampala.

The 30 million litre Jinja Storage facility is operational under a (PPP) arrangement, and payment to Government of the concession fees as Non-Tax Revenue commenced. The perimeter wall construction to improve the integrity of the JST facility was completed. The acquisition of the 299.18 acres of land at Buloba for the multi-user terminal was undertaken. Procurement for consultancy services to develop a master plan for this multiuser terminal commenced. Consultancy for the implementation of the resettlement action plan for the Malaba-Kampala refined petroleum products pipeline is in progress.

The Ministry contracted M/S Ramboll Denmark in association with Newplan Limited in June, 2015 to undertake a detailed route survey and Environmental Baseline study for the Hoima-Kampala multi-products pipeline. The Consultant submitted draft final reports for both the detailed pipeline routing and EBS on June 12th 2016 for review and approval.

The Ministry is undertaking a Resettlement Action Study and developing a Plan (RAP). It conducted consultative meetings for district and sub county leaders in all the six districts and 21 sub-counties traversed by the pipeline. Sensitization of communities and land survey activities commenced in July, 2016.

A decision on the crude oil export pipeline route was made and it was agreed that Uganda develops a pipeline from Hoima through Tanzania to Tanga port. It was also agreed among others to form a; (i) Project Steering Team (ii) Joint Project Development Team, and (iii) Pipeline Project Team. The Governments of Uganda and Tanzania have so far held five review meetings of the draft Intergovernmental Agreement (IGA).

Increase efficiency in transportation, storage, handling and security of stock of petroleum products

There was a reduced security of stocks of petroleum product stock as no fuel was procured by GoU in FY 2015/2016 for restocking Jinja Storage Tanks (JST) due to inadequate and late release of funds. The Stock of the National Strategic Reserve levels was therefore 11 days in FY2015/16 falling short of the 17 days' target projected though above by one day in FY2012/13. Nakasongola Fuel Reserve construction did not commence due to proposed policy changes with Ministry of Defence to take over the project. 100percent of the land for Buloba was acquired and awaiting funding for terminal construction. The sector received proposals for consultancy service to develop a master plan for Buloba land.

In FY2015/16, the RAP study for Kampala-Kigali product pipeline was deferred pending decision on EPC funding for Eldoret-Kampala refined products pipeline by the partner states. Downstream Policy development delayed due to change in scope Liquefied Petroleum Gas (LPG) baseline study that is still at procurement stage. The development of a robust National Petroleum Information System (NPIS) was completed and is operational. Utilization of the system in carrying out the downstream functions commenced.

Improve protection of the environment against oil and gas activities and mitigate the likely effects of Green House Gases (GHG) emissions

Although there were no field activities related to oil and gas production or well testing in 2015/2016, a review of field development plans has been done to ensure that the environment safeguards are incorporated in the development and production phase. There is also inspection of drilling waste treatment and disposal operations at waste management facilities. In FY 2015/16, 2 environment damage incidents were reported, however, most of the oil and gas operational sites have been decommissioned and restored. There was inspection of waste management activities in 2015/2016.

Improve stakeholder relationships in the development of a desirable oil and gas sector

In FY2015/16, refinery land cash compensation is now at 97.4percent in Kabaale-Hoima. Construction of houses for resettling people affected by the project (PAPs) now about 65percent towards completion. There was also maximum level of compliance with oil and gas related laws, policies, and regulations by stakeholders. The companies make appropriate adjustments in case their submissions are found lacking

The sector is yet to establish a comprehensive communication strategy despite utilizing the existing manpower i.e. Community Development Officers at the districts to address the communication gaps between the Ministry and the Local Governments.

Preparations for the Bilateral meetings between Uganda and DRC regarding petroleum exploration activities in the Albertine Graben, was slated for August 2016. Steering Committee and Editorial Committee meetings for the 7th East African Petroleum Conference and Exhibition (EAPCE'15), were held in Arusha, Tanzania, and the Ministry was represented.

4.1.4 ENVIRONMENT AND NATURAL RESOURCES

Restore and maintain the integrity and functionality of degraded fragile ecosystems

Wetland coverage remained at 10.9percent as was in 2012/13 below the targeted 11.3percent. However, during 2015/16, 1,340ha of wetlands were restored by various actors including NEMA, Wetlands Management Department, Civil Society Organizations and Local Governments. 419.2Km of wetlands boundary were demarcated using pillars and live markers. The wetlands demarcated with pillars include: Nyangahya in Masindi; Lwajjali in Mukono district; Enyau in Arua; Pece and Oyitino in Gulu, Kajurugo in Bushenyi and Walugogo in Iganga. Those demarcated with live markers are: Nakibalira in Wakiso, L. Bisina in Soroti, Kumi, Katakwi and Ngora, and Titi wetland in Kiryandongo.

Forest cover has continued to decline over the years. In 2015/16, forest cover was estimated at 11percent below the targeted 14.8percent. The National forestry and tree planting regulations were set to be gazetted in 2016, the development of a program for the implementation of regulations concerning the use of hilly and mountainous areas was underway and a number of communities were reached to ensure increased resilience of ecosystems to the impacts of climate change.

Increase the sustainable use of environment and natural resources

Most institutions have taken up the responsibility to ensure cross cutting issues and concerns are incorporated in Plans, the implementation, monitoring and evaluation. During 2015/16, 41 lead agencies were trained on green economy initiatives, equipped and tooled to effectively implement their plans. The entities are: Otuke, Lira, Bududa, Kole, Apac, Amoltar, Kaberamaido, Serere, Buyende, Paliisa, Ngora, Kumi, Katakwi, Napak, Soroti, Dokolo, Amuria, Abim, Kibuku, Budaka, Bukedea, Sironko, Bulambuli, Iganga, Luuka, Namutumba, Buteleja, Tororo, Manafwa, Mbale, Kamuli and Kaliro Local Governments.

There is progress in implementation to support the decentralized environment management function at the LG level including enforcement of the bye-laws on wild fires. 12 Municipal composite sites were established, supported, inspected and monitored. These include Kabale, Mbarara, Kasese, Hoima, Arua, Jinja, Lira, Gulu, Mukono, Mbale, Soroti, and Masindi.

Increase wetland coverage and reduce wetland degradation

Land area under approved Management Plans increased to 6percent in 2015/16, up from 2.2percent in 2012/13. This was attributed to the increase in the number of management plans for wetlands that were under implementation. During 2015/16, six management plans for wetlands of Lumbuye, Bunambutye, Lwajjali, Walugogo, Atari and Acomoi; covering a distance of approximately 838 Km^2 were completed; and three wetlands management plans for Kyojja, Lutembe and Rucece were reviewed. Though the area under management plans increased, the increase was not significant due to a number of factors, including prolonged engagement with stakeholders to agree on the objectives and zoning. Nevertheless, the development of Kyazanga, Lutembe and Bisinia craft centres was underway and was projected to be completed in the FY 2016/2017. These will serve as markets for wetland products.

Increase the functionality and usage of meteorological information systems

Meteorological services coverage in the country remained low. Only 27 districts out of the 112 were covered; with a functionality of these Automatic Weather Stations estimated at 10percent in 2015/16. The functionality levels are still low due to inadequate staffing at these stations to undertake daily observations. This notwithstanding, the number of early warning notices were issued and research adaptation significantly increased. The Uganda Meteorological Authority undertook four technical down scaling and dissemination of weather and climate information for mainstreaming climate change adaptation programs and issued four EWS (seasonal climate forecasts), 12 monthly climate forecasts and 40 decadal agro meteorological bulletins.

Increase the country's resilience to the impacts of climate change

The building resilience to climate change in flood prone areas of Mt. Elgon project engaged staff of district planning departments in: providing technical support to integrate climate change into District Development Plans; raised awareness on the importance of catchment management; and mobilized and trained farmers in climate smart agriculture. 400 Ha of community forests was declared under the FAO forest tenure to be supported. National coordination, monitoring and reporting on the implementation of Regional, International standards and commitments were strengthened.

Increase afforestation, reforestation, and adaptation and mitigate deforestation for sustainable forestry

During 2015/16, a total of 10.5million tree seedlings were produced and distributed under the Community Tree Planting Programme by NFA. This fell short of the NDPII target of 12.0 million seeding. In 2015/16, 14,596 tourists visited the Central Forest Reserves bigger than any number in recent time.

Improve climate change legal and institutional framework.

Development of National Climate Change responses for the Ministries of Agriculture, Animal Industry and Fisheries, Energy and Mineral Development, and Works and Transport were underway. In addition, development of the legal framework for climate change policy implementation and compliance was started.

4.1.5 TRADE, INDUSTRY AND COOPERATIVES

Increase the share of manufactured goods and services in total exports.

During the year, the National Export Strategy for selected agricultural commodities and National Policy on Services Trade were developed aimed at refocusing export development in line with the NDPII and EAC agreements.

However, no information was obtained to access progress on incentivizing export of processed products and establishing the Export Development Centre.

Improve Private Sector competitiveness.

In FY2015/16, Consumer Protection Bill and Competition Bill were submitted to cabinet for approval. In addition, Sales of Goods and Supply of Services Act and Anti Counterfeit Goods Act were forwarded to Parliament for enactment.

However, no progress was indicated on provision of technical and entrepreneurial skills development to private sector; development of policy, legal and institutional frameworks to support private sector competitiveness; and establishing a National regulatory mechanism consistent with the WTO TBT and SPS Agreements.

Increase market access for Uganda's goods and services in regional and international markets.

During the financial year, the country negotiated the US-EAC Trade and Investment Treaty and Economic Partnership Agreement for duty free and quota free access to the EU market which provided better market access for Ugandan goods and services.

Improve the stock and quality of trade infrastructure

During the year, 3 master plans for the development of border markets were completed and resources secured for works. The border markets include: Amuru, Katuna(kabale) and Busia. The development of other master plans, i.e. Ntoroko, Tororo, Kitgum and Manafwa, were yet to commence. In addition, trade information desks for cross border trade have been established in Malaba, Busia, Mutukula, Mpondwe, Katuna, Bunagana, and Elegu. Also, a warehouse was constructed and warehousing standard of US 1648 for agro-commodities was developed.

Cooperatives Development

Promote the formation and growth of cooperatives

Progress on this objective is assessed through the increase in the number of cooperatives and cooperatives bulking for collective marketing.

The numbers of cooperatives increased from 14,420 to 17,629 between 2012/13 and 2015/16, surpassing the planned target of 17,420. In the same period, the number of cooperatives bulking for collective marketing increased 3 times from 100 to 300. This was attributed to the intensive mobilization especially from political leaders during campaigns and after national elections. The Cooperative Societies Amendment Bill was passed by Cabinet.

By 2015/16, 6,011 production and marketing cooperatives had been established, rising from 5,094 in 2012/13. The number of SACCOS reached 8,285 in 2015/16, up from 6,417 in 2012/13. In addition, Uganda Warehouse Receipt System Authority (UWRSA) to regulate Warehouse Receipt System (WRS) was established and stakeholders in Masindi, Kasese, Kapchwora, Soroti, Lira and Jinja trained on WRS and commodities. As a result, the commodity exchange was transformed into Uganda National Commodity Exchange with both government and private sector having shares.

Enhance the capacity of cooperatives to compete in domestic, regional and international markets

By 2015/16, 600 cooperatives had adopted cooperative-based input delivery system compared to 500 in 2012/13. In particular, the horticulture and cotton, dairy and livestock sector, supplied inputs to their members under this system.

Increase the diversity in type and range of enterprises undertaken by cooperatives

The types and ranges of enterprises undertaken by cooperatives increased to 526 in 2015/16 from 122 in 2012/13 although this was below the target of 1,000. Nine hundreds (900) cooperatives were revitalized in 2015/16, but this was well below the target of 1,500 due to insufficient funding.

4.1.6 INDUSTRIAL DEVELOPMENT

In the late 1980s, industrial growth was a high priority, however, the government's initial goal was to decrease Uganda's dependence on imported manufactured goods by rehabilitating existing enterprises. These efforts met with some success, and in 1988 and 1989, industrial output grew by more than 25percent, with much of this increase in the manufacturing sector. The industrial sector, which includes mining and quarrying, construction and manufacturing, has seen a modest decrease in its share of GDP from about 20.6percent in 2012/13 to 19.8percent in 2015/16. In 2015/16 the sector grew by an estimated 4.0percent, a slowdown from 7.8percent growth achieved in the previous period.

Promote the development of value added industries in agriculture and minerals

The mineral production decreased by 10percent from 1,988 tons in 2014 to 1,793 tons in 2015 contrary to the 15percent target in FY2015/16. The Uganda Development Corporation (UDC) Bill 2014 was passed by Parliament as a process towards revitalizing UDC to establish model agro-processing and manufacturing industries. On-going projects include: Kalangala Infrastructure Services Project, Soroti Fruit factory Project, Luwero Fruit Project and Kiira Motors Project.

In FY 2015/16, Government focused on continued implementation of its industrial and business park development programme. Specifically, Government:

(i) Finalised the Karamoja Industrial and Business Park master plan; constructed and commissioned two (2) Power lines at Kampala Business and Industrial Park (KIBP) in Namanve; attained a cumulative physical progress of 52 percent on road construction within KIBP; and commissioned 5 firm sites in KIBP (Hansoms, Sino Watsons, MADA Hotels and Green Hedges)

(ii) Licensed 172 projects between July and December 2015. The highest number of these were registered under the manufacturing sector (43percent) and the agriculture sector (17percent)
(iii) Supported a number of industrial initiatives aimed at furthering value addition, namely: Arua juice processing plant; Kabale potato processing and research facility; Lira peanut processing and research centre; and Mbarara winery processing facility.

With ongoing support from the South Korean International Cooperation Agency (KOICA), the Teso Fruit Factory construction in Soroti is expected to be completed and operational by January 2017.
In building the capacity of key stakeholders in specific targeted skills needed for value addition, about 974 and 2,153 fruit farmers in Amuria and Kaberamaido districts were trained in the areas of modern agronomic practices, agribusiness, value addition and value chain management in hope that this training will increase production levels in terms of quantity and quality in order to sustain the fruit factory. Land was in addition, secured from Luwero District Local Government for the construction of Luwero Fruits Factory, another project under UDC.

The NDPII earmarked six key minerals for exploitation including; limestone/marble, copper/cobalt, phosphates, dimension stones and uranium. In the reporting period, government commenced on uranium exploration in Ndale, Fort Portal and Rusekere volcanic fields (Fort Portal west uranium anomaly) and Rare Earth Elements (REE) exploration at Makutu-Buwaya radiometric anomaly in Eastern Uganda. Three hundred sixty-seven (367) samples were collected and analyzed. Geological studies have confirmed an area of 160km^2 in Kibito, Fortportal for further follow-up and detailed studies to establish the Uranium potential in the area. New mineral targets of tourmaline, gold, wolfram, tin, columbite-tantalite, beryl, zinc, cobalt, nickel and chromium and potential of black sands that host heavy metals such as magnetite, ilmenite and rutile have been discovered from geological mapping and geochemical surveys done.

Increase the stock of new manufacturing jobs.
In FY2015/16, manufacturing activities are estimated to have slowed down to 0.5percent growth compared with a robust growth of 11.6percent in 2014/15. The rapid slowdown in manufacturing growth was due to sluggish performance in majority of production activities that is; manufacturing of sugar, soft drinks and beer, paper and paper products among others. The share of manufacturing activities to the total GDP reduced to 8.2percent in 2015/16 compared to the share of 8.5percent in 2014/15. Attention has been given to rethinking Uganda's industrialization agenda because it remains the most credible route for creating gainful and sustainable jobs.
Government kick started the implementation of the Buy Uganda Build Uganda' (BUBU) policy in FY2015/16. The Policy aims at giving prominence to goods produced locally. It also gives guidance to policy makers to ensure promotion of consumption of locally produced goods. In the period, the ministry will conduct an inventory of locally produced goods and services, identify and certify non-certified BUBU products, undertake survey of products and services of 50 members from the business community and other stakeholders shall be sensitized on hire purchase, law and regulation.

Enhance the use of Standards and quality infrastructure in industry

In the area of strengthening the policy and legal environment to support industrialization, Parliament passed the Trade Licensing Bill and the Uganda Development Corporation Bill. Cabinet also passed the following Bills: The Common Market for the Eastern and Southern Africa (COMESA) Treaty Implementation Bill; The World Trade Organization (WTO) Domestication Bill; and the Anti-Counterfeit Goods Bill; and, they are awaiting subsequent presentation to Parliament. The Ministry also finalized the Consumer Protection and Competition Bill to ensure order in the business environment and protection of consumers' rights or entitlements. In addition, there are a number of policies that are in advanced stages of completion including: Package Water Policy, Grain Policy, Iron and Steel Policy, Trade in Services Policy, National Export Development Strategy, Trade Fair and Exhibition Policy, Tea Policy, Gift Policy and Intellectual Property Rights Policy.

The Pre-shipment Verification of Conformity (PVoC) programme entered its second year of operation with up to 76,618 consignments inspected in country of origin. This has reduced sub-standard imported products by about 30percent. The programme now covers 10 product categories, including food and food products, electrical and electronics including solar equipment, automotive products and inputs, chemical products including cosmetics, mechanical materials and gas appliances, toys, and mosquito nets.

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

No progress was reported under this objective for FY2015/16

Promote green industry and climate smart industrial initiatives

No progress was reported under this objective for FY2015/16

4.2 COMPETITIVENESS (INFRASTRUCTURE DEVELOPMENT)

4.2.1 WORKS AND TRANSPORT

Government's focus over the NDPII period has been addressing the infrastructure challenge of high transport costs, through investing in railway and road infrastructure. To this end, Works and Transport is one of the key sectors which drive Uganda's economy. It anchors the economy and serves as its conveyor belt. The sector's contribution to total GDP at current prices was 3.1percent in FY 2015/16, which is slightly more than in FY 2014/15 at 3.0percent.

Develop adequate, reliable and efficient multi modal transport network in the country.
There was an improvement in the transportation system in the country as indicated in the table 4.1 below. During the period under review, the condition of paved and un paved road national road network improved from 77percent to 78.5percent and 66percent to 71percent in 2012/13 and 2015/16, respectively which surpassed the target of 78percent and 66percent, respectively. The proportion of paved national roads to the total national road network (km) improved from 16.6percent in 2012/13 to 20.2percent in the first year of NDPII implementation thus surpassing the target by 0.7percent. The paved national road network improved by about 9.5percent from 3,795km in 2012/13 to 4,157 km which is about 1.6percent higher than the target for FY2015/16. There was also a 0.01 min/km reduction in the travel time on the national roads.

Despite the international air passenger traffic improving to 1,504,155 in 2015/16 from 1,342,112 in 2012/13, the domestic air passenger traffic slightly reduced by 0.26percent in 2015/16 and below the target of 15,158 passengers.

Table 4. 1: Improved transportation system and progress against targets

OUTCOME INDICATORS	Baseline 2012/13	Target 2015/16	Actual 2015/16
Proportion of freight cargo by rail (%)	0.04	0.08	8.3
Proportion of functional railway network (%)	51	51	0.57
Proportion of passenger traffic by rail (%)	0	0.03	N/S
Volume of cargo transported by railway (thousand tons)	7,493	8,000	8,325
Condition of Unpaved National Road Network (%)	66	66	71
Condition of Paved National Road Network (%)	77	78	78.5
Travel time in GKMA(min/km)	2.5	2.6	2.9
Travel Time on National Roads(min/km)	1.15	1.14	1.14
Proportion of paved national roads to the total national road network (%)	0.166	0.195	0.202
Total paved national road network (km)	3,795	4,095	4,157
***Proportion of paved KCCA roads to total KCCA roads.**	38.36	40.02	41.43
International Air Passenger traffic	1,342,112	1,476,323	1,504,155
Domestic Air Passenger traffic	13,780	15,158	13,744
Freight air Cargo Traffic (tons)-loaded	33,784	36,487	34,693
Freight air Cargo Traffic (tons)-unloaded	22,123	23,229	21,490

Source: Ministry Works and Transport

The NDPII therefore identified a number of interventions to address the outcomes highlighted above. The progress of implementation of the interventions were as follows:

i) Establishment of a Maritime Administration Department was approved by Cabinet on the 13th April 2016, Min. No. 77(CT 2016). Ministry of Public Service has written to the Ministry to implement the new structure (which includes the Maritime Administration Department) effective the FY 2016/17. The maritime block has since been completed.

ii) In FY2015/16, 29 bridges were routinely and periodically rehabilitated at about 0.66 bn. The following bridges were completed in the reporting period;
   - Ntungwe bridge Ishasha - Katunguru road and Mitaano on Rukungiri-Kanungu road
   - Kyanzuki Bridge on Kasese-Kilembe road
   - Wandi - Yumbe road Bridges (Daca, Ure, Eventre, Uzurugo)
   - Birara Bridge

The New Nile bridge progress was at about 30percent yet 50percent of the project time had elapsed. The seemingly slow progress was due to the setting up of equipment required to start the works and laying the foundation took a lot of the time. The anchorages were almost 95percent complete.

