# NATIONAL DEVELOPMENT REPORT

# FOR FINANCIAL YEAR 2016/17

**National Planning Authority, P.O. Box 21434 Kampala**

**2018**

# 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 Autjority (NPA) assesses the performance of the NDP annually in order to assess 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 FY2016/17 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 7th in a series of 30 to be produced in the Uganda Vision 2040 horizon. The report is therefore the second annual review under the NDPII, 2015/16 - 2019/2020.

The assessment of the performance of the economy is undertaken against the set macroeconomic framework indicator targets. It highlights achievements and challenges faced by the monetary, fiscal, external and real sectors during the second year of the NDPII implementation. In addition, the report provides current trends in progress made against the NDPII M&E Results Framework, right from the NDP theme level to the NDP objective level indicators and targets including progress on NDPII core projectcs. 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 interventioons 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. Specifiaclly, performance indicates that growth dipped to 3.9 per cent in FY2016/17, from the 4.8 percent recorded in the previous year and this was lower than the NDPII target of 5.7 percent. The slow growth, notwithstanding, there was a rise in the size of the economy in nominal values from UGX 87,891 billion in 2015/16 to UGX. 90,500 billion in 2016/17, and the per capita income increased marginally by 1 percent from USD766 in FY2015/16 to USD773 in 2016/17 which was however, below the NDPII target of USD888. Given a population estimate of about 41 million people by 2020, from the current 36.2 million, the size of the economy will need to expand annually by USD 4.25 billion in order to attain middle income status by 2020, other factors remaining constant.

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 reported in the NDP performance. 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.

**Prof Obwoya Kinyera Sam**
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NATIONAL PLANNING AUTHORITY

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| | |
|---|---|
| AAS | Annual Agriculture Survey |
| ACD | Anti-Corruption Division |
| ACDP | Agriculture Cluster Development Project |
| AfDB | African Development Bank |
| AMISOM | African Union Mission in Somalia |
| ASSP | Agriculture Sector Strategic Plan |
| BIOFIN | Biodiversity Finance Initiative |
| BPD | Barrels per Day |
| BTVET | Business, Technical, Vocational Education and Training |
| BUBU | Buy Uganda Build Uganda |
| CAA | Civil Aviation Authority |
| CBET | Competency-Based Education and Training |
| CBR | Community Based Rehabilitation |
| CDI | Community Development Initiatives |
| CEDP | Competitive and Enterprise Development Project |
| CERT | Computer Emergence Response Team |
| CFRs | Central Forest Reserves |
| CHEWs | Community Health Extension Workers |
| CNDPF | Comprehensive National Development Planning Framework |
| COMESA | Common Market for the Eastern and Southern Africa |
| CRB | Credit Reference Bureau |
| CSOs | Civil Society Organizations |
| DEI | Directorate of Ethics and Integrity |
| DRF | Disaster Risk Financing |
| DSGM | Directorate of geological survey and mines |
| DTTB | Digital Terrestrial Television Broadcasting |
| EAC | East African Community |

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|---|---|
| EACOP | East Africa Crude Oil Pipeline |
| EAPCE | East African Petroleum Conference and Exhibition |
| ECD | Early Childhood Development |
| ENR | Environment and Natural Resources |
| ERMS | Electronic Record Management System |
| ESD | Education for Sustainable Strategy |
| FAO | Food and Agricultural Organization |
| FEED | Front End Engineering Design |
| FINMAP | Financial Management and Accountability Programme |
| FPF | Fisheries Protection Force |
| FY | Financial Year |
| GBV | Gender Based Violence |
| GDP | Gross Domestic Product |
| GER | Gross Enrollment Ratio |
| GIS | Geographical Information System |
| GKMA | Greater Kampala Metropolitan Area |
| GLTFP | Great Lakes Trade Facilitation Project |
| GOU | Government of Uganda |
| HFQAP | Health Facility Quality Assessment Programme |
| HPAC | Health Policy Advisory Committee |
| HTC | Health Training Colleges |
| HTTI | Hotel Tourism and Training Institute |
| IAEA | International Atomic Energy Agency |
| ICT | Information and Communication Technology |
| IFC | International Finance Corporation |
| IGAD | Intergovernmental Authority on Development |
| ILIS | Improved Livelihood Income Support |
| IMR | Infant Mortality Rate |

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|---|---|
| ITU | International Telecommunications Union |
| JLOS | Justice Law and Order Sector |
| KCCA | Kampala Capital City Authority |
| KIBP | Kampala Industrial and Business Park |
| LED | Local Economic Development |
| LG | Local Government |
| LGFC | Local Government Finance Commission |
| LIPW | Labour Intensive Public Works |
| LPG | Liquefied Petroleum Gas |
| M&E | Monitoring and Evaluation |
| MAAIF | Ministry of Agriculture, Animal Industry and Fisheries |
| MAPU | Manpower Survey Uganda |
| MATIP II | Markets & Agriculture Trade Improvement Project |
| MCRS | Mining Cadastre and Registry System |
| MDAs | Ministries, Departments and Agencies |
| MEMD | Ministry of Energy and Mineral Development |
| MMR | Maternal Mortality Rate |
| MODVA | Ministry of Defence and Veteran Affairs |
| MoES | Ministry of Education and Sports |
| MoFA | Ministry of Foreign Affairs |
| MoFPED | Ministry of Finance, Planning and Economic Development |
| MoLG | Ministry of Local Government |
| MoGLSD | Ministry of Gender, Labour and Social Development |
| MoLHUD | Ministry of Lands, Housing and Urban Development |
| MPPA | Metropolitan Physical Planning Authority |
| MSC | Microfinance Support Centre |
| MTWA | Ministry of Tourism, Wildlife and Antiquities |
| MWE | Ministry of Water and Environment |

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|---|---|
| MZOs | Ministry Zonal Offices |
| NAADS | National Agriculture Advisory Services |
| NAPE | National Assessment of Progress in Education |
| NARO | National Agricultural Research Organization |
| NBI | National Backbone Infrastructure |
| NCIP | Northern Corridor Integration Project |
| NDP | National Development Plan |
| NDPII | Second National Development Plan |
| NDR | National Development Report |
| NEC | National Enterprise Corporation |
| NEMA | National Environment Management Authority |
| NER | Net Enrolment Ratio |
| NFA | National Forestry Authority |
| NFE | Non-Formal Education |
| NFIS | National Financial Inclusion Strategy |
| NHATC | National High-Altitude Training Center |
| NHRDPF | National Human Resource Development Planning Framework |
| NIRA | National Identification and Registration Authority |
| NLP | National Land Policy |
| NPA | National Planning Authority |
| NPDP | National Physical Development Plan |
| NRM | National Resistance Movement |
| NSSF | National Social Security Fund |
| NTCs | National Teachers Colleges |
| NTDs | Neglected Tropical Diseases |
| NUSAF | Northern Uganda Social Action Fund |
| ODF | Open Defecation Free |
| OPM | Office of the Prime Minister |

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|---|---|
| OWC | Operation Wealth Creation |
| PAPs | Project Affected Persons |
| PAU | Petroleum Authority of Uganda |
| PEC | Presidential Economic Council |
| PFMA | Public Financial Management Act |
| PGRC | Plant Genetic Resource Center |
| PIMS | Public Investment Management System |
| PLE | Primary Leaving Examination |
| PRDP | Peace, Recovery and Development Plan |
| PROFIRA | Project for Financial Inclusion in Rural Areas |
| PSA | Production Sharing Agreements |
| PSFU | Private Sector Foundation |
| PTCs | Primary Teachers Colleges |
| PVoC | Pre-shipment Verification of Conformity |
| PWDs | Persons With Disabilities |
| RAP | Resettlement Action Plan |
| REE | Rare Earth Elements |
| RoW | Right of Way |
| RRHs | Regional Referral Hospitals |
| SAGE | Social Assistance Grant for Empowerment |
| SCT | Single Customs Territory |
| SDP | Sector Development Plans |
| SEEP | School Environment Education Programme |
| SGR | Standard Gauge Railway |
| SLM | Sustainable Land Management |
| SLP | Sustainable Livelihood Support |
| STEI | Science, Technology, Engineering and Innovation |
| TAT | Tax Appeals Tribunal |

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|---|---|
| TGW | Temperature Gradient Wells |
| TSDMS | Time Series Data Management System |
| UBOS | Uganda Bureau of Statistics |
| UCI | Uganda Cancer Institute |
| UDB | Uganda Development Bank |
| UDC | Uganda Development Corporation |
| UDIS | Unpublished Document Information System |
| UEPB | Uganda Export Promotions Board |
| UGGDS | Uganda Green Growth Development Strategy |
| UHRC | Uganda Human Rights Commission |
| UIA | Uganda Investment Authority |
| UIRI | Uganda Industrial Research Institute |
| UMA | Uganda Manufacturers Association |
| UNATU | Uganda National Teachers' Union |
| UNBS | Uganda National Bureau of Standards |
| UNCST | Uganda National Council for Science and Technology |
| UNDP | United Nations Development Programme |
| UNFPA | United Nations Population Fund |
| UNHS | Uganda National Household Survey |
| UNICEF | United Nations International Children's Emergency Fund |
| UNOC | Uganda National Oil Company |
| UNRA | Uganda National Roads Authority |
| UPDF | Uganda People's Defence Force |
| UPE | Universal Primary Education |
| URA | Uganda Revenue Authority |
| URBRA | Uganda Retirement Benefits Regulatory Authority |
| URSB | Uganda Registration and Services Bureau |
| USE | Universal Secondary Education |

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|---|---|
| USMID | Uganda Support to Municipal Infrastructure Development |
| UTB | Uganda Tourism Board |
| UTSEP | Uganda Teacher and School Effectiveness Project |
| UVQF | Uganda Vocational Qualifications Framework |
| UWA | Uganda Wildlife Authority |
| UWEP | Uganda Women Entrepreneurship Programme |
| UWRSA | Uganda Warehouse Receipt System Authority |
| VHTs | Village Health Teams |
| VSLAs | Village Savings and Loan Association |
| WRM | Water Resources Management |
| WRS | Warehouse Receipt System |
| WRSA | Warehouse Receipts System Authority |
| WSSBs | Water Supply and Sanitation Boards |
| WTO | World Trade Organization |
| WTTC | World Tourism Travel Council |
| YLP | Youth Livelihood Programme |
| YVCF | Youth Venture Capital Fund |

# EXECUTIVE SUMMARY

The NDR2016/17 provides progress on the overall performance of the economy during the financial year. Specifically, it highlights the progress of implementation of the development initiatives highlighted in the Second National Development Plan (NDPII). It's the second report in the five years of implementation of NDPII and therefore the review focuses on what has been achieved against the planned targets. The assessment is guided by the performance targets set prior to the start of the NDPII implementation detailed in the NDPII Results and Reporting Framework. Thus, the report provides Uganda's macroeconomic performance; progress and achievements made on the NDP goal/ theme of attaining middle income satus; objectives; Core projects; sectoral key results, objectives and interventions; and Ruling Party Manifesto performance during the FY2016/17.

## 1. Macroeconomic performance

### (i) The Real Sector

**Economic growth remained subdued in 2016/17, dropping further to 3.9 percent from 4.8 percent in 2015/16 which further slows down the middle-income status NDPII goal**. The FY 2016/17 growth outturn fell short of the NDPII target of 5.9 percent, recording a 2.0 percentage point gap from the target for this period. Furthermore, the per capita income which was estimated at USD 889 in the NDPII registered a lower outturn of USD704 during this period. The lower than planned economic performance stems from both internal and external factors which include the slow implementation of the infrastructure projects outlined in the NDPII; low growth in private sector credit which affects private investment due to the high lending rates and risk aversion of banks arising from rising non-performing loans; the adverse weather conditions that greatly affected agriculture production and the continued depreciation of the Uganda shilling.

**There was a slow-down in economic activities in all sectors which resulted in modest growth in all the sectors, recording growth of 5.4 percent, 3.4 percent, and 1.6 percent in the services, industry and agriculture sectors respectively**. The decline in services sector growth to 5.4 percent from 6.2 percent in 2015/16 was mainly driven by lower growth in the Financial and Insurance Activities and public administration services that registered a 7.4 percentage point and 6.3 percentage point drop in growth respectively. The industry sector growth fell from 4.6 percent to 3.4 percent due to the drastic fall in growth in the mining and quarrying sub-sector from 12.4 percent in 2015/16 to -5.7 percent. In the agriculture sector, the contraction in growth was due to the bad weather conditions that constrained production as well as slower growth in the forestry and fishing sub-sectors.

### (ii) Fiscal Sector Developments

**Government expenditure and lending increased by 4.1 percent to UGX17,437.5 Billion in the reporting period**. Similarly, the revenues and grants increased by 9.9 percent to UGX13,896 billion driven by the 12 percent rise in revenues during the period. Nonetheless, the revenues and grants were insufficient to meet the government's rising expenditure, culminating into a fiscal deficit of UGX 3,540 billion (3.9% of GDP) in 2016/17 from a deficit of Ushs.4,103 billion (4.9%

of GDP) in 2015/16. Despite the fact that a lower deficit implies improved fiscal operations, the 3.9 percent fiscal deficit is way below the NDPII target of 7.4 percent of GDP. The performance is largely attributed to the under performance of the externally financed development budget.

To address some of the gaps hindering domestic revenue mobilization, the government is developing a strategy to improve efficiency in tax administration and broaden the tax base through providing avenues to raise additional revenue, amending the tax laws to improve compliance, harmonize procedures, limit tax avoidance and ease the cost of doing business.

**Public expenditure increased during 2016/17, recording a 4.1 percent rise to UGX 17,437 Billion.** However, the public expenditure and lending estimated at 19.0 percent of GDP; fell short of the NDPII target of 22.96 percent of GDP due to slow implementation of planned projects. Nonetheless, the increase in spending was mainly driven by the continued rise in domestic arrears, recording a 54% rise in 2016/17. The rise in domestic arrears results from mis-management of public resources and expenditures outside the budget.

**The public debt stock rose from USD 8.4 billion in FY2015/16 to USD 9.4 billion in FY2016/17, an equivalent of 37 percent of GDP.** This was driven by external debt which increased by 2.8 percentage points to 24.3 percent of GDP, while domestic debt reduced by 0.4 percentage points to 12.7 percent of GDP during this period. The public debt stock was below the NDPII target of 38.2 percent, which was aimed at financing the development projects outlined in the NDPII, indicating lower than planned implementation of the planned projects.

**(iii) The Monetary Sector**

**Throughout FY2016/17, the central Bank operated an accommodative monetary policy stance that saw a decline of the Central Bank Rate (CBR) from 15 percent in July 2016 to 10 percent by the end of June 2017.** The easing of monetary policy as expected feeds into other interest rates such as the yields on government securities as well as commercial banks' lending rates. The FY 2016/17, saw a general decline in the average yield on the 91-day, 182-day and 364-day treasury bills as is depicted in. This implies that the cost of borrowing in the economy would also be expected to fall leading to an expansion of more economic activities and growth of the economy and the private sector.

**There was a marginal decline in the average lending rates of commercial banks as compared with the reduction in the CBR in FY 2016/17.** On the one hand, the commercial banks' average lending rates fell to 22.5 percent in FY2016/17 from 23.9 in FY2015/16 which represents a 5.7 percent reduction while on the other hand the CBR reduced to an average of 12.3 percent in FY 2016/17 from an average of 16.3 percent in FY2015/16 which represents a 24.3 percent decline. The interest rates spreads continue to be high.

**The level of private sector credit growth is far below the NDPII targets.** While the stock of private sector credit registered a 5.75 percent growth at the end of FY 2016/17 higher than the previous Financial Year's growth of 4.41 percent, both these outturns were far below the planned targets of 12.4 and 16.3 percent for FY2016/17 and 2015/16 respectively.

**The economy witnessed the weakening of the Uganda shilling against the United States Dollar (USD) in the FY2016/17 as it depreciated by 5.5 percentage points.** The depreciated from UGX 3,404.8 in FY2015/16 to UGX3,590.9 in FY2016/17. The rate of depreciation was much higher in the first half of the financial year compared to the last half. The depreciation was on account of increased domestic demand for manufacturing inputs, oil and petroleum products coupled with the strengthening of global conditions especially in the US economy.

**The overall monetary policy stance in FY2016/17 was largely expansionary as reflected in the sustained decrease of the CBR from 15.0% in July 2016 to 10.0% in June 2017.** This decline in the policy rate was expected to influence inflation and private sector credit growth as the lending rates are expected to decline. It can be observed that the lending rates did not significantly decline to incentivize borrowers to access credit. The accommodative monetary policy stance exhibited throughout the year kept core inflation within its medium-term target of single digit. Despite some depreciation in the exchange rate, core inflation averaged 5.1 percent throughout the FY2016/17.

**(iv) External Sector**

**There was an overall improvement in the Balance of Payments from a surplus of USD 101.45 million in FY2015/16 to USD 438.56 million in FY2016/17 largely on account of a reduction in the current account deficit**. The current account deficit continued to decline from a deficit of USD 1,163.23 million in the previous FY to USD 861 in FY2016/17. As a percentage of GDP, the current account deficit reduced from 4.7 percent in FY2015/16 to 3.3 percent of GDP in FY2016/17. This improvement is largely attributed to a reduction in the trade deficit as a result of improved export receipts and a decline in the import bill. Similarly, the capital account balance also improved from USD 119.81 million in FY2015/16 to USD 150.53 million in FY2016/17.

**There was an overall improvement in the trade balance as the deficit reduced from USD 2,102.62 in FY 2015/16 to USD 1,809.66 in FY2016/17, which corresponds to 14 percent improvement.** This improvement in the trade balance was largely attributed to the faster pace of growth in the value of export earnings and a sluggish growth in the value of imports.

**2. Performance against the NDP theme/ Goal**

The NDPII Goal is "*strengthening Uganda's competitiveness for sustainable wealth creation, employment and inclusive growth*". Results indicated a slow progress towards attainment of the NDPII goal. Growth in FY2016/17 reversed to 3.9 per cent from the 4.8 percent recorded in the previous year and against the NDPII target of 5.7 percent. The lower growth is in part attributed to the slow implementation and inefficiency in execution of public investments, prolonged drought due to climate change and variability, low private sector credit and falling international commodity prices, which largely affected exports. The slow growth, notwithstanding, there was a rise in the size of the economy in nominal values from UGX 87,891 billion in 2015/16 to UGX. 90,500 billion, and the per capita income increased marginally by 1 percent from USD766 in FY2015/16 to USD773 in 2016/17. This, however, was below the NDPII target of USD888. Given a population estimate of about 41 million people by 2020, from the current 36.2 million, the size of the economy will need to expand annually by USD 4.25 billion in order to attain middle income status by 2020, other factors remaining constant.

The proportion of people living in poverty increased from 19.7 percent in 2012/13 to 21.4 percent in 2016/17. There also remains a significant disparity in income levels and thus widening the gap among the populace. The income inequality as measured by the Gini coefficient increased from 0.395 registered in 2012/13 to 0.42 in 2016/17. Furthermore, exports expanded by 17.9 percent from USD 2,687 million in 2015/16 to USD 3,168 million in FY2016/17 while export to GDP increased from 10.55 percent in 2015/16 to 11.46 percent in 2016/17. This is attributed to increase coffee and non-coffee exports.

The country's competitiveness has continued to deteriorate year on year. The Global Competitiveness Ranking for Uganda although improved from the 115$^{th}$ position in FY2015/16 to 113$^{th}$ position out of 138 countries in FY2016/17, the index however, slightly worsened from 3.69 percent in 2016 to 3.70 percent in 2017. On the other hand, Uganda is ranked 122 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Uganda deteriorated to 122 in 2017 from 115 in 2016. Ease of Doing Business in Uganda averaged 120.60 from 2008 until 2017, reaching an all time high of 135 in 2014 and a record low of 106 in 2008.

Finaly, the country's wetland cover was 10.9 percent and lower than the NDPII target of 11.3 percent. Under sustainable wealth creation, forest cover has continued to decline over the years. In the reporting period, the area under forest cover was estimated at 8 percent, lower than 11 percent estimated in 2015/16. The main reason for the decline in forest cover is de-forestation for agriculture and settlement.

## 3. Progress on NDPII Objectives

### 1. Increase production, productivity and value addition in key growth opportunities

In terms of shares, industry accounted for 19.6 percent lower than the year target of 27.4 percent, agriculture was 25 percent higher than the target of 21.3 percent and services sector was 47.4 lower than 51.1 percent target. This progress was not in line with the changes in the structure of the economy as envisaged by the NDPII by 2020 and Uganda Vision 2040. The drop in the share of agriculture was mainly due to the unusually prolonged droughts which affected production and productivity and the contraction in mining and quarrying activities.

The economy experienced improvement in labour productivity during the FY2016/17 despite the slow growth and a drop-in output per worker in the services sector. Based on the labour force estimation of about 22 million with the distribution in agriculture, industry and services at 68.4 percent, 7.4 percent and 24.2 percent, the corresponding output per worker were USD418, USD 3,027 and USD2,236 respectively compared with USD370, USD2,763 and USD2,391 in 2015/16

### 2. Increase stock and quality of strategic infrastructure

Gross capital formation as a percentage of GDP has stagnated for the second year into the implementation of the NDPII at around 23.0 percent, declining from 28 percent in FY2012/13. This is partly explained by continued delays in the implementation of key projects resulting into a slowdown in fixed capital formation. The total paved national road network (km) increased to

4,257 km in 2016/17, up from 3,795 km in 2012/13 although slightly lower than the FY2016/17 target of 4,395 km. The proportion of paved national roads to the total national road network (km) improved from 16.6 percent in 2012/13 to 21 percent in FY2016/17 thus surpassing the NDPII target of 20.9 percent.

The proportion of the population with access to electricity has improved to 22 percent from 14 percent in FY2012/13. This number has almost twippled over the past decade, from 7.8 per cent in 2002. The electricity consumption of 212 kWh per capita was targeted and 91.3 kWh per capita was achieved. Furthermore, there was an 8.9 percentage increase in water for production storage capacity (million cubic meters) created for livestock from 30 percent in 2015/16 to 38.9 percent in 2016/17. However, connectivity to LGs specifically is still very low and stands at 39 district headquarters as compared to the 67 targeted in the same period. Safe water coverage indicators for both rural and urban areas continue to lag behind at 70 percent and 71 percent against the targets of 74 percent and 90 percent respectively in the reporting period.

### 3. Enhancing human capital development

There has been significant positive progress towards achieving several key health indicators. Life expectancy on average increased to 63.3 years from 54.5 in 2012/13 which is above the NDPII target of 56 years. The child stunting as a percentage of under-fives, reduced to 29 in 2016 from 31 in 2011. Infant mortality rate per 1,000 live births decreased from 54 deaths (UDHS 2011) to 43 (UDHS 2016) while the Under-5 Mortality Rate, has since improved from 137 in 2005/6 to 90/1000 live births in 2011 and to 64 deaths per 1,000 live births in 2016. Maternal mortality rate per 100,000 live births significantly improved to 336/100,000 live births (UDHS, 2016) from 438 per 100,000 live births (UDHS, 2011) and thus perfoming well against the NDPII target of 378 per 100,000 live births. In adition, total fertility rate improved to 5.8 from 6.2 in 2012/13. This is due to the implementation of programmes/interventions focusing on; family planning needs, contraceptive use, education of the girl child and sensitization programmes.

Progress towards achieving key education indicators on NDPII implementation is mixed. Although the average number of years of schooling improved to 5.7 years in 2016 (UNDP, 2016), from 5.4 in 2015, this is far from attaining the 5-year NDPII target of 11 years. The literacy rate for persons aged 10 years and above was estimated at 74 percent against a target of 80 percent in 2020. This slightly improved from 70 percent in the FY2012/13. The literacy rates for males (78%) were higher than that of females (70%). Progress on some key education access indicators continued to be slow. At primary level, P.7 completion and transition to S.1 continue to be a challenge with the respective targets. The P7 Completion Rate declined by 0.1 percentage points from 61.6 percent in FY2015/16 to 61.5 percent in FY2016/17. This continues to be below the NDPII target of 71 in the same period. Transition Rate to Senior One increased by 6 percentage points from 63.2 percent in FY2015/16 to 69.2 percent in FY2016/17.

Transition Rate to Senior five also increased by 4.2 percentage points from 25.0 percent in FY2015/16 to 29.2 percent in FY 2016/17. 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. Learning outcomes registered a slight improvement between 2015 and 2016. Primary Six numeracy and literacy rates stood at to 52.6 and 51.9 in 2016 compared to 41.4 and 51.9 percent respectively in 2015.

Although the overall rate of hand washing with soap is a mere 37 percent, promotion of hand washing with soap in the country has increased by 30 percent since the hand washing campaign was launched in 2007. There was improvement in the rural water coverage from 67 percent in FY2015/16 to 70 percent in 2016/17 while this has stagnated at 71 percent in the same period for urban areas. These were however, below the NDPII targets.

#### 4. Strengthen mechanisms for quality, effective and efficient service delivery

Performance for quality, effective and efficient service delivery fell short of the set targets. Government Effectiveness Index (GEF) for 2016 for Uganda remained weak at -0.57 and Uganda is the 151 least corrupt nation out of 175 countries. Uganda scored 26 points out of 100 on the 2017 Corruption Perceptions Index reported by Transparency International. Corruption Index in Uganda averaged 24.91 Points from 1996 until 2017, reaching an all time high of 29 Points in 2012 and a record low of 19 Points in 2001.

### 4. Performance of the Sectoral Key Results, Objectives and Interventions

#### (i) Wealth Creation and Employment

The agriculture sector accounts for the largest share of employment (36 percent) while other services other than trade sector ranked second with 29 percent of people reportedly employed in the sector (UNHS, 2016/17). The sector had a total contribution to GDP at current prices of 24.9 percent in the FY2016/17 compared to 23.7 percent in FY2015/16. This contribution to GDP, however, declined from 25.4 percent registered in 2010. In addition, agriculture, forestry and fishing sector in the reporting period that accounted for 25.0 percent of total output posted growth of 1.3 percent which was lower than 2.8 percent recorded in FY2015/16. The slower growth in the agriculture sector was on account of the prolonged drought that affected many parts of the country.

The tourism sector continues to be a pivotal pillar of the Ugandan economy. Tourism was ranked as the leading foreign exchange earner for Uganda in 2016 generating about $1.4billion annually, which is 26 percent of total foreign exchange. The sector’s target over the Plan period is to increase the contribution of tourism to GDP from 9 percent in 2012/13 to 15 percent in 2019/20, however, this has improved to 9.9 percent of the country’s GDP in 2016. Government has discovered new deposits of high-value minerals in various parts of the country that can further be exploited for socio-economic transformation. There was a 20.3 percent increase in the total value of the minerals produced from 146 billion shillings in 2015 to 176 billion shillings in 2016. The development of the East Africa Crude Oil Pipeline (EACOP) with a 24-inch diameter and 1445km length is progressing with Hoima-Tanga route agreed upon.

Wetland coverage as a percentage of total land area declined from 10.9 percent in 2015/16 to 8.4 percent in 2016/17. The coverage is below the NDPII target of 11.3 for 2016/17. The decline in wetland coverage is as a result of the high rate of degradation which is 70 times the restoration. Notwithstanding the activities in forestry, the forest coverage has further reduced and is now 8 percent and this is because of the rampant deforestation across the country to meet charcoal needs among others. The Uganda Development Corporation Bill 2014 was passed by Parliament as a process towards revitalizing UDC to establish model agro-processing and manufacturing industries. Uganda Development Bank (UDB) was capitalized and the on-going projects under

UDC include: Kalangala Infrastructure Services, Soroti Fruit factory, Luwero Fruit and Kiira Motors

(ii) **Competitiveness**

**Infrastructure**

The proportion of paved national roads to the total national road network (km) improved from 16.6 percent in 2012/13 to 21 percent in FY2016/17. The international Air Passenger traffic reduced by 2.4 percent from 1,504,155 received in FY2015/16 to 1,468,162 in 2016/17. The New Nile Bridge was identified in the Vision 2040 and for implementation as a project NDPII. By the end of FY2016/17, the Nile bridge construction was at 35.87 percent out of the 56.79% targeted physical progress. The energy generation for economic development improved from 851.3 MW in 2012/13 to 947 MW in FY 2016/17. The development of large power plants is ongoing; Karuma HPP (600MW) at 59 percent and Isimba HPP (183MW) at 61.38 percent. Overall energy losses reduced from 19.5 percent in 2015 to 18.5 percent in June 2017. Government has continued to expand the power transmission network through construction of transmission lines, Substations and distribution lines. This is aimed at increasing the electrification rate. Uganda has one of the lowest electrification rates in Africa, at 22% in 2017.

There was an 8.9 percentage increase in water for production storage capacity (million cubic meters) created for livestock from 30 percent in 2015/16 to 38.9 percent in 2016/17. The cumulative increase in water for production storage capacity for rural industries and aquaculture declined from 27 percent in 2015/16 to 21 percent in 2016/17. The potential area under irrigation has continued to be low at 2 percent. There has been a significant progress in ICT as evidenced by: the increase in the national teledensity (lines per 100 people) by 7.5 percent to 63.4 percent in 2016 from 59 percent in 2015; increment in internet penetration from 39.7 percent in 2015 to 51.9 percent in 2016. National fibre optic cable laid spanning 2,346 km and 321 MDAs and LGs sites connected to the NBI. However, connectivity to LGs specifically is still very low and stands at 39 district headquarters.

**Human Capital Development**

The UDHS, 2016 report shows positive trends, with a progressive reduction of most of the mortality indicators. The Infant Mortality Rate (IMR) stood at 43 per 1,000 (UDHS 2016) which is an improvement from 54 per 1,000 live births (UDHS 2011). The Under Five Mortality Rate reduced from 90 per 1,000 live births (UDHS 2011) to 64 per 1,000 live births (UDHS 2016) though falls below the NDPII planned target of 58 per 1,000 live births. Malaria continues and remains the leading cause of death among infants and the under-fives. The Maternal Mortality Rate (MMR) reduced to 336 per 100,000 live births (UDHS 2016) from 438 per 100,000 live births (UDHS 2011).

Primary school enrolment increased by 4.7 percent from 8,264,317 in FY2015/16 to 8,655,924 in FY2016/17. The Net Enrolment Ratio (NER) improved by 5 percentage points from 91 percent in FY2015/16 to 96 percent in FY2016/17 and above the NDPII target of 95.5 percent. In the area of efficiency, the P7 Completion Rate declined by 0.1 percentage points from 61.6 percent in FY2015/16 to 61.5 percent in FY2016/17 and as well below the NDPII target of 78.6 percent. The Survival Rates to Grade 5 improved from 59.9 percent in FY2015/16 to 61.6 percent in FY2016/17 while the Survival Rate to grade 7 also increased from 30.1 percent in FY2015/16 to 32.0 percent in 2016/17. Transition Rate to Senior One although increased from 63.2 percent in FY2015/16 to 69.2 percent in FY2016/17, this is still below the NDPII target of 78.6 percent. There are no focused efforts towards implementing fees regularization for private primary schools which was planned in the NDPII; however, guidelines are in place to this effect.

There has been an increase in rural safe water coverage from 67 percent in 2015/16 to 70 percent in 2016/17. The increase has been relatively stable having overshot the 2016/17 NDPII target of 68 percent. However, there has been a slight decline in the functionality of rural water systems from 86 percent in 2015/16 to 85 percent in 2016/17. The percentage rural sanitation coverage increased from 79 percent in FY2015/16 to 80 percent FY2016/17. The percentage of safe urban water supply coverage has remained constant for over the last two years. For both 2015/16 and 2016/17, the proportion of the urban population with access to safe water in urban areas has been estimated at 71 percent which is sort of the NDPII target of 100 percent. The urban sanitation coverage increased by 2 percentage points from 84 percent in 2015/16 to 86 percent in 2016/17. There has been an improvement in the use and management of water resources where the level of waste water discharge has increased from 56.5 percent in 2015/16 to 59 percent in 2016/17.

It is estimated that Uganda has about 7.3 million households living in 6.2 million housing units with an average household size of 4.7 persons. The national occupancy density is estimated at 1.1 household per housing unit, giving a total backlog of 710,000 housing units. There is also an estimated backlog of 900,000 housing units as a result of sub-standard houses and structures which were never meant for human habitation. Out of a total backlog of 1.6 million housing units, about 210,000 units are in urban areas while 1.395 million units are in rural areas.

#### Physical Planning and Urban Development

In FY2016/17, the sector commenced the preparation of the National Physical Development Plan (NPDP). It reviewed the National Urban Policy and submitted it to Cabinet for consideration and approval. The sector further disseminated the National Urban Policy to 7 of 12 districts and approved 25,225 deed plans out of the planned 30,000, disseminated the National Physical Planning Standards and Guidelines to 10 LGs and established 20 geodetic control points.

### Kampala Capital City Authority

In the review period, KCCA constructed and renovated 17 classrooms and administration blocks. 17 stances of waterborne toilets were constructed in 2 schools and four storied unit staff house is ongoing and supplied furniture (201 three - seater desks) to a number of schools. KCCA directly managed health facilities handling 12,820 deliveries accounting for 33 percent of all the deliveries in Kampala. KCCA undertook to control illegal developments, wrongful parking, trade order compliance (trade licensing), curbing of noise pollution and ensuring health standards in the City leading to 2,134 cases being prosecuted, with 1,903 convictions, 22 dismissals, 186 cases were ongoing by year end. KCCA embarked on the development of the Multi-modal Transport Master Plan and continued road construction and expansion and by end of the FY2016/17. The following physical progress was reported on the major road projects under implementation: Reconstruction of Fairway Junction (98%); Reconfiguration of Kira Road and Kabira Junction (88%); Mambule road (86%); Bwaise junction (12%); Dualling of Makerere Hill Road (10%) Whereas for Dualling of Bakuli-Nakulabye-Kasubi road, the Contractor is ready to commence after completion of implementation of the Resettlement Action Plan for affected persons along the road. In the reporting period, KCCA also continued undertaking road maintenance of 480km and 400km of Bituminous and Gravel roads respectively.

**Governance**

Under accountability sector, the tax to GDP ratio performed slightly above the NDPII target of 13.5 percent and was at 13.8 percent in FY2016/17. Also, the external resources as a percentage of the National budget was 19.3 percent as compared to the NDPII target of 19 percent. A reduction of the donor dependence compared to 24% in FY 2015/16 was registered. However, the Non-Tax Revenue (NTR) as a percentage of GDP of 0.36 percent was below the target of 0.4 percent while domestic revenue as a percentage to GDP was at 13.95 percent and below the NDPII target of 14.08 percent. The Net FDI as a percentage of GDP of 2.2 percent also performed below the target of 4 percent.

The slow implementation of public projects and under execution of the budget led to the fiscal balance as a percentage of GDP to reduce to 3.4 percent 4.7 percent of the previous financial year. In addition, the present value of public stock as a percentage of GDP is 26.7 percent for the FY2016/17 and is still below the NDPII target of 32.4 percent. This performance is in line with the Public debt Management framework of less than 50 percent threshold. Insurance penetration is still very low at 0.73 per cent below the NDPII target of 1.5 percent. The growth of 16.9 percent of the Pension assets from 6.5 to 7.6 trillion as aresult of low inflation encouraged the population to save. To this end, Gross Domestic Savings as a percentage to GDP was estimated at 17.1 percent and above the 16.9 percent target for FY2016/17.

***Audit and oversight:*** The Government effective index declined to -0.57 from -0.48 in the 2015 according to the World Bank Governance Indicators. Uganda Government effective index is still weak. Less than half (46.9 percent) of anti-corruption recommendations were implemented and was below the 60 percent target and the previous year's performance of 50 percent. Government implemented 72 percent of the audit Committee recommendations and this was short of the NDP2 target of 75 percent. The percentage of Internal audit recommendations implemented in Central Government and Local Authorities was 69percent and 60 percent and as well fell short of the NDP2 targets of 100 percent and 65 percent respectively. The percentage of internal audit recommendations implemented in Statutory Corporations 70 percent. The percentage of audited contracts by value that were rated satisfactory were 51.8 percent above the target of 50 percent and it was a drop compared to the previous year's achievement of 92 percent.

In the review period, the Legislature sector in executing its mandate of enacting laws, had 17 bills enacted out of the planned 28. Speicifically, four private members bills were introduced and processed, fifteen motions for borrowing externally passed and twenty petitions disposed and thirty-two reports were adopted. As a result, a reduction in the time it takes to pass a bill up from 45 days to 35 days was registered. Two treaties, namely the Agreement for the establishment of the East African Standby Force and the East African Community Protocol on Cooperation in Defense Affairs were ratified.

The Pblic Administration sector adequately facilitated Cabinet to perform its Constitutional mandate and as a result, 170 submissions to Cabinet were reviewed to ensure inclusive policies and harmony with National planning frameworks, 55 Agenda and 5454 extracts of Cabinet decisions were issued to Hon. Ministers and Permanent Secretaries. The Manifesto Unit analyzed 24 reports from MDAs on their implementation status of the Manifesto and conducted a Manifesto Week to increase appreciation of the Milestones. Uganda ratified the Paris Climate Agreement and the instrument of ratification was deposited at the UN in September 2016.

Political Confederation was adopted as a transitional model of the East African Political Federation during the 18th Summit of the Heads of State of the EAC in Dar es Salam. In addition, Uganda hosted over 1.2 million refugees in 28 settlements in 12 districts (including Kampala) where refugees coexist peacefully with their host communities.

In the review period, the JLOS sector had 6 Bills and 7 Acts, 46 Statutory Instruments, 10 Legal Notices and 3 ordinances drafted and 20 laws were enacted. Uganda's Index of Judicial Independence improved from a score of 3.41 in 2015/16 to 3.6 in 2016/17 according to the World Economic Forum Report 2016. In addition, 175,556 cases were disposed of resulting into a reduction in case backlog from 35 percent in 2010/11 to 24 percent in FY2016/17.

The security sector strengthened its capability through: bulky procurement of necessary logistics for the soldiers both in operations and non-operation areas; refurbished, maintained and operated Aircrafts at the desired levels. The Ministry of Defence and Veteran Affairs (MoDVA) undertook two Policy reforms including development of draft UPDF Amendment Bill, 2017 and the review of the 1992 NRA Establishment.

**(iii) Inclusive Growth**

Compliance to Occupational Safety and Health at Public and private workplaces and working environment was strengthened with a functional industrial court. The report of Minimum Wages Feasibility study was submitted to Cabinet in the reporting period. The last time Uganda set a minimum wage was in 1984 when this was set at Shs.6,000 per month. There has been increased access of Social Assistance Grant to vulnerable groups specifically the number of elderly (senior citizens) accessing grants. In FY 2016/17, a total of over 25,000 new beneficiaries were enrolled and received partial payment in 25 new Government financed districts. MGLSD took over the responsibility of overseeing the Youth Venture Capital Fund (YVCF) from MFPED. The fund access criteria has been relaxed including reduction of interest rate from 15% (flat rate) to 11%.

The Local Government Ministry finalized the development of guidelines for implementing new structures which were issued in FY2015/16. The guidelines were disseminated to all LGs during the period under review and effective FY2017/18, all recruitments in the LGs are to be based on the new approved structures. During the period under review, a new department for LED was approved as part of the MoLG staff structure although, no recruitments were made.

## 5. Ruling Party Manifesto, FY2016/17

The NRM has continued with economic and political emancipation of women in Uganda, especially by ensuring the education of girls. The Force is steadily moving towards professionalization through further improvement of the capability of the force by including acquisition, maintenance of equipment and human capital development. The NRM government continues to prioritize maintenance of macroeconomic stability through continued pursuance of prudent monetary policies that support growth and low inflation. Both core and headline inflation have remained with the target of single digit for most of FY2016/17. The National Fertilizer Policy and Strategy was passed by Parliament in August 2016 and Government has continued with distribution of improved seeds and breeding materials under Operation Wealth Creation (OWC) to the DLGs.

Illegal fishing has been a key challenge in the fish industry leading to extinction of the species. His Excellency the President using Section 99 of the Constitution of the Republic of Uganda established a Fisheries Protection Force (FPF) that is already operational. ECD teacher training is on-going in all Primary Teachers Colleges and is compulsory for all in year one based on the revised Primary Teacher Education curriculum. Government's plan to roll out ECD to all schools therefore is in a right direction as the initial stage was to introduce ECD training in existing Primary Teachers Colleges (PTCs).

In the first year of the Manifesto, progress towards opening Soroti University are on track as Civil works that include the construction of a laboratory block, teaching block, multi-purpose academic block and external works are at the finishing stage (80%) progress. Positive progress towards achieving several key health indicators such as MMR, IFM and child stunting as a percentage of under 5s. Construction of the super national reference laboratory at Butabika as a means to ensure use of modern technologies in diagnostic services was completed and commissioned in November 2016. The Lab is the second of its kind in Africa and one of the 33 National TB reference laboratories in the world.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background

The Annual National Development Report (NDR) for 2016/17 is the second report on the implementation of the Second National Development Plan (NDPII), 2015/16-2019/20. The production of the Annual National Development Report on the performance of the economy and sectors, ministries and local governments is a legal requirement under the NPA Act 15, 2002, Sections (7) and (18). The aim of the NDR is to provide information on the general performance of the economy, with a focus on the National Development Plan (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 and reporting framework.

The report assesses the performance of the economy through analysis of the macroeconomic framework indicators covering the monetary, fiscal, external and real sectors. On the other hand, the NDP progress is reviewed through assessment of performance against the indicators of the Plan's goals, objectives, key result areas and strategies. The report also assesses the annual performance of the thematic areas/sectors, including performance of Local Governments (LGs). 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. This NDR is the second in a series of five NDRs that would be produced over the period 2015/16-2019/20. It is intended to support the oversight functions in Government. The report is a legal requirement on the National Planning Authority (NPA), and to be produced in liaison with the private sector and the civil society organizations.

Furthermore, since the adoption of the Comprehensive National Development Planning Framework (CNDPF), as provided in the National Vision in 2007, there is the need to review annually the performance of the NDP and the National Vision Framework. It is, therefore, necessary for the Authority to update key stakeholders and the citizenry on the progress made towards achievement of NDP priorities and the overarching goal of attaining middle income status by 2020, which is an integral part of the NDP.

## 1.3 Objectives

The following are the specific objectives of the NDR 2016/17. These objectives are intended to provide a fairly comprehensive coverage of the performance of the entire economy

1. To review the macroeconomic performance of the economy
2. To review progress made in the second 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 Local Governments (LGs) performances in line with the NDPII; and
4 To provide the status of the development progress made during the FY 2016/17.

## 1.4 Scope

This FY2016/17 NDR provides information on the performance of the entire economy covering the various blocks, namely: public, financial, private sectors and civil society organizations. Under the macroeconomic framework, the report assesses issues covering the monetary, fiscal external and real economic development sectors. The report, in particular, provides progress of the NDP implementation in FY2016/17 by assessing performance against the NDP indicators at all levels: theme/ goal, objectives, key result areas and sector/MDA level objectives and strategies as well as selected LGs. It also focuses on the FY2016/17 budget theme of ***"Industrialization for Job Creation and Shared Prosperity"***.

## 1.5 Methodology

This report was produced using data obtained from both primary and secondary sources. The NDPII Results and Reporting Framework progress matrices informed the primary data collection. Ministries, Departments and Agencies (MDAs) provided progress of NDPII implementation through the filled in matrices. Interviews and interaction with implementers provided greater insight into the plan implementation challenges and recommendations.

The 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 provided secondary data to supplement primary data collected. 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; Sector Development Plans / District Development Plans and Reports; and other relevant information.

## 1.6 Purpose of the Report

The NDR serves as the main monitoring and evaluation annual feedback from the Authority to stakeholders and the citizenry about the progress on the performance of the economy. In particular, the report ought to facilitate the oversight functions and activities of the Presidency, Parliament and the Auditor General.

The report tracks the progress of implementation of the development plans and is a resource for the Mid-Term Reviews (MTRs) of the medium-term national development plan which ensures that appropriate development controls and direction are maintained.

## 1.7 Structure of the Report

This report of FY2016/17 is organized in six chapters namely: Introduction; Macroeconomic performance for FY 2016/17; Progress on NDPII goals, objectives and key result areas; Progress on sectoral objectives and interventions; Summary of the Manifesto performance; and Conclusions and Recommendations.

Specifically, Chapter One contains the background, rationale, objectives, scope, methodology and structure of the report. Chapter Twoon Macroeconomic performne contains the national, regional and global economic outlook for the period 2016/17, and the corresponding recommendations and challenges. Chapter Three provides an assessment of the progress on implementation of the NDPII based on the indicators of the NDP theme, objectives and key result areas. Chapter Four comprises an assessment of the NDP thematic areas based on the outcome and output indicators of the sector/thematic area specific objectives and interventions. It also contains specific conclusions on each thematic area's performance. The chapter is arranged in six sections on: Wealth creation and employment; Competitiveness; Human Capital Development; Physical Planning and Urban Development; Governance; and Inclusive Growth. Chapter five takes stock of the Ruling Party Manifesto. Chapter Six focuses on overall conclusions and recommendations for improving on the economic and development performance.

# CHAPTER TWO: MACROECONOMIC PERFORMANCE

This section of the National Development Report analyses the country‟s macroeconomic developments and prospects in FY2016/17 taking into consideration the NDPI targets and assumptions as well as the re-based GDP statistics.

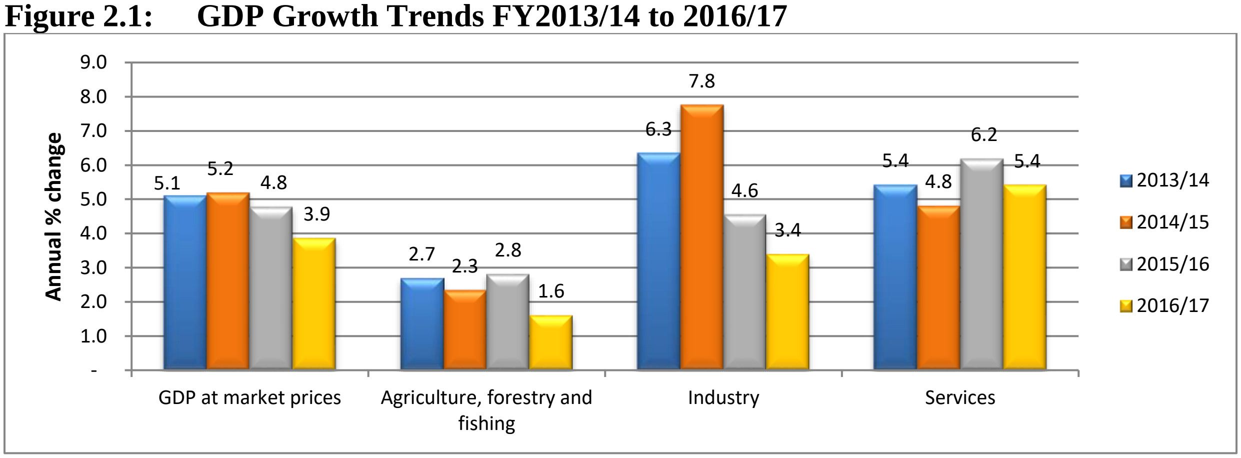
## 2.1 The Real Sector Developments

### 2.1.1 Overall Economic Growth

**Economic growth remained subdued in 2016/17, dropping further to 3.9 percent from 4.8 percent in 2015/16 which further slows down the middle-income status NDPII goal (see Figure 2.1)**. The FY 2016/17 growth outturn fell short of the NDPII target of 5.9 percent, recording a 2.0 percentage point gap from the target for this period. Furthermore, the per capita income which was estimated at USD 889 in the NDPII registered a lower outturn of USD704 during this period, see Table 2.1. The lower than planned economic performance stems from both internal and external factors which include the slow implementation of the infrastructure projects outlined in the NDPII; low growth in private sector credit which affects private investment due to the high lending rates and risk aversion of banks arising from rising non-performing loans; the adverse weather conditions that greatly affected agriculture production and the continued depreciation of the Uganda shilling.

**There was a slow-down in economic activities in all sectors which resulted in modest growth in all the sectors slowed down, recording growth of 5.4 percent, 3.4 percent, and 1.6 percent in the services, industry and agriculture sectors respectively**. The decline in services sector growth to 5.4 percent from 6.2 percent in 2015/16 was mainly driven by lower growth in the Financial and Insurance Activities and public administration services that registered a 7.4 percentage point and 6.3 percentage point drop in growth respectively. The industry sector growth fell from 4.6 percent to 3.4 percent due to the drastic fall in growth in the mining and quarrying sub-sector from 12.4 percent in 2015/16 to -5.7 percent. In the agriculture sector, the contraction in growth was due to the bad weather conditions that constrained production as well as slower growth in the forestry and fishing sub-sectors.

**Figure 2.1: GDP Growth Trends FY2013/14 to 2016/17**



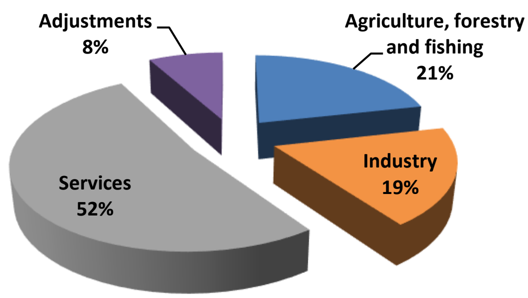

Source: Uganda Bureau of Statistics, 2017

#### 2.1.1.1 Decomposition of Contribution to Growth

The services sector continues to have the largest contribution to growth, estimated at 52 percent in 2016/17 from 51.1 percent in 2015/16, whereas the agriculture and industry sectors contributed 21.5 percent and 18.6 percent respectively in 2016/17 (Figure 2.2) from 22 percent and 18.7 percent in 2015/16. Overall, the trade and repairs services had the largest contribution to GDP recorded at 11.1 percent, with the food crops (10.9%) and Information and communication services (9.9%) sub-sectors having the second and third largest contributions to GDP during this period. The least contribution to GDP was from Agriculture Support Services and Arts, Entertainment and Recreation services which contributed 0.02 percent and 0.3 percent respectively.

**The Industry sector which is supposed to be a key driver in transforming the economy still has the lowest contribution to GDP.** There's need for increased effort in the implementation of strategies to increase industrialization in the economy as outlined in the NDPII if the country is to benefit from its multiplier effects on growth.

**Figure 2.2: Sector Contribution to GDP 2016/17**



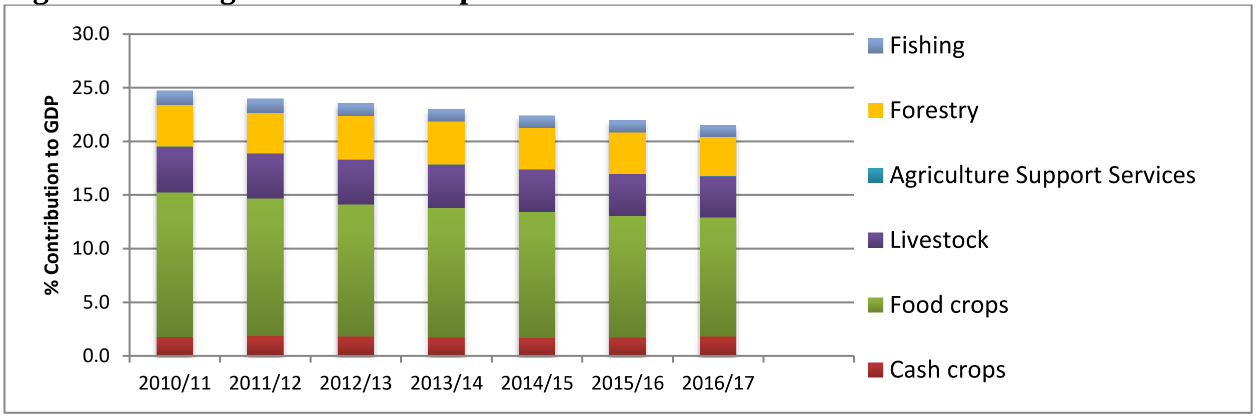

**Source: UBoS 2017**

**Agriculture Sector**

**The Agriculture sector's contribution to GDP has declined over the years from 24.7 percent in 2010/11 to 21.5 percent in 2016/17.** The decline in the sector's contribution to GDP has been mainly driven by a fall in the food crops subsector. In 2016/17, the Food crops sub sector contributed the largest share to GDP estimated at 11.1 percent while the livestock and Forestry sub-sectors contributed 3.8 percent and 3.6 percent respectively. Fishing and Cash crops sub-sectors contributed the least to GDP with a contribution of 1.1 percent and 1.8 percent respectively, See Figure 2.3.

**The continued low contribution of the sector to GDP has mainly been due to low levels of commercialization, and a lack of adaptation capacity to mitigate the adverse climate changes.** Additionally, the farmers have been hindered by limited access to affordable finance and low prices of their primary products in the world market. For the agriculture sector to be transformed, these challenges need to be addressed.

**Figure 2.3: Agriculture Sector percent Contribution to GDP**



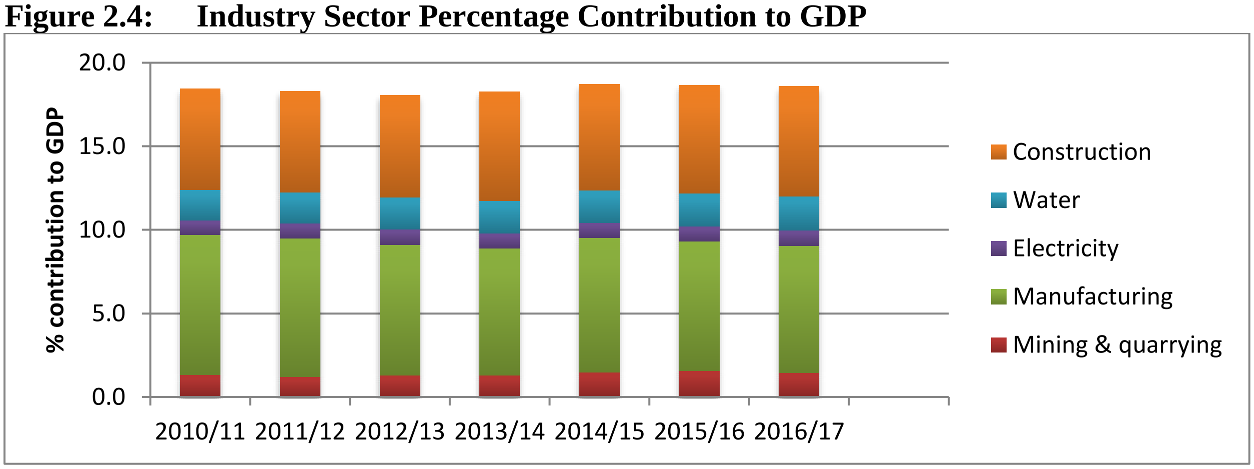

Source: UBoS 2017

**Industry sector**

**The Industry sector contribution to GDP has largely remained unchanged over the years with very moderate changes.** The Manufacturing and construction sub-sectors continue to have the largest contribution to GDP in this sector recorded at 7.6 percent and 6.6 percent respectively while the electricity sub-sector (0.9) contributes the least to GDP (Figure 2.4).

**The National Development Plan highlights industrialization as one of the main objectives of the country in order to spur growth.** To attain this objective, the implementation of the key strategies including agro-processing, construction of the hydro power plants and setting up of industries for mineral development is critical. Therefore, the on-going projects in these sectors for instance the Karuma and Ayago dams as well as the Oil refineries and other key infrastructure projects should be given priority to ensure timely implementation.

**Figure 2.4: Industry Sector Percentage Contribution to GDP**



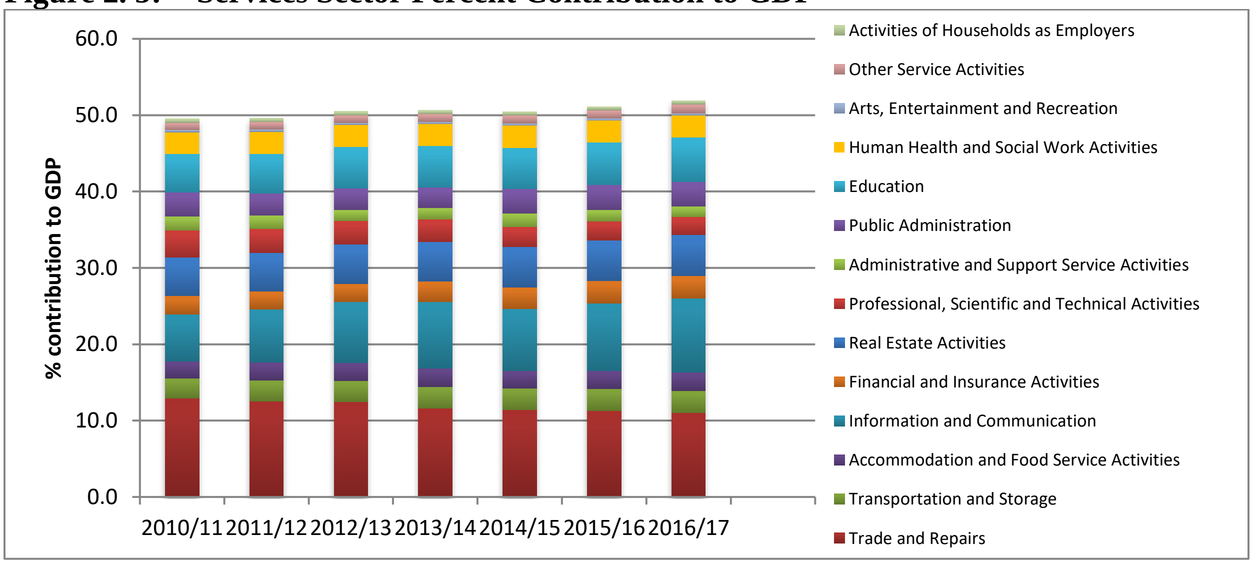

Source: UBoS 2017

**Services Sector**

**The services contribution to GDP has risen over the years, from 49.5percent in 2010/11 to 51.9 percent in 2016/17.** The rising trend has mainly been driven by the increasing contribution of the Information and Communication services to GDP mainly due to increased demand for both mobile voice and mobile internet services. To this effect, the number of Ugandan mobile subscribers has greatly increased, resulting from declining tariffs, sale of airtime in smaller units, lower costs of handsets and the increasing penetration of mobile money (Ali Ndiwalana and F.F.Tusubira, 2012)**.**

**In 2016/17, the trade and repairs services (11.0%), information and communication services (9.7%), education services (5.8%) and real estate (5.4%) services had the largest contribution to GDP in the services sector.** The Arts, Entertainment and Recreation services and Activities of Households as Employers contributed the least to growth, recording contributions of 0.2 percent and 0.5 percent respectively.

**Figure 2. 5: Services Sector Percent Contribution to GDP**

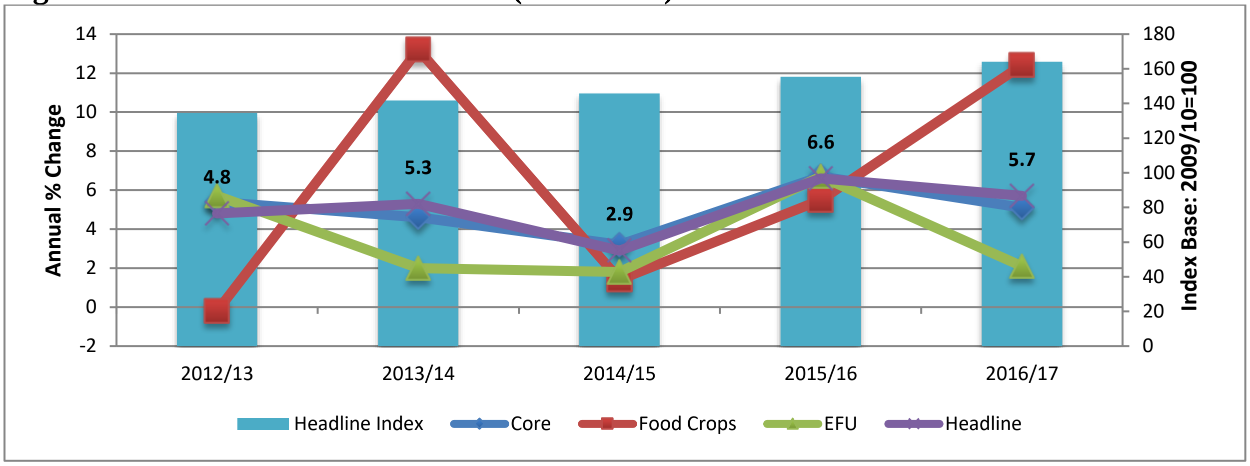



Source: UBoS 2017

2.1.1.2 Consumer Price Indices (CPI) and Inflation

**The CPI indicates a fall in annual headline inflation from 6.6 percent in 2015/16 to 5.7 percent in 2016/17 towards the medium-term target of 5 percent.** The Food crops inflation spiked to 12.4 percent from 5.5 percent in 2015/16 due to the unfavourable weather changes that negatively impacted agricultural production but this was offset by the fall in Energy, Fuel and Utilities (EFU) inflation that declined from 6.7 percent to 2.1 percent on account of lower fuel prices as a result of the falling global oil prices and core inflation that also declined from 6.7 percent in 2015/16 to 5.1 percent in 2016/17, see Figure 2.6.

**Figure 2.6: Consumer Price Index (Annual %)**



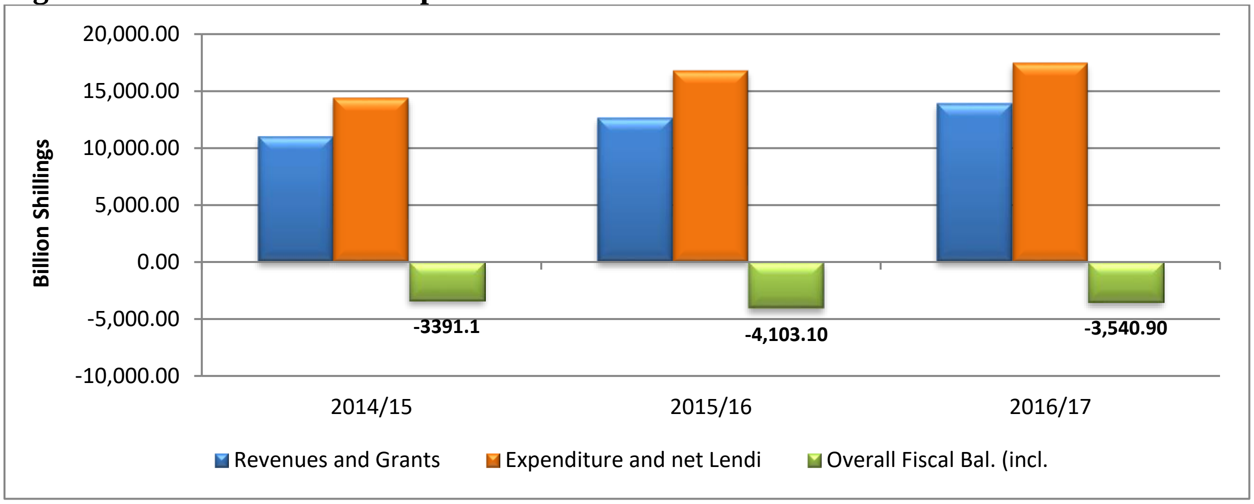

Source: UBoS 2017

**In the medium term, the international oil prices are forecast to be lower in 2017/18 due to the increased production in the US which has weakened the effect of the OPEC agreement.** Additionally, food prices are also forecast to be lower owing to favourable weather conditions which will lead the inflation on a continued downward trend towards the medium target of 5 percent (Bank of Uganda, 2017). Nonetheless, the external sources of inflation are stronger due to stronger global economic activity and the rebound in international commodities prices but uncertainties remain regarding mainly the future path of the exchange rate.

## 2.2 Overall Fiscal Operations

**During Financial year 2016/17, government expenditure and lending increased by 4.1 percent to UGX17,437.5 Billion**. Similarly, the revenues and grants increased by 9.9 percent to UGX13,896 billion driven by the 12 percent rise in revenues during the period. Nonetheless, the revenues and grants were insufficient to meet the government's rising expenditure, culminating into a fiscal deficit of UGX 3,540 billion (3.9% of GDP) in 2016/17 from a deficit of Ushs.4,103 billion (4.9% of GDP) in 2015/16 (Figure 2.7). Despite the fact that a lower deficit implies improved fiscal operations, the 3.9 percent fiscal deficit is way below the NDPII target of 7.4 percent of GDP. The performance is largely attributed to the under performance of the externally financed development budget. This is an indication of lower than planned implementation of key development projects that are aimed at propelling economic growth and competitiveness of the economy in preparation for the monetary convergence of the East African Community (EAC) member states in 2021. The lower fiscal deficit also implies that fiscal consolidation towards 2021 might not be attained which will have an impact on meeting the convergence criteria agreed between the EAC member states before 2021.

**Figure 2. 7: Overall Fiscal Operations**




Source: MoFPED 2017

### 2.2.1 Revenues and Grants

**Government revenues and grants indicate an upward trend over the years.** In 2016/17 there was a surge in revenues and grants to UGX13,896.5 billion from UGX.12,647.2 billion in 2015/16 owing to 12.6 percent rise in revenues, whereas grants declined by 17.2 percent to Ushs.949.7 billion during this period (Table 2.1). Notwithstanding the rise in revenues over the years, the ratio of revenues to GDP has remained stagnant at around 13 percent of GDP, with the revenue to GDP ratio recorded at 14.1 percent of GDP in 2016/17, a rise from the 13.8 percent recorded in 2015/16. Nonetheless, the revenues performance in 2016/17 (14.1% of GDP) surpassed the NDPII target of 14 percent of GDP for this period. Likewise, the grants received during this period (1% of GDP) were in line with the NDPII target of 1.0 percent of GDP. However, more effort is needed in revenue collection in line with the growth in the economy in order to meet the rising government expenditure geared towards infrastructure development. Strategies like broadening the tax base through including the informal sector into the tax bracket, improving tax compliance especially for taxes like rental tax which have not been fully exploited as well as continued automation to reduce human interference in the tax processes will go a long way in increasing Uganda's tax to GDP ratio.

**Table 2.1: Government Revenue Collection (Billions of shillings)**

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|---|---|---|---|---|---|---|
| Revenues and Grants | 7,292.5 | 7,763.4 | 8,276.5 | 8,870.4 | 11,044.8 | 12,647.2 | 13,896.5 |
| Revenues | 6,402.0 | 6,634.1 | 7,340.3 | 8,167.9 | 10,114.0 | 11,500.0 | 12,946.8 |
| URA | 5,114.2 | 6,135.9 | 7,149.5 | 8,031.0 | 9,772.9 | 11,059.1 | 12,463.4 |
| Non-URA | 95.1 | 105.9 | 190.9 | 136.9 | 221.5 | 319.4 | 353.6 |
| Oil Revenues | 1,192.7 | 392.3 | - | - | 119.6 | 121.4 | 129.8 |
| Grants | 890.5 | 1,129.3 | 936.2 | 702.5 | 930.8 | 1,147.2 | 949.7 |
| Budget Support | 515.5 | 576.0 | 198.7 | 191.4 | 258.2 | 339.7 | 259.3 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Project Support** | 375.0 | 553.3 | 737.5 | 511.0 | 672.7 | 807.5 | 690.5 |

**Source: MoFPED and URA**

2.2.1.1 Tax revenue Receipts

**The revenues receipts rose to UGX12,946.8 billion in 2016/17 as compared to UGX11,500 billion recorded in 2015/16 mainly as a result of a rise in all the revenue sources; tax revenues, non-tax revenues and the oil revenues.** Tax revenue receipts increased by 12.7 percent to UGX.12,463 billion mainly driven by the 33 percent rise in fees and stamp duty receipts from UGX151.7 billion to UGX 201.9 billion in 2016/17. The domestic taxes increased by 15.1 percent to UGX 6846.8 billion, while international trade taxes also increased by 9.2 percent to UGX 5345.4 billion (Figure 2.8).

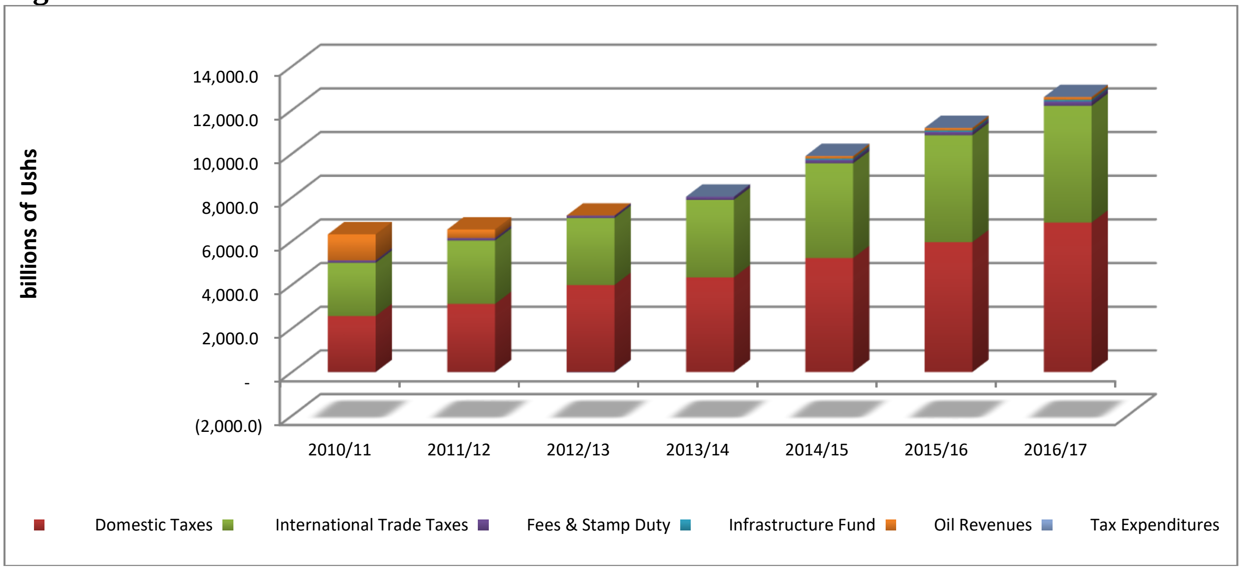
**The rise in domestic taxes was owed to indirect domestic taxes that rose by 19 percent to UGX 2666.7 billion, particularly due to the increase in receipts from excise duty (22%) and VAT (14%) respectively.** The improved performance of excise duty resulted from increased production and sales of crown beverages by 114.12 million litres attributed to the restructuring of the company and creation of new management and increase in sales of Harris international Ltd owing to the introduction of new brands (Uganda Revenue Authority, URA, 2017). Although the revenue from VAT indicates a growth in receipts of 14 percent, this is below the 17.3 percent growth in receipts recorded in 2015/16. This was attributed to the slower economic activities and constrained aggregate demand resulting into low VAT turnover in manufacturing, service and other key sectors during FY 2016/17 (Uganda Revenue Authority, URA, 2017).

**The direct domestic taxes increased by 12.8 percent to UGX. 4,180.0 billion in 2016/17 from a growth of 14.1 percent in 2015/16.** Additionally, the collections were below URA the target for the period of UGX147.97 billion. This performance was attributed to the decline in profitability particularly in the financial, manufacturing and information sectors due to the slowdown of economic growth, reduction in private sector credit, higher interest rates and increase in Non-Performing Loans (NPLs) which led to lower chargeable income and thereby affecting corporation tax (Uganda Revenue Authority, URA, 2017). Additionally, the accrued domestic arrears by the government impacted the private businesses by limiting their cash flow and crippling their ability to pay taxes especially VAT and Withholding tax.

