THE REPUBLIC OF UGANDA

ACCOUNTABILITY SECTOR

ANNUAL REPORT FY2019/20

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ACCOUNTABILITY SECTOR ANNUAL REPORT FY2019/20

December 2020

FOREWORD

The Accountability Sector is concerned with the mobilization, management and fostering accountability for the utilisation of public resources to facilitate the delivery of quality and equitable services. Accountability is a shared responsibility. In your position as a citizen, policy maker and/or implementer, religious leader, civil society, private sector player, development partner etc. you have a role to play in promoting efficiency and effectiveness in the mobilization and utilization of public resources, and in achieving a transparent, responsive and accountable public sector that delivers value for money services in a timely and effective manner. Your participation in the government planning, budgeting, implementation, monitoring and evaluation of government interventions is therefore very critical.

It is on the above basis that this report is prepared to provide you with information on the performance of the Accountability Sector during the financial year 2019/20. This is the last Accountability Sector Annual Report under the NDP II and the Accountability Sector Strategic Investment Plan (ASSIP). Moving forward, we shall be implementing the NDP III and accordingly, we will be producing Programme Annual Reports for the Private Sector Development and Development Plan Implementation Programmes of the NDP III, where I am the Political leader and Coordinator.

As a key stakeholder, I wish to interest you in reading this report so you can have a good understanding of how the sector is structured, and the key achievements and challenges registered in delivering the Accountability Sector mandate during the financial year 2019/20. In case the details provided in this report are not sufficient, I encourage you to get in touch with the Accountability Sector Secretariat, so they can provide the necessary details or link you to the responsible Accountability Sector Institution to give you more information.

I thank all members of the Accountability Sector Leadership and Steering Committee, Institutions and Working Groups for the dedication and hard work which led to the realisation of the Accountability Sector's mission, goals and objectives during FY2019/20. I also thank the team at the Secretariat for Accountability Sector, for coordinating the Sector and putting together this report.

Lastly, I take this opportunity to appreciate all the support accorded to the Accountability Sector by members of the Civil Society and our Development Partners, particularly the EU, AfDB, GIZ, KfW, USAID, Austria, Denmark, EU, Ireland, Netherlands, Norway, Sweden, DFID, UNCDF, IGC, IMF, Netherlands Tax & Customs Cooperation, ODI, Institute of Fiscal Studies, SAI Norway, SAI Sweden, UNDP, US Treasury Office, World Bank, etc.

Matia Kasaija (MP)
Minister of Finance, Planning and Economic Development/ Chairperson, Accountability Sector Leadership Committee

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LIST OF ACRONYMS

ACAs	Anti-Corruption Agencies
ACODE	Advocates Coalition for Development and Environment
AEO	Authorised Economic Operator
ASJAR	Accountability Sector Joint Annual Review
ASSIP	Accountability Sector Strategic Investment Plan
BFP	Budget Framework Paper
BMAU	Budget Monitoring and Accountability Unit
BoU	Bank of Uganda
BUBU	Buy Uganda Build Uganda
EU	European Union
CAOs	Chief Administrative Officers
CAPI	Computer Assisted Personal Interview
CEMAS	Computerised Education Management and Accounting System
CIID	Criminal Intelligence and Investigations Department
CIS	Collective Investment Schemes
CMA	Capital Markets Authority
CMDMP	Capital Markets Development Master Plan
CPI	Consumer Price Index
CRBS	Credit Reference Bureau System
CSBAG	Civil Society Budget Advocacy Group
CSOs	Civil Society Organisations
DANIDA	Danish International Development Agency
DEI	Directorate of Ethics and Integrity
DFID	Department for International Development
DIPF	District Integrity Promotion Fora
DMFAS	Debt Management and Financial Analysis System
DP	Development Partners
EOC	Equal Opportunities Commission
EPZ	Export Processing Zone
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FINMAP	Financial Management and Accountability Programme
FY	Financial Year
GAPP	Governance and Accountability, Participation & Performance Programme
GCR	Global Credit Rating Company
GDP	Gross Domestic Product

GIZ	Gesellschaft für Internationale Zusammenarbeit
Hon.	Honourable
IFMS	Integrated Financial Management System
IG	Inspectorate of Government
IGG	Inspector General of Government
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IPFS	Indicative Planning Figures
IPPS	Integrated Payroll and Pension System
IPPU	Institute of Procurement Professionals of Uganda
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
KCCA	Kampala Capital City Authority
LEA	Law Enforcement Agencies
LG	Local Government
LGSSP	Local Government Sector Strategic Plan
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDAs	Ministries, Departments and Agencies
MEMD	Ministry of Energy Minerals and Development
MGLSD	Ministry of Gender, Labour and Social Development
MoFPED	Ministry of Finance Planning and Economic Development
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
MoWT	Ministry of Works and Transport
MPS	Ministerial Policy Statement
NACS	National Anti-Corruption Strategy
NCDC	National Curriculum Development Centre
NDP	National Development Plan
NEMA	National Environment Management Authority
NIRA	National Identification and Registration Authority
NPA	National Planning Authority
NRM	National Resistance Movement
NSS	National Statistical System
NSSF	National Social Security Fund
NTR	Non Tax Revenue
NUSAF	Northern Uganda Social Action Fund
OAG	Office of Auditor General
ODA	Organizational Development Assessment
OIG	Office of Inspector General