The Standard Gauge Railway (SGR) Project is intended to develop a modern, integrated, and efficient railway transport system to address both the freight and passenger transportation needs of the country. In October 2015, loan application was made to EXIM Bank of China and first round of loan negotiations was held in April 2016 in China. The acquisition of the Right of Way commenced in February 2016. By the end of the FY, 119.5km had been surveyed and valued and compensation has commenced. Wetland use permit for (53.1km) was secured from NEMA. A total of 273kms is to be acquired and the exercise will be completed by end of September 2016.

Current capacity problems and problems of service level and security in the country's inland waterways notably Lake Victoria are being addressed by Government through improvements in the infrastructure, policy and regulatory framework. The Cabinet has approved the Inland Water Transport (IWT) drafting principles. However, emphasis on hard-to-reach island areas as required in the NDPII has not been tacked by the sector.

For the expansion and upgrade of Entebbe International Airport the following was achieved in the reporting period: a loan of USD 200 million was obtained from EXIM Bank of China; ground breaking for the project held on 29th August 2015 (presided over by H.E the President of the Republic of Uganda); site handed over to the contractor; and the contractor established the campsite. The detailed designs for earthworks were approved by the steering committee and preliminary designs for cargo center and passenger terminal building are ready.
The final report for the master plan studies for Arua airport was received and draft report for engineering designs reviewed. The construction of the terminal building at Arua Airfield (Phase

1) has been completed while 94percent of land compensation has been completed on acquisition of extra land for the expansion of Arua Airport at a cost of UGX 6.48 billion. In addition, the construction of taxiways, apron and access road to the new terminal at Arua Airport were completed.

The NDPII anticipated a need for a national airline (strong home-based airline) to enable EIA develop into a hub. By the end of the FY2015/16, the pre-feasibility study for the revival of the National Airline was completed (sponsored by CAA) and a feasibility study was also completed under NPA. The paper was yet to be presented to the Presidential Economic Council (PEC) and the Ministry of Works and Transport (MoWT) is in the process of finalizing the Cabinet Paper.

The NDPII prioritized development of roads leading to tourism, mining, and agriculture producing areas to foster Local Economic Development. However, there is no evidence of the sector developing and updating these roads.

Improve the human resource and institutional capacity of the Sector to efficiently execute the planned interventions

In the first year of implementation of the NDPII, the sector and specifically the Uganda National Roads Authority had its capacity enhanced following the review of the staff structure and increment in the staffing levels in September 2015.

To improve institutional planning, monitoring and performance evaluation, quarterly data on transport sector indicators was collected, analyzed and Time Series Data Management System (TSDMS) was updated. The ministry website was redesigned and is undergoing updating of information and the TSDMS was kept operational.

Improve the National Construction Industry

The national construction industry has remained vibrant and operational despite a number of challenges which include among others, the capacity of the national construction still being weak especially in the financing aspect. The construction activities grew by 6.8percent in 2015/16 compared to a growth of 1.9percent achieved in 2014/15. This contributed to7.3percent of the total GDP in 2015/16 compared to the share of 7.2percent in 2014/15.

The National Construction Industry Policy (NCI), 2010 was approved and recommended for redraft of the Bill to take on a new title "*The Uganda Construction Industry Commission Bill 2015*" and also take into account the provisions of the Public Finance Management Act, Act No 3 of 2015. This is awaiting authorization by Cabinet for the Minister to gazette the Bill and present to Parliament. In FY2015/16, the sector continued to operationalized the policy where the percentage of public buildings with approved plans significantly improved from 37percent in 2012/13 to 84.2percent, a figure higher than the target of 38percent projected in 2015/16.

Thirty-seven MDAs and districts were sensitized on National Construction standards. The sector has however, not kick started the formulation of the Building Control Code.

Increase safety of transport services

The fatality rate from accidents has continued to decline from 37 per 10,000 vehicles in 2012/13 to 26 per 10,000 vehicles in 2015/16. There were 3,224 fatalities in 2015/16 compared to 2,845 in 2014/15. While approving the Road Safety Policy in November 2014 to address the issue of high levels of fatalities, Cabinet declined to approve the establishment of the National Road Safety Authority (NRSA) as was planned in the NDPII. TMT made a strategic decision to re-submit a request to Cabinet for the establishment of the NRSA with stronger justification based on empirical evidence that it is the right course of action.

Although 14,143 vehicles were inspected in FY2015/16, the Private Motor Vehicle Inspection scheme planned in the NDPII is yet to be implemented by the sector. The number of vehicles inspected are in the same way lower than the targeted 300,000 per annum. On the other hand, Traffic and Road Safety Act of 1998 were reviewed and relevant regulations are yet to be developed.

4.2.2 ENERGY

Over the medium term, government has continued to prioritize energy as a means for growth. As regards to energy infrastructure, investment will be focused on exploitation of the abundant renewable energy sources including hydropower and geothermal, so as to increase power generation capacity from 825MW in 2012 to 2,500MW by 2020; expansion of the national electricity power grid network; and promoting energy efficiency and use of alternative sources of energy.

Increase power generation capacity to drive economic development

The energy generation for economic development has slightly improved from 851.3MW in 2012/13 to 895.5MW in 2015/16 though short of NDPII target of 900MW. The percentage of the population accessing power from the national grid has increased from 14percent in FY2012/13 to 15.5percent on grid and 4.9percent off grid in FY2015/16 which is short of the NDPII target of 16percent. This is because the new power generation projects including Karuma Hydropower Project (600MW) and Isimba Hydropower Project (183MW) are still in the development phase.

The proportion of other different energy sources like fossils and electricity increased from 7.353percent and 0.002percent in FY2012/13 to 8.36percent and 1.4percent in FY2015/16, respectively. On the other hand, biomass reduced from 92.645percent to 90.25percent in the same period although it is short of the 88.8percent target.

Karuma Hydropower Project (600MW): The construction works on this project have progressed with excavation works on both the various tunnels and underground power house. The various works on the tunnels are almost complete whereas the underground house has been completed. Overall, 40percent of the works have been completed and the project is targeted to be commissioned in December 2018. In the period under review, a number of discussions and site inspections were held between the supervising consultant and government agencies on; Health Safety and Environmental, Resettlement Action Plan (RAP) and as well as security. However, the project has since faced a challenge of land acquisition, in particular, additional land required for the intake where some PAPs have objected to the compensation packages approved by the Chief Government Valuer. Cracks were observed at a section of the dam component of the project that necessitated stoppage of works of concrete works at that particular section to allow investigations into the cause of the cracks and recommend appropriate repair methods. Investigations concluded that the cracks can be repaired and will not affect the integrity and performance of the dam. The contractor was asked to support the local economy which resulted into 34percent of cement and 7percent of steel being sourced from the local market.

Isimba Hydropower Project (183 MW): The initial development phase which included construction of camps, quality control laboratories, diesel generators (6MW), sewage treatment system, water supply system, site clinic, material workshops, access roads, provision of electricity to the construction area, and the engineering designs was completed during the year. The contractor commenced on the main concreting works in July, 2015 and overall construction works stand at 47percent. The project is expected to be commissioned in August 2018.

Agago-Achwa hydropower project (83MW): The feasibility study for the evacuation line has been completed. The Power Purchase Agreement (PPA) and Implementation Agreement (IA) have been executed and construction commenced in December, 2015 using the developer's equity, pending financial closure of the project.

Muzizi Hydro Power Project (44.7MW): Government concluded negotiations with KfW for a loan to develop this project. Implementation of the RAP is already underway. UEGCL executed the project supervision contract with M/s ILF Consulting Engineers - GmbH of Austria in August 2015 to assist in tendering the EPC contractor and carry out project supervision. The consultant reviewed the feasibility study and recommended additional geo-technical studies to determine the optimal option for the project head race water way.

Nyagak III Hydro Power Project (5.4MW): The RAP implementation process for 310 Project Affected Persons is on-going. The developer mobilized in December 2015 and preliminary works (detailed designs, site clearance, and construction of access roads) are ongoing. The main civil works will commence upon the project achieving financial closure expected in February, 2017.

GETFIT Portfolio (156.5MW): A bagasse based power plant at Kakira (20 MW) was commissioned in 2015. A total of 36.44 MW is expected from six hydropower plants that have commenced construction activities. The projects are Siti I (5 MW), Waki (4.8 MW), Muvumbe (6.5 MW), Nyamwamba (9.2 MW), Rwimi (5.54 MW) and Lubilia (5.4 MW). In addition, a 10 MW solar grid-connected power plant is under construction in Soroti. Other projects anticipated to commence construction during FY 2016/2017 are, Sindila (5.2 W), Kikagati (16 MW), Siti II (16.5 MW), Ndugutu (4.8 MW) and Tororo Solar (10 MW).

The Uganda Vision 2040 and the NDPII seeks to harness other sources of electricity among which include geothermal. To-date, no Geothermal power plant has yet been established however, the Ministry of Energy and Mineral Development carried out geothermal surveys at Ihimbo and Kanyinabarongo in Rukungiri District, and Kiruruma in Kanungu District.

Expand the electricity transmission grid network

Government has continued to expand the power transmission network through the implementation of transmission lines and substations. In FY2015/16, the number of households accessing power from the national grid increased to 797,205 down from 479,327 households in FY2012/13 which is way above the target of 686,500 projected in the same period. This implies that 15.5percent of the households are on the national grid.

The upgrade of on-going power lines and associated substations is ongoing in the FY2015/16. These include among others; upgrade of Queensway substation where the construction works stand at 81.9percent and to be commissioned in 2017; Opuyo substation upgrade with the procurement of supervision consultant on-going and to be commissioned in 2018; and Bujagali switchyard upgrade to 220kV to be commissioned in 2016.

10 new transmission lines evacuating power from generation plants have been built over and above the targeted 8 in the NDPII. The construction of these transmission lines will be commissioned during the FY2016/17, they include the following among others: Bujagali–Tororo–Lessos 220kV, 127km line (84.6percent); Mbarara–Mirama–Birembo 220kV, 66km line (90percent); Tororo – Opuyo–Lira 132kV, 260km line (84percent); Mbarara–Nkenda 132kV, 160km line (88percent); Kawanda–Masaka 220kV, 137km line (74percent), and Nkenda-Fort Portal-Hoima 220kV, 226km line.

Of the 112 districts in the FY2015/16, only 4 districts remaining to be connected to the national grid. On Grid Based Rural Electrification, a total of 1,938kms of MV lines and 1,633 kms of LV distribution lines were completed during the FY 2015/16.

Improve Energy Efficiency

Power losses in the distribution network have been reduced from 21.3percent in 2014 to 19.5percent as at end of December 2015. This is as a result of energy efficiency measures in place for previous energy audits in public institutions, commercial facilities and industries in addition to the revamped transmission networks.

Rollout of the prepaid system to households continued with new connections as well as conversions from the postpaid system. The number of households using the prepaid meters system more than doubled as it increased from 100,000 in FY2012/13 to 250,000 in FY2015/16. The sector reported to have installed a total of 142,971 prepaid meters in 2015 against a target of 120,000 meters.

In FY2015/16, the energy sector commenced with the implementation of the Energy Efficiency Standards and Labels programme with Uganda National Bureau of Standards (UNBS). The appliances for which standards apply are listed under the PIVOC Programme of UNBS are under enforcement. The lighting test bench has also been procured and commissioned.

Promote use of alternative sources of energy

There has been a remarked increase in the use of alternative sources of energy like solar and biogas in Uganda. The number of solar users has since increased from 1,009 in 2012/13 to 9,000 in 2015/16. However, the solar data is largely privatized hence making it difficult to assemble from one common source which is a big challenge. A 10MW Solar PV project is under construction in Soroti and expected to be commissioned in September 2016. The construction of the other solar project by Tororo Solar North PV has been delayed as a result of a delay in closing financing for the project.

During the reporting period, the promotion and development of nuclear energy for peaceful uses such as; electricity generation, cancer management, food safety assessment, tsetse control, improving agricultural productivity, and water resources management, industries, among others, continued. Specifically, the pre-feasibility studies for nuclear power development are on-going with support from International Atomic Energy Agency.

A final preliminary site survey report which identified potential areas for nuclear power development in Kyoga, Katonga and Achwa regions was prepared by the Siting and Technology Deployment Working Group (STDWG). Preparation for detailed site survey in Buyende, Kamuli, Kayunga and Nakasongola districts were made. In addition, a study on integrating nuclear power into the generation capacity plan 2015-2040 which provides scenarios for the required nuclear power capacities was concluded. Proposals to review existing policy, legal and institutional framework relevant to nuclear energy development in Uganda were also received and evaluated.

The Ministry is promoting the development of solar, wind and pico-hydro resources in different parts of the country. In FY2015/16, installation of two wind measuring equipment in Kotido and Napak were completed and commissioned. In development of a strategy for sustainable uses of solar energy systems, the sector completed mobilization of solar energy sector stakeholders into a national association. Plans to develop community pico-hydro schemes at different sites in Kasese and Buhweju districts are underway. Five sites were identified and packaged for development.

Improve the policy, legal and institutional framework

The sector kick started the review of laws so as to have a vibrant and effective institutional framework to increase productivity. These include; Electricity Act 1999, Power Sector Reforms, and Renewable Energy Policy.

a) Review of the Electricity Act 1999

The Electricity Act (1999) provides a framework for regulation of the generation, transmission, distribution, sale, export and import of electrical energy in Uganda. Cabinet approved the principles to be embodied in the Electricity Act 1999 (Amendment) Bill. The First Parliamentary Council has produced the first draft of the Bill.

b) Power Sector Reforms

In FY2015/16, the Ministry of Energy and Mineral Development procured a consultant AF Mercados to conduct a review of the Power Sector Reforms. The consultant is expected to assess the achievements and challenges of the power sector reforms and propose corrective measures (policy, legislative, institutional and regulatory and managerial) to improve sector performance.

Build capacity in the energy sector

Capacity building efforts to strengthen human and institutional capacity in the oil and gas sector continued to be undertaken through long-term (Masters') and short-term training of 44 staff (3 staff members are pursuing Masters' Degree courses in Petroleum law, Pipeline Engineering and Oil and gas Chemistry). 1 staff member completed a Masters' Degree in Petroleum Law, and three staff members completed Masters' degrees in Oil and Gas management, Health Safety and Environment and Management Information.

The sector also procured automated atmospheric distillation apparatus and installed it at Busia and Malaba border points.

4.2.3 WATER FOR PRODUCTION

Increase the provision of water for production facilities

Most of the irrigation schemes earmarked for construction and/ or rehabilitation were either not completed or works had not started, however, more storage capacity of water for production was added, that is, production storage capacity (million cubic meters) created for livestock increased to 30 million cubic meters in 2015/16. New dams were constructed in Nebbi district (Andibo dam in with total storage of about 3,500,000m3) and in Katakwi district (Ongole dam with total storage of about 1,000,000m3). Also, over 173 valley dams with a capacity of about 1,145,000 cubic meters were constructed in the districts of Nakasongola, Nakaseke, Luweero, Kiboga, Sembabule, Mubende, Sheema, Kiruhura, Lyantonde, Kibale, , Bukomansimbi, Kyankwanzi, Rakai, Gomba and Karamoja.

Furthermore, aquaculture and rural industries were boosted during 2015/16, with several fish ponds constructed especially in western and eastern Uganda. Over 30 fish ponds totaling 255,000m^3 for aquaculture ponds were constructed in Bushenyi, Bukomansimbi and Katakwi districts. Progress of implementation of planned interventions was mixed. For instance, only one new bulk water system was established in Rakai against the target of 11 for 2015/16.

There was no indication of progress against the protection and management of water catchment areas, except the formulation of the Mpanga, Semliki, Ruhenzamyenda, Awoja, Rwizi and Maziba whereas Katonga, Albert Nile, Aswa, Lokok, Lokere, Victoria, Mpologoma, Kiiha and Albert catchment plans had started.

The involvement of private sector in the implementation of water for production facilities, including use of the Public-Private Partnership (PPP) arrangement increased significantly. Between 2012/13 and 2015/16, three hundred twenty-eight new private sector players came on board, showing an increase of 63.1percent in 4 years. The implementation of the National irrigation master plan is on course. The functionality of tree (3) irrigation schemes in Doho, Mubuku and Agoro improved greatly during 2015/16 to 2,200 ha combined.

No progress was made against the planned gazettement of water reserve areas for large dams.

Increase the functionality and utilization of existing water for production facilities

The functionality of water for production facilities increased from 74percent in 2012/13 to 84percent in 2015/16. Twenty-nine Water Management Systems were established in Ntungamo, Kabale, Kiruhura, Isingiro, Lyantonde, Sheema, Gomba, Sembabule, Nebbi, Abim, Kaabong, Moroto, Napak and Nakapiripiriti districts in 2015/16. This progress is largely due to the improvement in the management, rehabilitation and maintenance of water for production facilities where private firms are also involved. These are evidenced by the increase in the number of functional management structures that rose from 78 in 2012/13 to 107 and the rehabilitation of the nine windmill powered watering systems in Karamoja rehabilitated in 2015/16.

4.2.4 INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

The ICT sector is envisaged to facilitate sustainable, effective and efficient development through harnessing and utilizing ICT in all spheres of life.

Increase access to ICT infrastructure to facilitate exploitation of the development priorities

Phase III of the National Backbone Infrastructure project (NBI) was completed by close of the FY 2015/16. Under this phase, the NBI was extended to connect additional towns in the central and western Uganda, that is, Masaka, Mbarara and Kabale and to interconnect with regional networks with Tanzania at Mutukula and to Rwanda at Katuna. Completion of Phase III added 756kms of fibre optic cables to the public network. The country now boasts of a public network covering 2,292 km that spreads out to various regions.

By end of June 2016, 74 additional MDA sites were connected to the NBI bringing the total number of MDA sites connected onto the Government network to 133. This translated into 125percent growth in connectivity. Of the MDAs connected, 36 MDA sites were connected to receive internet in FY 2015/16. The total number of MDAs utilizing internet via the NBI by close of the financial year were 94. The strategy for consolidated delivery of internet to government (bulk internet) has significantly reduced the average unit cost of internet bandwidth from USD 650 per Mbps per month to USD 300. This has realized savings of USD 350 per 1 MBps per month leading to a reduction in Government expenditure to the tune of UGX 5.287BN per annum.

By end of FY15/16, Uganda was able to connect to NBIs of neighboring countries hence achieving border to border connectivity. Points of presence were established at Nimule, Katuna and Mutukula hence bringing the number of border points to 5, i.e. Malaba, Busia, Katuna, Mutukula and Nimule.

During FY 2015/16, the Uganda Communications Commission (UCC) deployed infrastructure for the public network at seventeen 17 sites to enable countrywide illumination of the digital terrestrial broadcasting signal. The deployment involved establishment of a Network Operating Centre (NOC); installation of equipment for Satellite uplink/downlink and bandwidth services; civil works and installation of equipment for digital terrestrial television transmission at seventeen (17) sites, i.e. Masaka, Mbarara, Kabale, Jinja, Mbale, Soroti, Lira, Gulu, Masindi, Fort-Portal, Hoima, Kisoro, Kiboga, Rubirizi, Arua, Ntungamo and Rukungiri. Management of the equipment and sites has been handed over to SIGNET, the signal distributor.