**International trade taxes increased from UGX4,897.1 billion to UGX5,345.4 billion in 2016/17, mainly driven by growth in Surcharge on used goods (20.8%), petroleum duty (16.4%) and import duty (11%), See Figure 10**. However, the growth in revenues from International trade declined from 12.9 percent to 9.2 percent in 2016/17; largely as a result of a 14-percentage point (pp) drop in withholding taxes as well as a 4 pp and 1.1pp drop in growth of revenues from VAT on imports and import duty respectively. The lower growth was due to a decline in imports volumes and a decline in volume of goods on which import duty is charged to 26% of all imports into the country as a result of commitments from regional trade agreements with EAC, COMESA among others (Uganda Revenue Authority, URA, 2017).

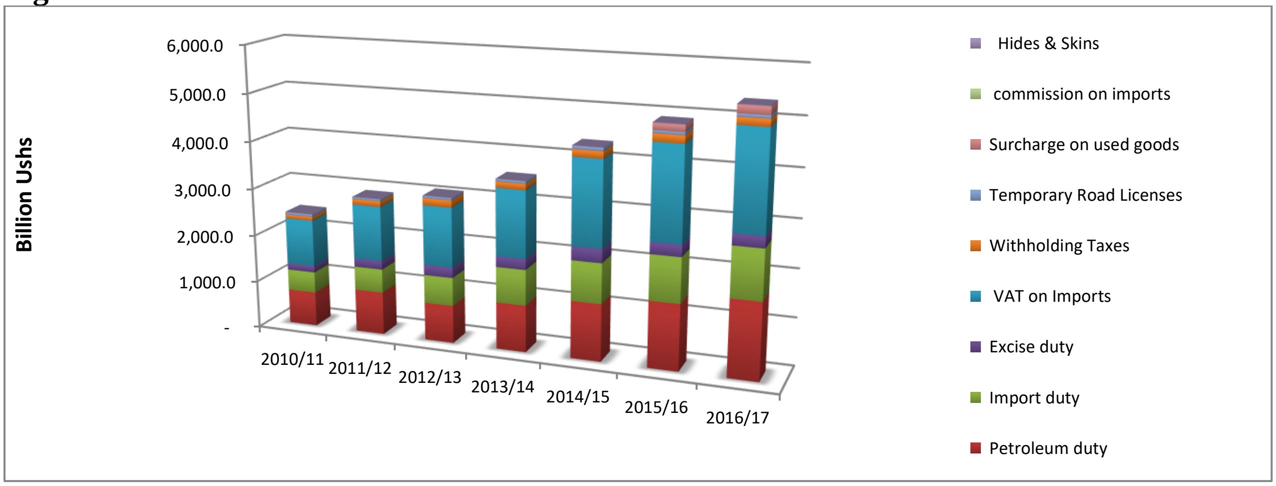
**The majority of the rates provided for in the Common External Tariff (CET) are being implemented although partner states enjoy the benefit choosing not to apply the CET and apply either a higher or lower rate to protect their domestic industries and provide tax relief to some manufactures.** This undermines the effectiveness of the Customs Union. To this effect, a comprehensive CET review is being undertaken, to address these challenges (Ministry of Finance Planning and Economic Development MoFPED, 2017).

**Figure 2.8: Tax Revenues**




***Source: MoFPED and URA***

**Figure 2. 9: International Trade Tax Revenues**




**Source: MoFPED and URA**

2.2.2.2 Non-Tax revenue (NTR) Receipts

**There was an increase in the Non-tax revenues collections as a result of streamlining collection.** NTR was estimated to increase from UGX 362.3 billion in 2016/17 from UGX319.4 billion in 2015/16, driven by the increase in revenues from dividends by 40 percent to UGX11.8

billion and the 13.5 percent rise in non-tax revenues from Ministries after the streamlining the collection of NTR from Ministries to URA which improved collections (Table 2.2). However, the NTR from Missions declined to UGX17 billion from UGX20.5 billion in 2015/16.

**Table 2.2: Non-Tax Revenues**

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|---|---|---|---|---|---|
| Non Tax Revenues (Subtotal) | **105.8** | **190.9** | **136.9** | **221.5** | **319.4** | **362.4** |
| Ministries | 81.8 | 110.0 | 126.0 | 193.7 | 279.3 | 324.8 |
| o/w Own Collections | 16.4 | 19.8 | 19.9 | 22.0 | 44.6 | 68.6 |
| o/w URA Collections | 65.5 | 90.2 | 106.1 | 171.6 | 234.7 | 256.2 |
| Hospitals | 0.0 | - | 0.0 | - | - | - |
| Missions | 7.3 | 7.7 | 8.2 | 10.4 | 20.5 | 17.0 |
| Dividends | 10.1 | 6.8 | - | 15.6 | 8.5 | 11.8 |
| Interest on Project Deposits | 0.0 | 0.0 | - | - | - | - |
| Miscelleneus | 0.0 | - | - | 0.7 | 0.0 | - |
| BoU-IMF MDRI | 6.7 | 31.7 | 2.6 | - | - | - |

*Source: URA and MoFPED*

**To address some of the gaps hindering domestic revenue mobilization, the government is developing a strategy to improve efficiency in tax administration and broaden the tax base through providing avenues to raise additional revenue, amending the tax laws to improve compliance, harmonize procedures, limit tax avoidance and ease the cost of doing business.** Additionally, studies to estimate Uganda's tax potential are to be undertaken during the next financial year and the medium term to inform the development of the Domestic Revenue Mobilization strategy (Ministry of Finance Planning and Economic Development MoFPED, 2017). Furthermore, in the next financial year and the medium term, all fees will be collected by Uganda Revenue Authority on behalf of the respective MDAs to improve the collection of Non-Tax Revenue (NTR). These initiatives need to be expedited due to the urgent need for more revenues to fund the rising expenditure budget and keep the debt within sustainable levels.

### 2.2.2 Public Expenditure

**Public expenditure increased during 2016/17, recording a 4.1 percent rise to UGX 17,437 Billion.** However, the public expenditure and lending estimated at 19.0 percent of GDP; fell short of the NDPII target of 22.96 percent of GDP due to slow implementation of planned projects. Nonetheless, the increase in spending was mainly driven by the continued rise in domestic arrears, recording a 54% rise in 2016/17. The rise in domestic arrears results from mis-management of public resources and expenditures outside the budget. There's urgent need to reduce the growing domestic arrears which pose a risk to fiscal sustainability and negatively impact the country's credit risk rating. The development and current expenditure likewise recorded an increase of 13.8 and 8.7 percent respectively. The development spending increased to UGX 6,718.1 Billion as compared to Ushs.5,905.80 billion in 2015/16 largely as a result of the 20 percent increase in domestic development expenditures as the government scales up infrastructure development. The external development expenditure increased by 3.9 percent during this period to UGX 2,477.10 billion as compared to UGX2,383 billion in 2015/16.

**There was an upsurge in current expenditures in 2016/17 with the spending amounting to UGX 9,994.30 billion from UGX9,190.90 billion in 2015/16.** The rise in current expenditure was driven by interest payments, particularly external interest payments that increased by 91 percent on account of increased debt service obligations on external loans as a result of diversification of external sources of financing to include commercial loans that have higher interest rates. Similarly, domestic interest payments increased, but at a lower rate of 33 percent. Wages and salaries increased to Ushs.3,382 billion in 2016/17 as compared to UGX3,074.6 billion in 2015/16 whereas other recurrent expenditures reduced by 4.1 percent to UGX4,252.10 billion during the same period. Table 4 provides a detailed overview of the public expenditure during the period under review.

**Table 2.3: Government Expenditure**

| | **Billion shillings** | | | **2016/17 (% of GDP)** | |
|---|---|---|---|---|---|
| | **2014/15** | **2015/16** | **2016/17** | **NDPII** | **Outturn** |
| **Expenditure and net Lending** | **14,378.00** | **16,748.20** | **17,437.50** | **22.96** | **19.0** |
| **Current Expenditures** | **7,689.30** | **9,190.90** | **9,994.30** | **10.3** | **10.9** |
| Wages and Salaries | 2,759.50 | 3,074.60 | 3,382.00 | | |
| Interest Payments | 1,213.00 | 1,681.70 | 2,360.20 | | |
| Domestic | 1,076.80 | 1,469.70 | 1,954.00 | | |
| External | 136.1 | 212 | 406.2 | | |
| Other Recurr. Expenditure | 3716.8 | 4,434.60 | 4,252.10 | | |
| **Development Expenditure** | **5229.5** | **5,905.80** | **6,718.10** | **6.5** | **7.3** |
| Domestic Development/ | 3,296.50 | 3,522.80 | 4,241.00 | | |
| External Development | 1,933.00 | 2,383.00 | 2,477.10 | | |
| **Net Lending/Repayments** | **1,235.20** | **1,532.50** | **541** | | |
| **Domestic Arrears and** | **224.7** | **118.9** | **184** | | |
| **Primary Balance** | **(2,120.9)** | **(2,397.9)** | **(1,180.7)** | **-5.3** | **-1.3** |
| **Overall Fiscal Bal. (incl. Grants)** | **(3,333.9)** | **(4,079.7)** | **(3,540.9)** | **-7.4** | **-3.9** |

Source: MoFPED 2017

### 2.2.3 Deficit Financing

**In terms of Financing, external financing increased to UGX 2,608.6 Billion in 2016/17 from UGX 2,494.0 billion in 2015/16 on account of increased budget support loans.** However, project loans declined by 14 percent in 2016/17 due to the cancellation of a World Bank budget support loan on account of breach of social safety requirements related to World Bank projects and lower than projected disbursements of project loans because of slow progress in execution of a number of projects.

**Domestic financing reduced by more than half during this period recording a 68 percent drop to UGX603.1 Billion mainly on account of reduced bank financing.** To this effect, bank financing reduced to UGX294 billion in 2016/17 as compared to UGX923.0 billion in 2015/16 in line with the government's decision to reduce domestic borrowing as it crowds out private investment. Similarly, non-bank financing reduced to UGX900.5 billion in 2016/17 from UGX975.8 billion in 2015/16, see Table 2.4.

**Table 2. 4: Budget Deficit Financing**

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|---|---|---|---|---|---|---|
| **Financing:** | **1,680.0** | **1,510.0** | **2,245.0** | **2,811.9** | **3,333.9** | **4,079.7** | **3,540.9** |
| **External Financing (Net)** | **724.1** | **1,153.9** | **1,417.9** | **886.9** | **919.0** | **2,494.0** | **2,608.6** |
| **Deposits** | - | - | - | - | - | - | |
| **Disbursements** | 878.2 | 1,356.4 | 1,627.8 | 1,128.4 | 1,177.1 | 2,813.5 | 2,983.4 |
| **Budget Support Loans** | 233.4 | 125.7 | 324.4 | 0.0 | - | - | 572.9 |
| **Project Loans** | 644.8 | 1,230.8 | 1,303.4 | 1,128.4 | 1,177.1 | 2,813.5 | 2,410.5 |
| **Armotization** | (154.0) | (202.5) | (209.9) | (241.5) | (258.2) | (319.5) | (374.8) |
| **Domestic Financing (Net)** | **1,104.3** | **24.6** | **717.3** | **1,650.0** | **2,483.4** | **1,898.8** | **603.1** |
| **Bank Financing (Net)** | 421.4 | (1,237.7) | 498.6 | 643.1 | 1,288.1 | 923.0 | (297.4) |
| **Non-bank Financing (Net)** | 682.9 | 1,262.3 | 218.7 | 1,006.9 | 1,195.2 | 975.8 | 900.5 |

Source: MoFPED 2017

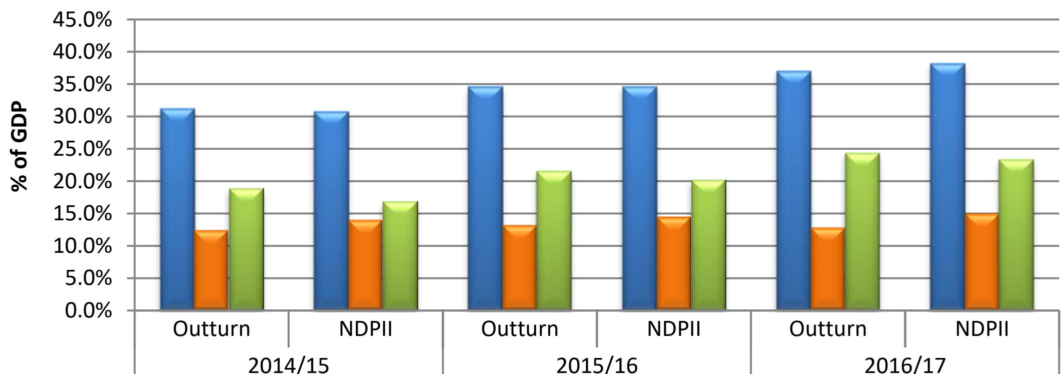
### 2.2.4 Public Debt

**The public debt stock rose from USD 8.4 billion in FY2015/16 to USD 9.4 billion in FY2016/17, an equivalent of 37 percent of GDP.** This was driven by external debt which increased by 2.8 percentage points to 24.3 percent of GDP, while domestic debt reduced by 0.4 percentage points to 12.7 percent of GDP during this period (Figure 2.10). The public debt stock was below the NDPII target of 38.2 percent, which was aimed at financing the development projects outlined in the NDPII, indicating lower than planned implementation of the planned projects.

**Of the external disbursed and outstanding debt, 70.8% is owed to multilateral creditors dominated by the International Development Association (IDA), a concessional lender.** Whereas 26.6% and 2.6% is owed to bilateral and commercial creditors respectively, with China (non-concessional lender) dominating the bilateral creditors (MInistry of Finance Planning and Economic Development MoFPED, 2017).

In line with the IMF and World Bank's Debt Sustainability Framework for Low Income Countries, thresholds of debt burden indicators, which depend on the quality of a country's policies and institutions measures under the Country policy and Institutional Assessment (CPIA), are used as a measure of a country's ability to pay back its debt obligations. The 2016 CPIA classified Uganda as a medium policy performer with a three-year moving average CPIA score of 3.7. Consequently, Uganda's debt burden indicator thresholds are as stated in Table 6. According to the 2017 Debt Sustainability Assessment, Nominal Public Debt is projected to stay within the 50 percent limit outlined in the Charter of Fiscal Responsibility and the EAC convergence Criteria, rising from 37 percent in 2016/17 to 47.8 percent in 2021/22. Nonetheless, there's need for caution as the country acquires new debt lest the country will breach the 50 percent limit on public debt.

**Figure 2. 10: Public Debt to GDP level**




| | 2014/15 | | 2015/16 | | 2016/17 | |
|---|---|---|---|---|---|---|
| | Outturn | NDPII | Outturn | NDPII | Outturn | NDPII |
| Total public debt / GDP | 31.2% | 30.8% | 34.6% | 34.6% | 37.0% | 38.2% |
| Domestic debt / GDP | 12.3% | 13.9% | 13.1% | 14.4% | 12.7% | 14.9% |
| External debt / GDP | 18.9% | 16.9% | 21.5% | 20.2% | 24.3% | 23.3% |

Source: MoFPED, 2017

**In present value (PV) terms, Uganda's Public debt to GDP ratio remains below the threshold of 50 percent, with the PV of Public Debt to GDP estimated at 27.1 percent in 2016/17.** The external and domestic debt also remained within the thresholds of 30 percent and 20 percent, estimated at 14.4 percent and 12.7 percent respectively. Notwithstanding the fact that the acquired debt is sustainable, Uganda's risk rating is to decline from low to moderate risk of debt distress on account of the breach in the stress test for the PV of external debt to exports, indicating that the country's debt portfolio is prone to vulnerabilities from low growth of exports which are a significant source of foreign exchange used to pay debt. There's therefore need to put in place interventions to boost the exports sector of the country.

**Table 2. 5: Public Debt Sustainability Assessment**

| | Thresholds | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---|---|---|---|---|---|---|---|
| Nominal Debt to | | | | | | | |
| **GDP** | | 37 | 40.2 | 43.7 | 47 | 47.8 | 47.8 |
| **External** | | 24.3 | 27.3 | 31.5 | 35.6 | 37.5 | 38.4 |
| **Domestic** | | 12.7 | 12.9 | 12.2 | 11.4 | 10.3 | 9.4 |
| PV of Debt to | | | | | | | |
| **GDP** | 50 | 27.1 | 29.5 | 32 | 34.3 | 34.9 | 35.1 |
| **External** | 30 | 14.4 | 16.6 | 19.8 | 22.9 | 24.6 | 25.7 |
| **Domestic** | 20 | 12.7 | 12.9 | 12.2 | 11.4 | 10.3 | 9.4 |

Source: MoFPED

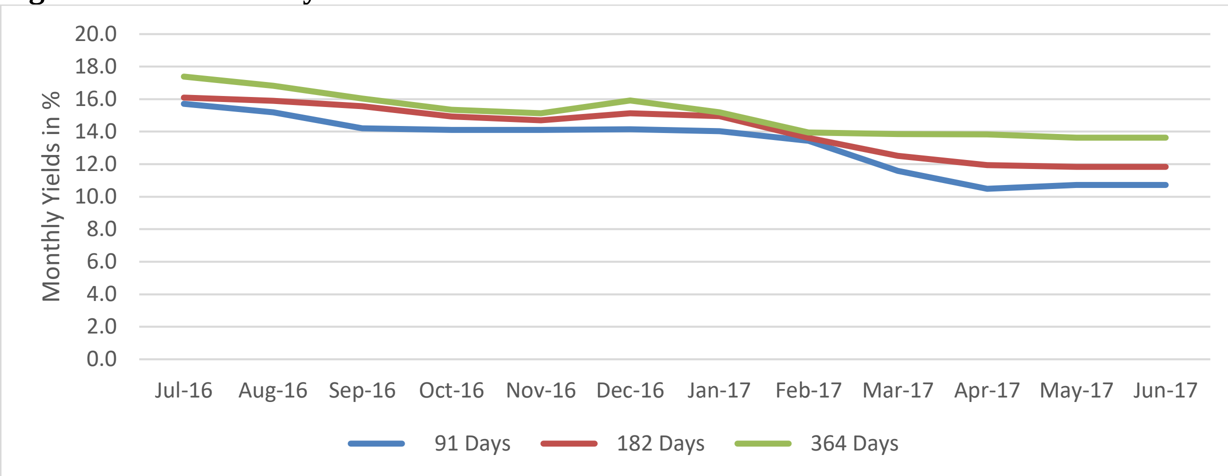
**The main factor contributing to debt has been the primary deficit, mainly due to the country's policy of frontloading infrastructure development which has greatly increased the public expenditure.** However, the interest rates' contribution to debt has risen in the recent years as the country explores alternative sources of debt which are non-concessional. To mitigate the rising debt levels, the GDP growth should rise above the interest rates, therefore lower growth rates and the rising interest rates pose a risk to the country's debt sustainability (MInistry of Finance Planning and Economic Development MoFPED, 2017).

## 2.3 Monetary and Financial Sector Developments

### 2.3.1 Interest Rates

**Throughout FY 2016/17, the central Bank operated an accommodative monetary policy stance that saw a decline of the Central Bank Rate (CBR) from 15 percent in July 2016 to 10 percent by the end of June 2017.** The easing of monetary policy as expected feeds into other interest rates such as the yields on government securities as well as commercial banks' lending rates. The FY 2016/17, saw a general decline in the average yield on the 91-day, 182-day and 364-day treasury bills as is depicted in Figure 2.11. This implies that the cost of borrowing in the economy would also be expected to fall leading to an expansion of more economic activities and growth of the economy and the private sector.

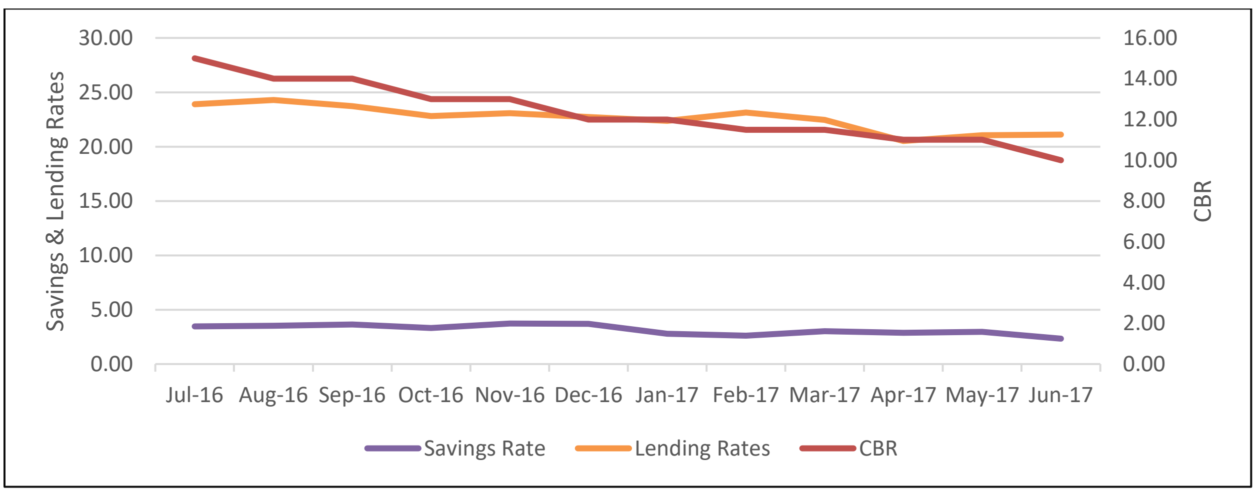
**Figure 2. 11: Treasury Bills Yields FY2016/17**




Source: Bank of Uganda,2017

**There was a marginal decline in the average lending rates of commercial banks as compared with the reduction in the CBR in FY 2016/17.** On the one hand, the commercial banks' average lending rates fell to 22.5 percent in FY 2016/17 from 23.9 in FY 2015/16 which represents a 5.7 percent reduction while on the other hand the CBR reduced to an average of 12. 3 percent in FY 2016/17 from an average of 16.3 percent in FY 2015/16 which represents a 24.3 percent decline. The interest rates spreads continue to be high as is reflected in Figure 2.12.

**Figure 2. 12: Monthly trends in the saving, Lending and central Bank Rates FY 2016/17**




Source: BOU, 2017

### 2.3.2 Private Sector Credit

**The level of private sector credit growth is far below the NDPII targets.** While the stock of private sector credit registered a 5.75 percent growth at the end of FY 2016/17 higher than the previous Financial Year's growth of 4.41 percent, both these outturns were far below the planned targets of 12.4 and 16.3 percent for FY2016/17 and 2015/16 respectively as is depicted in Table 7. This is mirrored in the marginal increase in the stock of private sector credit from UGX 11,459

Billion in FY 2015/16 to UGX 12,118 Billion in FY 2016/17. The sluggish growth in in overall private sector credit in the economy is largely attributed to the high lending rates in commercial banks which averaged 22.6 percent in FY 2016/17. The high lending rates are also a result of increased preference by commercial banks to holding treasury bills than channeling out credit to the risky private sector (MoFPED, 2017). It should be noted that owing to the poorly developed financial sector, commercial banks constitute the biggest source of credit for the private sector.

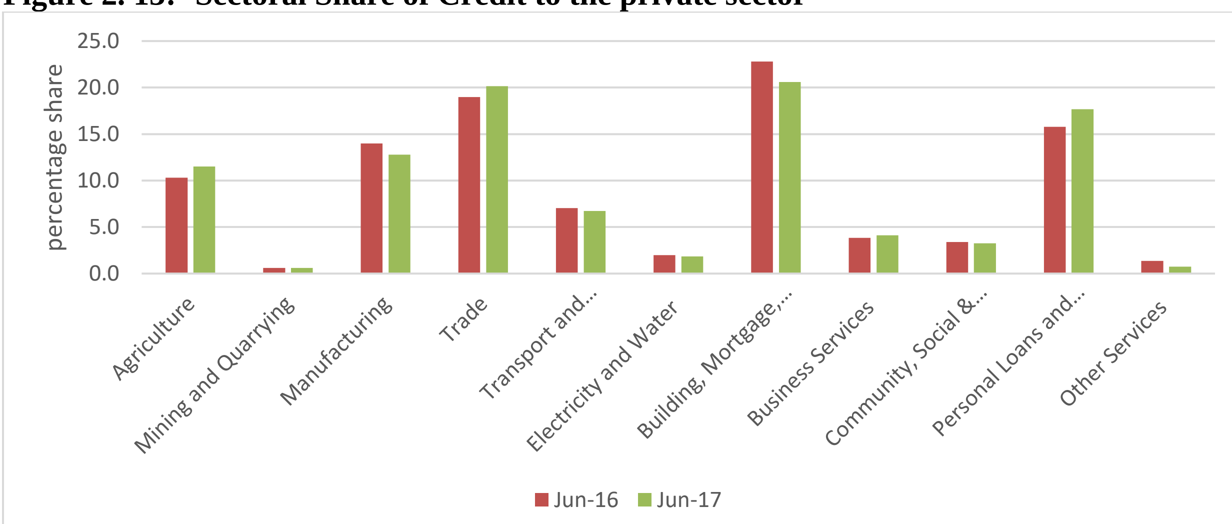
**Table 2. 6: Private Sector Credit**

| | FY 2014/15 | FY 2015/16 | NDPII Target | FY 2016/17 | NDPII Target |
|---|---|---|---|---|---|
| PSC (UGX Bn) | 10,974 | 11,459 | | 12,118 | |
| PSC Growth | | 4.41 | 16.3 | 5.75 | 12.4 |
| PSC to GDP | 14.34 | 13.82 | | 13.26 | |

Source Bank of Uganda and UBOS Data Bases

**While the biggest volume of private sector credit in the FY2016/17 was disbursed to building, construction and real estate (20.6 percent), followed by Trade (20.1 percent), and Personal and Household Loans (17.7 percent), the least volume of credit was registered in mining and quarrying at 0.6 percent (see Figure 2.13).** Whereas Agriculture which is wealth creating sector that contributes a significant amount to GDP (24 percent), it registered less credit (11.5 percent) compared with Building, Construction and Real Estate. Private Sector Credit growth is a key driver of private-sector -led growth and sustainable wealth creation should be channeled in productive areas that can spur growth in the country.

**Figure 2. 13: Sectoral Share of Credit to the private sector**

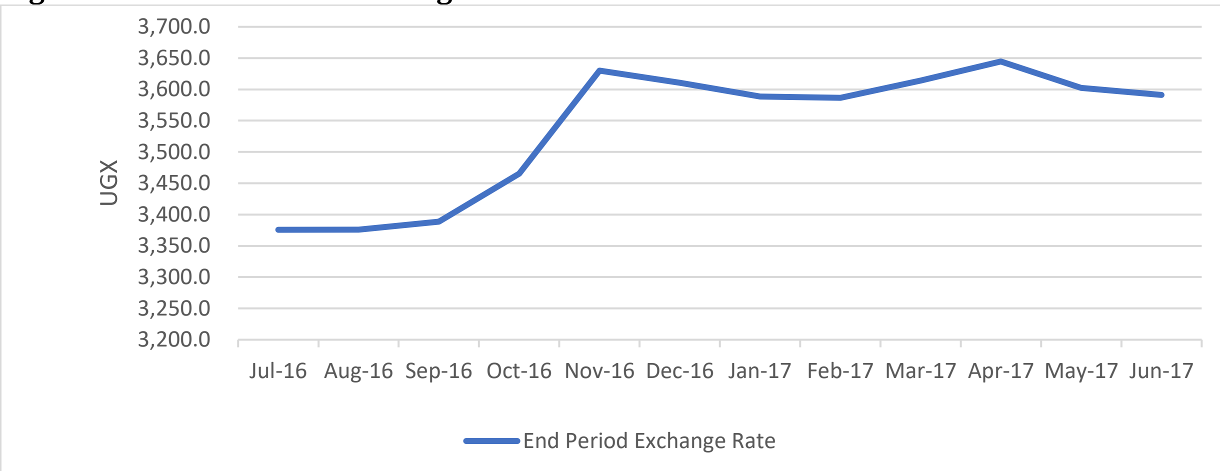



Source: Bank of Uganda

### 2.3.3 Exchange Rate Developments

**The economy witnessed the weakening of the Uganda shilling against the United States Dollar (USD) in the FY2016/17 as it depreciated by 5.5 percentage points.** The depreciated from UGX 3,404.8 in FY2015/16 to UGX3,590.9 in FY2016/17. The rate of depreciation was much higher in the first half of the financial year compared to the last half as is depicted in Figure 2.14. The depreciation was on account of increased domestic demand for manufacturing inputs, oil and petroleum products coupled with the strengthening of global conditions especially in the US economy.

**Figure 2.14: Trends in Exchange rate movements FY 2016/17**



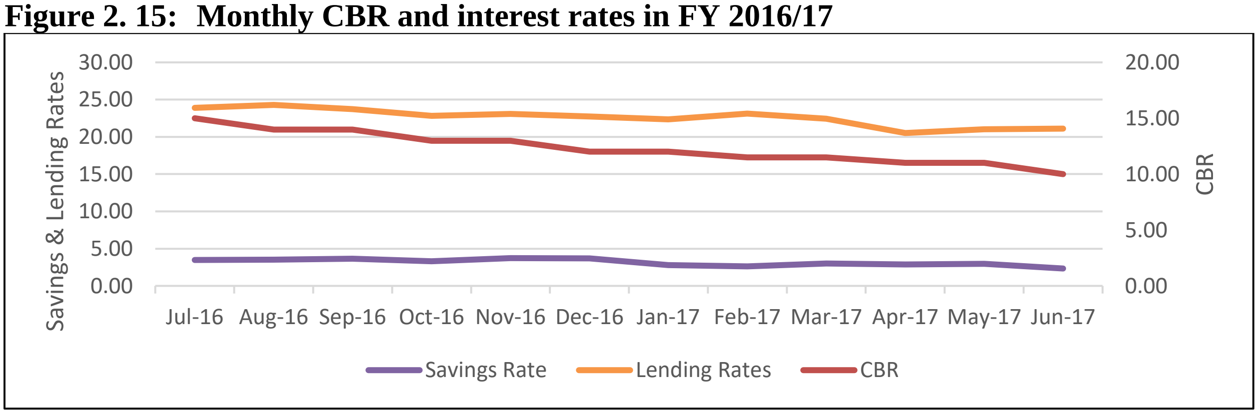

**Source: Bank of Uganda Data Base**

### 2.3.4 Monetary Policy Stance and Inflation

**The overall monetary policy stance in FY2016/17 was largely expansionary as reflected in the sustained decrease of the CBR from 15.0 percent in July 2016 to 10.0 percent in June 2017 (see Figure 2.15).** This decline in the policy rate was expected to influence inflation and private sector credit growth as the lending rates are expected to decline. It can be observed that the lending rates did not significantly decline to incentivize borrowers to access credit. The accommodative monetary policy stance exhibited throughout the year kept core inflation within its medium-term target of single digit. Despite some depreciation in the exchange rate, core inflation averaged 5.1 percent throughout the FY2016/17.

**Figure 2. 1:**

**Figure 2. 15: Monthly CBR and interest rates in FY 2016/17**




Source: Bank of Uganda

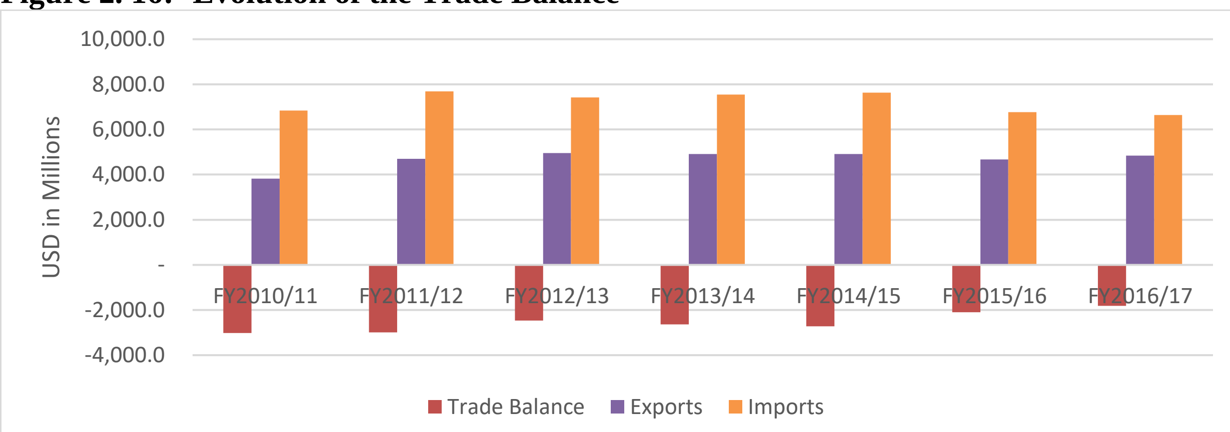
## 2.4 External Sector Developments

**There was an overall improvement in the Balance of Payments from a surplus of USD 101.45 million in FY2015/16 to USD 438.56 million in FY2016/17 largely on account of a reduction in the current account deficit**. The current account deficit continued to decline from a deficit of USD 1,163.23 million in the previous FY to USD 861 in FY2016/17. As a percentage of GDP, the current account deficit reduced from 4.7 percent in FY2015/16 to 3.3 percent of GDP in FY2016/17. This improvement is largely attributed to a reduction in the trade deficit as a result of improved export receipts and a decline in the import bill. Similarly, the capital account balance also improved from USD 119.81 million in FY2015/16 to USD 150.53 million in FY2016/17.

### 2.4.1 Trade Balance

**There was an overall improvement in the trade balance as the deficit reduced from USD 2,102.62 in FY 2015/16 to USD 1,809.66 in FY2016/17, which corresponds to 14 percent improvement (see Figure 2.16).** This improvement in the trade balance (decline in the trade deficit) was largely attributed to the faster pace of growth in the value of export earnings and a sluggish growth in the value of imports.

**Figure 2. 16: Evolution of the Trade Balance**




Source: BoU

2.4.1.1 Exports

**The value of the exports of goods and services increased from USD 4,666.39 in FY2015/16 to USD 4,835.08 in FY2016/17 largely on account of increased performance in the value of merchandise exports of coffee, gold, cotton, fish and fish products as well as informal cross border trade exports (ICBT).** The value of coffee exports increased from USD 352.06 million to USD 490.51 million (see Table 2.7). Similarly, the volume of coffee exports as measured in 60-kg bags increased from 3.52million to 4.19 million while the price increased to USD1.93 from USD1.65. The upward trend in coffee export value and volume can be attributed to increased focus on coffee through improved extension facilities, improved enforcement of standards through issuance of ICO certificates to the sector players.

**While coffee still contributes the highest share of exports revenue (15.4 percent as of FY2015/16), there are other products which have gained traction in terms of the earnings that they contribute to total export revenue.** These include gold which contributed 10.6 percent in FY2016/17, fish and its products at 4.2 percent and oil re-exports at 3.9 percent. The good performance in fish and its products is attributed to improved surveillance of the water bodies for proper fishing. This has led to increased raw materials in terms of fish supplies to the fish exporters.

**Table 2.7: Exports Performance and Composition**

| | FY14/15 | FY15/16 | FY16/17 | Percent Comp | Percent Growth for FY 16/17 |
|---|---|---|---|---|---|
| **1. Coffee (Value)** | **400.49** | **352.03** | **490.51** | **15.43** | 39.3 |
| Volume ('000,000 60-Kg bags) | 3.24 | 3.56 | 4.19 | | 17.7 |
| Av. unit value | 2.06 | 1.65 | 1.93 | | 17.3 |
| **2. Non-Coffee formal exports** | **1,899.29** | **1,946.10** | **2,205.38** | **69.36** | 13.3 |
| Electricity | 24.43 | 17.10 | 45.14 | **1.42** | 164.0 |
| Gold | 0.23 | 204.26 | 339.15 | **10.67** | 66.0 |
| Cotton | 18.18 | 24.29 | 48.31 | **1.52** | 98.9 |
| Tea | 73.37 | 74.50 | 67.86 | **2.13** | -8.9 |
| Tobacco | 63.22 | 73.23 | 46.95 | **1.48** | -35.9 |
| Fish & its prod. (excl. regional) | 136.82 | 115.15 | 131.60 | **4.14** | 14.3 |
| Hides & skins | 67.57 | 56.01 | 50.94 | **1.60** | -9.1 |
| Simsim | 50.75 | 29.59 | 16.16 | **0.51** | -45.4 |
| Maize | 74.19 | 81.97 | 78.49 | **2.47** | -4.2 |
| Beans | 37.62 | 49.05 | 55.45 | **1.74** | 13.0 |
| Flowers | 55.28 | 49.10 | 53.58 | **1.69** | 9.1 |
| Oil re-exports | 143.33 | 123.08 | 124.12 | **3.90** | 0.9 |
| Others | 1,154.31 | 1,048.77 | 1,147.63 | **36.09** | 9.4 |
| **3. ICBT Exports** | **438.58** | **389.70** | **483.68** | **15.21** | 24.1 |
| **Total Exports (in USD million)** | **2,738.37** | **2,687.83** | **3,179.57** | | 18.3 |

Source: BoU

### 2.4.1.2 Imports

**There was a modest growth in the import bill from USD 5,557.6 million to USD 5,712.7 million equivalent to 2.79 percentage growth.** This modest growth is the import bill in FY2016/17 is mainly attributed to the decline in Government imports by over 11 percent most especially the non-project imports. Formal Private sector imports grew by 2.4 percent and this growth was mainly driven by oil imports for the formal private sector.

**Table 2. 8: Total Imports in USD (millions)**

| | FY14/15 | FY15/16 | FY16/17 | Percent Change |
|---|---|---|---|---|
| Total Imports (c.i.f) | 6,065.4 | 5,557.6 | 5,712.7 | 2.79 |
| Government Imports | 281.9 | 622.3 | 551.8 | - 11.33 |
| Project | 244.5 | 565.6 | 518.8 | - 8.27 |

| | | | | |
|---|---|---|---|---|
| Non-Project | 37.4 | 56.8 | 33.0 | - 41.84 |
| Formal Private Sector Imports | 5,712.0 | 4,717.6 | 4,828.2 | 2.35 |
| Oil imports | 1,175.0 | 813.4 | 873.7 | 7.41 |
| Non-oil imports | 4,537.0 | 3,904.1 | 3,954.5 | 1.29 |
| Estimated Private sector Imports | 71.5 | 217.6 | 332.6 | 52.82 |
| Total Private Sector Imports | 5,783.5 | 4,935.2 | 5,160.8 | 4.57 |

Source: BoU

**A breakdown of the formal private sector imports reveals that the main drivers of the import bill are: machinery equipment, vehicles and accessories; petroleum products; and chemicals and related products whose shares in the import bill stood at 22.8 percent, 17.5 percent, 11.1 percent respectively (see Table 2.9).** Other import components that take a substantial amount of resources include vegetable products, animal, beverages, fats and oil, plastics, rubber, and related products, base metals and their products. This list of import bill shows that Uganda has an enormous potential in terms of market if the share of manufactured goods imported can be produced domestically. Besides, fast tracking the developments in the nascent oil and gas sector is can create vast opportunities for primary and secondary industries and services that could help improve the country's Balance of Payments position.

**Table 2. 9: Formal Private Sector Imports (fob) in USD million**

| | FY16/17 | % share of Import component |
|---|---|---|
| Animal & Animal Products | 24.92 | 0.63 |
| Vegetable Products, Animal, Beverages, Fats & Oil | 452.19 | 11.46 |
| Prepared Foodstuff, Beverages & Tobacco | 181.09 | 4.59 |
| Mineral Products (excluding Petroleum products) | 129.53 | 3.28 |
| Petroleum Products | 693.80 | 17.59 |
| Chemical & Related Products | 435.95 | 11.05 |
| Plastics, Rubber, & Related Products | 278.91 | 7.07 |
| Wood & Wood Products | 112.19 | 2.84 |
| Textile & Textile Products | 164.60 | 4.17 |
| Miscellaneous Manufactured Articles | 232.93 | 5.90 |
| Base Metals & their Products | 335.15 | 8.50 |
| Machinery Equipment, Vehicles & Accessories | 900.61 | 22.83 |
| Arms & Ammunitions & Accessories | 0.10 | 0.00 |
| Electricity | 2.77 | 0.07 |

Source: BoU

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

## 3.0 Overview

The overarching goal of the Second National Development Plan, 2015/16-2019/20 (NDPII) is ***"strengthening Uganda's competitiveness for sustainable wealth creation, employment and inclusive growth".*** The Plan seeks to propel Uganda towards middle income status by 2020, in line with the aspirations of Uganda's Vision 2040. The NDPII has four (4) objectives which include: (i) Increasing Sustainable Production, Productivity and Value Addition in Key Growth Opportunities; (ii) Increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness; (iii) Enhancing Human Capital Development; and (iv) Strengthening mechanisms for quality, effective and efficient service delivery. The Plan further prioritizes; agriculture, tourism, minerals, oil and gas, infrastructure and human capital development. This section therefore provides the progress made against the NDPII goal, theme, objectives and key result areas. Assessment of progress on NDPII goal, theme, objectives and key result areas is based on annualized indicators and targets of the NDPII Results Framework.

## 3.1 Progress against key NDPII Goal and Objectives

### 3.1.1 Progress on NDPII Goal

The NDPII Goal is "strengthening Uganda's competitiveness for sustainable wealth creation, employment and inclusive growth". The development indicators for assessing progress against the NDPII Goal as specified in the NDPII Results framework are: Income per capita (USD), average economic growth rate, percentage of people living below the poverty line, percentage of national labour force employed and the number of young people not in education, employment or training, ease of doing business, and global competitive ranking.

Growth dipped to 3.9 per cent in FY2016/17, the second year of the NDPII implementation, from the 4.8 percent recorded in the previous year. This was lower than the NDPII target of 5.7 percent. The lower growth is in part attributed to the slow implementation and inefficiency in execution of public investments, prolonged drought due to climate change and variability, low private sector credit and falling international commodity prices, which largely affected exports.

The slow growth, notwithstanding, there was a rise in the size of the economy in nominal values from UGX 87,891 billion in 2015/16 to UGX. 90,500 billion in 2016/17, and the per capita income increased marginally by 1 percent from USD766 in FY2015/16 to USD773 in 2016/17. This, however, was below the NDPII target of USD888. Given a population estimate of about 41 million people by 2020, from the current 36.2 million, the size of the economy will need to expand annually by USD 4.25 billion in order to attain middle income status by 2020, other factors remaining constant.

The proportion of people living in poverty increased from 19.7 percent in 2012/13 to 21.4 percent in 2016/17 an equivalent of about 10 million people living below the poverty line. There also remains a significant disparity in poverty levels across regions and in the rural-urban divide. The increase in poverty was most prominent in the Eastern region than in Northern region which had consistently been the poorest region in the country. Specifically, poverty was highest in the sub-regions of Karamoja (60.2%), Busoga (37.5%) and Bukedi (43.7%) while Kampala (2.6%), Wakiso district (2.7%) and Ankole (6.8%). The proportion of people living in poverty significantly increased in absolute terms. The Northern region registered the most significant decline in poverty from about 44 percent in 2012/13 to 33 percent in 2016/17.

The income inequality increased in all regions between 2012/13 and 2016/17. The income inequality as measured by the Gini coefficient increased from 0.395 registered in 2012/13 to 0.42 in 2016/17 (table 3.1). The increase in income inequality was highest in the Western region (from 0.33 in 2012/13 to 0.39 in 2016/17) compared to other regions. The inequality is largely driven by urban areas (0.42) compared to rural areas (0.38).

**Table 3.1: Progress on Goal / Theme of NDPII**

| No. | INDICATOR | NDPII Baseline FY2012/13 | NDPII Progress | | Targets | | |
|---|---|---|---|---|---|---|---|
| | | | FY2015/16 | FY2016/17 | NDPII 2016/17 | NDPII 2020 | Vision 2040 |
| | ***Growth*** | | | | | | |
| 1 | GDP growth rate | 5.2 | 5.5 | 3.9 | 5.7 | 6.3 | 8.2 |
| 2 | Export proportion to GDP | 16.1 | 10.55 | 11.46 | 9.49 | 9.95 | |
| 3 | Per capita income (USD) | 743 | 766 | 773 | 888 | 1,039 | 9,500 |
| | ***Inclusive Growth*** | | | | | | |
| 4 | Income distribution (GINI Coefficient) | 0.395 | 0.395 | 0.42 | 0.446 | 0.452 | 0.32 |
| 5 | People living on less than USD 1 a day (%) | 24.5 | 19.7 | 21.4 | 17.59 | 14.2 | 5 |
| | ***Competitiveness*** | | | | | | |
| 6 | Ease of doing business ranking | 150/189 | 115/190 | 122/189 | 140/189 | 111/189 | |
| 7 | Global Competitive ranking | 123/148 | 115/1138 | 113/138 | 123/148 | 129/148 | |
| | ***Sustainable Wealth Creation*** | | | | | | |
| 8 | Wetland cover (percent of total area) | 11.9 | 10 | 10.9 | 11.3 | 12 | 13 |
| 9 | Forest cover (percent) | 14 | 11 | 8 | 15.6 | 18 | 24 |
| 10 | Population growth rate | 3.2 | 3.0 | 3.0 | 3.0 | 2.5 | 2.4 |

In 2016/17, exports expanded by 17.9 percent from USD 2,687million in 2015/16 to USD 3,168 million. Export to GDP increased from 10.55 percent in 2015/16 to 11.46 percent in 2016/17. This is attributed to increase coffee and non-coffee exports during the period under review.

The country's competitiveness has continued to deteriorate year on year. According to the World Economic Forum, the Global Competitiveness Ranking for Uganda although improved from the 115$^{th}$ position in FY2015/16 to 113$^{th}$ position out of 138 countries in FY2016/17, the index however, slightly worsened from 3.69 percent in 2016 to 3.70 percent in 2017. This therefore implies that Uganda has the inability to better manage its economic and human capacities.

Uganda is ranked 122 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Uganda deteriorated to 122 in 2017 from 115 in 2016. Ease of Doing Business in Uganda averaged 120.60 from 2008 until 2017, reaching an all time high of 135 in 2014 and a record low of 106 in 2008.

The country's wetland cover stagnated at 26,330 km$^2$ with marginal increase of 0.087 percent between 2008 and 2016. In FY2016/17, the wetland cover was 10.9 percent and lower than the NDPII target of 11.3 percent. Under sustainable wealth creation, forest cover has continued to decline over the years. In 2016/17, the area under forest cover was estimated at 8 percent, lower than 11 percent estimated in 2015/16. The main reason for the decline in forest cover is de-forestation for agriculture and settlement.

### 3.1.2 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 include: manufactured exports as a percentage of total exports; labour productivity; real and nominal GDP and Forest Cover. Table 2 provides the key development results and targets.

Uganda's economy grew by UGX 2,159 billion to UGX 57,914billion (2009/10 constant prices) in 2016/17 from UGX 55,755billion in 2015/16. In nominal terms, however, GDP at market prices increased from UGX 83,120 to UGX 90,514 billion in the same period, according to the data from the UBOS. This growth was lower than the NDPII 2016/17 target of UGX 92,068 billion. Failure to reach the growth target was attributed to high inflation in food prices and depreciation of the shilling during the year. In terms of shares, industry accounted for 19.6 percent lower than the year target of 27.4 percent, agriculture was 25 percent higher than the target of 21.3 percent and services sector was 47.4 lower than 51.1 percent target. This progress was not in line with the changes in the structure of the economy as envisaged by the NDPII by 2020 and Uganda Vision 2040. The poor performance of the services sector was attributed to marginal growth in trade and transportation, and contraction in financial services. The drop in the share of agriculture was mainly due to the unusually prolonged droughts which affected production and productivity and the contraction in mining and quarrying activities.

**Table 3.2: Progress on key development results and targets for objective one of NDP**

| Development Indicator | | **Targets** | | **NDPII Progress in FY2015/16** | **NDPII Progress in FY2016/17** | |
|---|---|---|---|---|---|---|
| | | NDPII 2019/20 | Vision 2040 | Actual | Actual | Target |
| Manufactured exports as a % of total exports | | 19 | 50 | N/A | | 11.1 |
| Sectoral composition of GDP (%) | Agriculture | 19.9 | | 22.2 | 25 | 21.3 |
| | Industry | 27.9 | | 18.4 | 19.4 | 27.4 |
| | Services | 52 | | 51.3 | 47.4 | 51.1 |
| Labour Productivity (GDP per Worker - USD) | Agriculture | 977.77 | 6,790 | 370 | 418 | 621 |
| | Industry | 7,871.35 | 24,820 | 2,763 | 3,027 | 6,835.1 |
| | Services | 5,217.65 | 25,513 | 2,391 | 2,236 | 3,528 |
| Nominal GDP (UGX Billions) | | 132,249 | 1,451,250 | 83,120 | 90,514 | 92,068 |
| Real GDP (UGX Billions) | | 40,760 | 128,200 | 55,755 | 57,914 | |
| Forest Cover (per cent Land Area) | | 18 | 24 | 11 | 8 | 15.6 |

The economy experienced improvement in labour productivity during the FY2016/17 despite the slow growth and a drop in output per worker in the services sector. Based on the labour force estimation of about 22 million with the distribution in agriculture, industry and services at 68.4 percent, 7.4 percent and 24.2 percent, the corresponding output per worker were USD418, USD 3,027 and USD2,236 respectively compared with USD 370, USD 2,763 and USD2,391 in 2015/16.

### 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 provides the key development results and targets.

Gross capital formation as a percentage of GDP has stagnated for the second year into the implementation of the NDPII at around 23.0 percent, declining from 28 percent in FY2012/13. This is partly explained by continued delays in the implementation of key projects resulting into a slowdown in fixed capital formation. On average from FY2012/13 to date, there has been a deceleration in growth of transport equipment, other machinery and equipment and mineral and petroleum exploration in the country, mostly associated with delayed public investment in some infrastructure projects.

Total paved national road network (km) increased to 4,257 km in 2016/17, up from 3,795 km in 2012/13 although it's slightly lower than the FY2016/17 target of 4,395 km. The proportion of paved national roads to the total national road network (km) improved from 16.6 percent in 2012/13 to 21 percent in FY2016/17 thus surpassing the NDPII target of 20.9 percent.

The proportion of the population with access to electricity has improved to 22 percent from 14 percent in FY2012/13. This number has almost twippled over the past decade, from 7.8 per cent in 2002[1]. The electricity consumption of 212 kWh per capita was targeted and 91.3 kWh per capita was achieved. There was an 8.9 percentage increase in water for production storage capacity (million cubic meters) created for livestock from 30 percent in 2015/16 to 38.9 percent in 2016/17. While this is impressive and almost hitting the NDPII target, more needs to be done since 38.9 million cubic metric meters is just a small portion of the amount required to meet all the livestock, watering and economic needs of Uganda. However, connectivity to LGs specifically is still very low and stands at 39 district headquarters as compared to the 67 targetd in the same period. Key infrastructure indicators that are lagging behind include; safe water coverage, freight cargo by rail and Gross Capital Formation as percent of GDP (Table 3.3).

**Table 3.3: Progress on infrastructure indicators**

| No. | Development Indicator | Baseline | NDPII Progress in FY2016/17 | | Targets | |
|---|---|---|---|---|---|---|
| | | 2012/13 | Actual | Target | NDPII 2019/20 | Vision 2040 |
| 1 | Gross capital formation as a percentage of GDP | 25.5 | 23 | | 27.7 | 30 |
| 2 | Total paved national road network (km) | 3,795 | 4,257 | 4,395 | 6,000 | 119,840 |
| 3 | Proportion of paved to national road network (%) | 16.6 | 21 | 20.9 | 25 | |

[1] UBOS 2014, Uganda National Housing and Population census

| | | | | | | |
|---|---|---|---|---|---|---|
| 4 | Percentage of cargo freight on rail to total freight | 12 | | 20.2 | 25.5 | 80 |
| 5 | Percentage of the population with access to electricity | 14 | 22 | 17 | 30 | 80 |
| 6 | Consumption of electricity (Kwh per capita) | 80 | 91.3 | 212 | 578 | 3,668 |
| 7 | Unit cost of power(USD Cents) | 19 | | 18 | 14 | |
| 8 | Rural safe water coverage (%) | 65 | 70 | 74 | 79 | 100 |
| 9 | Urban safe water Coverage (%) | 77 | 71 | 90 | 100 | 100 |
| 10 | Storage capacity for water for production (million m3) | 27 | 38.9 | | 39 | 600 |
| 11 | Fibre optic backbone coverage in districts (No.) | 17 | 39 | 67 | 112 | |

### Objective 3: Enhance human capital development

The development indicators for assessing progress against this objective include: 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 percentage of under-5s. Others are: Total Fertility Rate, Primary to secondary school transition rate, Net secondary completion rates, and Average years of schooling. Table 4 provides the key development results and targets.

#### i) Health

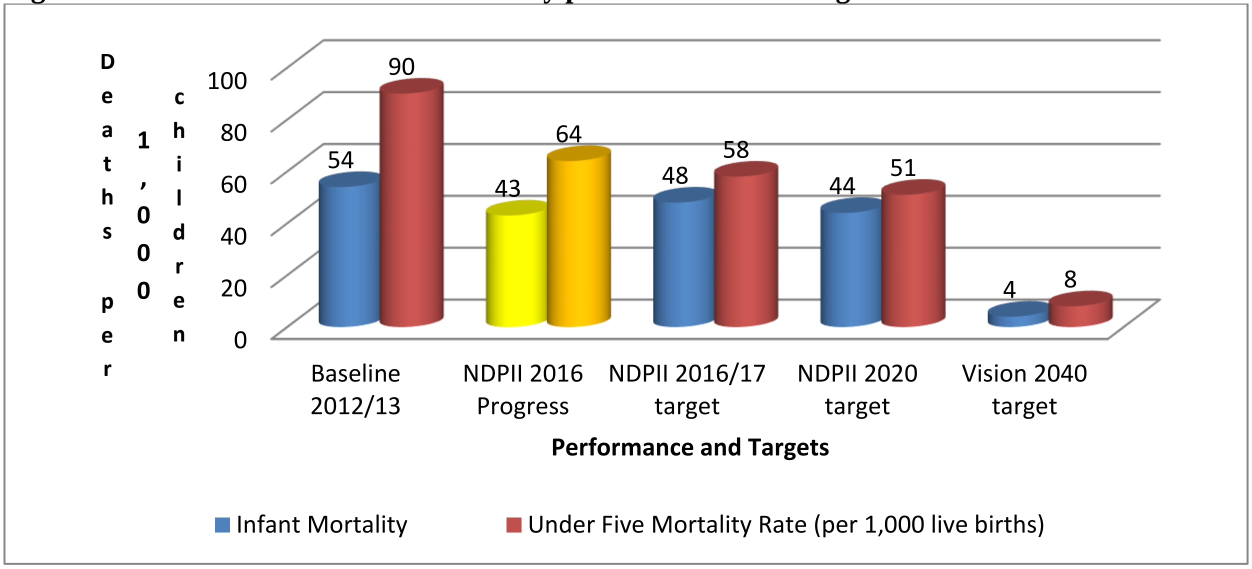
There has been significant positive progress towards achieving several key health indicators. Life expectancy on average increased to 63.3 years from 54.5 in 2012/13 which is above the NDPII target of 56 years. This is because of the improvement in health and education outcomes and access to safe water. The child stunting as a percentage of under-fives, reduced to 29 in 2016 from 31 in 2011. 29 percent of children under 5 are considered to be short for their age or stunted (below -2 SD), and 9 percent are severely stunted (below -3 SD). Stunting is slightly higher among male children (31 percent) than among female children (27 percent). Stunting is also greater among children in rural areas (30 percent) than urban areas (24 percent).

**Table 3.4: Progress on Life Expectancy and Child Stunting**

| Indicator | NDPII Baseline 2012/13 | NDPII Progress | Targets | | |
|---|---|---|---|---|---|
| | | 2016/17 | NDPII 2016/17 | NDPII 2020 | Vision 2040 |
| Life Expectancy at birth | 54.5 | 63.3 | 57 | 60 | 85 |
| Child Stunting as percent of under-5s | 31 | 29 | N/A | 25 | 0 |

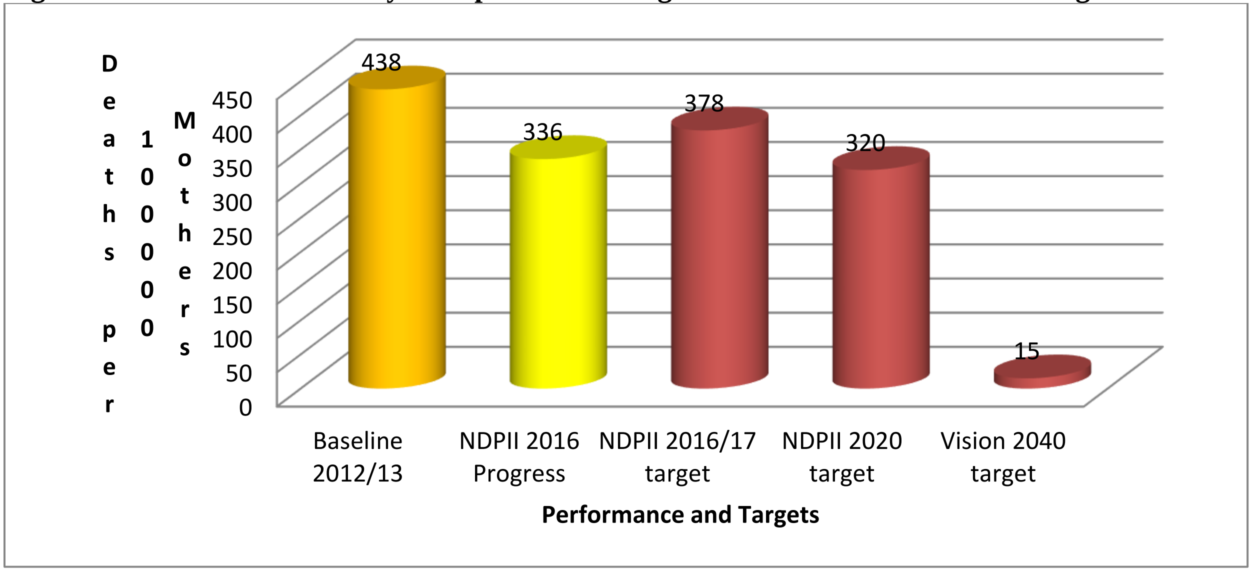
Infant mortality rate per 1,000 live births decreased from 54 deaths (UDHS 2011) to 43 (UDHS 2016) while the Under-5 Mortality Rate, has since improved from 137 in 2005/6 to 90/1000 live births in 2011 and to 64 deaths per 1,000 live births in 2016. The causes of child mortality in Uganda are: birth related (more than a third of the infant deaths as high risk); preventable diseases (malaria, diarrhea, measles, and pneumonia); malnutrition; and low full immunization.

**Figure 3.1: Infant and Under Five Mortality performance and Targets**



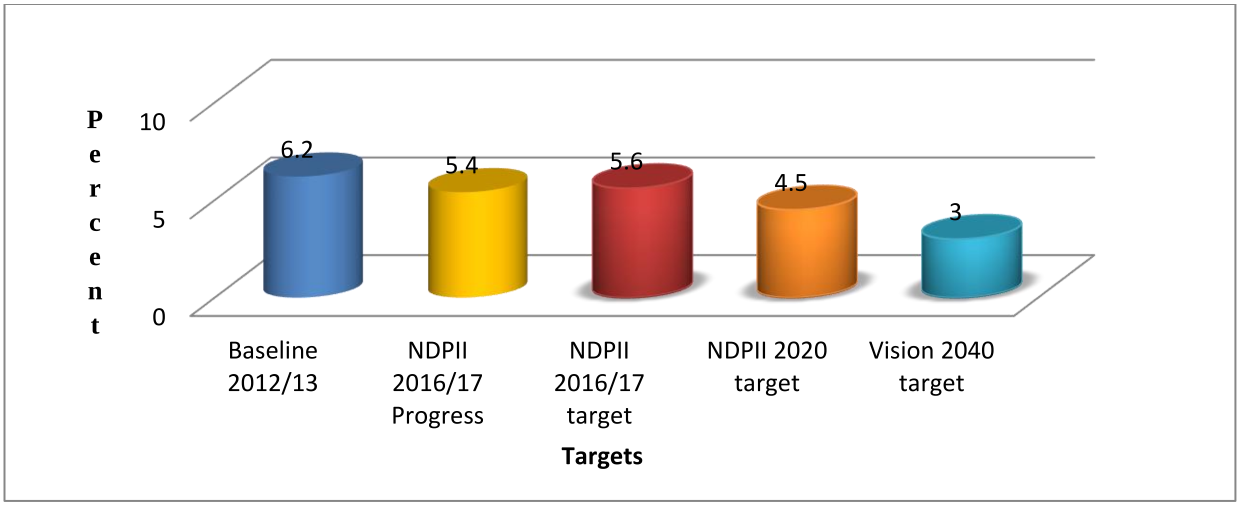

Maternal mortality rate per 100,000 live births significantly improved to 336/100,000 live births (UDHS, 2016) from 438 per 100,000 live births (UDHS, 2011). The major causes of maternal mortality include; low access to antenatal health services, inadequate health services and referral systems

**Figure 3. 2: Maternal Mortality Rate performance against NDPII and Vision 2040 targets**




Total fertility rate has improved to 5.8 from 6.2 in 2012/13. This is due to the implementation of programmes/interventions focusing on; family planning needs, contraceptive use, education of the girl child and sensitization programmes.

**Figure 3.3: Total Fertility Rate performance against NDPII & Vision 2040 targets**




**ii. Education**

Progress towards achieving key education indicators in the second year of NDPII implementation is mixed. Although the average number of years of schooling improved to 5.7 years in 2016 (UNDP, 2016), from 5.4 in 2015, this is far from attaining the 5 year NDPII target of 11 years. The literacy rate for persons aged 10 years and above was estimated at 74 percent against a target of 80 percent in 2020. The rate slightly increased from 70 percent in the 2012/13. The literacy rates for males (78%) were higher than that of females (70%). Literacy rates for residents in urban areas was 18 percentage points higher than for their rural counterparts (87% and 69% respectively).

- **Access to quality education services**

Progress on some key education access indicators continued to be slow. At primary level, P.7 completion and transition to S.1 continue to be a challenge with the respective targets. The P7 Completion Rate declined by 0.1 percentage points from 61.6 percent (59.8% boys; 63.3% girls) in FY2015/16 to 61.5% (59.7% boys; 63.4% girls) in FY2016/17. This continues to be below the NDPII target of 71 in the same period. Transition Rate to Senior One increased by 6 percentage points from 63.2 percent (62.8% male; 63.6% female) in FY2015/16 to 69.2 percent (70.5% male; 68% female) in FY2016/17. (ii) Transition Rate to Senior Five also increased by 4.2 percentage points from 25.0 % (28.1%male; 21.4% female) in FY 2015/16 to 29.2 % (33.9% male; 24.2% female) in FY 2016/17.

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. The details of progress for access are shown in the Table 3.5 below.

**Table 3. 5: Education access indicators**

| INDICATOR | | Baseline 2012/13 | NDPII Progress | | NDPII Targets | |
|---|---|---|---|---|---|---|
| | | | 2015/16 | 2016/2017 | FY2016/17 | FY2019/2020 |
| Average years of schooling | | 4.7 | 5.4 | 5.7 | 7.22 | 11 |
| Net Primary school enrolment ratio (%) | Total | 95.3 | 91 | 96 | 96.95 | 100 |
| | Girls | 96 | 93 | 99 | 97.7 | 100 |
| | Boys | 94.57 | 89 | 93 | 96.2 | 100 |
| P7 completion rate (%) | Total | 71 | 61.6 | 61.5 | 75 | 85 |
| | Girls | 71 | 63.3 | 63.4 | 75 | 85 |
| | Boys | 71 | 59.8 | 59.7 | 82 | 85 |
| Transition rate to S1 (%) | Total | 73 | 63.2 | 69.2 | 75 | 83 |
| | Girls | 72 | 63.6 | 68.0 | 75 | 83 |
| | Boys | 72 | 62.8 | 70.5 | 75 | 83 |
| Net Secondary enrolment rate (%) | Total | 24.7 | 21.8 | 24.0 | 32.9 | 40 |
| | Girls | 23.6 | 21.4 | 23.1 | 28.1 | 35 |
| | Boys | 25.9 | 22.1 | 25.0 | 27.0 | 30 |
| Net Secondary school completion rate (%) | Total | 35.3 | 36.2 | 37.8 | 43 | 50 |
| | Girls | 33.8 | 35.9 | 36.0 | 38 | 48 |
| | Boys | 36.7 | 36.4 | 39.6 | 47 | 52 |
| Transition rate from S4 to S5 (%) | Total | 32 | 25.0 | 29.2 | 39 | 50 |
| | Girls | 27 | 21.4 | 24.2 | 40 | 35 |
| | Boys | 37 | 28.1 | 33.9 | 42 | 45 |

***Source: MES & UBOS, 2017***

- **Quality**

Learning outcomes registered a slight improvement between 2015 and 2016. Primary Six numeracy and literacy rates stood at to 52.6 and 51.9 in 2016 compared to 41.4 and 51.9 percent respectively in 2015[2].

**Table 3.6: Literacy rates at P.3 and P.6**

| INDICATOR | | Baseline 2012/13 | NDPII Progress | | NDPII Targets | |
|---|---|---|---|---|---|---|
| | | | FY2015/16 | FY2016/17* | FY2016/17 | FY2019/2020 |
| Literacy rate at P3 (%) | Total | 56.21 | 60.2 | 60.2 | 61.45 | 70 |
| | Boys | 53.87 | 59.0 | 59.0 | 60.81 | 70 |
| | Girls | 56.42 | 61.3 | 61.3 | 60.21 | 70 |
| Literacy rate at P6 (%) | Total | 40.15 | 51.9 | 51.9 | 47.39 | 50 |
| | Boys | 38.72 | 51.6 | 51.6 | 42.70 | 50 |
| | Girls | 40.1 | 52.2 | 52.2 | 47.86 | 50 |
| Numeracy rate at P.3 (%) | Total | 69.8 | 71.7 | 71.7 | 75.90 | 80 |
| | Boys | 70.6 | 73.0 | 73.0 | 72.80 | 80 |
| | Girls | 68.8 | 70.6 | 70.6 | 73.55 | 80 |
| Numeracy rate at P.6 (%) | Total | 41.4 | 52.6 | 52.6 | 47.0 | 50 |
| | Boys | 45.8 | 56.9 | 56.9 | 47.4 | 50 |
| | Girls | 37.4 | 48.2 | 48.2 | 42.5 | 50 |

* Data for 2015/16 results maintained as NAPE study not conducted in FY 2016/17

[2] Background to the Budget, 2017/18

In FY2016/17, the sector continued to sponsor 4,000 students at the Eight (8) Public Universities. These students are part of the approximately 87,102 students that were enrolled in the eight (08) Public Universities and one degree awarding institution. At tertiary leve, enrolment increased by 3 percent between FY2015/16 and FY2016/17.

**Table 3.7: Tertiary level Targets**

| INDICATOR | | Baseline 2012/13 | NDPII Progress | | NDPII Targets | |
|---|---|---|---|---|---|---|
| | | | FY2015/16 | FY2016/17 | FY2016/17 | FY2019/2020 |
| University students | Total | 140,403 | | 87,102 | 159,123 | 187,204 |
| Tertiary Institution students | Total | 208,376 | 105,905 | 109,305 | 238,569 | 292,258 |
| | Female | 90,910 | 41,946 | 39,325 | 104,093 | 127,518 |
| | Male | 117,740 | 63,957 | 69,980 | 134,800 | 165,136 |

### iv. Water and Sanitation

There was improvement in the rural water coverage from 67 percent in FY2015/16 to 70 percent in 2016/17 while this has stagnated at 71 percent in the same period for urban areas. These were however, below the NDPII targets. Although the overall rate of hand washing with soap is a mere 37 percent, promotion of hand washing with soap in the country has increased by 30% since the hand washing campaign was launched in 2007 (Table 3.8).

**Table 3.8: Progress on implementation of water and sanitation**

| Indicator | | NDPII Baseline 2012/13 | Progress | Targets | | |
|---|---|---|---|---|---|---|
| | | | NDPII 2016/17 | NDPII 2016/17 | NDPII 2020 | Vision 2040 |
| Safe water coverage | Rural | 65 | 70 | 74 | 79 | 100 |
| | Urban | 77 | 71 | 90 | 100 | 100 |
| Sanitation | Household latrine coverage (%) | 68 | 80 | 75 | 80 | 100 |
| | Household hand washing with soap (%) | 24 | 37 | 32 | 38 | 100 |

***Source: MWE, 2017***

There was no progress regarding the sanitation situation in the country. The status both in rural and urban areas remained more or less the same in the period 2012/13 to 2015/16.

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

The NDPII key performance indicators for this objective are; Government effectiveness index, Index of Judicial independence, Public trust in the justice system and Corruption index. Performance for effective and efficient service delivery fell short of the set targets as indicated in table 3.9. GEF for 2016 for Uganda remained weak at -0.57. Uganda is the 151 least corrupt nation out of 175 countries, according to the 2016. Uganda scored 26 points out of 100 on the 2017 Corruption Perceptions Index reported by Transparency International. Corruption Index in Uganda averaged 24.91 Points from 1996 until 2017, reaching an all time high of 29 Points in 2012 and a record low of 19 Points in 2001.

**Table 3.9: Progress on implementation of governance indicators**

| | Indicator | | Progress | Targets |
|---|---|---|---|---|

| S/N | | Baseline 2012/13 | NDPII 2016/17 | NDPII 2016/17 | NDPII 2020 | Vision 2040 |
|---|---|---|---|---|---|---|
| 1 | Government Effectiveness Index | -0.57 | -0.57 | -0.29 | 0.01 | |
| 2 | Public Resources Allocated to LGs Level (%) | 19 | 13.1 | 30 | 30 | |
| 3 | Corruption Perception Index (CPI) | 2.9 | 2.6 | 3.4 | 3.7 | 7.1 |

### 3.1.3 Status of Implementation of NDPII Core Projects

The achievement of the NDPII targets of attaining middle income status is intended to be fast-tracked through implementation of 39 core projects. The implementation results for these projects is however mixed with, a number of them on schedule and the majority behind schedule. The current status of the implementation of the core projects is given in the table below.