PAC	Public Accounts Committee
PAIPAS	Pearl of Africa Institutional Performance Assessment Scorecard
PBB	Program Based Budgeting
PBS	Program Based Budgeting System
PCC	Pornography Control Committee
PEC	Presidential Economic Council
PEFA	Public Expenditure and Financial Accountability
PEMCOM	Public Expenditure Management Committee
PFMA	Public Financial Management Act
PIMS	Public Investment Management System (PIMS)
PIRT	Presidential Investor Round Table
PoAT	Promotion of Accountability and Transparency
PPDA	Public Procurement and Disposal of Public Assets Authority
PS/ST	Permanent Secretary/Secretary to the Treasury
PSFU	Public Sector Foundation Uganda
PTCs	Primary Teachers' Colleges
PUSATI	Public Universities and Self Accounting Tertiary Institutions
RFBO	Religious and Faith Based Organizations
REAP	Parters
SCT	Single Customs Territory
SSPs	Sector Strategic Plans
SUGAR	Strengthening Uganda's Anti-Corruption and Accountability Regime
SWG	Sector Working Group
TAAC	Transparency, Accountability, and Anti-corruption
TIN	Tax Identification Number
TREP	Tax Register Expansion Programme
TSA	Treasury Single Account
UBOS	Uganda Bureau Of Statistics
UDB	Uganda Development Bank
UFIA	Uganda Financial Intelligence Authority
UG	Uganda
UIA	Uganda Investment Authority
UNBS	Uganda National Bureau of Standards
UNCaC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
URA	Uganda Revenue Authority
URBRA	Uganda Retirement Benefits Regulatory Authority
URSB	Uganda Registration Services Bureau
USAID	United States Agency for International Development
VAT	Valued Added Tax
VFM	Value For Money

EXECUTIVE SUMMARY

BACKGROUND

The Accountability **Sector is concerned** with the mobilization, management and accountability for the utilisation of public resources to facilitate the delivery of quality and equitable services. The Sector contributes to the fourth objective of NDP II, which is to "Strengthen Mechanisms for Quality, Effective and Efficient Service Delivery". The Accountability Sector Strategic Investment Plan (ASSIP) 2017/18-2019/20 operationalises the NDP II Accountability Sector objectives, while the strategic investment plans of the Accountability Sector institutions operationalise the ASSIP. The Accountability Sector focuses on three main outcomes i.e. Sustainable Macroeconomic Stability; Fiscal Credibility and Sustainability; and Value for Money in the management of public resources.

The Accountability Sector brings together state and non-state actors for the purpose of planning, developing, and implementing policies and regulations for a stable macroeconomic environment, transparent and accountable systems to facilitate economic growth. The Sector is constituted of 27 institutions that include the Ministry of Finance, Planning and Economic Development; Inspectorate of Government; Directorate of Ethics and Integrity; Financial Intelligence Authority; Office of the Auditor General; Uganda Revenue Authority; Uganda Bureau of Statistics; Public Procurement and Disposal of Public Assets Authority; Uganda Investment Authority; Treasury Services; Bank of Uganda; National Planning Authority; Ministry of Public Service (Inspectorate); Ministry of Local Government (Inspectorate); Kampala Capital City Authority (Revenue Directorate); Local Government Finance Commission; Private Sector Foundation of Uganda; Capital Markets Authority; Uganda Retirements Benefits Regulatory Authority; National Social Security Fund; Economic Policy and Research Centre; Insurance Regulatory Authority; Uganda Development Bank Limited; Uganda Free Zones Authority; Uganda Microfinance Regulatory Authority; Uganda National Lotteries and Gaming Board; and Microfinance Support Centre.

The Accountability Sector Governance structure provides for a Leadership Committee chaired by the Minister of Finance Planning and Economic Development, and constituted by the Ministers/Political Leaders of Sector Institutions including the Auditor General, Inspector General of Government, Permanent Secretary/ Secretary to the Treasury and Governor Bank of Uganda; a Steering committee chaired by the Secretary IG and comprised of Permanent Secretaries and other Chief Executives of Sector Institutions; Sector Working Group chaired by the Accountant General and comprised of Directors/Heads of Departments from the Sector Institutions; 4 Technical Working Groups each chaired by a Director and constituted by Technical Officers from Sector Institutions. The different committees and Working Groups are serviced by the Secretariat for Accountability Sector.

FY2019/20 ACCOUNTABILITY SECTOR PERFORMANCE

The approved Accountability Sector Budget for FY2019/20 was UGX1,622 Billions of which, UGX1,310 (81%) was released. By end of FY2019/20, UGX1,229 Billion was spent, which is 76% of the budget, and 94% of the amount released.

Economic Growth: The economy grew by 2.9% in FY2019/20, lower than the NDP II target of 6.3% and the previous year's GDP growth rate of 6.8%. The below target performance was mainly attributed to effects of the COVID-19

Pandemic, which brought the Ugandan economy to a standstill during the third and fourth quarter of the financial year.

Inflation: During the year under review, the annual average headline inflation reduced from 3.1% to 3.0% while the average core inflation reduced from 3.8% to 3.1%. This boosted private sector credit growth and strengthened economic growth momentum.

Access to finance and Interest rates: The average lending rate during FY2019/20 was 19.4%, declining by 0.6 percentage points compared to the previous year's performance of 20%. Private-sector credit to GDP stood at 13.2%, below the ASSIP target of 15% and above the previous year's performance of 12.4%. The percentage of Non-Performing Loans to Gross Loans stood at 6% compared to the ASSIP target of 2% and previous year's performance of 3.8%. The reducing loan performance is a major result of the effects of the COVID-19 pandemic on the Ugandan economy and subsequently the private and financial sectors.

Private Investment: During FY2019/20, Foreign Direct Investment (FDI) as a percentage of GDP stood at 3 per cent which was lower than the ASSIP target of 4.4% and the 4.1 percent performance recorded for 2018/19. The change in actual performance was mainly attributed to the outbreak of COVID-19 Pandemic which led to the downward revision of the planned FDI from USD 1.184 Billion and US$ 1.514 Billion to USD 0.988 Billion and USD 0.858 Billion for 2019/20 and 2020/21 respectively.

During FY2019/20, the One Stop Centre (OSC) registered over 77,000 unique transactions of which 263 were registered investment projects in the e-Biz system. This demonstrates that the OSC is increasingly serving clients and contributing significantly to the country's efforts to ease doing business.

Insurance: Insurance Penetration, which is measured as a ratio of Gross Written Insurance Premiums to GDP, stood at 0.77% at the end of 2019, which was below the ASSIP target of 1.8% and a slightly better than last year's performance at 0.72%. The below target performance is due to GDP rebasing which stagnated the insurance penetration. COVID effects also impacted on the insurance sector.

Annual growth rates of aggregate premium collections suggest a decline, standing at 7.8% in June 2020, down from a 12.1% increase in 2019. All insurance types (life, non-life and HMO) experienced similar declines in annual premium growth rates.