To promote infrastructure sharing, UCC revised the licensing framework to allow for provision of infrastructure as a service. In this regard, passive infrastructure for telecommunications services was transferred to two tower companies, i.e. ATC and Eaton Towers who are exclusively providing infrastructure services to telecommunications operators. Sharing of infrastructure among the Internet Service Providers (ISPs) is also on the increase.

The National Data Centre was upgraded and is operational and currently hosts 6 services; namely: Colocation for Disaster Recovery for URA; Colocation for Disaster Recovery for Electoral Commission; One Stop Centre (Uganda Investment Authority); Government Citizen Interaction Centre (GCIC); Colocation for Directorate of Citizen and Immigration Control; and Colocation for Office of the Prime minister. This is being done to ensure optimal utilization of existing infrastructure. In addition, Eight (8) additional IFMIS sites were connected to the NBI bringing the number of IFMIS sites connected by end of FY 2015/16 to twenty five (25).

Enhance the usage and application of ICT services in business and service delivery
The National e-Government Master Plan is being implemented. The following, priority interventions under the master plan were undertaken:

- Government web portal and e-services portal were developed and launched. The portals are acting as one-stop-center for information about government services and online systems. www.ecitizen.go.ug
- NITA-U coordinated the implementation of one-stop-center for investment project drawing different institutions such as URSB, UIA, and Uganda Lands Commission and launched the prototype system for one-stop-center.
- Sixteen (16) MDAs were enrolled to Master Business Agreement (MBSA) in FY 2015/16 with Microsoft and are using software licenses from the Microsoft Business and Services.
- During the FY2015/2016, the sector provided E-Governmental services through development of; a desk research and a zero draft of the catalogue of national e-government services, e-services, e-customs and e-waste management guidelines. The sector also conducted a survey on e-services in selected schools in Jinja district and produced report and provided technical guidance on e-government to 5 LGs (Budaka, kamuli, Bugiri, Mayuge and Mitoma).
- The sector also provided technical and programme management support to several ICT initiatives. These included integration of the IFMS Tier-I, PBS and IPPS, Single registry - MOGLSD, Global Anti-Money Laundering System by Financial Intelligence Authority; E-Visa (DCIC) and National ID by NIRA and One stop centre for investment (UIA and URSB).

To promote the use of ICT tools for trade, service delivery and exchange of information; the One Stop Centre (OSC) is being implemented with three (3) MDA Systems under One Stop Centre that is; Ministry of Lands, Housing and Urban Development, Uganda Revenue Uganda Registration Services Bureau. Furthermore, three (3) Systems were under National e-Single Window (Uganda Revenue Authority, Uganda Export Promotions Board, and Uganda National Bureau of Standards). NITA-U provided both technical, advisory and project Management support to establishment of the OSC (https://www.ebiz.go.ug). NITA-U developed the

Government web portal (http://www.gou.go.ug) and the e-citizens portal (http://ecitizen.go.ug/) during FY with the aim of enhancing citizen interaction with government as well as easing access and use of electronic services (e-services) offered by public sector.

In FY 2015/16, a total of 25 services were added to the portal and are currently available on the e-citizen portal. Phase I of the e-services portal was launched and a video showing "how-to" was created and shared on all social media platforms to create awareness. Some of the services added include; National Housing Corporation Company Limited (NHCCL) -Mortgages and Property Search; Uganda National Bureau of Standards (UNBS) - Imports Inspection and Clearance Information Management System; e biz - Search for a Business Name, Reserve a Business Name, Land Tittle Verification, MOFPED/IFMS - New Registration, Registration Amendment, Application Status; Ministry of Gender - Overseas Employment Management Information System, National Gender Based Violence Database, Child Helpline Service, Orphans and Other Vulnerable Children Management Information System (OVCMIS).

The sector developed a national postal and courier services master plan and implemented within which e-tourism portal, e-soko portal, government web portal and e-services portal were also developed and launched acting as one-stop-centre for information about government services and online systems.

A strategy for sensitization and creating awareness about ICT to the public is being developed by the Ministry of ICT in consultation with sector agencies. During the FY 2015/16, the Uganda Communications Commission, under her Consumer Awareness Program conducted countrywide sensitizations on issues affecting consumers of communications services. These included; consumer redress mechanisms, quality of service, digital terrestrial television broadcasting services; cybersecurity among others. UCC also conducted community sensitizations and trainings in various districts upcountry.

Increase job creation through ICT Research and development

During the FY under review, the percentage of people employed in ICT related employment stood at 1.3 million.

In a bid to operationalize the ICT research and innovation fund, a survey to profile IT innovators was conducted. The findings also informed the training of IT innovators by NITA-U based on the needs assessment. Fifty (50) IT innovators were trained in Patent rights, product development, marketing and business legalizations.

The sector conducted consultative workshops on Free and Open Source (FOSS) Policy and Strategy and feedback was obtained. The ministry also organized several pre-conference meetings including the public disclosure event of IDLELO7 Free Open Source Africa conference on free and open source software.

The ministry supported and participated in the Hackathon for Agriculture Hack4Ag, an event organized by WB to develop ICT solutions for Agriculture. Participated and provided support to the development of 5 Innovations through an Innovation Garage session organized by RAN projects including; solar maize drier, solar powered egg incubator, Pneumonia Vest kit, Sickle Cell diagnostic kit, FIST App and Q-Ultra Wireless.

In FY2015/16, a feasibility study for the IT Park was conducted and further, the plan for the Namanve land has been redesigned to accommodate a BPO Centre. During the FY2015/16, the sector signed a MoU entered with Makerere University in the areas of IT training, capacity building and knowledge exchange. The sector in the FY also developed a policy framework and strategy for promoting local content development.

The Uganda Communications Commission supported the development of a Master Plan to transform the Institute into a Centre of Excellence for Research, Innovation and Specialized training in ICTs. By the end of FY 2015/16, a draft Master Plan for the Institute was developed, following extensive consultations with relevant stakeholders. In the interim, UCC has continued supporting improvements on existing infrastructure at the Institute to ensure a conducive environment for learning, Research and Development.

Increase the stock of ICT skilled and industry ready workforce

There was no progress reported on the proportion of industry ready ICT skilled persons. The ICT sector has been working alongside the Ministry of Education and Sports in the review of the current curriculum to introduce ICT in the school curriculum. Through this partnership, ICTs have become an examinable subject at both O and A levels. The UCC and other stakeholders in the ICT sector continue to support the further review of the curriculum to incorporate ICT.

The e-government curriculum guide was developed. The ministry undertook training and sensitization sessions on e-Government Services to a total of 292 MDA/LGs staff was conducted. The training modules included; using Microsoft-outlook 2013 and Microsoft-lync 2013; management of active directory services for windows 2012 server; use of system Centre configuration management; minimum viable product (MVP) under one stop Centre (OSC); website management and social media; and Social media best practices among others.

Regulations to operationalize the IT Certification framework were developed and are cited as NITA-U (Authentication of IT Training) Regulations and NITA-U (Certification of Providers of Information Technology Products and Services) Regulations. The final regulations await approval by the Minister. Registration of IT service providers and professionals was on-going; and by end of FY 2015/16, 240 IT providers and 326 professionals were registered

The Uganda Communications Commission (UCC) in partnership with the Ministry of Education and Sports (MoES) has been implementing a teacher re-tooling program for ICT teachers countrywide for teachers to effectively deliver the ICT curriculum to their students. During the FY 2015/16, over 250 ICT teachers from government secondary schools countrywide participated in the program.

The national Information security framework implementation was ongoing during the FY2015/16 with the following achievements: (i) Assessment of MDAs towards implementation of the National Information Security Framework was conducted in seven MDAs. The MDAs assessed include; Electricity Regulatory Authority (ERA), Directorate of Petroleum, Ministry of Public Service – IPPS Unit, National Social Security Fund, National Water and Sewerage Corporation, Uganda Revenue Authority and Kampala Capital City Authority; (ii) The National Information Risk Register (NIRR) was developed and operationalized; (iii) Information security sensitization was conducted in seventeen (17) MDAs; and (iv) Developed and Disseminated periodic Information Security Advisories and Alerts to constituents in 20 core areas.

The Uganda Communications Commission (UCC) established the Communications sector CERT (Computer Emergency Response Team) to among others build capacity of communications service providers in enhancing the security of their networks as well as protecting consumers of ICT services in Uganda. During FY2015/16, the CERT provided advisories to various consumers on issues of cybersecurity and safe use of communications services. In the same vein, the CERT also conducted capacity building programs for key stakeholders in the communications sector with regards to protecting critical communications infrastructure including identifying and responding to cyber threats among others. The draft Data Protection and Privacy Bill was approved by cabinet on the 30th September 2015 and published in the Government Gazette in November 2015. It also carried out a study to re-affirm the benefits and to determine the ratification process requirements for Budapest Convention on Cybercrime. Ten (10) sensitization sessions were carried out to increase awareness about information security, cyber laws, IT regulations and standards.

Improve the legal and regulatory frameworks to respond to the industry needs

Harmonize Uganda's policy, legal and regulatory framework within the regional and global context

Through the East African Communications Organization (EACO), Uganda has participated in the development of a draft Policy and Regulatory Model Framework that will facilitate harmonization of the respective country specific ICT policies and Regulations. Consultations are underway with various stakeholders in the EAC to further refine the model framework before it can be presented for adoption. Similarly, under the Northern Corridor Partner States Infrastructure Projects (ICT Cluster), Uganda has participated in the harmonization of her legal, policy and regulatory frameworks to those of partner states. Areas of harmonization include; cybersecurity, data protection and privacy and information sharing, among others.

Following the enactment of the Uganda Communications Act 2013, the Uganda Communications Commission has reviewed existing regulations and developed new ones to operationalize the Act. During FY 2015/16, a suite of 18 regulations were reviewed/developed covering various areas that include; Quality of Service, Consumer protection, cyber security, pricing and tariffs, among others. These regulations are currently before Parliament for approval.

The sector developed nine (9) National IT Standards to further guide standardized and harmonized delivery of ICT services in the country. Following gazette of the standards compliance enforcement will commence. The standards are in areas of cloud computing, national datacenter management, applications platform and web services for management

4.3 HUMAN CAPITAL DEVELOPMENT

4.3.1 HEALTH

The Sector targets to: increase deliveries in health facilities (health centres and hospitals, public and private not for profit) from 44.4 percent to 64 percent; reduce maternal deaths in health facilities from 139/100,000 to 119/100,000 by 2020; reduce under five deaths in health facilities from 18/1000 to 16/1000 by 2020; reduce annual out-patient department attendance due to malaria cases from 12,224,100 to 2,600,000; reduce new HIV infections among adults from 140,908 to 42,272 (by 70%) in 2020; reduce HIV related deaths from 63,000 to 21,497 by 2020; increase TB treatment success rate from 80percent to 90percent; and increase proportion of population accessing health insurance from 1percent to 6percent by 2020.

To contribute to the production of a healthy human capital through provision of equitable, safe and sustainable health services

Trends in child survival indicators have continued to improve over the years. Neonatal mortality rate dropped from 26 deaths per 1000 live births in 2012/13 to 23 deaths in 2015/16. The Infant Mortality rate reduced from 54 deaths per 1000 live births (UDHS 2011) to 43 in 2015/16, while the under-five mortality rate dropped from 90 deaths per 1,000 live births (UDHS, 2011) to 64 in 2015/16. These have been are ahead of the NDPII 2015/16 targets of 26, 50 and 64 respectively; indicating progress is on course towards attaining child survival targets.

The improvement in child survival rates in the right direction are attributed to the sustained implementation of a number of child health interventions including (i) scaled up and sustained effective coverage of cost-effective child survival interventions where facilities with IMCI-trained clinicians has increased from 42% in 2012/13 to 100% in 2015/16 and facilities with no stock out of the lifesaving commodities reaching 89% in the same period; (ii) access to Skilled Birth Attendants (SBA), Emergency Obstetric Care (EmOC) with facilities offering basic obstetric care services (segregated by level) which increased from 90% in 2012/13 to 92% in 2015/16; and (iii) improving access to Goal oriented Antenatal Care (ANC), PNC and PMTCT measured by facilities without stock out of iron/foliate which increased from 45% in 2012/13 to 89% in 2015/16. However, the proportion of pregnant women receiving ARVs for PMTCT declined to 68.3% in 2015/16 from 72% in 2012/13.

On the other hand, national survey data indicate that maternal mortality ratio has not improved as envisaged according to improvement in maternal mortality ratio regressed over the same period from 435 per 100,000 live births (UDHS, 2006) to 438 per 100,000 live births (UDHS 2011). The principle causes of death have been obstetric haemorrhage and sepsis accounting for 39% and 20% respectively as well as hypertensive disease and abortion related death, delay in seeking care and health system factors especially lack of blood.

However, data from health facilities show that there is decline in maternal deaths. Maternal deaths among 100,000 deliveries (institutional maternal deaths) declined from 148/100,000 in 2012/13 to 132/100,000 in 2015/16. This is supported by the fact that majority of deliveries are happening in health facilities. Over the same period, deliveries in health facilities (Health Centres and Hospitals, Public and Private Not for Profit) increased from 44.4% in 2012/13 to 55.2% in 2015/16. The NDPII 2019/20 target is 64%. It is likely this target will be achieved. This positive progress is partly due to more HCIVs can now offer Comprehensive Emergency Obstetric Care Services (C/S and blood transfusion) than in the past. Also the HCIVs that offer C/S and blood transfusion increased from 37% in 2012/13 to 40.4% in 2015/16.

Efforts to bring down malaria incidences have continued although registering slow progress. Records from health facilities indicate that malaria remains high in the population. Laboratory diagnosis (rapid diagnosis or microscopy) from health facilities confirmed that incidences of malaria have continued to increase. Between 2012/13 and 2015/16, incidences of malaria increased from 58% to 63%. The OPD malaria cases slightly declined from 15,997,210 in 2012/13 to 15,175,805 in 2015/16. The NDPII targets a reduction in annual Out Patient Department attendance due to malaria to 2,600,000. The decline comes at the backdrop of continued national efforts such as mass distribution of long lasting insecticide treated nets (LLIN), insecticide residual spraying (IRS), use of appropriate diagnostics, effective anti-malarial therapy and integrated community case management. Therefore more efforts/investments are needed to bring malaria cases down; particularly focus should be on districts with high burden.

A slight decline in the TB Treatment Success Rate was recorded over the same period, despite the significant improvement in the detection and management of drug-susceptible TB cases to ensure 90% treatment success with greater availability of diagnostic facilities. TB treatment success rate dropped from 80% in 2012/13 to 2015/16 over the same period. The health facilities (Hospitals, HC IVs and IIIs) with diagnostics for TB and those without stock out of first line anti-TB dugs increased from 22% in 2012/13 to 70% in 2015/16, and 80% to 83%, respectively.

Data was not available to assess changes in under five admissions, new HIV infections among adults and HIV related deaths. Eight hospitals under renovation were completed during the first year of the NDPII implementation. These include: Entebbe, Nakaseke, Mityana, Kiryandongo, Nebbi, Anaka, Iganga and Nebbi. Moyo hospital still awaits completion. The Health Centre IVs renovated include; Bugiri, Pallisa and Kaberamaido. Despite the decline in the proportion of the population within 5 kilometres, functionalities of health facilities have continued to improve as government continued to procure and distribute equipment to 65 hospitals and 230 HC IVs, 19 ambulances to 19 hospitals, as well as installation of X-ray, Dental and laundry equipment. Of the hospitals, HC IVs and HC IIIs countrywide 7,000 received beds and mattresses, assorted Medical equipment for casualty, Operating Theatre, ENT and CSSD.

There is significant improvement in perception among the population about health care services delivery. Between 2012/13 and 2015/16, the proportion of the population that is satisfied with health care services increased from 53percent to 69percent. This is below the 2015/16 target of 71percent and the NDPII 2019/20 target of 79percent.

To increase financial risk protection of households against impoverishment due to health expenditures

NDPII set to achieve reduction in out of pocket expenditure by household on health through diversification of funding sources and exploration of innovative mechanisms to increase domestic resource mobilization and allocation for the sector; establishment of a system to collect pre-payments and voluntary contributions; introduction of a National Health Insurance scheme (social health insurance, private health insurance and community based health insurance schemes), a co-payment system for health care, and innovative purchasing and payment mechanisms for efficient use of health resources.

Progress of the implementation indicates that alternative solution to increase revenue collection has been adopted evidenced by the health budget for service delivery increasing from 34percent in 2012/13 to 54.6percent in 2015/16. However, the national budget allocation to heath has dipped from 8.7percent in 2012/13 to 6.4percent below the NDPII target for 2015/16 (10percent). There is seemingly slow implementation of a co-payment system for health care. The indicator, OOP health expenditures as percentage of private health expenditures for assessing the establishment of co-payment system for health care showed poor performance. Between 2011/12 and 2015/16, OOP health expenditures as percentage of private health expenditures increased from 62percent to 95percent.

To address the key determinants of health through strengthening inter-sectoral collaboration and partnerships

Under the NDPII, Government intends to accredit the Uganda Institutes of heart and Cancer in addition to the Supra National Reference Laboratory, design and implement compensation and motivation plan for specialists, attract Health personnel with special skills in the country, strengthen intellectual property rights framework, strengthen research organizations and institutes, establish sustainable centres and institutions for super specialized health care and centres of excellence.

One year of the Plan implementation shows more specialists in cardiology, oncology, nephrology, diagnostics and management have been trained. These include: 23 engineering and biomedical engineering technicians; 2 cardiology; 3 intensive care; 1 perfussion technology, 2 cardiac surgery; 1 paed. oncology; 1 molecular biology; i cancer control; 1 cancer epidemiology; and 2 oncology. However, funding has been limited in this area.

The Uganda Institutes of heart, Cancer and the Supra National Reference Laboratory were accredited. A proposal to attract, compensate and motivate specialists was discussed with H.E the President for implementation. Mulago Referral Hospital under renovation and equipping to become a centre and institution for super specialized health care. The Uganda Cancer Institute and Uganda Heart Institute Bills were passed provide excellence services for heart and oncology (cancer) treatment and management. However, there is no evidence to suggest that health personnel with special skilled are being attracted into the country despite intellectual property rights framework to have been strengthened and health sector research agenda developed.

To enhance health sector competitiveness in the region, including establishing centres of excellence in heart, cancer, renal care domains; and diagnostic services

This objective is to be achieved through the establishment of an innovative gender health strategy; implementation of strategies and programs to address social economic conditions that make people ill (Sexual and Gender Based Violence (SGBV), nutrition, water, sanitation and hygiene, attitudes, practices, behaviour and mind-sets, and appropriate shelter/housing); establishment of Community health extension workers; review of Public Health Act; integration of human rights and disability responsive policies; adoption of 'health in all policies' approach; incorporation of health concerns to facilitate safe food production systems, manufacturing, marketing and distribution; development and dissemination of communication and advocacy strategy; and strengthening community structures to identify and participate in addressing social determinants of health.

Progress of the implementation shows that an innovative gender health strategy has been fully (100percent) established in the health system; programmes such as Uganda sanitation fund program, VHT strategy, nutrition, health promotion and education - Public Health Protocols to address social economic conditions that make people ill are being implemented; the Public Health Act was revised; and all health policies address human rights and disability. However, there are no evidence that 'Health in all Policies' approach has been adopted and health concerns incorporated to facilitate safe food production systems, manufacturing, marketing and distribution.

4.3.2 EDUCATION AND SPORTS

Areas of focus: Achieve equitable access to relevant and quality education and training; ensure delivery of relevant and quality education and training; and enhance efficiency and effectiveness of education and sports service delivery at all levels.

Achieve equitable access to relevant and quality education and training;

Pre-primary school enrolment significantly increased during the NDPI period. Pre-primary enrolment averaged 386,805 over the NDPI period. In 2015/16, 477,123 children were enrolled in pre-primary schools. 469,444 was the NDPII target for FY2015/16.