**Table 3.10: Status of Implementation of NDPII Core Projects**

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| 1. Agriculture | 1.1 Agriculture Cluster Development Project (ACDP) | 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.*<br><br>*Near completion of project (Expected to close in 2019)* |
| | 1.2 Markets & Agriculture Trade Improvement Project (MATIP II) | 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.*<br>• *Rehabilitation ongoing at different stages*<br>• *Near completion of construction of central and auxiliary markets. (expected completion is 2020)* |
| | 1.3 Farm Income Enhancement and Forest Conservation II | 1.3.1 Farm Income Enhancement and Forest Conservation II | • *Agreement has been signed with ADB and the project is due to start in FY 2016/17*<br>• *GoU has provided for counterpart funding*<br>• *Project has been assigned a Code and was included in the PIP for FY 2016/17.*<br>• *Project aims to improve household incomes, food security and climate* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | *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 | Storage Infrastructure | • *Warehouse Receipts System Authority (WRSA) established*<br>• *Grain Policy approved by Parliament*<br>• *Implementation for the Grain policy under development* |
| | Phosphate industry in Tororo | Phosphate industry in Tororo | ***Baseline, 2015***<br>• *Project to manufacture key products such as phosphate fertilizers, steel products, sulphuric acid, rare earth minerals and generate electricity with the capacity of 12 megawatts.*<br>• *Financial closure signed in December 2015, making it one of the largest privately-funded mining sector investments in Uganda.*<br>***Status***<br>• *Underground study to ascertain the quality and quantity of phosphate in the area, alongside land leasing, relocation and compensation of local communities carried out.*<br>• *Assembling of the processing plant equipment is on-going in China and is expected to be shipped in the course of 2016.*<br>***Target June 2017:***<br>• *Final product is a mine and a beneficiation plant with annual capacity of two million tonnes, a phosphate fertilizer plant of annual production of 300,000 tonnes, a sulfuric acid plant of annual production of 400,000, a 12MW waste heat-based power generation plant and a steel mill of annual production of 300,000 tonnes.* |
| 2. Tourism Development | 2.1 Tourism Marketing and Product Development Project | 2.2.1 Tourism Marketing and Product Development Project | • *Rehabilitation works on Namugongo shrine commenced and were completed.*<br>• *Kagulu Hills – No progress realised* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | • *Evaluation of a consultant to undertake a feasibility study for development of Source of the Nile completed and some preliminary works* |
| 3.Infrastructure Development | 3.1 Minerals, Oil and Gas | 3.1.1 Hoima Oil Refinery | • *Procurement of lead investor completed.*<br>• *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*<br>• *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.*<br>• *The announcement was made at the East African Community (EAC) summit held just outside Uganda's capital, Kampala.*<br>• *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-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.*<br>• *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* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | *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*<br>• *The contract for the upgrading of 100km of road between Kyenjojo and Kabwoya was signed with Shengli Engineering Construction Company of Shengli Oil Field*<br>• *The supervision contract was signed with Comptran Engineering and Planning associates to run through November 2019 to cover the defects and liabilities period*<br>• *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*<br>• *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* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | *Makutu-Buwaya radiometric anomaly in Eastern Uganda. Three*<br>• *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.*<br>• *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.* |
| | | 3.1 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)*<br>• *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.*<br>• *The Pre-Feasibility study to set up an iron making industry from row iron ore to sponge or pig iron is underway spearheaded by the National Planning Authority.* |
| | 3.2 Energy | 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.*<br>• *Construction is on-going and overall, 40% of the works have been completed.*<br>• *In 2016, cracks were observed at a section of the dam component of the* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | *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*<br>• *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.*<br>• *Construction works are progressing as expected. Resettlement Action Plan for both the dam area and the transmission line is on-going with progress at 83%. The overall construction works stand at 25%*<br>• *Expected commissioning of project is August 2018* |
| | | 3.2.3 Industrial substations; | |
| | | 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.*<br>• *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 220kV Substations* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | 3.2.7 Kabale-Mirama Transmission Line; | • *Transmission line has been prepared for implementation.*<br>• *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 Transport | 3.3.1 Standard Gauge Railway | • *Construction works to begin in September 2016.*<br>• *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.*<br>• *Completed the marking of the right of way from Malaba to Kampala.*<br>• *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*<br>• *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.*<br>• *Near end of phase 1 and start of phase 2. The first phase will end in 2018, the second phase will be* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | *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*<br>• *Detailed designs for the project were completed*<br>• *Procurement process for a contractor to build the highway commenced.*<br>• *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*<br>• *Procurement process for a contractor to build the highway commenced.*<br>• *Construction works to begin.*<br>• *The proposal is for a four lane, dual carriage highway connecting, Kampala, and Bombo, in Luweero District* |
| | | 3.3.5 Kampala Southern by-pass(18km) | • *Detailed designs for the project were completed*<br>• *Procurement process for a contractor to build the highway commenced.*<br>• *Near end of project (expected completion is November 2017)*<br>• *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;*<br>• *Inception report and Design Base Statement submitted and approved;* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | • *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.*<br>• *The revised feasibility study, detailed design, ESIA and RAP were submitted to AfDB for no objection.*<br>• *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*<br>• *Detailed designs for the project were completed*<br>• *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.*<br>• *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 Health | 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.*<br>• *Under the Uganda-Spanish Debt Swap Grant, Kawolo hospital is to be refurbished and equipped* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | • *Project approved by binational committee for construction and refurbishment. Works commenced.*<br>• *Rehabilitation works progressing at different stages.* |
| | | 4.1.2 Mass Treatment of Malaria for Prevention | • *National Malaria control Programme launched to provide quality assured services for Malaria prevention and treatment to all people in Uganda.*<br>• *Government embarked on an indoor residual spraying campaign targeting 4.5 million people in 16 district in the east and north of the country.*<br>• *Protection of at least 85 per cent of the people at risk of malaria by 2017 guided by various interventions as highlighted within the Uganda Malaria Reduction* |
| | 4.2 Education and Sports | 4.2.1 Comprehensive Skills Development | • *Proposed Skills Development Project conceptualized, targeted at improving the regionally located technical colleges into centres of excellence.*<br>• *Project agreement approved by Parliament and currently before Solicitor General for clearance.* |
| | 4.3 Social Development | 4.3.1 Uganda Women Entrepreneurship Programme (UWEP) | • *On 11th Feb. Cabinet approved the UWEP implementation to start in Financial Year 2016/2017.*<br>• *Cabinet approves programme and it is included in the Public Investment Plan and Medium-Term Expenditure Framework with a Government commitment of 53 billion Ushs for each of the next three years starting, in July 2016, with FY2016/17 to FY 2018/19.* |
| | | 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.*<br>• *71,866 beneficiaries (45% female) engaged directly in self-employment and income generating activities.*<br>• *UShs. 655 Million repaid by 649 groups by the end of the first year of access of funds by the groups.* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | • *6970 projects have been funded to date. Beneficiaries have increased to 89,884.*<br>• *A total of UGX. 2,541,541,835 has been repaid by 2,101 Youth Groups as at April 31, 2016.* |
| | 4.4 Economic Management and Accountability | 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*<br>• *Integrated Financial Management System rolled out countrywide*<br>• *Public Financial Management Act (PFMA) passed.*<br>• *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*<br>• *UDC Bill 2014 passed by Parliament.*<br>• *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* |
| | 4.5 ICT | 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*<br>• *48 Government entities utilizing the Internet Bandwidth provisioned through the National Data Transmission Backbone.*<br>• *E-Government Infrastructure installed in 27 main line Government Ministries, Departments and Agencies (MDAs) and the Primary Data Center.*<br>• *Phase 3 of the NBI/EGI project which will extend connectivity to the towns of Masaka, Mutukula,* |

| Core Projects | Breakdown | Project | Status of implementation |
|---|---|---|---|
| | | | *Mbarara, Kabale and the Katuna Border Post commenced*<br><br>• *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 INTERVENTION

## 4.1 WEALTH CREATION AND EMPLOYMENT

### 4.1.1 AGRICULTURE

The NDPII prioritizes investment in three key growth opportunities, agriculture being one of them. The agriculture sector accounts for the largest share of employment (36 percent) while other services other than trade sector ranked second with 29 percent of people reportedly employed in the sector (UNHS, 2016/17). Growth in the sector declined from 2.6% in 2010 to -0.2% in 2012, before recovering to 3.6% in 2013 and 2.9% in 2014. The agriculture sector had a total contribution to GDP at current prices of 24.9 percent in the FY2016/17 compared to 23.7 percent in FY 2015/16. This contribution of the agriculture sector to GDP, however, declined from 25.4% in 2010. It is noteworthy that in absolute terms it increased because also GDP increased[3]. In addition, agriculture, forestry and fishing sector in the reporting period that accounted for 25.0 percent of total output posted growth of 1.3 percent which was lower than 2.8 percent recorded in FY 2015/16. The slower growth in the agriculture sector was on account of the prolonged drought that affected many parts of the country. The agriculture sector average annual growth rate over the last five years was 2.2%.

During the NDPII period, the sector has a target of increasing agricultural exports to USD 4 billion by 2020 from USD 1.3 billion and reducing the number of the labour force in subsistence production from 6 million in 2012/13, majority of who are women to 3 million in 2019/20. Over this Plan period therefore, focus is on four key areas: i) increasing production and productivity; ii) Increasing access to critical farm inputs; iii) improving agricultural markets and value addition in the 12 prioritized commodities and iv) Improving service delivery through strengthening the institutional capacity of MAAIF and its agencies.

1. **Increasing Production and productivity**

Agricultural productivity is one of the key determinants of high and sustained agricultural growth, and in fact a key determinant of its growth over the long term (Salami et al, 2010). Generally, agricultural productivity has declined in Uganda for the past two decades. Productivity growth in the sector has largely been attributed to growth in land expansion than to technical change. According to the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), estimated average yields in recent years have been between 1.5 and 1.8 metric tonnes (mt) per hectare (ha) for maize, between 5.5 and 6.0 mt/ha for cooking banana, and less than 1.0 mt/ha for most pulses. The yield gap between average farm yields and research yields (farm yields are 30% of yields at research stations) indicates the immense potential for improvements in crop productivity. Over the last 5 years, Oil seed registered the largest increase in production of 79.7%; Cocoa beans production increased by 57.9%; Milk production increased by 40.4%; Coffee production increased by 26.9%; Tea production increased by 24.8%; and Maize production increased by 20.8%.

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[3] Agriculture Sector Budget Framework Paper FY 2017/18

*Productivity growth varies across commodities:* When assessed across commodities, great variations are noted across sub-sectors of crops, livestock and fisheries and also individual crops with these sub-sectors. Additionally, when the sectors are assessed according to their orientation to the market, the cash crops sub-sector that employs less than 20% of the agricultural GDP grew faster than the food crops sub-sector that contributes over 60 percent of the sector GDP. With 68 percent of Ugandans practicing subsistence agriculture and largely in food crops production, the slow growth of the food crops sector significantly contributes to the slow growth of the agricultural sector.

*Productivity growth across factors of production:* Land and labor are the most important factors used in agricultural production. Any attempts to increase productivity of the sector have to target these two resources.

*There is stagnation in land productivity:* while land productivity has witnessed some slow growth over the past two decades, this growth is waning due poor land management practices and minimum investments in land improvement technologies.

*Labor in agriculture sector is least productive:* The agricultural sector has the least productive labor despite the fact that the sector is the largest employer (World Bank, 2016). There are significant variations in agricultural labor productivity across gender with female farm managers being 13 percent less productive than their male counterparts and the gap increases to 33 percent when comparing male and female farmers. These large gender differences in agricultural productivity limit the equity of agricultural growth. Low levels of labor productivity in the agricultural sector are largely attributed to limited use of yield enhancing technologies such as seeds, fertilizers and crop protection inputs. UBOS (2016) estimates that 69 percent of households are engaged in subsistence farming producing majorly food staples and heavily rely on traditional farming practices because they are unable to afford yield augmenting inputs.

In a means of provision of Agricultural research to boost production and productivity: four (4) production technologies were generated, 25 technological innovations were delivered to uptake pathways, 24 new varieties/ prototypes were submitted to Variety Release Committee for release and 7 technological innovation platforms were established/supported.

The delay in implementation of the single spine extension system has perpetuated a weak extension system. While extension workers were recruited across all districts (over 70% coverage) in the FY2015/16 and 2016/17, operational resources required for effective utilization of the extension workers at the district and sub-county levels delayed. These delays have contributed to the poor performance of the sector. It is hoped that the availability of funds will enable full deployment of the extension staff to guide the farmers in making informed farm decisions. However, to date 3,060 extension officers have been recruited against the target of 5,000 extension officers in the NDP II.

Continued construction of infrastructure to support Water for Agricultural Production and intensification of mechanization in Agriculture. With the assistance of the heavy equipment, the following was carried out: 4 Valley dams were constructed in Karamoja sub region; 14 Valley tanks were constructed; 814 acres of bush was opened for agriculture, and 5 farm roads of 15 Km were opened.

Efforts to control the spread of pests, vectors and diseases in the crop and animal sub-sectors were intensified in the reporting period. 250,000 doses of FMD were procured and distributed to districts with outbreaks; Equipment to support tsetse fly data collection was procured; surveillance, monitoring and control of crop pests and diseases was carried out.

National Agricultural Research Organization (NARO) and Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) are both implementing the Sustainable Land Management (SLM) activities, many of which derive from sizeable body of analytical work and investment programming by the government and district local governments. The project promotes SLM information support, investment planning, and monitoring across the agricultural sector by strengthening the performance of MAAIF and NARO. The SLM practices and technologies have helped to reverse the negative trends of land degradation, especially soil erosion and declining soil fertility, leading to increased crop yields. Furthermore, the SLM practices and technologies have reduced the downside production risks, thus increasing resilience among communities amidst a changing climate. The outcome of all these is improved food, nutrition and income security among households

2. **Increasing access to critical farm inputs**

It is estimated that about 30 per cent of the inputs in the market are fake, which has adversely affected the output from the agricultural industry. In response to this, Government in FY 2016/17 introduced the mobile phone powered e-verification programme spear headed by Uganda National Bureau of Standards to help farmers distinguish fake farm inputs from genuine ones. Government further endorsed plans to put quality seals on agro-inputs to reduce counterfeits supplied to farmers. The move is aimed at protecting farmers from dealers who are taking advantage of the liberalised economy to sell fake agro-inputs to them. Similarly, 2,346 Phytosanitary certificates were issued for export consignments of flowers, fruits, vegetables, coffee, Tea, Tobacco, Cocoa, Simsim, Pulses, and spices.

The sector has realized notable achievements in the procurement and distribution of inputs towards the realization of objective of increasing access of critical and quality agricultural inputs for small-holder farmers. Government through NAADS has procured and distributed improved planting and stocking materials between the periods FY2015/16 to 2016/7. The major inputs distributed in the seed category included maize and beans as shown in the table 4.1.

**Table 4. 1: Distribution of seeds in FY 2014/15–2016/7**

| No. | Type of Agricultural Input | Quantity | | |
|---|---|---|---|---|
| | | FY 2014/15 | FY 2015/16 | FY 2016/17 |
| 1 | Maize (kgs) | 3,423,501 | 6,571,250 | 9,278,530 |
| 2 | Beans (Kgs) | 784,430 | 2,990,850 | 1,644,820 |
| 3 | Rice (Kgs) | 200,000 | 12,000 | 10,000 |
| 4 | Soya Bean (Kgs) | 51,009 | 164,220 | - |
| 5 | Simsim (Kgs) | 27,280 | - | 59,129 |
| 6 | Sorghum (Kgs) | 97,200 | 10,000 | 21,000 |
| 7 | Groundnuts (Kgs) | 43,120 | 66,465 | - |
| 8 | Cowpeas | - | - | 72,000 |

*Source:* *NAADS Brief to Cabinet on NAADS/OWC Support*

***Irrigation schemes:*** In FY2016/17, Government continued with the construction of infrastructure to support water for production and intensification of mechanization in Agriculture. With the assistance of heavy equipment, the following was carried out: (i) 4 Valley dams were constructed in Karamoja sub region; (ii) 14 Valley tanks were constructed (Rakai, Isingiro, Lyantonde, Mubende, Kiboga, Kamuli, Kumi, Apac and Kitgum); (iii) 814 acres of bush was opened for agriculture, and (iv) 5 farm roads of 15 Km were opened.

**3. Improve agricultural markets and value addition in 12 prioritized commodities**

Overall, the agricultural export revenues from agricultural products increased from USD 1,222.58 Million in 2016 to USD 1,533.75 in 2017 representing 46 percent of Uganda's total exports. There was also significant increment in volumes of coffee from 3.54 Million (60kg) bag in 2016 to 4.78 Million bags. The average income of households, the majority of whom are subsistence farmers improved from UGX 242,024 in 2012/13 to UGX 303,000 in 2016/17. This is however, still low compared to urban households whose monthly incomes averaged UGX 703,000 in 2016/17.

*Agro industry:* A lease financing agreement for the two tea factories in Kabale and Kisoro was signed between UDC and Kigezi Highland Tea Ltd (Beneficiary). Machinery and equipment for the tea factories was procured and installation was completed in March 2017. The contracts have been signed for the supply of trucks, generators, Weigh Bridge as well as electrical and cabling works for the generators.

Construction work at the Soroti fruit factory was at 95 percent in December 2016; Environmental Impact Assessment report for the solid waste disposal site was completed; 98 percent of the ICT infrastructure for the factory has also been completed; 5 technical staff who were recruited for the factory underwent training in Korea; Terms of Reference for the design and development of the solid waste disposal have been completed. Machinery of a fruit factory in Soroti was installed and is due for commissioning in 2018. The factory is expected to process; over six metric tons of oranges per hour, two metric tonnes of mangoes per hour and four metric tonnes of pineapple per hour, amounting to 648,000 tonnes of oranges per year and 25,000 tonnes of mangoes per year.

**Figure 4.1: Soroti fruit factory**

In addition, government has finished the acquisition of 30 percent shareholding of Atiak Sugar Factory with a crushing capacity of 1,650 tonnes of cane per day generate six megawatts of power and works with 1,500 out growers across five districts. This investment is a crucial step for the reconstruction of Nothern Uganda. The Isingiro fruit factory was commissioned by H.E the President in March, 2017. The UShs.3 billion fruit factory has a daily production of 90,000 bottles of juice (350 milliliters each) from locally produced fruits. The factory is currently operating at under capacity, employs 106 people and receives fruits from hundreds of farmers from Isingiro district and the neighboring districts in the Ankole Sub-Region.

According to Food and Agricultural Organisation (FAO), adequate levels of improved storage are key in the reduction of losses (stored grains are kept dry and free from fungal and insect pest and rodent attacks), and hence a critical component in promoting food security[4]. Also, the capacity to store crops for a long period of time enables farmers to sell their crops at peak prices rather than immediately after harvesting when prices are often at their lowest level. In that regard, Government ensured that the following are achieved in FY2016/17: (i) The Warehouse and Warehousing Standard for bagged cereals and pulses were developed and harmonization for interpretation with other East African Partner States; (ii) Terms of Reference for the re-instatement of the Delivery Assurance Mechanism were drafted; (iii) 92 storage facilities were pre-inspected for WRS public licensing. Specifically, 26 of these with capacity of 156,400MTs were approved for licensing before end of FY 2016/17.

**4. Institutional strengthening for agricultural development**

The sector has not given attention to strengthening institutions for improved service delivery. Interventions remain scattered across MDAs, private sector and CSOs with no harmonization and coordination: While the ASSP succinctly captures the challenges facing the sector regarding coordination of planning and implementation of priority interventions, and expresses the desire to address them, these ambitions have not been translated into concrete plans with clear indicators, timelines and responsibilities. Consequently, strategic interventions in the NDPII though implemented, are scattered across the sector MDAs, non-agriculture sector line Ministries, the private sector and non-state actors with limited coordination, partnerships, and linkages which has hindered the exploitation of the full benefits of these investments.

### 4.1.2 TOURISM

The tourism sector continues to be a pivotal pillar of the Ugandan economy. It is responsible for identifying, developing, promoting and providing sustainable tourism services and products. Tourism was ranked as the leading foreign exchange earner for Uganda in 2016 generating about $1.4billion annually, which is 26 percent of total foreign exchange. The sector's target over the Plan period is to increase the contribution of tourism to GDP from 9 percent in 2012/13 to 15 percent in 2019/20, however, this has improved to 9.9 percent of the country's GDP in 2016[5]. The sector's contribution to wealth creation and employment is planned to be achieved through supporting and developing synergies along the tourism development value chain.

[4] Background to the budget, 2017/18
[5] Background to the Budget, 2018/19

Over the Plan period, the Government has focused 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 FY2016/17 is discussed below.

1. **Increase Market share for tourism**

During the FY2016/17, the economy witnessed an increase in the earnings from tourism. Specifically, there was a 1.5 percent increase in the number of international tourists of 1,322, 522 from 1,302,802 in 2015. Also, the number of foreigners visiting national parks rose from 85,866 in 2015 to 105,027. This increase though modest and impacted upon by the election season led to an increase in the amount of foreign exchange earnings from Tourism from USD 1,350 million to USD 1,371 million in the same period. The sector outputs that contributed to this outcome are as follows.

Uganda made tremendous efforts to increase presence in the source market through aggressive marketing. In FY2016/17, the Uganda Tourism Board (UTB) hired three international Public Relations and marketing firms to represent Uganda in the Key source Markets. The firms included; Kamageo (representing Uganda in United Kingdom and Ireland), KPRN (representing Uganda in Germany, Austria and Switzerland) and PHG (representing Uganda in USA and Canada). The firms were active throughout the 2016/2017 financial year and were very fundamental in promoting Uganda as a tourism destination in the key source markets. The number of tourist arrivals from the source markets (North America, UK and Germany) increased by 8.3 percent from 143,787 in FY2015/16 to 119,502 in FY2016/17. The present of PR firms in the 3 key source markets is therefore yet to be felt given that the arrivals were 27 percent less than the targets. In addition, the sector produced Promotion and Marketing videos for promoting UWEC nationally and internationally, and undertook community conservation education programs country wide.

The sector showcased in five major international tourism trade fairs of; Berlin, South Africa, Kenya, London and China Guangzou. Arrivals of leisure and business tourists from the UK, Germany, USA, Canada and South Africa increased by 46 percent from 78,607 in FY2015/16 to 115,115 in 2016/17. Uganda was able to register various accolades at international tourism expos as it emerged $10^{th}$ best African exhibitor at the 2016 ITB Berlin expo, $3^{rd}$ best African exhibitor at the 2016 Indaba Tourism Fair among others. The sector in addition participated in other various, regional and national expos to increase visibility and attract visitors to Uganda which included; Uganda North America Association (UNAA) trade expo in New York, Spain Kwiti Izina in Rwanda, Akwaaba expo in Nigeria and Magical Kenya where Uganda won an award for best exhibitor.

In FY2016/17, participation of Ugandans in tourism events increased. The sector continued to support tourism cluster governance and development. It has held various events 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, regional media training, Bishop Hannington event in Jinja. The number of Ugandans visiting:

UWEC increased from 285,432 in FY 2015/16 to 290,162 in FY 2016/17; and the National Parks from 54,684 in 2015/16 to 69,278 in FY2016/17. The increase has been as a result of: (i) continued publicity and School Outreaches; and increased marketing efforts like the Tulambule drive. Uganda Museum however, registered a 10 percent decline from 102,890 in FY 2015/116 to 92,847 in FY 2016/17.

The sector continues to experience stagnation in developing and upgrading tourism support infrastructure. The supply of utilities and ICT related services from government related agencies (MWE and ICT) for the third-year running is yet to be undertaken as planned. Although the sector increased on the tracks/trails in protected areas by 11 percent, from 1,057 km in FY2015/16 to 1,172 km in FY2016/16, this is less than the planned target of 1,613. This was because of inadequate resources. The sector in addition increased the accommodation capacity (number of beds) in the reporting to a tune of 85,463 from 77,517 in FY2015/16. To promote the utility of e-commerce tools such as credit cards, web-based bookings and tracking facilities have been enhanced during the FY2016/17.

**2. Increase and diversify the stock of tourism products**

The sector experienced an increase in the tourist stay time from 6 to 7.2 days as a result of increased product range which improved visitors' experience. This surpassed the NDPII target for the same period by 0.8 days. The annual average bedroom occupancy in accommodation facilities rose to 48.7 percent in 2016/17 from 48.5percent in 2015/16, however, this is short of the 50.1% target. Accommodation capacity (number of beds) increased from 74,8591 in FY 2015/16 to 85,463 in the FY2016/17. These results are attributed to a number of interventions which include; enabling incentives for private sector investment.

The never dying efforts towards development of new tourism products and enhancing the existing ones has enabled the tourism sector to leverage on the expanding tourism product base. To develop the tourism product range and appeal, the sector improved four (4) tourism products that is: Namugongo Martyrs shrine; Work on development of Mt. Rwenzori underway; bird watching; and Kampala city carnival. The incidences of insecurity and safety issues reported by tourists reduced during the FY2016/17 indicating increased safety and security of tourists. The safety and confidence have resulted into more foreign tourists visiting the National parks.

The Ministry of Finance Planning and Economic Development discouraged the setup of numerous funds. To this effect, setting of a specific fund to support women in tourism sector to grow out of the informal to the formal status with clear e-market linkages could not materialize.

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

A total of 191,000 people is directly employed by Tourism Industry having reduced from 464,300 in FY2015/16. According to the World Tourism Travel Council (WTTC), the number has declined due to the poor performance of the economy. The following are specific outputs that have contributed to this result.

To develop tourism training institutions as Regional Centres of Excellence, during FY 2016/17, 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 number of Students graduating in tourism and related programs has increased from 1,944 in FY2015/16 to 2,139 because more institutions have introduced Tourism related courses.

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.

**4. Improve coordination, regulation and management of the tourism sector**

The Level of visitor/tourist satisfaction in 2015/16 was at 72 percent and the sector surpassed the target by 6 percent. However, in the reporting period, the study was not conducted. The less than 100 percent performance implies non-enforcement of tourism service standards to the latter.

During the FY2016/17, the sector strengthened its capacity by increasing the level of staffing in sector MDAs from 53 percent in 2015/16 and to 56 percent in FY 2016/17. Specifically, MTWA (57.8%), UTB (41.3%), UHTTI (69.3), UWA (68.6%), UWEC (55%)). The sector further completed the development of the Tourism standards development framework and therefore this has increased the level of adherence to Tourism Regulations by the respective tourism related enterprises to 59 percent.

The Sector Coordination framework is operational to a level of 80 percent through sector working groups and Top Management. This efficient Coordination Framework has enhanced inter and intra sectoral linkages. Terms of Reference for the design of the Tourism Management Information System (TMIS) were submitted to CEDP to procure the consultant.

**5. Increase conservation of natural and cultural heritage.**

Incidences of human wildlife conflicts have since reduced by about 78 percent from 7,259 FY2012/13 to 1,622 FY2016/17. The reduction has been as a result of increased efforts and involvement of communities in mitigating conflicts. Although the number of Ugandans visiting Uganda Museum increased from 4,367 in FY2012/13 to 9,242 in FY2016/17 as a result of increased product range and publicity/school outreaches, the number has reduced by 23 percent in 2015/16. There is an improvement in the conservation of natural and cultural heritage. The population of wild animals has since improved since FY2012/13 as a result of strong campaigns against poaching however, the decline in some is because of effect of invasive species which have negatively affected the grazers (Table 4.1).

**Table 4.2: Population of wild animals in Uganda**

| S/N | OUTCOME INDICATORS | Baseline 2012/13 | Target 2015/16 | Actual 2015/16 | Target 2016/17 | Actual 2016/17 |
|---|---|---|---|---|---|---|
| 1 | Population of Buffalo | 21,565 | 21,781 | 36,953 | 21,998 | 36,953 |
| 2 | Population of Burchell's Zebra | 11,814 | 11,932 | 11,888 | 12,051 | 11,888 |
| 3 | Population of Elephant | 4,393 | 4,437 | 5,346 | 4,481 | 5,739 |
| 4 | Population of Rothschild's Giraffe | 984 | 994 | 1,064 | 1,004 | 1,314 |
| 5 | Population of Heart beast | 4,099 | 4,140 | 9,667 | 4,181 | 9,667 |
| 6 | Population of Hippo | 6,580 | 6,646 | 5,838 | 6,712 | 5,838 |
| 7 | Population of Impala | 33,565 | 33,901 | 33,565 | 34,240 | 33,565 |
| 8 | Population of Topi | 845 | 853 | 2,222 | 862 | 2,222 |
| 9 | Population of Uganda kob | 54,861 | 55,410 | 77,759 | 55,964 | 77,579 |
| 10 | Population of Waterbuck | 12,925 | 13,054 | 12,222 | 13,185 | 12,222 |
| 11 | Population of Southern White Rhino | 11 | 11 | 17 | 11 | 17 |
| 12 | Population of Lion | 416 | 420 | 745 | 424 | 493 |
| 13 | Population of Mt. Gorillas | 400 | 404 | 400 | 408 | 400 |
| 14 | Population of Chimpanzee | 1,501 | 1,516 | 5,050 | 1,531 | 4,950 |

*Source: Ministry of Tourism, Wildlife and Antiquities*

The sector realized a significant reduction in the area of encroachment from 800 hectares in 2013 to 188.2 ha in FY2016/17 and the number of cases of poaching from 7,920 to 1,023 over the same period. In the same reporting period, 168.74 hectares of land was cleared off invasive species though it's less than the 100 percent planned target. This improved performance is as a result of strong campaigns against poaching, continued sensitization of communities and also due to the benefits they receive from being around the parks. In addition, the sector undertook 14,669 routine and 157 marine patrols, 585 suspects arrested and 400 were prosecuted. 11 guns and 285 ammunitions recovered. In addition, 2,629 assorted poaching tools, 1,795 kg of raw ivory, 212 kgs of hippo teeth and 62 live tortoises were recovered. 12 rangers were trained in canine unit and deployed in Entebbe.

The area preserved and conserved for wildlife resources has stagnated at 11 percent and this signifies a non-improvement in the integrity of wildlife resources. There is no evidence of new laws enacted to regulate poaching by the sector.

The promotion of curricula conservation in schools has in the reporting period been undertaken through revival of a number of Wildlife Clubs of Uganda (WCU) in schools. Wildlife clubs improved from 25 in FY2014/15 to 108 in FY2016/17.

By the end of FY2016/17, 16 percent of the districts had Historical and cultural heritage resources. These include; Kampala, Kumi, Soroti, Mbale, Namayingo, sembabule, Mbarara, Napak, Moroto, Gulu, Kabale, Kanungu, Ngora, Soroti, Lira, Apac, Ntoroko, Mubende, kakumiro. In the reporting period, 750 Historical and cultural heritage resources have been identified. Most sites have been identified during predevelopment cultural assessments and by research collaborators. However, only 4.2 percent (30) of the identified Historical and cultural heritage resources have been protected.

## 4.1.3 MINERALS, OIL AND GAS

### 4.1.3.1 Minerals

The NDPII identifies minerals, oil and gas as one of three prioritized growth opportunities that also include Agriculture and Tourism to increase impact and create growth momentum. Specifically, in this priority area, six key minerals are earmarked for exploitation and value addition. These are: Iron ore, Limestone/Marble, Copper/Cobalt, Phosphates, Dimension stones and Uranium. The Government has put a lot of emphasis on attracting private investment in mineral resources exploration and development through the provision of geo-scientific information on minerals, and management of equitable and secure titles systems for the mining industry. Government has discovered new deposits of high-value minerals in various parts of the country that can further be exploited for socio-economic transformation. According to UBOS, there was a 20.3 percent increase in the total value of the minerals produced from 146 billion shillings in 2015 to 176 billion shillings in 2016. Below is the progress against the NDPII objectives and interventions specific to the minerals sub sector.

1. **Establish the geological and mineral potential of the country**

The country is making strides in establishing the geological and mineral potential of the country as targeted in the NDPII. The Government through the Directorate of geological survey and mines (DSGM) developed and published maps on the country's mineral potential in order to attract investments. Different maps were published including; a 1:1,000,000 scale geological map, 1:1,000,000 scale mineral occurrence map and 1:250,000 scale mineral potential map sheets of the entire country. The country's geological mapping 1:50,000 and 1:100,000 coverage was 22% and 75% respectively while the country's geochemical coverage was at 35 percent.

In the period under review, the sector discovered 8 mineralized areas against the annual target of 3 mineralized areas. In particular, three mineral targets for Iron ore, rare earth elements and Uranium were appraised namely; Rutenga for Iron ore, where 30 MT of iron ore were delineated. Additionally, Bukusu Carbonatite ring complex, Manafwa district for Rare Earth elements (REE) where 90 samples were collected and await chemical analysis and uranium priority potential areas with anomalies up to 48.2ppm in Nkandwa parish, Kiboga; 904 ppm of Uranium in Katara subcounty in Buhweju district and 450.6 ppm in Kyambogo parish in Sembabule district. The follow-up on Katara uranium prospect in Buhweju revealed the presence of stronger anomalies up to 4500 ppm eU.

Beneficiation center: The subsector had planned to construct one beneficiation center this FY. The construction of the regional office and beneficiation center was completed in Moroto Municipality. The preparation of engineering designs for Ntugamo and Fort portal districts has commenced.

The subsector was unable to conduct 20 percent airborne geological data acquisition and map of Karamoja region due to lack of funds amounting to 20 million USD (UGX67.5bn). The non-implementation of this key intervention deters potential investment in the subsector which could have substantially improved the economy.

2. **Increase monitoring and regulation in the mining sector**

Although the sector is yet to develop the planned mineral development master, Government hired an International Consultant, to develop a master plan for the Oil and Gas Industrial park. The subsector has continued the implementation of the mineral certification mechanism in Uganda. The ICGRL Bill 2016[6] which domesticates the regional certification protocol together with other ICGLR protocols and the pact on security, stability and development in the great lakes region was passed by parliament in May 2017 and awaits assent. Additionally, a statutory instrument to institutionalize the ICGLR Regional certification mechanism and the OCED due diligence for designated minerals including Gold, Tin, Tungsten and Tantalite was drafted. To strengthen the institutional capacity, A mineral certification unit was created at DSGM.

Government through DSGM continued to mainstream and formalize artisanal and small-scale miners and control illegal and mining activities. The registration process of ASMs is ongoing, 2249 ASMs miners have been registered in Mubende, 1614 in Namayingo and Busia districts 600 ASMs in Karamoja Region and 50 ASMs in Rwengoma, Ruhama subcounty, Ntugamo district have been registered. Additionally, the subsector is in the process of conducting biometric registration of ASMs, TORs for the exercise have been prepared.

Over 1650 mineral artisans and small-scale miners in the various mining districts of Mubende, Namayingo, Busia districts, Karamoja Region Ntugamo district were sensitized and trained, up and above the against the NDPII target of 600. The ASMs were encouraged to organize and 20 mining associations were formed. Also, 34 licenses have been granted to the ASMs in the different mining districts.

The division continued to manage and update other geodata systems such as 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 of geoscientific data. The division continued with quality control of metadata in UDIS and stock taking of the hard copy data.A proposal to integrate the mineral occurrence information was provided to the M/s Spatial Dimension Pty of South Africa for further incorporation onto the Mining Cadastre Portal. This information will avail investors with additional information for investment decision in the sector

3. **Increase regulations for trade in mineral commodities**

The subsector has registered an increase in the value of the NTR collected amounting to 14.92 billion up from 3.7 billion collected in the FY2015/16. This is a reverse movement from the

[6] the Bill is aimed at domesticating the ICGRL Declaration made in Lusaka in 2010.

declining trend where the NTR collection had reduced overtime from 13.9 Bn in 2012/13 to 3.7 Billion in 2015/2016. In the FY under review, the value of minerals produced UGX 155Bn against annual target of UGX 400Bn. The increase in the NTR in 2016/17 is attributed to the revised fees structure in the mineral subsector.

As a prerequisite to the implementation of the International Conference on the Great Lakes Regional Certification Mechanism (ICGLR – RCM), the Bill to domesticate the Pact on Security, Stability and Development and the Protocol against the Illegal Exploitation of Natural resources was submitted to Ministry of Foreign Affairs (MoFA) for gazetting and publication. Subsequently, a statutory instrument has been drafted by the Inter-Ministerial Committee, coordinated by MoFA and MEMD in harmony with the regionally established ICGLR standards and guidelines, while taking into account the requirements of the ICGLR Mineral Tracking and Certification Scheme. However, these regulations can only become effective after ascent and publication of the Act on Pact on Security, Stability and Development. Government is yet to establish a public institution to handle certification process as planned.

4. **Increase private sector investment in the Mineral sector**

There has been a decrease in the total number of licenses, falling from 818 in 2015/2016 to 692 in 2016/2017. This is largely due to expiration by effluxion of time and cleanup of non-performing mineral rights. A total of 692 licenses and certificates were operation as of 30$^{th}$ June. Out of these, 150 were prospecting licenses (PL), 374 were exploration licenses out of which 8 are for geothermal exploration, 4 were retention licenses (RL), 49 location licenses (LL), 39 mining Leases (ML), and 76 Mineral dealer's licenses (MDL).

5. **Increase geothermal energy in the country**

Uganda vision 2040 estimates the geothermal potential at 1500MW. The main geothermal areas are Katwe-kikorongo (katwe), Buranga, Kibiro and Panyimur, located in Kasese, Bundibugyo, Hoima and Nebbi districts respectively. Out of these four areas, Kibiro and Panyimur are in advanced stages and will soon be subjected to drilling of first deep exploration wells and feasibility studies. Katwe-Kikorongo and Buranga are undergoing detailed surface exploration. The current findings indicate subsurface temperatures of approximately 150-250 degrees Celsius for Kibiro, 120-150 degrees Celsius for Buranga, 140-200 for katwe, and 110-140 degrees Celsius for Panyimur. These are suitable temperatures for electricity production, heat use in industry and agriculture, and for spas in the tourism industry. Detailed geology and geophysics have been carried out in four area, katwe-kikorongo, Buranga, Kibiro and Panyimur.

For Kibiro Geothermal prospect, surface exploration is near completion, a subsurface conceptual model was developed and six (6) temperature gradient wells (TGWs) sited. The subsurface conceptual model that will be a basis for siting deep exploration wells. This will be followed by a feasibility study involving 3 deep exploration wells and installation of a pilot power plant. For Panyimur prospect, geological, geochemical and geophysical surveys were undertaken focusing on faults that control the geothermal system for Panyimur. A working subsurface model for Panyimur is being developed. More geophysical surveys using TEM that penetrates in the subsurface are to be carried out to update the current subsurface conceptual model. This will be followed by drilling of the TGWS to discover a geothermal reservoir marking the end of the surface exploration in Panyimur.

For Buranga Prospect; geological, geochemical and geophysical surveys were undertaken, they involved mapping the extent of surface manifestations, measuring the geological strike and dip of Bwamba fault. More follow up geological activities using MT and TEM to fill gaps are planned for the next FY 2017/18, The subsurface conceptual model will then be updated with the findings obtained and will be the basis for drilling. For Katwe- Kikorongo prospect, No surface studies have been carried out besides the geological and geochemical and geophysical surveys done in 2008. The area was licensed to a private developer in 2010 who has don't made any developments and the area is set to return to government following expiry of the license in November 2017.

Other reconnaissance investigations have been done in the remaining 19 potential geothermal areas in Uganda, revealing reservoir temperatures ranging between 100 and 160 degrees Celsius. These temperatures are also suitable for electricity production and direct uses in Agriculture, Industry among others.

The ministry is currently drafting the geothermal policy of Uganda. The draft policy and principles were reviewed by the stakeholders and the comments are being incorporated

6. **Increase response to mitigate seismic risk**

There are currently 35 earthquake monitoring stations installed against the NDP target of 40 stations, which is 63.9 percent performance against the planned target.

During the reporting period the ministry maintained five seismic stations in Entebbe, Hoima, Nakawuka, Kabale and Mbarara. In addition, nine temporary earthquake recovery stations were installed in Gulu at Bungatira sub county, Agago, Kitgum, Kotido, Kaabong, Napak and Amudat all at district offices, Kumi station in Nyero subcounty headquarters and Lira station at Amach subcounty HQ. These stations are collecting data that will be used to model the subsurface. The ministry has initiated procurement of 5 addition earthquake stations to strengthen earthquakes and geohazard research. The Earthquakes and other geotectonic activity were monitored using Uganda National Seismological Stations installed at Kilembe, Hoima, Kyahi and Entebbe, and the data was analyzed to generate the seismicity map of Uganda for 2016. The data indicates that Uganda is prone to earthquakes and the seismic risk remains highest in the western rift (Albertine Rift) and in the Lake Victoria region.

Additionally, analyzing the data from infrasound signals reveals that there is a high vulnerability to lightening risks estimated at 80 percent of the population. In primary schools lighting and geohazards vulnerability studies revealed that at least 23 percent of the schools had lightening arrestors. The findings further reveal that lightening is very common and mostly associated with the first rains after dry spells. Therefore, as a mitigation measure, MEMD trained communities in districts of; Mbarara, Ntungamo, Rukungiri, Kanungu, Ibanda, Kabale, Rubanda Bushenyi, Shema, Kiruhura on adaptation and mitigation systems against lightning strikes. The project trained 80 communities and created awareness on adaptation and mitigation systems.

Furthermore, MEMD initiated compilations of district facts on infrasound and lightening, these results will be used for drafting bylaws for LGs to enable mobilization of adaption and mitigation technologies. Based on the community vulnerability study conducted for one community on the existing installations, it was revealed that the lightening protection materials are on the market are not of good quality. This is a big challenge that needs to be addressed urgently.

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

In the reporting period, over 20 DGSM personnel were trained on Iron Ore value addition by Zachary Baguma (Ag.C/GSD). The staff were taken through various processes of value addition of iron ore namely: crushing, milling, Electromagnetic separation and smelting with Coal to over 98% $Fe_2O_3$. In addition, capacity building of mining inspectors on mines inspection procedures, standards, and requirements in accordance with the Regional Certification Mechanism (RCM) and mine operators on the requirements for compliance with the RCM was undertaken.

### 4.1.3.2 Petroleum (Oil and Gas)

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. Overall, the percentage share of petroleum products over total imports decreased from 18.2 percent in 2015 to 16.2 percent of the total import expenditure during 2016. Below is the progress against the six (6) subsector objectives.

1. **Increase the exploitation of oil and gas production**

Petroleum resources in Uganda are now estimated at over 6.5 billion barrels of oil, of which 1.4 billion – 1.7 billion barrels of these resources are estimated to be recoverable. Additionally, the estimation of gas in the current stands at 500 billion cubic feet of gas in the Albertine Graben. Looking at upstream developments, a total of 121 oil wells have been drilled against the cumulative annual target of 130 wells with a success rate of 88 percent. Over 40 percent of the Albertine Graben has been explored and the oil prospects are set to increase ounce the whole area is explored.

The country currently has four (4) active production sharing agreements (PSAs) for petroleum exploration, development and production. The licenses under these PSAs are Tullow Uganda Ltd, Tullow Uganda operations pty Limited (TUOPL), CNOOC Uganda limited and Total E& P Uganda B.V (TOTAL), each having equal participating interests approximately 33.33%. The Government of Uganda notified the licenses in August 2016 that the Uganda National Oil company will take up the country's participating interests of 15 percent in the four PSAs.

During the period under review, 8 production licenses were granted over 13 oil fields to the licensed oil Companies on 30th August, 2016, including Kasemene-wahndri, Kigogole-Ngara, Nsoga, Ngege, Mputa-Nzizi-waraga, ngiri, jobii-Rii and Gunya. This puts the total number of production licenses at 9. The first license was issued to CNOOC in 2003. In addition, 13 field development plans were approved for issuance of Production License against annual target of 4 FDPs. In regards to exploration of the remaining areas, after a successful international competitive bidding round of six blocks, Government is expected to issue 5 new exploration licenses next financial year.

Also, the construction of the National petroleum Data Repository, Laboratories and offices at PEPD in Entebbe is ongoing It is currently on phase 3. The contract for construction was awarded in January 2017. The construction site was hand over in February 2017 and is expected to be completed by May 2018.

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

In terms of the Legal and regulatory framework, the upstream petroleum law and regulations are now in place; the law was enacted in 2013 and the regulations were gazzetted in April 2016. Government has made strides in development of the country's petroleum resource base to ensure sustainable petroleum exploitation. Significant investments have been made to develop local expertise in petroleum exploration, development and production. The directorate of petroleum has continued to train staff in both long-term formal and short-term refresher courses related to the petroleum discipline. In addition, the directorate coordinates the capacity building of all relevant government institutions in petroleum related disciplines so as to sustainably support the management of the subsector. The Uganda petroleum institute at Kigumba (UPIK) is operational and several Vocational and Training Institutes re now offering petroleum course and HSE. During the period under review 6 MEMD official were enrolled for professional training in Oil and gas discipline.

In the same way, the Petroleum Authority of Uganda (PAU) and the Uganda national oil company (UNOC) were established and fully functional. The ministry through PEPD continued to support PAU and UNOC to execute their mandate through secondment of staff with capabilities in environment management, geoscience, legal and engineering. However, Recruitment of top management positions has been done.

The National Content Policy together with strategy and plan was resubmitted to Cabinet for approval in Q2 2016. The delay in approval has slowed down the implementation of the policy activities however some are under implementation such as the workforce skills development strategy and plan. The achievement obtained under this project include; 20 students were certified as welders, scaffolders and electricians, trained 12 instructors and drivers in heavy vehicle goods vehicles (HGV), trained 320 beneficiaries in business development and practical skills in the Albertine region among others.

PEDPD also supported the Uganda National Bureau of Standards (UNBS) in the development of 18 new standards for the upstream petroleum subsector. A total of 192 standards for the petroleum sector (upstream, midstream and downstream) have been formulated and gazette. MEMD continued to promote country's oil for Investment through continued participation on regional forums on investment promotion in oil and gas. 2 staff represented the GOU at the steering committee meetings for the 8$^{th}$ East African petroleum conference and exhibition held in Bujumbura, Burundi.

The ministry continued to undertake periodic supervision of oil ang gas operations to ensure process in development of oil and gas fields for any necessary interventions. The sector reported 100 percent compliance by exploration companies with petroleum operations guidelines. However, the involvement of the local leaders in monitoring of the implementation of the SEI these activities requires improvement. The LGs lack the necessary capacity to support in the monitoring of the environmental effects as a result of the petroleum activities; and therefore, cannot cause alarm on any of the negative effects.

3. **Increase efficiency in extraction of oil and gas resources**.

According to the certificate of Compliance assessment by National Planning Authority, the Petroleum Authority of Uganda had a draft Strategic Plan implying that the Authority has not emphasized planning. Companies' assumptions and / or approaches are therefore never scrutinized in ensuring that efficiency is promoted. Uganda's oil and gas sector has transitioned from the exploration and appraisal phase to the development phase in preparation for sustainable production of the petroleum resources that have been discovered in the country.

Following the development of the Monitoring and Evaluation (M&E) framework for the National Oil and Gas Policy, the Ministry engaged a consultant to develop a database system to operationalise the framework. A prototype database had been developed by the consultant, and it was under review by the Ministry. The Ministry commenced development of Terms of Reference for a consultant to review and update the current National Oil and Gas Policy for Uganda which was approved in 2008, this will include the development of a new Petroleum Sector Investment Plan, in line with the policy.

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

Government is in the final stages of acquiring 29.57 sq.km of land for the oil refinery, associated industries and infrastructure. By the end of the financial year, 2,625 Project Affected Persons (PAPs) of the 2670 who opted for cash compensation had been compensated, accounting for 98.3%. The remaining 1.7% includes the PAPs who had never turned up for verification and disclosure. It also includes those whose grievances were still being addressed and some who were in court, disputing the compensation rates that were used. A Resettlement Action Plan is being implemented for the acquired 533.59 acres of land in Kyakaboga with the construction of the resettlement houses and other social infrastructure for the 78 PAPs who opted for relocation. By June 2017, the construction works were ongoing and progress stood as follows: - Lot 1 (Houses) – 100 percent; Lot 2 (Health Centres) – 100 percent; and Lot 3 (Schools) – 88 percent.

The discovery of commercially viable oil reserves in the Albertine Graben initiated a number of infrastructure development projects that required resettlement. To this end, a legal and administrative framework has been developed for undertaking land acquisition and resettlement for the Lake Albert Development Project with specific reference to all relevant Uganda laws and other statutory provisions and the International Finance Corporation (IFC) performance standards for land acquisition and involuntary resettlement. Where national legislation fell short of meeting the conditions prescribed by IFC performance standards, the project would ensure that the standards are met without infringing on issues of national sovereignty. The Project would establish a resettlement monitoring and evaluation system. The monitoring activities would assess the requirements of each Resettlement Action Plan (RAP) performance against the schedule of activities and budget. The need for any changes or corrective action would be identified in order to improve the resettlement delivery.

*Refinery development:* Government of Uganda plans to develop a 60,000 Barrels per Day (BPD) Hoima Refinery (Project) in two phases of 30,000 BPD each. The Project includes a 211km pipeline from the refinery site to a storage terminal to be located in Buloba, close to Kampala. From the Feasibility study and financial modelling, the project is estimated to cost between US$ 3 - 4 billion. The Government of Uganda extended an offer to East African Partner States to participate in the project. The Government of Kenya confirmed its shareholding of 2.5 percent in the Project. The Government of Tanzania expressed interest in 8 percent shareholding. The Government of Uganda also invited the Oil Companies operating in Uganda to participate in the project and so far, Total E&P Uganda has confirmed its participation of up to 10 percent.

The detailed routing study of the corridor, together with the Environmental Baseline Survey studies was completed in September 2016. The land acquisition process for the infrastructure corridor has commenced with the development of a RAP. The RAP study and implementation for the refined products pipeline route from Hoima refinery to the Buloba terminal is ongoing. At the end of the reporting period, the consultant was demarcating the corridor required for the pipeline and valuation of the property for project affected persons. Sensitization meetings were held in 5 districts (Mpigi, Wakiso, Kiboga, Kyankwanzi and Hoima) along the Hoima- Kampala Multi-products pipeline route. The Midstream Petroleum Department continued monitoring field activities for the RAP study for the Hoima - Kampala products pipeline.

*Hoima-Kampala Multi-Products Pipeline:* The Hoima-Kampala refined products pipeline is being developed as essential infrastructure for the refinery project. In addition, the planned storage terminal near Kampala will be developed to serve both as a Central Bulk Storage Facility and a Distribution Terminal. The pipeline is planned to be developed within an integrated infrastructure corridor which will accommodate a highway, power transmission, and ICT infrastructure. The objective of this integration is to optimize land use and reduce the environmental footprint for the various infrastructures, share utilities and enhance infrastructure security.

*Development of the Crude Export Pipeline (EACOP):* The development of the crude export pipeline is progressing, the final decision on the selected least cost route for transporting Uganda's crude oil to the East African Coast was taken and the Hoima-Tanga route was agreed upon. The East Africa Crude Oil Pipeline (EACOP) with a 24-inch diameter and 1445km length is being developed to connect Uganda's crude oil to the international market. The Front-End Engineering Design (FEED) study for the development of the pipeline was launched in January 2017, with a target of FID in December 2017. The relevant Intergovernmental Agreement between Uganda and Tanzania was signed in May 2017. In the same way, Host government agreements are being negotiated. Additionally, the crude feeder pipelines are also progressing and are currently under FEED, Expression of interest for EPC for the feeder and crude pipeline has been issued. The sector had also set out to complete 20 percent of construction works for Eldoret-Kampala petroleum products pipeline. The land for this multi-user terminal land acquired ad is title has been transferred to Government. The final study for the master has also been submitted by the consultant to the ministry for review.

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

Uganda is a net importer of petroleum products, it imports 92 percent of the products through Kenya and 8 percent through Tanzania. In terms of the supply of petroleum, the country experienced generally a normal supply of petroleum as most of the oil marketing companies committed to construction of inland stocks in preparation of the Kenyan elections. The restocking of JST reserves which had been undertaken previously by the private partner under PPP arrangement was terminated and restocking operations, management and maintenance was transferred to UNOC with effect from 29/5/2017. The restocking of Jinja storage tanks has delayed due to lack of adequate funding, however the procurement process to restock the storage tanks with 12 Million liters of fuel as Government portion is in ongoing. Government is promoting development of Alternative Route through Lake Victoria and the study on Petroleum Lake Transport was commissioned and is ongoing. The Petroleum Lake Transport system development ground braking was carried out by H.E The President at Bukasa in Mid-June 2017.

In terms of licensing, a total of 127 companies were issued petroleum construction permits and 615 petroleum operating licenses were issued to newly constructed dispensing facilitates and renewals for the 5-year expired licenses. Additionally, 163 environmental impact assessment reports were reviewed and forwarded to NEMA with recommendations for approval.

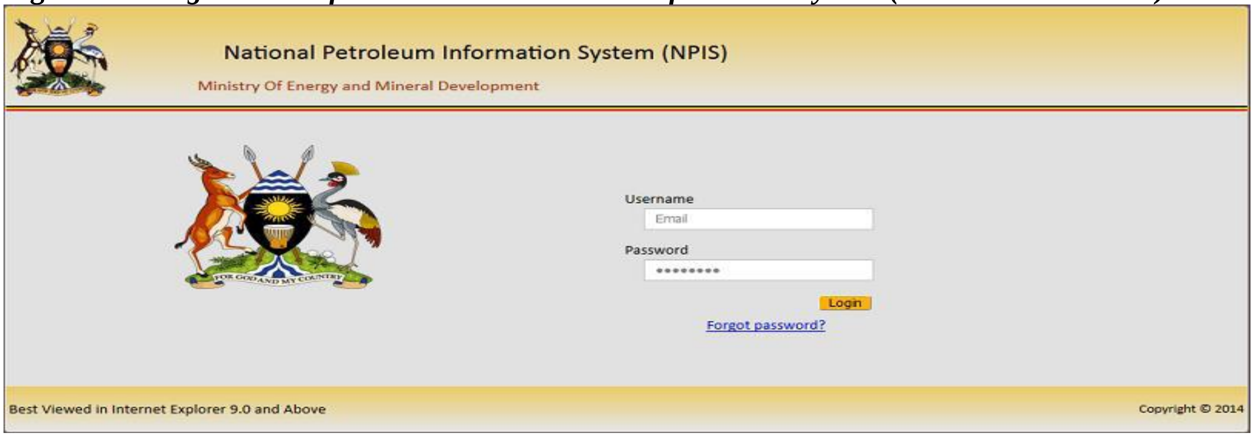
*Storage*: In terms of progress for land acquisition, the instalment was made for Buloba terminal and the title is with Ministry of lands for transfer. In terms of development, the inception report on Buloba Master Plan development was received from the consultants and approved. The corridor for the Malaba-Kampala products pipeline was grossly violated with new developments. The final report on Malaba- Kampala pipeline corridor Rap have been received from consultants and approved. The updated RAP report has been submitted with recommendations for degazetting and re-routing the products pipeline. The final RAP report is under cabinet consideration.

*Downstream Infrastructure development*: The Completion of implementation of RAP review for Malaba–Kampala petroleum products pipeline was completed and Final RAP update Report was submitted with recommendations for degazetting and re-routing the products pipeline and a draft Cabinet paper on the Report was prepared for guidance on the recommendations. The Multi- User terminal land at Buloba (Namayuba-Mpigi) was acquired and title transfer to government was undertaken. Multi-user Terminal Master Plan final study Report is to be submitted in first quarter of FY2017/18.

Government is promoting the use Liquefied Petroleum Gas (LPG) and LPG Baseline study was Commissioned and Interim Report was submitted mid 2017 which will lead to development of a Strategy for development of infrastructure for deepening use of LPG in 2018/19.

*National Petroleum Information System (NPIS):* NPIS was put in place by the Petroleum Supply Act, 2003. Initially data was stored in excel sheets until a server-based integrated system was developed in 2014. The LAN-integrated system has simplified work with most of the modules easier and automated. The NPIS upgrade is so far on going and the first two deliverables have been submitted and approved.

**Figure 4. 2:** ***Log-in screen from National Petroleum Information System (taken 21st June 2017)***




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

The Ministry reviewed and developed the environmental legislation required for regulation of environmental aspects in the oil and gas subsector such as: The national environment act, National environment (Environment impact assessment regulations), National Environment (waste management regulations), National environment (Audit regulations), National environment (standards for discharge of effluent into water or land), National environment (Noise standards and control). The process of development of a National Environment of a National oil spill contingency plan (OCP) and strategy for hazardous waste and chemicals management is ongoing.

In the reporting period, a final report on the development of the implementation plan and monitoring framework for the National Strategy and Plan for Petroleum transportation and storage was submitted. As well, a Cabinet paper on implementation of the National Strategy and Plan for Petroleum transportation and storage was developed.

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

As part of harmonizing policies, legal and fiscal framework for the oil sector in the EAC, the Project Development Committees for the EACOP project have been established comprising of: Pipeline Project Team (PPT), Joint Project Development Committee (JPDC), Project Steering Committee (PSC) and Advisory Committee (AC). The Pipeline Project Team works on the project implementation process on a daily basis. The AC, PSC and JPDC meet every 4 months alternately in Uganda and Tanzania to review the progress of the project.

The sector continued to participate in the regional initiatives where it took part in the 8th East African Petroleum Conference and Exhibition 2017 (EAPCE'17). The Conference was hosted by the Republic of Burundi on behalf of the EAC partner states. The Steering Committee continued with resource mobilisation, drafting the conference programme and booklet, reviewing security and protocol arrangements, among other tasks. The EAC Sectoral Council on Energy meeting was held in April, 2016 in Arusha, Tanzania and the meeting activities included: reviewing of the progress made in the Sector in implementing the Council's decisions, consideration of other areas of regional importance in new and renewable energy, energy conservation and efficiency, fossil fuels and power sub-sectors.

### 4.1.4 ENVIRONMENT AND NATURAL RESOURCES

There has been a reduction in the level of restoration of environment degraded fragile ecosystems. In Fy2016/17, the sector restored 476 hectares of wetlands which is 320 percent short of the NDPII target and 124 percent decline from the 1,068 Hectares restored in 2015/16. Despite the targets, the restoration achieved was a result of continued collaboration between the Ministry of Water and Environment and the Local Governments on sensitization campaigns targeting communities. Wetland coverage as a percentage of total land area declined from 10.9 percent in 2015/16 to 8.4 percent in 2016/17. The decline in wetland coverage is as a result of the high rate of degradation which is 70 times the restoration. Activities to restore wetlands are still on-going in many districts, though there is open resistance by some illegal wetland users utilizing the wetlands. Notwithstanding the activities in forestry, the forest coverage has further reduced and is now 8 percent and this is because of the rampant deforestation across the country to meet charcoal needs among others. The ongoing restoration activities on forestry are far below the restoration targets. 12 percent of the forests are under strict nature reserve. Forest reserves with management plans are now 36 percent of the total number of reserves.

All sectors with approved Sector Development Plans have integrated environment and sustainability into their policy and plans as a means to increase the sustainable use of Environment and Natural Resources. However, there is minimal integration in their respective budgets which undermined implementation. Three Sub sectors under the Environmnet and Natural Resources have Management Information systems. These are; WMD, National Forestry Authority (NFA) and National Environment Management Authority (NEMA).

Efforts to increase wetland coverage and reduction in wetland degradation are yet to yield results. The percentage of wetland ecosystems restored declined from 78 percent in 2015/16 to 20 percent in 2016/17. The decline in the area covered by wetlands at 8.4 percent is because the rate of restoration is too low to cause any significant change in coverage. The coverage is below the NDPII target of 11.3 for 2016/17 and the failure to attain the target emanates from the high rates of degradation and land use change for agriculture following population explosion. On a positive note, the percentage of wetland area under approved management plans increased from 6 percent in 2015/16 to 11.3 percent in 2016/17. The average performance on management plans is caused by the long and demanding process for community engagement.

There has been an increase in the country’s resilience to climate change where 55 percent of the institutions have adopted climate change resilience activities. There’s continued off Budget support towards mainstreaming climate change in sector plans and strategies from Development Partners and CSOs. Further, there has been an increase in number of climate change projects by various sectors. The less than maximum performance is because of the frequent budget cuts across sectors and poor budget out turns that result into concentration on core mandate interventions. The specific performance on outputs is outlined below.

1. **Restore and maintain the integrity and functionality of degraded fragile ecosystems**

Government has continued to develop and enforce a number of regulations and laws to have the degraded fragile ecosystems restored and maintained. In this reporting period, additional district ordinances and community bye laws on shea butter tree and wildlife conservation have and are being developed. The community bye laws that have been developed and already under implementation are for: Karenga sub-county (Kaabong district), Orom sub-county (Kitgum district), Lokole sub-county (Agago district) and Adwari sub-county (Otuke district). There was no program on integrated ecosystem assessment developed in the financial year under review.

There has been slow progress on restoration of degraded natural resources. The sector reported to have restored 351 Ha of the degraded eco-systems in central forest reserves this financial year and this reduced by 22 percent from the previous period. The sector planned to restore at least 2,000 Ha per annum and this is far from being achieved. This has been attributed to the low funding that is coupled with untimely releases and yet the activities are seasonal. In the same period, the sub sector registered an increase in the length of forest/ecosystems boundaries demarcated from 280 in 2015/16 to 306 in 2016/17. Relatedly, low funding and boundary conflicts especially in Urban and encroached Central Forest Reserves (CFRs) undermined further effort on this intervention.

**2. Increase the Sustainable Use of Environment and Natural Resources**

The stock of ENR goods and services has been improved through operationalization of the 20 ENR based enterprises. Specifically, a total of 20 women enterprise groups under the Kidepo Critical Landscape Project (KCL) were supported with several interventions on sustainable use options for shea butter trees and wildlife. On sustainable use of shea butter trees, the project has promoted production and processing of shea oil from shea butter tree nuts. In that regard, six (6) women groups with 30 members each in Otuke district were supported with four (4) cold and hot press machines for processing shea oil from shea butter tree nuts. Similarly, fourteen (14) women groups in Agago district were supported with four (4) cold and hot press machines. The cold and hot press machines can produce two litres of oil from 8kgs of shea nuts in less than one hour and has a capacity to produce 80litres of shea oil in a day. This has resulted into production of more shea oil and therefore more income for the women groups. In addition, understanding of the importance of shea butter trees has been gained by the women groups who now act as ambassadors of shea butter tree conservation in their areas. In addition to sustainable use options for shea butter tree products, conservation of shea butter trees through on-farm vegetative propagation was foreseen during project formulation. To that end, a total of 35,000 shea butter tree seedlings were produced by NFA and planted in Oliduro (Otuke district) and Langolebwal (Abim district) central forest reserves. On sustainable use options for wildlife, the project supported one group of women with 30 members in Kaabong district to establish a cultural centre for staging cultural performances to tourists and selling of their traditional craft materials. This has resulted into generation of income for the women groups including an understanding of the importance of having wildlife in their area.

The sub-sector also registered an increase in the national, regional and international partnerships. For instance, NEMA in collaboration with UNEP-WCMC undertook a study and a technical report on Experimental Ecosystem Accounting for Uganda. Also, NEMA in collaboration with UNDP reviewed the biodiversity expenditures of MDAs under the Biodiversity Finance Initiative

(BIOFIN) which identified the finance needs and financing solutions for the ENR sector. The Sub-sector particularly NEMA did not undertake any capacity building of key lead agencies in oil and gas as a result of budget constraints.

The Oil and Gas environmental monitoring plan has to some extent been implemented by all the responsible Lead Agencies as evidenced by the level of environment compliance within the Oil and Gas region which increased from 15 percent in the previous period to 75 percent in 2016/17. The environmental compliance levels attained ranged from 70 – 75 percent of which oil and gas sector was outstanding (75 percent). Furthermore, the number of institutions implementing biodiversity and biosafety increased to 13 in 2016/17. The following institutions have mainstreamed biodiversity and are implementing national targets, these are key: NEMA, Ministry of Water and Environment (MWE), Forestry Sector Support Department(FSSD), National Forestry Authority (NFA), Uganda Wildlife Authority (UWA), Ministry of Tourism, Wildlife and Antiquites (MTWA), Uganda Export Promotion Board (UEPB), Uganda Wildlife Conservation Education Center (UWCEC), Uganda National Council for Science and Technology(UNCST), National Agricultural Research Organisation (NARO), Plant Genetic Resource Center (PGRC), Ministry of Local Government(MoLG), Ministry of Energy and Mineral Development (MEMD).

There was a remarkable increase on public awareness on ENR opportunities, green economy and sustainable consumption. The number of awareness campaigns conducted on ENR opportunities, green economy and sustainable consumption increased to about 500 in 2016/17. Key areas of sensitization included; better mining methods and practices in Mubende and Kayunga districts, protection of Lake Kyoga and upper Nile catchment being degraded by rice growing and other human activities. In addition, NEMA coordinated and supported School Environment Education Programs (SEEP) through training of trainers (TOTs) in schools, and Education for Sustainable Strategy (ESD) in universities and tertiary institutions. The number of LGs supported on environmental management increased from 49 in 2915/16 to 55 in 2016/17. The support focused on sensitization on responsibilities of LGs and the community in ensuring sustainable use of environmental resources for both conservation and livelihood purposes.

Databases for the Environment and Natural Resource sub-sectors developed. NEMA coordinated and supported key MDAs such as OPM, NPA and UBOS among others to develop databases for the ENR sub-sectors. The EIA online database is one of the investment databases developed by NEMA to fast track issuance of the EIA certification to developers. This will improve the investment climate in Uganda. The sub-sector also registered an increase in the number of research findings undertaken. Several researches were undertaken on ecological sanitation, balancing future trends of water availability and biological control of key forest pests and diseases among others. The sub-sector also maintained the 12 regional waste management plants in the FY2016/17 and no new plants have been established. These are in Mukono, Jinja, Mbale, Soroti, Lira, Kasese, FortPortal, Kabale and Hoima among others.  No facilities were established in 2016/17 due to budget constraints.

### 3. Increase wetland coverage and reduce wetland degradation

There is a slow progress in the protection and restoration of wetlands. In the FY 2016/17, the sub-sector protected and restored four wetlands which is short of the target of six projected annually.

Specifically, NEMA supported the restoration of critical and vital wetlands like limoto in Kibuku and Pallisa districts (Mpologoma-Limoto system) of which about 35km is recovering. Relatedly, 167 km of wetland boundaries were demarcated in 2016/17 registering which is lower than those demarcated (419 Kms) in 2015/16. The demarcated wetlands were in Hoima, Kisoro, Jinja, Iganga, Gulu, Alebtong, Lira and Masindi districts. Also, a total of 476 hectares of degrade wetlands in the districts of Kiruhura (150ha), Soroti (13Ha), Rakai (145Ha), Isingiro (40Ha), Bududa (10Ha), Budaka (28ha), Bulambuli (80Ha), (Omoro 6Ha) and Lira (10Ha). The budget constraints are reported as a reason for the decline in the acreage restored in 2016/17 as compared in 2015/16. The sub-sector further registered a decline in the number of wetland management plans developed in 2016/17. Only one wetland management plan framework was developed for Kyojja system in the central compared to 6 developed in FY2015/16. Additionally, coding of wetland for Kyoga drainage basin was completed and review of names and codes for 11 districts (Lwengo, Rakai, Masaka, Gomba, Butambala, Mpigi, Mityana, Mukono and Wakiso) within the Lake Victoria drainage was undertaken.

There was an increase in the number of inter-district wetland committees established and functional. Regional wetland technical support units were established in the East (Mbale), West (Mbarara), North (Lira) and Central (Wakiso) and are fully operational. The legal and governance mechanisms for sustainable wetlands management was realized by having 26 developers complying with wetland policy and regulations in 2016/17 a decline from 49 in 2015/16. It is reported that 95 proposed and existing developments near or in wetland areas were monitored, inspected and regulated for compliance, 35 cases were reported to police and 8 trucks and engineering plants impounded. Three natural resource valuation studies were also undertaken in 2016/17.

4. **Increase the functionality and usage of meteorological information system**

The meteorological Act has been made operational by having a number of meteorological stations operational. Specifically, 62 percent (30 out of 48) of the manual meteorological stations and 74 percent (32 out of 43) automatic weather stations were reported to be functional in 2016/17. The functionality of a station is measured by the realization of its data at the center. Any station that takes more than a month without sending data to the Centre is considered non-functional. However, some stations may be running without communication facilities to send the data in time.

Furthermore, guidelines and regulations for operationalization of the Meteorological Act were developed and are awaiting gazettement. Early warning products in terms of seasonal forecasts were developed and disseminated quarterly in FY2016/17. The Uganda National Meteorological Authority (UNMA) also produced 5 research findings and recommendations that were disseminated. Specifically, 2 scientific journal articles were published on the meteorological scientific journal under World Meteorological Organization.

5. **Increase the country's resilience to the impacts of climate change.**

District governments planted 6.3 million tree seedlings with an average survival rate of 67.1 percent. These were on a total area of 17,261 hectares (ha), while 1,664 ha of local forest reserves were planted and maintained in terms of weeding, pruning and thinning. 5,876 farmers were trained in different aspects of forestry management, and 3,790 farmers were monitored for compliance to forestry management guidelines.

**6. Increase afforestation, reforestation, adaptation and mitigate deforestation for sustainable forestry**

Despite the sector efforts to have seedlings sold to the public and development of forest management plans, forest cover continues to reduce is now 8 percent. The number of tree seedlings sold to the public decreased from 10,500,000 in 2015/16 to 8,406,291 seedlings in 2016/17 which is 48.7 percent less than the NDPII target. This shortfall is among the constraints to the attainment of the overall sector targets. Although there was an increase in the number of forest management plans developed in FY2016/17 (56), this was less than planned. Of these management plans, 50 were for private forests while 6 were community forests by the Enhancing Forest Tenure and Governance project. Furthermore, 636 hectares of forest plantations established in the central forest reserves of Mafuga-149.5, Mbarara-75, Seed stands-5 in Kagorra, Mwenge-98, South Busoga-20, Lendu-120, Kaweri-86, Kijwiga-50 and Bwezigolo-Gunga-30 in FY2016/17.

National Forest Resources Research Institute carried out about eight research undertakings in various field related to the forestry sub sector. The research fields include:- biological control of forest pests and diseases; empirical evidence on profitability and contribution of farm forest plantations to household incomes and livelihood strategies; enhancement of silviculture for improving forest productivity; utilization of indigenous species for increased land productivity; Improved forage production and utilization; enhanced commercialization of forest products; utilization of biomass energy technologies and bio-fuels for domestic and industrial use; broadening use of waste for briquette fuel to provide environmental services as well as income to farming households.

The sub-sector also reported a decline in the number of tourists in the forestry industry from 14,596 in 2015/16 to 11,358 in 2016/17. It was emphasized that tourist facilities need refurbishment and advertising while the road network is to be improved with equipment from USAID. As regards a functional National Forest Monitoring System (NFMS) in place, there was progress in 2016/17 built on the efforts undertaken in 2015/16. The initial draft NFMS is expected to be ready by 2018/19. Data collection is underway and this will constitute the building blocks for the NFMS framework. The sub-sector has also built cumulative progress in developing Forest Emissions Reference Level in FY2016/17. Initial description of Uganda's Forest Emissions Reference levels was completed and submitted to UNFCCC in January 2017. The Forest Emission Reference Level is undergoing a technical review. Uganda's FRL is based on data from 2000-2015, the FRL may be used to measure Uganda's forest sector performance for the period 2016-2020. Performance is measured in terms of emission reduction or increased $CO_2$ sequestration in comparison to baseline

The sector is working towards the completion of the REDD+ strategy by 2018 in line with the NDPII target. Cumulative work towards the strategy has been undertaken in 2015/16 and 2016/17. This includes identification of REDD++ strategy options and implementation strategies which has been completed. The draft REDD+ Strategy and implementation action plan has been prepared and is undergoing a series of validation at national and sub-national levels. The Draft Strategy includes the following 8 Strategic options for addressing drivers of deforestation and forest degradation (Strategic option 1: Climate smart agriculture; Strategic option 2: Sustainable fuel-wood and (commercial) charcoal use; Strategic option 3: Large-scale commercial timber plantations; Strategic option 4: Rehabilitation of natural forests in the landscape; Strategic option 5: Energy efficient cooking stoves; Strategic option 6: Integrated wildfire management; Strategic option 7: Livestock rearing in Cattle Corridor; Strategic option 8: Policy, legal and Institutional environment) as well as description of implementation arrangements and requirements (budget and capacity needs).

7. **Climate change legal and institutional framework improved**

Only 20 percent of the institutions have climate change response strategies. The three (3) institutions out of the targeted 23 are; Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), MWE and MoLG. The sub-sector is in the final phase of completing the National Climate Change Act as a response to provision of a legal framework for climate change policy implementation and compliance. This will be completed in 2018/19 in line with the NDPII target.