Domestic Savings: The retirement benefits sector assets to GDP Ratio stood at 10.4% at the end of 2019, increasing from 9.7% at the end 2018. The sector assets recorded a 13.8% increment to UGX13.2 trillion compared to UGX11.6 trillion in 2018. The increment was largely attributed to a 12.7% increment in the sector net member contributions to UGX923 billion compared to UGX819 billion in 2018. Total formal sector savings (including deposits, retirement benefit sector assets and life insurance assets) stood at 29.9% of GDP at the end of 2019, increasing from 27.6% at the end of 2018.

Level of capitalisation and widening of investment opportunities in the capital markets: The Domestic Equity Market Capitalization to GDP ratio was 3.4% in FY2019/20, below the ASSIP target of 5% and the previous year's performance at 4.5%. The below target performance is attributed to the impact of COVID-19 on the global and national economy.

Statistical Data Production and Policy Research: During period under review, 60% of MDAs and HLGs had established functional statistical structures, which was above the ASSIP target of 55%. In the same period, the MDAs and HLGs with Statistical Plans were 184 (30 MDAs and 154 LGs) against the ASSIP target of 100 and previous year's performance of 114 (84 HLGs and 30 MDAs).

Anti-Money Laundering and Combating the Financing of Terrorism: The Accumulated Total of Registered Accountable Persons/ Entities in terms of AMLA stood at 906 as at the end of FY2019/20, above the set target of 15 and previous year's performance of 781. This was as a result of many Forex Bureaus and Money Remitters that were registered. In the same year the proportion of eligible reporting agencies registered with FIA in terms of AMLA 2013 was 11% against the ASSIP target of 100% and previous year's performance of 10%. The below target performance was due to lack of administrative sanctions, hence only 906 out of 8490 expected agencies were registered.

The number of Suspicious Transaction Reports (STR) received increased from 538 in the previous year to 1996 in FY2019/20, above the target of 550. In the same year, the number of suspicious transactions reports analysed increased from 538 to 1338 but this was hampered by the COVID-19 lockdown, hence many were low risk STRs filed by FXBs who are new to risk profiling of ML/TF red flags.

National Revenues: The tax revenue to GDP ratio for the financial year 2019/20 was 11.5% which was lower than the NDP II target of 16% and the previous year's performance of 14.6%. This was lower because of the rebasing of the economy by UBOS, and the effects of the COVID-19 pandemic during the last quarter of the Financial Year.

The overall net revenue collections in FY2019/20 were UGX17,285.86 billion against a target of UGX20,448.73 billion implying a shortfall of UGX3,162.87 billion. The revenue collections comprised of tax revenue of UGX15,912.21 billion and Non-Tax Revenue (NTR) of UGX1,373.65 billion (of which AIA amounted to UGX431.96 billion). This performance translates into a 1.2% growth in revenue collections when compared to FY2018/19, but is lower than the average year on year growth of 16.5% for the last 5 financial years.

Revenue as a percentage of GDP was 12.5% compared to the ASSIP target of 16% and the previous year's achievement of 15.1% (12.9% after rebasing). In the same period, domestic taxes as a percentage of GDP was 7.1% against the ASSIP target of 7.7% and the previous year's performance of 8.6%.

The other factors that impacted revenue performance included delayed implementation of tax administrative and policy measures; increasing trend of import substitution; expansion of the tax base; compliance and service management.

The fiscal deficit grew to UGX9,950.3 billion (7.2% of GDP), compared to the ASSIP target of 3.7% and the 2018/19 fiscal deficit of 5.8%. This performance is attributed to the effect of COVID-19 that paralyzed business activities during March –June 2020 (thus lowering the GDP growth) and also increased the necessity to borrow to mitigate the effects of the pandemic.

Membership to the EITI: In June 2020, Government finalised the candidature application to join the EITI, and the document was endorsed by the Multi Stakeholder Group (MSG) and submitted to the international EITI Secretariat for assessment. On 12th August 2020, the EITI International Secretariat in Oslo, Norway approved Uganda's Candidature Application and as such, Uganda was officially admitted to the EITI and became the 54th EITI member country.

Public Debt: The stock of total government debt rose to UGX56.9Tn as at the end of June 2020, of which 32% and 68% was domestic and external debt respectively. The increase in debt from last Financial Year was majorly due to an increase in external borrowing to mitigate the social-economic impact of Covid-19.

The nominal value of public debt as a percentage of GDP stood at 41.1%, as at end June 2020, compared to 42% in June 2019, while the Present Value (PV) of debt to GDP increased to 33.1% in June 2020 from 32.1% in

June 2019. The reduction in the Debt to GDP ratio in nominal terms is attributed to the GDP rebasing in the FY 2019/20 while the increase in the debt to GDP in present value terms was due to disbursement of commercial loans.

Budget Credibility: At an aggregate level, **UGX21,441.27 billion** of the GoU budget was released by the end of June 2020. This equates to 106.8% of the approved budget, which was higher than the 100% target for the year, but better than the previous year's performance of 110.5%. The high release was on account of supplementary expenditure which included UGX284 billion for COVID-19, UGX201 billion for wage and UGX800 billion classified expenditure for Ministry of Defence. Accordingly, the supplementary budget as a percentage of the initial budget was 6.8%, which was above the "less than 3%" target, and the previous year's performance of 4.8%.

Aggregate absorption (measured by expenditure as a proportion of releases) was 98.8%, which was lower than the 100% target for the year, and slightly better than the previous year's performance of 98.7%. The ratio of annual investment expenditure to consumption expenditure (release outturn) was 50:50 against a 70:30 target and the previous performance of 65:35. The difference between actual and target performance is mainly attributed to the impact of the COVID-19 pandemic that necessitated a global lockdown and a number of planned public investments could not be undertaken.

Public Investment Management: During FY2019/20, the percentage of projects implemented on time was 50%, an improvement from the previous year's achievement of 40% but below the ASSIP target of 100%. Likewise, the percentage of projects implemented on budget was 75%, which was an improvement from the previous year's performance 50%, but below the ASSIP target of 95%. The below target performance in regard to implementation of projects on time and budget is mainly attributed to the bureaucracy related to the procurement processes.