Table 4. 2: ECD Enrolment by Sex 2010 to 2016

Year	2010	2011	2012	2013		2014	2015	NDP1 Average
Total	498,644	214,797	356,903	430,425		433,258	477,123	386,805
Boys	245,605	105,428	179,857	210,966		214,996	236,284	191,370
Girls	253,039	109,369	180,046	219,459		218,262	240,839	196,035

Source: Education and Sports Fact Sheet 2016

However, the GER and NER for pre-primary schools have continued to be low. Both GER and NER were below 10% (Table 4.2). Government is yet to implement the ECD policy which requires all primary schools to put aside a classroom for ECD centre. Currently, 112,000 boys and girls aged 3 to 5 access ECD in community centres.

Table 4. 3: ECD Enrolments (Gross and Nets) - 2010-2016

	2010	2011	2012	2013	2014	NDPI Average
Gross Enrolment (Total)	8.1	7.5	9.1	10.2	9.74	8.928
Gross Enrolment (Boys)	8.2	7.4	9.9	10.2	9.67	9.074
Gross Enrolment (Girls)	8.1	7.6	8.7	10.3	9.81	8.902
Net Enrolment (Total)	6.1	6.6	7.1	10.1	9.49	7.878
Net Enrolment (Boys)	6.3	7.2	8.2	10.2	9.63	8.306
Net Enrolment (Girls)	6.2	6.7	7.2	10.3	9.56	7.992

During 2015/16, 16,741 teachers/caregivers were trained and review of the ECD policy commenced. But, there was no evidence to suggest that the ECD in community centres are getting attached to primary schools as recommended in the NDPII.

Since the introduction of UPE in 1997, enrolments in primary schools have been on the rise. By end of NDPI, growth in primary school enrolment was 3.7%, ahead of the 2.1% target. This positive trajectory is expected to continue during NDPII. The increase in enrolment rate is partly explained by the construction of new schools and classrooms that have increased access.

Over the NDPI period, gross primary enrolment averaged 118%, higher compared to 109% attained in 2015 but below the NDPII target of 114.1%. The actual GER figure dropped in 2015 attributed to the actual population census figures used in computation than the projected population figures that were previously being used. Over the years, there have been no significant differences in gross enrolment between boys and girls, reflecting achievement of parity in access to basic education. This trend also holds true for net enrolment. However, over the same period, completion rates in primary education averaged 65%, higher than 62% completion rate achieved in 2015. The completion rate for boys on average was slightly better than for girls over the NDPI period. But, in 2015, the completion rate for girls was higher. Completion rates are still low due to dropouts, teenage pregnancies and early marriages among others. Again, more boys than girls transited to S1, on average over the same period. However, during 2015, the proportion of girls who sat PLE and joined S1 was higher by 1percent point in comparison to boys.

Table 4. 4: Primary School Enrolments (Gross and Net), Completions and Transitions - 2010-2016

	2010	2011	2012	2013	2014	2015	NDPI Average
Gross enrolment (Total)-%	128	117.7	115.4	111.8	117	109	117.98
Net enrolment (Total) %	96	97.5	95.7	95.3	97	91	96.3
Completion Rate (Total)	54	64	67	67.4	72	61.6	64.88
Transition Rate to S1 (Total)	64.8	65	66	72.2	70.5	63.2	67.7
Gross enrolment (Boys)	128.3	117.9	115.6	111.66	117	107	118.092
Gross enrolment (Girls)	128	118	115	112	118	111	118.074
Net enrolment (Boys)	95.6	97.1	95.2	94.57	96	89	95.694
Net enrolment (Girls)	96.4	97.9	96.1	96	98	93	96.88
Completion Rate (Boys)	56	65	68	68	72	59.8	65.8

Completion Rate (Girls)	51	63	66	67	72	63.3	63.8
Transition Rate to S1 (Boys)	66.7	67	68	72.3	70.5	62.8	68.9
Transition Rate to S1 (Girls)	63	64.2	65	72	70.5	63.8	66.94

The Government continued to improve UPE notwithstanding, the progress of implementation of the planned interventions towards achieving equitable access to relevant and quality education and training was mixed. For instance, during 2015/16, 6,848,058 pupils (boys=3,586,320, girls=3,584,732) benefitted from UPE capitation, representing a drop of 242,280 from 7,090,338 pupils in 2012/13. Also, limited number of school infrastructure and facilities were provided but more partnerships were strengthened in the year, where 14,043 learners benefited from the partnerships and 38 teachers' houses were rehabilitated/constructed. Also, a new allocation formula for capitation grants was developed and the capitation grants was revised from UGX 7,000 to UGX 10,000 per child per year. However, no evidence to suggest that there was progress to develop and implement a policy to regularize fees for basic education, implement a strategy to address school feeding, and a partnership framework to address social-cultural and other barriers to girls' and boys' attendance and retention in school.

Since the introduction of Universal Secondary Education (USE) in 2007, enrolments in secondary schools have been on the rise. Enrolment increased to 1,284,008 in 2015 from 954,328 in 2007. On average, USE enrolment was 28.06% of the overall secondary school enrolment during the NDPI. This was higher than in 2015 where only 1 in 4 was a USE student. Throughout the period more boys than girls have been enrolled under USE than girls.

Over the NDPI period, gross enrolment averaged 28.06%, higher compared to 24.5% achieved in 2015. Over the years, gross enrolment for girls remained below 30%, except for the boys which averaged 30.48% over the same period. This presents disparity between boys and girls in access to secondary education.

Table 4. 5: Secondary School Enrolments (Gross and Net), Completions and Transitions - 2010-2016

Indicator	2010	2011	2012	2013	2014	2015	NDPI Period Average
Gross enrolment (Total)	28.3	28	27.2	26.8	30	24.5	28.06
Gross enrolment (Boys)	30.7	31	29.9	28.8	32	25.5	30.48
Gross enrolment (Girls)	26	27	25.4	24.8	28	23.4	26.24
Net enrolment (Total)	24.6	25	23.7	24.7	26	21.8	24.8
Net enrolment (Boys)	25.7	26	24.6	25.9	27	22.1	25.84
Net enrolment (Girls)	23.5	25	22.7	23.6	25	21.4	23.96

Until 2015, the completion rates for boys compared to that of the girls were higher during the NDPI period. Over the same period, the transition rates for the girls to S5 remained lower than for the boys. Issues affecting both the completion and transition to S5 are dropouts, teenage pregnancies and early marriages among others. Transition rates to S.1 and S.5 are still low due to the fact the current PPP institutions can only absorb approximately 50% of the students completing the preceding levels in a particular academic year while others prefer to join UPPET and UPOLET implementing institutions and others decide to join the labour market.

There was impressive achievements of the planned interventions during the first year of the NDPII implementation towards achieving equitable access to relevant and quality education and training for secondary education. The number of students benefitting from USE capitation increased to1,011,107 students in 2015/16, up from 806,992 in 2012/13. Therefore, the NDPII target for 2015/16 was achieved in this area. In addition, number of students accessing the Students Loan Scheme rose to 1,273 in 2015/16 up, from 200 in 2012/13 and 872 secondary schools.

On average, over 70percent of tertiary education enrolments, majority (60percent) of them, males were in universities over the NDPI period. This could be a perception issue or negative attitudes among the young people in the country who aim, to join universities instead of any other tertiary institutions. Over the years, enrolments in tertiary intuitions have increased significantly. The enrolments in universities increased from 140,403 students in 2012/13 to 180,360 in 2015/16. However the enrolment of female students remained low compared to their counterparts.

Ensure delivery of relevant and quality education and training

Proficiency in literacy at P6 was rated at 51.9% in 2015 above the first year NDPII target. The achievement was above the NDPI average of 44%. Comparatively, the girls had more proficiency in literacy than boys. On the other hand, proficiency level in numeracy was rated at 52.2% in 2015. Proficiency level in numeracy at P6 for both boys (52.6%) was higher than for girls (48.2%). The achievement is partly attributed to the introduction of the thematic curriculum which has helped improve literacy rates at this level. On the other hand, continued engagement of teachers in continuous professional development (CPD) programs has helped in the delivery of numeracy.

Table 4. 6: Literacy and Numeracy (P3 and P6) trends - 2010-2016

Indicator	2010	2011	2012	2013	2014	2015	NDPI Period Average
P6 Literacy (Total)	50.2	41.3	40.8	40.15	38.3	51.9	44
P6 Literacy (Boys)	49.7	42.1	39.6	38.72	37.8	51.6	43
P6 Literacy (Girls)	50.7	40.6	42	40.1	38.7	52.2	44
P6 Numeracy (Total)	54.8	45.6	45.2	41.4	39.4	52.6	47
P6 Numeracy (Boys)	57.9	49.6	49.7	45.8	44.2	56.1	51
P6 Numeracy(Girls)	52.1	41.7	40.9	37.1	35	48.2	43

Also, over the years, Government continued to procure new instructional materials. In 2015, over 548,000 instructional materials were procured and distributed to primary schools. These include: local language readers, local language text books, teachers' guides, english p5 and p7, english teachers' guides, as well as braille and embossers. The implementations of most planned interventions were on course except no evidence was obtained to confirm progress on compliance to basic requirements and minimum standards. But elsewhere, 2,524 teachers received in-service training, and 30 facilities in primary schools were rehabilitated, expanded and/or equipped.

Table 4. 7: Trends in PLE Pass Rates- 2010-2016

	2010	2011	2012	2013	2014	2015
PLE Pass rates-%	88.00	86.40	88.40	88.10	88.30	86
Boys-%	89.80	88	90.00	90.30	90.30	88%
Girls-%	86.20	85	86.80	85.90	86.20	84

National Assessment of Progress in Education was not conducted to ascertain the proficiency levels in literacy and numeracy at S2.

Enhance efficiency and effectiveness of education and sports service delivery at all levels.

The establishment of the National High Altitude Training Centre commenced. The project land was secured; construction of 1st grade murram road and designs for the supply of water were completed; and, installation of transformers for power connection component has been made. This progress is a step towards achieving additional sports facilities and basic stadia at least one per region. Other stadia that are set for upgrading during the NDPII period are: Akii Bua Olympic Stadium, Kayeka Stadium, Kabale Municipal Stadium, Masaka Municpal Stadium, Bugembe Stadium, Mbale Municpal Stadium; and Pece Stadium.

During 2015/16, 40 students were admitted to public universities under rewards and recognition scheme for excelling sportsmen and women and prizes of gold, silver and bronze were awarded to excellent sports men

4.3.3 SCIENCE, TECHNOLOGY, ENGINEERING AND INNOVATION (STEI)

Over the implementation period of the NDP II, the sector aspires to: enhance the integration of science and technology into the national development process; increase transfer and adoption of technologies; enhance R&D in Uganda and improve the STI legal and regulatory framework.

Enhance the integration of science and technology into the national development process

To develop the STI information management system, over the period National Research and Experimental Development surveys in the: government, higher education, private not for profit and the business enterprise sectors were implemented. The online research registration system was established. The national research register was updated capturing 580 new researches. The National Innovation Survey was also implemented.

Uganda Industrial research Institute (UIRI) commissioned Handmade Paper Production Plant to as a state of the art infrastructure. A Master plan for the Central Region Science and Technology Park was developed. Development of the National Science, Technology, Engineering and Youth Innovation (National STEYI) Service for effective technology transfer was initiated. The Uganda National Council for Science and Technology continues to provide world class science and technology resource materials through subscription to the World Health Organization, HINARI, AGORA, OARE, and ARDI research libraries.

In partnership with development partners including China, South Korea and South Africa, the sector initiated the development of plans to establish a machining, manufacturing and industrial skills training centre to benefit Ugandans in innovation and technology transfer, and to support STI in both institutional and scientific research capacity building. As well as implemented the Development Research Up-take in Sub-Saharan Africa (DRUSSA) program working with academic institutions and government departments in Ghana and Uganda in order to link the supply and demand side of research uptake.

To Facilitate and encourage innovation through protection and use of intellectual property rights, Uganda National Council for Science and technology continued to provide monthly intellectual property rights (IPR) protection training and awareness raising capacity building workshops among the scientific fraternity.

Facilitation of access to new knowledge technologies and services to support the development of SMEs was achieved through support for transferring and/piloting appropriate technologies, bioinformatics and supporting technology-based business clusters. Uganda National Council of Science and Technology achievements supported several scientists in SOCOMOT. Developments are underway for drought tolerant and disease resistant crops and livestock varieties like sorghum, soya bean and cassava. Software for alternative service delivery where a diagnosis for a health condition is done on line to ease patient management was developed. Such technology can help determine the nature of drugs to be stocked and administered to patients. Locally fabricated a neonatal incubator for premature babies, and is presently under testing in Jinja Hospital.

The Uganda Industrial Research Institute developed renewable energy production technologies; transferred renewable energy technology for Bio-ethanol production; developed a renewable energy production technology for Briquette manufacturing; developed four value addition technologies, provided industrial training, laboratory analytical and technical advisory services to various stakeholders and clients; developed a range of food and non-food products and supported development, production and commercialization of a range of products from the UIRI business incubator.

Increase transfer and adoption of technologies

To develop partnerships for exchange of people, ideas and support facilities, Uganda Industrial Research Institute embarked on an international consortium collaboration project funded by European Horizon 2020 for Biomedical Engineering Healthcare Platform Research Project; developed biomedical engineering technologies, completed technical feasibility study for a joint Uganda- South Africa essential Oil Pilot Project in Luweero. The Uganda National Council for science and Technology continued facilitation of international materials transfer for research purposes.

The sector fostered strategic bilateral and multilateral STI cooperation in science and technology including: economic cooperation partnerships signed with the European Union, and the East Asian Countries, the Centre for Science and Technology of the Non-Aligned and Other

Developing Countries (NAM S&T Centre), the East African Science and Technology Council (EASTECO), the Commissions of Science and Technology in Kenya and Tanzania, the Commission on Science and Technology for Sustainable Development in the South (COMSATS), Organization of the Islamic Conference Ministerial Standing Committee on Scientific and Technological Cooperation (COMSTECH), International Foundation for Science the (IFS), United Nations Conference on Trade and Development (UNCTAD), The European Union's Horizon 2020 through CAASTNET Plus and IST African and the ACP-EU ENRICH projects.

With support from the Islamic Development Bank (IDB), Uganda National Council for Science and Technology enhanced capacities of farmer-based cooperatives using Information and Communication Technology (ICT) in selected region of the country. Thse efforts were intended towards establishment and support of linkages with local regional and international development partners.

Supporting the development, adoption and transfer of climate change smart technologies was undertaken. Uganda National Council for science and technology enhanced the capacity of scientists to identify technology needs; facilitate the preparation and implementation of technology projects and strategies to support action on mitigation and adaption; and enhance low-carbon emission and climate resilience.

Enhance R&D in Uganda

The 7th annual international Research Ethics Conference aimed at building a culture of responsible conduct of research and practice was organised. Research organizations supported through the Human Subjects Protection training Course. Uganda National Council for Science and Technology also recognized outstanding contribution of individuals and/or institutions to the advancement of Science Technology, Engineering and Innovation in Uganda.

The National Science Technology and Innovation Program funding facility was established and has disbursed up to Shs.11 billion on research projects. Government also created an Innovation Fund to support innovation, product development and commercialization effective FY 2017/18. The Fund will enhance the capacity of local scientists and break the bottlenecks along the research and innovation value chain leading towards a knowledge society.

Improve the STI legal and regulatory framework

Uganda National Council for science and technology launched guidelines for research involving humans as research participants, drafted the National Biosecurity Policy and Bill and submitted to parliament the National Biotechnology and Biosafety Bill.

To promote STI awareness and efforts to ensure public commitment and support for STI activities in Uganda, Uganda National Council for Science and Technology Partnered with the National Agricultural Research Organization (NARO) and Uganda Biosciences Information

Centre (UBIC) to raise awareness on agricultural biotechnology in the first-ever National Biotechnology Essay; supported career guidance efforts and science club activities competition in schools; promoted the role of the public sector in supporting bioscience innovation under the Biosciences East Africa Project.

The President established the first ever Ministry of Science, Technology and Innovation in Uganda. The creation of the Ministry in June 2016 provides a basis for enhancing sector coherence and coordination. In order to attain coherence amongst the sector institutions, the STI policy and regulations was reviewed for amendment of the UNCST and UIRI Acts to streamline operations.

A number of challenges affect the Sector, which include inadequate critical mass of scientists and retaining them in the sector and limited commercialization of research results and utilization of acquired patents coupled with insufficient physical and technological infrastructure which is quite expensive to set up.

4.3.4 SKILLS DEVELOPMENT

To increase equitable access to appropriate skills training at all levels

Advocacy, sensitization and investments in skills training and development, in particular, during the NDPI period continued to positively impact on BTVET. By 2015/16 enrolment increased to 129,599, up from 39,712 in 2014/15. In particular, in 2015/16, 14,043 candidates assessed non-formal education; and 70,264 and 4,254 attended Competency-Based Education and Training (CBET) and industrial training, respectively. Also, women have picked interest in skills training and development. Gender parity in skills development was 0.84 (or for every one female student enrolled in BTVET, there are four male students). Implementations of most of the interventions were on course. However, there is no mechanism for measuring competences.

Improve quality and relevance of skills development

In FY 2015/16, 120 tutors and 320 instructors and teaching staff were trained and retrained in skills development. In addition, strengthening quality assurance systems continued at all levels. During the FY, 67,333 students were assessed by Uganda Business and Technical Examination Board, 2,610 by Uganda Allied Health Examinations Board and 8,214 by Uganda Nurses and Midwifes Examination Board.

To enhance efficiency and effectiveness in skills delivery

During 2015/16, Curricula for diploma in clinical medicine and community health, diploma in medical laboratory, certificate in medical laboratory and enrolled midwifery, welding, refrigeration and air conditioning, tailoring and garment design, electronics, brick laying and concrete practice, agricultural mechanization, pottery, painting, shoe making, ceramics, electrical installation and motor vehicle, national diploma in business management, marketing, accounting, catering and secretarial studies were developed. In addition, 8 business plans to start Business

Incubation Centres for all public universities and one degree awarding institution were finalized by the Private Sector Foundation (PSFU).

4.3.5 WATER AND SANITATION

The water and sanitation plan is focused on increasing access to safe water in rural and urban areas; increasing sanitation and hygiene levels in rural and urban areas; and increasing the functionality of water supply systems.

Increase access to safe water supply in rural areas

Rural water sources slightly decreased from 35% in 2012/13 to 33% in 2015/16. However, 2,097 new water facilities constructed, 1,905 water facilities rehabilitated and 256 rainwater harvesting upscale in the FY 2015/16. The number of households with piped water in GKMA reduced from 214,421 in 2012/13 to 195,195 in 2015/16. This was largely because some areas experienced intermittent power supply as well as the existence of dry zones within the greater Kampala area which affected the number of potential customers to connect.

Increase access to improved sanitation

There was no change/progress in the sanitation situation in the country. The status both in rural and urban areas have remained more or less the same in the period 2012/13 to 2015/16. However, during the first year of the NDPII implementation, 91% of villages were declared Open Defecation Free (ODF) and hygiene and sanitation campaigns activities were carried out throughout the country. In the same year, sewerage systems were expanded in towns and upgraded with new infrastructure, including the development of satellite sewerage systems in the Greater Kampala Metropolitan Area. As a result, 20,355 households were connected to sewer lines, compared to 12,132 households in 2012/13. The number of towns with sewerage systems increased to 15 in 2015/16 from 14 in 2012/13. Also 9,805 households were connected to the sewer system in GKMA compared to 9,283 in 2012/13.

Improve National Capacity for Water Resources Management (WRM)

There is improvement in the use and management of water resources. The level of waste water discharge increased to 60% in 2015/16 from 48% in 2012/13, the level of surface water abstraction increased to 75% in 2015/16 from 65% in 2012/13; and the level of ground water abstraction also increased to 75% from 68% in the same period. These were due to increased awareness, compliance and enforcement during field monitoring and assessment. These changes are likely coming from the background of the implementation of the planned interventions.