### 4.1.5 TRADE, INDUSTRY AND COOPERATIVES

#### 4.1.5.1 Trade and Cooperatives

Trade is vital for boosting the country's development and plays a critical role in poverty reduction through enhancing growth and increased commercial opportunities and investment, as well as expanding the productive base through private sector development. In addition, trade enhances competitiveness of the country by providing low cost inputs, increased value addition of their products and enabling the country to move up the global value chain. This can result into improved earnings of its citizens and improve their livelihoods as a result of improvement in quality, of products and competition among trade partners. The following sections provide a detailed progress on implementation of the planned objectives and intervention.

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

The Ministry of Trade, Industry and Cooperatives through Uganda Export Promotion Board in FY2016/17 was able to incentive the export of processed products through facilitation of selected exporters to participate in regional trade fairs and hold of President's Export Award (PEA) where outstanding exporters were recognized in specific categories.

In the same reporting period, Cabinet approved the National Export Development Strategy, National Policy on Services Trade and the Packaged Water policy were also passed. No progress was reported with regards to establishing the Export Development Centre on account of lack of funding to undertake the venture.

In FY 2016/17, Government licensed its first free zone (Arua Special Economic Zone) in Arua district. The zone will focus on fish processing, timber processing and construction of pre-built factory units and warehousing facilities to provide storage and manufacturing space for operators within the Zone. Pertinent to this, Government launched a five-year strategic plan to guide the implementation of the free zone schemes in Uganda that would facilitate the realization of an increase in export-oriented trade and investments.

2. **Improve Private Sector competitiveness.**

During FY2016/17, the following Bills were before Parliament for approval: Anti Counterfeit Bill. The Sugar Bill, Accreditation Bill, The COMESA Treaty Implementation Bill, the Cooperative Societies Act Amendment Bill and The World Trade Organization (WTO) Domestication Bill. It is unfortunate to note that these Bills have stalled for long. On the policy, legal and institutional frameworks to support private sector competitiveness, a number of policies were under development and these included: Agriculture Produce Marketing Bill, Revival of the Cooperative Bank, Alcohol Bill, National Industrial Development Bill, Legal Metrology Bill, Industrial and Scientific Metrology Bill, Consumer Protection Bill and the Competition Bill among others.

In addition, UNBS was able to established a National regulatory mechanism consistent with the WTO TBT thus; 357 standards developed; 899 product certification permits issued; 1,128 market outlet inspections; 119,149 consignment of imported goods inspected; 12,799 equipment were calibrated; and 772,059 equipment were verified.

However, with regards to provision of technical and entrepreneurial skills development to private sector; MTAC with funding from Government trained a total of 4,594 participants from different parts of the country both in processing and marketing of their products.

3. **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. The tripartite negotiation among EAC, COMESA and SADC were also concluded thus providing additional market of over 500 million people with a combined GDP of US$ 1trillion. The sector also recorded merchandise exports of US$2.723 billion against imports of US$4.416 billion representing a trade deficit of US$2.718 billion.

The East African Community continues to make more strides in the implementation of the Single Customs Territory (SCT) which is expected to further facilitate the removal of non-tariff barriers, elimination of multiple transit bonds and customs declarations, hence improving the business environment in the region. EAC Partner States took a decision to rollout the implementation of the SCT to all imported products by 31$^{st}$ July 2017. This will ensure declaration and clearance of goods at the first point of entry into the partner state hence improving the clearance times leading to a reduction in the cost of doing business and tax compliance.

4. **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, functional trade information desks for cross border trade have been maintained in Malaba, Busia, Mutukula, Mpondwe, Katuna, Bunagana, and Elegu. The Ministry with support from TMEA was able to construct 2 One Stop Board Posts to ease clearance of goods.

Under COMESA, the implementation of the Great Lakes Trade Facilitation Project (GLTFP) started in December 2016. Project implementation started with the launch of recruitment of Trade Information Officers (TIOs) who are to be based at selected locations in the eastern borderlands of the Democratic Republic of Congo (DRC) along the neighboring countries of Uganda and Rwanda. The project is being financed by the World Bank and implemented by COMESA. The main objective of the project is to facilitate cross-border trade through enhancing the capacity for commerce and reducing the costs faced by small-scale traders, especially women who form the majority. GLTFP will build on existing Trade Information Desks (TIDs) that were established by COMESA in the selected border regions such as Goma in DRC and Rubavu in Rwanda, Kasindi in DRC, Mpondwe in Uganda, Bunagana in DRC and Bunagana in Uganda. Under GLTFP, an additional 20 TID officers will be recruited to complement the existing capacity, including for the new desks that will be identified through the on-going assessment mission undertaken by the COMESA Secretariat in the Great Lakes region.

### 4.1.5.2 Cooperatives Development

The significance of cooperatives for development in Uganda cannot be overemphasized. Accordingly, the trade and cooperatives sub-sector aims to ensure availability of goods and services by expanding and diversifying domestic and export markets. The numbers of cooperatives increased from 17,629 to 18,501 between 2015/16 and 2016/17. 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. Progress on implementation of the interventions under cooperatives sub sector is summarized in the following sections.

1. **Promote the formation and growth of cooperatives**

In the reporting period, progress on this objective is assessed through the increase in the number of cooperatives and cooperatives bulking for collective marketing. Cooperatives increased from 15,225 registered cooperative societies in the country in 2013/14 to 18,501 in FY2016/17. The Cooperative Societies Amendment Bill was passed by Cabinet.

By 2016/17, 7,019 production and marketing cooperatives had been established, rising from 6,011 in 2015/16. The number of SACCOS reached 8,649 in 2016/17, up from 8,285 in 2015/16. 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. 70 warehouses across the country had been inspected and licensed. As a result, the commodity exchange was transformed into Uganda National Commodity Exchange with both government and private sector having shares.

Access to financial services for the cooperative institutions and trade is critical for driving growth and development of economies. However, its effectiveness depends so much on the level and adequacy of financing available. Over the years, access to finance in Uganda has been a challenge. In that regard, Government has put in place a number of measures to address the challenge. For instance, In FY2016/17; (i) Uganda Development Bank was capitalized with UShs. 5bn (ii) Tier 4

Microfinance Institutions and Money Lenders Act, 2016 passed by parliament and statutory instrument issued by Hon. MFPED designating July 1st, 2017 as the commencement date for the Act; (iii) Developed guidelines for Islamic Banking; and (iv) Developed and submitted the National Payment System Policy to cabinet for approval.

In addition, Government through the Microfinance Support Centre (MSC) in the reporting period launched a product for agro-inputs loans. The product is intended to finance farmer's acquisition of agro-inputs such as seeds and seedlings, agro-equipment such as spray pumps and irrigation tools, fertilizers and agrochemicals like acaricides, pesticides and herbicides, as well as packaging materials. Borrowers will be allowed to acquire a minimum of Shs 5 million at an interest rate of one (1) per cent per month. The loan repayment is up to four years and the borrowers can repay monthly, quarterly or seasonally.

2. **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.

3. **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 hundred (900) cooperatives were revitalized in 2015/16, but this was well below the target of 1,500 due to insufficient funding

## 4.1.5.3 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 25 percent, 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 20.6 percent in 2012/13 to 19.6 percent of total GDP in FY2016/17. The industrial sector contributed and is estimated to have grown by 3.4 percent down from 4.7 percent recorded in the previous year. The slower growth was attributed to the weaker performance of mining & quarrying and construction activities when compared to the previous year.

Growth in the industrial sector was mainly on account of improved value addition in the manufacturing sector, and increased electricity generation and water supply. Manufacturing posted growth of 2.5 percent in FY2016/17 from a modest growth of 0.6 percent the previous year. The growth in manufacturing came from food processing, chemical & pharmaceutical production and cement & lime production.

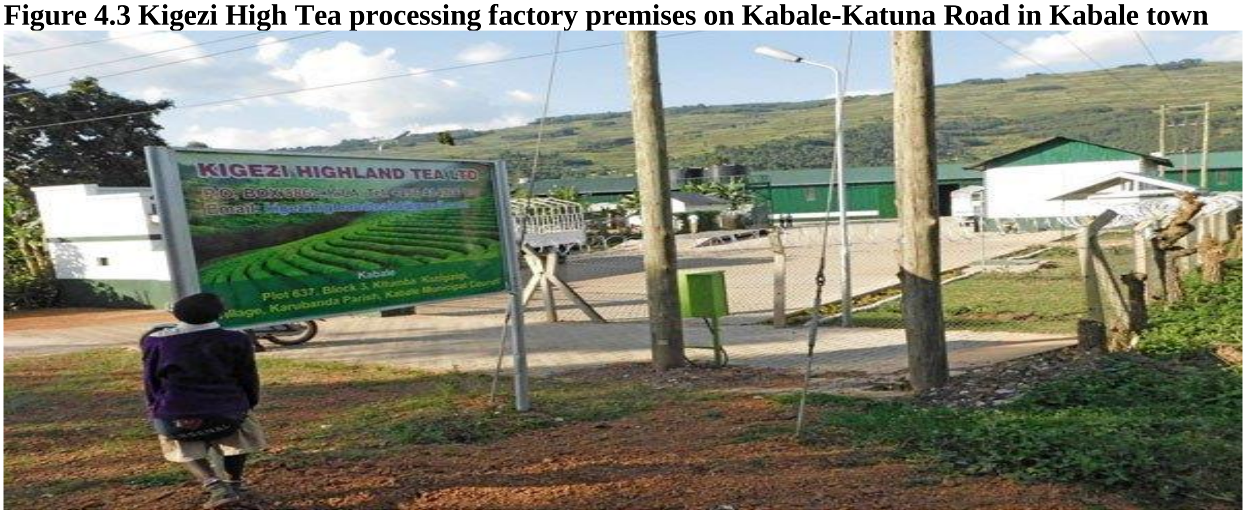
1. **Promote the development of value-added industries in agriculture and minerals**

The mineral production decreased by 10 percent from 1,988 tons in 2014 to 1,793 tons in 2015 contrary to the 15 percent target in FY2015/16. There was a 20.3 percent increase in the total value of the minerals produced from 146 billion shillings in 2015 to 176 billion shillings in 2016.

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. In the reporting period, Uganda Development Bank (UDB) was capitalized with UShs. 5billion. The on-going projects under UDC include: Kalangala Infrastructure Services Project, Soroti Fruit factory Project, Luwero Fruit Project and Kiira Motors Project.

In FY2016/17, Government focused on continued implementation of its industrial and business park development programme. Specifically, Government: Supported a number of agro industrial initiatives aimed at furthering value addition, namely; tea processing plant in Kabale and Mabaale in Kyenjonjo district, initiated preliminary works in Zombo. The Kabale factory has capacity of processing about 40,000kgs of tea leaves per day. It currently however, processes 15,000kgs because of the scarcity of tea leaves. With ongoing support from the South Korean International Cooperation Agency (KOICA), the Teso Fruit Factory construction in Soroti was to be completed and least for trial runs and training of the operators.

**Figure 4.3 Kigezi High Tea processing factory premises on Kabale-Katuna Road in Kabale town**




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.

**2. Increase the stock of new manufacturing jobs.**

In FY2016/17, manufacturing activities recovered from slow growth of 0.5 percent in 2015/16 to 3.4 percent. The improved recovery in manufacturing growth was due to confidence among investors after the election season and the general macro-economic stability. The share of manufacturing activities to the total GDP increased to 9 percent in 2016/17 compared to the share of 8.2 percent in 2015/16. Attention has been given to rethinking Uganda's industrialization agenda because it remains the most credible route for creating gainful and sustainable jobs.

Government launched the implementation of the Buy Uganda Build Uganda' (BUBU) policy in FY2016/17 amidst some challenges from certain sectors of the community. 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.

In order to fast track the development of industrial parks, Uganda Investment Authority (UIA) was given a mandate to establish 22 Industrial and Business parks throughout the Country to create jobs and add value to locally available raw materials. Out of these, UIA has managed to establish 45 percent of the planned industrial parks. These include: (i) Kampala Industrial and Business Park (KIBP) - Namanve; (ii) Luzira Industrial and Business Park; (iii) Bweyogerere Industrial and Business Park; (iv) Jinja Industrial and Business Park; (v) Kasese Industrial and Business Park; (vi) Soroti Industrial and Business Park; (vii) Mbale Industrial and Business Park; (viii) Karamoja Industrial and Business Park; (ix) Kashari Agricultural Land; and (x) Mbarara SME Park.

**3. 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 30 percent. 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.

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

This objective has since shifted to Science, Technology docket

**5. Promote green industry and climate smart industrial initiatives**

Government is heavily investing in the energy infrastructure to facilitate exploitation of the abundant renewable energy sources including hydropower, geothermal, and nuclear energy source with the aim of ensuring that the Country achieves a capacity of 2,500MW in 2020 from 850MW in 2013. Government in FY2016/17 as part of its effort to promote energy sustainability, efficiency and green growth advanced the biofuel bill for petroleum which will regulate blending of biofuels.

Furthermore, in the reporting period, forty-six (46) private sector players benefited from Carbon credit facilities. Uganda adopted the National Climate Change Policy in 2015 and also embarked on the formulation of the Uganda Green Growth Development Strategy (UGGDS). The UGGDS aims at combating climate change effects as well as poverty reduction, sustainable economic growth, enhanced social inclusion and employment opportunities while maintaining healthy functioning ecosystems. Under the UGGDS, the following measures are being undertaken; a) MWE has been supported to develop the monitoring, reporting and verification system for tracking and reporting greenhouse emissions; b) MLHUD has been supported to develop the National Urban Solid Wastage Management Policy; c) Global Green Growth Institute (GGGI) is supporting the GoU to build readiness capacity to receive funding from the Green Climate Fund (GCF); d) The national urban policy is being aligned to green growth strategy; e) MLHUD received support to develop the green cities development road map; f) MEMD is being supported to develop the national renewable energy roadmap and investment plan;

## 4.2 COMPETITIVENESS

### 4.2.1 INFRASTRUCTURE DEVELOPMENT

#### 4.2.1.1 WORKS AND TRANSPORT

Government’s focus over the NDPII period has been addressing the challenge of inadequate physical infrastructure which will in turn reduce the cost of doing business. Its therefore a key and priority sector identified to drive Uganda’s economy. It anchors the economy and serves as its conveyor belt. In FY2016/17, the sector continued to be allocated the largest share (18.7 percent) of the national budget. The Transport Sector which also includes the construction industry plays a crucial role in the country’s economic growth. An efficient and effective transport infrastructure and services eases domestic and international trade and contributes to national integration. It provides access to markets, jobs, health care, education and other essential social services. A vibrant construction industry provides skills, jobs and a market for construction material.

**1. 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 table 4.2. During the period under review, the condition of paved and un paved road National road network improved from 77 percent to 80 percent and 66 percent to 70 percent in 2012/13 and 2016/17 respectively. These in addition surpassed the NDPII targets of 79 percent and 66 percent respectively. The proportion of paved national roads to the total national road network (km) improved from 16.6 percent in 2012/13 to 21 percent in the second year of NDPII implementation thus surpassing the target by 20.9 percent. Although the paved national road network improved from 3,795 km in 2012/13 to 4,257 km in 2016/17, the NDP II target of 4,536 km was not achieved. This is attributed to delayed compensation of Project Affected Persons (PAPs) and thus leading to the delay in completion of various road projects. It should however, be noted that implementation road construction works are currently on-going on over 2,000 km of national road network. There was also a 0.01 min/km reduction in the travel time on the National roads.

The international Air Passenger traffic although increased by 9.4 percent from 1,342,112 in FY2012/13 to 1,468,162 in 2016/17, this number reduced by 2.4 percent from 1,504,155 in received in FY2015/16. This performance was in addition below the NDPII target of 1,623,956. This poor performance could be attributed to the airport rehabilitation works that were on going during the assessed period. The NDPII therefore identified a number of interventions and outputs to address the outcomes highlighted above. The progress of implementation of the interventions are discussed below.

**Table 4. 3: Improved transportation system and progress against targets**

| No. | Outcome indicators | Base year 2012/13 | Target 2015/16 | Actual 2015/16 | Target 2016/17 | Actual 2016/17 |
|---|---|---|---|---|---|---|
| 1. | *Proportion of passenger traffic by rail (%)* | 0 | 0.03 | N/A | 4 | |
| 2. | *Volume of cargo transported by railway (thousand tonnes)* | 7,493 | 8,000 | 8,325 | 131.98 | 118.89 |
| 3. | *Proportion of Unpaved National Road Network in fair-good condition (%)* | 66 | 66 | 71 | 66 | 70 |
| 4. | *Proportion of Paved National Road Network in fair to good condition (%)* | 77 | 78 | 78.5 | 79 | 80 |
| 5. | *Travel time in GKMA (min/km)* | 2.5 | 2.6 | 2.9 | 2.7 | 5 |
| 6. | *Travel Time on National Roads(min/km)* | 1.15 | 1.14 | 1.14 | 1.12 | 1.11 |
| 7. | *Proportion of paved national roads to the total national road network (%)* | 16.6 | 19.5 | 20.2 | 20.9 | 21 |
| 8. | *Total paved national road network (km)* | 3,795 | 4,095 | 4,157 | 4,536 | 4,257 |
| 9. | **Proportion of paved KCCA roads to total KCCA roads.* | 38.36 | 40.02 | 41.43 | 41.67 | 27.4 |
| 10. | *International Air Passenger traffic ('000s)* | 1,342 | 1,476 | 1,504 | 1,623 | 1,468 |
| 11. | *Domestic Air Passenger traffic* | 13,780 | 15,158 | 13,744 | 16,674 | 15,968 |
| 12. | *Freight air Cargo Traffic (tonnes)-loaded* | 33,784 | 36,487 | 34,693 | 39,408 | 46,777 |
| 13. | *Freight air Cargo Traffic (tonnes)-unloaded* | 22,123 | 23,229 | 21,490 | 24,391 | 20,317 |

***Source: Ministry Works and Transport***

Government is yet to conduct a national study on multi-modal transport system as planned. Establishment of a Maritime Administration Department was approved by Cabinet on the 13th

April 2016, Min. No. 77(CT 2016). The department was operationalized in 2016/17 and two (2) staff from this department were sent abroad for training in marine time affairs.

In FY2016/17, government planned to periodically maintain a network of 2,570 km and by Quarter three, 2,271.1 km had been achieved. By end of Q3, 84.1 percent of the financed quantity was achieved. The national road takes a large proportion of funds (64.12 percent) of the total budget for road maintenance although total budget slightly decreased by Ugx 0.09 bn between FY2015/16 and FY2016/17. The key operational issue in the road subsector is axle load control. Axle over loading on the national road network continues, thereby resulting in deterioration of the network and the need for additional finance to rehabilitate damaged roads. During the FY 2016, the number of vehicles weighed reduced from 654,389 to 575,211. However, the percentage of overloaded vehicles increased slightly from 2.1 percent to 3.7 percent by June, 2017.

**Table 4.4: Allocation of funds for road maintenance**

| Item | FY2015/16 UGX Bn | FY2016/17 UGX Bn | FY2016/17 % of total Budget |
|---|---|---|---|
| Maintenance of National roads (UNRA) | 270.438 | 267.917 | 64.12% |
| Maintenance of DUCAR network | 119.483 | 119.334 | 28.56% |
| Maintenance of KCCA roads | 19.525 | 19.525 | 4.67% |
| URF Secretariat | 8.484 | 11.064 | 2.65% |
| Grand total | **417.930** | **417.840** | **100%** |

*Source: URF OYRMP FY 2016/17*

In FY2016/17, construction of six (6) bridges on National Roads was completed and these include the following. (i) Apak bridge in Lira District; (ii) Manafa Bridge on Tororo-Mbale road; (iii) Goli and Nyagak in Nebi; (iv) Leresi bridge in Butaleja-Leresi-Budaka road; (v) Kabaale bridge (linking Kyankwanzi to Ngoma in Nakaseke); (vi) Aswa Bridge on Lira-Kitgum border.

Government is progressing in implementing the Vision 2040 aspirations through investing in infrastructure. The New Nile bridge was identified in the Vision 2040 and for implementation as a project NDPII. By the end of FY2016/17, the Nile bridge construction was at 35.87 percent out of the 56.79% targeted physical progress. The slow progress was due to delays in setting up of required equipment to start works and delayed completion of foundation works. Additionally, there were delays in relocation of utilities pipes & cables such as Telecom cables. There is still hope that the project could be completed on time since the works above the water level take a shorter time to accomplish. The Cable Stay type of bridge will be suspended by high strength steel cables, supported by pylons in the middle and anchorages at either end of the bridge.

**Figure 4.4: Jinja Nile bridge under construction**

The Standard Gauge Railway (SGR) Project is a Government Project established by Cabinet Minute 107 (CT 2015) to develop a modern, integrated, and efficient railway transport system to address both the freight and passenger transportation needs of the country. In 2014, Uganda together with her Northern Corridor Partner States of Kenya, Rwanda and South Sudan signed a Regional SGR Protocol to develop a seamless transport system interconnecting their cities as well as connecting them to the coast. DR Congo and Ethiopia also expressed interest in joining the initiative. Uganda ratified the Protocol through Cabinet Minute 62 (CT 2015). In October 2015, Loan application was made to EXIM Bank of China. First round of loan negotiations was held in April 2016 in China. Comments of the Bank on the loan application were being addressed by close of financial year, and the financing agreement was not yet signed. The acquisition of the Right of Way (RoW) commenced in February 2016. By the end of the FY, 100km out of 273 required RoW had been acquired from Project Affected persons, and NEMA. RAP has been completed for the 82.4 percent of entire route. Review of the Eastern Route construction plan and consultancy services for seismic studies were completed by close of the FY 2016/17.

Furthermore, a bilateral agreement regarding the seamless and joint railway operations between Uganda and Kenya was signed. Key issues agreed upon include; a harmonized construction plan, electrification, joint and seamless operations, construction of bridge at Malaba, and construction of a Railway one stop border post, customs and trade. The Financing agreement for construction of the SGR line has not been signed yet. However, negotiations are in advanced stages. Issues raised by EXIM Bank which included harmonization of construction time lines & plans with SGR Kenya were addressed. The project is however, behind schedule and may not be completed in the stipulated NDPII period.

Inland water transport is an important but under prioritized mode of transport in Uganda, particularly the so-called “informal sector” of small motorized and non-motorized boats. The country’s inland waterways notably Lake Victoria, can offer alternative competitive transport of passengers and freight between Uganda and neighboring countries. Current capacity problems and problems of service level and security are being addressed by Government through improvements in the infrastructure, policy and regulatory framework. The Cabinet approved the Inland Water Transport (IWT) drafting principles in 2015/16, and a marine time department was operationalized by the MoWT in 2016/17. Furthermore, two (2) staff from this department on training in marine time affairs. However, emphasis on hard-to-reach island areas as required in the NDPII has not been tacked by the sector.

The Vision 2040 further envisaged improvement of the tourism support infrastructure and services through development and expansion of Entebbe International airport. Entebbe International Airport is the main entry and exit point for international air traffic in Uganda. By end of June 2017, the expansion and upgrade of the Airport was at 13.8% as an overall physical progress. This included completion of 95% of earthworks for the cargo center complex, and completion of all preliminary designs for cargo center, terminal building and air craft movement areas. Additionally, detailed designs for the cargo center was also completed while works on Apron 1 expansion commenced. Although there are fourteen (14)[7] national airports in the country which are managed by Civil Aviation Authority (CAA), the NDPII planned to have a Master Plan and Engineering Designs for Arua Airport developed. By end of FY2016/17, the report for detailed Engineering designs for Arua airport was completed, 98% of PAPs were compensated, Construction of staff quarter were under procurement, while bids for perimeter fencing of the Airport were being evaluated.

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 FY2016/17, the Ministry of Works and Transport prepared a business plan for the national airlines.

The NDPII prioritized development of roads leading to tourism, mining, and agriculture producing areas to foster Local Economic Development. The key tourism roads were proposed for construction in the north east, west and southwest. However, there is less progress realized on key tourism roads by end of the second year on NDPII implementation (see table 4.4). None the less, a total of 100km was completed; which were constructed along Fort-Portal – Kamwenge and Ntungamo - Mirama Hills.

**Table 4. 5: Progress on NDPII Tourism roads, FY2016/17**

| No. | Tourism road | Length (km) | Progress |
|---|---|---|---|
| 1 | Hamurwa- Kerere-Kanungu/ Buleme- Buhoma- Butogota- Hamayanja- Ifasha- Ikumba | 149 | No progress |
| 2 | Ishasha-Katunguru | 88 | Study designs completed by June 2017 |
| 3 | Kisoro-Rubuguli-Muko | 48 | No progress |
| 4 | Kabale-Bunyonyi | 22 | No progress |
| 5 | Nakapiripiriti-Muyembe | 90 | Received communication from IDB requesting for No objection letter to the Pre-qualification document, reviewed the report. Continuation of process awaits approval of Pre-qualification report by IsDB. |
| 6 | Apoka Lodge-Kotido | 136 | No progress |

[7] These are; Entebbe, Arua, Gulu, Soroti, Kasese, Kisoro, Jinja, Kidepo, Lira, Pakuba, Tororo, Masindi, Mbarara and Moroto

*Source: MoWT, APR, 2016/17.*

In the five-year period of implementation of the NDPII, a total of 2,205 km of paved road network is planned to be constructed implying that on average 441 km should be constructed per annum. By end of FY2016/17, the total paved national road network was at 4,257 km which is an increment of 12% from 3,795 km of FY2012/13. The second year NDPII target of 4,536 was not met given that only 100 km was added to the paved roads stock in the year which is less by 341 km planned planed. Including KCCA roads, a total of 127.4 km roads was added to the stock of paved roads network in FY2016/17. It should however, be noted that the rate at which paved roads are being constructed is very slow despite ongoing constructions on multiple major road projects. The slow progress is attributed to delays in procurement process and compensations of PAPs.

**2. 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 (UNRA) had its capacity enhanced following the review of the staff structure and increment in the staffing levels. However, staffing levels within the land acquisition department remained low. This is a major explanation for delayed compensation of Project Affected Persons (PAPs), and implementation of most national road works. It is therefore recommended that UNRA considers increasing staff in this department to accelerate the rate of clearing PAPs, acquisition of RoW and implementation of works.

UNRA was established by an Act of Parliament in 2006 with a responsibility of managing the National Roads Network including its maintenance and development in a businesslike manner. UNRA is therefore a byproduct of Government's commercialization policies and it became operational on 1st July 2008. After three years of operation UNRA found it necessary to undertake a self-assessment based on current and forecasted workload and situation and agreed the appropriate organization structure that would enhance effective service delivery. UNRA therefore undertook; (i) an organizational review and; (ii) a performance assessment of all UNRA staff, in order to improve the organization's performance. In September 2015, UNRA signed a notice of comprehensive restructuring where its entire staff was sacked in the new arrangement aimed at enhancing efforts to fulfil its mandate of developing, managing and maintaining the national road network, manage ferries linking the national roads network and control axle overloading. The process affected 886 employees in and out of station and the structure provides for a robust team of 1,736 staff to be built. The increase in staffing levels is aimed to match the huge financial resources earmarked to the sector.

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 performs constant updating of information and the Transport Sector Data Management System.

**3. Improve the National Construction Industry**

The national construction industry has remained vibrant and operational despite a number of challenges such as the weak capacity of the national construction. Most contractors lack skilled personnel, equipment and financial resources. Consulting firms lack qualified and experienced personnel. As a result, there are limited number of contractors and consultants with capacity to implement big projects. The implementation of the national construction industry policy will go a long way to address this problem.

The National Construction Industry Policy (NCI), 2010 was approved and recommended for redraft of the Bill to take into considerations of the views; the Bill to take on a new title "*The Uganda Construction Industry Commission Bill 2015*'' and also consider the provisions of the Public Finance Management Act, Act No 3 of 2015. The UCICO bill was drafted by the Ministry of Works and Transport, and was issued a certificate of compliance by the solicitor general. By close of FY2016/17 submission of the bill to Cabinet awaited a Certificate of financial Implication from MoFPED.

On the operationalization of the Building Control Act, 2013; this was not achieved since the Act awaits formulation of the board. However, the vetting of the Nominees for appointments to National Building Review Board was completed.

**4. Increase safety of transport services.**

Statistics indicate that there is a decrease in safety of transport services across the country. The fatality rate (per 10,000 vehicles) in Uganda has historically been one of the highest in Sub-Saharan Africa. Although the fatality rate from accidents has since 2007 continued to decline from 71 per 10,000 vehicles in 2007 to 37 per 10,000 vehicles in 2012/13 and to 26 per 10,000 vehicles in 2015/16, it remained the same as in 2016/17. On the other hand, the number of accidents increased from 19,867 in 2007 to 22,272 in 2011 but decreased to 18,686 in 2014, 18,495 in 2015 and 14,474 in 2016. However, the number of fatalities increased from 3,224 in 2015 to 3,503 in 2016, indicating an average death rate of 10 persons daily, on Ugandan roads in 2016. The Road Traffic Crashes registered a 8.6% reduction in the number of accidents reported in 2016 from 14,474 in 2016 to 13,244 in 2017. 3,051 were fatal, 6,530 serious and 3,663 were minor[8]. Although the efforts in building traffic police through quantitative and qualitative improvements has yielded positive results, this is still however, below the NDPII target of 2,600 fatal accidents per annum. Human factors continue to take lead in causing accidents. To this end, progress of implementation on a number of interventions to reduce the safety of transport services is highlighted in the paragraphs below.

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.

There was 74.5% decline in vehicle inspection from the 14,143 vehicles inspected in FY2015/16. Efforts to implement the Private Motor Vehicle Inspection scheme planned in the NDPII were futile as the inspection of Public vehicles was put to a halt. Rather, only 3,600 government vehicles were inspected as opposed to the targeted 400,000 public vehicles.

[8] Uganda Police Annual Crime Report, 2017

On the other hand, Traffic and Road Safety Act 1998 were reviewed and relevant regulations are yet to be developed. Cabinet which sat on the 17/8/2016 approved drafting principles for the Inland Water Transport (IWT) and the bill is under drafting by the Solicitor General. This is in response to the lack of legislation and institutional structure for inland water transport.

Overall navigation on Uganda water bodies remains risky. This is largely because over 90% of the vessels are of traditional build and the water bodies lack hydrographical and bathymetrical charts, except those that were conducted on Lake Victoria charted in 1901. The charts on Lake Victoria are too old to be relied on for safe navigation especially around populated islands. The NDPII proposal to Survey, Map and Install Navigation Aids on Inland Waterways is yet to be implemented.

### 4.2.1.2 ENERGY

Addressing infrastructure deficiencies within the economy can significantly improve productivity and accelerate economic growth. Government has thus prioritised increased spending on infrastructure investment in the medium and long term in key sectors such as Transport, Energy, ICT and Oil and Gas. Budgetary allocations to the energy sector increased during the NDP implementation period, reflecting Government's fundamental shift to support private enterprise and economic production through accelerated infrastructure development. In FY2016/17, the energy sector received an annual budget allocation of Shs. 2.377 trillion (11.6 percent of the total budget), the second after Works and transport sector representing a 41.1 percent increase over the Shs.1.4 trillion allocation in FY2012/13.

Over the medium term, government has continued to prioritize energy as a means for growth. As regards to energy infrastructure, investments were 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 promotion of energy efficiency as well as the use of alternative sources of energy. Below is the progress on the implementation of the energy sector outcomes and outputs. The sector covers the power subsector, Mineral subsector and oil and gas subsector.

1. **Increase power generation capacity to drive economic development.**

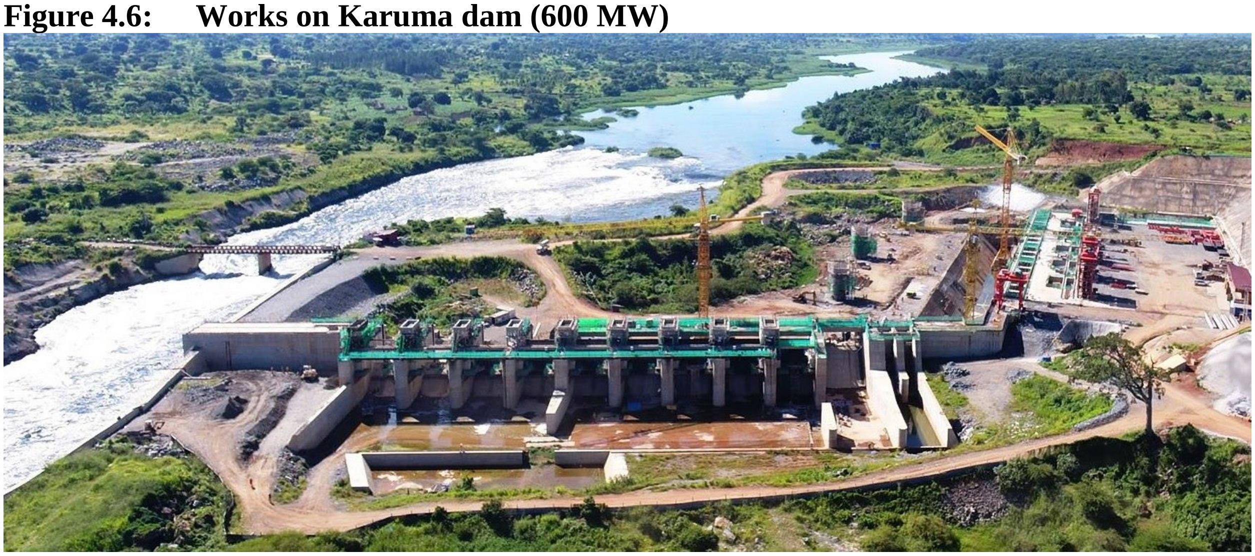
The energy generation for economic development has improved from 851.3 MW in 2012/13 to 947 MW by end of the FY 2016/17 (Hydro – 645 MW and Thermal – 101.5 MW) though short of the NDPII target of 1,200 MW. This implies that only 22.29 MW of generation were added during this FY which is short of 253MW required. The Plants commissioned during the period under review include Soroti solar plant (10MW), Mvumbe (6.5MW) and Siti I 5MW.

[9] Generation stood at 924.9 during FY 2015/2016

***Figure 4. 5: Aerial view of the Soroti Solar Power Plant, Uganda's first and East Africa's largest solar facility, built with funding from the European Union.***

The development of large power plants is ongoing; Karuma HPP (600MW) was 59 percent physical performance, by end of June 2017 scheduled to be completed by December 2018. Isimba HPP (183MW) was at 61.38 percent physical progress by end of the financial year, it's scheduled to be completed by August 2018. Agago/ Achwa 42 MW was at 60 percent by June 2017 and is scheduled for completion in December 2018. Additionally, several small hydropower projects are ongoing at different stages, under the GETFIT portfolio of 17 renewable energy projects (150MW) to be constructed by private developers.

**Figure 4.6: Works on Karuma dam (600 MW)**



Access to electricity has also improved. The percentage of the population with access to electricity now stands at 22 percent (Rural 12% and Urban 52%) from 14 percent in 2013, which is above the NDPII Target of 17 percent in the same period. This has been achieved mainly through the grid intensification and densification of the distribution grid access. A total of 113 districts out of the total 117, representing 96.6 percent are now electrified and efforts to electrify the remaining 4 (Kotido, Kaabong, Buvuma and Buyende) are on-going. Out of 1,368 sub-counties, 734 are connected to the national grid representing coverage of 54 percent, and more are set out to be electrified in the next financial year. The annual average load growth is 8-10 percent; High connection charges are still cited as a hindrance for connections to the grid.

The first draft of the Geothermal Policy and Legislation has been prepared. The Geothermal policy will help to give a clear direction in Uganda as to how geothermal energy projects can be developed. The target is to complete this policy during FY2017/18. Detailed geology and geophysical surveys have been conducted in the four main geothermal of Katwe- Kikorongo (Katwe) in Kasese district, Buranga in Bundibugyo district, Kibiro in Hoima district and Panyimur in Nebbi district with the aim of locating geothermal reservoir.

## 2. Expand the electricity transmission grid network

The Government has continued to expand the power transmission network through construction of transmission lines, Substations and distribution lines. This is aimed at increasing the electrification rate. Uganda has one of the lowest electrification rates in Africa, at 22% in 2017.

By the end of FY2016/17, several transmission projects were completed; namely Bujagali switch yard upgrade to 220KV, Queensway substation upgrade, kawanda substation upgrade and Fort portal substation. However, the target to complete 311km of transmission lines in 2016/17 was not achieved. Nonetheless, there are various transmission lines totaling to 948kM which are ongoing and will be completed in 2017/18. These include Bujagali-Tororo Lessos 220Kv (127km line); Mbarara-Mirama -Birembo 220kV (66km), Tororo - Opuyo - Lira 132kV (260 km), Mbarara - Nkenda 132kV (160km), Kawanda - Masaka 220kV (137km) and Nkenda - Fort Portal-Hoima 220kV (226Km). As well 4 substations are under construction namely Mirama, Masaka, Tororo and Hoima.

In regards to rural electrification; Rural Electrification Authority (REA) continued to implement several planned projects. During the period under review, REA completed the construction of 935kms of medium voltage lines and 895kMs of low voltage lines against the target of 550Kms and 450km for Medium voltage and Low voltage lines respectively under On -grid Rural Electrification Schemes. There are also efforts to promote off grid systems as well through supporting the implementation of 5 mini grids in selected areas. Additionally, 8000 solar systems have so far been installed and the cumulative connection to mini grids by 2016-17 stood at 4555 connections.

## 3. Improve Energy Efficiency

Government in the FY2016/17 through UMEME launched a campaign against power theft which has supported improved commercial losses performance. Overall energy losses have reduced from 19.5% in 2015 to 18.5% in June 2017. The major challenge in loss reduction are the commercial losses due to power theft which impedes the efforts to bill and collect due revenues.
The Ministry of Energy and Mineral Development (MEMD) in the NDP period planned therefore to: revamp the transmission networks to reduce technical losses; install reactive power compensation devices; introduce prepaid meters and increase monitoring to reduce commercial losses; and develop and enforce standards for promoting energy efficiency were to be undertaken.

To this end, in the financial year, the massive rollout of the prepaid system to households continued with new connections as well as conversions from the postpaid system to the prepaid system. The prepaid meters installed were 305,000 over and above the NDPII target of 160,000. This partly explains the reductions in energy losses attained.

To curb energy inefficiencies in industries and institutions, several energy audits were undertaken. A total of 15 energy audits were conducted in 2016/17 and recommendations on how to improve energy efficiency were submitted to the companies. The companies audited included; Hima cement, Nile breweries ltd, Luuka Plastics Ltd, steel rolling mills, Ankole tea factory, Wagagai flower factory, Golf course Hotel, Pramukh steel industries, MMI Steel industries, Kiko tea factory, Mpanga tea factory, Workers house, century bottling company, Buzirasagama tea factory and Mbale tea factory.

Furthermore, plans to set minimum energy performance standards and labels for 5 selected appliances were made in the financial year. To this effect, Energy efficiency standards importers user guide was developed to assist all stakeholders understand and consequently comply with the set standards, theses were disseminated to importers and city traders in June 2017.

4. **Promote use of alternative sources of energy.**

There is remarkable increase in the use of alternative sources of energy such as solar and biogas in Uganda. The country has the first biggest solar power plant in East Africa that is the Soroti solar PV connected commissioned unto the national grid in December 2016. In terms of solar installations, 8,000 installations were made in period under review. However, solar installations are largely privatized hence making it difficult to obtained aggregated data from a common source. Additionally, another solar power plant (Tororo solar plant) is being constructed and will be commissioned in the next financial 2017/18.

***Nuclear power development:*** Uganda is also committed to the development of Nuclear power. Prefeasibility studies for launching the first nuclear power plant are ongoing with technical support from the International Atomic Energy Agency (IAEA). Twenty (20) potential areas for nuclear power plant construction were identified for further investigation to arrive at the most preferred site. A preliminary site survey report was prepared and the preparation for the detailed site survey in Buyende, Kamuli, Kayunga and Nakasongola districts were made. Additionally, the promotion and development of nuclear energy for other peaceful uses such as; cancer management, food safety assessment, tsetse control, improving agricultural productivity, water resources management, industries, among others, continued. In addition, the Ministry started negotiations with potential nuclear power technology vendors.

***Use of renewable energy technologies:*** In the same way MEMD is promoting use of renewable energy through the construction of demonstration sites. One demonstration bio latrine system was constructed at St. Barnabas Secondary School Karujanga, Kabaale district. 55 institutions have been selected for demonstration of thermal gasifiers and the procurement process of the contractor is ongoing. One demonstration large scale solar drying system was installed in Kagulumira, Kayunga, there is need to fast track the other planned 3. Similarly, the upgrade of the demonstration wind turbines in Mityana, Namayingo, Napak, Kotido and Kaberamaido are in final stages.

***Current* energy balance**: In Uganda, biomass is the most supplied and consumed energy at 90.3 percent and 87 percent respectively. The electricity generated is mostly for industry sector (63.4 percent) while the petroleum is majorly for transportation. The Energy consumption per capita (kgOE/capita) is 376.7 while the electricity consumption per capita increased from 80 to 91.3 kWh/capita in FY2016/17 with 7,750,815.50 households.

**Table 4.6: The Uganda Energy Balance, 2016**

| **Energy consumption** | | | **Primary Energy Supply (TPES)** | |
|---|---|---|---|---|
| **Category** | **Percent** | | **Category** | **Percent** |
| Biomass | 87 | | Biomass | 90.3 |
| Oil products | 11.4 | | Oil products | 8.2 |
| Electricity | 1.6 | | Electricity | 1.4 |
| **Total** | **100** | | **Total** | **100** |
| | | | | |
| **Energy consumption** | **Energy** | **Electricity** | **Biomass** | **Petroleum** |
| **Sector** | **%** | **%** | **%** | **%** |
| Industry | 20.0 | 63.4 | 19.0 | 21.5 |
| Transport | 7.9 | 0.0 | 0.0 | 68.9 |
| Households | 63.9 | 23.6 | 72.6 | 3.1 |
| Com. & Public | 3.4 | 12.9 | 3.3 | 2.5 |
| Agriculture/Forestry | 0.5 | 0.0 | 0.0 | 4.1 |
| Others (Non-Specified) | 4.4 | 0.1 | 5.0 | 0.0 |
| **Total** | **100** | **100** | **100** | **100** |

*Source: MEMD, APR, 2017*

### 5. Improve the policy, legal and institutional framework

To address gaps in policies, the sector is spear heading the review of the electricity Act 1999. The principles to be embedded in the Electricity amendment Bill were approved by cabinet. A draft bill has been developed and taken to cabinet for review. The target is to table the bill in the next financial year 2017/18. The proposed bill will provide for the following:

- Introduction of Stringent Penalties for power theft and damage to electrical installations;
- Exemption of electrical equipment in the possession of a third party from attachment through court orders and GOU Assets;
- Increasing membership of the Electricity tribunal to 7 members;
- Increasing the maximum levy that the Electricity Regulatory Authority can receive from 0.3 to 1% of the Electricity generated;
- Elevating the status of the Rural Electrification Agency into a corporate institution to handle Rural Electrification.
- The introduction of a maximum levy that the Electricity Disputes Tribunal can receive of 0.1% of the Electricity generated;
- Authorizing embedded generators or small power plants to sell electrical energy in Bulk to customers;
- Designation of other Power Buyers on application and approval by the Authority;
- The provision for the Minister to issue all Statutory Instruments.

- The successor companies of Uganda Electricity Board and all sector institutions to report to the Minister responsible for the Electricity Sub-Sector.

6. **Build capacity in the energy sector.**

The sector continued capacity building efforts to strengthen human and institutional capacity through training.

#### 4.2.1.3 WATER FOR PRODUCTION

There was an 8.9 percentage increase in water for production storage capacity (million cubic meters) created for livestock from 30 percent in 2015/16 to 38.9 percent in 2016/17. While this is impressive, more needs to be done since 38.9 million cubic metric meters is just a small portion of the amount required to meet all the livestock, watering and economic needs of Uganda. The cumulative increase in water for production storage capacity for rural industries and aquaculture declined from 27 percent in 2015/16 to 21 percent in 2016/17. The potential area under irrigation has continued to be low at 2 percent.

Relatedly, the percentage of water for production facilities functional declined from 84 percent in 2015/16 to 83 percent in 2016/17. The decline performance is attributed to the ongoing rehabilitation of various large irrigation schemes such as Olweny. The percentage of water for production storage capacity utilized annually increased from 50 percent to 65 percent.

1. **Increase the provision of water for production facilities**

There has been a reduction in provision of water for production facilities in the reporting period. There was no new bulk water system established in FY2016/17 because most of the interventions on provision of water for production facilities are multi-year interventions. This in essence implies that the NDPII target of 22 bulk water systems earmarked for construction in the year under review is far from being achieved. Similarly, there was no water catchment area protected and managed over the same period. On the other, the sub-sector registered a 2.2 percentage point increase in the number of water for production facilities constructed by the private sector from 848 in 2015/16 to 867 in 2016/17.

The sector has no evidence of the National Irrigation Master Plan that considers future impacts of climate change developed despite construction of Olweny Irrigation Scheme in Lira District. In addition, the sector has since not gazette the water reserve areas for large dams.

2. **Increase the functionality and utilization of existing water for production facilities.**

In FY206/17, there was a decline in the functionality of the existing water for production facilities. The percentage of water for production facilities with functional management structures was 83 percent in FY2016/17 which is 2 percentage points less than the target. In addition, the number of water for production facilities rehabilitated and maintained declined from 9 in 2015/16 to 5 in 2016/17. The five valley tanks rehabilitated were in the districts of Kiboga, Sembabule, Nakasongola, Luweero and Nakaseke. Also, there was a decline in the number of water for production community-based management systems trained and functional from 848 in 2015/16 to 281 in 2016/17.

#### 4.2.1.4 INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

The Information and Communications Technology (ICT) sector has registered growth in terms of expansion in ICT infrastructure coverage and access, teledensity, subscriber base (telephone and internet) and e-services. These have generally translated into increased sectoral contribution to growth and tax revenue. The total sector contribution to tax revenue increased from UGX 457,640 million in FY2015/16 to UGX 523,121 million in FY2016/17. The Information and communications services grew by 14.9 percent FY2016/17, compared to a 14.1 percent growth recorded in FY2015/16 while its contribution to GDP, at current prices, was 2.3 percent and to 2.6 percent respectively. Other key sector outcomes include: An increment in telephone subscriptions that stood at 23.2 million active subscribers as at December 2016 compared to 20.5 million in December 2015.

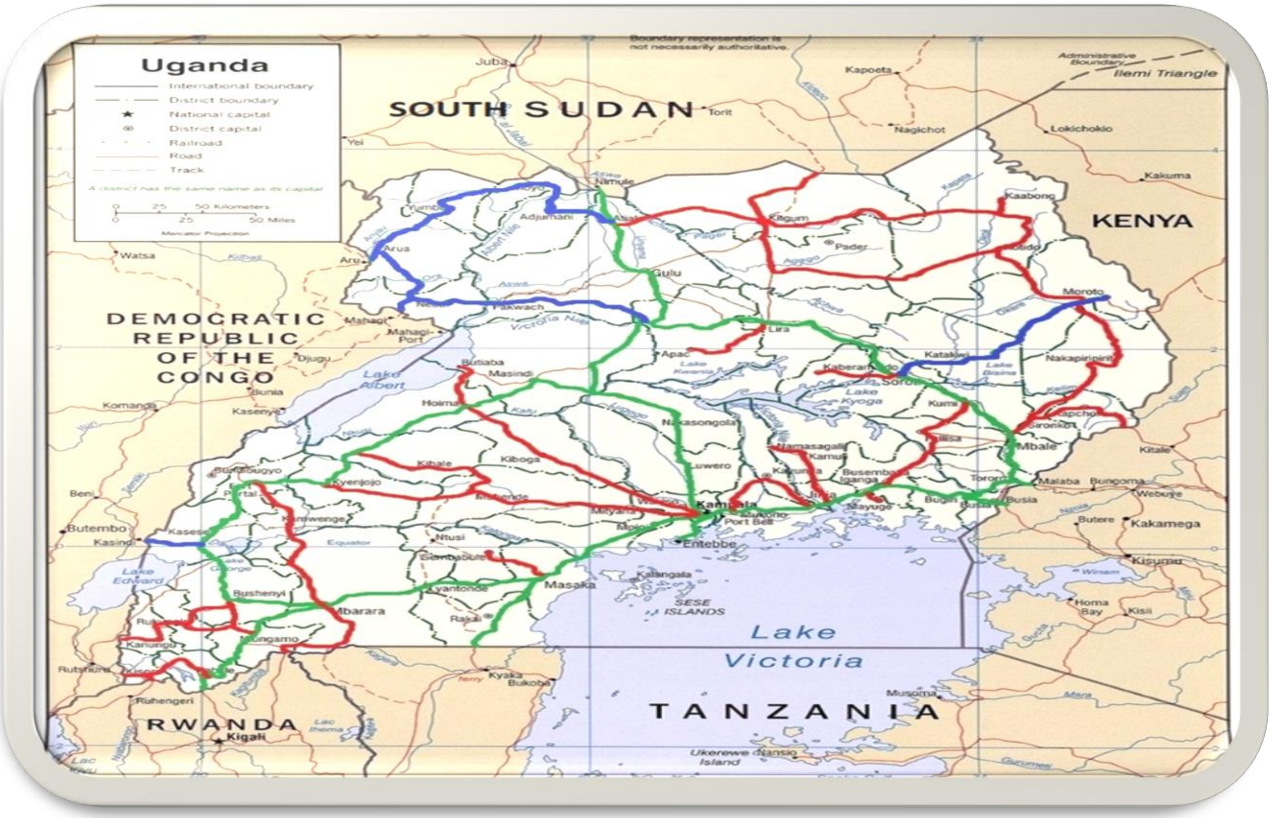
Expedited Mail Services courier items recorded at 37,638 up from 36,525 in Dec 2015. In order to achieve the sector targets that were set in the NDPII, below is the progress of implementation of key interventions in the FY 2016/17 under the NDPII sector objectives.

1. **Increase access to ICT infrastructure to facilitate exploitation of the development priorities**

Government prioritizes ICT and recognizes it as being critical for Uganda's socio-economic transformation as enshrined in NDPII. Its promotion is associated with reducing the digital gap and to develop knowledge product. There has been a significant progress in ICT as evidenced by: the increase in the national teledensity (lines per 100 people) by 7.5 percent to 63.4 percent in 2016 from 59 percent in 2015; increment in internet penetration from 39.7 percent in 2015 to 51.9 percent in 2016. This resulted in 19 million internet users in 2016 compared to 13.8 million in Dec 2015; National fibre optic cable laid spanning 2,346 km and 321 MDAs and LGs sites connected to the NBI; and increase in the number of registered Mobile money subscribers to 21.5 million in December 2016 up from 21.1million in Dec 2015.

In order to accrue benefits from ICT, Government has prioritized extending the National Backbone Infrastructure (NBI) across the country. The goal is to complete the NBI as well as the last mile connections so as to receive high speed internet bandwidth and reduce internet costs (from USD 300per Mbps per month in 2016 to USD 150 by 2020). Government through NITA-U in FY2016/17 completed the implementation of Phase III of the National Data Transmission Backbone Infrastructure and e-Government Infrastructure Project (NBI/EGI). A total of 536 Km of Optical fibre cable was laid to connect Mbarara -Ntungamo, Ntungamo-Kabale and Kabale-Katuna respectively bringing the total kilometer of fibre laid to 756Km under this phase. The NBI now spans 2,424 Kms and private sector, on the other hand has rolled out over 5,000 optic fibre kilometers throughout the country by June 2017 (Figure 4.7). Regarding the last mile connectivity, one hundred and twenty-three (123) additional MDA and LG sites were connected to the NBI bringing the cumulative total number of MDA and LGs sites connected to the NBI to two hundred and fifty-six (256). However, connectivity to LGs specifically is still very low and stands at 39 district headquarters.

**Figure 4. 7: Map showing the connectivity of the NBI**

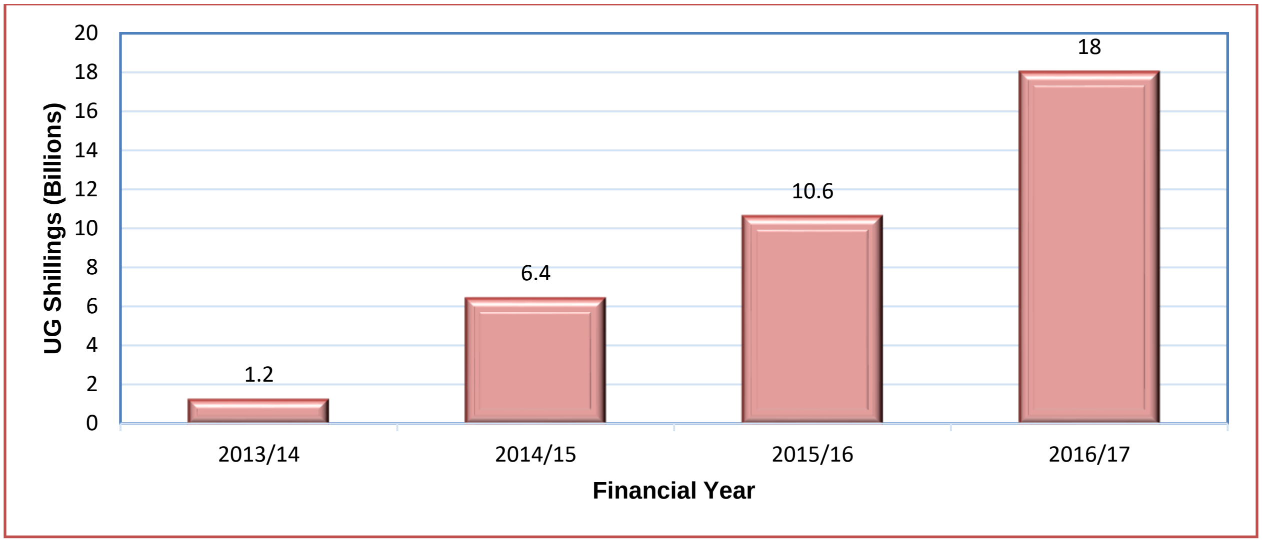



*Key: Coverage of the NBI as by December 2017* ***Green*** *is completed,* ***blue*** *to be implemented FY2018/19* ***Maroon*** *is under funding review.*

The Operation of the ICT Backbone/NBI has resulted into revenue generation for the Government. Revenue into the consolidated fund has since increased from Ugx 1.2 billion in FY2013/14 to Ugx. 18 billion in FY2016/17 (Fig 4.8). The end point of the NBI is to ensure all Government services are online. The following are some of the Government services online: UIA One Stop Center, (UIA); EC Voters Register (Electoral Commission); E-Visa, E-Tax, E-Single Window (Ministry of Internal Affairs); IGG Wealth Declaration (IGG). These services have proceeded to reduce human interactions and saved the tax payers time.

The NBI has further led to the reduction in internet costs. At the time the NBI was operationalized in (2013/2014) the cost of Internet Bandwidth across Government entities was on average USD 1200 for 1Mbps per month, however this, this cost was reduced to USD 300 to allow MDAs have access to affordable services and reduce the cost of communication. As a result, Government has realized a reduction of internet costs from USD1200 in 2013 to USD 300 in 2014 to USD 190 in 2017 per Mbps to the current USD 70 per Mbps. Further price reduction is expected to be realized in the subsequent financial years as more MDA sites are connected to the NBI/EGI.

**Figure 4. 8: Revenue Generated by NBI into the UCF**




To make services more accessible by citizens and business, Government through (NITA-Uganda) on August 18th, 2016 launched to 146 sites within the Central Business District of Kampala and parts of Entebbe with free Wi-Fi dubbed "MyUG". This started effective October, 2016 and runs every day from 6 p.m. to 6 a.m. The launch followed a declaration by UN of Internet being a human right. By the end of the FY2016/17, a total of 12,489 users (70 percent male users and 30 percent female users) had registered and receiving free Wi-Fi services.

Uganda completed the migration from Analogue to Digital Terrestrial Television Broadcasting (DTTB) in June 2015, in line with the International Telecommunications Union (ITU) set deadline. However, the switchover from analogue to digital broadcasting has not been completed and a few areas in the central and western region have been migrated.

To ensure optimal utilization of infrastructure through sharing and common deployment, the government set-up a National Data Centre for centralized Data Centre hosting services and by the end of FY2016/17, ten (10) MDAs were being hosted with in the datacenter. Two private tower companies (ATC and EATON towers) established telecommunications infrastructure networks in the FY 2015/16 and offer leased space on towers and masts to mobile network operators for the purposes of deploying mobile network cell sites.

Government is keen to supporting and promoting ICT innovation in the country. In FY 2016/17, a framework for support to ICT initiatives was developed.

### 2. Enhance the usage and application of ICT services in business and service delivery

Countries around the world have embraced the need to couple ICT with government administration to deliver services to both citizens and businesses while enhancing national administrative effectiveness. It is through this coupling that governments are able to provide administrative services in a prompt and convenient manner to their people and seek to enhance their national competitiveness. To this end, the NDPII planned to have the 2012 Uganda e-Government Master Plan implemented. By the end of the FY2016/17, for improved access to government services by the citizen, government: (i) Implemented the One stop centre and online services which included

Land ownership search and Business name search and reservation; (ii) Provided seventy (70) e-Government services through a single point of contact (the e-Government Portal); (iii) Postal services automation rolled out to 48 District Post Offices and X-ray scanning machine to detect illegal and prohibited items installed at Post office Headquarters.

A total of fourteen (14) National IT Standards were developed and approved by the National Standards Council (NSC) bringing the cumulative number of standards to fifty (50). The 14 standards were developed in the areas of system and software engineering, business continuity management, forms design, information and documentation, user interfaces, assistive technologies and geographic information systems respectively.

3. **Increase job creation through ICT Research and development**

In the FY 2016/17, the sector supported scaling up of the following local ICT innovations: PM live media, Yaaka Digital Network and Breast IT. An ICT Innovation Forum to enable lobbying for targeted support from partners was established and a film industry stakeholders' forum to coordinate structured interventions and partnerships for development of local audio-visual content.

The National ICT initiatives support program was finalized and submitted. The program is intended to provide systematic and sustainable support to ICT innovators and promote local ICT products, services and solutions for improved service delivery among others. The fund will promote local content. On the other hand, a master plan for transforming Uganda Institute for Information and Communications Technology (UICT) into an ICT center of Excellence was prepared. A Business Process Outsourcing (BPO) strategy is in place.

Government in the reporting period prioritized the construction of ICT incubation hubs/Centers and ICT parks across the country.

4. **Increase the stock of ICT skilled and industry ready workforce**

The UICT Curriculum was reviewed to introduce 3 market responsive courses and the NITA-U (Certification of Providers of IT Products and Services) Regulations, 2016; and the NITA-U (Authentication of IT Training) Regulations, 2016 to support the Certification were gazetted. By the end of FY2016/17, a total of 42 IT Service Providers had been assessed and certified under this framework.

However, there is no progress on the development and implementation of targeted capacity building for teachers in incorporating ICT in pedagogy.

5. **Improve the information security system to be secure, reliable, resilient and capable of responding to cyber security threats**

Government has made significant progress towards developing a robust ICT industry. Critical steps to address cyber threats that come with increased access to the Internet and connectivity, have accordingly been undertaken, including putting in place cyber laws and establishment of the

Computer Emergence Response Team (CERT). In FY 2016/17, Government started developing the Cyber City Strategy. The strategy focuses on enabling the country to have a secure online environment which is adequately risked-proofed from cyber threats.

In order protect consumers of ICT services, 44 awareness sessions on the Cyber Laws were conducted across the MDAs and Local Governments in addition to 32 awareness sessions on information security. Covered areas of risk management, CERT, Security controls and audits. 28 compliance assessment activities were conducted and of these 10 MDAs were assessed against the standards for structured cabling and guidelines and Standards for the acquisition of IT Hardware & Software.

6. **Improve the legal and regulatory frameworks to respond to the industry needs**

In FY 2016/17 a number of policies were prepared/ reviewed to provide a conducive environment and promote the development of the sector. They include: (i) The First Draft Policy on the use of internet, email and social media in government produced; (ii) Draft Open data policy produced; (iii) ICT and Disability strategy finalized; (iv) Draft national postcode and addressing policy produced; (v) Draft broadband policy developed; (vi) A licensing framework for Content Service Providers developed; (vii) Guidelines on liabilities and claims procedures for Post and Courier Markets developed; (viii) Standards for Digital Video Broadcasting (DVB) receiver equipment developed; (ix) Broadcasting standards and guidelines reviewed; (x)The framework for Quality of Service for Postal service developed

7. **Promote an informed and ideologically aware citizenry for socio-economic transformation**

To achieve this objective, in the FY 2016/17 key interventions carried out included: Sensitization and awareness on the Cyber Laws was made in 21 entities; Consumer advisories on Child online protection developed; Sensitization on safe internet use conducted; The Government Citizen's Interaction Center operationalized; Civic education programmes conducted; Media coverage provided to MDAs & LGs in the dissemination of their programmes; Baseline study on incorporation of sign language and visual aid for major TV programmes for people with hearing loss carried out in the districts of Lira and Mbarara; and Uganda Media Centre provided platform to MDAs to broadcast government communication and also provided accreditation services to journalists.

## 4.3 HUMAN CAPITAL DEVELOPMENT

### 4.3.1 HEALTH

Government has continued to direct efforts towards provision of inclusive and comprehensive health care services to all Ugandans. There was positive progress towards achieving the NDPI targets in several key health indicators. Physical access to health facilities increased, with the proportion of the population leaving within 5 km of a health facility standing at 72 percent in 2014. The NDPII under Human Capital Development further prioritizes health and emphasis in the five years will be on: mass management of malaria (mass malaria treatment for prevention); National

Health Insurance scheme; universal access to family planning services; health infrastructure development; reducing maternal, neonatal and child morbidity and mortality; scaling up HIV prevention and treatment; and developing a centre of excellence in cancer treatment and related services.

1. **Contribution to the production of a healthy human capital through provision of equitable, safe and sustainable health services**

The health sector seeks to have improved quality of life at all level by 2020. In the second year of NDPII implementation, the UDHS report 2016 shows positive trends, with a progressive reduction of most of the mortality indicators. In particular, there was stagnation in Neonatal Mortality Rate (NMR) at 27 per 1,000 live births which fell short of the NDPII target of 24 per 1,000 live births. Intensification of perinatal deaths surveillance and audits, strengthening community awareness, perinatal health and quality of newborn care services is expected to accelerate the reduction of preventable newborn deaths.

The Infant Mortality Rate (IMR) stood at 43 per 1,000 (UDHS 2016) which is an improvement from IMR of 54 per 1,000 live births (UDHS 2011). This indicates an improvement compared to the IMR target of 48 for 2016/17 in the NDPII. In addition, the Under Five Mortality Rate indicated a significant reduction from 90 per 1,000 live births (UDHS 2011) to 64 per 1,000 live births (UDHS 2016). However, this falls below the NDPII planned target of 58 per 1,000 live births. Key interventions that have been undertaken to reduce child mortality include immunization, increased use of Long Lasting Insecticide Treated Nets (LLINs), training programs for skilled birth attendants, elimination of mother to-child transmission of HIV (eMTCT), and improvement in water and sanitation. More concerted efforts are needed to sustain this and work towards the target at all levels.

The Maternal Mortality Rate (MMR) reduced to 336 per 100,000 live births (UDHS 2016) from 438 per 100,000 live births (UDHS 2011). This is an improvement compared to the NDPII target of 378 per 100,000 live births in 2016/17. The improved performance of MMR is attributed to the recruitment of critical skilled staff especially Medical Officers and midwives to functionalize HC IVs and IIIs, renovation and equipping of hospitals and HC IVs and improvements in the roads network. Although the MMR in Uganda has fallen by approximately 33% over the past 20 years, it is still lower than the global reduction of 45 percent over the same period. The number of maternal deaths among 100,000 health facility deliveries increased to 148.3 per 100,000 health facility deliveries from 119 per 100,000 in 2015/16. This is above the NDPII target of 131. Among the Regional Referral Hospitals (RRHs), the highest number of maternal deaths was in Hoima RRH (51) and Fort Portal RRH (50). Among the general hospitals, the highest number of maternal deaths were reported in; St. Mary's Lacor (30), Lubaga (18), Angal St. Luke (17) and Aber (17). In 2016/17, a total of 1,118 maternal deaths were reported through the MoH HMIS compared to 1,136 in 2015/16. Of these 246 (22 percent) maternal deaths were notified which is below the NDPII target of 50 percent.

Health facility deliveries improved to 58.1 percent in 2016/17 from 55 percent in 2015/16 which is above the NDPII target of 52 percent. Districts with over 90 percent health facility deliveries were; Kampala (117.3%), Gulu (98%), Butambala (96.2%), Kamuli (95.4%), Masaka (91.5%) and Kiboga (91%). Districts with less than 30% of health facility deliveries were; Wakiso (29.4%), Bulambuli (29.4%), Luuka (26.2%), Kyankwanzi (25.5%), Kween (25.3%), Sembabule (22.8%) and Buvuma (17.1%).

Malaria continues and remains the leading cause of death among infants and the under-fives. In 2016/17, the disease was responsible for 26.8 percent of hospital-based under-five deaths. In the same period, the other leading causes of child mortality were anemia (13.6 percent), pneumonia (13.1 percent) and neonatal sepsis (7.3 percent). Generally, in patient malaria deaths recorded in 2016/17 were 20/100,000 which is a slight decline from 22/100,000 persons in 2015/16. More deaths occurred among males at 21.6/100,000 compared to 18.8/100,000 among males. The number of malaria cases per 1,000 persons increased from 408 in 2015/16 to 433 in 2016/17. Apart from the malaria epidemic and the high incidence of malaria, non-adherence to test results still remains a major challenge. Only 69 percent of patients treated for malaria had a laboratory confirmatory test.

The new OPD utilization rate for FY2016/17 was 1.1. This is below the NDPII 2016/17 target of 1.8. Per capita utilization for males was 0.9 and females 1.3 indicating that females utilize the OPD services more than males. ART coverage among HIV infected adults and children improved to 73 percent in 2016/17 from 61.4 percent in 2015/16. This is below the 2016/17 100 percent NDPII target. TB Case Detection Rate was 50 percent in 2016/17 compared to 50.7 percent in 2015/17. This is an improvement in performance compared to the NDPII target at 40 percent. TB treatment success rate improved slightly to 80 percent in 2016/17 from 79 percent in comparison with the previous FY, and this is below the NDPII target of 84 percent. DPT3 coverage was 99.2 percent compared to 103 percent in 2015/16. This is below the NDPII target of 95 percent. Contraceptive Prevalence Rate (CPR) among married women improved to 39 percent for all methods in 2016 from 30 percent. This is still below the NDPII target of 41 percent. ANC coverage for the fourth visit was 37 percent in FY 2016/17 which was a decline from 38 percent in 2015/16.

The population living within 5 km of a health facility (public or private) was 100 percent which is above the NDPII 2016/17 target of 80 percent. The National Service Delivery Survey (NSDS) 2015 found that nationally, the median distance to the Government health facility is 3 km compared to only 1.2 km for other health facilities. Latrine coverage improved to 77 percent in 2016/17 from 75 percent in 2015/16 and attained the NDPII target of 75 percent. The districts with the lowest latrine coverage were; in the Karamoja region and islands of Buvuma. Below is the detailed performance against NDPII outputs.

***Primary Health Care:*** Improvement in HMIS has been realized in the reporting period. Timeliness of monthly HMIS reporting improved to 92 percent in 2016/17 from 79.4 percent in 2015/16 and as such data generated is being used for decision making. In the reporting period, the sector undertook a survey on ambulance status in the country and draft report in place. Total 484 ambulances are in the country with: 411 (85%) functional; 181 Public Functional, 56 Grounded; 124 PNFP/NGO Functional; 9 Grounded; 106 Private Functional; and 8 Grounded. Regional ambulance services have been established in Rwenzori & West Nile Region with pilot in digital applications in ambulance services. Government is in the process of establishing Kampala Metropolitan Ambulance Services under KCCA.

***Human Resources for Health:*** although the percentage filled at Mulago referral hospital is above average (56.2%), a number of senior positions remain very low and un filled contrary to the NDPII target of having at least 50%, 55% and 60% of Senior consultants, consults and Medical Officer Special Grade position filled by FY2016/17 Table 4.7).

**Table 4.7: Human resources of different cadres at Mulago NRH**

| Post | Approved | Filled | Vacancies | Percentage |
|---|---|---|---|---|
| Senior Consultant | 70 | 21 | 49 | 30% |
| Consultants | 107 | 35 | 72 | 32.7% |
| Medical Officer Special Grade | 178 | 46 | 132 | 25.8% |
| Senior Medical Officer Special Grade | 0 | 2 | -2 | |
| Medical Officer | 52 | 75 | -23 | 144.2% |
| Nursing Staff | 1,930 | 883 | 1,047 | 45.7% |
| Allied Health | 294 | 239 | 55 | 81.% |
| Others | 444 | 425 | 19 | 95.% |
| **Total** | **3,075** | **1,726** | **1,349** | **56.2%** |

*Source: AHPR, 2016/17*

***Community Empowerment:*** As planned, there was no significant investment in building the capacity of Village Health Teams (VHTs). Much effort was towards finalizing the Community Health Extension Workers (CHEWs) policy and strategy. The CHEWs strategy was therefore developed and the curriculum finalized. The Policy is to be presented to Parliament and once finalized would enhance implementation of primary health care at community level.

***Maternal, Neonatal and Child Health:*** The availability of ACTs in public and PNFP facilities has continued to improve with up to 93.3 percent experiencing no stock-out of ACTs as of June 2017. This is however, still less than the 100 percent NDPII target. A total of 48,307 men were tested and given results in PMTCT settings, out of whom 2 percent (925) were found HIV positive and enrolled into care.
***Integrated Disease Surveillance and Response:*** National Level Evaluation for the IDSR Strategy was undertaken. Government undertook training of district level epidemiology for 6 districts of Kasese, Gomba, Bukomansimbi, Bundibugyo, Kamwenge and Kibaale. Civil Works for the National TB Refrence Laboratory (NTRL) at Butabika complete and functional whose aim is to improve training, Regional diagnostics & Surveillance. In an attempt to establish National Health Laboratory service, the Uganda National Health Laboratory Services Bill 2016 was passed by cabinet, published in the national gazette and presented on the floor of Parliament and it's currently before the committee of health.

***Burden of Disease-Malaria Prevention:*** LLINs are distributed to the general population through mass campaign. A total of 24,019,282 were secured for distribution in 2017. This is over and above the NDPII target of 22,043,260 to be distributed in the same period. The LLIN mass campaign commenced in the in February, 2017 with a national launch which was held in Apac district and min launches in Kamuli and Masaka Districts. Only seven (7) out of the 116 districts are yet to be covered (Kampala, Wakiso, Bundibugyo, Kasese, Mbarara, Sheema, Kagadi.). The country continued to manage malaria cases under the Integrated Community Case Management (ICCM) strategy and by the end of June; it was fully implemented in 60 districts, and partially in 23 districts.