During the year the Accountability Sector through MFPED commenced the development of the PIMS Policy and PIMS manual on project implementation, monitoring and ex-post evaluation. In the same period, the development of the second phase of the IBP covering project implementation, monitoring & ex- post evaluation commenced; and the Makerere School of Economics was contracted to develop the PIMS curriculum for short term training.

Compliance with Accountability rules and regulations: According to the report of the Auditor General to Parliament for the Financial Year ended 30th June 2019, published in December 2019, there was a decline in the percentage of MDA's, Statutory Bodies and Local Governments with unqualified (clean) audit reports, moving from 91.8% in FY2017/18 to 88.91% in FY2018/19. Statutory Bodies (Commissions, Authorities and State Enterprises) registered the sharpest decline, moving from 93% in FY2017/18 to 84% in FY2018/19. The percentage of Central Government bodies (MDAs and Projects) with clean audit reports declined from 92% in FY2017/18 to 90% in FY2018/19 while that of Local Governments (DLGs and Municipalities) declined from 91% to 90%. Mischarge of expenditure and unaccounted for advances were the main basis for the increase in qualified audit opinions. The interventions implemented during the year in order to enhance compliance with Accountability rules and regulations include but not limited to:

- **IFMS Roll out:** The Integrated Financial Management System (IFMS) was introduced in FY2003/04 and as at 30th June 2020, IFMS had been rolled-out to 302 government entities and 73 Donor funded projects. This roll-out effectively increased the percentage of Ministries, Agencies and Local Governments (MALGs) budgets executed using IFMS from 82% in the last financial year to 98% as at end of FY2019/20.

- **E-Cash:** The electronic cash platform (e-cash) is an alternative payment process for cash transactions. The system is web-based, thus making it possible to process and authorize payments from anywhere provided there is internet connectivity. The e-cash system uses the mobile telephone money platform to make payments directly to individual beneficiary's mobile phones or bank accounts and removes the need to advance cash to staff accounts for onward payment of third parties such as participants at training workshops. During FY2019/20, a total of 227 entities were enrolled onto the e-cash platform and the Accountant General's Office supported entities to enhance their capacity and user acceptance.

- **E-Government Procurement system (e-GP):** The E-Government Procurement (e-GP) system is an electronic procurement system that is integrated with IFMS to provide an end-to-end platform intended to enhance accountability among procuring entities and suppliers. By close of FY2019/20, the implementation status of the e-GP system design and configuration stood at 85% against a target of 100%. Implementation was largely affected by the COVID-19 outbreak and lockdown of the country. The new system is due to be rolled out to pilot entities in 2020-21

- **IFMS Electronic LPOs system**: During FY2019/20, work commenced on the IFMS Electronic LPOs system, a business process enhancement to replace the manual Local Purchase Orders with electronic paperless Local Purchase Order. With this system, LPO's will be electronically generated and emailed to suppliers, and these can be tracked to see if deliveries have been made or pending.

- **PBS Roll Out:** The Program Budgeting System (PBS) has been fully rolled out in all central and local government entities, and 100% utilization was reported as at end of FY2019/20.

- **Asset Management Policy and Guidelines:** During FY2019/20 the Accountability Sector through the Accountant General's Office embarked on strengthening public asset management by developing the draft Asset Management Policy and Guidelines. The Non-Current Assets Accounting Policy was also incorporated in the Draft Asset Management Policy, which was awaiting Top Management approval by the end of the Financial Year.

Public Contract Management: As at the end of FY2019/20, the proportion of contracts subject to open competition dropped by one percentage point to 71% against the annual target of 80%. The emergency and direct procurements done during the COVID19 had a big impact on this indicator. Likewise, the proportion of contracts completed as per contractual time dropped from 73% in 2018/19 to 66.4% in 2019/20 against a target of 80%. The failure by procuring entities to achieve this target is attributed to administrative inefficiencies that lead to delayed initiation of procurements by user departments, slow internet connection that affects data entry on the Government Procurement Portal and inadequate staffing and facilitation of the PDU in terms of tools and logistics.

During the Financial Year under review, the average number of bids received regardless of the method of procurement was approximately 3.3, which was below the annual target of 5 bids, and the previous year's performance of 3.8 bids per procurement. The lower than expected performance is attributed to the cost and technicalities involved in the bidding process, that discourage many potential bidders.

The percentage of entities rated satisfactory from procurement audits rose from 70.9% in 2018/19 to 83% in 2019/20. Although there was an improvement in performance on this indicator, this was still below the target of 100% due to poor procurement planning and delays in contract awards by entities. The percentage of contracts audited (by value) rated as satisfactory fell from 63% in 2018/19 to 62% in 2019/20 below the target of 100%. This is attributed to poor estimates and failure by procuring entities to implement procurement plans.

The proportion of procurement audits and investigation recommendations implemented was 62% against a target of 90% for FY2019/20, and below the previous year's performance of 66%. This low performance is attributed to the reduced activity in Q3 and Q4 due to the lockdown announced by Government.

Local Content: During the Financial Year 2019/20, a Committee was constituted to develop a Law, changing from Reservation Guidelines to Reservation Regulations that will have a wider coverage than the existing guidelines. The proportion of contracts by number, awarded to local providers declined from 99% in FY2018/19 to 97.7% in FY2019/20. The number of contracts awarded to local providers remains high because the overwhelming number of procurements is small in value and done by local providers. Likewise, the proportion of contracts by value, awarded to local providers in FY2019/20 was 58.4%, which was a decline from the previous year's 72% performance. There was however a 25% increase in the value of contracts awarded to local providers, moving from UGX1.2 Trillion in FY2018/19 to UGX1.5 Trillion in FY2019/20.

Public demand for accountability: In order to address the low capacity of service recipients to demand for quality services against the service standards and client charters, technical and functional support was provided to MDAs and LGs including their Urban Councils on the development, dissemination and implementation of Client Charters including institutionalization of client charter feedback mechanisms. Technical support on development, documentation and implementation of client charters was undertaken in 18 DLGs and 37 MDAs, and feedback mechanisms were institutionalized in 3 LGs & 3 MDAs.