Assessment of progress in 2015/16 showed that 30% of actions in 10 catchment management plans were being implemented satisfactorily by relevant stakeholders. The number of catchment Management Plans increased to 10 in 2015/16 from 5 in 2012/13. Progress of implementation showed that climate change adaptation measures in the CMPs implemented increased to 30% in 2015/16 from 5% in 2012/13. Among the interventions undertaken in the identified hotspot catchments areas were; Climate Change Adaptation Measures which were conducted in two micro catchments of Rubara in Nsika-Buhweju and Masyoro in Kyangyenyi-Sheema, Kabarole, Kyenjojo, Kamwenge, Kasese and Mpanga catchments. Tree planting activities were also undertaken in degraded areas of Awoja. However, the establishment of a Water Resource Institute for in-country human resource capacity development for Water Resources Management and the review of legal and institutional framework for WRM are yet to take shape.

Improve water resources planning, and regulation

By end of 2015/16, progress of implementation showed that the production of Annual Water Resources Status report was only at 75%. There is significant progress in assessment and evaluation of permits for water uses, compliance to waste water discharge and water abstraction permits, regulation of major polluters and abstractors, management and regulation of major water reservoirs and water bodies. In 2015/16, 335 permits applications were received (192 new and 143 renewal). Of these, 313 permits (including both new permits and renewals) were issued. It is worth noting that there was an increase in the number of permits issued from 203 to 313. Compliance to waste water discharge permits increased to 56% in 2015/16 from 48% in 2012/13, and compliance to surface and ground water abstraction permits increased to 74% from 57%, in the same period. On the one hand, the proportion of major polluters, abstractors that are regulated increased to 60% in 2015/16 from 50% in 2012/13 and on the other hand, the percentage of major water reservoirs and water bodies that are managed and regulated rose to 56% from 33% in the same period.

Improve water resources monitoring, assessment and information services

This is to be achieved through the establishment of water quality information system for oil and gas and development of water resources maps. By end of 2015/16, the water quality information system for oil and gas had been established. But, water resources maps were yet to be developed. Progress of implementation of the planned interventions indicated that a National Water Laboratory Station was set up in Lira and development of National Water Quality Database and Management Information System started in 2015/16. Also, water resource monitoring, assessment and information have greatly improved over the period. The surface water resource and groundwater monitoring and assessment increased to 81% and 83% in 2015/16 from 70% and 60%, respectively in 2012/13. But, over the same period, water quality monitoring and assessment stations remained at 60%, stayed the same as was in 2012/13. However, there was no evidence to suggest that the implementation of upgrading water resources management tools to include real-time data capture using remote sensing and telemetry and provision of in-country water security safeguards had started. Also, there was slow progress towards the establishment of risk-based systems for regulation of drinking water and wastewater including oil and gas waste. Only one aspect, i.e. water testing laboratories engaged in Inter laboratory testing was handled during the FY2015/16, while the preparation of national water quality status/outlook report and development of quality assurance protocols, guidelines and standard procedures for risk-based management approaches for drinking water and wastewater including oil and gas waste are yet to commence.

Improve protection of Uganda's interests in international waters

During 2015/16, the New Water Release and Abstraction Policy for Lake Victoria basin was prepared and submitted to LVBC, SECOM & EAC for consideration. This is partly towards the establishment of National policy and strategy for managing international waters. But there is no evidence to suggest that Uganda is participating and fast-tracking benefits from the Nile Basin Initiative as there were no multi-lateral agreements signed with other countries that have similar interests over international waters in 2015/16 as planned.

4.3.6 LANDS AND HOUSING

Increase access to housing for all income groups, for rental and owner occupation

Towards achieving this objective, Government developed the Real Estates Agency Bill Principles to streamline the real estate industry and National Housing Policy Housing standards and Guidelines. 14 municipalities received basic infrastructure development under the USMID programme during the year. However, there is need to fast track the development of a comprehensive National Housing Policy, including promotion of PPPs for investment in constructing appropriate housing estates especially in planned urban and rural areas to provide decent settlements.

Reduce slums and informal settlements.

Progress on implementation showed slum profiling was carried out during the year and UGX 175 million was extended to 33 beneficiaries under Kasooli Housing Project for income generating activities.

Increase access to affordable housing finance

During the year, 92 low cost houses under Kasooli Housing Project in Tororo Municipality were constructed in 2015/16 towards increasing access to affordable housing.

Improve utilization, protection and management of land and land based resource for transforming Uganda's economy

During the year, the National Land Policy and Land Use Policy were disseminated to all the four regions of the country for implementation. In addition, 1,000 copies of the National Land Policy Implementation Action Plan were distributed to Development Partners, Civil Society Organizations working in the land sector, among other stakeholders. The review process of the Surveyors Registration Act, Survey Act, Land Acquisition Act and Land regulations, including harmonization of the LIS, and Registration of Titles Act had commenced.

Improve availability of land for development

During the year, 718 certificates of Leasehold processed, 6315 certificates of freehold processed, and 10,694 certificates of Mailo title were issued. In addition, 20 government land titles were processed. Also, 5,000 Certificate of Customary ownership (CCOs) were issued to beneficiaries in in Kasese District, which was supported by FAO.

Improve and modernize land administration services/system

During the year, 4 District Land Boards (Mbarara, Hoima, Kibaale and Buliisa) and 18 Area Land Committees from the districts received training on land administration. In addition, all maps from the 6 Ministry Zonal Offices (MZOs) were transferred to Entebbe for the scanning, vectorization and geo-referencing.

The was no progress registered towards; increasing capacity and support proper institution of Land Valuation Services and improvement in equity in access to land, livelihood opportunities and tenure of vulnerable groups

4.3.7 PHYSICAL PLANNING AND URBAN DEVELOPMENT

Operationalize the Physical Planning Act, 2010 to support orderly and sustainable development

During the year, the process of developing the National Physical Development Plan (NPDP), Regional Physical Development Plans (RPDP), Sub Regional Physical Development Plan and District Physical Development Plan had commenced. In addition, 14 Municipal Councils were assessed for compliance to the Land Use Regulatory Framework.

Improve urban and rural development through comprehensive physical planning

Towards achieving this objective, selected physical planners from both the central and LGs were equipped with skills in GIS, environment management, system audit, financial management, M&E, procurement, geo information science and urban governance during the year. The process of developing 9 Urban Council Physical Development Plans (Butema, Kigorobya, Kyangwali, Kyarusesa, Biiso, Wanseko, kabwoya, Buhuka and Kiziranfungi) had started with the documentation of the situation analysis.

Improve the policy framework for the establishment and management of cities and other urban areas

During the year, the development of the National Urban Policy was finalized and the review of Physical Planning Standards and Guidelines had commenced. In addition, the Albertine region urban centre was established in line with the NDPII priority.

Improve and strengthen a competitive urban economy

Not much progress was registered under this objective during the year, save for the development of National Solid waste management Strategy guidelines, which were concluded.

Increase availability of and access to serviced land for urban expansion and investment

In 2015/16, 3,354ha of land were compensated under the land fund, 306 government leases were issued. Also, lawful and bonafide occupants in Ankole and Kibaale district were sensitized and issued land titles prepared under the systematic demarcation pilot exercise in Kibaale district.

4.4 GOVERNANCE

4.4.1 ACCOUNTABILITY

Increase the tax GDP ratio.

During FY 2015/16, the tax to GDP ratio declined by 0.6percent to 12.3percent which was below the NDPII target of 12.92percent. Despite the decline in the tax to GDP ratio, there was increased domestic financing of the national budget which was aided by interventions by URA and Ministry of Finance Planning and Economic Development (MFPED) in the areas of tax registration, audit performance; customs post clearance audits, enforcement, arrears management, tax investigations, litigation and debt collection, and integrity enhancement initiatives. On the other hand, the real terms the domestic revenue collections of FY2015/16 were slightly below the target by 1.05 percent (UGX 11,230.87 billion below to target of UGX 11,333 billion). The shortfall in both customs and domestic revenue collection was attributed to deficit on import VAT and slow growth in the new value clients respectively.

In FY 2015/16 the TREP was implemented to penetrate the informal sector and widen the tax base to improve the tax payer register and tax to GDP ratio. The Non-Tax Revenue (NTR) improved to 0.52percent in FY 2015/16 from 0.29percent in FY 2014/15. Similarly, there was reduced donor aid dependence in FY2015/16 where external resources mobilized as a percent of the National Budget reduced from 24percent to 17.50percent.

Increase access to Finance

During the FY2015/16, 85 percent of adult population aged 16 years and above were reported to be financially included; however, there was a slight decline of 1 percent from the target. The percentage usage of deposit accounts in regulated financial institutions decreased to 16percent against the set target of 18.5 percent. In a bid to strengthen the regulatory framework, the tier IV Microfinance and money lenders Act 2016 was enacted with provisions for both Islamic and Agent Banking. The MDI Act 2003 was amended to provide for Islamic and Agent banking.

Increase private investments

During the FY2015/16, the one stop centre was established at Uganda Investment Authority (UIA) and similar centres were established under the TREPs program. Similarly, four local projects worthy USHS 2.02 billion were identified, developed and funded in order to increase private investments and these included; Panyimur Dei Area Cooperative Enterprise in Nebbi, Kyampara farmers' cooperative society in Kasese, Myanzi area Cooperative society in Bubende, and Semliki cooperative society in Bundibugyo. Business and private start up skills like soap making were impacted on approximately 600 people.

Reduce interest rates

During FY2015/16, the average lending rate was estimated at 23.8percent which was higher than 21.6percent for the FY 2014/15. This partly explained the drop of the private sector credit as a percentage of GDP by 0.6percent to 13.5percent in the 2015/16. The private sector credit growth reduced by 16.1percent to 4.2percent in FY 2015/16 from 20.3percent in FY 2014/15 and this was below the NDPII target of 15.1percent. Based on the NDPII sector priority interventions on reducing the interest rate, the Accountability sector reviewed the relevant legal frameworks to incorporate the Islamic Banking e.g. the financial institutions (amendment) Act, 2016; Tier 4 microfinance and Money lenders Act 2016. The National identification process was on course to partly facilitate the banks to easily track the borrowers. Specialized funds like the Agricultural Credit Facility (ACF) were still operational at lower interest rates to players in the agriculture sector.

Improve the Public Financial Management and consistency in the economic development frameworks

During the FY 2015/16, the National Project Appraisal Unit was established in the Ministry of Finance, Planning and Economic Development (MoFPED). Some measures were put in place to strengthen the capacity to prepare bankable projects like the development of the technical subcommittee of the Development Committee (DC) and guidelines for the Approval and Review of the Public Investment Plan (PIP) Projects. A Programme Based Budgeting (PBB) framework was developed in order to focus on results beyond the outputs delivered.

Due to a number of efforts, the Accountability sector in the FY2015/16, increased service delivery where the percentage of Central Government Entities complying with set financial reporting standards grew to 95percent but slightly below the target outcome of 100percent, the percentage of MDAs submitting financial reports on time (2 months after end of FY) was 63percent which is a decline from the set target of 100 percent. Furthermore, the average percentage of Treasury Single Account (TSA) cash balances reported daily, weekly and monthly grew to 100percent and the timely releases of funds (number of days for approval) to be made after submission from institutions grew to 48 hours against the target of 2-3 days for IFMS votes and 5 days for legacy votes.

In addition, the sector improved service delivery in which the percentage of MDAs with financial reports in compliance with Public Finance Management Act and regulations increased to 87percent from the target of 62percent, MDAs were able to attain 77percent, statutory bodies obtained 79percent and High Local Governments (HLGs) attained 85.7percent. The percentage of Audit recommendations implemented by MDAs and LGs increased to 65 percent against the target of 62 percent.

During the same FY2015/16, the sector was able to improve budget credibility where external resources remobilized as a percentage of the national budget reduced and the targeted 85percent of Budget Frame work Papers (BFPs) complying with financing agreements' terms of reference was achieved. Supplementary expenditure as a percentage of the initial approved budget slightly declined to 4.2percent against the target of 5percent. Furthermore, the percentage of funds released against the originally approved budget increased to 102.5percent over and above the set target of 95.5percent, implying that more money was got from the contingency fund to support the supplementary budget.

Increase insurance penetration

During the FY2015/16, the sector reported that insurance penetration stood at 0. 76percent below the NDPII target of 1%. However there were a number of efforts exhibited by the sector FY 2015/16 to improve internet penetration and these included: a draft insurance policy; draft banc assurance regulations following the amendment of the Financial Institutions Act (FIA), 2016; revised Insurance bill that changed the regulatory framework from compliance to risk based supervision; revised Financial Insurance Strategy which focuses on each financial services subsector to cater for the Sector-Sensitive Financial Literacy Program; and a National Agricultural Insurance Scheme where GOU committed UGX 5 billons as an Agricultural Insurance Subsidy.

Increase national savings to GDP ratio

In the FY2015/16, the Gross Domestic Savings as a percentage to GDP was estimated at 24.3percent from 21.9percent in 2014/15 according to the Uganda Economic Update 2017. The Retirement Benefits Liberalization bill that is to cater for other players in the Pension sector is before parliament. Suggestions of amendments to the NSSF Act Cap 222 were submitted to the Ministry of Finance to ensure that it can caters for the informal sector needs.

Increase the level of capitalization and widen investment opportunities in the capital markets

In the FY2015/16, the sector was able to increase mobilization of financial resources through capital markets where the domestic equity market capitalization to GDP ratio slightly reduced to 4.8percent against the targeted 5 percent. The Capital Markets Authority (Amendment) Bill 2015 was enacted into law by Parliament.

Improve statistical data production and policy research

During the FY2015/16, the Draft Regulations governing the conduct of Statistics under development were developed and 9 institutions (5 MDAs and 4 LGs) were added on the 22 MDAs that were being supported under the PNSD.

Enhance the prevention, detection and elimination of corruption

During FY2015/16, the sector was able to reduce the incidence of corruption where the perception of Corruption Level by the public reduced to 25percent against the set target of 28percent. MDA and LGs achieved 40percent in formulation of anti-corruption laws and the percentage of Local Governments with functional District Integrity Promotion Forum (DIPFs) declined to 12percent against the set target of 30percent.

Under the strengthening of policies and systems for detecting corruption, the online declaration system for declaration of assets and liabilities was launched in FY 2015/16. In order to strengthen the anti-corruption legal framework, the Leadership Code Amendment Bill 2015 was tabled before Parliament for approval. A Directorate of Special investigations intended to handle high profile corruption cases was created under IG's Office in order to strengthen the capacity of investigations and prosecutions. Monitoring of Grass root projects like NUSAF 3 among others was done in order to strengthen systems for detecting corruption.

Increase public demand for accountability

During the FY2015/2016, the sector published all the quarterly releases in the newspapers meeting the NDPII target. In the addition the budget website was regularly updated plus a functional call Centre to facilitate the public demand for accountability. In order to improve the effectiveness in the Service delivery, 2 joint annual reviews and regional accountability forums were conducted to deliberate on issues affecting service delivery. A Downward Social Accountability Framework which empowers the citizens to demand for accountability in service delivery was developed. Civil Society was involved in the entire Budget Process and regional Procurement Barazas were conducted to enhance the public demand for accountability.

Improve compliance with accountability rules and regulations

In the FY 2015/16, 77percent of the Central Government entities had clean Audit reports which was below the NDPII target of 100percent; 79percent of Statutory bodies had clean Audit reports which was above the NDPII target of 65percent; while 85.7percent of Local Governments had clean Audit reports which was above the NDPII target of 55percent. The percentage of external audit recommendations implemented by MDALGs remains low at 27.88percent and the percentage of internal audit recommendations implemented by MDALGs improved by 11.8percent to 66.2percent for FY2015/16.

Improve collaboration and networking amongst development institutions

During the FY2015/16, the Government Effectiveness Index improved to -0.48 from -0.50 in the 2014 according to the World Bank Governance Indicators. Uganda Government effective index is still weak though improved from the 17th position in 2014 to the 13th Position in Africa.

Enhance public contract management and performance

During the FY2015/16, the sector aimed to improve contract management performance and the percentage of procurement audit and recommendations implemented by entities reached 72percent but below the target of 85percent. The e-procurement system was procured and an e-learning system to augment the existing capacity among MDAs in contract management. The Government procurement portal was rolled out to ease compliance monitoring in entities. More PPDA regional offices were established and strengthened to improve on the audit coverage and follow up mechanism on the implementation of the audit recommendations.

4.4.2 LEGISLATURE

Increase efficiency and effectiveness in the enactment of legislation on any matter for peace, order, development and good governance of Uganda

Good progress was recorded in the passing of bills by the 9th Parliament. Over the period 2012/13 to 2015/16, 92 bills were passed, of which 35 bills were exclusively done in 2015/16. This was attributed to Parliament taking only 30 days to pass the bills during FY 2015/16 thus surpassing the NDPII target of 45days. Some of the 35 bills passed during 2015/16 are: The Finance Bill, 2016; the Uganda Development Cooperation Bill, 2015; the Capital Markets Authority (Amendment) Bill, 2015; the Non-Governmental Organizations Bill, 2015; the Parliamentary Elections (Amendment) (No.2) Bill, 2015; the Toxic Chemicals Prohibition and Control Bill, 2015; the Public Finance Management (Amendment) Bill, 2015; and the Tobacco Control Bill, 2014. Cumulatively 29 petitions and 147 reports were concluded and adopted respectively during the same period.

Strengthen the institutional capacity of Parliament to independently undertake their constitutional mandates effectively and efficiently

During the year, the newly elected members of the 9th Parliament received orientation parliamentary oversight, legislation and national budget scrutiny.

Improve citizen participation and contribution in promoting rule of law, transparency and accountability in the provision of services to achieve equitable and sustainable development

Throughout the year, all Parliamentary committees and plenary sessions were open to the public. In addition, members of interest groups were involved in all activities of Parliament through their representatives, i.e. Youth, Women, PWDS, Army and Workers.

No progress was reported towards improvement of collaboration and networking amongst development institutions.

4.4.3 PUBLIC ADMINISTRATION

Improve policy development and implementation effectiveness across all priority sectors
During the year, a number of key policies, programmes and projects were reviewed for their effectiveness. These include: National Export Policy reviewed for its effectiveness in promoting export trade; implementation of the National Transmission Backbone Project assessed for improving access to quality and affordable ICT services; and Karamoja Livelihood Improvement Programme (KALIP) and Luwero-Rwenzori Development Programme (LRDP) were monitored.

Attract new investment opportunities in infrastructure and mineral development and secure markets for the Agriculture and Tourism sectors

During the year GOU attracted/signed bilateral agreements for investment in a number of the NDPII priority focus. The agreement signed include: the MoU for the Kampala –Mirama segment of the SGR; agreement to fast track a project for flood management of River Nyamwamba in Kasese with Egypt extending a grant of USD 4.5 million; a bilateral agreement between Uganda and Tanzania on the development of the Kikagati Murongo Mini Hydro Power Project; and signing of an agreement with Germany and IGAD which attracted USD 12 million to support livelihood in pastoral areas of Karamoja.

In addition, Government signed a Memorandum of Understanding with South Korea and agreed to boost their bilateral relations in 10 key areas. The specific agreements were:

- Agreements with the Uganda Cancer Institute and the Supranational Tuberculosis Reference Laboratory to improve cancer and TB management in the country. This cooperation will allow delivery of high quality and effective cancer and TB drugs from Korea to Uganda.
- The South Korean government established a 12 billion modern centre for the training of Ugandan farmers. The National Farmer's Leadership Centre in Mpigi is intended to promote development of the South Korea's Saemul Undong development model, which greatly transformed South Korea.

Also, the Government received over Euros 75 million for construction of transmission lines in the country. The Government of France extended Euros 35 million for the Mbarara-Masaka transmission line and the Germany Government Euros 40.000,000 for the Agago- Gulu- Lira transmission line.

During the year, the President of Uganda launched three Public Relations (PR) and Marketing Firms that are set to represent, promote and seek tourism investment on behalf of Uganda, particularly in North America, the United Kingdom (UK), Ireland and German speaking markets. A declaration to protect the Elephant in the National Parks was signed. The result of the endorsement of this declaration was that a major global media business player known as ESI Media will offer Uganda significant free coverage on all its media platforms worth USD 1.4 million to promote the country's tourism and investment opportunities.