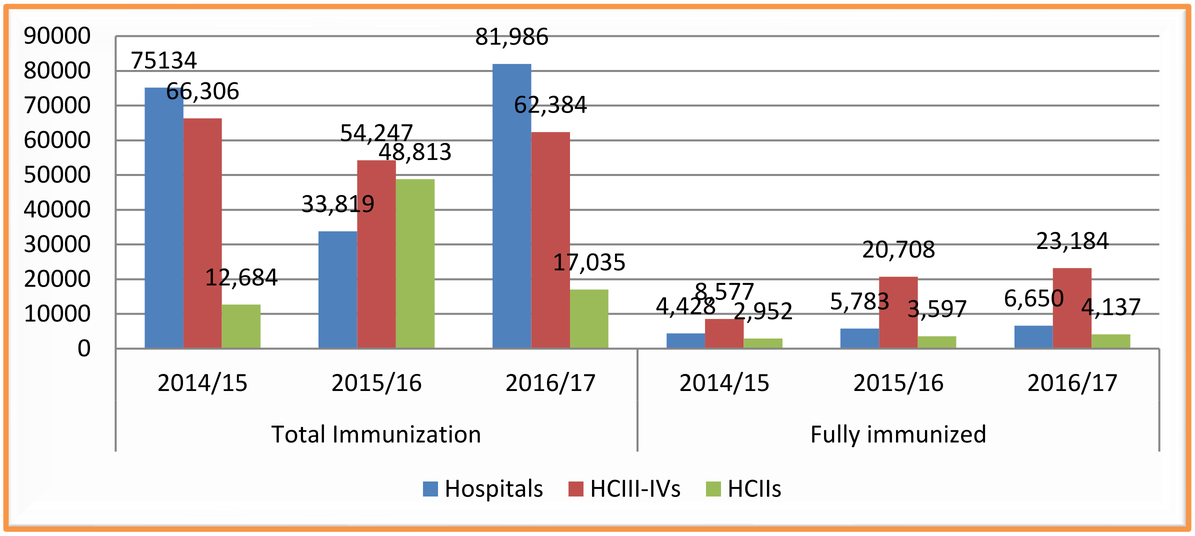
***HIV/AIDS:*** Comprehensive HIV services were offered at Eleven (11) accredited ART sites located at Kibuli, Naguru, Mbarara, Rukungiri, Jinja, Mbale, ASTU-Katakwi, Gulu, Arua, Masaka and Hoima. The ART sites also adopted the Test and Treat approach as implemented by the Ministry of Health (MoH). The trend of new HIV infections (incidence) has continued to decline. New infections fell to an all-time low of approximately 60,000 in 2016, indicating that the target of a 40% reduction of new HIV infections by 2015 relative to 2010 that was set in the National HIV Prevention Strategy has been met. Among women and men, HIV prevalence declined from 8.3% and 6.1% in 2011 to 7.5% and 4.3% in 2016 respectively. In urban areas, it declined from 8.7% to 7.1% while in rural areas it fell from 7.0% to 5.5%. These declines in HIV prevalence may be due to a decreasing number of new infections in recent years due to the impact of the intensified HIV prevention and treatment services in the country.

***Tuberculosis:*** TB case detection Rate (all forms) slightly worsened from 50.7% in FY2015/16 to 50% in FY2016/17 and short of the 75% target. Therefore, the TB treatment success rate improved slightly to 80% in 2016/17 from 79% in comparison with the previous FY2015/16.

***Neglected Tropical Diseases (NTDs):*** The country has developed some capacities in implementation of IHR regulations e.g. Real Time surveillance, reporting but still lacking other capacities like IHR communication and coordination, Preparedness, Points of Entry, Zoonotic diseases, antimicrobial Resistance and food safety. The NTD Communication strategy has been developed. The sector also trained Laboratory technicians and NTD Focal persons on use of LF Test kits in 19 districts.

***Immunization Services:*** The sector has developed and reviewed a number of bills and regulations which are supposed to be presented to Cabinet but there was no much progress realized. Bills submitted to Cabinet include; Uganda Human Organ Transplant and Tissue Bill and the Uganda Health Service Management Institute Bill. Bills passed into Acts by Parliament were; Uganda Allied Health Professionals Regulation, Uganda Cancer Institute Bill, 2015, Uganda Heart Institute Bill, 2015 and Uganda Immunization Act, 2016. Under Child Care Services, the number of immunization doses in the UCMB health facilities in FY2016/17 was 2,143,544, which is a slight decrease by 0.2% in 2015/16. UCMB hospitals registered a 5.1% decrease in immunization in the period while Lower Level Units registered a slight increase at 1.9% in the period. Hospitals contribute more on this component compared to LLUs. HC IVs and IIIs have better completion rates compared to hospitals and HC IIs.

**Figure 4.9: Child immunization in UMMB facilities, 2016/17**




***Quality of Care and patient safety:*** Health Facility Quality Assessment Programme (HFQAP) has been carried out in 62 (49%) districts to establish the baseline. Assessment for the rest of the districts in the country shall be completed in 2017/18 FY before the annual assessment can become institutionalized. The sector disseminated 52 weekly bulletins. Dissemination and feedback to the districts and other stakeholders was undertaken with regards to the priority diseases for reporting. This activity is jointly executed by DHI and EOC who support data analysis and cleaning. ESD role is to write and disseminate and also further verify any data discrepancy with the districts.

***Mental Health:*** As planned, there was an increased use of mental and neurological facilities in the reporting period. For instance, of the planned 8,500 patients, 9,472 were admitted in Butabika hospital. In addition, 41,382 out of the planned 28,000 laboratory investigations were conducted. The increase in laboratory investigations conducted was due to availability of enough reagents and an HIV/AIDS outreach activity carried out outside the Hospital. However, there were no x-ray investigations done due to lack of a functional x-ray machine. In FY2016/17, the expansion of the Alcohol and Drug Unit commenced while 648 patients were attended to in the Alcohol and Drug clinic.

***Nutrition:*** there's no evidence of progress by the sector in strengthening the policy, legal and institutional framework and capacity to effectively plan, implement, monitor and evaluate nutrition program. Nonetheless, two researches have been undertaken on nutrition status among patients in Butabika Hospital and Causes of death in Butabika Hospital one-year audit.

***Health Infrastructure:*** Investments in health infrastructure continued and this included construction of new and rehabilitation of old infrastructure at various levels, provision of medical equipment and hospital furniture; provision of solar lighting, improvement of operations and maintenance of health infrastructure; strengthening the referral system by providing ambulances, general transport and Information Communication and Technology (ICT) equipment and services in selected health facilities; and renovation/construction of selected health facilities. Key infrastructure development projects during 2016/17 were; Rehabilitation work at Mulago National Referral Hospital to be completed in FY2017/18, construction of a 450 bed specialised Maternal and Neonatal hospital at Mulago (Figure 4.10), all Regional Referral Hospitals including installation of oxygen plants, construction of 19 medicines stores, upgrading of Maracha and Rukunyu HC IVs to general hospitals, renovation of 23 General hospitals, construction of 34 staff houses in Karamoja region and 26 staff houses under GAVI[10]. Performance on health infrastructure projects is detailed in Annex 1.

**Figure 4.10: New specialised maternal and neonatal center constructed at Mulago Hospital**

***Clinical Services:*** Governmet is yet to establish a functional National Referral System although attempts are in place to strengthen the referral system by providing ambulances. In FY2016/17, 19 Ambulances, 2 for RRH & 17 for GH were distributed and are in use.

2. **Increase financial risk protection of households against impoverishment due to health expenditures**

Uganda's per capita health expenditure stands at an average of US$56[11]. This indicates that the country has 40 percent out of pocket expenditure which is still high. The WHO's recommended maximum level of household out of pocket spending on health is 15 percent. Currently, the share of household income spent on healthcare is 33 percent. Presented below is progress on specific outputs as planned in the NDPII.

During the FY2016/17 and with regards to increase in domestic resource mobilization and allocation for the sector, the health sector received a total budget allocation of UGX 1.87 trillion representing 8.9 percent of the total National budget. This was below the NDPII 2016/17 target of 12 percent. Of the funds released, all sector votes utilized more than 90 percent of their resources except the Regional Referral Hospitals (88 percent). This was attributed to poor performance of the development budget largely due to delays in the procurement process. The Ministry of Health recorded the least absorption rate of the budget at 72 percent on account of less than planned

[10] Health Sector Annual Performance Report, 2016/17

[11] National Health Accounts expenditure tracking

external financing from some projects. The development budget allocation to the sector has stagnated over the years since 2009/10 while the wage budget has increased steadily over the years. The non-wage allocation has also stagnated over the period except a slight increase in FY 2015/16. External financing had registered a big drop in FY 2015/16 attributed to reduced external in flows from donors due to uncertainty of the political environment caused by the election years. However, an upward trend was registered in FY 2016/17 due to increase donor confidence.

Plans are underway to introduce a National Health Insurance Scheme. The National Health Insurance Bill 2016 is presently before Parliament. It is envisaged that the scheme will reduce out of pocket health care costs through regularly paid premiums of 4 percent for both employers and employees. This is however, behind schedule as per the plan. No progress has also been registered on the design of the copayment system for health care and development of an innovative purchasing and payment mechanisms for efficient use of health resources.

3. **Address the key determinants of health through strengthening inter-sectoral collaboration and partnerships**

In the second year of NDPII implementation, the sector had no progress on the planned designs of a Gender in health strategy and innovative programs to address specific women's and men's, boys and girls health needs. However, the health sector through Justice Law and Order Sector (JLOS) supported the police surgeons to perform postmortem examinations and examine suspects/ victims of Gender Based Violence (GBV) across the country. This was aimed at addressing the social and economic conditions that make people ill. In addition, 110 health care service providers from 22 districts were trained on clinical management of GBV.

Regarding integration of human rights and disability responsive policies, the sector in the reporting period conducted training of 129 health workers on BEmONC/PAC service provision based on Human Rights approach in 25 UNFPA supported districts.

The sector has since developed a number of communication and advocacy strategies to address key determinants of health. These include: National Communication Strategy for Palliative care which has been finalised and awaiting endorsement for printing; NTD Communication strategy; communication strategy for malaria; Behavior Change Communication strategy; and reviewed the Family Planning communication strategy.

The Health Policy Advisory Committee (HPAC) was able to hold 12 meetings during FY 2016/17, aimed at improving the performance of the sector. Membership attendance of the meetings varies among the different categories representatives from MoH, CSOs, NMS, RRHs, DHOs, the private sector, among others. Ten (10) out of the 12 (83%) SMC meetings were conducted in 2016/17 FY. Six (06) out of the 14 (40%) TWGs were able to hold regular monthly meetings. The policy issues raised from each TWG were forwarded to SMC to be considered for approval. However, there was no significant investment in building the capacity of Village Health Teams (VHTs). Much effort was towards finalizing the Community Health Extension Workers (CHEWs) policy and strategy.

4. **Enhance health sector competitiveness in the region, including establishing centres of excellence in heart, cancer, renal care domains; and diagnostic services**

Referrals abroad in the NDPII period continued and in FY2016/17, 10 patients were recommended abroad for treatment. To enhance health sector competitiveness in the region, the sector planned to reduce referrals abroad by establishing centres of excellence.

In the reporting period, only two doctors were trained in cardiology. Other planned specialized areas that include; Oncology, Nephrology, Diagnostics and Management have not been tackled. The sector is also yet to implement accreditation of the Uganda Heart Institute, Uganda Cancer Institute, the Supra National Reference Laboratory and Schools of Public Health to be regional training centres.

The health sector staffing improved slightly in 2016/17 to 73 percent (45,029/61,796) from 71 percent (42,530/60,384) in 2015/16 above the HSDP target of 70 prcent. The number of health workers per 1,000 population in Uganda is still far below the WHO threshold of 2.3 doctors, nurses and midwives per 1,000 population. In FY2016/17, the ratio of doctors, nurses and midwives to the population was 1: 28,202; 1: 2,121 and 1: 6,838 respectively.

The staffing in the health sector improved though it is still skewed in favour of specialized health institutions and larger health facilities (NRH 92%; RRH 80%; GH 68%; HC IV 85%; HC III 80%; HC II 53%). The overall staffing level at central-level institutions (national referral hospitals, specialized health institutions and RRHs) increased to 83% (2017) from 69% in 2015. The staffing at health facilities and management offices at the District LG and Municipal Council levels increased to 71% (2017) from 67% in 2015. The staffing for Municipalities increased to 100% (2017) from 63% (2015). Generally, more females (54%) than males (46%) existed in the sector. Staffing analysis by cadre for all levels shows that Entomological Staff (102%), Clinical Officers (100.6%) and Laboratory Staff (93.4%) are generally high in the public sector. However, staffing levels are lowest for Dispensers (41%), Anaesthetic officers (28.9%) and environmental health officers (26.7%).

### 4.3.2 EDUCATION AND SPORTS

The sector seeks to achieve equitable access to relevant and quality education and training towards rapid transformation of the society and economy of the country. The NDPII articulates the need to focus on strengthening Early Childhood Development (ECD) ith special emphasis on early aptitude and talent identification; increasing retention at primary and secondary levels, especially for girls. It also emphasizes increasing primary to secondary transition; increasing investment in school inspection; reviewing and upgrading the education curricula.

The Government total expenditure on Education and Sports increased from 2.39 percent of GDP in FY2015/16 to 2.94 percent of GDP in FY2016/17. The total approved budget for the sector in FY2016/17 stood at Ushs. 2,447.46bn including external financing, out of the total national budget of Ushs. 20,430.61bn thus translating into 11.98 percent share. This corresponds to a 0.9 percent increase in the sector budget share from FY2015/16 of 11.08 percent where the sector had a budget of Ugx 2,029.07bn out of the total national budget of Ugx 18,311.37bn. Performance against the NDPII outcomes and outputs is illustrated below.

1. **Achieve equitable access to relevant and quality education and training**

Primary school enrolment increased by 4.7 percent from 8,264,317 (4,122,663 male; 4,141,654 female) in FY2015/16 to 8,655,924 (4,294,473 male, 4,361,451 female) in FY2016/17. However, 2014 registered the highest enrollment of 8.8 million in the five-year period. GER increased by 6 percentage points from 109 percent (107% boys; 111% girls) in FY2015/16 to 115 percent (112% boys; 117% girls) FY2016/17. The GER is above the NDPII target of 113.5 percent and this implies that there was an increase in the number of out of age children in primary schools in the reporting period. The Net Enrolment Ratio (NER) improved by 5 percentage points from 91 percent (89% boys; 93% girls) in FY2015/16 to 96 percent (93% boys; 99% girls) in FY 2016/17 and above the NDPII target of 95.5 percent. On the other hand, the Net Intake Ratio (NIR) increased by 1 percentage point from 65 percent (63% boys; 68% girls) in FY2015/16 to 66 percent (64% boys; 69% girls) in FY 2016/17.

In the area of efficiency, the following outcomes have been registered. The P7 Completion Rate declined by 0.1 percentage points from 61.6 percent (59.8% boys; 63.3% girls) in FY2015/16 to 61.5 percent (59.7% boys; 63.4% girls) in FY2016/17 and as well below the NDPII target of 78.6 percent. The Survival Rates to Grade 5 improved by 1.7 percentage points from 59.9 percent (58.6% boys; 61.1% girls) in FY2015/16 to 61.6 percent (59.9% boys; 63.3% girls) in FY2016/17. On the other hand, the Survival Rate to grade 7 also increased by 1.9 percentage points from 30.1 percent (Boys 30.1%; Girls 30.0%) in FY 2015/16 to 32.0 percent (Boys 31.7 %; Girls 32.3 %) in 2016/17. Transition Rate to Senior One although increased by 6 percentage points from 63.2 percent (62.8% male; 63.6% female) in FY2015/16 to 69.2 percent (70.5% male; 68% female) in FY2016/17, this is still below the NDPII target of 78.6 percent. The table below shows the performance of key Primary Education Indicators for the period 2012-2016.

**Table 4.8: Key Primary Education Indicators 2012-2016**

| Indicator | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Gross Enrolment Ratio | 115 | 113 | 117 | 109 | |
| Gross Intake Ratio | 133 | 130 | 148 | 152 | |
| Net Intake Ratio | 60 | 60 | 59 | 65 | |
| Net Enrolment Ratio (Total) | 96 | 96 | 97 | 91 | |
| Pupil Teacher Ratio | 49 | 46 | 46 | 43 | 43 |
| Pupil Classroom Ratio | 57 | 57 | 58 | 63 | 54 |
| Pupil Stance Ratio | 36 | 63 | 53 | 52 | 47 |
| Enrolment ('000) | 8,329 | 8,459 | 8,773 | 8,264 | 8,656 |
| Male | 4,158 | 4,219 | 4,377 | 4,122 | 4,294 |
| Female | 4,171 | 4,240 | 4,395 | 4,142 | 4,361 |
| % Annual change in Enrolment | 2.8 | 1.6 | 3.7 | -5.8 | 4.7 |
| Number of Schools | 17,682 | 18,079 | 18,408 | 18,889 | 19,718 |
| Number of Teachers ('000) | 171 | 185 | 191 | 193 | 203 |
| Number of classrooms | 145,390 | 148,711 | 149,591 | 131,325 | 160,381 |
| Number of Toilet Stances | 234,073 | 133,367 | 165,791 | 159,130 | 182,576 |
| Population (6 - 12 years) | | | 7,297 | 7,463 | 7,618 |
| Male | | | 3,691 | 3,790 | 3,887 |
| Female | | | 3,606 | 3,673 | 3,731 |

***UBOS Statistical Abstract, 2017***

There was a general increase in secondary school enrolment of about 14 percent, registered between 2015 and 2016. However, the Student Teacher Ratio (STR) remained the same at 22 over the period 2012-2016, with a registered decline between 2012 and 2013. The table below highlights the key Secondary School Education Indicators (2012-2016).

**Table 4.9: Key Secondary School Education Indicators (2012-2016)**

| Indicator | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Gross Enrolment Ratio | 28 | 29 | 30 | 25 | |
| Net Enrolment Rate | 24 | 26 | 26 | 22 | |
| Student Teacher Ratio | 30 | 22 | 22 | 22 | 22 |
| Student Classroom Ratio | 50 | 55 | 50 | 52 | 51 |
| Student Stance Ratio | 25 | 44 | 37 | 35 | |
| Enrolment (000) | 1,252 | 1,362 | 1,391 | 1,284 | 1,457 |
| Male | 671 | 727 | 738 | 675 | 765 |
| Female | 581 | 635 | 653 | 609 | 692 |
| % Annual change in Enrolment | | 8.9 | 2.1 | -7.7 | 13.5 |
| Number of Schools | 2,612 | 2,838 | 2,950 | 2,695 | 3,070 |
| Number of Teachers ('000) | 55,270 | 61,505 | 63,957 | 58,051 | 66,542 |
| Number of classrooms | 25,076 | 28,242 | 27,706 | 25,888 | 27,239 |

**UBOS Statistical Abstract 2017**

In 2016 the enrolment at Tertiary level was 258,866 of which 72 percent were in Universities. The proportion of males (56 percent) enrolled in higher institutions of learning was higher than that of females (44 percent). In terms of trends, enrollment at the Tertiary level increased by 31 percent from 198,066 in 2012 to 258,866 students in 2016 as indicated in the table below.

**Table 4. 10: Tertiary Enrolment by Sex (2012-2016)**

| Institution type | 2012 | 2013 | 2014 | 2015 | 2016 | 2016 |
|---|---|---|---|---|---|---|
| **All tertiary Institutions** | 198,066 | 201,376 | 250,621 | 257,855 | 258,866 | 100.0 |
| Males | 111,831 | 113,688 | 139,727 | 143,212 | 144,314 | 55.7 |
| Females | 86,235 | 87,572 | 110,894 | 114,643 | 114,552 | 44.3 |
| Total | **198,066** | **201,376** | **250,621** | **257,855** | **258,866** | **100.0** |
| **Of which, Universities** | **140,096** | **140,403** | **180,360** | **185,315** | **186,412** | **100.0** |
| Males | 78,817 | 79,709 | 100,525 | 103,280 | 104,432 | 56.0 |
| Females | 61,270 | 60,398 | 79,835 | 82,035 | 81,980 | 44.0 |
| **% enrolled in universities** | **70.7** | **69.7** | **72.0** | **71.9** | **72.0** | |

**UBOS Statistical Abstract 2017**

The number of pupils benefitting from UPE capitation increased from 6,848,058 (3,425,300 boys; 3,422,758 girls) in FY2015/16 to 7,111,680 (3,537,814 boys; 3,573,866 girls) in FY 2016/17, which indicates an increase of 3.8 percent. However, this performance was below the NDPII target by 89,068 (1.2%) pupils. Of the Ugx 68.53bn approved, only 97 percent was actually spent. Similarly, the number of students benefitting from USE capitation increased to 952,643 up from 912,394 indicating an increase of 4.4 percent between FY2015/16 to FY2016/17. This also fell short of the NDPII target by 11.3perecnt (121,539). This was attributed to the continued inadequate budget allocation to the scheme.

There was also an increase in the number of students accessing the Students Loan Scheme by 4.1 percent from FY2015/16 to FY2016/17. In particular, the number of students accessing the Students Loan Scheme increased from 1,273 (863 boys; 410girls) to 1,325 (922 boys; 403 girls) during this period. Albeit this is a very slow performance compared to the NDPII target of 4,000 students who were planned to access the Students Loan Scheme by FY 2016/17.

There are no focused efforts towards implementing fees regularization for private primary schools which was planned in the NDPII; however, guidelines are in place to this effect.

In 2016/17, the NDPII set out that 414,700 students would benefit from supported and strengthened partnerships at all education levels, by FY2016/17; 175,375 were the total beneficiaries from partnerships, which indicated an improvement from 16,156 registered in 2015/16. The beneficiaries in FY2016/17 included: non - formal beneficiaries from private institutions (1,991); placement of students (157,860); BTVET institutions (3,240); and, students to Non-USE (28,440). However, the registered performance was below the NDPII target.

The sub-sector continued to implement the policy that facilitate the establishment of a government aided primary school in every parish. By end of FY2016/17, the sector had 12,412 governments aided primary schools and there were 7,243 parishes in the country by the end of 2017. There were 658 parishes without a government primary school. Accordingly, under the Presidential Pledge, the sector planned to finance the completion/rehabilitation of 11 primary schools in the reporting period. Out of the 11 targeted primary schools in the financial year, five schools were completed and commissioned. At this rate, the one primary school per parish will not be achieved.

The number of ECD centres improved from 5,763 in FY2015/16 to 6,798 in FY2016/17. However, the sector still lacks funds to attach ECD to primary schools for the provision of pre-primary education. In September 2016, MoGLSD launched the Integrated Early childhood Development policy to which MoES should align its ECD policy. Government is yet to develop a strategy to address school feeding. However, only school feeding guidelines and booklets were developed and disseminated to all local governments.

The sector collaborated with UNFPA and Straight Talk Foundation in addressing teenage pregnancies in 44 Primary and Secondary schools in Iganga, Mayuge and Butaleja districts. With funding from UNFPA MoES is in the process of integrating Sexuality Education in the lower secondary curriculum. With support from AIDS development Partnership MoES conducted a joint monitoring and support supervision to ascertain the Implementation of HIV and AIDS Workplace Policy and how HIV activities are coordinated within the districts and the institutions. The initiatives are aimed to address the Social-cultural and other barriers to girls' and boys' attendance and retention in school.

***School infrastructure:*** The total classroom stock was 155,774 by end of FY2016/17, which is above the NDPII target of 148,706. More specifically, during the year under review, several newly constructed/rehabilitated classrooms; 35 were constructed and 17 rehabilitated under SFG/PRDP, 22 under presidential pledges, 08 were emergency constructions, and 13 classrooms were constructed for secondary education. In Primary schools, 1,431 latrine stances were constructed under SFG/PRDP, while 20 stances were constructed as presidential pledges. For secondary schools, only 05 latrine stances were constructed. These in unison were far below the NDPII target of 11,406 for FY 2016/17 which is under review. Under SFG/PRDP, 191 teachers' houses were constructed/ rehabilitated, while 2 teacher houses were established under presidential pledges in primary schools.

***Equipment for training institutions:*** In the reporting period, the sector procured: Medical equipment for Masaka School of Comprehensive Nursing Skills; Laboratory instructional materials for 10 BTVET institutions; Laboratory, Clinical and Workshop Equipment for HTC Mulago, NIC Abilonino and NTC Kaliro and Muni; Tools & equipment for UTC Elgon, UTC Kyema, UCC Tororo and UCC Aduku; Machinery and equipment for Bukooli Technical School, Olio Community Polytechnic and Mbale Community Polytechnic. In addition, funds to UTC Elgon for procurement of additional tools & equipment were disbursed while basic Sports equipment was provided to 10 Sports Schools.

The sector is yet to establish a career advisory and job placement system for post-primary levels. The sector only continued to distribute the 3,300 copies of career guidance handbooks that were developed. It aslo conducted School-based vocational and career talks in 236 secondary schools

The number of E-learning centres and users reduced from 972 secondary schools in FY 2015/16 to 872 secondary schools in FY 2016/17. E-learning solution is specially designed as a visual aid to help teachers explain difficult concepts in Physics, Chemistry, Biology and Mathematics. The NDPII planned to introduce distance, mobile and e-learning education systems for post-secondary at Local Governments.

***Sports facilities and basic Stadia:*** Establishment of National Stadia was put on hold to concentrate on National High-Altitude Training Center (NHATC) - Teryet, due to inadequate funding. NHATC is at different levels of progression as follows: - Excavation for artificial turf, natural turf field, running track, parking area, and pegging for fencing works were all ongoing; The water and sanitation development facility was also facilitated to supply water for the NHATC; and, Civil works at the Hostel and kitchen are at 1st floor slab level (figure 4.11). Preliminary activities for the construction of Akii Bua Olympic Stadium commenced. (I.e evaluation of the design consultancy commenced, and the project boundaries and major access roads planned for the stadium were opened).

***Figure 4.11: Foundation athlete's hostel Teryet Kapchorwa***

Forty students / sportsmen are admitted to public Universities as away of rewarding and recognition for excelling in sports. However, there is no comprehensive and approved scheme for rewarding and recognition of excelling sportsmen and women.

To address the provision of gender sensitive sanitation facilities that would address special needs of girls and boys, the current approved infrastructure designs of all construction works provide for washrooms and separate latrine stances for boys and girls, and must provide for SNE requirements. The new differentiated allocation formula for capitation grants as proposed in the NDPII is in place pending approval by Top Management.

**2. Ensure delivery of relevant and quality education and training**

There were 19,718 primary schools in the country in 2016 of which 12,405 were public schools. Learning outcomes registered a slight improvement between 2015 and 2016. Primary Six numeracy and literacy rates stood at to 52.6 and 51.9 in 2016 compared to 41.4 and 51.9 percent respectively in 2015[12]. The Primary Leaving Examination (PLE) pass rate slightly improved by 0.9 percent from 86 percent in FY2015/16 to 86.9 percent in FY2016/17, with 89.0 percent being boys and 85.0 percent being girls. The number of primary teachers in 2016 stood at 202,617. Primary teachers on the Government payroll account for 64.5 percent of total primary teachers.

In 2016, 87 percent of pupils passed PLE, yielding a performance index of about 54.8 percent. Specifically, male pupils recorded a higher performance index of 57.7 percent compared to that of females of 52 percent as shown in the table below.

**Table 4.11: Primary Leaving Examination performance 2016**

| Indicator | Male | Female | Total |
|---|---|---|---|
| Pupils who registered | 310,837 | 328,200 | 639,037 |
| Pupils Who Sat for PLE | 303,382 | 318,914 | 622,296 |
| Pupils who passed PLE | 270,046 | 271,040 | 541,086 |
| Division I | 37,265 | 26,134 | 63,399 |
| Division II | 129,647 | 122,136 | 251,783 |
| Division IIII | 59,320 | 69,934 | 129,254 |
| Division IV | 43,814 | 52,836 | 96,650 |
| Division U | 33,336 | 47,874 | 81,210 |
| Division X | 7,455 | 9,286 | 16,741 |
| Pass Rate (Percent) | 89.0 | 85.0 | 86.9 |
| Performance index | 57.7 | 52.0 | 54.8 |

**UBOS Statistical Abstract 2017**

Government continued to improve the instructional processes that lead to students' achievement of literacy, numeracy and basic life skills. A Pupil Book Ratio in primary level in the reporting period of 5:1 was achieved for both local language and English readers for P.1 and P.2, due to an increase in the provision of instructional materials. Assorted local language books for P1- 346,491; P2- 159,318; Local language dictionaries - 36,120, Bi-lingual dictionaries- 19490; were distributed to the entire 45 PTCs. In total, 8,541,974 instructional materials are provided. Furthermore, a total of 97,600 Readers for P5-P7 were supplied countrywide and under UTSEP, 6,015,099 copies of instructional materials were supplied to 12,198 primary schools. 108 titles (Pupil Books and Teacher Guides for all 12 local languages and English for P1 to P4); 695,512 Pupil Books and

[12] Background to the Budget, 2017/18

Teacher Guides; 930,000 library books have been distributed to SHARP schools. Under secondary, a student text book ratio for physics, chemistry and biology stood at 10:1 and 772 instructional materials (220 Biology; 251 Physics and 251 Chemistry textbook packs) were provided. In addition, SESEMAT Teaching References were developed for S 1, S.2, S.3 and S.4 to enhance teaching & learning of science & mathematics.

Under the Uganda Teacher and School Effectiveness Project, the sub-sector planned to review the ECD policy, 2007. By the end of the FY2016/17, the process of the review was underway (i.e. Inception report was prepared and approved and Baseline study on existing ECD models undertaken. As a means to institutionalize training of ECD Caregivers/teachers, the sectcor trained a total of 45 Master Trainers and 400 Trainers of Trainers to train caregivers. The total number of qualified care givers increased from 16,741 (2,262 Male; 14,479 Female) in FY 2015/16 to 26,363 (Male 4,066; Female 22,297) in FY2016/17.

The four Centres of excellence which have been evaluated for twining to international institutions are still undergoing procurement. This is aimed at institutionalizing the international assessment in the National examinations at Technical and Vocational levels. Government established Centres of excellence in areas of specialization as: UTC Elgon- in Civil works and building technology, UTC Lira- in Highways drainage, bridges and road construction, UTC Bushenyi – in food manufacturing and food processing, Bukalasa Agricultural College - in crop and animal husbandry. Currently, the project is in the process of procuring an international firm for twinning with the above institutions.

In order to enhance inspection, support supervision and enforcement of standards at all levels, the sector: Distributed a total of 12,700 copies of a standard support supervision tool to LGs; Monitored a total of 2,050 secondary schools, 646 BTVET, 5 NTCS, 35 PTCs and 60 nursery teacher training institutions on compliance to BRMS in 74 districts; Monitored Learning Achievement (MLA) for P2 in 12, 000 primary schools; Trained 298 inspectors and manager's inland and 6 abroad.

With support from the Uganda National Teachers' Union (UNATU) and the Canadian Teachers' Federation conducted an In-service Teacher Training (INSET). Pre-service and in-service teachers, tutors and lecturers were also trained on elimination of violence against children in the education sector. Therefore, in the reporting period 320 teachers trained in Early Grade Literacy and Numeracy.

Rehabilitation and equipment on going in 7 public degree awarding institutions and 5 selected private universities (Bishop Stewart, Mountains of the Moon, Nkumba and Kumi). STI faculties are being expanded, improved and equipped (table…). Rehabilitation of NTC is also on going at NTCs of Kabale, Mubende, Muni and Kaliro. Under Primary, new 377classrooms, 1,431 V.I.P latrines, and 191 units of teachers' houses were constructed in the reporting period. Under BTVET facilities were at the following levels of completion; Ahmed Seguya TI and Tororo TI (100%); Kibasi TI and Kalongo TI (95%; Amelo at 55%; Bukooli TI (Construction of a 3 storied classroom block is at slab level).

Table 4.12: **Rehabilitation of seven Public Universities**

| No | University | Progress |
|---|---|---|
| 1 | Makerere University | Works on two Central Teaching Facilities, refurbishment of old laboratories and Refurbishment of the Dairy Value Chain stand at about 63% of completion |

| | | |
|---|---|---|
| **2** | Gulu and Lira University | Wworks on the multipurpose Research Laboratory, Library Block, Agricultural Block and Health Science Block stand at 65 % |
| **3** | Busitema University | works on the Laboratory and Lecture Block, New Laboratory Block and Refurbishment of Workshop Block at Nagongera stand at 55% |
| **4** | Kyambogo University | Works on the Central Library with Virtual Capabilities, Central Multipurpose Science Block, New Faculty of Engineering Workshops, Central Teaching Facility, Technical Teacher Education (TTE) and Capacity Improvement Facility and Renovation of 8 Faculty of Engineering Workshops/Labs stand 68% |
| **5** | Muni University | Works on the proposed Health Science Building and Utility Block stand at 42%; and |
| **6** | Mbarara University of Science & Technology | Works on the proposed laboratory for Applied Sciences and Library stand at 42%; |
| **7** | Makerere University Business School | Faculty of Computing completed with sitting capacity of 1,130; and, |
| **8** | Bishop Stewart, Mountains of the Moon, Nkumba, Kumi | Disbursed funds to the 5 selected private universities |

A MoU with sister universities (i.e. Seneca University College, Canada) on Academic staff and student exchange and on joint research in Early Childhood Education was signed. Partnership with German Government to train 10 sports Trainers of Trainers in Adjumani and Kiryandongo refugee camps. This is meant to strengthen partnerships with the private sector to ensure quality education at all education levels. The Non-Formal Skills Training Program is implemented by selected public and private training providers who signed MoUs with MoES to undertake the training. PPP in secondary education is being phased out to facilitate coding and grant aiding of more schools.

In FY2016/17, 71 community-based coaches were trained to run sports programmes in the refugee's settlement camps in Adjumani and Kiryadongo refugee camps with a view to ensure talent initiation, identification and development by the qualified competent coaches.

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

The Pupil Teacher Ratio remained constant at 43:1 between FY2015/16 and FY2016/17 reducing by 1 point from 53:1 to 54:1 in government aided schools; while it improved by 1 point in privately owned primary schools as indicated in the table 4.13.

**Table 4.13: Pupil Teacher Ratio in Primary schools FY2015/2016 and FY2016/17**

| | FY2015/16 | FY2016/17 |
|---|---|---|
| Government | 53:1 | 54:1 |
| Private | 23:1 | 22:1 |
| **Overall** | **43:1** | **43:1** |

*Source: EMIS, 2017*

More than two thirds of pupils attending primary school had adequate sitting space. In particular, a lower proportion of pupils in lower classes had adequate space compared to those in upper classes as indicated in the table below.

**Table 4.14: Primary school pupils with adequate sitting space by class 2016**

| Class | Enrolment in 2016 | Pupils with adequate space | Share of pupils with adequate space total Enrolment |
|---|---|---|---|
| P1 | 1,888,847 | 1,049,698 | 55.6 |
| P2 | 1,352,893 | 851,540 | 62.9 |
| P3 | 1,349,293 | 906,111 | 67.2 |

| | | | |
|---|---|---|---|
| P4 | 1,328,035 | 942,026 | 70.9 |
| P5 | 1,156,465 | 865,432 | 74.8 |
| P6 | 958,298 | 752,342 | 78.5 |
| P7 | 622,093 | 528,593 | 85.0 |
| Total | **8,655,924** | **5,895,742** | **68.1** |

**UBOS Statistical Abstract 2017**

There are more male (75 percent) secondary school teachers compared to female teachers (25 percent). Majority of the secondary school teachers (52 percent) were graduates followed by Grade V teachers (42 percent) while only four percent were licensed teachers (Table 4.15).

**Table 4. 15: Secondary teachers by level of qualification and sex 2016**

| Qualification | Sex | | | Percentage |
|---|---|---|---|---|
| | Male | Female | Total | |
| Grade V Teacher including DSNE, DSE, DTE | 18,965 | 5,349 | 24,314 | 42.0 |
| Graduate Teacher | 21,640 | 8,299 | 29,939 | 51.7 |
| Licensed Teacher | 552 | 88 | 640 | 1.1 |
| Other Training | 2,468 | 586 | 3,054 | 5.3 |
| **Total** | **43,625** | **14,322** | **57,947** | **100.0** |

**UBOS Statistical Abstract 2017**

Government's initiative to enhance efficiency and effectiveness of education and sports service delivery at all levels has been realized through training of 2,057 members of School Management Committees (SMCs) in school leadership, management and accountability. SMCs were also trained on building positive and supportive learning environments In addition, 560 proprietors, head teachers and Board of Governors were sensitized.

*Inspection:* 2,050 secondary schools, 646 BTVET, 5 NTCS, 35 PTCs and 60 nursery teacher training institutions were inspected on compliance to BRMS in the 74 districts and 1,310 schools were visited to follow up implementation of recommendations of the inspection reports. Operationalization of STDMS has remained an unfunded priority and has thus hampered provision of in-service teacher training and support

Although the government's plan was to have full sponsorships in NTCs and Public Universities to increase the number of mathematics and science teachers, todate only 70 percent of admissions in NTCs are government sponsored. Other public Universities have 40 percent of the students on government sponsorship All the 8 government universities have science education as one of the governments sponsored programs.

### 4.3.3 SCIENCE, TECHNOLOGY, ENGINEERING AND INNOVATION (STEI)

Over the period of NDP II implementation, the sector planned 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.

**1. Enhance the integration of science and technology into the national development process**

During FY 2016/17 the sector developed and operationalized the Ministry structure to kick start operations and secured vote status (Vote 023). In the same FY, the sector operationalized the STI Sector Working Group.

**2. Increase transfer and adoption of technologies**

In the period under review, the sector-initiated collaboration with research institutions (Massachusetts Institute of Technology, Makerere University and Harvard University among others).

The sector undertook inter institutional consultations with Government Ministries and agencies in the STI Ecosystems in United States of America (USA), Rwanda, South Africa, Malaysia, India, Brazil and Kenya among others to learn best practices and enhance international collaboration and partnerships in STI for technology sourcing and transfer.

**3. Enhance R&D in Uganda and improve the STI legal and regulatory framework**

In 2016/17, the sector secured approval of principles for the amendment of the Uganda National Council of Science and Technology (UNCST) and Uganda Industrial Research Institute (UIRI) Acts in order to streamline their operations under the new STI sector.

The sector conducted consultations and advocacy meetings related to the National Biotechnology and Biosafety Bill which was also successfully re-tabled before Parliament and is now under consideration by the Parliamentary Committee on Science and Technology.

However, the sector faces a number of challenges which limit its performance including: lack of the required critical mass of scientists and retaining them in the sector; limited commercialization of research results and utilization of acquired patents; insufficient physical and technological infrastructure; expensive innovation infrastructure and inputs (R&D expenditures, training scientist and engineers, laboratory equipment, universities, and public research institutions); realizing innovation outputs takes time (scholarly publications, patents, profits, economic growth, productivity, new products and commercialization); and, a fragmented National Innovation System.

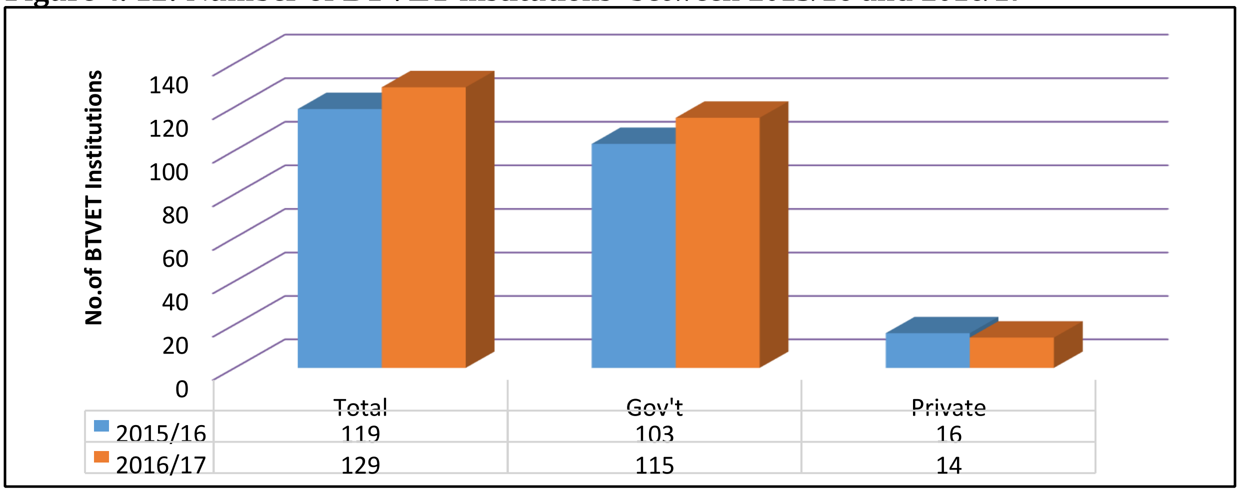
### 4.3.4 SKILLS DEVELOPMENT

Skills development under Human Capital Development is a priority in the NDPII. Skills enable individuals to increase productivity, raise incomes and eventually enable the economy to expand and grow. A skilled workforce enables enterprises to increase their productivity and profits. Skills Employers in Uganda often complain about skills shortages that constrain production and expansion. Large segments of the population, including those working in the informal sector, lack the skills they need to raise themselves out of poverty. In FY2016/17, Government continued with the implementation of the BTVET strategic plan 2012/13 – 2022/23 which builds on the progress in the reform of the BTVET system and the establishment of the Uganda Vocational Qualifications Framework (UVQF). The BTVET plan aims at boosting the creation of employable skills and competencies relevant in the labour market.

1. **Increase equitable access to appropriate skills training at all levels.**

Despite making some progress towards skilling the Ugandan labour force, the economy still faces substantial skills gaps in key sectors of the economy. The Business, Technical and Vocational Education and Training (BTVET) is the subsector responsible for skills development in the Education sector. The training offered is categorised under the public and the private formal institutions. The number of BTVET institutions has increased by 8.4% from 119 (103 govt; 16 private) in FY2015/16 to 129 (115 gov't; 14 private) in FY2016/17 (Figure 4.9). This allowed more students to access technical and vocational training.

**Figure 4. 12: Number of BTVET institutions between 2015/16 and 2016/17**




*Source: MOES*

Over the years, progress has been made mainly in formal areas of Business, Technical, Vocational Education and Training (BTVET), registering a 3.2 percent increase in enrolment from 105,905 (Female: 41,943 and Male: 63,957) in 2015/16 to 109,305 in FY2016/17, of which 69,980 (64 percent) are males and 39,325 (36 percent) females. The number of students receiving skills in PPP institutions in the reporting period stands at 8,389 (6,896 Male; 1,493 Female) in BTVET/UPPET and 10,859 (7,969 Male; 2,890 Female) in BTVET/UPOLET. In addition, 9,808 beneficiaries were trained and assessed under the Non-Formal/Modular programme in 303 Directorate of Industrial Training (DIT) accredited assessment centers.

**Figure 4. 13: Enrolment in BTVET institutions by sex 2015/16-2016/17**

| Institution | | FY 2015/16 | | | FY 2016/17 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Board | Level | Male | Female | TOTAL | Male | Female | Total | Change | %Change |
| UNMEB | Continuing | 1,818 | 4,399 | 6,217 | 7,232 | 2,594 | 9,826 | 47 | -32% |
| UAHEB | Formal | 5,267 | 3,698 | 8,965 | 5135 | 3896 | 9,031 | 973 | 12% |
| UBTEB | Formal | 46,444 | 20,889 | 67,333 | 49,192 | 24,228 | 73,420 | 6,087 | 9% |
| BTVET | Non-formal (Modular) | 6,661 | 9,495 | 16,156 | 4,564 | 5,244 | 9,808 | 6,348 | -39.2% |
| DIT | UVQF (Occupational) | 3,767 | 3,465 | 7,234 | 3857 | 3363 | 7,220 | 27 | 037% |
| ***Total*** | | *63,957* | *41,946* | *105,905* | *69,980* | *39,325* | *109,305* | *269* | *0.25%* |

*Source: MoES 2017*

The number of students accessing Non-Formal Education (NFE) continues to increase with the total standing at 16,156 (6,661 Male and 9,495 Female) in the reporting period. In addition, a total of 310 and 9329 students received training in Competency-Based Education and Training (CBET) and industrial training respectively. All the 292 BTVET institutions are implementing CBET and in the FY2016/17, Ugx. 2.052 billion funding was allocated towards skills development financing.

Government continues to increase the participation of women and disadvantaged persons such as PWDs in BTVET skills development programmes. To this end, 9,808 beneficiaries were trained and assessed under the on Formal/Modular programme in 303 DIT accredited assessment centers.

Male students continue to dominate female students in numbers under the entrepreneurship skills development. Of the 63,285 students accessing entrepreneurship skills development, 41.4 percent (26,178 females) are females.

2. **Improve quality and relevance of skills development**

In the FY2016/17, there was increased strengthening of institutional and human capacities for improved delivery of skills development. This was determined by assessing the number of tutors, instructors and teaching staff trained and retrained in skills development where 142 instructors, 10 instructors (skills upgrading), 7 (master's program in Japan & China), 20 instructors trained in mechatronics and programmable logic controllers, 3,751 students in National Teachers Colleges (NTCs), and 200 students in National Instructors College Abilonino, 120 students in Health Training College (HTC) Mulago and for instructors under the Teacher Vocation Education Training and Jinja VTI.

Reviewing and strengthening standard setting and quality assurance systems at all levels was also done during the year where the number of students assessed by the relevant examination boards increased to 73420 UBTEB and 10696 UAHEB and 16882 UNMEB students.

The Ministry continues to disburse funds to facilitate the operations of examination boards. Under UAHEB, Government retooled 68 tutors, 240 assessors and 210 Examiners in OSCE/OSPE UBTEB; Trained 305 examiners/ instructors.

*Human resource survey framework to support the collection of employment and labour market data*. Planning for the manpower is key to ensuring that the right number and right kind of people, with the right skills, are available at the right time at all levels to contribute to national development. The effectiveness of manpower planning is highly dependent on a number of factors among which include: the quality and reliability of labour and employment statistics to support the supply and demand analysis and research; and a favourable policy, legal and regulatory framework to support planning and implementations. UBOS in FY2016/17 conducted the first comprehensive Man power survey i.e. 2016/17 Manpower Survey Uganda (MAPU). The first manpower survey was conducted in 1988 a period of about 20 years ago. The survey collected information on the characteristics of Uganda's workforce at both employer and employee levels in the Formal and Informal Sectors. The 2016/17 MAPU comprises information on the employers and employees in the Formal Sector, the Informal Sector, and Educational Institutions respectively.

The National Planning Authority took lead in planning for Human resource of the country. As the NDPII required development of a national human capital development plan to promote long term quality of the population, NPA prepared a background paper and concept note to guide the development of the Human Resource Planning and Development Framework. The draft National Human Resource Development Planning (NHRDPF) framework was submitted to Cabinet for approval. The framework provides for the development of the National Human Resource Development Policy, National Manpower Survey, 5-Year National Human Resource Plan, Sector/LG Master Plans, P&P Institutional and Human Capacity Building plans and annual plans /budgets.

Government established four (4) regional skills development centers of excellence in the key priority areas. Centres of excellence in areas of specialization were selected as follows: UTC Elgon - in Civil works and building technology; UTC Lira- in Highways drainage, bridges and road construction; UTC Bushenyi– in food manufacturing and food processing; and Bukalasa Agric College - in crop and animal husbandry. The 4 Centres of excellence were selected and evaluated for twining to international institutions. Currently, the project is in the process of procuring an international firm for twinning the institutions. However, this is below the target of 5 centers of excellence planned.

### 3. Enhance efficiency and effectiveness in skills delivery

In the FY2016/17, the objective was to be achieved through; Institutionalizing internship and apprenticeship for hands-on training in both private and public organizations. There was continued partnership with Uganda Manufacturers Association (UMA) in finding placement for students for internship in its membership companies. 1,834 students benefitted, a total of 2,737 students also undertook internship (i.e 896 in MUBS, 1,333 in Busitema University, 100 in Gulu University, and 408 in Kabale University),

Establishing functional linkages between training institutions' curricula, potential employers and job opportunities was realized through revision of the curricular. Further still, the sector conducted sensitization seminars in a bid to strengthen the assessment of soft skills in nursing and midwifery profession, developed 6 Technical and Vocational National Courses of Ceramics Technology, Hotel & Institutional Catering, Secretarial & Office Management, Records & Information management, Agricultural Mechanization and Beautification & body Therapy. Furthermore, draft copies of assessment guidelines and training manual for the six technical / vocational programmes were developed.

Eight (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).

Consultative meetings were held to fast track the establishment of the Skills Development Agency to coordinate all skills development initiatives. However, the process was halted and an alternative was prepared with a view of strengthening the existing Institutional setup. The proposal is at TMM level for approval.

### 4.3.5 WATER AND SANITATION

The water and sanitation objectives are focused on: Increasing access to safe water in rural and urban areas; increasing sanitation and hygiene levels in rural and urban areas; and increasing functionality of water supply systems.

**Rural Water Supply and Sanitation**

1. **Increase access to safe water supply in rural areas.**

There has been an increase in rural safe water coverage from 67 percent in 2015/16 to 70 percent in 2016/17. The increase has been relatively stable having overshot the 2016/17 NDPII target of 68 percent. This remarkable performance is attributed to the construction of access water points in rural areas. However, there has been a slight decline in the functionality of rural water systems from 86 percent in 2015/16 to 85 percent in 2016/17 which is below the projected target of 87 percent. The decline is a result of poor maintenance of water facilities at community levels through water user committees. The following are specific outputs that contributed to the increase in safe water coverage as planned in the NDPII.

Reduction in the number of safe water facilities by category constructed. While the number of water facilities constructed by irrigation over shot the 2015/16 target of 1,800 to 2,097, there was a decline in 2016/17. The number of facilities constructed in 2016/17 was estimated at 1,624 which indicate a decline by 22.5 percent from the 2015/16 number and also below the NDPII target of 1,850. On the other hand, there has been an increase in the number of water facilities rehabilitated by technology from 1,905 in 2015/16 to 1,907 in 2016/17. Therefore, the decline in the number of water facilities constructed by technology by 473 was a result of increased emphasis on rehabilitation and maintenance of existing water facilities.

Government continued to promote and scale up rainwater harvesting at household, public institutions and community level. In 2016/17, 143 interventions were promoted although a there was a decline of 44 percent from that registered in 2015/16 and below the target of 400 of FY2016/17. This is attributed to the ongoing restructuring of the Appropriate Technology Center in Mukono were the rainwater harvesting technologies are uninitiated. The ongoing center restructuring attracted budgetary constraints resulting into constraints for implementation of key planned activities.

However, the percentage of households accessing safe water decreased from 67 percent in FY2015/16 to 64 percent in FY2016/17.

Government in the NDPII period planned to improve the functionality, sustainability and resilience of water supply systems in rural areas by increasing the number of functional Water User Committees from 29,292 in FY2012/13 to 30,030 in FY2016/17. The target was therefore surpassed for which 50,970 in FY2016/17 was attained. This is attributed to massive community awareness campaigns in water management undertaken by the water and sanitation sub-sector.

2. **Increase access to improved sanitation rural areas**

The percentage rural sanitation coverage increased from 79 percent in FY2015/16 to 80 percent FY2016/17. However, the increase is less than the overall target of 100 percent where everybody should have access to improved sanitation. Nevertheless, the unit increase is attributed to the intense and frequent sanitation awareness and sensitization campaigns undertaken by the sector in the rural areas. The following outputs have contributed to the unit increase in the sanitation coverage.

There has been a reverse in the percentage of triggered villages declared Open Defecation Free (ODF) from 26 percent in FY2015/16 to only 18 percent in FY2016/17. In 2015/16, a total of 1,752 villages were worked in, of which 448 (26 percent) were reported to have become Open Defecation Free. Relatedly, in 2016/17, 1,433 villages were worked in and only 258 (18 percent) became open defecation free. The 18 percent open defecation free status attainment is low compared last year's 26 percent which is attributed to a number of factors such as poor reporting by districts and inadequacies in the ODF sustainability strategies. On the other hand, the number of sanitation and hygiene campaigns undertaken increased from 8 in 2015/16 to 19 in 2016/17. This increase is attributed to partnerships build with non-state actors who supplemented ongoing government efforts in this venture.

Government completed the design and plan of the connection of the septic tanks to the main sewer line. This is aimed to modernize solid waste management and treatment in the rural growth centres and fish landing sites. However, the progress is slow since 13 were targeted by the end of FY2016/17 to have been completed.

Appropriate sanitation technologies have continued to be promoted by having 5 Sanitation facilities constructed. These include: Buwama, Kayunga, Ntungamo, Bukakata already functional and others are still under construction; Kamuli, Mayuge, Rakai, Ishongororo.

**Urban Water Supply and Sanitation**

3. **Increase access to safe water supply in urban areas.**

The percentage of safe urban water supply coverage has remained constant for over the last two years. For both 2015/16 and 2016/17, the proportion of the urban population with access to safe water in urban areas has been estimated at 71 percent which is sort of the NDPII target of 100 percent. This stagnation is attributed to the continued increase in the LG administrative units (Town Councils and Town Boards). Conversely, the trend in the functionality rates of rural urban water systems has been impressive having increased from 85 percent in 2015/16 to 92 percent in 2016/17. The following outputs have contributed to the slow increase to attainment of full access to safe water supply in urban areas.

There was a remarked decline in the number of piped water schemes constructed and number of households connected to the piped water schemes in the reporting period. The schemes constructed declined from 41 in 2015/16 to 18 in 2016/17 as a result of the poor budget outturn. The sector therefore completed and technically commissioned the town water schemes of: Kiboga, Katuugo, Kakooge, Nyamurunda, Migeera, Buvuuma, Kagoma, Sanga-Kaliro, Nyahuuka, kasagama, Bukakata, kalong and Amach. Additionally, the number of households connected to piped water schemes declined from 27,411 in 2015/16 to 17,564 in 2016/17. The decline is explained by increased effort devoted to maintaining existing schemes in 2016/17. Furthermore, the number of public stand posts increased from 219 in 2015/16 to 316 in 2016/17. In the same period, about 41,400-yard taps and 34 kiosks were established.

The establishment of the WSSBs has contributed to the improved functionality of the Urban Water Systems. The functionality of the supply water systems has improved from 43% in 2011 to 97% in 2016. In 2016/17, 14 Water Supply and Sanitation Boards (WSSBs) were established, sensitized and trained for operations, maintenance and management of the various Water Supply and Sanitation Systems constructed. However, a number of challenges still exist including: (i) ageing infrastructure - some piped water systems have surpassed their design period which has escalated high water losses hence need for total overhaul; (ii) high demand for water services in different communities hence need to expand systems to underserved areas.

There has been stagnation in the participation of the private sector in water and sanitation activities. Government was meant to improve the enabling environment for private water operators and reform the public utility model; however, this is yet to be achieved. The number of private water operators in the sector in FY2016/17 remained at 18 similar to those reported in FY2015/16. Nevertheless, relevant regulations and guidelines were developed to guide the operations of private sector operators in the water and environment sector.

Government has continued to widen the water and Sewerage Services Coverage in the Greater Kampala Metropolitan Area (GKMA). The number of households with piped water in the GKMA increased from 195,195 in 2015/16 to 255,101 in 2016/17. Of which 82.4 percent are domestic connections; 14.1 percent commercial connections; 1.9 percent are institutional connections and 1.6 percent are PSPs. The number of households connected to sewer system in GKMA increased by 1.2 percent from 9,805 in 2015/16 to 9,927 in 2016/17. In addition, the length of the water network in GKMA also grew by 14.6 percent from 2,618 in 2015/16 to 3,001 in 2016/17. However, there was an increase in percentage of unaccounted for water from 31 percent in 2015/16 to 37 percent in 2016/17. This is attributed to the increase in illegal connections and leakages.

**4. Improve urban sanitation and hygiene services**

The urban sanitation coverage increased by 2 percentage points from 84 percent in 2015/16 to 86 percent in 2016/17 though below the target of 100 percent. While this is impressive, the sector would have performed better with availability of funds to finance the various sanitation interventions sub components. The following outputs have contributed to the slow improvement of the urban sanitation coverage.

There has been a remarkable expansion of sewerage connections in towns with sewerage systems. There has been a 3.4 percentage increase in the number of households connected to sewer lines from 20,355 in 2015/16 to 21,038 in 2016/17 which is over the NDPII target by 40.4 percent. Also, the number of towns with sewerage system increased from 15 in 2015/16 to 16 in 2016/17. The towns include: Kampala, Jinja, Entebbe, Mbarara, Mbale, Kisoro, Masaka, Iganga, Tororo, Soroti, Lira, Gulu, Fortportal, Hoima, Masindi & Kabale. Similarly, the number of satellite sewerage systems in GKMA increased from 3 in 2015/16 to 4 in 2016/17 and these are constructed in Lubigi, Bugolobi, Naalya and Ntinda.

Although in the reporting period, government constructed one Sludge Management Treatment System in Kayunga, this is below the NDPII target of 4. Nevertheless, three are under construction in Ishongoro, Kasaali and Kamuli. The treatment systems were to be constructed while promoting private sector services for sludge collection and disposal. On the other hand, the number of functional sludge management systems decreased from 9 in 2015/16 to 5 in 2016/17. Some of these include: Kayunga, Ntungamo, Buwama, Bukakata. Due to resource constraints, there were no new law enforcement personnel trained on Hygiene and sanitation.

**WATER RESOURCES MANAGEMENT**

There has been an improvement in the use and management of water resources where the level of waste water discharge has increased from 56.5 percent in 2015/16 to 59 percent in 2016/17. This is a result of construction of the requisite infrastructure by the National Water and Sewerage Corporation which has the biggest waste water discharger. Sugar manufacturing companies, leather tanning industries have also improved their compliance to waste water discharge standards. On the other hand, the level of water abstraction has stagnated at 75 percent for the last two years while the level of ground water abstraction declined from 75 percent in 2015/16 to 71 percent in 2016/17. The decline in abstraction is attributed to inadequate financial resources and preliminary work to implement the water management zones scheme.

In line with the NDPII objective of improving water resources planning and regulation, a Hydrological Year Book was launched at the 2017 Joint Sector Annual Review as planned and also the Annual Water Resources Status Report for 2014 was completed in 2016/17 albeit this has not been disseminated. On the other hand, the status of the Water Quality Information system for oil and gas is still ongoing and the delays for its planned completion in 2016/17 are attributed to delays in procurement of consultants.

Uganda’s interests in international waters continue to be safeguarded through effective trans boundary cooperation. The ongoing national water regulation accounts for this performance. This is also explained by 7 percent increase in the proportion of polluters complying with standards from 55 percent in 2015/16 to 59 percent in 2016/17. Similarly, the proportion of compliant water abstractors increased from 75 percent in 2015/16 to 76 percent in 2016/17 and the effective national water regulations is also hailed for this unit growth. Also, the proportion of water abstractors regulated improved from 75 percent in 2015/16 to 78 percent in 2016/17.

5. **Improve national capacity for water resources management (WRM)**

The sector in the Fy2016/17 had twelve catchment management plans and in use. These are aimed to increase the use of Integrated Water Resource management approaches in the planning, management and development of water resources**.** The number of plans for integrated water resources management increased from 10 percent in 2015/16 to 12 percent in 2016/17. This was a result of the institutionalization of the four water management zones established. The percentage of actions in water resources catchment management plans being implemented satisfactorily by stakeholders was estimated at 30 percent in 2016/17. This is in line with the NDPII target to that effect.

The percentage of climate change adaptation measures in the Catchment Management Plans decreased from 30 percent in 2015/16 to 24 percent in 2016/17. Limited funding is flagged as a reason for not meeting the targets. There are however, ongoing activities in Kabarole, Kyenjojo, Kasese, Masyoro and Rubara under the framework contracts. The numbers of catchments in which climate change adaptation measures targeted at reducing vulnerability are implemented was seven (7) in 2016/17.

A Water Resource Institute for in-country human resource capacity development for water resources management is yet to be established. Nevertheless, there was progress registered in 2016/17. For instance, a costed roadmap for operationalizing the Water Resources Institute was developed. The roadmap highlights the institutional set up, human resources/staffing requirements and budget for the proposed activities under each of the four themes.

The legal and institutional framework for WRM is yet to be reviewed as planned. While there was no legal framework finalized in 2016/17, the sector reported ongoing work to review the national environment management policy. Final consultations with key stakeholders within and outside the sector on the final policy and bill are still ongoing and for completion in 2018.

**6. Improved Water Resources Planning and Regulation**

There has been an improvement in the assessment and evaluation of permits for water uses. There has been a 75 percent increase in the number of permits issued for various water users from 169 in 2015/16 to 296 in 2016/17 and above the NDPII target of 200. Of the 296 permits, 164 were new while 132 were renewed. The improved performance in 2016/17 is attributed to support from the Water Management Zones. Similarly, there was a percentage increase in compliance to waste discharge permits from 57 percent in 2015/16 to 59 percent in 2016/17. On the other hand, there was a reduction in percentage of compliance to water abstraction permits from 77 percent in 2015/16 to 73 percent in 2016/17.

The proportion of major polluters/abstractors regulated according to the water laws and regulations is estimated at 60% for the last two years which is less than FY2016/17 target of 65%. The sector also registered a percentage increase in the major water reservoirs and water bodies that are managed and regulated according to the water laws and regulations from 56 percent in 2015/16 to 58 percent in 2016/17. This is as a result of increased emphasis on dam instrumentation as well as water source protection to ensure efficiency and effectiveness of infrastructure systems and minimizing the threat on the systems from catchment degradation. In addition, 45 percent of Water Allocation Tool for optimizing hydropower generation on the Nile operationalized.

**7. Improve water resources monitoring, assessment and information services.**

The reduced rate of establishing the number of water laboratories has continued to retard the analytical capability of national and regional water laboratories. In 2016/17, one regional national water laboratory was established in Fort Portal whose construction commenced in 2015/16 which is less than the target of three. The percentage of water testing laboratories engaged in inters laboratory testing and results evaluated were estimated at 55 percent in 2016/17. In the same reporting period, there were no quality assurance protocol/ guideline and standard procedures for risk-based management approaches for drinking water and waste water including oil and gas waste.

8. **Improve protection of Uganda's interests in international waters**

Uganda is reviewing its national policy and strategy for managing international waters. By the end of FY2016/17, there were 4 trans boundary cooperative projects under implementation reported and the country signed a multi-lateral agreement to enhance regional cooperation. The Cooperative Framework Agreement (CFA) for the sustainable management and utilization of the shared Nile Basin Water Resources has been signed by the six Nile Basin Initiative Partner states (Ethiopia, Rwanda, Tanzania, Kenya, Burundi and Uganda). Of these four countries including Ethiopia, Rwanda, Tanzania and Kenya have ratified the framework.

### 4.3.6 LANDS AND HOUSING

The Uganda Vision 2040 recognized Land is an important factor of production which is a crucial resource for transformation. Uganda has a total area of 241,550.7 square kilometers of which the land area is 197,065.91 square kilometers. The country has only 0.69 percent of the total land area as built up land. Agricultural land occupies the largest proportion of land cover area (43 percent), followed by grassland (21 percent) and then water (15 percent)[13]. Others include; bushlands, impediments, forests and wetlands. The share of titled land in Uganda marginally increased to 21.01 percent in 2015/16 from 20 percent in FY2014/15, a 0.01 percentage increase. At the end of January, 2017, the number of titles that had been scanned into the Land Information System stood at 734,637 while 105,800 titles had been indexed for scanning in the 15 Ministry Zonal Offices (MZOs).

The Universal Declaration of Human Rights of 1948 recognizes the right to housing as an important component of human rights. Housing and shelter are important indicators for assessing living conditions of a population. Housing is one of the basic human needs that have a profound impact on health and welfare of an individual. Although 72 percent of households in Uganda live-in owner-occupied dwellings, 22 percent in rented dwellings while seven percent live in free dwellings, majority of households are in rural areas with those living in owner occupied dwellings (83%) and in urban areas was 44 percent while those renting were predominantly in urban (48%) than in rural areas (11%). There was an increase in the overall proportion of households occupying rented dwellings from 17 percent in 2012/13 to 21 percent in 2016/17[14].

The annual need for new housing for the entire country is estimated at 200,000 (two hundred housing units) of which 135,000 are in rural and 65,000 in urban areas resulting from the population high population growth of 3.0 percent and 5.1 percent urbanization. The estimated

[13] UBOS Abstract, 2017
[14] Uganda National Household Survey, 2016/17

construction rate of reasonably good houses is estimated at 40,000 housing units in the rural areas and 20,000 in urban areas. This creates a deficit of 140,000 houses nationally of which 95,000 are in rural areas and 45,000 in urban areas. This shortage does not include the backlog of 1,600,000 housing units carried forward[15]. It is estimated that Uganda has about 7.3 million households living in 6.2 million housing units with an average household size of 4.7 persons. The national occupancy density is estimated at 1.1 household per housing unit, giving a total backlog of 710,000 housing units. There is also an estimated backlog of 900,000 housing units as a result of sub-standard houses and structures which were never meant for human habitation. Out of a total backlog of 1.6 million housing units, about 210,000 units are in urban areas while 1.395 million units are in rural areas.

**Housing**

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

Government on 4th May 2016 launched the National Housing Policy with a vision dubbed "Adequate housing for all". The policy aims at enhancing the quality of life, through providing affordable housing. It is estimated that during the lifespan of this policy, about 500,000 housing units will be replaced while about 300,000 housing units will be upgraded. Implementation of the policy started with the dissemination process together with the proto type plans. This was carried out in the 52 Districts/Urban centres. Continued with the implementation of national and sectoral policies such as the National Land Policy and National Land Use Policy. The National Urban Policy was approved by Cabinet. The policy provides a framework for managing the urbanization process in the country. In the reporting period, the sector finalized drafting of the Housing Landlord-Tenant Bill.

In FY2016/17, the Ministry was able to coordinate negotiations with Development partners to undertake housing projects under Public Private Partnership arrangements. It also collaborated with the Ministry of Defence and Veteran Affairs to prepare a project proposal for the construction of 30,000 institutional houses for UPDF. MoU between MOD and MLHUD for Construction of Housing Units Project for the military, police, teachers among others was signed Furthermore, consultations on the Housing fund bill principles have also been carried out.

The MLHUD commenced the development of building standards for earthquake prone areas. Terms of Reference on enhancement of enforcement of Housing Standards and Building Codes in Areas Prone to Earthquakes, Slides, and Floods were also developed. The sector in addition commenced the process of developing the Real Estate (Agents & Management) Bill. This will provide a legal framework for regulating the real estate industry.

In FY2016/17, government continued to implement the Uganda Support to Municipal Infrastructure Development (USMID) Programme which started in 2013. The overall program objective is to enhance the institutional performance of the 14 Programme Municipal Local Governments to improve urban service delivery. The Programme Municipalities include: Arua, Gulu, Lira, Soroti, Moroto, Mbale, Tororo, Jinja, Entebbe, Masaka, Mbarara, Kabale, Fort Portal and Hoima.

[15] The Uganda National Housing Policy, 2016

Support to Municipalities focuses on seven result areas: (i) Improved linkage between Municipal Physical Development Plan, Five-year Development Plan and Annual Budget; (ii) Increased Municipal Own Source Revenue (OSR); (iii) Improved Procurement Management; (iv) Improved Municipal Accounting and Financial Management; (v) Improved Execution/Implementation of budget for improved urban service delivery; (vi) Improved Accountability and Transparency (monitoring and communication); (vii) Enhanced Environmental and Social Sustainability. All municipalities are now implementing batch 1 infrastructure projects. Implementation progress is at different stages. The latest to sign contracts were cluster 4a Municipalities of Mbarara and Kabale who signed contracts in March 2016. At a disbursement rate of 81% USMID is the highest performing project in the World Bank portfolio. The programme is therefore on course and has been commended for its high performance. This notwithstanding, there are some challenges mostly attributed to one contractor who has not delivered the works in time. This is being addressed by the respective Municipalities of Hoima, Fort Portal, Mbale, Soroti and Tororo supported by this Ministry. The USMID infrastructure investments in the 14 municipalities are indicated in table 4.14 below.

**Figure 4. 14: USMID Infrastructure Investments**

| S/N | Municipality | Road | Distance (km) |
|---|---|---|---|
| 1 | Arua | Enyau road, Idi Amin road | 1.68 |
| 2 | Entebbe | Church road, Nyondo road, Basude rise & Fulu road | 2.193 |
| 3 | Fort Portal | Nyakana road, Kagote road | 0.613 |
| 4 | Gulu | Ring road, Labour line road, Acholi lane road, Alokolum road and Cemetery roa | 3.637 |
| 5 | Hoima | Rukurato road, Main street, Old Toro road, Coronation road, Persy road, Government road and Kabalega road | 2.732 |
| 6 | Jinja | Nalufenya-Clive road | 2.22 |
| 7 | Kabale | Nkunda road, Keita road, Nyerere road, Nyerere avenue, Kigongi roa | 2.439 |
| 8 | Lira | Aduku road, Oyite Ojok road, Imat Maria road, Maruzi road, Awange Mola road, Ambobhai roa | 2.285 |
| 9 | Masaka | Yellow Knife road, Kabula street drainage | 1.559 |
| 10 | Mbale | Republic street, Pallisa road, Mugisu Hill road, Nabuyonga rise | 3.142 |
| 11 | Mbarara | Akiki-Nyabongo road, McAllister road, Constatino Lobo road Buremba road | 3.43 |
| **Total** | | | 25.930 |

*Source: MLHUD, 2017*

## 2. Reduce slums and informal settlements

There is rapid development of unplanned settlements leading to overcrowding and creation of slums and informal settlements. Uganda's population growth rate is 3.0 percent, one of the highest in the world. Although urbanization is still low, the low capacity of the urban authorities to provide the required services, control and guidance has led to the growth of informal settlements and rapid creation of slums.

Implementation of the National Slum Upgrading Strategy and Action Plan to improve the living conditions of urban dwellers in the 14 municipalities of USMID is also underway. However, there is need to provide funding for the implementation of the Slum Upgrading Strategy because it includes all the suitable strategies to address the issues related to slums.

3. **Increase access to affordable housing finance**

During the FY2016/17, the feasibility study report on the mortgage liquidity facility was completed by Ministry of Lands, Housing and Urban Development therefore the Ministry awaits guidance from World Bank for the next course of action. Housing Finance Bank has been capitalized to provide affordable Mortgages.

In line with creation of awareness on new affordable housing finance packages, and increased acquisition of affordable housing, consultations to review Condominium property Act was undertaken while regulations was disseminated to 19 Local Governments during a regional Training of Trainers workshop held in Gulu. The LGs included: Abim District, Adjumani District, Agago District, Alebtong District, Amuru District, Apac District, Dokolo District, Gulu District, Kitgum District, Kole District, Lamwo District, Lira District, Nwoya District, Otuke District, Oyam District, Pader District, Gulu MC, Kitgum MC and Lira MC.

**Land Administration and Land Management Services**

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

In FY2016/17, the government continued with the implementation of national and sectoral policies such as the National Land Policy and Land Use Policy. These were disseminated in the District Local Governments of Mityana, Lamwo, Amuru, Nwoya, Kasese, Mubende, Soroti, Napak, Mukono, Hoima, Oyam, Moroto, Arua, Masaka, Kampala and Masindi. Coordinated the NLP Working group meeting and 3 regional workshops to pretest the Gender Evaluation Criteria for the NLP. The sector spearheaded the finalization of the Gender Strategy and M&E Framework for the NLP. Training and Induction of land management institutions was carried out. These include; 6 DLBs and DLOs in Jinja, Ntungamo, Nakasongola, Kween, Paliisa and Mukono, Districts. The public was in addition sensitized on public land rights and obligations in 8 districts of; Mbale, Sironko, Kaberamaido, Kiryandongo, Lira, Nakasongola and Mubende. Nine (9) ADRs handled in Nakaseke, Mubende, Nakaseke, Buliisa, Mubende, Lira, Mukono, Mbale, Gomba, Hoima, and Buliisa Districts.

Government in FY2016/17 concluded supervision of land acquisition for a number of infrastructure projects and is continuing with supervision of 45 other projects. It compensated 1666 hectares of Land from 53 landlords of which 26.23 percent were female landlords, 63.9 percent were male landlords and 9.8 percent were co- owned by both males and female. The sector issued over 320 leases on Government land for investment purposes. The new investments will help in reducing the problem of youth unemployment and generate more revenue for the Government.