In response to the low levels of development, documentation and dissemination of service delivery standards, compliance to service delivery standards and utilization of the National Service Delivery Survey findings, MDAs and DLGs were supported to start on documentation of service delivery standards. By close of FY2019/20, the guidelines for documentation, dissemination and application of Service delivery standards were approved, and draft documented service delivery standards were in place for Ministry of Energy, Ministry of Gender Labour and Social Development, Ministry of ICT and Ministry of Lands Housing and Urban Development, pending validation by the respective sectors.

The Steering Committee for the National Service Delivery Survey approved the Concept Paper for undertaking the service delivery survey and as at the end of FY2019/20 data collection tools had been developed and validated by the technical teams in MDAs.

In October 2019, the Accountability Sector held the 4th Accountability Sector Joint Annual Review (ASJAR) 2019, which was attended by 302 participants from MDAs, LGs, private sector, development partner and CSO representatives. The review considered the Accountability Sector performance for the Financial Year 2018/19 and the implementation of the previous Financial Year's undertakings; and discussed and agreed the Accountability Sector's emerging issues and undertakings for the short, medium and long term.

Prevention, detection and elimination of corruption:

According to the Transparency International 2019 report published in January 2020, Uganda moved from the 149th position in 2018 to 137th position in ranking in 2019. Accordingly, the

Corruption Perception Index improved to 28%, from the previous year's achievement of 26%.

Prior year audit recommendations were followed up by the Office of the Auditor General in 108 entities comprising of 62 MDAs and 46 Statutory Corporations and State Enterprises for the FY2017/18. As at 31 December 2019, only 24% of the 540 audit recommendations to these entities were implemented, which was lower than the 50% annual target and the previous year's performance of 31%. The lower than target performance is mainly attributed to funding constraints and lack of supporting legal and regulatory framework. The percentage of Internal audit recommendations implemented during the period under review was 67.1% in Central Government; 62% in Local Governments and 55% in Statutory Authorities.

Through the Directorate of Ethics and Integrity (DEI), the Accountability Sector continued to monitor the mainstreaming of National Ethical Values in primary and secondary schools, and to popularise NEVs using IEC materials. The Sector therefore disseminated National Ethical Values to educational institutions and integrity clubs, with the hope of seeing more improved performance and reduction in strikes in education institutions across the country. In addition, sensitization meetings were held and 1000 copies of the NEVs were printed and distributed to cultural and district leaders including women, youths and persons with disability.

The Accountability Sector continues to oversee the implementation of the Zero Tolerance to Corruption Policy and during the year, Anti-Corruption Laws were disseminated to various stakeholders across the country. In addition, the Runyankore-Rukiga simplified version of Anti-corruption Laws and Citizen's Handbook on Anti-Corruption were launched and disseminated to key stakeholders. This among others made more people to appreciate their role in the fight against corruption, and promoted their commitment to carry out their role of monitoring Government projects especially in road construction and health facilities.

Efforts to constitute the Leadership Code Tribunal (LCT) continued all through FY2019/20 and by the end of the financial year, the Registrar of the Leadership Code Tribunal was recruited; and the judicial service commission had recruited and selected tribunal members, who were later approved by Parliament, received Instruments of appointments, accepted the appointment, and were sworn in by H.E the President on 24th July 2020.

A Regulatory Impact Assessment (RIA) for the recovery of the Proceeds of Crime, and amendments to the Leadership Code Act 2017 were developed. By the end of FY2019/20, the drafting of the Leadership Code (Amendment) Bill 2020 was complete and the draft Bill was pending discussion and approval by Cabinet. The Leadership Code (Amendment) Bill 2020 is intended to strengthen enforcement of the Leadership Code of Conduct, which is a tool in the fight against corruption. It will equitably apply to all Public Officers, irrespective of their rank or status.

Through the Inspectorate of Government (IG), 18 High Profile cases were concluded during FY2019/20 which was above target but below the previous year's achievement of 22 cases. In addition, the IG concluded 38 cases of other corruption complaints in MDAs, which was lower than the annual target of 183 and previous year's performance of 154 cases.

There was a tremendous improvement in Asset recovery with UGX2.9 Billion recovered during the financial year despite the disruptions that were caused by the COVID-19 lock down. The IG therefore doubled its annual achievement in regard to the target of UGX1.2 Billion and, also doubled the previous financial year achievement of UGX1.2 Billion.

The number of verifications concluded during the reporting financial year was 305 as compared to the annual target of 320. While the target was not met, this demonstrates a great improvement in performance since only 210 verifications were concluded during the previous financial year.

Investigations into breaches of the Leadership Code also improved greatly by achieving 32 in comparison to the 16 that were achieved during the same period last financial year. The 32 also represented an achievement of 128% in regard to the annual target of 25.

Development Partner support: Development Partner contributions remain a major source of financing and support to the Accountability Sector. The major Development Partners that supported the Accountability Sector during FY2019/20 included EU, World Bank, IMF, AfDB, UN Agencies (UNCDF, UNDP), bilateral donors including Denmark, Sweden, USAID, DFID-UK, KfW, GIZ, Austria, Ireland, Netherlands, Norway, and other bodies including the SAI Norway and SAI Sweden.

The largest forms of support, by number of initiatives, was delivered through technical assistance and project form. However, budget support and basket forms from EU and by the REAP partners (EU, Denmark, KfW) were significant components of the support provided to the Sector over the period. By number of initiatives, the areas that attracted DP support mostly were planning and budget (including public investment management) and revenue mobilisation. Other areas of major attention were strengthening external audit capacity and local government PFM systems.

1 INTRODUCTION AND BACKGROUND

1.1 Overview of the Accountability Sector

The Accountability **Sector is concerned** with the mobilization, management and accounting for the utilisation of public resources to facilitate the delivery of quality and equitable services. The Accountability **Sector's vision** is transparency and accountability in public service delivery. The **Sector's mission** is to promote efficiency and effectiveness in mobilization and utilization of public resources, while its **goal** is to achieve a transparent, responsive and accountable public sector that delivers value for money services in a timely and effective manner.

The Accountability Sector contributes to the fourth objective of NDP II, which is to "Strengthen Mechanisms for Quality, Effective and Efficient Service Delivery". As per the NDPII, the Accountability Sector is composed of two sub sectors: (i) economic and financial management services and (ii) audit.