Increase the human capital stock in the NDP II priority areas

With regard to enhancing skills development in the country, the country successfully sourced for 242 scholarships from China, the Egyptian Agency of Partnership for development, the government of Egypt, American government, Algerian government and the EU. Other Scholarships accessed include: the New Zealand, British Indian Government Scholarship, Pakistan, Indonesia, Japan, Singapore, Thailand, Malaysia and Republic of Korea Scholarships. The scholarships are in different fields including diplomacy, ICT, education, agriculture, defense, police, energy and mineral Development, health, water and environment, and international law.

4.4.4 PUBLIC SECTOR MANAGEMENT

Improve coordinated and harmonized policy, planning, budgeting, and M&E at National and Local Government levels

There have been considerable achievements in the coordination and implementation of policies with private sector. The Government through the OPM supported Private Sector players in facilitating value addition for the Oil and Gas sector; Agricultural development and ICT. This was successfully done through the Presidential Investors' Round Table (PIRT). The National coordination Policy, a framework that will guide and streamline management of bottlenecks in the implementation of policies and programmes resulting in delivery of competitive services was established in the same period. Key policies that were jointly developed include the Nutrition Advocacy and Communication Strategy, the Nutrition Monitoring and Evaluation Framework and development of the Multi-sectoral Nutrition Policy; and an action plan for the Ugandan Child.

At policy level, the development of NDP implementation and M&E frameworks to be operationalized by public, private, development partners and civil society was coordinated during the year. Level of integration and alignment of the Sustainable Development Goals into the second National Development Plan was confirmed at 76%.

During the year, 97 MDAs/LGs development /strategic plans were aligned to the NDPII. The final draft National Human Resource development Framework was developed. The target of alignment of plans to the NDPII have not been achieved due to the slow rate of submission of plans by the MDAs and LGs. These achievements have been possible by coordinating planning process and harmonizing implementation of Government policies and programme and M&E at the national and Local Government levels. However, a National value system is yet to be developed and institutionalized.

Improve recruitment, development and retention of a highly skilled and professional workforce

During 2015/16, 98percent the staff was retained in hard to reach areas, courtesy of the 30percent top up allowance. This has contributed to the reduction of vacancy rates for primary and secondary schools in hard to stay locations, in addition to vacancy rates for medical workers in health facilities in HTS locations. However, review of the Pension Act, implementation of the PIMS and the pension reform simulation and training of retiring officers were not undertaken during the FY2015/16 due to due limited financial resources.

Improve public service management, operational structures and systems for effective and efficient service delivery

During the year, a Cabinet Paper on service contract was developed and its implementation was expected to commence in 2016/17 after approval. Award and sanctions framework was developed with a view of improving performance in public service. In addition, Government developed client charters which are yet to be rolled out to all government entities.

Steer Uganda's regional integration agenda in accordance with the objectives of the treaty for establishment of EAC

There has been improved market access of Ugandan products and services to the region. In 2015/16, 16percent of Uganda's imports originated from COMESA (USD 708.91 million) especially from Kenya, Egypt, South Africa and Tanzania. And the value of goods exported in USD between Uganda and EAC regional partner states has been increasing. Trade exports increased from USD 668.25 to USD 686.74 between 2014/15 and 2015/16. This is attributed to the completion of the One-Stop Border Post (OSBT) at the country's EAC border posts, the Cargo tracking system and reduction of Non-Tariff Barriers that have eased the flow of goods between EAC member states.

Under the Common Market Protocol (CMP), EAC member states have been able to implement an EAC payment system, removed workers permits, and ratified the Sanitary and Phyto-sanitary protocol. This was done to effectively facilitate the free movement of capital, labour, services and goods. Uganda has also ratified the EAC Monetary Protocol to facilitate trade by removing foreign exchange transactions across borders for competitiveness. Fast tracking the process of amendment of laws will be necessary for effective implementation of these protocols. The achievements have been possible by coordination of the implementation of the National Policy on EAC integration and implementation of the National Communication Strategy on EAC integration.

Coordinate the development of capacities for mitigation, preparedness and response to natural and human induced disasters and refugees

The country has continued to improve her response and readiness in managing natural and human induced disasters and Refugees. The response rate by the district disaster committees have enhanced in terms quality, timeliness and reach in the period 2012/13 to 2015/16.

In 2015/16, Government effectively provided early warning information on the disaster prone areas in eastern and northern parts of the country; it also rolled out Disaster Monitoring Systems (DMS - ODK) in twenty six districts prone to disasters. These achievements have been possible by coordinating other state and non-state actors in fulfilling their mandates towards disaster issues, developing and implementing humanitarian interventions and receiving granting asylum to refugees in accordance with national, regional and international covenants.

Enhance national response capacity to refugee emergency management

During the year, the country received and resettled 40,267 new refugees. In addition, a final draft national refugee policy was developed and 4,349 refugees granted asylum. Government is yet to develop a refugee settlement transformative agenda and contingency plan for refugee emergencies.

4.4.5 JUSTICE, LAW AND ORDER

The focus areas include: improving the legal, policy and regulatory environment that is conducive for doing business to create wealth and employment; enhancing access to JLOS services particularly for vulnerable persons; rights promotion in order to ensure accountability, inclusive growth and competitiveness in Uganda; and fighting corruption in order to strengthen Uganda's competitiveness for wealth creation and inclusive growth.

Improve policy, legislative and regulatory framework

Legal, policy regimes and regulatory framework has continued to improve over the years. Progress on indicators showed that the proportion of the public confident in the enforcement of existing laws as measured by high business index increased from 29% in 2012/13 to 57.7% in 2015/16. As a result, Investor Protection Rating moved to 95th position in 2015/16 from 116th position out of 144 countries in 2012. However, access to updated laws was affected partly by the lack of resources to publish revised laws and slow adoption of online publication.

In 2015/16, eleven (11) laws were enacted. These include: Anti-Terrorism (Amendment) Act No.1 of 2016; Children (Amendment) Act No.9 of 2016; NGO Act No.5 of 2016; Constitution (Amendment) Act No.12 of 2016; Presidential Elections (Amendment) Act No. 14 of 2016; and the Parliamentary Elections (Amendment) Act No. 15 of 2015. Others are: National Youth Council (Amendment) Act No.20 of 2015; National Women's Council (Amendment) Act No.17 of 2015; LG (Amendment) Act. No.16 of 2015; and Anti-Corruption (Amendment) Act, No.21 of 2015.

In the same period, 7 bills were processed for Parliament to pass. They are: Law revision Miscellaneous Amendment Bill, 2015; Human Rights (Enforcement) Bill, 2015; Marriage and Divorce Bill, 2009; Trial on Indictment (Amendment) Bill, 2015; Magistrates Court (Amendment) Bill, 2015; Administrator General's (Amendment) Bill, 2014; and the National Legal Aid Policy, 2014.

To strengthen independence of the Judiciary, the Administration of the Judiciary Bill, 2015 which seeks to provide for increased financial independence of the Judiciary as safeguarded in the Constitution was approved by Cabinet.

Under harmonization and enforcement of administrative service delivery standards, the average time to clear through the borders increased slightly to 3 minutes in 2015/16 from 2 minutes in 2012/13, but the proportion of JLOS institutions with user standards developed and disseminated increased from 41.2% in 2012/13 to 47% in 2015/16. Community Service Orders that were supervised increased 10,975 compared to 10,541 in 2014/15 (Table 4.8). More than half (5,775) of the 10,975 Community Service Orders issued were in Kampala and central region. This is explained by the high crime rates and presence of volunteers in all Kampala courts.

Table 4. 8: Community service orders issued by region in 2014/15 and 2015/16

	Central	Western	Kampala	Northern	Eastern	Total
2014/15	1,358	1,352	5,404	1,353	1,074	10,541
2015/16	1,473	1,266	4,306	2,021	1,909	10,975

Enhance access to JLOS services particularly for vulnerable persons

Access to JLOS services has significantly increased over the years. Progress of implementation in the first year of implementation of the NDPII showed that districts with complete chain of JLOS services increased from 53.6% in 2012/13 to 59.8% in 2015/16, while functionality of the chain of justice increased from 75% to 82% in the same period. In the same period, 8 new JLOS service points were opened and made operational in the districts of Bukwo, Bududa, Buhweju, Kyegegwa and Mubende. However, the creation of new districts provides a challenge in setting up complete chain of frontline services. In other progress, the frontline JLOS service points (police, DPP, court, prison and probation services) with new offices have grown across the countryside. The district coverage increased from 53.6% in 2012/13 to 59.8% in 2015/16. However, the construction of JLOS house stalled during 2015/16.

In other progress, the rate of handling of cases has tremendously improved. During 2015/16, the clearance rate of cases reached 125.9% compared to 95.8% achieved in 2012/13. This contributed to a reduction in the average length of stay on remand for capital offenses which reduced to 10.4 months from 10.5 months in the same period. Also, there was reduction in the rate of recidivism (re-offending) from 27% in 2014/15 to 21% in 2015/16 due to correctional measures putting emphasis on rehabilitation rather than punitive. In 2015/16, the number of inmates on rehabilitation programmes rose to 11,934.

Again precise actions were taken on most of the set interventions during the first year of the NDPII implementation towards increasing access to JLOS services. There was a significant reduction in the time taken to dispose cases. The average time to dispose cases by Law Council reduced to 6 months in 2015/16 from 9 months in 2012/13. The conviction rate of the cases prosecuted by DPP increased from 56.8percent to 61percent, attributed to better staffing levels, training of staff, increased presence and reduced case load.

Adjudication of labour justice improved in the period. The cases disposed by the Industrial Court increased from 47 in 2014/15 to 168 in 2015/16. In addition, 75percent of complaints registered against JLOS staff performance and conduct was addressed and 90percent of registered public complaints against criminal justice processes were resolved. This is attributed to the operationalization of the newly established regional offices.

During 2015/16, open day meetings were conducted by 13 Regional Chain-linked Committees and 30 District Coordination Committees in 13 RCCs and 30 DCCs. Through these meetings, the citizenry demanded for increased access to JLOS services. In addition, ULRC started the process of translating the Constitution into Ateso and Runyakaole/Rukiga. Furthermore, UHRC distributed 11,560 Anti-torture posters and 20,380 Anti-torture brochures in five local languages to create awareness on the prevention and prohibition of torture Act, 2012. The local languages include: Luganda, Ateso, Ngakarimojong, Luo and Runyankole.

Some progress was made in profiling vulnerability and elimination of discrimination and bias in access to JLOS services. During 2015/16, 8.4 juveniles per 100,000 children were arrested, almost double the 5.64 level recorded in 2012/13. In addition, the juvenile diverted from the criminal justice system increased significantly. The juveniles diverted from formal judicial proceedings increased to 84.1percent in 2015/16, up from 41.2percent in 2012/13. However, the number of remand homes all over the country remained few. The entire country has just 5 children remand homes. This number is insufficient for a population of over 34.5 million people, let alone their distribution across the country.

The capacity of JLOS to prevent and respond to crime in 2015/16 was mixed due to exogenous factors. The prisoner to warder ratio worsened from 1:4 in 2012/13 to 1:7 in 2015/16 and police to population ratio was 1:767 compared to 1:709 in the same period. The police to population ratio is below the international standard of 1:500. On the other hand, the number of inmates on rehabilitation programmes increased from 3,400 to 11,934. Despite the recruitment of 7,000 police officers, the ratio of police to population remained high due to the high population growth rate at 3percent per annum.

Promote Accountability and the Observance of Human Rights

Significant awareness has been created about human rights principles, standards and accountability in the country. In 2015/16, 25percent of human rights cases that were recommended by UHRC were accordingly compensated. Besides, there was a remarkable improvement in disposal of corruption cases. Disposal rate of corruption cases increased to 90% in 2015/16. This was above the target of 65%.

Promote human rights observance in JLOS institutions

There has been a remarkable observance of Human rights in all the JLOS institutions over the years, notably by establishing human rights committees and provision of latrine and sanitation facilities in places of detention. In 2015/16, 59.2percent of police regions had functional human rights desks while all (100percent) of the Uganda Prison Services across the country had functional human rights committees. In addition, the bucket system was eliminated in 90percent of the prison units. However, adherence to the 48 hours detention rule remains a big challenge for the police. Between 2012/13 and 2015/16, prisons holding capacity increased only by 1percent. However, this percentage increase was watered during the period, as prisoner population increased three fold on average.

During the period there was a reduction in mortality rate in places of detention (per 1,000) from 2.4% in 2012/13 to 1.5% in 2015/16. Complaints of human rights violation against the police and prison dropped significantly from 38.2percent and 21.2percent, to 10.5percent and 15percent respectively. This is largely due to measures put in place to promote a human rights culture, training of duty bearers and the Prevention and Prohibition of Torture Act that was enacted recently.

4.4.6 DEFENCE AND SECURITY

Improve capability of Defence and security forces

During the FY2015/2016, UGX 416 billion was spent on equipment acquisition and maintenance in an effort to improve defence strategic outreach and firepower delivery. The percentage of trained staff increased from 12percent in 2013 to 25percent against a target of 13percent in FY 2015/16, as a result of continued undertaking of courses inland and abroad in the categories of; senior command and staff, junior command and staff, leadership, basic, officer cadet, specialized, auxiliary and peace support trainings.

The value of the sector's expenditure on equipment acquired, refurbished and maintained rose from UGX 207 billion in 2013 to UGX 416 billion in FY 2015/16. However, there is need to give due consideration in terms of equipment (transport, technical and communication) for ISO and ESO whose capacity in these areas remained constrained during the FY2015/16.

Combat Service Support element was reorganized and equipped through logistical support provided in form of food, Petroleum, Oil and Lubricants (POL), spare parts, uniforms and maintenance of plant and machinery. Command vehicles were acquired through a loan facility to provide transport for commanders, troops and logistics. Payment of UGX 11 billion was processed to clear bulk purchase for uniforms and the Ministry procured dry rations in order to meet its operational needs.

In FY 2015/16, the sector instituted a committee to develop a roadmap for establishment of the National Defence College (NDC). The target for FY 2015/16 was to have a functional National defence college, however, it was not achieved due to the budget constraints. For FY 2015/16 Phase one which was for construction of the administration block of ISS was completed. However, the institute is not yet fully operational due to lack of funds to kick start phase two which is for construction of lecture rooms, boarding and staff quarter facilities.

The number of officers trained and retrained in FY2015/16 rose from 6000 in 2013 to 7550 against the target for FY 2015/2016 of 7,500. The sector increased the number of trained staff by 50, this was attributed due to the more courses than the anticipated which were offered by partner states as well as more friendly states and courses that spilled over from FY 2014/15. Training of medical workers at Mbarara and Makerere universities continued, a mental health pilots training was also undertaken. The Ministry made arrangements with International Hospital Kampala (IHK) to train nurses on intensive care and operating theatre procedures at no cost and consequently, 8 nurses were trained; professionalism and skills for 6 soldier students and 50 compassionate cases were enhanced through payment of tuition fees; other activities executed included inspection of army secondary schools which covered 35 Primary schools, 10 Secondary Schools and 3 Polytechnics. In addition, sports equipment was procured for boxers and also maintained assorted sports equipment and UPDF successfully hosted the EAC military games and cultural event; administrative and support services were enhanced through training opportunities; further more Intelligence agencies (ISO and ESO) recruited, trained and placed new staff.

Strengthen internal and external security

The level of public confidence in the security system was ranked as high in FY2015/16. As a result, the country remained peaceful with no cross-border armed incursions as the rebel groups were contained outside the borders.

In an effort to enhance information collection and analysis system, the sector reported no internal armed conflicts during the FY2015/16. The general security situation remained calm except for a few isolated incidences within the Rwenzori region which were decisively contained through collaborative efforts of all security actors and wanainchi. The targeted 365 number of security analysis reports were achieved and shared with the relevant recipients.

In the FY 2015/16 the sector enhanced coordination mechanism through National Security Council (NSC), Joint Intelligence Committee (JIC), Joint Anti-Terrorism (JAT) and Joint Operational Command (JOC) which enabled the Sector to achieve the targeted High level of coordination.

Enhance defence and security infrastructure

The sector recorded an increase in the percentage of air force physical infrastructure constructed from 50percent in 2013 to 60percent in FY2015/16. The increase in performance was due to the continued acquisition of air assets, renovation of hangars and acquisition of ground equipment, the ministry also conducted routine servicing by overhaul and refurbishment of air craft engines and service parts; 03 houses at Air Force in Entebbe were renovated and 02 blocks of flats were undergoing renovation at Nakasongola

Administrative infrastructure renovated and functional increased from 60percent in 2013 to 65percent though it fell short of the target of 70percent in FY2015/16 this was due to the limited resource envelope. However, some works mentioned will be accomplished in FY 2016/2017 and beyond. Renovation of an armoury at Kakiri barracks was completed; the procurement of a Transactions Adviser (TA) to enable the Ministry undertake Public Private Partnership (PPP) efficiently for construction and maintenance of 30,000 housing units was ongoing; works on Gulu armoury had commenced; recruits Training School Kaweweta parade grounds works were completed while paving was ongoing; and general repairs and routine maintenance works in various formations and units were carried out.

The number of health centres (HC III) constructed fell from 6 in 2013 to 2 below the target of 8 in FY2015/16. This was attributed to the limited resource envelope which lead to sector prioritization of the military referral hospital. However, National Medical Stores (NMS) continued to supply drugs and sundries for all UPDF health units; medical equipment was maintained and the procurement process of new medical equipment worth Shs.582m to equip the officer's ward under construction at General Military Hospital (GMH) in Bombo was initiated.

Most of the construction works for the water plant-Kakiri were completed. The construction of a 250-bed military referral hospital at Mbuya was initiated in the FY 2014/15, the procurement process for a contractor was ongoing, and construction of 33 unipots to facilitate shifting of soldiers from the referral hospital project site was almost complete. The officers' ward in Bombo General Military Hospital (GMH) was ongoing. UGX 200 million was approved to cater for maintenance of water supply systems and filter media replacement in FY 2015/16. UGX 150 million was released to facilitate the replacement of the filter media in Kabamba, Bihanga and

Butiaba training school. Extension and connection of a 3 phase power line (Mburamaizi power) to the barracks was ongoing and water rehabilitation works at Kabamba were completed.

Enhance Research and Development (R&D)

The sector continued to enhance its capability generation and consolidation through undertaking weapons and equipment improvement thus leading to a reduction and /or in the number of imported arms and ammunitions. The sector percentage expenditure on R&D stagnated at 0.67 in FY2015/16.

Enhance production for wealth creation and self-sustainability

With the commencement of the Uzima mineral water production, the level of self-sufficiency in force rations rose to 10percent in FY2015/16. The sector also registered an improvement in capacity of the UPDF engineers' brigade (skills, equipment and infrastructure) from 15percent in 2013 to 20percent.

The sector restructured and created a department in charge of production. In addition, the sector established commercial agricultural facilities. Empowerment of soldiers' spouses continued to be undertaken, at UMA Kabamba, the spouses were supported with a tagging machine and marker for the cows and goats project; to improve the livelihood of soldier's spouses, income generating projects had been encouraged at the Land Forces Head Quarters, seed beds containing over 8000 coffee seedlings and 17,000 seedlings in Bugema barracks Mbale awaited to be sold to UCDA and other farmers; OWC had rolled out to cover the whole country and as a result with the involvement of UPDF, the following planting inputs had been distributed to Ugandan farmers, 870 tons of beans, 2,064 tons of maize, 27.3 million coffee seedlings and 4,199,355 tea seedlings, others included 412 mango seedlings, 846,756 orange seedlings, 48,243 bags of cassava cuttings, 10,000 banana suckers and 438,000 tree seedlings.

Defence industrial production was strengthened when soldiers' spouses in Masaka Armored Brigade were supported with materials for the bar soap making project, there was also continued networking and partnering with different organizations such as AfriPads, NAADS, UCDA, RTI, Beads for Life and Living Business Education among others whose partnerships helped in offering services and providing technical skills to women in different units.

To fast track the development of regulatory frameworks to guide and support involvement in national infrastructure development, the sector in FY2015/16 entered into an MOU with Ministry of Works and now involved in preliminary works. Currently UPDF has seconded staff and a team is received hands-on training in Kenya.