5. **Improve availability of land for development**

Uganda's population density has been growing rapidly over the last 20 years, placing significant pressure on the use of land. Evidence shows that if managed properly, this increase can support economic growth, but the right systems must be in place to promote efficient land use152. The key recommendations to improve efficiency in land use include: accelerating the process of land registration; redesigning the land fund to enhance its efficiency and equity in supporting resolution of overlapping rights; strengthening institutions for Land Administration Management including for dispute resolution, for documentation; information storage and retrieval; and valuation.

During the year, 18,601 Certificates of title were issued under Mailo, Freehold and Leasehold tenure. In addition, 70,778 transactions were completed on the system as a way of improving tenure security. Land Fund Regulations have been approved by Cabinet to support the operations of the Land Fund. The Land Fund under the Uganda Land Commission has acquired 20,850.94 hectares of land in Kibaale, Ankole, Toro and Buganda and tenants of Kayunga (Nkokonjeru) have been assisted to process registrable interests for their bibanja. 1000 copies of the Land Fund regulations and 1200 copies of the Land Fund Management report were printed and disseminated for use by stake holders.

**6. Improve and modernize land administration services/system**

Conflicts and disputes over land and land-based resources are on the increase due to population pressure on land. This has sometimes led to violent land evictions, loss of property and lives. The land tribunals which were created by the 1995 constitution and the Land Act cap 227 were abolished by the judiciary in 2006 due to lack of financial resources. Land cases have continued to pile in the courts as the manpower in the courts cannot handle all the cases brought before them. The frequency of violent land disputes and evictions is increasing.

In FY2016/17, the sector continued with the processing and issuance of land titles, to enhance security of tenure and reduction in land related conflicts and disputes. A program of action for strengthening institutions and mechanisms for land dispute resolution and mediation at the local government level was started on by holding stakeholder meetings with Justice Law and Order Sector (JLOS) institutions and other stakeholders on matters of land dispute resolution and access to land justice for all.

Under the CEDP, the rebuilding of the Geodetic network to be able to provide accurate coordinates and positions of boundaries is underway and once completed will resolve most of the district boundary disputes. The sector established 10 Geodetic Control Points in Logir sub-county, Arua district. 36 topographic maps for 4 districts of Lwengo, Masaka, Kayunga and Mukono were updated and disseminated.

The sector rehabilitated and scanned about 60 percent of 60,000 maps in FY2016/17. Out of the rehabilitated and scanned maps, 54 percent have been geo-referenced for use under the LIS by the Surveys and Mapping Department. Furthermore, 5,070 deed plans were approved in the reporting period while base maps for the entire country except Kiruhura district which is still under process were produced.

In 2013/14, transactions started to be carried under the Land Information System (LIS) at MLHUD headquarters, at the MZOs in Mukono, Jinja, Wakiso, Mbarara, Masaka and KCCA. This increased registration of land transactions and in the FY 2014/15, 26,889 land transactions were registered at MLHUD headquarters, Mukono, Jinja, Wakiso, Mbarara, Masaka and KCCA.

The number of transactions registered in the land information system has been increasing over time since 2013/14 when they started to be carried under the LIS at MLHUD headquarters, MZOs in Mukono, Jinja, Wakiso, Mbarara, Masaka and KCCA. It increased from 37,609 in FY2013/14 to 113,886 in FY 2015 /16. By mid FY2016/17, the number of transactions that had been registered was 62,714. Some of the transactions that received the highest applications and registrations under the system include: transfers, search letters, reports, mortgages, conversions from customary or leasehold to freehold to freehold and sub-divisions.

In order to ease land transactions for its clientele the Ministry divided up the country into twenty-one Cadaster zonal areas to include: Arua, Masindi, Gulu, Lira, Jinja, Mbale, Mukono, Wakiso, Mbarara, Masaka, Kabarole, Kampala, Kibaale, Kabale, Rukungiri, Mityana, Mpigi, Luweero, Tororo, Soroti and Moroto. Thirteen of these Zonal offices have been constructed in the Districts of Arua, Masindi, Gulu, Lira, Jinja, Mbale, Mukono, Wakiso, Mbarara, Masaka, Kabarole, Kampala and Kibaale. The Ministry has begun the construction of up to nine other Zonal offices in Kabale, Luwero, Mityana, Mpigi, Moroto, Rukungiri, Soroti, Mukono and Tororo, which, in addition to the 12 already constructed will form a national network of zonal offices to host the computerized Land Information System (LIS).

The manual business processes were prone to manipulation without knowing who had done what in the registration of transactions. The computerized business processes were therefore the best option Government had to adopt because in the new system, it is easy to store data. Since the computerized Land Information System hosts sensitive land rights information, a robust and multi-level security procedures have been put in place, with a minimum of 4 levels to ensure the LIS has a secure storage of land information at all times. Regular and comprehensive back up procedures are implemented on a regular basis to ensure that in the event of system or server failure the LIS can be up and running in the shortest period of time. The system is transparent and anyone who makes any change is automatically noted by the system. It provides for in-built mechanisms, checks and access levels.

It is now the Ministry’s responsibility to reconcile and ensure the completeness that all that the digital records are a true and complete representation of the physical fi les scanned for each parcel. Once this is done, then the paper records shall be put off shore, stored in a secure location and from then on use the digital copy. This exercise has been completed in Mbarara and Jinja MZOs and currently on going in the remaining MZO.

The sector further instituted measures to fight frauds and forgeries in Land Administration institutions by introducing the land information systems controls and compliance measures. Routine land information system maintenance in all LIS centers was undertaken in FY2016/17 as well procured ICT Infrastructure for Lira and Kabarole MZOs, monitored performance of 6 MZOs and supervised construction works for the upcoming 7 MZOs.

Commenced the implementation of the second phase of the computerization of the Land Registry. The Design, Supply, Installation and Implementation of National LIS Infrastructure (DeSINLISI) project fully integrates physical planning, surveying, valuation, land administration and land registration. The launch of the second phase of Land Information System (LIS) coincided with the opening of Lira MZO, Kabarole MZO and Kibaale MZO. Commenced the Construction of the eight (8) Ministry Zonal Offices of Tororo, Moroto, Mpigi, Kabale, Rukungiri, Mityana, Luwero, Soroti, Wakiso and Mukono, Multi-purpose Hall and Dormitory for the Institute of Surveys and Land Management

Under the Competitive and Enterprise Development Project (CEDP), government is undertaking systematic registration of communal and individually owned land. A number of achievements have so far been registered in this regard: putting in place the Systematic Land Adjudication and Certification Technical Committee to oversee implementation of Systematic Titling/Certification process; selection of the working areas for the exercise has been conducted in 61 districts in the Northern, Eastern and Western parts of the country.

**7. Increase capacity and support proper institution of Land Valuation Services**

In the review period, the valuation structure was upgraded from a unit to a department and was approved by the Ministry of Public service. The NDPII target of elevating the Valuation Division into a fully-fledged department was achieved. Approved valuation compensation rates for 20 districts to facilitate implementation of Government projects some of which include: Kibuku, Lira, Katakwi, Pallisa, Mbarara, Kiboga, Manafwa, Kapchworwa, Kabale, Arua, Ntungamo, Nebbi, Maracha, Mubende, Rukungiri and Pallisa. The sector carried out valuation supervision of over 100 infrastructure projects and other projects countrywide.

Over 8,000 property valuations were carried out in the reporting period and are broken down as follows. Terms determined for 650 country-wide; valuation advice to Municipal & Town Councils 62 cases; Rental Valuation 172 premises assessed; Valuation of Land Fund: 5 cases; 4,400 Consent Applications assessed; Valuation for probate 42 case; General compensation 9 case: Compensation due to OPEC - Nakawa ongoing; PAPs on identified plots for VODP -Buvuma District Phase IV Part 3. ongoing; SGR Supervision ongoing; Compensation of UPDF land at Bukakata in Masaka ongoing; Quarry in Kyenjono -Kasamutongole village; Land use at Kingfisher Development area; Nakivubo and Kinawataka channel (LVII); Supplementary report No. 3 KIIDP2 - KCCA.

It was planned that the sector recruits and trains Valuers and technical personnel at all levels however, the inadequate staff structure which is coupled with the failure to attract a certain calibre of staff in particular Valuers, Land Officers and ICT officers due to the inadequate salaries paid by Government yet they are competed for by the private sector which pays them adequate salaries has made it unattainable.

Guidelines for assessment of compensation in the Albertine Graben and land acquisition were developed to aid the valuation processes.

**8. Improve equity in access to land, livelihood opportunities and tenure of vulnerable groups**

In FY2016/17, the LHUD sector continued with the exercise of regularizing land rights for the lawful and bonafide occupants in Ankole, Nakaseke and Kibaale districts. It further developed a Gender Strategy on land to promote women's land rights. 324 land titles were issued by H.E the President to lawful land occupants in Kibaale District. The National Land Policy Gender strategy was developed and disseminated in Masindi. In addition, 3 more meetings on the same were organized by UWONET, ACODE and FRA.

The sector carried out public awareness campaigns in 14 districts on land rights, equitable access to land and other land related matters. A taskforce on illegal land evictions was appointed to sensitize the public on their land rights and equitable access to land. The taskforce sensitized communities in Kayunga, Nakaseke and Buliisa district on land rights and other land related matters. Government compensated absent Landlords using the Land Fund in the areas of Kibaale, Ankole and Buganda regions to secure land rights of bona fide and lawful occupants.

## 4.4 PHYSICAL PLANNING AND URBAN DEVELOPMENT

The Physical Planning and Urban Development sub-sector is responsible for the orderly development of urban and rural areas for socio-economic development of the country. The Physical Planning function entails provision of Physical frameworks for arrangement and organization of socio-economic activities on land at the National, Regional, District and Local levels to achieve optimal use and sustainable development. Urbanization development entails establishment of better urban systems that enhance productivity, livability and sustainability.
The sector reported the following progress in the FY2016/17 under review.

### 4.4.1 Greater Kampala Metropolitan Area (GKMA)

GKMA is defined under the KCCA Act 2010 to include Kampala city and the neighbouring districts of Mpigi, Wakiso, and Mukono. It is a framework aimed at ensuring coordinated planning and implementation of programmes across the metropolitan area to maximise benefits of planned urbanisation. In the review period, the following progress was registered against the strategic objectives and interventions.

1. **Improve the institutional and legal framework governing the GKMA**

The creation of the Metropolitan Physical Planning Authority (MPPA) as planned was rejected by Cabinet and guided that it should be removed from the KCCA Act as it duplicates the already existing mandate of NPA. In addition, the MPPA is bigger than the KCCA Act that establishes it noting that currently there is sufficient capacity to address the Metropolitan issues of the GKMA. The KCCA Amendment Bill 2015 was finalized and is currently before Parliament for debate whereas Parliament passed the Local Governments (Amendment) Bill, 2016. KCCA in collaboration with the ministry of lands and other stakeholders developed the physical development plan.

During FY2016/17, 12,702 Land Transactions and registration issues were handled. The highest number of transactions were those related to; Mortgages, Transfers, Caveats, Lease Extensions, Lease variations. Others include Preparation of lease documents, Court orders, Letters of Administration, Mutation Forms, Applications for Special Certificates of titles and applications for substitute titles. In addition, 600 search applications were received, out of which 539 searches completed. In total, 784 land register files were moved from the strong room in the process of handling transactions. Land transactions carried out in the period were as follows; Land transactions received 2,184, search requests received 1,803, searches dispatched 540 and Development plans Dispatched were 989.

During FY2016/17, KCCA undertook a number of collaboration workshops aimed at ensuring that there is coordinated and harmonised development within the GKMA and te negbouring districts. This is aimed at fostering integrated development among the GKMA urban authorities.

2. **Improve GKMA physical infrastructure**

KCCA hired a consultant to develop the Multi-modal Transport Master Plan as a way to implement the Integrated Urban Transport Master Plan for the GKMA and by end of Fy2016/17, two stakeholder engagements had been held and reports submitted. The Presidency prepared and submitted to Cabinet Secretariat for review of a Cabinet Memorandum on the creation of the Metropolitan Planning Authority (MPPA) during FY2016/17.

In the reporting period, KCCA continued to work with key stakeholders to provide orderly infrastructure. The physical progress of the projects implemented during the review period was; reconstruction of Fairway Junction (98%); reconfiguration of Kira Road and Kabira (88%); Mambule road (86%); Bwaise junction (12%); and dualling of Makerere Hill Road (10%). Whereas the contractor recruited to undertake dualling of Bakuli-Nakulabye – Kasubi road. By end of the FY2016/17, KCCA roads routine manual maintenance of 115km of paved roads and 100km of unpaved roads was achieved. KCCA also maintained 480kms of bituminous road and 400kms of Gravel roads by end of the review period.

Under the Kampala City Commuter train service, the ridership grew to an average monthly of 40,000 commuters indicating an 81 percent growth by end of end of FY2016/17. The service is currently operating at 80 percent of the capacity of the coaches, however there is an urgent need to improve on the current poor platforms, halts infrastructure which affects the ridership mainly in the rainy season, increase in the number of coaches and extension of the service to Luzira and to the Western side of the City.

In an effort to further promote urban commercial farming in Kampala, KCCA established the Kyanja Agricultural Resource Center to showcase and demonstrate innovations in urban farming with the aim of engaging communities to intensify and expand their participation in urban agriculture as a source of income and food security. Crops and livestock demonstration units have been established at the resource center to demonstrate innovations in urban Agriculture. The following were achieved in the reporting period: Received over 1,647 farmer visitors coming to learn about the different farming techniques demonstrated at the Centre; 13,960 day old Kuroiler chicks were stocked at the centre for brooding and then distributed to farmers or meat or to rear for egg production; 150 piglets distributed to farmers; The four new demonstration greenhouses installed at Kyanja are now in operation under the following enterprises; Tomato cultivation, Sweet pepper and seed propagation unit.

Other achievements in the reporting period included: Commenced the aquaculture unit and currently stocked with cat fish; 475 farmers were trained on enterprise development including back yard gardening and mushrooms production; 56,000 seedlings produced and distributed to urban farmers in Kampala. However, the production was below target due to the harsh weather experienced during the period. However, no artesian parks were reported in the review period by KCCA.

3. **Improve the livelihoods of urban dwellers in GKMA**

During the review period KCCA under took a varrous activities aimed at promoting urban tourism. These include: Finalised institutional and sector consultations for Kampala Urban Tourism Strategic Plan; Mobilised UGX 30 million towards the Kampala Tourism Statistics Survey; exhibited at the Annual International Tourism Exhibition – Magical Kenya held in October 2016 in Nairobi; The exhibition provided a unique opportunity to interface and position Kampala's unique attractions; Signed an MOU with Skycodeit Consultancy Limited for the management of an interactive web portal for tourism Kampala; Signed an MOU with Uganda Wildlife Authority aimed at partnership in tourism promotion and product development in Kampala City. In addition the Authority held meetings with the Uganda Moslem Supreme Council to avail space for the construction of a Tourism Information Centre and placing of a tourist locational map at the National Mosque grounds.

Others are: coordinated and executed the cultural space for the Kampala City Festival 2016; hosted the 2nd edition of the October Fest 2016 held at the Uganda Museum, Kampala; Made a presentation to the Board of Trustees Church of Uganda Kampala Diocese on the development of Arch Bishop Janan Luwum monument and Leisure Park; Held a hands on training for over 80 waiters and 40 chefs from a cross section of Hotels in the City on etiquette, customer care and the practical and Hotel theory aspects of the profession.

In the same period, the Kampala Adult Library located at City Hall served 1,512 patrons. 108 of these were new users of the library. 1085 were males compared to the 427 females. The Lubaga Division Library served 554 clients comprising of 181 females and 373 were males. The Children's library at Nakasero Primary School served 1,798 children while School Children were encouraged to participate in various literacy eliciting activities such as Read Aloud, Spelling Bee, Guided Reading, Silent, Reading, drawing/Colouring and Story Telling

During the period under review, in maintaining law and order within GKMA, KCCA undertook a number of enforcements to control illegal developments, wrongful parking, trade order compliance (trade licensing), curbing of noise pollution and ensuring health standards in the City leading to 2,134 cases being prosecuted, with 1,903 convictions, 22 dismissals. The fines imposed form the convictions amounted to over UGX 375 million.

Under transforming the city's education system, 17 classrooms and administration blocks were constructed and renovated. In the same period, 17 stances of waterborne toilets were constructed in 2 schools and four storied unit staff house at Kansanga Seed Secondary School is ongoing. KCCA also supplied furniture (201 three - seater desks) to a number of schools around during the FY2016/17 and trained 40 teachers from 20 schools on integration of climate change issues in classroom teaching and learning. As a result, an enrolment of 68,003 pupils in the 79 Government Grant Aided Primary Schools and 48,325 students in 22 Government Grant Aided Secondary Schools was registered at the end of the FY2016/17.

Towards transforming the city's health system, 1,135,308 new OPD patients were seen in all facilities in Kampala city and 229,811 OPD patients were attended to in KCCA managed health centers accounting for 15% of the total outpatient load in Kampala; 66,616 first antenatal visits were recorded in Kampala while KCCA directly managed health facilities attended to 26,196 pregnant women (ANC) accounting for 38.1% of entire ANC in Kampala; 39,429 deliveries were registered in Kampala. KCCA directly managed health facilities handling 12,820 deliveries accounting for 33% of all the deliveries in Kampala; 36,936 children under the age of one year immunized with pentavalent vaccine/DPT3 against an annual target of 67,423 in Kampala.

KCCA directly managed health facilities contributed 27 percent (a total of 10,050 children) of children vaccinated in the country. The cumulated number of children under the age of one year administered with measles vaccine in Kampala by the close of the second quarter FY2016/17 was 37,081. Kampala registered a TB treatment success rate of 88.3 percent, a TB cure rate at 78 percent which was better than the national level of 40 percent to 45 percent while the TB Default rate was 3.4 percent which is within the acceptable national target of less 5 percent; and Cough or cold was the highest-ranking cause of morbidity in the city with 157,104 cases registered accounting followed by malaria with 139,071 cases counting.

Under upgrading and renovation of KCCA Health facilities, all major construction works of Kawempe and Kiruddu Health centres to 170 bed general hospitals funded by the African Development Bank were completed and both facilities are now operational. KCCA disseminated findings of the 2015 results of the National Assessment of Progress in Education (NAPE). The findings revealed the following proficiency levels in Numeracy and literacy for P.3 and P.6 learners: Numeracy and Literacy stood at 94.2 and 98.5 and 71.5 and 78.4 at P.3 and P.6 respectively.

Under the Farmer's support and input supply, KCCA organised and carried out 24 farmers sensitization meetings in Lubaga and Central Divisions to promote regulated urban agriculture. This was attended by over 1,129 urban farmers of which 579 were approved to receive inputs under the National Agriculture Advisory Services (NAADS) Program. While Technological inputs were distributed to 119 farmers in Kawempe Division and 123 farmers in Central division including 36,900-day old chicks and 512 bags of assorted poultry feeds. 520 urban farmers were visited and provided with technical support.

In an effort to further promote urban commercial farming in Kampala, KCCA established the Kyanja Agricultural Resource Center to showcase and demonstrate innovations in urban farming with the aim of engaging communities to intensify and expand their participation in urban agriculture as a source of income and food security. Crops and livestock demonstration units have been established at the resource center to demonstrate innovations in urban Agriculture. The following were achieved in the reporting period: Received over 1,647 farmer visitors coming to learn about the different farming techniques demonstrated at the Centre; 13,960 day old Kuroiler chicks were stocked at the centre for brooding and then distributed to farmers or meat or to rear for egg production; and 150 piglets distributed to farmers. The four new demonstration greenhouses installed at Kyanja are now in operation under the following enterprises; Tomato cultivation, Sweet pepper and seed propagation unit.

4. **Improve on environmental and ecological planning of the GKMA**

***Finalize and implement the GKMA environmental management project***

Under Environmental Impact Assessments/ Project Brief Review/ESMPs, a total of 37 Projects were reviewed, 27 recommended, 7 deferred and 3 were not recommended in the year under review. In addition, a total of Ten (10) industries were inspected 06 industries trained in Cleaner production and 01 industrial engagement in FY2016/17.

*Revitalize the LVEMP*

In FY 2016/17 KCCA with funding from World Bank through the Ministry of Water and Environment (MoWE) commenced the implementation of the Lake Victoria Environmental Management Project Phase II project and the following were achieved in the period under review; Procured 6 tipper trucks, 3 garbage trucks and 4 excavator tractors and 2 backhoe loaders for drainage maintenance in the city; Designed and is funding the construction of a plastic waste collection and recycling center to be constructed in Kampala; Refurbishment and operationalization of the Environment Resource Centre for Schools; Maintenance of Nakivubo Channel; Carried out media campaign to sensitize the people about proper waste management; and Funded consultancy services for restoration of Nakivubo wetland (in preparation for the construction by the Lake Victoria Basin Commission Project).

***Promote public safety and hygiene through mindset change***

During the review period, 4,732 premises of domestic and public health importance were inspected for their suitability and adherence to the hygiene standard leading to the mobilization UGX 140 million. With respect to medical examination of food handlers, 4,436 people were medically examined. The total number of new food handlers certificates issued is 3,210 with renewals at 1,257.

Under nuisance and improvement notices, 878 nuisance and improvement notices were issued. 250 court cases were registered; 54 convictions were made leading to a generation of UGX 5,463,950 in court fines, 7 cases were dismissed, 4 cases withdrawn and 25 are still on-going;

With regard to health education and awareness, 72 health education out reaches benefiting a cross section of City residents were organized during the period under review to cover a number of areas including; public health standards, hygiene and sanitation in markets, schools and guest houses across the different Urban Divisions.

KCCA in an effort to improve sanitation in the city, continued to offer free toilet services at 17 point across the City with average of 3200 users per day per block. In partnership with Uganda Breweries Ltd under the “Water of Life” Project commenced the construction of two waterborne community toilets at Port bell Luzira and Kirombe settlement, Nakawa Division.

***Implement the GKMA Waste Management Policy***

KCCA through the Kampala Feacal Sludge Management Project to improve Feacal Sludge Management (KFSM) registered the following achievements in the period of review; Procurement of a citywide sanitation mapping consultant and the commencement of the citywide sanitation mapping exercise dubbed “Home Sanitation visits” to assess household sanitation in the city and use this to guide investment at a citywide scale; Set up call centre infrastructure and recruited a call centre specialist to guide the establishment and operation of the call centre; and carried out citywide Engagements and Sensitizations with communities, private emptier business entrepreneurs, political leaders and technocrats in divisions on FSM and the citywide sanitation mapping exercise.

During the period under review, 112,062.3 tons of solid waste was collected, transported and disposed at the Landfill. KCCA continued offering the service of empting and transportation of faecal sludge. A total of 1,486 trips were transported to the treatment plant. A total of Ten (10) industries were inspected 06 industries trained in Cleaner production and 01 industrial engagement.

***Implement phase 1 GKMA drainage master plan***
Towards updating the Kampala Drainage Master Plan, the recruited consultant submitted the final technical report and installed a drainage design software program to facilitate future modification of the drainage master plan by KCCA in the review period.

KCCA also continued with the routine drainage improvement activities and the following drainage related interventions were carried out: Maintenance of Lubigi channel including, desiliting, construction repairs, slashing and silt loading; Maintenance of primary and secondary drainages in the city through manual desilting, construction repairs; Replaced a total of 434 Manholes covers; Improved the road crossing at Kinawataka using KCCA internal team; KCCA has continued producing own culverts, paving slabs, manhole covers, road kerbs and hydrofoam blocks at Kyanja Yard. This initiative is being undertaken to reduce infrastructure repair costs, ensure quality and provide employment to the Youth in Kampala. Furthermore, 4,381 trees were planted across all divisions by end of the FY2016/17.

***Develop and implement a GKMA climate change resilient strategy***
KCCA completed the development of the Kampala Climate Change Action Plan with assistance from the French Development Agency and secured a total of Euros 950,000 towards of implementation of Kampala Climate Change Action Plan. Among this plan milestones registered in the review period include: engaging stakeholders; conducting pilot actions; adoption of climate smart policies and Kampala Energy and Climate Profile.

## KAMPALA CAPITAL CITY AUTHORITY (KCCA)

1. **Improve service delivery in Kampala City.**

***Introduce an e-system to public service delivery***
In the period under review, KCCA adopted a number of E-Systems which included: Registration of commercial vehicles on e-Citie Online System; all KCCA monthly procurements reports to PPDA as required by the law through the new and modified Government Procurement Portal (GPP); the Geographical Information System (GIS); the National Land Information System (NLIS); Integrated Financial Management System (IFMS); the City Address Model (CAM) system

***Transform the city education and public health system***
Under transforming the city’s education system, 17 classrooms and administration blocks were constructed and renovated. In the same period, 17 stances of waterborne toilets were constructed in 2 schools and four storied unit staff house at Kansanga Seed Secondary School is ongoing. KCCA also supplied furniture (201 three - seater desks) to a number of schools around during the FY2016/17 and trained 40 teachers from 20 schools on integration of climate change issues in classroom teaching and learning. As a result, an enrolment of 68,003 pupils in the 79 Government Grant Aided Primary Schools and 48,325 students in 22 Government Grant Aided Secondary Schools was registered at the end of the FY2016/17.

Towards transforming the city's health system, 1,135,308 new OPD patients were seen in all facilities in Kampala city and 229,811 OPD patients were attended to in KCCA managed health centers accounting for 15% of the total outpatient load in Kampala; 66,616 first antenatal visits were recorded in Kampala while KCCA directly managed health facilities attended to 26,196 pregnant women (ANC) accounting for 38.1% of entire ANC in Kampala; 39,429 deliveries were registered in Kampala. KCCA directly managed health facilities handling 12,820 deliveries accounting for 33% of all the deliveries in Kampala; 36,936 children under the age of one year immunized with pentavalent vaccine/DPT3 against an annual target of 67,423 in Kampala.

KCCA directly managed health facilities contributed a total 10,050 children 27%; The cumulated number of children under the age of one year administered with measles vaccine in Kampala by the close of the second quarter FY 2016/17 was 37,081. Kampala registered a TB treatment success rate of 88.3%, a TB cure rate at 78% which was better than the national level of 40% to 45% while the TB Default rate was 3.4% which is within the acceptable national target of less 5%; and Cough or cold was the highest ranking cause of morbidity in the city with 157,104 cases registered accounting followed by malaria with 139,071 cases counting.

Under upgrading and Renovation of KCCA Health Facilities, all major construction works of Kawempe and Kiruddu Health centres to 170 bed general hospitals funded by the African Development Bank were completed and both facilities are now operational.

KCCA disseminated findings of the 2015 results of the National Assessment of Progress in Education (NAPE). The findings revealed the following proficiency levels in Numeracy and literacy for P.3 and P.6 learners: Numeracy and Literacy stood at 94.2 and 98.5 and 71.5 and 78.4 at P.3 and P.6 respectively.

***Maintain law and order in the City***

During the period under review, KCCA undertook a number enforcements to control illegal developments, wrongful parking, trade order compliance (trade licensing), curbing of noise pollution and ensuring health standards in the City leading to 2,134 cases being prosecuted, with 1,903 convictions, 22 dismissals, 186 cases were ongoing by year end. The fines imposed form the convictions amounted to over UGX 375 million.

***Enhance urban governance, Citizen Accountability and Integrity***

In the reporting period, efforts to enhance citizen accountability and integrity involved: submission of all KCCA monthly procurement reports to PPDA through Government Procurement Portal (GPP); Prepared the FY 2015/16 annual performance report as well as the quarterly performance reports for the first and second quarter FY2016/17; Increased outreach, public engagement and client services by utilizing different media including SMS, social media, radio and TV; Successfully organized and held the Kampala City Festival in October 2016; Coordinated and managed the end of month clean-up exercise in all the 5 urban divisions

***Enhance the KCCA Human resource capacities and productivity***

By the end of the review period, the City political leadership had achieved the following: Carried out monitoring and supervision of Authority projects; Held several Authority, Council and Committee meetings; Held capacity building engagements; Held a total of over 99 engagements at both the Authority and Division Council levels; Had the Political Leaders participate in the

KCCA budget formulation process right from the identification of priorities at grassroots level, consolidation at Urban Division Level and through the different Authority Standing Committees;

Under human resource development, the following accomplishments were reported by End of the FY2016.17; 2 staff were recruited accounting to only 22% of the target for the period. This poor performance is due to the delay in the approval of the revised KCCA structure by the Ministry of Public Service; Organized and carried out 6 sensitization workshops on risk and safety at workplace in all the five urban divisions; 28 trainings (both internal and external) were conducted in the period; concluded the first phase of the KCCA Leadership program targeting Senior Management and embarked on the preparations for Second Phase for the Managers Level; On Employee wellness Program, completed the procurement process for the Medical Insurance with a staff coverage of 1,148 and 748 Dependents.

2. **Improve Kampala Capital City physical infrastructure.**

***Expand and upgrade Kampala transport network***

KCCA continued road construction and expansion and by end of the FY2016/17 the following physical progress was reported on the major road projects under implementation: Reconstruction of Fairway Junction (98%); Reconfiguration of Kira Road and Kabira Junction (88%); Mambule road (86%); Bwaise junction (12%); Dualling of Makerere Hill Road (10%) Whereas for Dualling of Bakuli-Nakulabye-Kasubi road, the Contractor is ready to commence after completion of implementation of the Resettlement Action Plan for affected persons along the road. In the reporting period, KCCA also continued undertaking road maintenance of 480km and 400km of Bituminous and Gravel roads respectively.

***Integrate the different transportation modes in the city***

KCCA embarked on the development of the Multi-modal Transport Master Plan and by end of FY2016/17, the consultant had held two stakeholder engagements and submitted reports for the GKMA Multi Modal Transport Master Plan which were approved.

The re-introduction of Kampala City Commuter train service managed by KCCA registered growth in the ridership to an average monthly of 40,000 commuters indicating an 81% growth by end of the review period. The service is currently operating at 80% of the capacity of the coaches, however there is an urgent need to improve on the current poor platforms, halts infrastructure which affects the ridership mainly in the rainy season, increase in the number of coaches and extension of the service to Luzira and to the Western side of the City.

3. **Improve the institutional and legal framework**

***Review the current legislation (KCCA Act )***

The Presidency held three (03) meetings on the amendment of the KCCA Act, 2010 and the KCCA Amendment Bill 2015 was finalized and is currently before Parliament for debate by end of the FY2016/17.

4. **Improve people's Livelihoods and incomes**

***Strengthen the Revenue Mobilisation***

The total local revenue collection for the FY 2016/17 totalled to UGX 42.3 Billion (performing at 84%) against a target of UGX 50.3 Billion and registering a Deficit of UGX 8.0 Billion. This was as a result of conducting a number of domestic revenue mobilisation activities that included: 80 sensitizations aimed at popularizing Compute Aided Mass Valuation Project (Property Rates), the Commercial Road User Regulations 2015 and reminding taxpayers of their obligations in regard to Property Rates and Local Service Tax; revaluation of all properties in the Central Urban Division; finalized the Pilot project for House numbering and signage installation along Kampala Road and part of Jinja Road; commercial vehicles registration on e-Citie Online System of 100 buses with capacity of 30 and above, 39 buses with seating capacity of less than 30, and a total of 534 special hire taxis.

Furthermore, all registers/databases for the major revenue sources including Business license, property rates, ground rent, Local Service Tax, Local Hotel Tax, markets, advertising, road user fees were reviewed, cleaned and updated in review period. Register expansion continued during the review period and as a result, Local Service Tax, 15 Local Hotel Tax, 2,443 Trading License and 66 Ground rent clients were added onto the tax register.

KCCA also conducted a number of compliance management activities targeting voluntary tax compliance during the review period. These include Public awareness campaigns through Radio, Newspapers and SMS, targeted Audits and Inspections, Prevention and Recovery and enforcements on non-compliant tax payers

***Promote urban agriculture***
Under the Farmer's support and input supply, KCCA organised and carried out 24 farmers sensitization meetings in Lubaga and Central Divisions attended by over 1,129 urban of which 579 were approved to receive inputs under the National Agriculture Advisory Services (NAADS) Program. While Technological inputs were distributed to 119 farmers in Kawempe Division and 123 farmers in Central division including 36,900 day old chicks and 512 bags of assorted poultry feeds; 520 urban farmers were visited and provided with technical support;

In an effort to further promote urban commercial farming in Kampala, KCCA established the Kyanja Agricultural Resource Center to showcase and demonstrate innovations in urban farming with the aim of engaging communities to intensify and expand their participation in urban agriculture as a source of income and food security. Crops and livestock demonstration units have been established at the resource center to demonstrate innovations in urban Agriculture. The following were achieved in the reporting period: Received over 1,647 farmer visitors coming to learn about the different farming techniques demonstrated at the Centre; 13,960 day old Kuroiler chicks were stocked at the centre for brooding and then distributed to farmers or meat or to rear for egg production; 150 piglets distributed to farmers; The four new demonstration greenhouses installed at Kyanja are now in operation under the following enterprises; Tomato cultivation, Sweet pepper and seed propagation unit.

In 2014, KCCA set up the Employment Service Bureau (ESB) to carry out training meant to equip special skills to young people and Job matching that involves linking employees to employers. In the reporting period, 1,114 youth were registered at KCCA ESB. 289 were trained in ICT and entrepreneurship, 100 under the i-serve program, 174 recommended for employment of which 131 were able to secure employment.

During the period under review, major program activities under the Youth Livelihood Program fund were centred on project monitoring and recovery of funds. By the end of the review period, 93 projects had been visited and a total of UGX 78 million recovered. It is worthwhile noting that whereas Kampala's funds recovery performance is not up to target, it is far much higher than the Country's average performance. In addition, 264 youth were linked to access KCCA Cente Youth loan through community engagement meetings and community sensitization under the KCCA Youth Fund. 694 youths accessed loans worth UGX. 2,745,650,000 from Centenary bank during the period including; Central 348, Lubaga 187, Nakawa 69, Makindye 72, Kawempe 18. To date 4,385 Youths have accessed loans since the inception of programe worth UGX 11,946,157,106 while the Non-performing rate is at 2.6 percent.

The Kampala Tourism Development Plan is yet to be developed as planned by the end of the year. However, KCCA provided UGX 113 million from NTR towards Urban tourism development in the City. The following achievements had also been registered in the FY2016/17: finalised institutional and sector consultations for Kampala Urban Tourism Strategic Plan; KCCA exhibited at the Annual International Tourism Exhibition – Magical Kenya held in October 2016 in Nairobi. The exhibition provided a unique opportunity to interface and position Kampala's unique attractions, Signed an MOU with Skycodeit Consultancy Limited for the management of an interactive web portal for tourism Kampala.

Other achievements are: signed an MOU with Uganda Wildlife Authority aimed at partnership in tourism promotion and product development in Kampala City; Held meetings with the Uganda Moslem Supreme Council to avail space for the construction of a Tourism Information Centre and placing of a tourist locational map at the National Mosque grounds; coordinated and executed the cultural space for the Kampala City Festival 2016; hosted the 2nd edition of the Oktober Fest 2016 held at the Uganda Museum, Kampala; Made a presentation to the Board of Trustees Church of Uganda Kampala Diocese on the development of Arch Bishop Janan Luwum monument and Leisure Park; Held a hands on training for over 80 waiters and 40 chefs from a cross section of Hotels in the City on etiquette, customer care and the practical and Hotel theory aspects of the profession.

**5. Implement the Kampala physical planning and development control**

During the period under review, KCCA faced a challenge of limited funding towards the development of the neighborhood plans to guide City development. The complex land tenure system coupled with a legal regime that emphasizes private rights above the common good continue to promote high levels of informality that is not only impossible to regulate but has also made it difficult to attract support for slum upgrade interventions. The Authority continued streamline parking and management of public transport system. In an effort to enforce the street parking guidelines, 71 vehicles and 11 motorcycles were impounded for pavement parking, 03 suspects were arrested for parking on pavement in the review period.

**6. Improve on environmental and ecological planning of the city**

***Review and implement Kampala Drainage Master Plan***

In FY2016/17, the consultant was recruited to upgrade the Kampala Drainage Master Plan. A final technical report was submitted and a drainage design software program was installed to facilitate future modification of the drainage master plan. KCCA also continued with the routine drainage improvement activities and the following drainage related interventions were carried out: Maintenance of Lubigi channel including, desiliting, construction repairs, slashing and silt loading; Maintenance of primary and secondary drainages in the city through manual desilting, construction repairs; Replaced a total of 434 Manholes covers; Improved the road crossing at Kinawataka using KCCA internal team; produced culverts, paving slabs, manhole covers road kerbs and hydrofoam blocks at Kyanja Yard. This initiative is being undertaken to reduce infrastructure repair costs, ensure quality and provide employment to the Youth in Kampala.

Under the KCCA-LAKE Victoria Environmental Management Project Phase II, consultancy services for restoration of Nakivubo wetland were provided in the review period. KCCA completed the development of the Kampala Climate Change Action Plan with assistance from the French Development Agency and secured a total of Euros 950,000 towards of implementation of Kampala Climate Change Action Plan. Among this plan milestones registered in the review period include: engaging stakeholders; conducting pilot actions; adoption of climate smart policies and Kampala Energy and Climate Profile.

## 4.5 GOVERNANCE

### 4.5.1 ACCOUNTABILITY

The Accountability Sector is concerned with the mobilization, management and accounting for the use of public resources to facilitate the delivery of quality services. The Accountability function entails improvement in compliance to 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 and prosecute corruption cases, and follow up the implementation of recommendations made by oversight institutions as well as strengthen public contract management and performance. The sector registered the following progress during the FY2016/17 against the NDPII targets.

1. **Increase the tax GDP ratio**

Increasing domestic financing and widening the tax base has been a major focus by government in NDPII under accountability sector. The tax to GDP ratio of 13.8 percent in FY2016/17 although performed above the NDPII target of 13.5 percent in FY2016/17, it is still below the EAC region partner states. The Non-Tax Revenue (NTR) as a percentage of GDP stood at 0.36 percent in the reporting period and was below the target of 0.4 percent. The improvement suppursing the FY2015/16 target of 0.3 percent was attributed to the submission of NTR worthy UGX 26 billion by the Uganda Communication Commission (UCC). Domestic Revenue as a percentage of GDP at 13.95 percent also performed below the NDPII target of 14.08 percent but slightly better than 13.44 percent target for FY 2015/16. There was a reduction in donor dependence between FY2015/16 and Fy2016/17. The external resources as a percentage of the National budget reduced from 24 percent in FY 2015/16 to 19.3 percent in FY2016/17 though above the NDPII target of 19 percent. The performance registered in FY2016/17 against the strategic interventions under this objective is discussed in the section below.

URA continued implementing interventions aimed at expanding the tax base during the FY2016/17 and as a result the tax register grew by 13.40 percent (125,635 taxpayers). The growth is accredited by the performance of the Tax Registration Expansion Program (TREP) III and newly introduced block management system initiatives. For example, TREP brought on board 5,501 value clients during the review period. Block management that involves door to door visits brought on board 25,397 income taxpayers and 313 rental taxpayers.

Property owners were sensitized on TIN registration and self-rental tax assessments with the objective of rationalizing the rental tax regime and integrate e-tax with utilities and other agencies. These sensitizations brought on board both individual and non-individual property owners to register for TINs. Arising from the above actions, UGX 10.35 Bn of rental income was collected in the FY2016/17.


*URA Staff at Kampala North sensitize Landlords*

***Streamline the non-standard VAT tax exemptions***
In FY2016/17, a number of bills were tabled before Parliament including: (i) Value Added Tax (Amendment) Bill, 2017; (ii) Income Tax (Amendment) Bill, 2017; (iii) Income Tax (Amendment) (No. 2) Bill, 2017; (iv) Excise Duty (Amendment) Bill, 2017; (v) Lotteries and Gaming (Amendment) Bill, 2017; and (vi) Tax Procedures Code (Amendment) Bill, 2017.

The key reforms proposed by the 2017 Tax Amendment Bills include: Requirement to report specified financial transactions to the Commissioner; Limitation of the interest payable on unpaid income tax or Value Added Tax (VAT); Re-instatement of initial allowance for certain capital investments; Empowerment of the Minister of Finance to issue estimates of rent for purposes of assessing rental tax; Amendment of the formula for assessing an employee's motor vehicle benefit; Establishment of penal tax for failure to provide transfer pricing records; Specification of operations under which VAT is deemed to have been paid in respect of aid-funded projects; Restriction of input tax credit claimable by taxable persons; Specification of due dates for filing returns under the Lotteries and Gaming Act 2016; Provision for tax stamps on specified locally manufactured or imported goods; and Reduction of gaming tax from 35 percent to 20 percent.

In the period under review, URA registered a low direct domestic tax collection emanating from decline in profitability especially in the financial, manufacturing and information sectors as a result of slowdown in economic growth, reduction in private sector credit, higher interest rates and a rise in Non-Performing Loans (NPLs) leading to higher deductions and lowering chargeable income which affected corporation tax.

In collaboration with MoFPED, KCCA, URSB and Local Government, URA signed an MOU to further the TREP III activities. TIN registration does not only require a trading license from Local government, but also a registration certificate issued by URSB. At a One Stop Center (OSC), there is access to at least one officer from each of the partnering bodies. Some of the established centers are located in the KCCA Division Offices such as; Makindye, Kawempe, Rubaga, Nakawa, City Hall, Uganda Registration Services Bureau (URBS) head office at Georgian House and two at URA down town offices; Diamond Trust and Aponye Building.

***URA* Staff members of URA sits at a One Stop Centre within KCCA premises to facilitate TIN registration**

Enforcement interventions combat international tax evasion during the FY2016/17 led to 6,710 seizures that yielded UGX 51.56 billion. Recoveries were majorly as a result of mis-declaration, under valuation, outright smuggling other offences and concealment.

In FY 2016/17, knowledge management initiatives were planned and executed. These are; 214 tax clinics, 28 exhibitions and 16 tax katales conducted.

**2. Increase access to Finance**

During the FY2016/17, 85 per cent of adult population aged 16 years and above were reported to be financially included; which was below 87 percent target. The percentage usage of deposit accounts in regulated financial institutions was 20 percent meeting the NDPII set target for the FY 2016/17. The percentage of Microfinance institutions complying with the microfinance laws and regulations were 80 percent which was above the NDPII target of 7% for FY 2016/17. The performance registered in FY2016/17 against the strategic interventions under this objective is discussed in the section below.

In FY 2016/17, H.E. the President assented to the Tier 4 Microfinance Institutions (MFIs) and Money Lenders Act, 2016. The Act aims to promote savings and enhance consumer protection for all Ugandans and it became effective on 1st July 2017. The Act established the Uganda Microfinance Regulatory Authority (UMRA) which is responsible for the licensing/registration and regulation of all Microfinance Institutions, including Savings and Credit Cooperative Societies (SACCOs), non-deposit taking microfinance institutions, Money Lenders, self-help groups and commodity microfinance. The authority has been operationalized, and UMRA Board charter finalized and draft regulations developed to aide in implementation of the Act.

In order to streamline and enhance Government efforts toward promoting financial inclusion in Uganda, MoFPED in collaboration with Bank of Uganda, formulated a National Financial Inclusion Strategy (NFIS) 2017-2022. The NFIS supports the objectives of the National

Development Plan through creating an inclusive financial system that builds the financial infrastructure, finances the economy and helps families of any social and economic status to create wealth. The purpose of the NFIS is to develop a consolidated definition, vision and strategy for improving financial inclusion in Uganda with the ultimate goal of reducing the financial vulnerability of families.

Subsequent to the amendment of the Financial Institutions Act, 2004, the following key regulations were prepared and gazetted: Banc assurance Regulations, gazetted 14th July, 2017; Agent Banking Regulations gazetted on 14th July, 2017; and Islamic Banking Regulations, gazetted at FPC for legal drafting. The resulting partnerships between banks and insurance companies, through Bancassurance will generate in greater financial deepening and integration. Agent banking on the other hand is expected to lower overhead costs for financial institutions resulting in lower cost of credit. In addition, it is expected to deepen financial inclusion by extending access to banking and other service infrastructure to a substantial segment of the unbanked population, particularly in the rural areas of the country.

In FY 2016/17, the Principles for legislation in respect to the Microfinance Deposit-Taking Institutions (Amendment) Bill were approved by Cabinet. In addition, the National Payments Systems Policy (2017) was submitted to Cabinet. Government noted the recent proliferation of payments systems, particularly those associated with digital and mobile-telephone platforms and is keen to address the legislative and regulatory gaps in that respect through this framework. This Policy Framework clarifies on the roles of regulators and market participants and its principle aim is to strengthen the safety and efficiency of payment and settlement systems. Enhanced safety and efficiency will result in greater public confidence and transacting through payment infrastructure resulting into greater financial inclusion.

IN FY 2016/17, Government continued to invest in capacity building for Microfinance institutions through the Project for Financial Inclusion in Rural Areas (PROFIRA) and extend credit through, among others, the Microfinance Support Centre. This support is aimed at ensuring sustainability of SACCOs, support Village Savings and Loan Association (VSLAs) and Uganda cooperative Savings and Credit Union (UCUSCU) and other Apex Bodies, and to foster increase in access to financial services in rural areas in the country. PROFIRA has entered into contract with new service providers to support mature SHGs in Mid-North, West Nile, North East and Eastern Uganda.

Government supported the Microfinance Support Centre Limited, a wholesale lending Company with a primary objective of developing SACCOs, MFIs and related institution in order to ensure access to finance by rural enterprises and capacity building. During the FY, the company disbursed 356 loans totaling UGX 33.4bn compared to the target of UGX 30bn representing a 113 percent achievement. Out of this, 39 percent was to agricultural loans, 21 percent to SMEs for trade and commerce, 26 percent as Commercial Loans and the rest to Groups and Teachers SACCOs. In addition, the agency received a disbursement under REEIP equivalent to Ugx 55bn revolving fund financed mainly from the African Development Bank (AfDB).

Following to the amendment of the Financial Institutions Act, 2004, the Agent Banking Regulations were gazetted on 14th July, 2017. Agent banking is expected to lower overhead costs for financial institutions resulting in lower cost of credit. In addition, it is expected to deepen financial inclusion by extending access to banking and other service infrastructure to a substantial segment of the unbanked population, particularly in the rural areas of the country.

Since the launch of the National Financial Literacy Strategy in 2003, BOU has held 6 (six) financial literacy information sharing meetings to discuss progress of implementation of the strategy challenges met and come up with solutions. The most recent meetings was held in December 2016, with attendance of over 150 participants, drawing from the institutions such as Financial Sector Depening Uganda (FSDU), Commercial banks, Micro finance Taking Institutions, Credit Institutions and radio stations, among others.

### 3. Increase private investments

During the FY2016/17, The Net Foreign Direct Investment (FDI) as a percentage to GDP was 2.2 percent and was below the target of 4 percent.This was due to the low prices in the Oil and Gas sector and delays in issuance of production licenses. The performance registered in FY2016/17 against the strategic interventions under this objective is discussed in the section below.

In order to facilitate investment in the country, Uganda Investment Authority (UIA) started operating the physical One- Stop Centre (OSC) for investors. The One Stop Centre houses Key investor-related services. The physical Business Facilitation Centre (UBFC) is being constructed Kololo to house key agencies in investor facilitation. This will house Key agencies like UIA, URSB, URA and KCCA to ensure efficient facilitation of investors.

In the review period, the virtual One-Stop Portal, eBIZ was launched by UIA. The Portal integrates a number of Government services and allows potential and existing investors to access investor relevant services from anywhere including registering/incorporating a business; obtaining a tax identification number; obtaining an investment license; carrying out an EIA assessment; applying for work permits and land verification, certifying products/services and applying for the City Operators Identification Number (COIN) on the eBIZ platform , which can be access at ***www.ebiz.go.ug***.

The TREP III and newly introduced block management system initiatives expanded the tax payers register during the FY2016/17. By end of the FY under review, TREP brought on board 5,501 value clients and block management that involves door to door visits brought on board 25,397 income taxpayers and 313 rental taxpayers. URSB also introduced a new electronic Business Registration System (BRS). This system offers clients a better experience through re-engineered registration processes with the following innovations;

Credit advanced to the major sectors of agriculture, trade and personal and household loans grew by 18.2 percent, Ushs12.2 percent and 18.6 percent respectively. In contrast, the flow of credit to the manufacturing sector and building, mortgage, construction and real estate sector declined by 3.3 percent and 4.4 percent respectively. Overall, Private Sector Credit (PSC) registered a 5.7 percent growth in the Financial Year 2016/17 compared to a growth of 4.3 percent in the Financial Year 2015/16. This growth is attributed to supportive fiscal and monetary policy during the year.

In FY2016/17, FDI inflows into the country increased from USD 238.80 million in FY2015/16 to USD 494 million in FY2016/17. This increase comes after a persistent decline over the previous two financial years from USD 345.86 million in FY13/14 to USD 249.67 million and USD 238.80 million in FY14/15 and FY15/16 respectively. Uganda's FDI inflows peaked at an average of 2 percent of GDP over the years and represents about 25 percent of total private investment. The recent increase in the FDI inflows can be attributed to the recovery in the global economy, the stable political environment, investments in infrastructure and the rising labour costs in major global manufacturing hubs. The above factors coupled with a coherent and stable investment policy regime and a proficient investment promotion apparatus such as the One Stop Centre and the Business Facilitation Centre will certainly reinforce the prospects of resurgence in FDI inflows to Uganda.

***Strengthen the implementation of strategies to increase investor confidence***
As part of the wider effort of Government to improve Uganda's investment climate and increase investor confidence, the sector conducted an analysis of Business Licensing Reforms and their effect on the administrative burden (compliance costs) on businesses using the Standard Cost Model (SCM). The results revealed reductions in compliance costs of Ushs 93.4 billion, an equivalent of 12.9 percent of the baseline compliance cost of Ushs 725.73 billion. A breakdown of the compliance cost reduction shows that 69 percent of is on account of legal reforms (mainly through elimination of regulations) and 31 percent is a result of administrative reforms, characterized by automation (online information, online facilitation of the license application process), decentralization and capacity increase of government licensing personnel.

The sector also developed the National Strategy for Private Sector Development (NSPSD) a comprehensive framework to guide execution of initiative aimed at accelerating private sector development. The NSPSD spans a five-year period (2017 to 2022). The strategy provides a comprehensive set of structural and service delivery benchmarks for achievement of a competitive private sector capable of propelling the economy to middle income status by 2020. These performance measurement and management framework of the strategy is structured along three levels (or Pillars), namely: Macro level; ii) Meso/Industry level; and iii) Micro (or firm level).

The sector through Uganda Free Zones Authority (UFZA) launched a five-year strategic plan (FY 2016/17 to 2021/11) to guide the implementation of the Free Zone schemes in the country. Free Zones are expected to play a critical role in promoting an increase in export-oriented trade and investments. The first free zone (Arua Special Economic Zone) was licensed in Arua district and mainly focuses on fish processing, timber processing and construction of pre-built factory units and warehousing facilities to provide storage and manufacturing space for operators within the Zone.

Uganda was ranked in position 114 out of 137 economies in the Global Competitiveness Report (GCR) 2017-2018 published on 26th September, 2017. The ranking was informed by an Executive Opinion Survey (EOS) conducted across the country to capture the perception of key businesses on various factors affecting competitiveness. The most problematic areas for businesses in Uganda continue to be tax rates, corruption, and access to financing and inadequate supply of infrastructure. The 2018 Doing Business (DB) report themed "Reforming to Create Jobs", ranks Uganda in position 122 out of 190 economies. Uganda's Distance to Frontier score6 shows a slight improvement from 56.52 (DB 2017) to 56.94 (DB 2018). In Sub-Saharan region, Uganda ranks 13th out of 48 economies and third in the EAC following Rwanda and Kenya.

4. **Reduce interest rates**

During FY2016/17, the average lending rate was 22.7 percent lower than 23.7 percent registered in FY2015/16. This improvement in the lending rate was attributed to the lowering of the CBR to 10 percent in FY2016/17 from 15 percent and also due to the lower domestic borrowing experienced in 2015/16 (to 612 Billion from 1,351 Billion). The private sector credit as a percentage of GDP was 13.4 percent for FY 2016/17 which was above the target of 12 percent and this was attributed to the lower lending rates from Commercial Banks as earlier mentioned. The performance registered in FY2016/17 against the strategic interventions under this objective is discussed in the section below.

During the period under review, government is yet to deliver on a promise to recapitalize the Uganda Development Bank Limited (UDBL), which has slowed the issuance of cheaper loans to the private sector. Since the first year of NDP2 implementation, the bank has been promised to receive more money over the years but nothing much has come out of those pledges. Recapitalization of the bank is envisaged to enhance the capacity of the bank to lend at lower interest rates, especially for long-term projects and investments. It is however worth noting that, Shs 50 billion to UDBL for capitalization in FY2017/18 was provided. This will bring the total capitalization of UDB to Shs150 billion, the target being Shs 500 billion.

In FY2016/17, MSC launched a Window for Islamic/participatory Micro financing in Uganda implementing six financing models. Six models have been rolled out; Musharaka, Mudarabah Murabaha, Salam, Istisna and Muqawala targeting Savings and Credit Co-operative Organizations (SACCOs), Microfinance Institutions (MFls), Co-operative Unions and Area Co-operative Enterprises (ACEs), Self Help Groups and VSLAs; and Small and Medium Enterprises (SMEs). Working in partnership with IRADA microfinance, training in Islamic microfinance products of technical staff and potential clients was conducted, installation of the Islamic MIS was successfully completed and training completed for all the technical users. By the end of the financial year, 15 projects have been financed under Islamic microfinance modes.

The pension system in Uganda includes the public service pension scheme, National Social Security Fund (NSSF) and voluntary occupational pension schemes. The current 11 percent coverage is low, in terms of the total number of Ugandans under some form of cover compared to the national labour force. The largest pension scheme, National Social Security Fund (NSSF), increased its asset base to UGX 8 trillion (USD 2.2 billion equivalent), about 8 percent of GDP in 2016. The pension sector plays a critical role as the supplier of long-term finance in Uganda.

Government undertook consultations with key stakeholders regarding the on-going efforts to reform the retirement benefits sector. The current Bill before Parliament seeks to provide for liberalization of the retirement benefits sector; to provide for fair competition among licensed retirement benefits schemes for mandatory contributions; to provide for mandatory contribution and benefits; to provide for voluntary contributions and voluntary schemes; to regulate occupational retirement benefits schemes; to provide for licensing of umbrella retirement benefits schemes; to provide for the portability and transfer of accrued benefits and to provide for innovation of new retirement products and services.

Ministry of Finance, Planning and Economic Development also submitted to Cabinet the principles for the amendment of the NSSF Act, 1985. The objectives of the proposed principles are to make NSSF become a mandatory social security scheme for all Ugandans and to make the Act responsive to open market forces in a competitive environment. In FY2016/17, URBRA's Communication Strategy was revised to enhance knowledge and awareness of the pension sector in Uganda and a system for effective financial management system was developed and operationalized. The online submission portal was also developed and is being implemented.

Government continued to maintain the macroeconomic stability in the reporting period. The present value of public debt stock is 26.7 percent of GDP having increased from 24.6 percent in FY2015/16 and still below the FY2016/17 target of 28 percent. In FY2016/17, Government reduced domestic borrowing to UGX612billion from UGX1, 351 billion in FY2015/16. The annual headline inflation rate stood at 5.7 percent which is within the desirable rate of 5 percent and also lower than the previous year's rate of 6.6 percent. The economy grew at 3.9 percent in FY2016/17 lower than the 4.7 percent in the last period and the desirable growth target of 5 percent. The lower growth is on account of a slowdown in the global economy coupled with domestic factors like drought conditions which affected agriculture production, subdued domestic demand and low growth in private sector activity.

During FY2016/17, 124,995 new financial cards were issued to customers of SFIs bringing the cumulative number of cards in the financial system to 1,503,324. There were 593 branches installed on the financial card system; and a total of 596,406 credit enquiries were made in the review period in comparison to the 614,620 made in the previous FY2015/16. In the pursuit of a competitive credit reference services environment, revised draft Financial Institutions Credit Reference Bureau (CRB) Regulations 2017 have been forwarded to the MFPED for comments. Thereafter, they shall be submitted to the First Parliamentary Counsel for legislative drafting. The revised regulations will enable access to the CRBs by other non-bank lenders and enhance the regulation and establishment of this market as competitive.

The Security Interest in Movable Property Bill, 2017 to establish the electronic movable collateral registry which will facilitate access to affordable credit by women, youth and MSMEs who do not own land and buildings was reviewed and validated in a stakeholder validation workshop during the review period and is to be submitted to Cabinet for approval.

Government through NIRA fast track the planned national ID to make it easier for banks to track their clients. To this end, NIRA registered 23million adult Ugandans for the National ID and 17.5 million had received their National ID cards by end of the FY2016/17. It also facilitated the Uganda Communications Commission in the SIM-card registration process and the Public service with the verification of Civil Servants. In 2016/17, NIRA issued 43 percent of the total National ID cards, 82.7 percent of the birth certificates; 69.3 percent of the death certificates and 67.3 percent of adoption certificates. In addition, NIRA began the registration of Learners aged 5-16 years project in respective schools across the country. The target was to register 10 million students in both Primary and Secondary school.

*Limit Government domestic borrowing:* In FY2016/17, Government reduced domestic borrowing to UGX612billion from UGX1, 351 billion in FY2015/16.

In the reporting period, the Financial Institutions (Amendment) Act 2016 still ongoing. This amendment will provide for Islamic banking; to provide for bancassurance; to provide for agent banking; to provide for special access to the Credit Reference Bureau by other accredited credit providers and service providers; to reform the Deposit Protection Fund; and for related purposes.

The Uganda Development Bank (UDB) launched a Shs6 billion Small and Medium Enterprises (SMEs), Equity and Venture fund aimed at addressing challenges of affordable credit. The fund is also aimed at leveraging part of its available credit alongside its expertise in ventures with formidable local SMEs over the mid-term and reduce on its non-performing loans currently standing at 14 per cent.

5. **Improve the Public Financial Management and consistency in the economic development frameworks**

During the FY2016/17, the fiscal balance as a percentage of GDP was 3.4 percent which was still below the previous FY 's performance of 4.7 percent. This was due to the slow implementation of public Projects and under execution of the budget. The Present value of Public stock as a percentage of GDP was 26.7 percent for the FY2016/17 which was below the NDPII target of 32.4 percent. This performance is in line with the Public debt Management framework of <50 percent threshold.

In regard to budget credibility, the percentage of released funds against approved budget was 104 percent above 96 percent target for FY2016/17. The percentage of released funds absorbed was 98 percent in FY2016/17 which was below 100 percent target though better than 96 percent for the FY2015/16. The proportion of votes attaining the gender and equity certificate were 71 percent above the target of 53 percent for FY2016/17, this was due to increased exposure and capacity building in Gender and Equity budgeting. The National Budget compliance to the NDPII was 58.8 percent which was lower than last year's achievement of 68.3 percent. The performance registered against the strategic interventions under this objective is discussed as follows.

The percentage of the National Budget released against originally approved budget was 104 percent, surpassing the FY2016/17 target of 100 percent, and the previous year's performance of 102 perent. 98 percent of the funds released were absorbed against a target of 100 percent but better than last year's performance of 96 percent. The percentage deviation of approved annual budget from initial MTEF projections was 4.5 percent, which was within the target of 10 percent and better than last year's achievement of 30 percent. This is in response to ensure alignment of the planning and budgeting instruments.

***Establish a national Project Appraisal Unit to spear head the preparation of Bankable projects***
In the FY2016/17, the Development Committee reviewed a total of 447 projects worth Ushs 4.370 trillion. Of these, 73 projects valued at Ushs 1.088 Trillion were identified for exit from the PIP at the end of FY2016/17; 41 projects worth Ushs 835.02 billion were granted extensions; and 4

projects worth Ushs. 167.67 billion were recommended for transfer to the recurrent budget on account of the recurring nature of their expenses. The review recommended exit of 28 projects worth Ushs 152.3 billion from the PIP at the end of FY 2016/17. The review identified a number of issues which have continued to affect public investment. Key among these issues are lack of project concept approvals by Sector Working Groups; non-compliance of externally funded projects to the Public Investment Management System (PIMS) framework; misguided use of projects as a financing mechanism; poor prioritization of projects by sectors; poor linkage of projects to the sector master plans and policies; overlapping mandates amongst MDAs; absenteeism by members of DC Sub-Committee meeting; and limited internal consultation with MFPED.

Measures to strengthen the capacity of sectors to prepare Bankable projects have been kick started with a review of guidelines for approval of projects by the Development Committee during the FY 2016/17. The Ministry developed the PIMS User manual for project preparation and appraisal.

Governmnet implemented the programme based budgeting as planned in the NDPII to effectively focus on national and sectoral budgets on achieving results. Implementation entailed training of central government in Programme Based Budgeting alongside users in the Performance Based System. Hands-on training of all Municipal Councils and LGs in financial reporting was undertaken during the review period. Integrated Financial Management System (IFMIS) and TSA has been rolled out to 29 LGs as well as new votes, and all new users have been trained. This has been undertaken in order to implement capacity building plan in budgeting, reporting, use of TSA, and IFMS. The Ministry also carried out Local Government regional workshops which informed resource allocation for FY 2017/18

Government has directed efforts towards ensuring that public spending achieves the desired results and services. In that regard, National Planning Authority is required under the Public Finance and Management Act (PFMA) 2015, Section 13 (7) to issue Certificates of Compliance (CoC) on both the National Budget and Sector Budgets. The CoC aims at ensuring that the National Budget (including the Sector, MDA and Local Government budgets) is aligned to the objectives and priorities set of the National Development Plan (NDP).

Results of the assessments show that the Annual Budget (AB) for FY2016/17 was less compliant compared to that of FY2015/16. Specifically, the FY2016/17 AB was 58.8 percent compliant compared to 68.2 percent in FY2015/16. The overall decline in compliance scores in the FY2016/17 was mainly attributed to the declining performance at macro level of 48.1 percent compared to 71.4 percent of FY2015/16, and the below average performance for LGs at 51.8 percent that was not part of the FY2015/16 compliance assessment. Nonetheless, at the national strategic level, the FY2016/17 AB performance was rated 74.2 percent compliant, which closely compares with the 75.4 percent compliance for FY2015/16.

Governmnet continued to support continuous professionalization of economic management cadres across government and partner institutions. Speicifically, the sector trained two budget staff on Program Based Budgeting and also carried out training of Technical Staff in MDAs on the System. The sector also undertook capacity building in Program Based Budgeting, Financial Management reporting and PFM reforms for selected missions abroad.

The Government Procurement Portal (GPP) was rolled out to 90 PDEs bringing the total number of Entities on the system to 167 thus representing a coverage of 43 percent. The GPP provides access to key information on the procurement process right from procurement planning to contract management. Through the PPDA, the sector was able to assess performance of 138 PDEs which entered data on 20,937 contracts on the portal.

During the review period, PPDA in an effort towards promoting Local Content, held stakeholder engagements on promotion of local content in public procurement. The Authority has recognised the need for a comprehensive Local Content implementation strategy that will support the Government to implement and enforce local content using public procurement.

**6. Increase insurance penetration**

During the FY2016/17, insurance penetration stood at 0.73 per cent below the NDPII target of 1.5 percent. It should be noted that the NDPII targets on Insurance penetration are a bit high since they were projected or based on the 0.84% before rebasing the GDP. And the current readings are based on the rebased GDP so they tend to look lower than the NDPII targets with a big difference. However, there were a number of efforts exhibited by the sector during the last 2 NDPII financial years and these included: A draft Insurance Policy; Approved bancassurance regulations set for implementation and so far 14 banks issuing banc assurance services following the amendment of the Financial Institutions Act (FIA), 2016; Insurance Act 2017 that changed the regulatory framework from compliance to risk based supervision; Draft insurance regulations is in place to operationalize the insurance Act 2017. Revised Financial Insurance Strategy which focuses on each financial services subsector to cater for the Sector-Sensitive Financial Literacy Program 2 years of implementation; and a National Agricultural Insurance Scheme where GOU committed Ushs 10 Billons as an Agricultural Insurance premium Subsidy in the last 2 financial years. The performance registered in FY2016/17 against the strategic interventions is as follows.

In FY 2016/17, Government operationalized the Uganda Agriculture Insurance Scheme, the agriculture risk mitigation tool, and has registered progress with over 30,000 farmers across all regions of Uganda being hedged against drought, pests and diseases, and other natural calamities. Ten insurance companies are participating with the Agro-Consortium at the Uganda Insurers Association and under the regulation of the Insurance Regulatory Authority of Uganda.

The Insurance Amendment Bill, 2016 was assented to which provides for introduction of new and diversified insurance products like Bancassurance and Micro insurance. Introduction of bancassurance products will facilitate Banks to have wide outreach country wide and hence enhancing penetration. In addition, Micro insurance is aimed at protection of low-income people against specific perils. Consequent to the coming into effect of the Bancassurance regulations, Commercial Banks such as Stanbic Bank have requested for operational licences. These financial institutions shall now be used as distribution channels for insurance products going forward and this is likely to increase insurance penetration from 0.8 percent to 3.5 percent over the medium term.

The Insurance sector grew by about 3.6 percent in 2016 as represented by the increase in gross premium underwritten by the insurance industry from UGX 612 billion in 2015 to UGX 634 billion in 2016. However, life insurance premium to GDP is only 0.1 percent while non-39 life insurance premium to GDP is 0.5 percent. Insurance plays a critical role in risk mitigation especially among farmers in Uganda. The Government has launched a new 5-year agri-insurance subsidy program to help farmers mitigate the economic impact of drought through agri-insurance.

During the review period, the ministry of Finance awarded a certificate of financial implications to the National Health Insurance Bill, 2012 paving way for the creation of the scheme. The National Health Insurance Scheme (NHIS) is expected to relieve ordinary Ugandans from directly pulling money out of their pocket to spend on medical bills. The Health Insurance Bill, will initially see about 25 per cent of the 34 million Ugandans covered once it is enacted into law. The Bill awaits to be tabled in Cabinet for approval before sending it back to the Ministry of Health from where it will be re-tabled in Parliament.

In the FY2016/17, URA launched an intense financial literacy program, specifically targeting the informal sector. Traders are learning about record keeping, savings, investments, insurance and retirement. The sensitization is aimed at increasing profitability and break the jinx of businesses 'dying' years after inception. A pilot was launched in Kira and Kireka, Wakiso District. It will spread to Kasangati, Nsangi, Nateete, Seeta and Mukono later.

**7. Increase national savings to GDP ratio**

In the FY2016/17, the Gross Domestic Savings as a percentage to GDP was estimated at 17.1 percent above the 16.9 percent target. This performance was due to the growth of 16.9 percent of the Pension assets from 6.5 to 7.6 trillion due to the low inflation experience in that time that encouraged the population to save. The performance registered in FY2016/17 against the strategic interventions under this objective is discussed below.

By end of the FY2016/17, savings mobilized by client institutions increased by UGX 32.1Bn from UGX 65.08Bn to UGX 98.6Bn. The increment in savings mobilization was attributed to increase technical assistance and capacity building by the zonal offices in best savings techniques. In a bid to reform the pension sector, the Ministry of Public Service during the FY2016/17 continued working on the proposed public service pension Bill to encourage public servants to contribute 5 per cent of their earnings while government tops up 10 per cent. The Uganda Retirement Benefits Regulatory Authority (URBRA) will be responsible for supervising the scheme if the reform is passed.

In FY 2016/17, Government continued to invest in capacity building for Microfinance institutions through the Project for Financial Inclusion in Rural Areas (PROFIRA) and extend credit through, among others, the Microfinance Support Centre. This support is aimed at ensuring sustainability of SACCOs, support Village Savings and Loan Association (VSLAs) and Uganda cooperative Savings and Credit Union (UCUSCU) and other Apex Bodies, and to foster increase in access to financial services in rural areas in the country. PROFIRA has entered into contract with new service providers to support mature SHGs in Mid-North, West Nile, North East and Eastern Uganda. The proposed public service pension Bill is yet to be finalised by the Ministry of Public service. The proposed Bill seeks to encourage public servants to contribute 5 per cent of their earnings while government tops up 10 per cent.

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

In the FY2016/17, the sector registered 4.71 percent Domestic Equity market capitalization to GDP which was below the NDPII target of 5.2 percent due to the private sector activity registered was low in the Capital markets. However, there has been efforts done to ensure improvement in the capital market in FY 2016/17 and these included: 1) The legal and regulatory framework was strengthened by amending the Capital Markets Authority Act 2011; 2) implementing the 10-year Capital Markets Development Master Plan. The performance registered in FY2016/17 against the strategic interventions under this objective is discussed below.

In FY 2016/17, the Capital Markets Master plan which is aimed at expanding avenues for provision of long-term capital for Investment in Uganda was launched by the Rt. Hon. the Prime Minister. The Master plan is a revolutionary reshaping of the capital markets in Uganda and identifies the gaps, challenges and makes recommendations for the success of capital markets and the Uganda Securities exchange, to provide long term capital for Ugandans. Financing will be done through among other things improving efficiency in the Capital Markets Ecosystem, deepening the pool of formal savings and investments opportunities within the economy and improving access to government bond markets in the primary market.

By end of the review period, Uganda had established a regulatory framework for the issuance of project bonds. The Asset-Backed Securities (ABS) regulation issued by the Capital Markets Authority (CMA) allows for the issuance of bonds of this type. This should facilitate the standardization of approval procedures and reduce the complexity and time involved in raising finances. The pension scheme investment regulations also allow for investment in infrastructure assets, with URBRA open to discussions on how to facilitate well-designed financial instruments. However, progress on these securities in terms of number of shareholders was not reported.

The Uganda Securities Exchange launched in 2012 the Growth Enterprise Market Segment (GEMS) in recognition of the fundamental role of "Small and Medium Sized Enterprises" (SMEs) as a major driver of our Uganda's economy and ultimately the overall financial system of Uganda. The GEMS platform enables SMEs to raise substantial initial and ongoing capital, while benefiting from increased profile and liquidity within a regulatory environment designed specifically to meet their needs. The eligibility criteria for raising financing through the GEMS are significantly less stringent compared to those on the main investment market segment. Currently, there are 16 companies listed on USE with eight being locally listed and the other eight being cross-listed from Kenya.

9. **Improve statistical data production and policy research**

During the FY2016/17, UBOS registered 85 Statistical plans from MDAs and LGs. This is attributed to the modular approach that was used to cover LGs by region. Other efforts to enhance data production like the National Standard Indicator (NSI) framework for the MDAs was initiated in FY2016/17 in order to have a coordinated production of administrative data online among the MDAs for easy accessibility by users; and alignment of the NDP result indicators. The performance registered in FY2016/17 against the strategic interventions is discussed below.

During the FY2016/17, the Uganda Bureau of Statistics (UBOS) produced and disseminated key outcome indicators required for measuring the performance of the economy. These include GDP, Consumer Price Index (CPI), Producer Price Index (PPI), the 6th Uganda Demographic and Health Survey (UDHS) and National Manpower Survey (NMS). In the same reporting period, it also commenced Surveys that include: 2016/17 Uganda National Household Survey (UNHS); 6th Uganda Nation Panel Survey (UNPS); National Labour Force Survey (NLFS); Annual Agriculture Survey (AAS). Furthermore, the Bureau supported 50 additional MDAs and HLG to design Strategic Plans for Statistics. The Bureau also embarked on the on the development of National statics Indicators (NSI) framework.