The Accountability Sector Strategic Investment Plan (ASSIP) 2017/18-2019/20 operationalises the NDP II Accountability Sector objectives, while the strategic investment plans of the Accountability Sector institutions operationalise the ASSIP. The Accountability Sector Strategic Investment Plan further categorises the Sector into four thematic areas that include Economic Management; Resource Mobilisation and Allocation; Budget Execution and Accounting; and Audit and Anti-corruption; as illustrated in the table below.

Table 1: Accountability Sector thematic areas and coverage

No.	Thematic area	Coverage
1.	Economic Management	1. Macroeconomic Policy and Management; 2. Economic Development Policy and Research; 3. Investment Promotion; 4. Financial Services; 5. Statistical Production & Policy Research; 6. Anti-Money laundering;
2.	Resource Mobilisation and Allocation	1. Revenue/Tax Policy and Management; 2. Debt Policy and Management; 3. Planning, Budgeting; and 4. Public Investment Policy and Management;
3.	Budget execution and Accounting	1. Accounting Policy and Management; 2. Management Information System/Services; 3. Asset Management; 4. Public Procurement and Disposal Policy and Management; 5. Inspection;
4.	Audit and anticorruption	1. Internal Audit; 2. External Audit; 3. Anti-Corruption; 4. Ethics and Integrity;

1.1.1 Accountability Sector Outcomes and Objectives

The Accountability Sector focuses on three main outcomes i.e. Sustainable Macroeconomic Stability; Fiscal Credibility and Sustainability; and Value for Money in the management of public resources. In line with the NDP II, the above outcomes and thematic areas, the Accountability Sector aims to achieve the following objectives.

No.	Outcomes	Accountability Sector Objectives
1.	Sustainable Macroeconomic Stability	**Economic Management Thematic Area** 1. Increase equitable access to finance; 2. Increase private investments; 3. Reduce interest rates; 4. Increase insurance penetration; 5. Increase national savings to GDP ratio; 6. Increase the level of capitalization and widen investment opportunities in the capital markets; 7. Improve statistical data production and policy research; 8. Protect financial systems and the broader economy from the threats of money laundering and the financing of terrorism;
2.	Fiscal Credibility and Sustainability	**Resource Mobilisation and Allocation Thematic Area** 1. Increase the tax to GDP ratio; 2. Improve public financial management and consistency in the economic development framework;
3.	Value for Money in the management of public resources	**Budget Execution and Accountability Thematic Area** 1. Enhance public contract Management and performance; 2. Improve compliance with accountability rules and regulations; 3. Increase public demand for accountability;
		Audit/Anticorruption Thematic Area 1. Enhance the prevention, detection, and elimination of corruption; 2. Improve collaboration and networking amongst development institutions.

1.1.2 Accountability Sector Institutions and their mandates

The Accountability Sector brings together state and non-state actors for the purpose of planning, developing, and implementing policies and regulations for a stable macroeconomic environment, transparent and accountable systems to facilitate economic growth. The Accountability Sector institutions include:

Sector Institution (Votes)	Sector Institution (Other)
1. Ministry of Finance, Planning and Economic Development	11. Bank of Uganda
2. Inspectorate of Government	12. National Planning Authority
3. Directorate of Ethics and Integrity	13. Ministry of Public Service (Inspectorate)
4. Financial Intelligence Authority	14. Ministry of Local Government (Inspectorate)
5. Office of the Auditor General	15. Kampala Capital City Authority (Revenue Directorate)
6. Uganda Revenue Authority	16. Local Government Finance Commission
7. Uganda Bureau of Statistics	17. Private Sector Foundation of Uganda
8. Public Procurement and Disposal of Public Assets Authority	18. Capital Markets Authority
9. Uganda Investment Authority	19. Uganda Retirements Benefits Regulatory Authority
10. Treasury Services	20. National Social Security Fund
	21. Economic Policy and Research Centre
	22. Insurance Regulatory Authority
	23. Uganda Development Bank Limited
	24. Uganda Free Zones Authority
	25. Uganda Microfinance Regulatory Authority
	26. Uganda National Lotteries and Gaming Board
	27. Microfinance Support Centre

Other players include capital markets, financial institutions, insurance companies, professional bodies, business associations, development partners and CSOs. The composition of the Accountability Sector is based on the respective institutional contributions to the Accountability Sector objectives.

All the above institutions contribute to the achievement of the Accountability Sector's mandate of mobilisation, management and accounting for the use of public resources to facilitate the delivery of quality and equitable services.

In executing their mandates, the sector institutions are expected to work in collaboration to implement complementary accountability programmes to achieve the Sector objectives. The mandates of the various Accountability Sector institutions are presented here below.

Ministry of Finance, Planning and Economic Development (MOFPED): The Ministry is mandated to formulate policies that enhance stability and development; mobilize local and external financial resources for public expenditure; regulate financial management and ensure efficiency in public expenditure; oversee national planning and strategic development initiatives for economic growth.

he Ministry plays a critical role in fulfilling all the Accountability Sector's outcomes and objectives.

Uganda Bureau of Statistics (UBOS): The Bureau is mandated by the UBOS Act 1998 to produce, co-ordinate, supervise, and disseminate official statistics. UBOS also plays a dual role in the development and maintenance of the National Statistical System (NSS).

UBOS plays a critical role in fulfilling the Accountability Sector's objective of improving statistical data production and policy research.

Uganda Revenue Authority (URA): URA is mandated by the Uganda Revenue Authority Act No. 6 of 1991 to assess, collect and account for all Central Government tax revenue (including non-tax revenue) and to advise Government on revenue implications, tax administration and aspects of policy changes relating to all taxes as spelt out in the URA Act.

URA plays a critical role by contributing to the achievement of the Accountability Sector's outcome of fiscal credibility and sustainability, and the Sector's objective of increasing the revenue to GDP ratio.

Office of the Auditor General (OAG): Article 163 (3) of the Constitution of the Republic of Uganda establishes the Office of the Auditor General and its mandate as detailed in Section 13(1) and 18 of the National Audit Act 2008 is to audit and report to Parliament on the public accounts of all public offices including the courts, the central and local government administrations, universities and public institutions of like nature, and any public corporations or other bodies established by an Act of Parliament.