Strengthen Administration, Policy and Planning

In FY2015/16, there was a slight improvement in the ranking of quality of policies, plans & decisions developed by the sector to medium after production of the security sector plan to guide its implementation of the NDPII over the medium term. Under administrative efficiency and effectiveness sector ranking stagnated at medium-high because of its continued execution of the output based planning, budget rationalization, budget monitoring and evaluation and signing MOUs with stakeholders. Furthermore, the sector continued providing accountability reports to stakeholders specifically issuing 4 reports in FY2015/16. These reports included those on; financial performance, audit, M&E and procurement compliance.

The sector in FY2015/16 enhanced policy and planning functions by developing 3 policy reforms instead of 2 which was the targeted as earlier planned. These reforms included: development and documentation of the UPDF service doctrine, reviewed the first defence Strategic Infrastructure Investment Plan (DSIIP I) and developed DSIIP II, UPDF decentralization strategy was finalized and developed a concept on Standard Operating Procedures (SOPs).

The sector enhanced policy and planning functions. Activities to enhance Results Oriented Management were undertaken like procurement of 30,000 Appraisal Forms; coordinated and hosted the Security Sector Annual Review workshop and submitted a report to OPM; refined the departmental work plans and aligned them to rationalized budgets, capacity building in planning, objective and target setting for heads of departments was conducted; produced and submitted Q1 and Q2 monitoring and evaluation reports; compiled and submitted procurement plan FY 15/16 for medical products to National Medical Stores (NMS); compiled and submitted MoD/UPDF procurement plan FY 15/16 to PPDA and MoFPED; embarked on the process of reviewing the UPDF establishment; and prepared and submitted audit and financial management reports.

Staff welfare was enhanced and this was seen when soldiers and their families were taken care of to improve morale of the troops and make UPDF an attractive profession; timely payment of salary and allowances in addition to provision medical care was a high priority, further to that, subsidized building materials were provided through the DFSUL; salaries of MoDVA staff and UPDF soldiers were paid by 28th day of the month, pay change reports were processed and data entry at IPPS captured by 10th of the month, pay roll was monitored and kept clean, staff lists were updated, pay slips were issued to all staff and monthly routine allowances paid. Defence Forces Shop Uganda Limited (DFSUL) continued to provide construction materials to soldiers at subsidized prices which has over time enabled troops to construct decent homes for their families; further, reproductive health and sanitation talks are regularly organized for the women in barracks which generally led to improved cleanliness.

In the FY 2015/2016 the welfare of ISO and ESO was enhanced through provision of free Medicare, affordable loans from their institutional SACOOs was provided on top timely payment of salaries and allowances.

The Ministry maintains a HR master plan for public servants however, review of the UPDF establishment is ongoing and 9 staff were sponsored on various courses in universities, 15 staff trained abroad, 4 were inducted and 41 underwent EASF peace support operation courses.

A special plan for settlement of pension and retirement arrears was developed and implemented. Documentation, verification and assessment of 4,314 files was completed representing 86.2percent performance achievement. Further, a total of 15,944 files of Gratuity were verified and monthly pension paid.

In FY under review, progress on Sustained HIV/AIDS awareness carried out, HIV testing of combatants and their spouses encouraged and Mother-child HIV transmission checked were not reported by the sector.

International Humanitarian Law (IHL) in the training was integrated. Sexual Gender Based Violence (SGBV) workshops were conducted in 4 and 5 infantry divisions, this was supplemented with lectures to PSO Training Centre Singo and Kaweweta Recruits Training School. A visit to Somalia was also conducted as a strategy to particularly give morale and address specific operational needs of female soldiers. The directorate of women affairs of the UPDF has also continued to ensure that key concerns affecting female combatants are taken care of, these stretch right from the point of recruitment, training, promotion, retirement and after retirement. It also pays particular attention to their welfare, discipline, guidance and counseling.

Establishment of National Service is at initial stages of concept paper development and coordination of stakeholders. During FY2015/16, the process of reviewing the UPDF Act was ongoing.

4.5 INCLUSIVE GROWTH

4.5.1 SOCIAL DEVELOPMENT

Promote decent employment opportunities and labour productivity

In 2015/16, the labor force in gainful employment increased to 48percent from 30percent in 2012/13. The target of 40percent was exceeded. During the same period, the level of agencies complying to labour laws, regulations and standards also increased to 28percent from 22percent. This is attributed to the routine inspection to ensure compliance. On the other hand, the country has maintained a functional industrial court to ensure rights of workers are protected.

During 2015/16: one bi-lateral agreement was signed with the Kingdom of Saudi Arabia to protect every Ugandan desiring to work abroad by securing the best possible terms and conditions of employment; 53 recruitment agencies were licensed; and, follow up visits were made to 3 labour receiving countries to promote externalization of labour. In addition, the law on Toxic Chemicals Prohibition and Control was enacted in 2016, 355 cases of labour disputes arbitrated, 161 industrial court cases were disposed of and 12,472 creative enterprises for job creation especially for young people were mapped out.

To enhance effective participation of communities in the development process

According to UBOS and UCC, the contribution of culture and creative economy to economic development stands at 51percent. Between 2012/13 and 2015/16, the number of people accessing library services increased by over 40percent. The increase is a result of new library services for children that were introduced in 5 (Jinja, Kabale, Paidah, Masaka and Mbale) public libraries that are implementing the second phase of the "Digital Future" project. Besides, 2 public libraries were established in Bugiri and Budaaka Town Councils and each equipped with 1,000 books. However, more efforts are needed to be done towards the mobilization of communities to appreciate, demand, own and sustain personal and national development programmes including: effective facilitation and deployment of community development officers; streamlining funding for community mobilization scattered across other sectors and allocating it to the Social Development Sector to bring efficiency gains and increase the impact of all government programmes; and revitalizing and revamping rural training centres to support the successful use of all social action funds by the beneficiaries.

Improve the resilience and productive capacity of the vulnerable persons for inclusive growth

Progress of one year of the NDPII implementation indicates a reduction in social exclusion of vulnerable groups by 28percent in 2015/16 compared with 7.5percent in 2012/13 attributed to sustained advocacy and awareness raising campaigns. Correspondingly, the provision of social care services to vulnerable groups almost doubled to 52percent in 2015/16 from 30percent in 2012/13, as a result of multi-collaborative and partnership initiative from several players, including JLOS, Health Sector, DFID, and UNICEF. In addition, cases of child abuse dropped by 3percent compared with 0.5 percent in 2012/13 and mainstreaming of disability issues across MDAs increased from 25percent to 30percent in the same period, largely helped by assigning Disability Focal Point Persons.

These results have been contributed to more vulnerable groups accessing social assistance. By 2015/16, 139,274 vulnerable groups (56,249 male and 83,025 female) were accessing social assistance and 12,000 PWDs accessing Special Grant for PWDs compared with 10,000 in 2012/13, buoyed by increased awareness creation on the rights of PWDs, as evidenced by many PWDs coming out to demand for funds. In addition, 137,000 (56,000 male and 81,000 female) were provided with comprehensive care and support services; and cases of abuse against vulnerable persons dropped 4 times (by 20percent) compared with 5percent level in 2012/13. Other achievements include: the National Action Plan on Children with Disabilities 2016 which was launched on 3rd December, 2016; and the plans to amend Article 78 of the Constitution to accommodate representatives of old persons is in Parliament. However, Persons with Disability Bill 2014 is still in Parliament for review. There is need to fast track the amendment of Article 78 of the Constitution to accommodate representatives of old persons and enact persons with disability Bill 2014.

Improve the capacity of youth to harness their potential and increase self-employment, productivity and competitiveness

From sustained implementation of various youth programmes towards promotion of youth–employment, progress indicates that the percentages of the youths that are engaged in development initiatives and participating in decision making have increased by 3 and over 4 times respectively during the period 2012/13 and 2015/16.

Under the Youth Livelihood Programme in the FY 2015/16, a total of 8,213 youth projects were financed benefitting 105,674 youths of which 57,935 were male and 47,739 were female. UGX 58.4 billion was disbursed to finance the youth projects in the different sectors. Most of the youth engaged in agricultural enterprises totaling to 3,595 projects (43.8percent) were financed. This was followed by 2,418 trade enterprises at 27.9percent, 797 projects in Services Sector, 463 projects in vocational skills, 520 projects in industry (small scale industry), 275 projects in agro-industry (value addition), 82 projects in agro-forestry, 53 projects in ICT and the least were those who engaged in creative industry at 10 projects.

Furthermore, a National Employment Strategy for Uganda with a specific National Action Plan for Youth Employment is before Cabinet for approval. Once approved, the strategy will in a more meaningful manner guide a deliberate process for employment creation.

Promote rights, gender equality and women's empowerment in the development process

The first phase of implementing the Uganda Women Programme commenced in FY 2015/16 in 19 districts and KCCA supporting 94 women groups benefitting 1,222 women. The programme is to be rolled throughout the country in FY 2016/17. In an effort to accelerate action to reduce HIV infection among women and girls, an Action Plan on Women, Girls, Gender Equality, HIV and AIDs was developed in 2015. The Gender HIV Scorecard was formulated alongside the Action Plan as an assessment tool to facilitate review and monitoring of commitments by the various actors in gender and HIV/AIDS programming.

Furthermore, the sector developed the National Policy and Action Plan on the Elimination of Gender Based Violence (GBV) 2016 as an overall framework to prevent and respond to GBV including Female Genital Mutilation/Cutting (FGM/C).

Improve the performance of the SDS institutions

Efforts towards achieving the results under the objective indicate that 75% of LGs were provided with technical support supervision and monitoring during the year. Also, the GoU resource envelope allocated to the Social Development Sector increased by 0.05% between 2012/13 and 2015/16. The sector has continued to develop and maintain Management Information System (MIS) over the years. In 2015/16, nine (9) databases on (Child helpline, NGBVD, OVC MIS, ESP MIS, YLP MIS, UWEP MIS, OSH MIS, ODK MIS, External Employment MIS) because of availability of program resources were developed and upgraded. However, the MIS are yet to be integrated and operationalized.

Redress imbalances and promote equal opportunity for all

During 2015/16, marginalized groups from five Local Governments (Kampala, Mukono, Wakiso, Luwero and Kayunga) were involved in decision making processes during tribunal sessions. In addition, 6 tribunal sessions were held in the districts of Hoima, Mayuge, Masaka, Wakiso, Kampala, and Bushenyi where 129 complaints were heard and decided during the tribunal hearings. The sector examined laws, policies and practices on the new wealth creation programs and made recommendations to ensure that the marginalized groups access development programs.

4.5.2 SUB-NATIONAL DEVELOPMENT

Improve the decentralization system

The sector embarked on the development of guidelines for implementing new structures which were issued in FY 2016/17. The implementation of the new structure is due to take place in FY 2017/18 depending on the availability of resources.

The PFM Act has some clauses with negative implications for financial management in LGs. Discussions are underway with key stakeholders to resolve this before the LGFAR are reviewed. The Harmonization of LGA, PPD regulations, Income tax act were ongoing during the FY under review.

During FY 2015/16, Baraza meetings were planned to be held in 32 districts countrywide. By December 2015, all the planned Baraza meetings had already been implemented. The Districts include; Kibaale, Bukomansimbi, Mitooma, Mbarara, Lwengo, Kibuku, Sembabule, Namayingo, Bundibugyo, Butaleja, Bugiri, Manafwa, Buvuma, Maracha, Kitgum, Gulu, Kaliro, Apach, Bulambuli, Bududa, Kanungu, Hoima, Luwero, Amolatar, Kyegegwa, Mukono, Kiboga, Kapchorwa, Zombo, Ntoroko, Rakai and Koboko.

The sector undertook trainings for 27 LGFC staff in the FY2015/16 in various skills to enhance their performance.

Improve the functionality of the LGs for effective service delivery

523 LG Accounts and Audit staff were trained were trained by the sector during the FY2015/16. The training was done for Town Clerks and Accounts staff in the Local Governments. 14 weak Urban Councils were supported in financial management and accountability by the Ministry in FY2015/16.

A consultant was procured to undertake an evaluation of Uganda's decentralization policy since 2004 and a Review report on the Decentralization policy produced, 133 LGs were implementing the proposed reforms and amendments by the virtue of their mandate to implement the recommendations from the JARD.

The community development policy was approved by Cabinet and LGs were urged to fill positions of CDOs and facilitate them to perform duties. By the end of the FY2015/16, 50percent of Parish Chief Structures were filled. However, the increasing number of Local Governments has led to vacant posts of parish chiefs.

During the FY, sector grants allocation formulae were reviewed to address sector budget requirements. In addition, some reforms are being accommodated in the revised grant allocation formulae. The percentage of the National Budget transferred to LGs was 13 and recommendations from the study on Holistic financing of LGs study were implemented.

Increase local investments and expand local revenue base

The Local Economic Development (LED) policy was finalized and the ministry installed 153 assorted value addition facilities with funding under CAIIP. 20 LGs had convening business investment meeting on annual basis. This was however, constrained by inadequate financial resources and skills for designing, implementing, monitoring and evaluating LED interventions. In addition, 40 districts were implementing LED related laws and ordinances arising from the continuous support to implement the LED policy.

Improve environmental and ecological management in LGs

The percentage increase in adoption of sound environment and climate change practices stood at 33percent in FY2015/16 representing an increase from 17percent in 2013. This was partly attributed to LGs support by USAID and other development partners to increase adoption.

Promote wetlands conservation and management

156 LGs were implementing Environment Action Plans by the end of the FY2015/16 up from 90 in 2013. This because it's a requirement for all LGs to implement the Environment Action plan. In addition, the ministry has got an environment checklist in place.

Mainstreaming climate change adaptation and mitigation in DDP, work plans and budgets was undertaken. There was a 1percent allocation of the MDA budget to disaster plans in the FY 2015/16. The Ministry in collaboration with Feed the Future Uganda Enabling Environment for Agriculture Activity started work with some districts on the process of strengthening local capacity and budgets for climate change. In FY2015/16, 15 actions in the climate change resilience plan were implemented with support from USAID and other development partners to increase adoption.

Improve planned urban development

The proportion of physical plans implemented by urban councils in FY2015/16 was 40 percent above the baseline of 10percent in 2013 but below the target of 100 percent. This was partly due to funding constraints experienced by the LGs.

During FY2015/16, the number of urban councils implementing approved Physical Development Plans fell from 15 in 2013 to 12 resulting from the rapid expansion of urban settlements, coupled with weak policies, regulations and planning. This has led to unplanned expansion of informal settlements. The percentage of budget allocated to Physical Planning function declined to 2.3 from 5 in 2013. In addition, 196 Urban Councils were implementing the Physical Planning guidelines and standards arising from the support offered to prepare and implement strategy using local knowledge and financial resources. The National Urban Policy finalization was still ongoing during the FY2015/16.

Increase financing and revenue mobilization of LGs to match the functions of LGs

In FY 2015/16, there was an increase in local revenue by 10percent in line with the target. This was due to various interventions in the management and administration of local revenues and assistance of LGs in the enhancement of local revenue collections.

To redesign the fiscal decentralization architecture to provide for promotion of adequate and sustainable local government financing, the percentage of LG budget to the National budget with slightly increased to 17.2percent from 17percent in 2013. This minimal shift is hampered by the fact that as national revenue increase, the increase of the transfers to the LGs are not increasing in the same proportion.

The LGFC embarked on the review of grant allocation formulae and the process was still ongoing at the end of the FY2015/16. The sector trained 523 LG staff in tax administration resulting from increased financial support towards capacity building for LG staff.

The Revenue enhancement plan development was ongoing by the Local Government Finance Commission (LGFC) by the end of the FY2015/16. LGFC also identified new sources of revenue in a bid to increase local revenue in the same period.

CHAPTER FIVE: NDPII LG PERFORMANCE

5.0 Introduction

There are a number of development opportunities that can be harnessed by LGs during the plan period. Promoting agriculture is a viable strategy given the opportunities arising from natural endowments in terms of fertile soils, vast water bodies across the country, abundant labor and a wide internal and external market for agro-produce. Also, the exploitation of the tourism potential across regions for employment and wealth creation as well as improving the physical infrastructure and social services provision in LGs are all critical to the transformation of LGs. Another development opportunity at both at national and LG levels is harnessing the population dividend for development.

5.1 Agriculture

During the implementation of the Second National Development Plan, LGs are required to focus on: implementing the single spine extension system; technology adaptation at the farm level; increasing access to and effective use of critical farm inputs; promoting sustainable land use and soil management; increasing access to agricultural finance with specific options for women farmers; and strengthening agricultural institutions for effective coordination and service delivery.

Implement the single spine extension system

The capacity of LGs to deliver extension and other farm support services was enhanced by filling 50percent of the vacant positions in the Production and Marketing Departments across LGs. The Single spine staffing structure was also implemented by LGs. In 2015/16, the staffing level stood at 90percent.

Increase access to critical farm inputs

In an effort to improve access to high quality seeds and planting material; 128 million types and quantity of farm inputs were distributed, and 6,571 maize seeds delivered to 111 District Local Governments under Operation Wealth Creation and the Food Security Initiative for Constituencies gave 2,800 above the planned.

Technology adaptation at the farm level

To enhance access and use of fertilizers by both women and men; farmers accessed and used fertilizers; volumes of fertilizers were distributed and the percentage of farm household using fertilizers increased by 8 percent.

5.2 Tourism

Develop capacity of LGs to protect, conserve and restore critical tourist products

During the year, the number of human wildlife conflicts declined from 7,259 to 4,017 courtesy of LG leadership and communities around the national parks. In addition, the percentage of districts that identified historical and cultural heritage resources increased from 4.3percent to 9percent (Kampala, Kumi, Soroti, Mbale, Namayingo, Sembabule, Mbarara, Napak, Moroto, Gulu, Kabale, Kanungu, Ngora, Soroti, Lira and Apac).

Table 5. 1: Number of new tourism sites identified by regions

Region	Number of Districts	Number of new tourism sites identified
Central	24	30
Western	26	101
Eastern	32	0
West Nile	8	0
Northern	15	11
Karamoja	7	0
Total	**112**	**142**

The total number of district local governments with enhanced capacity to protect and conserve historical and cultural heritage resources increased from 7 in 2013 to 20 in FY2015/16 as more districts were engaged during the process of securing land titles for cultural sites in preparation for UNESCO nominations. This is attributed to enhanced capacity of LGs to protect, conserve and restore critical tourist products through training of staff and tour guides. In addition, UTB has been sensitizing local district leaders and private sector through the cluster framework about standards and was able to register 879 tourism enterprises in 10 districts and train 441 new tour guides.

5.3 Minerals, Oil and Gas

In order to mainstream and monitor mineral activities, LGs registered Artisanal and Small-Scale Miners (ASMs) in Mubende, Namayingo, Ntungamo and Busia district as well as in Karamoja region. The ASMs were sensitized and provided training. However, although the training was undertaken, there is no law to licence ASMs. In addition, four LGs that include Ntungamo, Bushenyi, Karamoja and Busia were trained in regulating mining activities.

5.4 Physical Planning and Urban Development

LGs are required to develop and implement District Physical Development Plans and Plans for priority urban areas. In FY2015/16 physical plans implemented by LGs stood at 40percent above the baseline of 10percent in 2013, which was below the target of 100percent. This was partly due to funding constraints experienced by the LGs.

However, the number of urban councils implementing approved Physical Development Plans fell from 15 in 2013 to 12 resulting from the rapid expansion of urban settlements, coupled with weak policies, regulations and planning, has led to unplanned expansion of informal settlements. There was no progress on the LGs implementing the National Urban Policy. However, 196 Urban Councils were implementing the Physical Planning guidelines and standards arising from the support offered to prepare and implement strategy using local knowledge and financial resources.

5.5 Environment and Natural Resources

Over the Plan period, LGs are required to play critical roles in: (i) protecting, restoring, and maintaining the integrity of degraded fragile ecosystems; (ii) increasing sustainable use of environment and natural resources; (iii) increasing national forest cover and economic productivity of forests; iv) increasing the national wetland coverage; (v) increasing the functionality and usage of meteorological information systems; and (vi) increasing the country's resilience to the impacts of climate change.