In the review period, the bureau designed and supported the development of capacity within LGs to produce, process, analyse information to inform planning and service delivery administration. It also revised statistical training modules and increased the number of staff managing statistics. As result, 63 out of the planned 40 districts were implementing Community Information System and 100 out of the planned 40 Higher Local Government compiled District Annual Statistical Abstracts. To increase data accessibility, the Bureau also undertook the following; setup API Infrastructure, Redeveloped the UBOS website, Server Vitualization, software licenses USSD & Intranet concept developed. The draft UBOS Integrated Database was designed and the ICT Strategy was developed and reviewed as a means to enhance enhance data quality assurance systems.

The Bureau produced progressive report on the Extension of Plan for National Statistical Development (PNSD) and supported MDAs and Local Governments on the development of Strategic Plans for Statistics in the review period.

***Audit and oversight***

1. **Enhance the prevention, detection and elimination of corruption**

During FY2016/17, 46.9% of anticorruption recommendations were implemented; however, this was below the 60% target for FY2016/17; and the previous year's performance of 50%.
43 grand/syndicated corruption cases which was below the target of 120 cases set for 2016/17. 2 high profiles investigations were concluded and 19 are ongoing. 62 asset declarations were verified by the IG, which is above the FY2016/17 target of 60, and the previous year's achievement of 51. However, overall only 0.3% of the total asset declarations (22,122) were verified.

The performance during FY2016/17 registered against the strategic interventions under this objective is discussed below.

***Strengthen the Anti-Corruption institutional and legal framework***
With Strengthening the Legal and Policy framework, The Leadership Code (Amendment) Act, 2017, which was sponsored by DEI, was passed by Parliament and came into force in June 2017. It provides for the establishment of the Leadership Code Tribunal to adjudicate cases of breach of the Leadership Code of conduct, and provides for the mandatory declaration of wealth by all public officers irrespective of one's sex, physical appearance or place of origin. In addition, the draft Zero Tolerance to Corruption policy was produced through a Consultative process during FY2016/17. Also the Anti-Pornography Regulations 2016 were completed.

***Strengthen the enforcement of the existing legal framework***

During the review period, DEI presented a memorandum on the problems caused by gambling, alcoholism, drug abuse, promiscuity and idleness of the youth in Uganda which was approved by Cabinet and it directed among other things a ban on the packaging of alcohol in sachet, and that gambling premises should be situated away from schools, hospitals, and government offices.

In line with coordination of Anti-Corruption efforts in Uganda, DEI Monitored the implementation of the National Anti-Corruption Strategy (NACS 2014-2019) in sixteen districts (16) to ensure implementation of NACS is done efficiently and effectively according to plan. The districts included Yumbe, Moyo, Masindi, Kabarole, Kyenjojo, Kalangala, Hoima, Bundibugyo, Isingiro, Rakai, Kasese, Amolatar, Lira, Mbale, Lyantonde and Bushenyi.

***Strengthen the capacity of investigation and prosecution function***

In the FY 2016/17, Inspectorate of Government (IG) trained 195 technical officers (63 Report Writing, 41 Management of Ombudsman Affairs, 79 Leadership Skills Training at Kyankwanzi and 12 Financial Investigation Asset Recovery). Arising from the above actions, 2,876 corruption and ombudsman complaints were registered (1,316 recorded at the head office and 1,560 recorded at the regional offices); 2, 486 investigations into allegations of corruption and maladministration in public offices were concluded out of the planned 1,930; Arising from the investigation 40 cases were prosecuted resulting into 24 convictions and recovery of UGX 718,466,256 which was deposited in the Asset Recovery Account.

***Design programmes to strengthen the ombudsman function to safeguard the rights of individuals against maladministration, abuse of power or office by the public authorities***

Under Decentralized Anti-Corruption Programme the IG completed 454 investigations out of the quarterly target of 325 which is 139.7% out of the annual target of 90% arising from the above investigations; 20 cases were recommended for prosecutions, 127 cases concluded with reports issued recommending recovery of UGX 101,471,981 and 107 administrative actions. In addition to the above 130 cases were closed and 4,334 investigations were ongoing by the closure of the FY.

***Create public awareness on corruption***

DEI successfully organized the Anti-Corruption Week, 2016. The Anti-corruption week involved a number of stakeholders, MDAs, LGs, Schools and other stakeholders. Additionaly, simplified Version of Anti-corruption laws and Citizens Handbook on Anti-Corruption were translated into two local languages of Runyankore and Ateso and disseminated.

The IG also carried out 17 sensitization initiatives through dissemination of assorted IEC materials, Radio Talk Shows, TV programs, radio spot messages, supporting activities of 23 Integrity Ambassador Clubs. The purpose of the sensitization efforts was to educate the communities mostly in the NUSAF and PRDP areas on effects of corruption on service delivery, their roles in fighting corruption and the different mechanisms for reporting corruption and maladministration.

***Strengthening policies and systems for detecting corruption across MDA and LGs***

The IG conducted policy and systems studies to identify areas susceptible to corruption and enforced the Leadership Code of Conduct. 6 systemic investigations were conducted and a systems study on storage and distribution of vaccines in Uganda was concluded during the period under review.

Under the Leadership Code, 62 verifications of leaders' declarations were conducted out of the planned 60 for FY2016/17 and 20 investigations into breaches of the Leadership Code were concluded. Furthermore, the IG introduced the Online Declaration System (IG-ODS) for disclosure of Assets and Liabilities. It was projected that 25,000 leaders were eligible to submit declarations, a total of 22,844 had logged into the system and 22,122 declared representing compliance rate of 88.4 percent.

***Carry out periodic reviews of the existing relevant anti-corruption policies and laws***

The Leadership Code (Amendment) Act, 2017 was passed by Parliament and came into force in June 2017. It provides for the establishment of the Leadership Code Tribunal to adjudicate cases of breach of the Leadership Code of conduct, and provides for the mandatory declaration of wealth by all public officers irrespective of one's sex, physical appearance or place of origin.

***Develop, adopt and mainstream national value systems***

During the period under review, National Ethical values (NEVS) policy was disseminated and sensitization was done in 25 MDALGs, against a target of 40 by DEI. It also conducted 20 sensitization activities on NEVS against a target 50.

***Develop capacity for intra and inter sectoral collaborations, partnerships and networks in the fight against corruption.***

In line with increasing public participation in the fight against corruption and promoting public demand for accountable and transparent leadership, DEI organized Anti-Corruption Public Private Partnership (IAF/ACPPP) Task force meeting to prepare for the Annual review workshop of the ACPPP. An Annual ACPPP Review meeting aimed at strengthening collaboration between stakeholders involved in the anti-corruption crusade was organised. DEI collaborated with civil society organisations and professional bodies such as Teso Anti-corruption Coalition.

Furthermore, DEI chaired the Inter Agency Forum (IAF) which brings together all Government Agencies which are mandated to enhance accountability and fight corruption. Two meetings of the 20-member IAF were held, for information sharing and making strategies to improve the fight against corruption.

2. **Increase public demand for accountability**

During the FY under review, 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. The sector did not report on the targets for increase in effectiveness of service delivery and increased citizens' involvement in service delivery because the outcome indicators require a Survey.

The performance during FY2016/17 registered against the strategic interventions under this objective is discussed below.

***Promote active communication between implementers of programmes and the public***

The IG carried out 17sensitization initiatives through dissemination of assorted IEC materials, Radio Talk Shows, TV programs, radio spot messages, supporting activities of 23 Integrity Ambassador Clubs. The purpose of the sensitization efforts was to educate the communities mostly in the NUSAF and PRDP areas on effects of corruption on service delivery, their roles in fighting corruption and the different mechanisms for reporting corruption and maladministration.

***Develop, adopt and mainstream national value systems in the government development* agenda**
The National Ethical values (NEVS) policy was disseminated and sensitization was done in 25 MDALGs, against a target of 40 by DEI. It also conducted 20 sensitization activities on NEVS against a target 50. By end of the FY, all sectors and Local governments integrated the national value system in their strategic and LG development plans during the review period. However, challenges of implementing these interventions exist.

***Establish national service delivery standards***

In the reporting period, technical Support on application of Service Delivery Standards was provided to 12 MDAs namely: Ministry of Justice and Constitutional Affairs (MoJICA), Directorate of Public Prosecution (DPP), Ministry of Lands, Housing and Urban Development (MoLHUD), Ministry of Internal Affairs (MoIA), Ministry of East Africa Community Affairs (MoEACA), Ministry of Tourism, Wild Life and Antiquities (MTWA), National Environment Management Authority (NEMA), Ministry of Gender, Labour and Social Development (MoGLSD ), Local Government Finance Commission (LGFC), UWA, NFA and Judicial Service Commission.

Additionally, technical support on application of service delivery standards was also provided to 28 LGs and Urban Councils of (Kaberamaido, Kumi, Alebtong, Oyam, Amolatar, Dokolo, Mukono, Apac, Abim, Amudat, Rukungiri, Kanungu, Sheema, Mitooma, Isingiro, Kabarole, Mubende, Kapchorwa, Sironko, Namutumba, Kaliro, Bugiri, Luuka, Gomba, Butambala, Kayunga, Lwengo, Mpigi and the Urban Councils.

In the same period, 3 MDAs (Mbale, Gulu and Masaka RRHs) were supported to developed client charters Technical support on application of service delivery provided to (10) Local Governments and Urban Councils, (Kaberamaido, Kumi, Alebtong, Oyam, molatar, Dokolo, Mukono, Apac, Abim, Amudat Urban Councils.and the Urban Councils. Furthermore, guidelines for development and application of SDS disseminated to (10) Local Governments and Urban Councils, (Kaberamaido Kumi, Alebtong, Oyam, Amolatar, Dokolo, Mukono, Apac, Abim, Amudat and the Urban Councils.

***Improve communication and impact of audit findings to stakeholders***

In FY 2016/17, the Office of the Auditor General (OAG) planned to carry out and report on a total of 2,203 financial audits covering the following entities; 96 MDAs, 100 Statutory Bodies, 147 projects, 51 forensic investigations and special audits and 1,809. By end of the review period, the office had undertaken a total of 2,097 financial audits (96 MDAs, 1,666 Higher and Lower Local governments, 138 Projects, 4 PSAs, 97 Statutory Bodies, 89 Special Investigations, 4 regional audits and 3 IT system audits).

Under Value for Money (VFM) Audits, In the FY 2016/17, the OAG planned to carry out a total of 14 audits which include 11 VFM audits, 3 specialised audits. By end of the reporting period, the office had undertaken 8 VFM Audits and 3 specialized audits.

***Design and implement capacity building programmes for the Directorate of Ethics and Integrity (DEI) to engage and fully coordinate ethics and integrity issues in Uganda.***

Under capacity building of primary school teachers to effectively integrate ethical values in school activities, DEI conducted capacity building training workshops for core Primary Teachers Colleges (PTCs) to integrate ethical values in the teaching learning process.

**3. Improve compliance with accountability rules and regulations**

By end of the FY2016/17, the percentage of audit Committee recommendations implemented were 72% below the NDP2 target of 75 %. The percentage of Internal audit recommendations implemented in Central Government 69%) and Local Authorities was (60%) fell short of the NDP2 targets of 100% and 65% respectively. The percentage of internal audit recommendations implemented in Statutory Corporations 70% as the NDP2 target for the FY under review. In the same review period, the IG followed-up on 452 recommendations that were made during investigations and it was found out that 207 of them were implemented, representing 45.8% implementation rate

During the FY2016/17, the sector did not report the findings on the efficient and effective public sector due to the fact that they require a survey. The indicators involved are: % of citizen who rate performance of public institutions satisfactory % of public institutions that have developed and implementing service delivery standards. The performance during FY2016/17 registered against the strategic interventions under this objective is discussed below.

***Review and harmonize the policy, legal and organizational framework in order to improve the operations of the Inspector General of Government in the fight against corruption***

In the review period, the Leadership Code (Amendment) Act, 2017, which was sponsored by DEI, was passed by Parliament and came into force in June 2017. It provides for the establishment of the Leadership Code Tribunal to adjudicate cases of breach of the Leadership Code of conduct, and provides for the mandatory declaration of wealth by all public officers irrespective of one's sex, physical appearance or place of origin.

***Ensure follow up and implementation of recommendations made by oversight institutions***

The IG followed-up on 452 recommendations that were made during investigations and it was found out that 207 of them were implemented, representing 45.8% implementation rate during the FY2016/17.

***Strengthen the capacity of oversight function to effectively detect, investigate, report and prosecute corruption cases***

The IG trained 195 technical officers (63 Report Writing, 41 Management of Ombudsman Affairs, 79 Leadership Skills Training at Kyankwanzi and 12 Financial Investigation Asset Recovery). The IG also procured vehicles and office equipment (Computers and Accessories, 13 Pick-Ups and 3 Saloon Cars) to support filed activities while executing its oversight functions.

***Streamline and Strengthen inspection function in the sector***

The IG under Social Accountability and Community Monitoring Project supported by World Bank carried out monthly inspections of development projects these include: Discretionary Development Equalization Grant (DDEG); Uganda Support to Municipal Infrastructure Development Program Project (USMID); Northern Uganda Social Action Fund (NUSAF); and conducted verifications in 152 Health Facilities. Arising from the Inspections, 39 complaints were recorded of which 33 were investigated to conclusion, completed 1 backlog case out of 16, made 36 recommendations and 35 of them were implemented. Furthermore, recommendations were for recovery of UGX65.9M and UGX 30M (46%) was actually recovered.

***Introduce measures to improve timeliness, audit coverage and quality reporting***

The revised Audit Manual is in place to ensure that by November every year, Procurement Audit reports have been submitted to be included in OAG report. Amendment is being made to the Procurement law to reduce on the procurement lead times. The procurement professional's Bill is at the final stage for on-ward submission of the Principles of drafting the bill to Cabinet for further forwarding to the First Parliamentary Council for drafting.

Under the Leadership Code, 62 verifications of leaders' declarations were conducted out of the planned 60 and 20 investigations into breaches of the Leadership Code were concluded. Furthermore, the IG introduced the Online Declaration System (IG-ODS) for disclosure of Assets and Liabilities. It was projected that 25,000 leaders were eligible to submit declarations, a total of 22,844 had logged into the system and 22,122 declared representing compliance rate of 88.4%.

Also 198 members of parliament were sent invitations to submit their declarations online. 177 successfully declared using IG-ODS which is 88% response rate. Concluded 10 (76.9%) verifications out of the target of 13. The concluded verifications resulted into one prosecution and one administrative action; 12 verifications are ongoing at various levels. 11 investigations into breaches of the Leadership Code were concluded out of the target of 5 and 12 are ongoing at various levels.

***Enforce follow up mechanism on the implementation of the Audit recommendations***

The IG followed-up on 452 recommendations that were made during investigations and it was found out that 207 of them were implemented, representing 45.8% implementation rate during the FY2016/17.

***Strengthen existing mechanisms for providing technical support to districts and PAC on Audit reports.***

In the review period, IG conducted training programmes for 20 Inspectorate Officers in Financial Intelligence and Asset Recovery. It also trained 285 staff, that is: 63 staff in Report Writing; 61

Advancing Ombudsman Impact (Roles, services) and 79 trained in Leadership and skills Development at National Leadership Institute- Kyankwanzi and 70 IG Staff on IG Interventions in Government Projects in Gulu. However, no specific guidelines and checklists were reviewed in the reporting period.

4. **Improve collaboration and networking amongst development institutions**

In the review period, the Government effective index declined to -0.57 from -0.48 in the 2015 according to the World Bank Governance Indicators. Uganda Government effective index is still weak.

***Develop capacity for intra and inter-sectoral collaborations, partnerships and networks in the fight against corruption***

In line with increasing public participation in the fight against corruption and promoting public demand for accountable and transparent leadership, DEI organized Anti-Corruption Public Private Partnership (IAF/ACPPP) Task force meeting to prepare for the Annual review workshop of the ACPPP. An Annual ACPPP Review meeting aimed at strengthening collaboration between stakeholders involved in the anti-corruption crusade was organised. DEI collaborated with civil society organisations and professional bodies such as Teso Anti-corruption Coalition. All regions in Uganda, East, West, North and Central were represented. Also, selection of participants put into consideration issues of gender.

In line with coordination of Anti-Corruption efforts in Uganda, DEI Monitored the implementation of the National Anti-Corruption Strategy (NACS 2014-2019) in sixteen districts (16) to ensure implementation of NACS is done efficiently and effectively according to plan. The districts included Yumbe, Moyo, Masindi, Kabarole, Kyenjojo, Kalangala, Hoima, Bundibugyo, Isingiro, Rakai, Kasese, Amolatar, Lira, Mbale, Lyantonde andBushenyi.

DEI chaired the Inter Agency Forum (IAF) which brings together all Government Agencies which are mandated to enhance accountability and fight corruption. Two meetings of the 20-member IA F were held, for information sharing and making strategies to improve the fight against corruption. DEI Also successfully organized the Anti-Corruption Week, 2016. The Anti-corruption week involved a number of stakeholders, MGAs, LGs, Schools and other stakeholders.

***Identify and pursue appropriate collaboration and networking with Audit, Ethics and Anti-Corruption Institutions at Regional and International level.***

During the period under review, Cabinet approved the Agreement for the ratification for the establishment of the International Anti-Corruption Academy (IACA), which is based in Luxembourg, Austria. Also, initial preparations for the review of Burkina Faso on its implementation of United Nations Convention against Corruption (UNCAC) were carried out.

DEI participated in the 8th Session of the UNCAC Implementation Review Group, 19th May to 2nd June in Vienna, Austria where all Uganda's compliance obligations were monitored.

5. **Enhance public contract management and performance**

During the FY2016/17, the sector registered 70% of the Procurement Audits and recommendations implemented which was below the NDPII target of 85% and the previous year's performance of

72%. The percentage of entities that were rated satisfactory with procurement Audits were 77% against above the target of 50%. The percentage of audited contracts by value that were rated satisfactory were 51.8% above the target of 50% and it was a drop compared to the previous years achievement of 92% and this was basically due to the changes in audit methodology.

The contracts delivered within the contract value were 75.6% which was below the NDPII target of 100%. The percentage of Contracts that were subjected to open bidding was 71.8% below the target of 80% but an improvement compared to the previous year's achievement of 45.5%. 60 Providers that breach contractual obligations and Ethical code of Conduct have been suspended; The Implementation Strategy has been developed subject to adoption by the Minister of Finance, Planning and Economic Development. Amendment is being made to the law to reduce on the procurement lead times. The procurement professional's Bill is at the final stage for on-ward submission of the Principles of drafting the bill to Cabinet for further forwarding to the First Parliamentary Council for drafting.

The performance during FY2016/17 registered against the strategic interventions under this objective is discussed below.

***Implement e-procurement and establish a monitoring system for high value contracts in the NDPII***

The Government Procurement Portal (GPP) was rolled out to 90 Procurement Disposal Entities (PDEs) bringing the total number of Entities on the system to 167 representing a coverage of 43% by the Public Procurement and Disposal Authority (PPDA) during the review period. The Authority was able to assess performance of 138 PDEs which entered data on 20,937 contracts on the Portal. 71.8% of the total value of contracts went through open bidding. This was a significant improvement in the value of procurements that went through open competition from 45.5% in the FY 2015/16. 99% of contracts by number were awarded to local contractors. By value, 53% of the contracts were awarded to local contractors and the foreign firms continued to dominate the large infrastructure projects in the works, energy, education and health sectors.

The Authority issued a guideline on reservation schemes to promote local content in public procurement. The main objective of the Guideline is to provide for mechanisms of increasing the input of local labor, goods and services in the procurement of public sector projects, goods and services within the country.

***Strengthening the capacity of MDAs in contracts management***

The Authority issued out 184 letters providing legal guidance/advice during FY2016/17. The main areas where advice was sought include pre-qualification and bidding process; evaluation of bids; contracts and contract management, disposal of public assets; accountability in public procurement & disposal process; providers in public procurement & disposal contracts; records management in public procurement and disposal; public procurement audit and compliance.

The Authority in collaboration with GIZ developed the new capacity building strategy and conducted trainings for 1,584 participants during the reporting period. The Authority developed an e-learning system aimed at harnessing technology in its capacity building programs by using a self-paced and learner centred approach where interested learners can study any of the developed modules at their own convenience and pace.

Furthermore, PPDA conducted a study on the use of force on account method in Local Government Entities which revealed failure by Entities to conduct a comparative cost analysis to find out which cheaper between outright procurement and using the force on account mechanism.

***Strengthen contract monitoring, reporting mechanisms and follow-up audits and recommendations.***
In FY2016/17, 116 audits were conducted by PPDA. The audit findings revealed that in 73.4% of the sampled procurements, Entities failed to deliver within the planned timelines, 43.87% of the contracts signed were not completed within the contractual period, 51.42% of the signed contracts were not paid in time. In addition, 73 investigations worth UGX 970 Billion were completed. The major grounds for investigations related to segregation of bidders, abuse of office, disregard of procurement procedures, and irregularities during the evaluation of bids like changing specifications during the bidding process, misleading and restrictive specification of requirements, and conflict of interest.

PPDA also handled 57 applications for administrative review in the reporting period. Out of these, 18 were upheld, 36 were rejected, one (1) withdrawn and one (1) not handled because the bidder filed in the tribunal within the PPDA statutory period. PPDA handled 19 matters in the appeals tribunal. Thirteen matters (68%) were decided in favour of the Authority while the Tribunal set aside the decisions of the Authority in 5 (26%) matters and one application was withdrawn. Five (5) new cases in addition to four (4) ongoing cases were handled by the Authority in various courts of judicature.

The register of providers served 1,899 new providers while 3,351 existing providers renewed their subscription. A total of UGX 507 million was generated from the Register of Providers by end of FY2016/17. 87 % of the Entities submitted their procurement plans. With regards to procurement reports, 77% of the expected procurement reports were received and reviewed by the authority.

In the same review period, PPDA conducted follow up activities in 108 Entities. A total of 1,542 recommendations were reviewed and of these 1,072 recommendations, (70%) were found to have been implemented and 470 recommendations (30%) were either partially implemented or not implemented. 60 firms were suspended by the Authority. The major grounds for suspensions are sub-standard works, breach of contractual terms, misrepresentation of project related information and forgery of documents.

The Authority handled Eighteen (18) applications for accreditation during the period under consideration. Six (6) applications were granted, three (3) were rejected and nine (9) are still under consideration. The applications mainly come from State Enterprises which are profit oriented that find the application of the PPDA Act in its entirety deterrent to their business operations.

### 4.5.2 LEGISLATURE

The key sector priorities over the NDP2 period are promoting good governance to enhance sustainable growth and development, fighting corruption and improving compliance with accountability rules and regulations, providing effective parliamentary oversight, legislation, and national budget scrutiny. The progress registered against the sector objectives and interventions during the FY2016/17 is discussed below.

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

The sector registered a reduction in the time it takes to pass a bill up from 45 days to 35 days by end of FY2016/17. In the same period, 17 government bills were enacted out of the planned 28, Four private members bills were introduced and processed, fifteen motions for borrowing externally passed and Twenty petitions disposed, fifty-seven Ministerial Policy Statements made and thirty-two reports were adopted. This is attributed to the various strategies undertaken by the sector to clear backlog. These include: using sub-committees, tripartite outreach programs, ranking of queries and adoption of the Audit report in the house when committees fail to deliver on time.

In FY2016/17, two (2) treaties, namely the Agreement for the establishment of the East African Standby Force and the East African Community Protocol on Cooperation in Defense Affairs were ratified. Further, the sector coordinated number of activities which included; the induction workshop of the Members of the 10th Parliament, the review of the Parliamentary Strategic Plan 2016/17-2020. Parliament passed the International Conference on the Great Lakes Region (Implementation of the Pact on Security, Stability and Development in the Great Lakes Region) Bill, 2016 as well as the Anti-terrorism (Amendment) Bill, 2017 during FY2016/17.

During the review period, despite the 17 bills being enacted there was none specific to strengthen the credibility of the electoral process. Towards pursuing policy of zero tolerance to corruption through various legal frameworks, several bills were amended for example the Income Tax (Amendment) Bill, 2016, the Anti -Money Laundering (Amendment) Bill, 2016. The recently passed Anti-Corruption Amendments Act 2013 provides for the confiscation of the properties of those convicted of corruption.

In the same period, the office of the Auditor General was restructured and strengthened with qualified staff with capacity to detect modern IT frauds. Systems of the Accountant General were also upgraded to effectively deter fraud. Parliament enacted a law to establish the financial intelligence Authority to check the inflow of foreign currency in the county. Government put in place the Integrated Financial Management System to check the financial flow.

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

An Audit and Risks Management Committee was established and the Internal Audit functions were strengthened during the review period. In addition, Accountability Committees were facilitated to consider and table the Reports of the Auditor General before the House. The sector also conducted 134 oversight field trips to establish the level of implementation of government programmes.

The sector produced 149 Standardized desk research and policy reports during the FY under review for evidence-based support to legislative process

During FY2016/17, 1769 sectoral and standing committee meetings were held and 42 committee reports were adopted out of the planned 60. Whereas, the Executive has the competent human resource, structures, processes and procedures for preparation of documents that require Parliamentary approval, the capacity to scrutinize such documents at Parliament is still lacking. For instance, the need for experts in the Petroleum Sector and Infrastructure Sector is paramount.

During the review period, the sector approved funds to support registered political parties, strengthened the Office of Opposition in Parliament through recruitment of a director and funding the activities in the office. In the same period, the sector also strengthened leader of government business by supporting the office of government chief whip.

3. **Improve citizen participation in promoting rule of law, transparency and accountability in the provision of to achieve equitable and sustainable development**

The sector undertook new initiatives to attract public participation in the parliamentary process during FY2016.17 which include; held the Research Week and the Parliament Week and hosted the Health Week and organized a special fundraising event in support of People Living with Albinism. The sector also undertook a number of outreach programs under the Office of the Speaker, the Office of the Deputy Speaker, the Office of the Leader of the Opposition, Committees and Fora of Parliament. Additionally, 47 Committee Reports adopted by Plenary, 411 Questions for Oral Answers responded to (including Prime Minister time), 62 Ministerial and other Statements presented, 3 Petitions concluded and 84 plenary sittings held.

The sector in the review period supported the formation of Local Government by –Laws in order to strengthen legislation at the grassroots level. It also enacted the Local Government (Amendment) Bill, 2016 in the FY2016/17. However, a system of linkages between local government, constituencies and the national Parliament planned in the NDPII is yet to be instituted.

During the review period, the sector produced 55 reports on budget performance and scrutiny. However, the capacity to scrutinize such documents at Parliament is still lacking. For instance, the need for experts in the Petroleum Sector and Infrastructure Sector is paramount.

4. **Improve collaboration and networking amongst development institutions**

Parliament has continued to engage and participate in international Affairs. During the FY 2016/17, the sector participated in 12 International Parliamentary Associations to which she is a member. The International Parliamentary Associations include; IPU, African Parliamentary Union, CPA, CPA, Africa Region, Society of Clerks, Parliamentary Union on OIC Member States, IGAD - Inter-Parliamentary Union, EAC-APC Association, SoCATT. The sector has in addition maintained its partnership and collaboration with development partners like DGF, FINMAP, DFID, USAID, AWEPA and UNDP. All these aim at resolving various challenges faced by partner states like Human rights issues, improving visibility of women, insecurity, governance Trade and other gender and equity issues.

### 4.5.3 PUBLIC ADMINISTRATION

The Public Administration Sector provides leadership in the initiation, formulation, coordination and monitoring of public policies and programs, as well as mobilization of the population for development. The sector registered the following progress against its strategic interventions and objectives during the FY2016/17.

1. **Improve policy development and implementation effectiveness across all priority sectors**

In FY2016/17, the sector continued to offer logistical and technical support to Cabinet to perform its Constitutional mandate. In total, 170 submissions to Cabinet were reviewed to ensure inclusive policies and harmony with National planning frameworks. The sector adequately facilitated Cabinet meetings and as a result, 55 Agenda and 5454 extracts of Cabinet decisions were issued to Hon. Ministers and Permanent Secretaries by end of the reporting period.

2. **Improve the national M&E systems for increased service delivery, efficiency, and effectiveness**

A manual for the NDP2 M&E system was produced however, its automation had not been undertaken due to lack of financing. This notwithstanding, the sector continued conducting regular monitoring and follow up actions on the implementation of key government policies, programmes and projects with critical relevance to the national growth and development. The projects monitored include: the SAGE program and Youth livelihood Program in 12 Districts, and made recommendations to the implementers.

The Manifesto Unit analysed 24 reports from MDAs on their implementation status of the Manifesto and conducted a Manifesto Week to increase appreciation of the Milestones. The sector coordinated the preparation of a progress Report on the status of implementation of Northern Corridor Integration Projects (NCIP) Summit directives.

Under the Mobilization function, 116 RDCs and 67 DRDCs were facilitated to monitor Government programs and conduct awareness campaigns targeting the youth and other marginalized groups to benefit from OWC and other Government Programs at District. 1680 against planned 2,400 support supervision visits in the 116 districts were also conducted in the review period.

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

The sector signed eight bilateral and ten multilateral engagements in the review period. In addition, five tourism promotions against the planned 4 and the trade promotion engagements were registered in the financial year. The MOFA participated in bilateral and multilateral meetings locally and abroad on economic development, and peace and security in the review period which culminated into signing of 4 agreement/MoU below the NDP2 target of 25 new agreements/MoUs/resolutions negotiated for FY2016/17. The agreement /MoU signed include; MOU with Equatorial Guinea on Permanent Joint Commission for cooperation, oil and gas and other issues of mutual interest; Intergovernmental agreement on East African Crude Oil Pipeline (EACOP) Development; held a bilateral meeting with the DRC Ituri provincial authorities where modalities on the voluntary return of Congolese refugees in Koboko district were agreed upon; Coordinated the agreement with the Government of Hungary for the construction of; Water management project for the districts of Masaka, Sembabule, Kamuli and Amuru; Vocational training centers in refugee camps of Kyenjojo district; Three (3) Vocational colleges in Kween, Kyankwanzi and Sironko district

In addition, MOFA coordinated the signing of the loan agreement for Rural Electrification for Six Districts in Uganda Project secured from the Kuwait Fund for Arab Economic Development; Secured a grant worth US$ 300,000 from the Government of China to further facilitate mediation efforts of H.E president Museveni in South Sudan, Burundi and the region. Furthermore, Uganda ratified the Paris Climate Agreement and the instrument of ratification was deposited at the UN on the 21$^{st}$ September 2016. A total of 336 awareness campaigns across the country were conducted during the period under review. This was aimed at mobilizing the public to participate in policy implementation and demand for accountability.

The Ministry of Foreign Affairs (MOFA) although continued to strengthen missions abroad, there were no new missions opened in the reporting period. The Ministry supervised and provided support to the 35 Missions abroad, recruited and inducted 11 Foreign Service Officers. In addition, 5 staff members were facilitated to undertake short term trainings and 8 staff for Post-Graduate Diplomas. On Property development, the Ministry concluded evaluation of bids for designs of the chancery in Guangzhou, completed phase I. With regard to appointment and posting of accounting officers in Missions, the Ministry continues to ensure that both males and females were given priority in FY2016/17. Of the 11 recruited Foreign Service Officers grade VI, 5 were female. By end of FY2016/17, the attachment of staff as attaches to embassies of China, India and Dubai (UAE) was ongoing.

In strengthening collaborations between key players in trade investment, 8 bilateral & 10 multilateral engagements, 5 tourism promotion and 4 trade promotion engagements at end of the FY2016/17 were undertaken. At the continental level, the sector ensured that Uganda was working with other stakeholders to ensure harmonization of regional groupings beginning with the EAC, SADC and COMESA Tripartite Agreement. The sector also participated in the validation of the status of implementation of EAC Common Market Protocol in Uganda in line with the monitoring framework. The sector participated in the East Africa Tourist Visa National Verification exercise for the financial year to confirm the revenues collected and the sharing among Partner States. In addition, there were discussions between the Presidents of the Central African Republic, South Sudan, Democratic Republic of Congo, Sudan, representatives from the United Nations, European Union, USA, African Union, and Uganda to form a Regional team that would flush out rebel remnants in Central Africa Republic and South Sudan in order to promote trade.

The sector provided diplomatic and consular services both at the Ministry headquarters and abroad and also managed international conferences and state ceremonies. This improved the Uganda's image abroad rating from fair to good in the review period. The sector also successfully lobbied for candidates in International Organisations leading to election of; Eng. Patrick Francis Masambu as Director General for International Telecommunications Satellite Organisation (ITSO). Uganda was re-elected to the Universal Postal Union (UPU) Council for a second term, during the 26$^{th}$

UPU Congress in Istanbul, Turkey. Uganda National Reports on Human Rights were prepared and presented to the Working Group on the Universal Periodic Review.

4. **Increase the human capital stock in the NDP II priority areas**

In the NDPII period, the sector planned to develop a national strategy for attracting cooperation assistance for human capital however, by end of the second year of NDPII, the development of this strategy had not kick-started. However, the sector secured 253 scholarships from various countries abroad. In addition, there was no progress on capacity enhancement of heads of missions to attract and negotiate for assistance.

Given the bilateral and multilateral engagements by MoFA, Uganda received US$ 24.1 million from the Green Climate Fund for a project on Building Resilient Communities, Wetlands Ecosystems and Associated Catchments in eastern Uganda. Sourced €78 million from the EU for refugees, specifically to construct two primary schools, two secondary schools and two vocational schools. Coordinated the signing of the loan agreement for Rural Electrification for Six Districts in Uganda Project secured from the Kuwait Fund for Arab Economic Development. Secured a grant worth US$ 300,000 from the Government of China to further facilitate mediation efforts of H.E president Museveni in South Sudan, Burundi and the region.

During this FY, the MOFA participated in the Home is Best Summit. The theme of the summit was, Diaspora investment: a bridge to middle income economy. The summit was aimed at bringing Ugandan Diaspora together and also encourage them to come back and invest in Uganda. In the same reporting period, MOFA sourced 253 scholarships from various countries abroad. The training opportunities were as follows: 2 for Civil Aviation Authority, 8 for the Uganda Police Force, and Uganda People's Defence Force, 7 training programs from Singapore which benefited 10 Ugandans, 76 short and long-term programs from India, Masters programs from KOICA for 64 public officers, 26 from Russia; 4 from Danida, 100 from Hungary and 10 from Britain among others.

5. **Improve democracy and governance for increased National stability.**

Electoral Commission (EC) continuously and intensively conducted country wide (civic) education to ensure that all citizens are empowered to participate and make informed choices during elections through voter education and training and voter registration. By end of FY2016/17, 4 training of trainers training were conducted for By-elections for directly elected Members of Parliament, 12 Voter education talk shows were held and printed 14,000 pieces of Voter Education official handbooks. EC also produced voter education spot messages in 8 local languages of Lugbara, Ateso, Lusoga, Luo, Runyankore, Runyoro –Rutooro, Rukiga, and Luganda. In the same period, the percentage of eligible voters in voter registers was 85 percent slightly below the target of 90 percent. The status of update of the National Voter's Registration and Register of Special Interest Groups were both at 100 percent.

The EC conducted a retreat for development of proposals for Constitutional and electoral reforms in an effort to harmonize political party activities in the review period. Additionally, it satisfactorily handled hundreds of complaints which improved the quality of elections across the country; produced draft Regulations for election of Taxi operators in Kampala and tabled before

Parliament the KCCA Amendment Bill; and stakeholders' consultative meetings were conducted in the newly created districts, electoral activities in newly created districts were publicized.

Furthermore, EC conducted successful Presidential elections countrywide, and Parliamentary elections for district chairpersons and district woman representatives to Parliament in the new districts of Kagadi, Kakumiro, Omoro, Rubanda including Kibaale. It also conducted eight by-elections for Kagoma, Aruu North, Toroma, Kamuli municipality, Kyadondo East counties and Woman MP for Moroto District.

In FY2016/17, the Presidency was involved in peace initiatives, key among which were: a security summit between Uganda and the DRC where the two countries agreed to work jointly, especially in sharing intelligence information, in a bid to decisively eliminate remnants of the ADF and other rebel groups that are active in the neighboring country and pose a security threat to both countries; participated in a security meeting on Libya in Congo-Brazzaville devised ways to improve peace and security of the Libyan and provided avenues to curb terrorism in the region; participated in 4 meetings on Peaceful transition and Dialogue to ensure putting up of an electoral calendar and provide Congolese rights to vote their legitimate leaders; held a high level summit in Luanda Angola on the peace and security of DRC and in the Great lakes region an attraction for foreign direct investment in the region

Additionally, the Presidency remained engaged with the African Union (AU) Peace and Security Council (PSC), other relevant AU organs and the Inter-Governmental Authority on Development (IGAD) to be supportive of the various peace building initiatives and processes of interest to Uganda, the Horn of Africa, the Great Lakes Region and Africa at large; participated in 31 UN Security meeting by MONUSCO on Peace and Security of DRC; Participated in 5 meetings on DRC political Dialogue in Kinshasa for peace and security; Organised, facilitated and participated in border meetings with Commissioner customs at Cyanika, Bunagana, Katuna, and Mirama Hills border posts. This contributes to peaceful coexistence of the two countries

Further, four cross-border meetings were held to promote peace and access for all marginalized pastoral border communities and two MoU on common border lines were signed between Uganda and DRC in the Albertine Region contributing to the improvement of peace and security to enhance peaceful and equal exploitation and management of shared resources to enhance job creation and development.

The national service program has since NDP2 inception not been established but the Presidency has continued implementing interventions aimed at strengthening patriotism. In the review period, seven patriotism training Programs for male and female students and teachers were conducted. It also monitored 131 Patriotism clubs in Luwero, Nakaseke and Nakasongola districts, and also conducted monitoring visits.

6. **Improve systems, infrastructure and capacity of the sector secretariat**

In strengthening sector institutional infrastructure, the Presidency procured 5 station wagon vehicles and 5 pickups for Ministry Headquarters and for the Districts; procured various furniture and fittings (office chairs etc) and machinery and equipment.

At the end of FY2016/17, the Presidency reviewed 36 submissions from MDAs to assess their compliance to the National Planning Framework and the Result Based Principles; held 02 Policy forums for Directors, Undersecretaries and Commissioners forums; and reprinted for dissemination 70 copies of the Guide to Good Regulation.

The Office also provided media communication support to MDAs; engaged 176 print and electronic media to clarify on government positions; accredited 781 Journalists; conducted a two months training programme for 293 participants at NALI; conducted research in Busoga region to identify persons and information on the profiles of the persons being proposed for award of medals during the 54th Independence Anniversary; and held an Investiture Ceremony held in conjunction with the Parliament of Uganda to decorate the Members of Parliament of the 1st – 9th Parliaments with the Golden Jubilee Medal.

### 4.5.4 PUBLIC SECTOR MANAGEMENT

The Public Sector Management (PSM) Sector is responsible for the development and control of public service delivery systems through the promotion of sound principles, structures and procedures. Progress on the sector performance is as follwos.

1. **Improve coordination, and harmonization of policy, planning, budgeting, and M&E at national and local levels**

In the review period, the sector undertook strategic coordination and Monitoring and Evauation of government programmes. The Office of the Prime Minister (OPM) as the leader of government business in Parliament organized Strategic inter-ministerial coordination meetings for the Prime Minister and facilitated Coordination Platforms such as Policy Coordination Committee (PCC), Policy Committee on Environment (PCE), Prime Ministers Private Sector Forum. It further conducted Political monitoring of implementation of government policies and programmes in the districts and coordinated Government Business in Parliament. Additionally, OPM steered coordination meetings across MDAs to improve service delivery, presided over the implementation of the Community Based Monitoring Fora (Baraza Initiative) in Sixteen (16) District Local Governments, held Inter-Ministerial meetings on Environment, Presidential Affairs, Tourism, Competiveness and ease of doing business.

Further, the sector through OPM coordinated and monitored the Peace, Recovery and Development Plan (PRDP) through 20 inter and intra district coordination meetings, equipped offices, operationalized PRDP coordination. Under the Luwero-Rwenzori Triangle, the sector paid 10,069 veterans a one-off gratuity, maintained AKASIIMO database and facilitated both the LT team and the verification committee to travel in the whole Luwero and Rwenzori region to hold meetings with the veterans.

With respect to M&E reports, the sector produced a number of reports which include; Half and Annual Government Assessment Report (H/GHAPR), National Development Report (NDR) for FY2014/15 and FY2015/16, Pulse of the Economy Report for FY2015/16 and issued a Certificate of Compliance of the Annual Budget for FY2016/17. Other reports finalized include; National Carrier Airline feasibility study; African Peer Review Mechanism (APRM) Country self-Assessment Report and field monitoring reports. In the same reporting period, four (4) major evaluations were completed: Youth Livelihood Programme, Universal Primary Education, and Family Planning, the were widely disseminated in the 4th Uganda Evaluation Week and 4 policy briefs were developed and shared with the sectors to take action.

The sector further finalized three (3) planning frameworks: The National Development Planning Regulations 2017, Export Promotion and Development Strategy and the Human Resource Development Planning Framework for adoption by Government as planned. The 10 Year NDP formulation process as well as evidence on the interventions needed and the pathways to harnessing the demographic dividend were yet to begin.

The certificate of compliance assessment revealed that the FY2016/17 Annual Budget was 58.8 percent compliant to the NDP2 below the 70 percent target in the review period while 13 out of 16 Sector Development Plans (SDPs), 31 out of 127 MDA strategic plans and 131 out of 156 LGDPs were aligned to the NDP2. Also 6 Presidential Economic Council (PEC) papers were produced, these are: The Revival of the National Carrier Airline; Towards A Hunger Free Uganda Society; Policy Implication for Increasing Food and Nutrition Security (FNS); The Goal of Middle Income Status and what it means for Uganda; Unlocking Uganda's Export Potential; and Revival of Cooperatives as engine of Agriculture Transformation in Uganda.

The sector in collaboration with the Ministry of Gender Labour and Social Development (MGLSD) implemented interventions at institutionalizing a national value system which include; commemorating International Literacy Day; launched Year of the Family, 2017 Roadmap; conducted International Cultural Fare; facilitated Consultations on the report on the bark cloth making in Uganda; and facilitated JAMAFEST meetings.

Government is yet to fully implement the national communication strategy to disseminate government programmes and rally the citizenry to effectively participate in national development agenda. However, in FY2016/17, the sector conducted citizens' information foras (Barazas) in 25 LGs which has improved the public relations function of Government. The sector also held the 3rd Annual planner's Forum in the review period.

In the review period, the planning process at the National and LG levels has been systematically coordinated. Specifically, National Planning Authority reviewed development plans across government institutions and trained 14 LGs on the use of LG Planning Guidelines and preparation of plans. NPA finalized three Planning Frameworks which include: National Development Planning Regulations, 2017; Export Promotion and Development Strategy and Human Resource Development Planning Framework. In addition, technical Support on application of Service Delivery Standards was provided to 12 MDAs and 10 Local Governments and Urban Councils, (Kaberamaido, Kumi, Alebtong, Oyam, Amolatar, Dokolo, Mukono, Apac, Abim, Amudat Urban Councils. Three Regional Referral Hospitials (RRHs) that include; Mbale, Gulu and Masaka were supported to develope client charters. Guidelines for development and application of SDS were disseminated to ten Local Governments and Urban Councils.

2. **Attract, recruit, develop and retain a highly-skilled and professional workforce for effective and efficient service delivery in the public service**

During the period under review, the sector formulated and reviewed human resource policies that include: schemes of service for the Nursing and Administrative cadres; and performance management tools which were linked to the Balanced Score Card perspectives. Furthermore, performance contracts were introduced and rolled out to public officers in salary scale U1SE. the Ministry of Public Service further produced draft policies in the review period that include: (i) Fleet management; (ii) Dress and appearance code; (iii) Alternative Pay Strategies; (iv) Guidelines for SACCOs; and (v) Retirement age for Health Professionals and Salaries and Allowance (Specified Officers) Act). The sector in addition developed and disseminated a reward and sanction framework to all entities in collaboration with the DEI. The National Service Delivery Survey (NSDS) 2015 results were disseminated in 68 DLGs and 11 MDAs where Inspections were conducted.

Additionally, the sector handled 1,490 recruitment submissions and 1,241 appointments were made including 9 Permanent Secretaries, as well as confirmations for 249 staff made. 150 officers were appointed under the graduate recruitment exercise of e-recruitment. The progress on retention rate and Public Service Salary Increment in line with the approved Pay Policy target was not reported. However, the sector continued with operationalizing the Integrated Public Payroll System in 173 out of the planned 215 MDAs/LGs during FY2016/17.

Under monitoring and provision of technical assistance to the District Service Commission, 41 Districts were visited and on-spot technical support was provided. 52 appeals were investigated, determined and decisions communicated, and performance audits were carried out in 16 districts using the approved performance guidelines. Members of Public Service Commission (PSC) were trained on the selection scheme and core competences for the Uganda Public Service as planned.

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

During FY2016/17, Structures of the Ministry of Education, Science, Technology and Sports and its affiliated Institutions, newly created Districts (9), 19 Municipal Councils, 32 Town Councils and 9 mother Districts were reviewed. Cataloguing of the Disaster Preparedness and Refugee Management Systems in OPM was undertaken and Job Evaluation report for Public Universities (Gulu, Lira, Muni, Busitema, Kabale and Kyambogo) were also produced and submitted to Cabinet. Additionally, functional areas that were eligible for formation into One Stop Centers were identified in preparation for full operationalization of the One-Stop-Centers to improve accessibility of services. The National Records Centre and Archives were operationalized and the National Records and Archives Act, 2001 was amended.

Under public service inspection, Public Service Inspection ROM and OOB framework was rolled out to eight LGs (Adjumani, Bundibugyo, Ntoroko, Buliisa, Bushenyi, Kabale, Kasese, Rubirizi and Urban Councils) and 01MDA (Ministry of Health) in the reporting period.

The Government Citizen Interaction Centre (GCIC) was made fully operational with the Call Centre and Knowledge management modules completed. Three Telecommunication companies; MTN, Airtel & AfriCel were connected and the User Acceptance Tests and operations of the GCIC commenced. Additionally, 140 Wi- Fi sites (hotspots) were activated on a wireless Metropolitan Area Network code named MYUG sites and these were continuously monitored to ensure effectiveness, efficiency and sustainability of the MYUG free Wi-Fi. The network is made available for free to the public during off peak hours (6.00pm – 6.00am daily).

A licensing framework for Content Service Providers, standards for Digital Video Broadcasting (DVB) receiver equipment, draft Policy on the use of internet, email and social media were developed and broadcasting standards and guidelines were reviewed. This was envisaged to ensure that the regulatory frameworks support the growth of the media industry, taking cognizance of the changing business and operational environment. Nevertheless, a National Media Development Strategy that addresses the existing gaps in standards, quality and responsible media has not yet been developed as planned in NDPII.

4. **Steer Uganda's Regional integration agenda in accordance with objectives of the treaty for establishment of east African community (EAC)**

During the reporting period, priority laws identified by Uganda were harmonized to conform to the EAC Common Market Protocol. Specifically, 7 laws were amended. In addition, a verification mission of NTBs and assessment of goods for standards was conducted while an ESC meeting on the free movement of persons was held. The sector the also participated in regional meetings on non-tariff barriers and reports were produced under the Protocol on ICT Networks. Under compliance with implementation of EAC decisions and directives, council and sectoral council decisions were communicated and implementation was monitored. Also, two bi-annual compliance reports on implementation status of EAC decisions and directives under the productive and social sector were produced as planned.

By end of the review period, no progress was reported on the development of the national communication strategy on EAC integration. Nevertheless, progress reports were prepared in relation to the implementation of the Protocol on Kiswahili. In addition, research related to Summit decision of EAC Political Federation and National Policy on EAC integration in the governance sector were undertaken. Uganda's Interests in Political and Legal Affairs at EAC meetings were clearly articulated and follow-up action was undertaken in FY2016/17.

During the 18th Summit of the Heads of State of the EAC, held on 20th May 2017, in Dar es Salam, Political Confederation was adopted as a transitional model of the East African Political Federation and the Summit directed the Council of Ministers to constitute a team of Constitutional experts to draft the Constitution for East African political confederation.

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

During the reporting period, the National Emergency Coordination and Operations Centre (NECOC) effectively provided early warning information and equipment on the disaster prone areas of the country. As a result, the average response time to disasters of 25 hours was registered.

The development of National and Local disaster preparedness plans for all LGs was achieved in the previous FYs therefore, in the reporting period, 40 against the planned 10 District Disaster Management Committees (DDMCs) and DDMC were trained across the country. The training was aimed at improving community preparedness for Disasters capacities for resilience. Also, OPM conducted 169 Disaster Risk Assessments at District and Sub County level.

In resettling the landless communities and victims of disasters, the sector demarcated and allocated 1,396 plots of land in Kyaka and Kyegegwa Districts to Ugandan expellees from neighbouring Countries. The sector further registered families affected by Earthquake in Rakai District and 500 households at high risk of landslides in Bududa, Sironko and Bulambuli. OPM procured and distributed 7,329MT of relief food and 5,000 assorted NFIs. As a result, a total of 900,000 disaster victims were supported with food and non-food items against the planned 500,000. A Risk, Hazard, vulnerability profile and maps for 86 districts were produced and initiated preparations of a National risk atlas.

OPM coordinated the development and implementation of humanitarian interventions through the coordination framework for all agencies and trained communities to improve community preparedness and disaster capacities for resilience in the districts of Moroto, Napak, Kotido, Kaabong, Amuria, Bududa, Namayingo, Kitgum, Kabarole, Kyegegwa, Kyenjojo, Bududa, Bulambuli and Sironko. The sector continued implementing affirmative action programs for affected areas in an effort to support livelihood for these communities.

In addition, under Post-war Recovery and Presidential Pledges, the sector also organized District Planning meetings to prepare annual and quarterly work plans and sector meetings to review Local Government PRDP work plans. Additionally, OPM procured and distributed 10,000 iron sheets and 100,000 hand hoes in Northern Uganda, 350 ox-ploughs procured and distributed to youth and women goups and families of children with nodding disease and 700 oxen procured and distributed to youth and women goups. 18,600 cattle procured for the Subregions of West Nile, Lango, Teso and Acholi. Finally, Coordination, Monitoring and Inspection visits on Restocking was carried out in the review period.

**6. Enhance national response capacity to refugee emergency management**

The sector produced a Policy draft document which was ready for validation during FY2016/17. In absence of the policy, legal and regulatory frameworks like the 2006 Refugee Act and 2010 Refugee Regulations have played a fundamental role in allowing integration of refugees within host communities with refugees having access to the same public services as nationals. They have freedom of movement and are free to pursue livelihood opportunities, including access to the labour market and to establish businesses. Hosted the refugee solidarity summited which mobilized USD 347.8M to support the Uganda’s transformative approach to the refugee agenda over the medium term in the FY2016/17. In the reporting period, the sector demarcated 93,665 plots of land for settling refugees.

During the year under review, OPM developed various plans to address the refugee influx and by end of the FY2016/17, Uganda hosted over 1.2 million refugees in 28 settlements in 12 districts (including Kampala) where refugees coexist peacefully with their host communities. There is hower, no review undertaken on domestic laws governing refugee except the draft national refugee policy that was developed and due for validation. On the other hand, the sector identified and implemented critical projects for refugee hosting districts to meet Settlement Transformative Agenda (STA) objectives and resilience of the target population. It thus supported 55 and 50 host communities and refugee homesteads with inputs (hoes and planting materials) respectively.

During FY2016/17, OPM received and settled 465,330 new refugees on land and demarcated 93,665 plots for settling new refugees. Under grant of asylum and repatriation refugees, the institution handled 27,491asylum claims, granted 15,093 asylum seekers refugee status and issued 625 Convention Travel Documents to refugees in the reporting period.

### 4.5.5 JUSTICE, LAW AND ORDER

The Justice, Law and Order Sector (JLOS) is responsible for administering justice, maintaining law and order as well as promoting and protecting human rights. During FY2016/17, the progress registered against the sector objectives is discussed in the section below.

1. **Improve policy, legislative and regulatory framework**

Over the years there was an increase in the proportion of the public confident in the enforcement of existing laws to 49 percent in 2016/17 well over the targeted 45 percent. This was partly due to JLOS institutions implementing activities aimed at creating a strong, harmonized and consistent legal, regulatory and policy environment conducive for national development. The FY2016/17 progress registered against this objective is discussed in the section below

***Review and harmonize the legal and policy environment underpinning JLOS Service delivery for the realization of national development objectives***

The sector drafted 6 Bills and 7 Acts, 46 Statutory Instruments, 10 Legal Notices and 3 ordinances. A total of 20 laws were henceforth enacted in the reporting period. The Bills drafted and published include: (i) Bio Fuels Bill, 2016; (ii) International Conference for Great Lakes Implementation of the Pact on Security, Stability and Development of the Great Lakes Region Regulations 2016; (iii) Local Governments (Amendment) Bill, 2016; and (iv) Sugar Bill, 2016. The Sector simplified the Local Governments Act, Cap 243, the East African Customs Management Act, 2004, the Contracts Act, 2010. The simplification is done to ensure that provisions of the law are easily understood to facilitate a better understanding of the rights and obligations of the public. This in turn promotes awareness of the provisions of the law.

The Uganda Law Reform Commission revised four out of fifteen volumes contained in the laws of Uganda 2000 edition. Consultations on the revised laws with MDAs were conducted. It is expected that the revised edition (subsidiary laws) would be published in December 2018. A number of policies were developed during the reporting period. They include: Corrections Policy, CEWERU Operational Guidelines, Policy on Poison Information Management and the Uganda Police Force Gender Policy.

According to the World Economic Forum Report 2016, Uganda’s Index of Judicial Independence improved from a score of 3.41 in 2015/16 to 3.6 in 2016/17. As a result, Uganda moved 3 places in world ranking from position 91st in 2015/16 to 89th in 2016/17 out of the 144 countries. The improved performance was due to coordination, innovations in the administration of justice, increased capacity, greater geographical reach, and reducing political interference in the judicial process among others. The clearance for the Administration of the Judiciary Bill was obtained from the Ministry of Finance, paving the way for tabling in Parliament. The sector equipped the Uganda Law Society (ULS) Legal Resource Centre and retooled the Tax Appeals Tribunal (TAT).

However, the following challenges were noted during the reporting period: Some Courts were operating in rented premises which raises the question of fairness in the delivery of justice, where landlords and their kinsmen are in conflict with the law. The plight of GII magistrate, who, due to the policy shift are being phased out. There is therefore need to address the welfare of Judicial Officers, more specifically lack of transport, accommodation and low pay.

***Harmonize and enforce administrative service delivery standards***

In the reporting period, the review of Police Standing Orders was completed, the Police Disciplinary Court was strengthened through printing 2,000 copies of the Police Sentencing, Uganda police Force (UPF) adopted the use of crime preventers as a link to the community and a training manual for the Police Probationary Constables (PPC) and a syllabus for scene of crime officers were developed to harmonize training content in line with international best practice and to cater for emerging trends in policing and standardize the training systems.

The Office of the Director of Public Prosecution (ODPP) started the process of formulating the National Prosecution Policy and also re-branded itself to enhance its visibility before the public. The Directorate of Citizenship and Immigration Control (DCIC) completed the drafting of the National Migration Policy and Guidelines that was to be tabled in Cabinet. In the same review period, work was completed on the reform and re-organization of Registries and reports on the Current Registry Operations and Procedures produced. In addition, a Registry Operations Manual was produced and was awaiting validation.

As part of the effort to improve business processes, Uganda Registration and Services Bureau (URSB) captured 250,000 company files that are now easily accessible online. This has reduced the turnaround time in conducting searches and transparency in workflows by enabling the tracking of documents and processes reducing the chances of loss of submitted files and corruption. In addition, the Sector simplified the registration of Intellectual Property Rights including Trademarks, Copyright, Industrial Designs and Patents, by upgrading the Intellectual Property Automated System. The upgraded system enables faster registration of Intellectual Property Rights.

To improve the enforcement of laws, JLOS institutions conducted dissemination programmes for selected laws covering Commercial and Business laws and Human rights related laws. The Commercial and Business laws disseminated include: The Companies Act, 2012, Chattel Securities Act, 2014, Partnership Act, 2009, and the Hire Purchaser Act, 2009. The Human rights related laws that were disseminated include: the Domestic Violence Act, 2010, the Prevention and Prohibition of Torture Act, 2012, Public Order Management Act, 2010 and the Children (Amendment) Act 2016. The Sector also conducted awareness campaigns on the provisions of the East African Community Customs Union Protocol in order to equip users and duty bearers with knowledge on the Protocol.

The drafting of the Insolvency Practitioner Regulations was completed. In addition, through a MoU between the UPF and the URSB, Intellectual Property Enforcement Unit was established.

The Unit is to ensure detection and prevention of infringement of copyrights, engage with regulatory authorities like Uganda Revenue Authority (URA), Uganda National Bureau of Standards (UNBS) and other stakeholders in the protection against IP infringement.

In the review period, the Ministry of Finance Planning and Economic Development (MoFPED) cleared the Sector to present the draft National Transitional Justice Policy to Cabinet for consideration. The advocacy efforts targeted the Speaker of Parliament, Prime Minister, Minister of Internal Affairs and the Ambassador of the Netherlands to garner support in expediting the passing of the policy.

Increasing and improving access to justice through Local Council Courts has always been the most desirable option by Government for accessible and affordable justice at the Community level. In the reporting period, Local Council Court III officials were in place and elections of office bearers for the Village and Parish Local Councils were scheduled for November 2017. In addition, the Sector supported the training of 51 local council court desk officers and 50 alternate officers, drawing two participants from each of the 51 LGs in 46 districts, and 238 court members covering 40 Local Council Courts. The Sector undertook a study to inform the development of a national framework for the practice of informal justice in conformity with human rights standards and a smooth co-existence of the formal and informal justice systems in the review period.

In the period under review, JLOS played a role in creating a conducive legal framework for the free movement of labour, goods and services, the elimination of non-tariff barriers, specialized knowledge, skills and exposure to regional integration. This role was vital and enabled Uganda to reap its due share of the benefits of regional integration. In addition, a meeting was held to brief members of the East African Legislative Assembly (EALA) on the progress made by Uganda as a partner state of the EAC in regards to harmonization of laws to the Treaty establishing the EAC and protocol.

2. **Enhance access to JLOS services particularly for vulnerable persons**

In an effort to increase the access of JLOS services particularly to vulnerable persons, the sector registered an increase in the disposal of cases to 175,556, the highest number of cases the Judiciary in Uganda has ever disposed. This performance resulted into a reduction in the average length of stay on remand for persons charged with capital offences improving to 10.4 months against a target of 12 in FY2016/17. The increased case disposal too led to a reduction in case backlog from 35 percent in 2010/11 to 24 percent in FY2016/17 despite an increase in cases filed and the less than optimal number of JLOS officers involved in the administration of justice.

***Physical de-concentration of JLOS services:*** The sector invested heavily in construction of JLOS service infrastructure and by end of FY2016/17, 59.8 percent of the districts already had the basic infrastructure for all front line JLOS service points compared to only 30 percent in 2011. This presence reduced the distance people traverse in search of JLOS service points from an average of 75 km in 2011 to 15 km on average. This was however still less than the optimal 5km radius as per the sector target regarding access of critical frontline service points. In the reporting period, JLOS was present in 85 percent of the districts in the country in terms of basic service such as policing, prosecution, adjudication, probation, and prison services.

*JLOS infrastructure:* The JLOS House Project is a three in one infrastructure development project aimed at providing office accommodation that promotes coordination amongst JLOS institutions to offer better services leading to enhanced transparency, accountability and ethics in a purpose-built office park and civic centre and in green and intelligent buildings. It is a one-stop services centre designed to facilitate and improve service delivery and increase access to JLOS services. The project comprises of: (i) Supreme Court and Court of Appeal; (ii) The JLOS Towers and High Court; and (iii) The Police Headquarters to accommodate all the police directorates. The Stage- C designs prepared by the consortium of the private investor were approved by the Sector Leadership Committee. The consortium submitted the costed re-designs and negotiations were at commercial close stage.

To ensure functionality of the court, two Judges were appointed to serve the court, as well as secondment of staff from the Judiciary to support the Judges. In addition, a case management system that allows for tracking of cases was developed and computerization of the registries was done. In the reporting period, the court registered a disposal rate of 29 percent and a case clearance rate of 15 percent with the highest disposal rates in matters relating to mediation and labour miscellaneous applications (34 percent and 30 percent respectively). The performance reflects a steady improvement in disposal rates from 8 percent in 2014/15 to 14 percent in 2015/16 and 29 percent in 2016/17.

A total of 12,353 community service orders were supervised in 2016/17. This was 12 percent above the annual target of 11,055 orders for FY2016/17. In most cases National community Service Programme (NCSP) uses volunteers to prepare social inquiry reports due to a weak probation function in the districts of operation. It must be noted however, that the use of volunteers to prepare social inquiry reports is not sustainable.

In the reporting period, the Attorney General represented Government in various Courts and tribunals across the country. Fifty-four cases were concluded out of which 23 were won saving Government UGX. 198.155bn. Thirty cases were lost due to lack of witnesses and instructions from MDAs.

In the FY2016/17, 127,017 passports were issued, (54 percent male and 46 percent female passport applicants). The low number of passports issued was attributed to supply constraints of ordinary machine-readable passports in the fourth quarter of the FY2016/17 as it was envisaged that the country would transition to issuance of electronic passports by April 2017. The average lead time for issuance of passports improved from 10 working days to 7 working days; however, in the fourth quarter of the financial year, the institution experienced a shortfall in supply of passports.

The Directorate of Citizenship and Immigration Control (DCIC) expanded the e-Visa and e-Permit system to 5 more borders of Busia, Cyanika Elegu, Malaba, and Mutukula in addition to 15 Missions abroad and all Foreign service/consular officers in these Missions were trained on the operation of the e-visa system. The e-visa shortened the time of interaction with Immigration Officers and hence improved efficiency, effectiveness and built confidence amongst investors, tourists and other visitors to Uganda. As a result, the number of Visa applications received increased from a monthly average of 4,000 in the FY2015/16 to 7,000 in FY2016/17. The introduction of e-Visa and e-Permit system has improved lead time for issuance of work permits to 5 working days this financial year, compared to 8 working days in FY 2015/16. Visa applications, are processed and approved within 24 hours. The proportion of work permits issued to general employees reduced from 61.52 percent in FY2015/16 to 59.16 percent in FY2016/17. The investor to work permit ratio increased from 9.19 percent to 9.62 percent in the same period.

The National Identification and Registration Authority (NIRA) had by the close of the reporting period registered 23 million adult Ugandans for the National ID and 17.5 million had received their National ID cards. NIRA also facilitated the Uganda Communications Commission in the SIM-card registration process and the Public service with the verification of Civil Servants. In 2016/17 NIRA issued 43 percent of the total National ID cards, 82.7 percent of the birth certificates; 69.3 percent of the death certificates and 67.3 percent of adoption certificates. In addition, NIRA began the registration of Learners aged 5-16 years project in respective schools across the country. The target was to register 10 million students in both Primary and Secondary school.

In the reporting period, 793 law chambers were inspected against an annual target of 700 of which 726 were approved while 57 were not approved. The approved chambers were published in the major newspapers. This significant performance was due to increased number of lawyers setting up law firms but also the vigilance of the Law Council.

During the year under review, the sector embraced user empowerment as one of the avenues to grow the demand side of justice. This was done using service user guides, other publications, translation of laws, dialogues with communities, school outreach programmes; JLOS open days and awareness weeks, radio and televised shows and user committees among others. Sector institutions also translated information into local languages for the public.

The Sector set out to accord special consideration to the vulnerable categories of users. There was an increase in the proportion of small claims disposed of from 57.1percent in FY 2012/13 when the initiative started to 80.6percent in FY 2016/17 against a target of 80 percent. The number of children arrested was 7.9 per 100,000 child population as compared to 10.1 per 100,000 child population in 2010/11 and the percentage of children who received non-custodial sentences stood at 71.4percent against a target of 85percent Children diverted after investigations increased from 52.6percent to 80percent However, the number of children on remand per 100,000 child population increased from 1.5 to 2.1 against a target of 0.8. This was partly explained by the high number of capital cases in which children are jointly charged with adults and the slow investigation of cases coupled with lack of sureties for some juveniles to access bail.

In FY2016/17, the Police Form 3 (PF3) was redesigned to capture more information and Sector institutions were facilitated to set up Gender Focal Points. A gender Department was set up in Police and an SGBV Department was set up in ODDP. In addition, training of Attorneys, Police and Probation Officers in application of the Prosecutors Handbook and gender lens while handling prosecutorial work was done. In addition, the Sector institutions have mainstreamed HIV/ AIDS programming for both staff and clients through supporting Institutions to set up HIV/AIDS workplace policies, provide nutritional supplements and drugs and offer counselling services and support in setting up income generating projects.

As a result of the various programmes by key actors, the rate of crime reduced to 292 crimes for every 100,000 populations in 2016/17 compared to the baseline of 314 in 2010/11. The rate of adult recidivism dropped to 20percent from 28percent in 2010/11. Some of the interventions adopted to reduce recidivism are formal education, vocational training, rehabilitation and reintegration of offenders. The number of adults on formal adult literacy programmes increased threefold from 1,340 in the 2015/16 to 3,214 against a target of 6,000 due to limited investment in construction of classrooms and other facilities needed for conducting adult literacy programmes. This shortfall was more than compensated for the higher number of prisoners engaged in rehabilitation programmes which increased to 11,159 compared to 3400 in the 2015/16 and surpassing the target of 6,000.

With respect to road safety, there was a 34.6 percent reduction in the number of road accidents from 22,272 in 2011 to 14,557 in 2016/17. Of the 14,557 crashes 2,999 (21 percent) were fatal, 7,203 (49.5percent) serious and 4,355 (29.9percent) minor. The reduction in accidents can be attributed to the 'FIKA SALAMA' operations on all major roads and highways which saw 16,648 traffic offenders arrested and given various traffic penalties and the road side joint sensitization with Ministry of Works dubbed "Speed excites but kills" during the road safety week in December 2016. A total of 1,356 fire emergencies were recorded giving a 19% decrease compared to 1,675 reported in the previous year.

Domestic Violence cases increased by 21.4percent in 2016, with a total of 13,132 cases reported compared to 10,812 cases in 2015. Out of 818 cases taken to court, the prosecution secured 255 convictions, there were also 40 acquittals, 100 dismissals while 423 cases were still pending in court and CID had a backlog of 5,003 such cases under investigations. Further, DCIC completed construction of a holding facility for illegal immigrants at the Immigration Headquarters in compliance with International Standards for healthy and safe custody of illegal immigrants while under investigation. In addition, a forensics laboratory to examine and verify travel documents was installed.

*Legal aid policy and law:* The Sector continued to advocate for the approval of the legal aid policy and bill. The Sector ensured a functional legal aid system through improving standards of legal aid provision, complementing the pro-bono scheme and supporting provision of low-cost models of legal aid. In the reporting period, a total of 32,976 clients sought legal aid services from either Uganda Law Society, or Legal Aid Services Providers Network (LASPNET) members of which 75.6percent (24,936) received legal aid services representing an increase from 23 percent in FY2015/16.

*JLOS User- oriented Service Attitude:* During the year under review, the sector pursued and supported the transformation of its procedures by introducing and nurturing a service culture among its human resource and that of its partners. It ensured compliance with standards, increased staff motivation to serve, created awareness and pursued internal fairness and equity in resource allocation and incentive distribution.

### 3. Promote Accountability and the observance of Human Rights

There is increased individual and institutional consciousness and knowledge of human rights principles, standards and human rights accountability. The sector recorded a 45 percent reduction in complaints against JLOS institutions registered by UHRC. Similarly, the Sector exceeded the target with regard to disposal of corruption cases, with an 80 percent conviction rate. Most JLOS institutions returned clean audits an indicator that most of the recommendations of the Auditor General in the previous financial year were implemented. The FY2016/17 progress registered against this objective is as follows.

*Human rights observance in JLOS institutions:* In the review period, UHRC received 4,277 complaints out of which 1,008 (23percent) were registered while 3,219 (76.2percent) cases were referred to various institutions. This is a 27.4 percent increase in complaints registered compared to FY2015/16, an indication that points to increased public confidence in the UHRC. Overall, 67 percent of the alleged human rights violations were against JLOS institutions. The number of complaints disposed increased by 118.6 percent with 282 complaints disposed of compared to 129 in FY2015/16. This was largely a result of the full constitution of the Commission at the start of the year.

Complaints successfully concluded through mediation increased by 23.5 percent from 106, to 131 out of 200, resulting in a success rate of 65.5 percent. However, this was 46.5percent of all complaints disposed of by the UHRC compared to the annual target of 75 percent. This could be partly attributed to the resistance of parties to ADR and preference for tribunal hearings. Through the Tribunal, UHRC concluded 151 cases, 28.5 percent of the annual target of 530 for FY 2016/2017. This minimal performance was due to limited human and financial resources that were required to guarantee an increased number of simultaneous investigations and hearings at the tribunals.

In the UPF, 52percent of the 27 police regions had functional human rights desks. The non-establishment of the 6 additional Police regional human rights desks that would have increased the number to 22 affected inspections and monitoring of detention facilities in some police regions. Inspections found increased compliance with human rights standards in the handling of suspects at police, however, the challenge was the continued use of the “night soil bucket system”.

To further strengthen the human rights mechanisms, the Sector built partnerships with CSOs such as Foundation for Human Rights Initiatives (FHRI), African Prisons Project, among others, toward capacity building and improving the functioning of the Human Rights Committees and Desks.

The occupancy rate in Prisons now stands at 312percent (51,772) given the Prisoner growth rate that increased from an average of 8percent in FY2015/16 to 9.2percent by June 2017. The Prison congestion therefore stood at 212percent in excess of the holding capacity of prisons countrywide. The average prisoner population exceeded the projected Prisoners' population of 49,900 for FY 2016/17 by 1,872 prisoners, with a daily average of 51,772 Prisoners by the end of the financial year.

Enhanced external accountability has been critical in contributing to the improved public confidence and trust in JLOS services and processes. During the FY under review, mortality rate in places of detention reduced considerably to 0.75/1000 compared to the targeted of 1.5/1000. The UHRC inspections of 1,516 places of detention centres including 218 prisons, 396 Police stations, 885 police posts, 11 Military detention facilities and 6 remand homes revealed improved living and welfare conditions. The findings indicate that 85 of detention facilities had completely phased out the bucket system and 165 had phased out the use of the bucket system during day but were still using them at night. This included 27 prisons, 45 police stations and 93 police posts. Although there was improvement in the elimination of the bucket system in Prisons, not much was done in Police. Furthermore, inspections revealed overcrowding in both police and prisons, inadequate cells for juveniles, limited feeding of suspects in police cells, and irregular court sessions. These directly and indirectly violated the rights of persons who were subject to the justice processes.

In addition, regulations for the Prevention and Prohibition of Torture Act were finalized and these were due for publication in the Gazette. This was anticipated to enhance the implementation and enforcement of the personal liability law in respect to acts of torture perpetrated by mainly public officials such as Police Officers, and private individuals. Furthermore, various fora and platforms for regular engagement between JLOS institutions and users of JLOS services proved very effective in enhancing external accountability and shaping justice reforms. These included: Quarterly Court Users committee meetings and JLOS Working Groups. These generated enriched discussions and the development of contextually relevant remedial action.

With respect to internal accountability, JLOS ensured the availability of functional systems and mechanisms to track results, provided for performance assessments/peer reviews, detected and investigated cases of errant JLOS staff, sanctioned abuses and rewarded excellent performers. By end of the year under review, six functional performance management systems were in place, and recommendations from the JLOS Inspectors' Forum were implemented. The Sector also implemented recommendations from the JLOS Integrity Committee. Further, all JLOS staff performance is monitored through the annual appraisals, quarterly performance reporting, and conduct of periodic M&E to assess delivery of set performance benchmarks.