OAG plays a critical role by contributing to the achievement of the Accountability Sector's outcome of Value for Money in the management of public resources, and the Sector's objective of enhancing the prevention, detection, and elimination of corruption.

Public Procurement and Disposal of Public Assets Authority (PPDA): The PPDA derives its mandate from the PPDA Act, 2003. The PPDA mandate is to ensure the application of fair, competitive, transparent, non-discriminatory and value for money public procurement and disposal standards and practices; harmonization of procurement and disposal policies, systems and practices of the Central Government, Local Governments and Statutory bodies; setting standards for the public procurement and disposal systems in Uganda; monitoring compliance of Procuring and Disposing Entities; and building procurement and disposal capacity in Uganda.

PPDA plays a critical role by contributing to the achievement of the Accountability Sector's outcome of Value for Money in the management of public resources, and the Sector's objective of enhancing public contract management and performance.

Inspectorate of Government (IG): The Inspectorate is the lead anti-corruption agency in Uganda, mandated in three broad categories under Article 225 of the Constitution as the Ombudsman (Mostly proactive); Anti-corruption (Reactive and coercive); and Leadership Code (Ethics Body; proactive and coercive).

The IG plays a critical role by contributing to the achievement of the Accountability Sector's outcome of Value for Money in the management of public resources, and the Sector's objective of enhancing the prevention, detection, and elimination of corruption.

Directorate for Ethics and Integrity (DEI), Office of the President: The Directorate is the Policy Arm of Government in the fight against corruption and the rebuilding of ethics and integrity in the Ugandan society**.**

DEI plays a critical role by contributing to the achievement of the Accountability Sector's outcome of Value for Money in the management of public resources, and the Sector's objective of enhancing the prevention, detection, and elimination of corruption.

Ministry of Public Service: The Department of Public Service Inspection in the Ministry is mandated to inspect the entire service on the attainment of set targets and monitor very closely the performance of Public Service Institutions and public officers, verify, validate and confirm adherence to established standards in the delivery of Public Services.

The Ministry of Public Service (Inspectorate) plays a critical role by contributing to the achievement of the Accountability Sector's outcome of Value for Money in the management of public resources, and the Sector's objective of increasing public demand for accountability and improving compliance with accountability rules and regulations.

Ministry of Local Government (Inspectorate): The overall mandate of the ministry is to inspect, monitor, and where necessary offer technical advice/assistance, support supervision and training to all Local Governments; coordinate and advise Local Governments for purposes of harmonization and advocacy; act as a Liaison/ Linkage Ministry with respect to other Central Government Ministries and Departments, Agencies, Private Sector, Regional and International Organizations; and research, analyse, develop and formulate national policies on all taxes, fees, levies, rates for Local Governments.

In fulfilling its mandate, the Ministry of Local Government (Inspectorate) plays a critical role by contributing to the achievement of the Accountability Sector's outcome of Value for Money in the management of public resources, and the Sector's objectives of increasing public demand for accountability; improving compliance with accountability rules and regulations; and increasing the tax to GDP Ratio.

Kampala Capital City Authority (KCCA): In 2010, Government took over management of Kampala District from a Local Government setting, and created the Kampala Capital City Authority with the overall responsibility of streamlining operations, improving service delivery and restoration of good urban governance in the City.

KCCA plays a critical role by contributing to the achievement of the Accountability Sector's outcome of fiscal credibility and sustainability, and the Sector's objective of increasing the revenue to GDP ratio.

Bank of Uganda (BoU): The Bank of Uganda is mandated by the Bank of Uganda Act, 2000 to formulate and implement monetary policy directed to economic objectives of achieving and maintaining economic stability.

In fulfilling its mandate, BoU plays a critical role in contributing to the achievement of the Accountability Sector's outcomes of Sustainable Macroeconomic Stability; and Fiscal Credibility and Sustainability; and the sector's objectives of increasing access to finance, reducing interest rates, increasing national savings and private investment.

Uganda Financial Intelligence Authority (FIA): FIA is mandated by the Anti-Money Laundering Act, 2013 to enhance the identification of the proceeds of crime and the combating of money laundering; ensure compliance with the Anti-Money Laundering Act, 2013; enhance public awareness and understanding of matters related to money laundering; make information collected by Uganda Financial Intelligence Authority available to competent authorities and to facilitate the administration and enforcement of the laws of Uganda; and exchange spontaneously or upon request, any information with similar bodies of other countries that may be relevant for the processing or analysing of information relating to Money Laundering or Terrorism financing.

In fulfilling its mandate, FIA plays a critical role in contributing to the achievement of the Accountability Sector's outcome of sustainable macroeconomic stability.

Uganda Retirements Benefits Regulatory Authority (URBRA): URBRA is mandated by the Uganda Retirement Benefits Regulatory Authority Act, 2011 to regulate and supervise the establishment, management and operation of retirement benefits schemes in Uganda, in both the public and private sectors; license retirement benefits schemes in Uganda; license custodians, trustees, administrators and fund managers of retirement benefits schemes; approve an actuary or auditor of any retirement benefit scheme; protect the interests of members and beneficiaries of retirement benefits schemes including the promotion of transparency and accountability; improve understanding and promote the development of the retirement benefits sector; promote the stability and integrity of the financial sector through ensuring stability and security of retirement benefits schemes; ensure sustainability of the retirement benefits sector with a view to promoting long term capital development; advise the Minister on all matters relating to the development and operation of the retirement benefits sector; implement Government policy relating to retirement benefits schemes; and promote public awareness of the retirement benefits sector.

In fulfilling its mandate, URBRA plays a critical role in contributing to the achievement of the Accountability Sector's outcome of sustainable macroeconomic stability, and the sector's objective of increasing national savings.

National Social Security Fund (NSSF): The NSSF is mandated by Government through the National Social Security Fund Act, Cap 222 (Laws of Uganda) to provide social security services to employees in Uganda. It was established by an Act of Parliament (1985) to provide for its membership, payment of contributions to, and payment of benefits out of the Fund. NSSF is a provident fund (pays out contributions in lump sum). It covers all employees in the private sector including Non-Governmental Organizations that are not covered by the Government's pension scheme. It is a scheme instituted for the protection of employees against the uncertainties of social and economic life.