Restore and maintain the integrity and functionality of degraded fragile ecosystems

During 2015/16, 151 hectares of wetlands were restored by Local Governments. 162 Km of wetlands boundary were demarcated using pillars and live markers. The wetlands demarcated with pillars include; Nyangahya in Masindi, Lwajjali in Mukono district, Enyau in Arua, Pece and Oyitino in Gulu, Kajurugo in Bushenyi and Walugogo in Iganga. Those demarcated with live markers were: Nakibalira in Wakiso, L. Bisina in Soroti, Kumi, Katakwi and Ngora, and Titi wetland in Kiryandongo. The timely procurement of the materials and the policy guidance to Local Governments to prioritize wetlands boundary demarcation coupled with stakeholders' mobilization, enhanced the improvement in demarcation compared to FY 2014/2015.

Increase the sustainable use of Environment and Natural Resources

During 2015/16, 32 LGs received training on green economy initiatives, were equipped and tooled to effectively implement their plans. The entities include: Otuke, Lira, Bududa, Kole, Apac, Amoltar, Kaberamaido, Serere, Buyende, Paliisa, Ngora, Kumi, Katakwi, Napak, Soroti, Dokolo, Amuria, Abim, Kibuku, Budaka, Bukedea, Sironko, Bulambuli, Iganga, Luuka, Namutumba, Buteleja, Tororo, Manafwa, Mbale, Kamuli and Kaliro Local Governments. There is progress on implementation of decentralized environment management function at the LG level including enforcement of the bye-laws on wild fires. During the year, 12 Municipal composite sites were established, supported, inspected and monitored. These include Kabale, Mbarara, Kasese, Hoima, Arua, Jinja, Lira, Gulu, Mukono, Mbale, Soroti and Masindi.

In FY2015/16, the percentage increase in adoption of sound environment and climate change practices stood at 33percent representing an increase of 16percent from 17percent in 2013. This was partly attributed to USAID and other development partners extending support to LGs to increase adoption.

5.6 Works and Transport

The LGs have continued to undertake both periodic and routine rehabilitation and maintenance of the District, Urban, and Community Access Road (DUCAR) network. In FY2015/16, 5,395 km of both paved and unpaved DUCAR network was periodically maintained and 43,766 km (manual 27,682 km and mechanized 16,084 km) was routinely maintained. However, the performances were below the targets of 11,816 km and 86,463 km despite good past performances from the FY2012/13 baseline of 1,830 km and 22,236 km respectively.

In regards to roads construction, progress showed over 1,354 km of rural roads was constructed and 492.4 km rehabilitated. Table 5.2 shows the distribution of kilometers of roads constructed and rehabilitated across the regions.

Table 5. 2: Kilometers of roads constructed and rehabilitated by LGs during FY2015/16

Region	Number of Districts	Length in Km. of rural roads rehabilitated	Length in Km. of rural roads constructed	Length in Km. of urban roads upgraded to bitumen standard	Length in Km of urban unpaved roads rehabilitated	No. of Bridges constructed
Karamoja	7	142.3				4.7
Northern	15	71	79	2		
Western	26	150.2	1112.2	0	0	8.7
Central	24	0	0	0	27	0
Eastern	32	110.2	110.2			
West Nile	8	18.7	53.3	0	0	8
Total	**112**	**492.4**	**1,354.7**	**2**	**27**	**21.4**

5.7 Water for Production

Increase the provision of water for production facilities

During 2015/16, several fish ponds were constructed especially in western and eastern Uganda and over 30 fish ponds totaling 255,000 m^3 for aquaculture were constructed in Bushenyi, Bukomansimbi and Katakwi districts.

Towards increasing access to water for agricultural production; 34 valley tanks and dams were established during the financial year, above the planned target of 20. Also, 18 valley dams were constructed in Luwero and Mubende districts. In the same period, 10 small scale irrigation demonstration centres established with the support of FAO-Climate Change Alliance Project.

Increase the functionality and utilization of existing water for production facilities

Twenty nine (29) Water Management Systems were established in Ntungamo, Kabale, Kiruhura, Isingiro, Lyantonde, Sheema, Gomba, Sembabule, Nebbi, Abim, Kaabong, Moroto, Napak and Nakapiripiriti districts in 2015/16. This progress was largely due to the improvement in the management, rehabilitation and maintenance of water for production facilities where private firms are also involved.

5.8 Health

Under Health programmes, LGs participate in the management of malaria (mass malaria treatment for prevention); provision of universal access to family planning services; development of health infrastructure development; invest in reducing maternal, neonatal and child morbidity and mortality; and participate in scaling up HIV prevention and treatment.

Over the years, the population living within 5 kilometres of a health facility stagnated at 72percent, despite the investment in health infrastructure. This is partly because Uganda's population annually increases by 1,000,000 people and Government puts more emphasis towards renovations and rehabilitation of old health facilities mainly general hospitals and lower level health facilities than on new construction across the country.

However, the functionalities of health facilities have continued to improve as Government continued to procure and distribute equipment to 65 hospitals and 230 HC IVs, 19 ambulances to 19 hospitals, installation of X-ray, dental and laundry equipment. In addition, Hospitals, HC IVs and HC IIIs countrywide received 7,000 beds and mattresses, assorted Medical equipment for casualty, Operating Theatre, ENT, and CSSD.

In 2015/16, over 100 health centres were constructed, many of them in West Nile Region and over 770,000 mothers delivered in health facilities. The Health Centre IVs renovated include: Bugiri, Pallisa and Kaberamaido. Table 5.3 provides the details across the regions.

Table 5. 3: Health Infrastructure Constructed in FY2015/16

Region	No. of Districts	No. of health centres rehabilitated	No. of health centres constructed	No. of maternity wards constructed	No. of maternity wards rehabilitated	No. of OPD constructed	No. of OPD and other wards rehabilitated	No. of deliveries health facilities
Central	24	3	6	3	6	6	6	164,805
Eastern	32	-	18	4	-	39	-	276,853
Karamoja	7	-	9	-	-	-	-	1,764
Northern	15	9	11	4	-	8	6	69,864
West Nile	8	88	3	19	-	5	5	22,597
Western	26	6	-	9	-	12	6	236,037
Total	**112**	**105**	**46**	**38**	**6**	**71**	**24**	**771,920**

Between 2012/13 and 2015/16, the proportion of the population that is satisfied with health care services increased from 53% to 69%, which was below the 2015/16 target of 71%. The NDPII 2019/20 target is 79%.

To enhance health sector competitiveness in the region, including establishing Centres of excellence in heart, cancer, renal care domains; and diagnostic services

Progress of implementation shows that an innovative gender health strategy has been fully (100percent) established in the health system where programmes such as Uganda Sanitation Fund Program, VHT Strategy, Nutrition, Health Promotion and Education - Public Health Protocols to address social economic conditions that make people ill are being implemented in almost all districts. Over 100 districts have the health communication and advocacy strategy; and 72% of VHTs are functional. However, there are no evidence that 'Health in all Policies' approach has been adopted and health concerns incorporated to facilitate safe food production systems, manufacturing, marketing and distribution.

5.9 Education and Sports

LGs are required under the NDPII period to contribute to the strengthening Early Childhood Development (ECD) with special emphasis on early aptitude and talent identification; increase retention at primary and secondary levels, especially for girls, and as well as primary-to-secondary transition; and, increasing investment in school inspection.

However, between 2012/13 and 2015/16, primary school enrolment in Government schools dropped from 7,090,338 in 2013 to 6,895,692 in 2016, according to the Education and Sports Sector Fact Sheet 2002 – 2016. Other indicators also showed improvement in performance over the same period. For instance, the PTR and PCR improved from 55 to 53 and 78 to 67 respectively (Table 5.4).

Table 5. 4: Performance Trends on key primary school indicators 2010 to 2016

INDICATORS	2010	2011	2012	2013	2014	2015	2016
Teachers on Gv't Payroll	124,851	129,694	131,551	132,656	131,840	133,787	130,213
No. of classrooms Gvt	107,080	108,012	105,958	104,906	103,186	103,845	102,402
PTR (Gov't schools)	57	54	54	55	54	53	53
PCR (Gov't schools)	67	65	67	68	72	77	67

EMIS

This is attributed to the efforts of LGs where over 600 classrooms and 235 teacher houses were constructed during the 2015/16 (Table 5.1.5).

Table 5. 5: Primary School Infrastructure Constructed during FY2015/16

Region	Number of Districts	No. of classrooms constructed in UPE	No. of classrooms rehabilitated in UPE	No. of teacher houses constructed	No. of teacher houses constructed (PRDP)
Northern	15	143	62	9	24
Eastern	32	136		140	
Central	24	141	54	24	0
Western	26	118	0	38	12
West Nile	8	21	0	24	3
Karamoja	7	51			77
Total	**112**	**610**	**116**	**235**	**116**

5.10 Water and Sanitation

The water and sanitation sector plan is focused on: (1) Increase access to safe water in rural and urban areas; (2) Increase sanitation and hygiene levels in rural and urban areas; and (3) increase functionality of water supply systems.

Increase access to safe water supply in rural areas

Traditionally, safe water supply coverage has remained higher in urban areas than in rural settings. In 2015/16, the percentage of urban population that had no access to safe water supply system slightly dropped to 29%, down from 30% in 2012/13. The progress is associated with 18 new piped water schemes constructed, 27,411 households connected to piped-water schemes, and 219 public stand posts constructed during the FY2015/16.

However, for the last 5 years, the rural water system functionality has stayed above 80percent. Also, operation and maintenance, asset management and regulation for the urban water systems has been strengthened evidenced by the increase in the number of active Water Management Boards that increased from 309 in 2012/13 to 424 in 2015/16. Also, the functionality rates of urban water systems remained high, above 85percent.

Sustained safe water coverage and functionality has been greatly the contribution of LGs through construction and rehabilitation of deep boreholes, shallow wells and Gravity Flow Scheme (GFS). During the year, over 1,120 deep boreholes were drilled and 1,129 water points rehabilitated. Table 5.6 provides the distribution of water facilities constructed and rehabilitated across the country. Most of the boreholes (334) were constructed in northern Uganda, while over 1,970 deep boreholes were rehabilitated in eastern region.

Table 5. 6: Water supply facilities constructed by LGs in 2015/16

Region	Number of Districts	No. of deep boreholes drilled (hand pump, motorized)	No. of deep boreholes rehabilitated	No. of water points rehabilitated	No. of piped water supply systems rehabilitated (GFS, borehole pumped, surface water)	No. of shallow wells constructed (hand dug, hand augured, motorized pump)
Karamoja	7	194	166	110	12	0
West Nile	8	133	155	67	3	0
Eastern	32	281	1977	288	57	28
Central	24	135	399	378	3	213
Western	**26**	46	173	260	92	266
Northern	15	334	169	26	6	0
Total	**112**	**1,123**	**3,039**	**1,129**	**173**	**507**

5.11 Social Development

In regards to the social development sector, the NDPII puts emphasis on: implementing a national programme for women economic empowerment and scaling up the youth livelihood programme.

To promote rights, gender equality and women's empowerment in the development process.

The first phase of implementing the Uganda Women Programme commenced in FY 2015/16 in 19 districts and KCCA, supporting 94 women groups and benefitting 1,222 women. The programme was to be rolled throughout the country in FY 2016/17.

Redress imbalances and promote equal opportunity for all

During the 2015/16, marginalized groups from five Local Governments (Kampala, Mukono, Wakiso, Luwero and Kayunga) were involved in decision making processes during the tribunal sessions. In addition, 6 tribunal sessions were held in the districts of Hoima, Mayuge, Masaka, Wakiso, Kampala, and Bushenyi where 129 complaints were heard and decided during the tribunal hearings.

5.12 Governance

Towards attainment of the results for the NDPII Objectives, LGs are required to comply with accountability policies, service delivery standards and regulations, enforcement of the regulatory framework and streamlining the inspection function, strengthen the oversight function to effectively detect, investigate, report and prosecute corruption cases; and follow up the implementation of recommendations made by oversight institutions as well as strengthen public contract management and performance.

Enhance the prevention, detection and elimination of corruption

In FY2015/16, the percentage of Local Governments that had Functional District Integrity Promotion Forum (DIPFs) declined to 12 percent against the set target of 30 percent. In regard to enhancing accountability and good governance, LGs councils continued to exercise autonomy in decision making and follow up of the implementation of recommendations made by oversight institutions.

During the year, over 57,900 land applications (registration, renewal, lease extension) were cleared by the District Land Boards through 553 board meetings. Most of the land applications were handled in western Uganda followed by central region. Karamoja region handled the least number of land applications. Table 5.7 provides the details by regions.

Table 5. 7: LG Oversight accountability performance

Region	**Number of Districts**	**No. of land applications (registration, renewal, lease extension) cleared**	**No. of Land board meetings**	**No. of Auditor Generals queries reviewed per LG**	**No. of LG PAC reports discussed by Council**
Karamoja	7	233	-	7,350	-
West Nile	8	1,112	24	61	27
Northern	15	3,373	64	47	19
Eastern	32	5,895	192	1,291	100
Central	24	6,501	129	390	105
Western	26	40,832	144	638	165
TOTAL	**112**	**57,946**	**553**	**9,777**	**416**

In the same period, over 410 Public Accounts Committee reports were discussed by councils, with central region contributing highly.

Improved institutional capacity of LGs

In FY2015/16, the number of positions filled in the LG established structure increased from 56percent in 2013 to 64.7percent arising from additional resources provided by the Ministry of

Public service and MOFPED to fill critical positions in the LGs. But this was slightly below the NDPII target of 65percent.

During 2015/16, 98percent staff were retained in hard to reach areas, courtesy of the 30percent top-up allowance. This has contributed to the reduction of vacancy rates for Primary and secondary schools in hard to stay locations in addition to vacancy rates for Medical workers in health facilities in HTS locations. As a result, the number of government programs implemented successfully increased to 52 due to heightened vigilance in monitoring of implementation. However, LGs argue that the PFM Act has some clauses with negative implications for financial management in LGs.

Increase the stock of physical and social infrastructure at LGs

During the year, 54 districts in Northern and Eastern Uganda were supported by the Ministry of Local Government to construct Sub county offices and staff houses. There was an unfunded priority to construct structures in 57 districts at an estimated cost of UGX 21 billion. The percentage increase in social and physical infrastructure was 27 in FY 2015/16 due to increasing finance to support physical and social infrastructure development.

Improved LGs service delivery

The percentage of LGs submitting integrated and comprehensive development plans, M&E reports to NPA, MoLG and other MDAs stood at 90. 118 LGs submitted their development plans, however, 32 plans submitted were not comprehensive.

During the year, 97 MDAs/LGs development /strategic plans were aligned to the NDPII. The target was not achieved due to the slow rate of submission of plans by the MDAs and LGs. These achievements have been possible by coordinating planning process and harmonizing implementation of Government policies and programme and M&E at the national and local Government levels. However, a National value system is yet to be developed and institutionalized at the LG level.

But the share of the national budget allocated to LGs has continued to decline. The percentage of budget allocation to LGs dropped to 13 during the FY2015/16. It should be noted that as the national budget increases, the increase of the transfers to LGs are not increasing in the same proportion which is hindering performance.

In FY 2015/16, there was an increase in local revenue by 10percent. This was due to various interventions in the management and administration of local revenues and assistance of LGs in the enhancement of local revenue collections. As a result, the share of local revenue in LG budget increased from 3percent in 2013 to 4percent.

Promoting the Local Economic Development (LED) program

During 2015/16, 40 districts were implementing LED related laws and ordinances arising from the continuous support to implement the LED policy. In addition, 16 LGs were supported on the application of LG PPP guidelines and by the end of the FY2015/16, 133 Public Private Partnerships were entered into by LGs. The number of districts with functional District Investment Committees stood at 25, affected by limited sensitization.

CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusion

The intention of the NDR is to provide information on the general performance of the economy, with a focus on the implementation of the NDP. Thus, the report focuses on the annual progress made towards attainment of the NDP goals and objectives through implementation of the Annual Budget.

The NDPII overall macroeconomic strategy is underpinned by the desire to maintain macroeconomic stability while at the same time improving the global competitiveness of the country. Infrastructure and human capital development are at the core of this strategy. In addition, the growth momentum is being driven by increased re-orientation towards expanding infrastructure and industrialization-related financing.

The main drivers of growth in the services sector include: public administration; information and communication; education; and trade and repairs whereas financial and insurance, real estates, arts, entertainment and recreation activities registered dismal growth and therefore had an insignificant contribution to services and overall GDP growth.

In the FY2015/16, Uganda's real GDP growth was 4.9 which is less than that of the East Africa Community (EAC) region of 6.1 percent. All the EAC member countries maintained their inflation rates within single digits with Uganda attaining an inflation rate of 5.5 percent.

Agriculture, which is an NDPII priority registered a decline in growth due to a deceleration in the performance of food crops and cash crops subsectors. The decline in the performance of the cash crop sector is attributed to a decline in global commodity demand. The poor growth in the agricultural sector is likely to have an impact on an escalation in the domestic food prices as well as a reduction in the export earnings.

While industrialisation is a critical strategy in NDPII, the economy has witnessed continued stagnation in the share of industry to GDP averaging at around 19percent over the previous two fiscal years. The highest output in the share of industry comes from manufacturing and construction at 8percent and 7percent respectively. It is important to note that around 90percent of the manufacturing activities are still dominated by small scale producers (Background to the Budget, June 2016) which is a signal of low capital accumulation.

Some of the key activities that are crucial to improving the competitiveness of the economy are lagging behind. Such activities include financial and insurance services, transportation and storage services which act as enablers in trade and production. In addition, it should also be noted that several key priority areas have not received the planned resources and this could affect the realisation of anticipated investment growth and productivity changes over the plan period.

As the report has demonstrated, there is need to ensure greater adherence to the strategic direction provided by NDP during the preparation, implementation, monitoring and evaluation of the Annual Budget.

6.2 Recommendations

12. **Efforts to improve gross domestic savings are critical in order to sustain the imbalance in the current account as well as control the expanding fiscal deficits in the region.**

13. **There is need to accelerate growth of the food activities as the main driver of agriculture growth.** Uganda stands a great opportunity if it developed this food subsector for higher contribution to exports given the huge gap relative to world demand for food and food products. In addition, there is a strong link between the food and cash crop activities with the manufacturing activities in Uganda and this link needs to be strengthened for sustainable value-addition and improved exports.

14. **There is need to foster growth in education, trade and real estate activities, whose potential for sustainable growth seems to be much higher in the services sector.** The reduction of costs for the private education sector activities as well as increasing opportunities for trade to compensate for lost markets in war ravaged areas such as South Sudan should constitute components of government strategies in the short run.

15. **There is need to increase availability of commercial transport services through reduction of taxes on commercial vehicles of all types.** This element exacerbates cost of doing business in the country especially for SMEs.

16. **There is need for efforts to explore ways to increase domestic revenue collections from taxes and non-tax revenues.** Despite a continuous recovery in the last two years in revenue and grants, these remain small as a proportion to GDP and cannot be relied upon for Uganda’s future development.

17. **It is important that the budget takes into comprehensive consideration the key NDPII priorities and targets**. Notably among others, with the current low levels of growth, the Budget should take into consideration a higher growth target for the next financial years to compensate for the low growth out-turn projected in 2015/16 so as to remain on course with the NDPII per capita income targets.

18. **The Annual Budget should prioritize interventions aimed at employment creation such as** industrialization, value addition in key priority areas, skills development (centres

of excellence), entrepreneurship, creativity and innovation and access to financial services.

19. **Prioritize and expedite the implementation of NDPII core projects.** Implementation of core projects is lagging behind with several projects not even started yet it was anticipated that these intervention would significantly contribute to the higher growth rates required for the attainment NDP goal.

20. **There is need to review the Budget instruments particularly the OBT to ensure a more comprehensive alignment of the Budget to the NDP results and reporting framework.** Also a detailed macro-economic framework reflecting macroeconomic targets should be attached to the budget documents against which assessment will be done.

21. **Fast track key activities that are crucial to improving the competitiveness of the economy.** Such activities include financial and insurance services, transportation and storage services which act as enablers in trade and production.

22. **Alignment of resources allocated to sectors to the NDPII MTEF is very critical to support the attainment of anticipated results** in roads infrastructure, agriculture, and energy and mineral development among others.

Resources