During the reporting period, the Council's Disciplinary Committee concluded 114 complaints against Advocates and Clerks in 42 sittings. In addition, in the reporting period, 1,032 law chambers were inspected over and above an annual target of 700. This significant increase was due to a large number of lawyers setting up law firms, the vigilance of the Law Council members,

The Judicial Service Commission completed 287 cases; 115 cases where closed by the Commission indicating 115percent clearance rate; 172 cases are pending consideration by the full Commission and 229 cases are pending consideration by the Disciplinary Committee.

*Anti-corruption measures:* Implementation of the JLOS Anti-Corruption Strategy, the Public Service Standing Orders, and above all the comprehensive national anti-corruption legislation is the focus of the Sector's anti-corruption initiatives. JLOS institutions have developed and are implementing customized institutional Anti-Corruption Action Plans. These include the Judiciary, the ULS, and the UHRC. Others such as the ODPP, URSB, and the Uganda Police Force are in advanced stages of completion of institutional anti-corruption plans of action.

In FY2016/17, the Anti-Corruption Division (ACD) posted the highest case clearance rate (89percent) and case disposal rate (42percent) among all the Divisions of the High Court. A total of 210 cases were completed, leaving 291 cases pending in the system. It was noted that the ACD did not meet its annual target due to the complexity of the corruption cases and multiplicity of interim applications and forum shopping in most of the cases aimed at derailing trial processes account for this. The sector strengthened the zero tolerance to corruption policy through civic awareness creation campaigns aimed at promoting transparency and empowering communities. The Sector institutions, including JSC, ACD and URSB among others provided information to the public on rights, procedures, fees or charges, complaints registration processes and management systems (including the toll-free lines).

The International Crimes Division was fully operationalized with a registry and support from specified units of the ODPP and the UPF (War Crimes Investigations Unit.) during the FY2016/17. The Sector progressed in making the formal system work to hold the perpetrators accountable. Relatedly, the Sector planned to increase the disposal rate of cases in post conflict areas of Northern Uganda from 48percent in 2010/11 to 62percent in 2016/17. The disposal rate by the end of the reporting period was at 15percent which falls far short of the target. This was due to the limited number of staff and inadequate tools of work especially in terms of transport and legal reference materials.

### 4.5.6 DEFENCE AND SECURITY

The Defence and Security sector is responsible for defending and protecting; people and their properties, the sovereignty and territorial integrity of Uganda, as well as ensuring peace and security for socio-economic development. The FY2016/17 progress made against these focus areas is discussed below.

1. **Improve capability of defence and security forces**

The Ministry continued to undertake projects of strengthening its capability by procuring necessary logistics in the right quality, quantity and time for staff including those in African Union Mission in Somalia (AMISOM). The sector also refurbished, maintained and operated Aircrafts at the desired levels. In the review period, bulky procurement of necessary logistics for the soldiers both in operations and non-operation areas was undertaken.

During FY2016/17, efforts were made to establish a National Defence College (NDC) and Institute for Security Studies (ISS) by having it embedded in the Public Investment Plan (PIP). A project concept paper was developed and Project sites to house the NDC identified. A committee to spearhead its implementation was established. In addition, the National Defence College (NDC) structure was developed and discussed in the draft Uganda People's Defence Force (UPDF) establishment. However, this has not progressed as planned.

The sector implemented its training Programs and thus enhanced capabilities of soldiers through trainings in various courses, including basic military courses, leadership, specialized and command courses. 8,873 persons were trained abroad and locally respectively which fell short of the NDP2 target of 12,000 for FY2016/17. Further, 3,000 recruits were recruited and trained at RTS-Kaweweta.

**2. Strengthen internal and external security**

The sector security agencies collected intelligence information, generated and disseminated various Intelligence Reports (810) which was above target (365) for FY2016/17. This was attributed to the acquisition of an extra budget support, acquisition of assorted classified equipment and opening of new stations and deployment of more human and technical resources to aid intelligence collection and neutralized security threats. Additionally, security awareness sensitization programs for communities and also monitored various Government programs were also conducted during the review period.

The country remained stable throughout the year under review. This was partly dependent on the coalition of all the security forces in the country that is Joint Intelligence Committee (JIC), Joint Operations Committee (JOC), National Security Council (NCS) and Joint Anti-Terrorism (JAT) that ensured collaboration between the security forces in the country.

**3. Enhance defence and security infrastructure**

In FY2016/17, the sector initiated the shifting of Air Force headquarters from Entebbe to Nakasongola under Phase one. The defence ministry secured and undertook major repairs at Nakasongola Airbase runway, fenced and deployed mobile communication equipment, renovated 2 blocks of flats for Air force staff, constructed and commissioned Air Defence Radars with a newly constructed road network. Negotiations were underway with Civil Aviation Authority (CAA) to fund some infrastructure at Nakasongola.

Two operation centres were constructed at Bombo and Chief of Military Intelligence (CMI) headquarters in FY2016/17. In addition, a number of various projects were undertaken across the country under the APRRP project, Mbuya SHQs parking yard, IGME stores, Upgrade of Uganda Military Engineering College (UMEC) to East African Community (EAC) standards. Construction works were undertaken on 03 blocks for Dental clinic and Out-Patient Departments (OPD) at Lower Mbuya and commissioned Intensive Care Unit and Officer's ward at Bombo Land Forces during the FY2016/17. Further, procurement of the contractor was completed for the construction of the Military Referral Hospital at Lower Mbuya. However, all these efforts fell short of the NDP2 target of 10 military referral hospitals/health centres (HC III) constructed in the FY2016/17.

**4. Enhance Research and Development (R&D)**

During the FY2016/17, the defence ministry undertook phase one on the development of UPDF Standards that shall be a critical component of Research and Development (R&D) in the Defence Sector. By end of FY2016/17, improvement in innovation and prototype development was on-going under the recently restructured Luwero Industries Limited (LIL) and National Enterprise Corporation (NEC) but below the NDP2 target of 40 percent increase in Prototype developed for the FY2016/17.

**5. Enhance production for wealth creation and self-sustainability**

In the review period, the sector cleared and ploughed the land for agriculture farming under the Katonga farm project. This is a mechanised farm well equipped to carry out mechanised agriculture. However, the NDP2 target of 4 value addition agriculture facilities established in the FY2016/17 was not met. The sector consistently funded the Uganda Air Cargo Corporation (UACC) in its operations during the FY2016/17. Efforts were also made to enable Veterans engage into productive activities across the Country. Further, NEC engaged in the production of various items ranging from furniture, tractors, water production, cattle fattening projects and pharmaceuticals.

The sector continued to operate UZIMA Water Ltd during the FY2016/17. In addition, the sector engaged in production projects that include: furniture, cattle fattening and pharmaceutical. Despite all these interventions, the percentage of defence industrial production to GDP of 1.2 in the FY216/17 was not achieved. The sector embarked on the development of UPDF Standards during the FY2016/17 to cater for the management of construction and infrastructure development under Joint Standard Operating Procedure 4 (JSOP 4). These efforts fell short the NDP2 target of 3 regulatory frameworks planned to be developed and disseminated in the FY2016/17.

**6. Establishment of National Service**

The objective was planned to be achieved through; developing and implementing a National Service System and Reviewing policies and legislation for the reserve force. However, by end of FY2016/17, there was no progress reported on the planned interventions.

**7. Improve Administration, Policy and Planning**

The Ministry of Defence (MoD) undertook two Policy reforms including development of draft UPDF Amendment Bill, 2017 and the review of the 1992 NRA Establishment. The sector provided welfare to the troops and their families in order to boost their morale. This included: timely payment of salaries, allowances and other emoluments, provision of medical care and formal education for the Troop’s children. In addition, the Ministry in a bid to improve its Medicare procured more Ultra sound systems and scanners, X-ray, biomedical lab, theatre, dental equipment and 04 pieces of oxygen concentrators.

During the FY2016/17, the Human Resource Development Plan for Civilian Staff was developed and the UPDF Career Progress report including retirement schedule was established. This focused on staff training and skills development which involved conduction of 09 seminars on performance management, training on EASF courses, training of secretaries and drivers on refresher course, conduction of 04 training groups on skills improvement. Other staff officers underwent training in various courses at different colleges and Universities.

The Ministry continued promoting and strengthening various interventions to prevent and control the spread of HIV/AIDS through health education and sensitization of the Force during the FY2016/17. Several seminars were undertaken targeting widows of fallen comrades and soldiers on prevention and control of HIV/AIDS. Furthermore, UPDF Spouses desk partnered with the directorate of HIV and AIDS to conduct skills development training for Adolescent Girls and Young Women (AGYW) in Mubende Rehabilitation Centre and 4$^{th}$ Division headquarters Gulu. The ministry carried out HIV/AIDS control program which included sensitization and screening of recruits; circumcision of 120 children of soldiers and 9713 adults.

The Ministry attended 02 Equal Opportunities Committee meetings which forms a fundamental role in the Ministry. It also equally participated in missions and courses both in-land and abroad to concretise gender and equity, adhered to laws and policies that guard against women exploitation. Human rights were promoted through attending a number of trainings and conferences.

## 4.6 INCLUSIVE GROWTH

### 4.6.1 SOCIAL DEVELOPMENT

The Social Development Sector objectives are focused on empowering communities to harness their potential through skills development, labour productivity and cultural growth for sustainable and gender responsive development. To achieve this, the sector promotes community level action to reduce poverty and facilitates necessary conducive environment for other sectors to effectively deliver services to all sections of the population. The key role of the sector is to promote the rights of the vulnerable and marginalized groups and catalyze them to appreciate, demand and uptake social services.

The Social Development Sector (SDS) has an important role in contributing to sustainable reduction of poverty and income inequality through various programmes that have direct impact on the poverty status of the vulnerable and marginalized groups. The sector focuses on seven (7) objectives whose progress is as follows.

**Labour, Productivity and Employment**

1. **Promote decent employment opportunities and labour productivity:**

*Promotion and regulation on externalization of Labour***.** The sector had four (4) Bills drafted for amendment of labour laws and three Statutory Instruments and Regulations issued. Other achievements in line with regulation of migrant workers include: developed guidelines for Internal Recruitment Agencies; developed a process document for online licensing and monitoring of internal recruitment companies; and established an Inter-agency Labour Help Desk at Entebbe Airport. Furthermore, three (3) bi-lateral draft agreement for Oman, Bahrain and Kuwait have been developed and submitted to Ministry of Foreign Affairs (MoFA). The number of recruitment agencies licensed in 2016/17 were 35 against the targeted 40 agencies making the total of 101 external recruitment companies licensed. The numbers of job seekers placed by external recruitment agencies were 600 in 2016/17. The number of follow up visits conducted to labour receiving countries were three (3) against the 5 targeted. Quarterly Anti trafficking Inter-Ministerial Meetings have been held to promote inter-agency cooperation.

With regards to compliance to Occupational Safety and Health at Public and private workplaces and working environment, this was strengthened with a functional industrial court. By the end of FY2016/17, 206 complaints and disputes were received and settled by the headquarter from targeted 200; 290 cases of labour complaints referred to industrial court; 924 OSH and 76 Labour inspections undertaken; 749 Workplaces inspected and registered against the target of 1,123. A total of 1,055 statutory equipment was examined and certified against 286 targeted; A total of 52 architectural plans reviewed against 25 targeted; 53 EIAs and 15 E-Audit reports reviewed out 10 targeted. The achievements have been due to increased sensitization, trainings of labour officers and collaboration with partners like KCCA and NEMA. The industrial court has been strengthened with 400 cases of disputes settled and arbitrated in 2016/17. More cases would have been heard if the two judges were hearing cases separately as proposed under the draft Bill. There would be 5 Judges instead of 2 judges.

The report of Minimum Wages Feasibility study was submitted to Cabinet in the reporting period. The last time Uganda set a minimum wage was in 1984 when this was set at Shs6,000 per month, which has remained in force to this day. However, there were attempts in 1995 when the Minimum Wage Advisory Council recommended a Sh75,000 minimum monthly wages for unskilled workers, but this was never implemented. Uganda as a member of the East African Community is required to comply like the other member countries to have a functioning minimum wage. Kenya, the region's biggest economy's minimum wage is set by the government by location, age and skill level; the lowest urban minimum wage was Kshs10,107.10 (Shs330,000) per month, and the lowest agricultural minimum wage for unskilled employees is Kshs5,436.90 (Shs178,500) per month, excluding housing allowance.

Government collected UGX 1.57Bn in NTR against 2Bn target from Workplace registrations, Statutory certifications and Plan approvals.

The number of labour force employed (working age population) has increased from 6,670,080 in FY2015/16 to 6,977,500 in FY2016/17. There has been also promotion of creative industries for job creation especially for young people and 712 industries have been mapped.

Government in the NDPII period planned to increase decent job creation, occupational safety and health at public and private workplaces from 500 in FY2012/13 to 1800 in FY2016/17. The target is still way below what is attained in FY2016/17. This is attributed to slow job creation opportunities, limited inspections due to few, poorly trained and under facilitated district labour officers and lack of minimum wage implementation in the sub-sector.

**Community Mobilization and Empowerment**

2. **Enhance effective participation of communities in the development process**

The thematic area is responsible for empowering communities to participate and implement development programs; provide functional skills to non-literate adults and promoting reading culture among communities; strengthening community information systems and structures for mobilization; harness cultural diversity and support institutions of traditional and cultural leaders; and strengthen the family institution.

Community Development and Literacy: The expansion of public Libraries and Telecentres established and equipped increased from 1,742,841 in FY2015/16 to 2,450,841 in FY2016/17. Two (2) Public Libraries and Telecentres were established and equipped. Under FAL programme by 31st December 2017, a total of 228,140 Adult learners (220,194 F and 107,947 M) were enrolled and out of these 171,191 learners (121,955F and 49,236M) were able to complete the learning cycle of 9 months. This has improved their literacy and numeracy skills. Sixty-six (66 percent) of adult learners are able to access and utilize credit from Micro Finance Institutions. In addition, 32 Public Libraries have been supported through inspection, distribution of books and conducting a Regulatory Impact assessment (RIA) while ICT in Public Libraries project was implemented in 3 public libraries of Pallisa, Nakaseke and Hoima by providing them with 10 computers, 1 scanner and 1 printer. However, nothing has been done to put in place a modern National Library as planned in NDPII.

A savings culture has been inculcated among 1,638 (1,293 F, 345 M) participants in 60 CEGs in Iganga, Mpigi and Namayingo ICOLEW Districts under the promotion of community driven initiatives (CDI) for improved livelihoods. However, more LGs need to be targeted as well.

Limited efforts have been geared towards strengthening mechanisms for planning, implementation and monitoring of services and community level initiatives**.** However, 4384 participatory planning sessions were conducted in 2015/16. A top up revolving fund of 28,660,000/= has been disbursed to boost CEGs' loan portfolio for Namayingo and Mpigi districts under Community Development Initiatives (CDI) for improved livelihoods.

Culture and Family Affairs. The ministry has continued to support 14 Traditional or Cultural Institutions. A number of outreaches programmes were carried out, exhibitions as well as annual festivals held such as JAMFEST among others that promote Art and culture. However, limited efforts have been geared towards strengthening the family as a social unit for wealth creation despite celebrating the International and national family day and producing the National Parenting guidelines. More emphasis is required on the planned activities for mobilizing and facilitating communities to appreciate, demand, own and sustain personal and national development programmes; developing a Modern National Cultural Centre, expedite the enactment of a new comprehensive Law on Culture and review the Uganda National Culture Policy, 2006.

**Social Protection for Vulnerable Groups**

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

*Social Assistance Grant for Empowerment (SAGE).* There has been increased access of social assistance grant to vulnerable groups specifically the number of elderly (senior citizens) accessing grants. The SAGE programme was rolled out to 20 new districts in FY 2015/16, and subsequently 5 new districts will be added every Financial Year until 2019/20. In FY 2016/17, a total of over 25,000 new beneficiaries were enrolled and received partial payment in 25 new Government financed districts namely: Abim, Agago, Amolatar, Amuria, Bundibugyo, Gulu, Kaabong, Kamuli, Kayunga, Kibaale, Kisoro, Koboko, Kotido, Kween, Lamwo, Mayuge, Nakasongola, Namayingo, Pader and Pallisa. Preparations are currently underway to bring on board beneficiaries from the new districts of Amuru, Bugiri, Kabale, Kitgum and Nakaseke in the FY 2016/17.

*Disability.* The share of Persons with Disability (PWD's) in Uganda's population is estimated at 16 percent as of December 2016. In FY2016/17, 180 PWDs were supported, cared for and protected. Government also provided food and non-food items to a total of 1,168 children in children institutions. Only 173 youth with disabilities were trained in vocational skills in 4 Vocational Centres i.e. Lweza, Mpumudde, Kireka and Ruti. Under Community Based Rehabilitation Programme (CBR), support to 1,500 households of PWDs in 26 districts (psychosocial services, training on home-based care and management of disabilities done, provided corner seats/parallel bars, linked PWDs to referral services and existing livelihood programmes. Finalizing the process of take-over of Mpumudde Home of the Elderly in Jinja (already providing logistical support in e.g. food, first aid drugs etc.)

Under the Northern Uganda Social Action Fund -NUSAF 3/OPM, social protection is provided for labour intensive public works (LIPW), disaster risk financing (DRF), improved livelihood income support (ILIS) and sustainable livelihood support (SLP). Beneficiaries reached under NUSAF were 167,416 of which 56 percent (78,387) were female. LIPW Beneficiaries earned UShs.4.2Bn and saved UShs.1.5Bn from 1,012,702-person days of work while Disaster Risk Financing (DRF) Households earned UGX. 4.7Bn and saved UShs.1.3Bn from 865,792-person days of work.

*Children Affairs:* Promote access to social care and support services including OVC, PWDs and older persons -137, 000 people gained from social care support against the planned 3,800,000 while still 250 community institutions providing care and support to vulnerable persons did not change.

The sector ensured reduction on cases of abuse, violence, exploitation and neglect among the vulnerable groups - MGLSD operates 6 Remand Homes (Mbale, Naguru, FortPortal, Kabale, Arua and Gulu), 1 National Rehabilitation Centre (Kampiringisa) and 1 Reception Centre (Naguru). 1,266 children (1,154 boys 112 girls) were provided social welfare in the Institutions. In addition, some of the children receive skills training in various trades as part of their rehabilitation programme.

Mechanisms established to address protection and response to children continued under the UGANDA CHILD HELPLINE (SAUTI 116) and 33 District Action Centres were established with support from UNICEF. Other interventions were training of 68 Officers (55 Police, 10 CDOs & 3 Prisons) in specialized investigations & response to sexual violence against children, set up 2 Child Safe Corners in 2 Health Facilities (Rutete HCIII & Bigodi HCIII); 32 Health Workers trained in standards & guidelines for medical examination of victims of child sexual violence; enrolled 802 adolescents in empowerment and livelihoods for adolescent clubs; and 24 Community Psychosocial SGBV Facilitators trained on Referrals of Child abuse. The National Council for Older Persons continued to be supported and operational.

To promote equity and social inclusion, concerns of vulnerable children, PWDs and older persons were mainstreamed into all sectors and at all levels and various laws, policies and programmes promoting rights of the vulnerable groups were developed i.e. the National Child Participation Strategy, the Gender and Equity Strategy for Social Protection Strategy, Persons with Disabilities Bill 2018 approved by Cabinet and is due for Gazetting and tabling in Parliament; Principles for Social Impact Assessment and Accountability Bill submitted to Cabinet; developed the Children Policy and Action Plan; and developed a Concept and Principles for the National Youth Service Scheme among, others.

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

Young people under ULP and YVCF were provided with employable skills while three (3) Youth Skills advisory centres were established to provide skills to the youth. About 197,728 number of youths were engaged in economic and social business against the 3288 target for 2016/17. The UYL beneficiaries were 20,207 in 2016/17 against the target of 61,200 making it about 33 percent progress.

Female participation under YLP was at 46 percent (90,9550) of the beneficiaries. A total repayment of USh. 20.623Bn (67.4 percent) of USh. 30.590Bn that is due and the revolved USh.7.956Bn of the funds repaid, to finance 897 new projects (10,286 youth). A National Programme Review was conducted, YLP-MIS rolled out to 98 LGs and improvement measures agreed to carry out an impact evaluation commencing in September, 2018.

MGLSD took over the responsibility of overseeing the Youth Venture Capital Fund (YVCF) from MFPED in May 2017. The fund is being administered through Centenary Bank. The fund access criteria has been relaxed including reduction of interest rate from 15% (flat rate) to 11% (declining balance).

**Gender Equality and Women Empowerment**

5. **Promotion of rights, gender equality and women's empowerment in the development process**

Over 81 percent of the sectors (13 out of 16 sectors) have been supported and mainstreamed gender and equity concerns in their policies, development plans and programs against the planned in 2016/17. In response to prevention of GBV incidences targeted 17 GBV shelters and advisory centres established with 2,234 survivors - 96% women accessed holistic services including legal, psychosocial and physical support at the GBV centres. On the legal support, 32 civil cases were filed; 673 cases were settled through alternative dispute resolution. 92 survivors were reintegrated into nonviolent community environment (Kamuli and Namutumba).

As regards to women participation in governance, the Uganda Women's Forum was launched in 2017 and mobilized and sensitized women on LCs and National Women Council elections where 35% of the 60,800 LCIs Chairpersons are women.

Under the Uganda Women Entrepreneurship Programme (UWEP), 6,072 projects have been financed. 76,628 women beneficiaries have been supported with capital and the recovery rate stands at 62.7% of the total amount due. Of these, 68 groups have repaid 100%. The recovered funds will revolve to other women groups. UWEP has also supported 185 projects (2,222 women) with business skills in areas of book keeping, financial management, marketing and savings mobilization skills in 2016/17.

However, data to show how many LGs that had established initiatives to prevent and address child marriages, women in leadership positions, GBV cases reduced annually was not readily available as per NDPII interventions.

**Policy, Planning and Support Services**

6. **Improve the performance of the SDS institutions**

In prioritizing strengthening the institution, infrastructure development focused on renovation works at Naguru Reception centre, Mbale, Fort Portal and Jinja Remand Home; PWD rehabilitation centres; Kampringisa Songhai Model Site and civil works at the Council building and Industrial Court, Ntinda.

The staffing levels was at 76 percent from 43 percent in FY2015/16 at the MGLSD and Institutions and while agencies, departments and institutions were retooled and staff equipped. The sector has a number of functional MIS databases developed and maintained but the sector embarked on the process of putting in place a single registry MIS in place and operational.

**Equity and Rights**

7. **Reduce imbalances and promote equal opportunities for all**

To enhance effective participation of the marginalized in social, economic and political activities for sustainable and equitable development, 2 public dialogues were held against the planned 200 and various public awareness campaigns were held in 2016/17.

The numbers of Tribunal sittings conducted were 16 against the planed eight (8). Eighty-five percent (85%) of Investigations were handled out of the complaints and petitions received by the Commission. The capacity of partners, Departments and Organisations was strengthened focusing on resource planning and budget tracking.

The Commission assessed 17 sectors of which 16 passed the assessment (50% minimum). A Compendium for the 17sector specific gender and equity requirements was developed and disseminated and trained at least two (2) representatives from each Vote of the 12 sectors in gender and equity planning and budgeting.

### 4.6.2 SUB-NATIONAL DEVELOPMENT

Uganda's Decentralization Policy was introduced by Government in 1992 in order to enable citizens have more voice in determining and managing their affairs (democratic governance) and to improve on the provision of services (social and economic welfare). Although the decentralization policy is acclaimed to be popular, most especially with its best practices, a number of challenges and inconsistencies in service delivery and program management approaches remain daunting. The challenges include, but not limited to, low levels of local development amidst significant increases in central government transfers to Local Governments; dwindling local revenue generation, narrow revenue and tax bases for Local Governments, low savings at household and individual levels, limited local and community enterprise development due to lack or absence of relevant infrastructure and continued mindset of LG that their role is service delivery than the broader orientation of facilitating wealth creation for economic development[16].

NDPII thus identified Sub-national development as the transformation of LGs into vibrant economies capable of delivering quality services to their communities and generating local revenue sustainably. Progress against the specific objectives and interventions identified in the NDPII is discussed below.

1. **Improve the decentralization system**

The Ministry of Locla Governmnet finalized the development of guidelines for implementing new structures which were issued in FY2015/16. The guidelines were disseminated to all local governments during the period under review and effective FY2017/18, all recruitments in the LGs are to be based on the new approved structures.

[16] National Local Economic Development Policy, 2014

In FY2015/16, all the baraza meetings (32) that were planned to be held in 32 districts countrywide were implemented. However, during the period under review (FY2016/17), out of the thirty-two (32) baraza meetings planned to be held, only 28 meetings were implemented, this was due to insufficient release of funds. The Districts where the meetings were held include; Kanungu, Bundibugyo, Gulu, Mitooma, Kibaale, Kabale, Bugiri, Apach, Kiboga, Namayingo, Sembabule, Pader, Masaka, Amolatar, Manafwa, Kween, Kibuku, Mubende, Masindi, Ntoroko, Bushenyi, Adjumani, Mukono, Mbarara, Kitgum, Yumbe, Kapchorwa, Kaliro and Kyegegwa.

During FY2016/17, the sector undertook trainings for all Local Government Finance Commission (LGFC) staff in various technical areas to enhance their performance. The trainings were in the areas of Policy Research Consultancy Management; Records management in the public service; Procurement Management; Pre-Retirement Planning and Supervisory Management. Thirty (30) members of staff were also trained in the online transfer management information system (OTIMS).

2. **Improve the functionality of the LGs for effective service delivery**

Cabinet approved the community development policy in which LGs were urged to fill positions of CDOs and facilitate them to perform their duties. In FY2015/16, 50 percent of Parish Chief Structures were filled and during FY2016/17, approximately 72 percent were filled (out of the total 6935 posts for parish chiefs, only 2515 were vacant). Following the evaluation of Uganda's decentralization policy and production of the review report, 167 LGs were implementing the proposed reforms and amendments of this report by the end of FY 2016/17 as compared to 133 LGs that implemented the reforms and amendments during FY2015/16.

During the period under review, Public Service Inspection ROM and OOB framework was rolled out to 8 Local Governments which included; Adjumani, Bundibugyo, Ntoroko, Buliisa, Bushenyi, Kabale, Kasese and Rubirizi.

Also, the sector conducted support supervision and monitoring in (11) districts out of the planned 50 districts. The districts included; Kitgum, Gulu, Omoro, Amuru, Oyam, Rukiga, Kyotera, Pakwachi, Paliisa, Bunyangabo and Namisindwa. Under performance was attributed to under release of funds for monitoring activities. Out of the targeted 115 districts, only 17 were inspected under routine inspection this was attributed to late release of funds for the activity. Technical support was provided to 41 Mayors of MCs against the planned 104, this was due to limited resources and 16 out of the planned 20 districts and 17 out of targeted 18 urban councils were supported with interventions in financial management and accountability as planned. Twenty (20) district LGs of Rubanda, Buliisa, Lamwo, Agago, Arua, Omoro Kagadi, Kibaale, Kitgum, Amuru, Lira, Kween, Ibanda, Apac, Nebbi, Kamuli, Njeru, Mityana, Mubende and Lugazi were supported on budget formulation as planned. They were equipped with skills in Planning and budgeting.

The sector also, issued guidelines for the Local Government Budget Process under Fiscal Decentralization Strategy Modality.

3. **Increase local investments and expand local revenue base**

As part of local revenue enhancement initiative, 10 districts and 10 urban councils were supported on local revenue enhancement activities and 32 LGs were provided with skills to establish Local Revenue Databases as planned. Twenty (20) LGs were also provided with hands on support in the establishment of Local Revenue Databases to ensure the databases were updated and payments captured into the system.

In FY 2014/15, the Local Economic Development (LED) policy was finalized and the ministry installed 153 assorted value addition facilities with funding under CAIIP. During FY 2015/16, Twenty (20) LGs were convening business investment meetings on annual basis and 40 districts were implementing LED related laws and ordinances arising from the continuous support to implement the LED policy. During the period under review, a new department for LED was approved as part of the MoLG staff structure although, no recruitments were made.

4. **Improve environmental and ecological management in LGs**

There was a zero-percentage increase in adoption of sound environment and climate change practices for FY 2016/17, maintaining a 16-percentage increment of 33 percent in FY2015/16 from 17percent in 2013. However, promotion of wetlands' conservation and management continued in local governments during the period under review.

5. **Promote wetlands' conservation and management**

One hundred sixty-seven (167) local governments implemented Environment Action Plans in FY20161/17 as compared to 156 LGs that implemented Environment Action Plans during FY2015/16, up from 90 in 2013. During the period under review (FY2016/17), the Ministry of Local Government's task force was trained to support LGs in mainstreaming climate change interventions in their Plans and budgets.

6. **Improve planned urban development**

Implementation of physical development plans by urban councils during FY2016/17 was 100 percent (by all the 217 Town Councils and 41 Municipal councils) as compared to a proportion of 40 percent in FY2015/16. The budget for support to national physical Development planning increased from 1.1 billion in FY 2015/16 to 3.2 billion for FY 2016/17, having a big increment of about 300 percent. In addition, the number of urban councils implementing the Physical Planning guidelines and standards increased from 196 in FY2015/16 to 222 in FY 2016/17, this resulted from the support offered to prepare and implement strategy using local knowledge and financial resources. Also, the National Urban Policy was approved by cabinet during the period under review.

7. **Increase financing and revenue mobilization of LGs to match the functions of LGs**

In FY 2016/17, the LGFC did not identify new sources but identified legal provisions that required amendments to increase on the revenue base. The legal requirements were identified and proposals made and submitted to relevant ministries and departments. Local Government staff were also trained in skills for the administration and management of property rates (tax), computerization of local revenue sources registers, determination of reserve prices for outsourced revenue collection, customer care (where customers are the tax payers), cost benefit analysis undertaken during work plan development, etc.

The review of grant allocation formulae that was embarked on at the end of the FY2015/16 was completed during the period under review and now, LGFC has a revised grants allocation formula whose implementation has already started. The major challenge with the new formula causing complaints is that it resulted into some local governments gaining from the reform and others losing based on the FY 2015/16 budget allocation as baseline. It required UGX144bn to implement the new formulae where there would be no losers to eliminate the complaints. However, the funds were not availed in the budget for FY 2016/17.

# CHAPTER FIVE: SUMMARY OF THE MANIFESTO PERFORMANCE

## 5.0 Introduction

The NRM Manifesto, 2016-2021 is the roadmap for Uganda and her people on the journey to attain the middle-income status. The Theme of the 2016 Manifesto is: ***Taking Uganda to modernity through job-creation and inclusive development***. It's the fifth NRM Manifesto since 1996. In July last 2016, H.E christened this term "Hakuna Mchezo" that means no jokes or laxity. The Manifesto and the National Development Plan (NDP) operationalize the Uganda Vision 2040 through the National Budget. In the five-year horizon, the NRM focuses on the following: Security, Good Governance and Democracy; Growth, Employment and Macro-economic Stability; Public and Private Sector Institutional Development; Agriculture; Industry; Human Capital Development; Culture; Entertainment; Labour and Employment; Tourism; Harnessing Natural Resources; Trade; Information and Communication Technology; Infrastructure Development; Lands, Housing and Urban Development; International and Regional Co-operation.

**<u>Strengthening security, good governance and Democracy</u>**

1. The Force is steadily moving towards professionalization through further improvement of the capability of the force by including acquisition, maintenance of equipment and human capital development. The UPF has expanded in terms of structure and also numerically to improve service delivery. In terms of numbers, the Force's strength has steadily been built through recruitment from 14,000 in 2005 to 44,601 in 2016. Heavy investment has been undertaken in the areas of Construction, Marines, ICT, Field Force Unit, Fire equipment, Forensics, CT, Public Order equipment, IBIS, aerial equipment etc., to facilitate mobility of the Force, scientific investigations, and intelligence gathering.
2. The NRM has continued with economic and political emancipation of women in Uganda, especially by ensuring the education of girls. This has been possible: (i) through the Uganda Women Entrepreneurship Programme (UWEP), where women are now able to generate income to support their children in school particularly girl child. (ii) Addressing Gender Based Violence (GBV) and Female Genital Management through implementing the National Policy on Elimination of GBV in Uganda so as to keep girl child in school. (iii) trained 136 women legislators of the 10th Parliament to equip members of Parliament with appropriate knowledge and skills for effective gender responsive legislation
3. The Ministry of Gender Labour and Social Development provided loans to youth for self-help projects under YLP. The sector scaled up the Youth Livelihood Programme (YLP) to all districts and revitalized the youth venture capital fund with one bank.

**<u>Consolidating growth, employment and macro-economic stability</u>**

4. The NRM government continues to prioritize maintenance of macro-economic stability through continued pursuance of prudent monetary policies that support growth and low inflation. Both core and headline inflation have remained with the target of single digit for most of FY2016/17. As at

end of June 2017, core and headline inflation stood at 4.9 percent and 6.4 percent respectively. Despite the continued easing of monetary policy reflected in the continued reduction in the Central Bank Rate to 10 percentage points as of end of June 2017, private sector credit growth has remained subdued.

**Agriculture**

5. Government has continued with distribution of improved seeds and breeding materials under Operation Wealth Creation (OWC) to the DLGs. The NAADS budget was also increased from 183Bn. in FY 2015/16 to 318Bn. in the FY 2016/17.

6. The National Fertilizer Policy and Strategy was passed by Parliament in August 2016. The National Fertilizer Policy for Uganda synthesizes the fragmented policies of the Government on fertilizer into a single coherent whole. It intends to support the sub-sector in ensuring that the fertilizer industry provides affordable and accessible fertilizers to farmers for increased and sustainable agriculture productivity and farm incomes

7. Illegal fishing has been a key challenge in the fish industry leading to extinction of the species. His Excellency the President using Section 99 of the Constitution of the Republic of Uganda established a Fisheries Protection Force (FPF) that is already operational. A Fisheries Protection Unit has been established in MAAIF and UPDF Officers have been trained in basic fisheries management to work with the technical personnel in the Directorate of Fisheries Resources and District Local Governments with an objective of controlling and arresting the rampant catching and trading in immature fish with the ultimate goal of restoring the dwindling fish stocks in Uganda water bodies.

8. The government has highly invested in the construction of piped water for both domestic and irrigation with complete provision of piped water to 18 towns where construction is ongoing, 11 towns at various stages of procurement and 60 towns whose designs are ongoing. Furthermore, construction of 14 piped water systems in towns of Kaliiro in Lyantonde district), Amach, Sanga (in Kiruhura district), Nyeihanga (Mbarara), Ovujo, Kinuuka, Pajule, Dokolo, Ntungamo, Luuka, Kagoma, Nyamarunda, Buvuma, Nyahuka, Kasagama, Kalong has been completed.

9. Government has availed machinery for construction of valley dams/ tanks for drilling of boreholes to ensure availability of water for animals and irrigation by constructing over 190 individual valley tanks for farmers in the Districts of Kiruhura, Lyantonde, Sembabule, Nakaseke, Kibaale, Kiboga, Bukomansimbi, Kyankwanzi, Rakai, Gomba, Mbarara, Kayunga, Mityana, Luweero, Kaabong, Napak, Moroto and Nakapiripirit Districts using Ministry equipment.

**Industry**

10. To increase exports, the NRM pledged to strengthen measures aimed at removing structural bottlenecks to production, productivity and value addition so as to produce enough for local and export markets. Under this activity, the UNBS: tested 5,481 samples to ensure that the products were up to the required standard and quality to compete in the local and international markets; calibrated 1,055 equipment to ensure accuracy of measurements; verified 389,709 weights and weighing equipment and 8,772 volume and flow equipment; and prepackaged 2,178 samples to

ensure labelling and quantity of the prepackaged goods conform to the Sale and Labelling of goods regulation.

11. UNBS issued standards to regulate the quality of products got from the oil and gas sector. Over 190 standards were launched in partnership with Ministry of Energy and Mineral Development. The 195 standards are expected to be adhered to by suppliers, exploration companies, oil companies, the oil refinery and distributors of refined products.

**<u>Human Capital Development</u>**

**Early Childhood Development (ECD)**

12. ECD teacher training is on-going in all Primary Teachers Colleges and is compulsory for all in year one based on the revised Primary Teacher Education curriculum. Currently approximately 1,600 care givers are already in training at various core PTCs; while a total of 45 Master Trainers and 400 Trainers of Trainers have been trained to train the caregivers. Government's plan to roll out ECD to all schools therefore is in a right direction as the initial stage was to introduce ECD training in existing Primary Teachers Colleges (PTCs).

**Education and Training**

**Primary Sub sector**

13. The Pupil Classroom Ratio (PCR) declined by 4 points from 59:1 in FY2014/15 to 63:1 in FY2015/16 though still high. However, construction of 138 Primary schools is ongoing across the Country to meet the targets of 50:1 pupil classroom.

14. The Pupil Teacher Ratio improved by 3 percentage points from 46:1 (54:1 government; 29:1 private) in 2014/15 to 43:1 (53:1 government; 23:1 private) in FY 2015/16. There was a drop in the literacy rate from 73 percent in 2009/10 to 72 percent in FY2015/16 mainly due to high school dropout rates at primary level.

15. The Pupil Book Ratio stood at 4:1 in FY2015/16 resulting from the purchase of 505,409 (P1= 346,091, P2= 159,318) pupil books; 36,120 local language dictionaries; 12,200 English dictionaries; 24,400 P1 and P2 wallpapers; 12,200 wall charts; 20,890 bilingual dictionaries and 61,000 Math work cards. and this was realized due to an increase in the provision of instructional materials provided. Under the Uganda Teacher and School Effectiveness Project (UTSEP), a total of 4,335,686 copies of instructional materials were supplied to 12,198 primary schools; 753,135 copies of P1 primers and teacher guides; and 541,293 copies of P2 primers and teacher guides were supplied distributed to 2,655 schools in 27 districts. 6-8% of the sector budget is budgeted for to the procurement and distribution of Instructional Materials.

16. Government continued with the implementation of the Karamoja Primary Education Project (KPEP) where a total of 84,337 assorted instructional materials and a number of bookshelves were distributed to 21 in a bid to achieve a pupil text book ratio of 2:1.

17. The establishment of semiautonomous body responsible for education and training inspection is still underway in an effort to strengthen inspection. However, budgetary allocations and disbursements of for school inspection have been expended. The other initiatives undertaken were:

(i) Use of the digital reporting system to inspect a total of 1,421 primary schools; (ii) Inspection of 40 Nursery Teacher Training Institutions; (iii) 143 LGs were also visited to monitor follow up on various recommendations; and (iv) Inspection was also done in 1,332 Secondary Schools; 250 BTVET institutions; 5 NTCs; 35 PTCs.

18. School Feeding guidelines were developed and disseminated to all LGs clearly stipulating that it is the responsibility of the parents to provide meals for their children while in school. Under the World Food Programme (WFP), 2,000 Assorted Shade Tree seedlings; 1,500 Assorted Fruits seedlings; 1,470 Gobe seeds; 3,535 kg Cow peace seeds; 4,240kgms maize seeds, 1,684 kg beans seeds were distributed to 50 selected schools in the Karamoja Sub-region.

19. The policy of having a primary school per parish to reduce the average walking distances to school for pupils has not yet been implemented in the 525 Parishes in 2017 without a Government Aided primary school.

**Secondary**

20. Government committed to increase access through construction of more classrooms and teachers' houses. Like in the primary, the secondary sub sector registered a decline in Student Classroom Ration (SCR) from 50:1 FY2014/15 to 52.1 in FY2015/16 (ESSAR, 2016). This decline could be attributed to a disproportionate increase in enrolment with the number of classrooms constructed. The following are constructions in FY2016/17 in a number of schools throughout the country. These include classroom facilities in: - Kololo H.S (Kampala) - 3 classrooms; Kyenjojo S.S (Kyenjojo) - One Storied academic block with 9 classrooms; Kigezi H.S(Kable) - 3 classrooms; St. Barnabas Karuganya -Kabale - Just awarded contract; Mothercare S.S (Kabarole) – Roofing; Kyakago S.S (Rakai)- 4 classrooms - Completed; Kalinabiri S.S (Wakiso) - at procurement stage; Nakyenyi S.S (Lwengo) -4 classrooms just awarded.

21. The student teacher ratio remained constant at 22:1 while the Student Text book ratio stood at 2:1. The sector facilitated procurement of 251 Physics textbooks for 174 UPOLET Secondary Schools with a high enrolment of 80 and above.

22. In order to meet the increasing demand for teachers, the NRM government planned to have more secondary teachers recruited. In fy2016/17, the sector recruited teachers for 20 newly coded secondary schools. A total of 420 teachers (21 per school) have been recruited. However, recruitment of teachers is done based on replacement basis due to lack of funds.

23. Like in primary education, there has been no budgetary provision for free scholastic materials such as mathematical sets, exercise books, pens and pencils as planned for in the Manifesto.

24. Government in collaboration with the Ministry of Energy has facilitated the maintenance of solar equipment in 477 post primary institutions to enhance e-learning; and, trained teachers in the use of ICT (The ICT integration for enhanced teaching and learning) in the North West and Northern regions of the country.

**University and Other Tertiary Education and Training**

25. A special programme for rehabilitation, expansion and equipping of lecture rooms at public Universities and other tertiary institutions to cater for the increasing number of students has not yet been set up as envisaged in the NRM Manifesto. However, civil works are going on in 6 public

degree awarding institutions where the Science Technology and Innovation (STI) faculties are being expanded, improved and equipped as follows.

**Table 5. 1: STI faculties being expanded, improved and equipped**

| S/N | Institution | Area of improvement | Status |
|---|---|---|---|
| 1 | Makerere University | Two Central Teaching Facilities, refurbishment of old laboratories and Refurbishment of the Dairy Value Chain | 63% |
| 2 | Gulu and Lira University | Multipurpose Research Laboratory, Library Block, Agricultural Block and Health Science Block stand at | 65 % |
| 3 | Busitema University | works on the Laboratory and Lecture Block, New Laboratory Block and Refurbishment of Workshop Block at Nagongera stand at 55% | |
| 4 | Kyambogo University | Central Library with Virtual Capabilities, Central Multipurpose Science Block, New Faculty of Engineering Workshops, Central Teaching Facility, Technical Teacher Education (TTE) and Capacity Improvement Facility and Renovation of 8 Faculty of Engineering Workshops/Labs | 68%; |
| 5 | Muni University | The proposed Health Science Building and Utility Block | 42% |
| 6 | Mbarara University of Science & Technology | Proposed laboratory for Applied Sciences and Library | 42%. |

26. In the first year of the Manifesto, progress towards opening Soroti University are on track as Civil works that include the construction of a laboratory block, teaching block, multi-purpose academic block and external works are at the finishing stage (80%) progress.

**Sports**

27. Due to limited funding, the training of teachers of physical education, including conducting sports in-service training for teachers annually, as a means of strengthening physical education and sports in schools has not been implemented. Physical Education and sports is being emphasized at all educational levels through a policy introduced in 2005 aiming at; improving planning, management and coordination of Physical Education and Sports activities in the country. However, the policy is not being implemented because Physical Education and Sports are not examinable / assessed.

28. Civil works commenced on the National High-Altitude Training Center (NHATC) in Kapchorwa for Athletes hostel facilities, Athletics track, Artificial turf, Jogging track and Parking areas. Previously, construction of NHATC was initiated with completion of 1st grade marram road, made full remittance of funds to Water and Sanitation Development Facility, installed transformers for the power connection component; and, secured project land by signing agreement with the stakeholders. Constructing additional national sports facilities and basic Stadia, are planned for at least 1 per region in the next three (3) years.

**Health**

29. There has been positive progress towards achieving several key health indicators. In particular, the Infant Mortality Rate per 1000 live births decreased from 54 deaths (UDHS 2011) to 43 (UDHS 2016) while Maternal Mortality Rate per 100,000 live births decreased from 438 per 100,000 live births (UDHS 2011) to 336 per 100,000 live births (UDHS 2016). The Under-5 Mortality Rate, has since improved from 137 in 2005/6 to 90/1000 live births in 2012/13, to 64 in FY2015/16. The child stunting as a % of under 5s, has only reduced from 31 in 2012/13 to 29 in FY2015/16. In

addition, there was an improvement in life expectancy at birth from 51.5 in 2009/10 to 63.3 years in 2015/16.

**Table 5. 2: Progress on implementation of key Uganda Vision 2040 and NDPII health indicators**

| Indicator | NDPII Baseline 2012/13 | NDPII Progress | Targets | | |
|---|---|---|---|---|---|
| | | 2015/16 | NDPII 2015/16 | NDPII 2020 | UVision 2040 |
| Life Expectancy at birth | 54.5 | 63.3 | 56 | 60 | 85 |
| Infant mortality rate per 1000 live births | 54 | 43 | 50 | 44 | 4 |
| Under 5 Mortality Rate per 1000 | 90 | 64 | 64 | 51 | 8 |
| Maternal mortality rate per 100,000 live births | 438 | 336 | 393 | 320 | 15 |
| Child Stunting as percent of under-5s | 31 | 29 | N/A | 25 | 0 |
| Total Fertility Rate | 6.2 | 5.4 | 5.8 | 4.5 | 3.0 |

**Health Infrastructure**

30. Investments in health infrastructure has continued and this included construction of new and rehabilitation of old infrastructure at various levels, provision of medical equipment and hospital furniture; provision of solar lighting, improvement of operations and maintenance of health infrastructure; strengthening the referral system by providing ambulances, general transport and Information Communication and Technology (ICT) equipment and services in selected health facilities; and renovation/construction of selected health facilities.

31. The major infrastructure development projects during 2016/17 were; Rehabilitation work was done at Mulago National Referral Hospital, construction of a 450 bed specialised Maternal and Neonatal hospital at Mulago, all Regional Referral Hospitals including installation of oxygen plants, construction of 19 medicines stores, upgrading of Maracha and Rukunyu HC IVs to general hospitals, renovation of 23 General hospitals, construction of 34 staff houses in Karamoja region and 26 staff houses under GAVI.

32. The 26 HC IVs that include; Kasanda, Kiganda, Ngoma, Mwera, Kyantungo, Kikamulo, Kabuyanda, Mwizi, Kitwe, Rubare, Aboke, Aduku, Bwijanga, Bullisa, Padibe, Atyak, Obongi, Pakwach, Buvuma, Budondo, Ntenjeru-Kojja, Buyinja, Nankoma, Bugono, Kiyunga, Kibuku and Budaka were renovated / expanded with either a maternity block or operating theatre.

33. Construction of the super national reference laboratory at Butabika as a means to ensure use of modern technologies in diagnostic services was completed and commissioned in November 2016. The Uganda National Laboratories Services (UNLS) and National Tuberculosis (TB) reference Laboratory in Butabika will provide the country with modern tools in the fight against several infectious diseases. The Butabika laboratory has new world class infrastructure and will support health practitioners to provide more accurate and faster diagnoses while researches will be able to better track and respond to infectious disease outbreaks. The National TB reference laboratory will serve as a supra national laboratory which receives specimen from 20 other countries. This Lab is the second of its kind in Africa and one of the 33 National TB reference laboratories in the world.

**Figure 5. 1: The New National Laboratory at Butabika**


## Labour and Employment

34. Under job creation and employment, Government continued to pursue youth friendly programs to address the high unemployment amongst the youth. Government in an effort to promote employment initiated the Externalization of Labour Programme. As of 31st January 2017, a total of 63 companies had been licensed to source and formally/officially place Ugandans to work abroad in Afghanistan, Bahrain, Kuwait, Somalia, Iraq, United Arab Emirates, South Sudan and Saudi Arabia. Government signed Bilateral Labour Agreements with the Kingdom of Saudi Arabia on 7th July, 2015 and Heshemite Kingdom of Jordan on 8th November, 2016.

35. Following Cabinet's approval of Members to serve on Uganda's Minimum Wages Advisory Board, to undertake studies and make proposals about a minimum wage in Uganda, for Government's consideration, the Minimum Wages Advisory Board submitted a report in February, 2017 on the feasibility of fixing the minimum wage in Uganda and the form it will take. Government will consider the proposals by the Board to review the minimum wage in Uganda, which was last set by Government in 1984 at Shs. 6,000/= (Six thousand shillings only) by Statutory Instrument No. 38 of 1984." The minimum wage is to match the cost of living and growth achievements in the economy.

## Tourism

36. The tourism sector continues to be a pivotal pillar of the Ugandan economy. In FY 2015/16, Uganda earned USD 1.35bn from tourism[130]. The country recorded a total of 1.73 million international arrivals and 1.71 million departures in 2015. Tourism visits to national parks increased from about 202,885 in 2014 to about 215,558 in 2015[131](UBOS, 2017).

37. Government is in advance stages of reviving the National Airline to facilitate the development of Entebbe International Airport into a regional hub. Feasibility studies for the National airlines were completed and fully recommends the re-introduction of the Airlines.

38. As one of the priorities in the NDPII, there has been increased infrastructure investment in the country to enhance tourism and ease geographic assesses to remote places. A total of 116Kms of

the access roads were graded, spot graveled and drainage in 3 Protected Areas (PAs) of Queen Elizabeth National Park (QENP), Lake Mburo National Park (LMNP) and Kidepo National Park (KNP). Over 1,041.5 km of conservation and tourism tracks and 1,058.5 km of tourism trails were maintained in Conservation Areas. Major tourism roads worked on include: Construction of Kabale- Kisoro-Bunagana road (101km) was completed. Commencement of the tarmacking of Ishaka – Kagamba road (35km); Trails and roads in the PAs have been worked, and Uganda Wildlife Authority received a donation of one unit of road equipment.

39. Government has provided USD 7 Million under the CEDP project for the redevelopment and upgrading of the Hotel Tourism Training Institute in Jinja to international standard. Planned redevelopments include; Training Hotel, Instructional Facilities, Administration facilities, Development of a business plan, Staff Training and upgrade and National Tourism and Hospitality curriculum. In a bid to turn Uganda Hotel Tourism and Training Institute into a centre of excellence, feasibility studies, designs and BOQs for the new structures have already been concluded and ground breaking is expected to begin in August 2017. The National Hospitality and Tourism Training Curriculum has been reviewed and aligned to International standards

40. The three Northern Corridor integration project Partner States of Rwanda, Kenya and Uganda launched the East African Tourism portal in February 2017. The portal was developed with the aim of marketing the region as single tourism destination. As an online platform, the portal is expected to boost tourism in the three East African countries. In FY 2016/17, Uganda hosted the Pearl of Africa expo, which is an annual tourism event in the East African region. The event provides a distinctive opportunity for the tourism business operators across the region to meet new clients, network, and discuss business relating to the tourism sector. The expo was organised by Uganda Tourism Board (UTB) and brought together travel agents, tour operators, hoteliers, destination managers and other service providers along the tourism value chain in the region.

41. The rehabilitation of Namugongo into a world class tourist destination is soon to be realised. Working with both the Catholic and Protestant Church, the government injected in over 30 billion and a number of infrastructure have been worked on including museums, the shrine complex, roads leading to Namugongo were all worked on, the two churches, areas of amenities, the pavilion, 15-acre compound area. The county now attracts over 5,000 international tourists during the Namugongo Martyrs festivals. In line with its mandate, Uganda has marketed the Martyrs Day and has developed trails which are being marketed within the regional and internationally. June 2016 registered the highest visitation to date.

## Harnessing Natural Resources

### Minerals

42. **Geological Surveys:** Government continued carrying out Uranium exploration in Ndale, Kabarole District and Kit 4, Kitgum District. The results indicated extensive Uranium anomalies over a wide area. Further, ground geo-scientific investigations carried out over metavolcanics in Kitgum District also confirmed that these metavolcanics host sulphide bearing minerals associated with Copper, Nickel, Zinc, Lead and Gold. In the same period, Iron ore exploration established new Iron ore targets in Rutenga, Rukiga, Kabale District whose resource is estimated at 30 million

tonnes and geosite exploration identified Kitosa site as a potential area for consideration for geosite appraisal.

43. The review of the Mining Policy and Mineral Legislations to improve the investment climate in the Sector is progressing. The draft has been completed and is due to be submitted to Cabinet before the end of this FY 2016/17.

**Oil and Gas**

44. **Development of Crude Oil Pipelines:** At the $13^{th}$ Northern Corridor Integration Project (NCIP) Summit which was held on 23rd April, 2016 in Kampala, a decision was taken to develop a crude oil export pipeline from Kabaale, in Hoima District to Tanga Port in Tanzania. The 1445km long, 24-inch diameter, heated pipeline is being developed to provide access for Uganda's crude oil to the international market. The Front-End Engineering Design (FEED) study for the development of the Hoima - Tanga East Africa Crude Oil Pipeline (EACOP) was launched in January 2017.

## Environment

**Forests**

45. The Uganda Vision 2040 plans to restore forest cover from 15 per cent in 2010/11 to 24% in 2040. However, this has since worsened from 14% in FY2012/13 to 11% in FY2015/16. The NRM Manifesto's target of 20% by 2021 is therefore un likely to be attained given the trends.

46. There has been demarcation of all forest's boundaries marked with concrete pillars to protect the natural environment. In 2015/16 the demarcations of forest boundaries where relatively low at 269 but rose to 308.0215 in 2016/17. This increase was a result of the impact of the government engagement in the boundary reserving of the natural forests which is still ongoing although being hampered by limited funding which is affecting its progress which would have been growing at a geometric level. Therefore, there is need to induce the funding of the sector. Over 10,010,425 million trees have been planted in FY2016-2017 which includes seedlings for sale for (6,694,011) and Community tree planting programme (3,316,414). The trees have been planted at sub-county, county, district headquarters and on any other available land in districts.

***Protection of Wetlands and fragile Ecosystems***

47. Government planned to complete demarcation and gazetting of all wetlands and fragile eco-systems in the country by 2021. Progress for the first year indicates that demarcation is on-going with 3,200 pillars and beacons supplied and 162.7 Kms of critical wetlands have been demarcated in Kisoro, Jinja and Masindi districts. However, there is a slow process due to limitation in funding. All wetlands in Lake Victoria and Kyoga basin have been coded in preparation for gazettement

## Trade

48. Government is strengthening the Uganda Development Corporation (UDC) to spearhead the establishment of strategic industries. UDC has been revived as an investment arm through which government will invest in strategic sectors of the economy in partnership with the private sector to trigger industrial and economic development of the country. One of the current projects UDC is implementing is the Soroti Fruit factory which is nearing completion.

49. **Development of Border markets:** Government is in advanced stages of development of strategic border markets to take advantage of the regional markets of the EAC and COMESA. Among these markets include: Busia, Lwakhakha, Mpondwe, Elegu and Katuna. GoU is working with Development Partners such World Bank and Trade Mark East Africa to put infrastructure that will include, market, schools, health centres and police stations

## Information and Communication Technology

50. The NRM government recognizes Information and Communication Technology (ICT) as one of the key drivers of efficiency and effectiveness in service delivery, production processes and communication. Its critical for Uganda's socio-economic transformation as enshrined in NDPII.

51. **Extension of the NBI network to districts, departments and agencies**. Phase III of the NBI was completed. This entailed: (i) laying of 756Kms of optic fibre thus bringing the total kms laid to 2,346Kms. (ii) three (3) districts (Masaka, Mbarara and Kabale) were connected i.e. the total number of districts connected is so far twenty-nine (29). (iii) 249 MDA/LG sites have been connected to the NBI of which, 143 of those are receiving bandwidth through the NBI. (iv) Eight (8) Public Universities (Makerere, Mbarara, Busitema, MUBS, UMI, Kyambogo, Mountain of the Moon, Gulu) have been connected to the NBI. (v) In addition, 126 Wi-Fi hotspots have been rolled out in several parts of Kampala City and Entebbe and are being utilized by the public. Phase IV of the NBI will be implemented to connect the Westnile region (Pakwach, Nebbi, Arua, Koboko, Adjumani, Yumbe, Katakwi and Moroto) while Phase V of the NBI implementation will connect all Districts up to sub counties level across the country

52. To enhance competitiveness of Uganda's BPO industry, BPO Standards and accreditation guidelines were developed and have been disseminated to the BPO Association. Adherence to these standards will instill sound ethical code of conduct among players. BPO incentives guidelines were developed and approved by the NITA-U Board and engagement with Ministry of Finance, Planning and Economic Development (MoFPED) on funding modalities for BPO incentives is on-going to determine incentives and reward package to domestic BPO players.

## Infrastructure Development and Energy

### Energy

53. The total installed power generation capacity has improved over time and currently stands at 947MW. A total of 32.7MW of power generation capacity from renewable energy projects was added in the FY2016/17, these are (Soroti-10MW; Mvumbe 6.5MW, Siti I- 6.2MW; Tororo Solar PV 10MW).

54. Seven small renewable energy projects under the GETFiT programme expected to add 156MW within the NDP II period. Karuma HPP (600MW) is 64% complete as at end of August 2017; scheduled for completion December 2018. Isimba HPP (183MW) is 76% complete as at end of August 2017; scheduled for completion end of August 2018; while Agago – Achwa 42MW: 65% complete as at end of August 2017 and is on schedule to be commissioned in October 2018.

55. The following transmission projects were completed during the FY2016/17: Bujagali Switch yard; Queensway Substation upgrade; Kawanda Substation Upgrade; Fort portal Substation. Through the various interventions of increase in the installed generation capacity, expansion of the grid and intensification and densification of the distribution grid access rate has grown the from the baseline statistic of 17% in FY 2014/15 to the current parameter of 22% in FY 2016/17.

56. Pre-feasibility studies for launching the first Nuclear Power Plant were concluded with support from International Atomic Energy Agency. In addition, Six (6) national technical cooperation projects were implemented by different government Ministries, Departments and Agencies under the Country Programme Framework between GoU and IAEA.

57. Power Loss Reduction in the distribution network have been reduced from 21.3% in 2014 to 19.0% by end of 2017 through investments which included: Rolling out of enhanced automated meter reading system for industrial customers, rolling out of prepayment meters to domestic consumers, Community engagements and public sensitization. The Regulator hopes to lower the target from 19% to 14.7% by end of 2018. Umeme has also converted 65.5% of their post-paid customers to the prepaid system compared to 52.2% by end of 2015.

**Roads**

58. GoU continues to fast track the development of the road network in line with the Manifesto and NDPII. The changes that were ushered in UNRA are already yielding fruits. The Ministry is upgrading 1,400km from unpaved to bitumen standards, to be completed within the next 2/3 years. A total of 1,882km of roads are in advanced stages of procurement and Engineering Designs are ongoing for 1,964 km.

**Table 5. 3: Some of the on-going Road Construction Projects**

| S/N | Road Project | Distance | Status |
|---|---|---|---|
| 1 | Atiak-Nimule | 35 | Substantially Completed |
| 2 | For t Por tal-Kyenjojo | 50 | Ongoing (10.4 %) |
| 3 | Iganga (Nakalama)-Tirinyi-Mbale | 97 | Ongoing (25 %) |
| 4 | Iganga-Kaliro | 32 | Ongoing (98%) |
| 5 | Ishaka-Rugazi-Katunguru | 55 | Tendering |
| 6 | Kafu-Kir yandongo | 43 | Substantially Completed |
| 7 | Kamdini-Gulu | 62 | Substantially Completed |
| 8 | Kiryandongo-Karuma-Kamdini | 59 | Substantially Completed |
| 9 | Lira-Akia and Lira town roads | 21.4 | Substantially Completed |
| 10 | Mbarara By-pass | 40 | Ongoing (87% progress) |
| 11 | Moroto-Nakapiripirit | 93 | Substantially Completed |
| 12 | Mpigi-Kabulasoke-Maddu-Sembabule | 135 | Ongoing (58 %) |
| 13 | Mukono-Kayunga-Njeru | 94 | ongoing (68 %) |
| 14 | Musita-Lumino-Busia/Majanji | 104 | Ongoing (12%) |
| 15 | Namunsi-Sironko-Muyembe-Kapchorwa | 65 | Ongoing (45.8 %) |
| 16 | Nansana-Busunju | 47 | Ongoing (98%) |
| 17 | North Eastern Road Asset Management Project for Tororo-Mbale-Soroti-Lira-Kamdini | 340 | Tendering |
| 18 | 22 Ntungamo-Kagitumba-Mirama Hills/Ishaka-Kagamba | 72 | Ongoing |
| 19 | 23 Olwiyo-Gulu-Kitgum-Musingo | 233 | Ongoing (63%) |

| | | | |
|---|---|---|---|
| 20 | 24 Pakwach-Nebbi | 54 | Ongoing (96%) |
| 21 | 25 Villa Maria-Sembabule | 38 | Ongoing (58 %) |
| | | 1,769 | |
| | **Express Way** | | |
| 1 | Kampala-Entebbe Express Highway | 51 | Ongoing (78.5% progress) |
| 2 | Kampala-Northern Bypass Phase II | 17 | Ongoing (45% progress) |
| 3 | Dualling Kibuye - Busega-Mpigi | 33 | Project Appraisal |
| 4 | Kampala-Jinja | 77 | Project Appraisal |
| 5 | Kampala Southern By-pass | 18 | Project Appraisal |

***Source: UNRA***

## Air Transport

59. **Expansion of Entebbe International Airport.** This will provide modern facilities for cargo handling, passenger terminals and other modern equipment as in other modern international airports. The following are some of the projects completed in FY2016/17: Upgrade of Air Navigation equipment at Entebbe International Airport; Upgrade of radar surveillance equipment; Upgrade of Air Traffic Message Handling System; Special survey of Entebbe, Arua, Soroti, Kasese to enable performance-based navigation; Modern check-in and baggage handling system; New no-break power supply system (400 KVA); New Bus-bar 10 times the capacity of the old one; New Long-term car park; New vehicle parking control system (Phase 1).

60. The airport expansion project is estimated to cost $200m (about sh709b) with Exim Bank of China as financiers. The land on which the new cargo centre is being built is 77 hectares. Airport expansion in the first phase (five years) are only covering half of the land. The other part will be occupied by projects in the second and third phase of the expansion work. The Chinese- funded expansion that includes an extension of the passenger terminal, construction of a new cargo centre, and refurbishment of the airport's two runways is 25% complete, a year after the project was commissioned. The project will be executed in three phases over a period of fifteen years. The new cargo centre will have a capacity to handle 100,000 metric tonnes of cargo annually. The first phase of the project involves widening of its main run way, work on taxiways and expansion of aircraft parking apron and access roads from the cargo centre to airport landing and air sites.

**Figure 5. 2: Artistic impression of the proposed Entebbe International Airport Expansion**


## Standard Gauge Railway

61. **Land acquisition.** A total of 100km has been compensated in the districts of Tororo, Butaleja, Namutumba and parts of Iganga and is ready to be used for construction. The Resettlement Action Plan (RAP) for the alignment in the district of Mayuge already approved by Chief Government Valuer. RAP for Jinja, Buikwe, Mukono and Kampala have been submitted to the Chief Government Valuer. NEMA has already granted the SGR project Right of Way (ROW) in 53KM of wetlands and NFA has already granted the SGR project ROW in 8.9KM of NFA land.

### Water Transport

62. **Construction of a new Kampala port of Bukasa**. Consultants for port development and RAP study were procured as of May 2017. Development of Port Master Plan and Engineering Designs is on-going (50% done). In FY2017/18: the sector plans implementation of RAP; finalize preparation of Port Master Plan and Engineering Designs; and undertake port dredging and surcharging works (up to 40%).

63. Designs have been completed and Works will be funded under the “Lake Victoria Transport Program” currently under appraisal by W/Bank to upgrade Port Bell and Jinja Ports and build a new ship to replace MV Kabalega

## Lands and Housing

### Lands

64. The Ministry of Lands, Housing and Urban Development (MoLHUD) has continued to implement a number of initiatives required to create an efficient and effective land administration system which include construction of Ministry Regional Zones (MZOs), Multi-purpose Hall and Dormitory, conversion into digital of Land Administration Files (LAFs) among others. Specifically, the following has been undertaken.

65. The MoLHUD in the process of developing the Designs for the Construction of the 8 Ministry Zonal Offices in Tororo, Moroto, Mpigi, Kabale, Rukungiri, Mityana, Luwero, Soroti, Wakiso and Mukono; and a Multi-purpose Hall and Dormitory for the Institute of Surveys and Land Management. Procurement for the contractor to construct 8 Ministry Zonal Offices (MZOs), Multi-purpose Hall and Dormitory has commenced. Phase II of the Land Information System (LIS) was launched in Lira MZO and commenced the conversion into digital form of Land Administration Files (LAFs) and Job Record Jackets (JRJs) for Kabarole and Kibaale MZOs.

66. **National Land Policy**. In implementing the National Land Policy (NLP), government developed the Gender Strategy and the M&E Framework for the policy; carried out 10 stakeholder sensitization meetings where the National Land Policy was disseminated; carried out public awareness campaigns in Nwoya, Soroti, Buliisa, Kibaale, Mbarara, Isingiro, Mukono, Wakiso and Kampala on land rights; completed stakeholder mapping exercise for the land sector; held a national stakeholder meeting for government agencies for identifying roles and mandates in implementing the NLP. The sector developed draft principles for the amendment of 5 land related laws (Registration of Titles Act, Survey Act, Land Acquisition Act, Surveyors Registration Act and Land Information System Law). Final draft of Land Regulations (2004) was developed.

### Housing

67. The MLHUD in collaboration with the Ministry of Defence and Veteran Affairs (MODVA) developed a project proposal for the construction of 30,000 institutional houses for the UPDF. A project concept and a draft project proposal have been developed on the establishment of a Housing Provident Fund and establishment of Housing Cooperatives and is yet to be discussed by the Sector Working Group.

**Urban Centres**

68. The consultant for the development of the National Physical Development Plan (NPDP), (Tramur Planners and Architects and ROM Transportation and Engineering- JV) is on board and stakeholder consultations are being undertaken. The Ministry developed physical plans for Kampala, some other municipalities, town councils and town boards and rural growth centres to ensure that all urban centres grow in a planned manner. 22 municipalities and 113 out of 168 town councils have Physical Development Plans.

69. The Ministry launched planning for the 9 Urban growth centres in Hoima and Buliisa under the Albertine Region Sustainable Development Project. This is to support comprehensive planning for both urban and rural areas. The sector is undertaking a baseline study for rapid physical development planning assessment in the districts benefiting from the Albertine Region Sustainable Development Project. The study is aimed at guiding and promoting settlement patterns and land use in the identified areas.

**International and Regional Co-operation**

70. Uganda continues to support UN and AMISOM pacification and peace-keeping programmes in the region. The East African country was the first to deploy troops under AMISOM into Somalia in March 2007. So far, Uganda has provided all four AMISOM Force Commanders with the recent outgoing being Lt. Gen. Andrew Gutti who was replaced by Lt. Gen. Silas Ntigurirwa from Burundi. The Ugandan contingent remains the largest contingent in AMISOM with 6,223 troops based in Sector 1 which comprises of Banadir (Mogadishu), Middle and Lower Shabelle regions. Until now, Uganda has deployed 12 battle groups into the Mission area. The recently deployed Battle Group 12 joined their Burundian counterparts in Baidoa.

71. Uganda has continued to effectively participate in the implementation of the Northern Corridor Project. The Northern Corridor is the transport corridor linking the landlocked countries of Uganda, Rwanda, South Sudan and Burundi to Kenya's Maritime Port of Mombasa. The transport corridor also serves Democratic Republic of Congo and Northern Tanzania. The Northern Corridor Integration Projects initiative is designed to generate sustainable political will necessary to fast track the implementation of the projects identified.

72. There are 14 projects being coordinated under the Northern Corridor Integration Projects (NCIP) namely; Standard Gauge Railway; ICT Infrastructure; Oil Refinery Development; Fast Tracking Political Federation; Power Generation, Transmission and Interconnectivity; Crude Oil pipeline Development; Refined Petroleum Products Pipeline Development; Commodities Exchange; Human Resource Capacity Building; Issuance of East Africa Tourist Visa/Use of National Identity/Voter/Student Cards as travel documents; Single Customs Territory; Defence Cooperation; Peace and Security Cooperation; and Air Space Management.

# CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

## 6.1 Conclusion

GDP growth for FY2016/17 at 3.9 per cent has been lower than NDPII target of 5.7 per cent, with all sectors slowing down, largely due to delays in public development investment and sustained weakening of the agricultural sector which has been affected by the prolonged drought. Nonetheless, modest improvement is expected over the remaining NDPII period, boosted by improved efficiency and effectiveness in implementation of public investments, investments in the oil sector, recovery in PSC growth as lending rates continue declining and improvement in agricultural production and consumption growth.

The FY2016/17 slowdown of the economy has constrained growth on a per capita (US$774 below the NDPII target of US$ 888), resulting in an increase in the proportion of people living in poverty estimated at 21.4 per cent (8 million). However, NHPC 2014 results indicate slowdown in population growth rate and fertility rate, a development which coupled with the improved GDP growth forecast for the medium term, promises to positively impact the growth rate of per capita income over the remaining NDP II period.

While Government is commitment to faster implementation of the planned infrastructural projects, several challenges remain if we are to achieve the lower middle-income status by 2020. Government is faced with issues on increasing budget allocations in terms of the commitments made towards key infrastructure developments in the medium term. In addition, the increasing public debt levels is now a major concern as it may put a drag on the economy if not managed well. Uganda’s debt to GDP ratio in the medium term is already fully committed and the contracting of additional debt for new areas is not health which implies that progress on service delivery needs to come from greater efficiency gains.

## 6.2 Recommendations

There is need to strengthen the linkages between the agriculture sector and manufacturing as a bedrock for attaining social economic transformation. The country exports few manufactured products, which cannot significantly transform the key backward and forward linkages of the value chain. Additionally, there is need to address the supply constraints through increased farm and firm, and labour productivity for economic transformation through job growth and increased incomes.

Take concrete steps to reduce budget deficit through better domestic revenue mobilization, by continuing with the ongoing improvements in tax administration as well as introducing targeted measures aimed at widening the tax base by bringing the very large informal sector into the tax net.

Strengthen the planning and budgeting functions through improved application of PBB. Realistic budgetary provisions should be made for programmes interventions this will reduce supplementary budgets and associated cuts. The MOFPD needs to address low absorption of funds that lead to partial implementation of programmes due to delayed releases and disbursements.

Government should strengthen the rewards and sanction regime and intensify rolling out performance contracts in line with the NDPII for all Accounting Officers at national and local government level.

Government should fast-track the establishment and institutionalization of the national service programme. This will go a long way in building patriotism, inculcating national values and changing mind-sets towards improved service delivery.

To address weak implementation of public investments as risk to growth, there is need to:

- Resource, support and build capacity of the Delivery Unit in the Office of the Prime Minister to ensure that the Unit oversees the proper, timely and efficient implementation of all government public infrastructure projects across the entire project cycle including the carrying out of high-quality feasibility studies, proper and timely procurement and contracting procedures, funds allocation, project selection, monitoring and evaluation.
- Build capacity in the execution of infrastructure projects through continuous skills development and training especially in in areas of procurement, contract management, project development and appraisal.
- Expedite review of the Land Law in regard to land acquisition. This will enable quicker acquisition of land since majority of the NDPII core projects require a lot of land.
- Prioritize and budget adequately for counterpart requirements for all projects by all Sectors.
- Involve the private sector in project identification, development and if possible, funding through the PPP model, as this will reduce the strain on the public finances.
- Prioritize construction of support infrastructure in all industrial parks like roads, water, electricity, central treatment plants, among others. This will ensure integrated and sustainable development.

Improve governance and accountability, take measures to reduce wastage and corruption, prosecute all corrupt public officials and confiscate all wealth obtained through corrupt means.

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