In fulfilling its mandate, NSSF plays a critical role in contributing to the achievement of the Accountability Sector's outcome of sustainable macroeconomic stability, and the sector's objective of increasing national savings.

Uganda Development Bank Limited (UDBL): UDBL is a public enterprise wholly owned by the Government of Uganda and carrying on business as a Development Finance Institution (DFI). The bank, a successor company to Uganda Development Bank, was incorporated as a limited liability company under the Public Enterprises Reform and Divestiture Act, Cap.98, Laws of Uganda and it is mandated to finance enterprises in key growth sectors of the economy.

In fulfilling its mandate, Uganda Development Bank Limited plays a critical role in contributing to the achievement of the Accountability Sector's outcome of sustainable macroeconomic stability, and the sector's objectives of increasing access to finance and lowering interest rates.

Capital Markets Authority (CMA): CMA is mandated by the Capital Markets Authority (Amendment) Act 2016, to approve prospectuses and other offering documents under which securities are offered to the public and to approve information memorandum; develop all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of incentives for, long term investments in productive enterprises; create, maintain and regulate, through implementation of a system in which the market participants are self-regulatory to the maximum practicable extent, of a market in which securities can be issued and traded in an orderly, fair and efficient manner; cooperate with, provide information to, conduct any investigation or inquiry for, or otherwise assist any foreign regulatory authority in the performance of its duties; implement regional and international standards and best practice in securities markets, securities regulation and supervision; protect investor interests; and operate the Investor Compensation Fund.

In fulfilling its mandate, the capital Markets Authority plays a critical role in contributing to the achievement of the Accountability Sector's outcome of sustainable macroeconomic stability, and the sector's objective of increasing the level of capitalisation and widening investment opportunities in the capital markets.

Uganda Investment Authority (UIA): Set up under the Investment Code Act 1991, which was amended by the Investment Code Act, 2019. UIA is a statutory agency mandated to initiate and support measures that enhance investment in Uganda and advise Government on appropriate policies conducive for investment promotion and growth. Uganda Investment Authority is a semi-autonomous government agency which drives national economic growth and development in partnership with the private sector. As an Investment Promotion Agency, UIA operating as a One Stop Centre promotes, attracts, facilitates, registers, monitors and evaluates investments and business activities in Uganda. UIA markets investment opportunities; promotes packaged investment projects; ensures local and foreign investors have access to information, especially about the business environment so as to make more informed business decisions; and offers business support, advisory and advocacy services. Additionally, UIA acquires, develops and manages serviced land for investment.

In fulfilling its mandate, Uganda Investment Authority plays a critical role in contributing to the achievement of the Accountability Sector's outcome of sustainable macroeconomic stability, and the sector's objective of increasing private investments.

Private Sector Foundation Uganda (PSFU): PSFU is Uganda's apex body for the private sector. It is made up of over 245 business associations, corporate bodies and the major public sector agencies that support private sector growth. Since its founding in 1995, PSFU has served as a focal point for private sector advocacy as well as capacity building and continues to sustain a positive policy dialogue with Government on behalf of the private sector. The mandate of PSFU covers carrying out policy research and advocacy on behalf of the Private Sector; providing a forum for the discussion of policy issues, and the impact of those policies on the Private sector in Uganda; maintaining a dialogue with Government on behalf of the Private Sector; and undertaking capacity building for the private sector through training and the provision of business development services.

In fulfilling its mandate, Private Sector Foundation Uganda plays a critical role in contributing to the achievement of the Accountability Sector's outcomes of sustainable macroeconomic stability, fiscal credibility and sustainability, and the sector's objectives of increasing private investments, increasing the revenue to GDP ratio and improving policy research.

Economic Policy Research Centre (EPRC): EPRC is Uganda's leading think tank in economics and development policy oriented research and policy analysis. The Economic Policy Research Centre was established in 1993 as an autonomous not-for-profit organization limited by guarantee to fill fundamental voids in economics research, policy analysis, and capacity building for effective in-country contributions to Uganda's policy processes. EPRC's mission is to foster sustainable growth and development of the Ugandan economy by advancing the role of research in policy processes through provision of high quality applied research; practical policy analysis and advice; and policy focused dissemination and discourse. EPRC also undertakes capacity building activities through intellectual and scholar exchange, networking with accredited national and international institutions and scholars and hands on skills sharpening for young professionals, technocrats and policy makers.

In fulfilling its mandate, the Economic Policy Research Centre (EPRC) plays a critical role in contributing to the achievement of the Accountability Sector's outcome of sustainable macroeconomic stability, and the sector's objective of improving statistical data production and policy research.

Insurance Regulatory Authority (IRA): IRA is the Supervisor and Regulator of the Insurance Industry in Uganda. It was established under the Insurance Act, (Cap 213) Laws of Uganda, 2000 (as amended) with the main objective of "ensuring Effective Administration, Supervision, Regulation and Control of the business of insurance in Uganda".

In fulfilling its mandate, the Insurance Regulatory Authority plays a critical role in contributing to the achievement of the Accountability Sector's outcome of sustainable macroeconomic stability, and the sector's objective of increasing insurance penetration.

National Planning Authority (NPA): The National Planning Authority was established by the NPA Act (15 of 2002) in accordance with Article 125 of the 1995 Constitution of the Republic of Uganda. The NPA is mandated to produce comprehensive and integrated development plans for the country, elaborated in terms of the perspective Vision, long and medium–term plans. It is also mandated to produce the National vision.

In fulfilling its mandate, the National Planning Authority plays a critical role in contributing to the achievement of the Accountability Sector's outcome of fiscal credibility and sustainability, and the sector's objective of improving Public Financial Management and consistency in the economic development framework.

Uganda Free Zones Authority (UFZA): The Uganda Free Zones Authority (UFZA) was established by the Free Zones Act, 2014, and is a fully operational body corporate under the supervision of Ministry of Finance, Planning and Economic Development. UFZA is responsible for the establishment, development, management, marketing, maintenance, supervision and control of Free Zones.

As it fulfils its mandate UFZA contributes to the Accountability Sector's outcome of sustainable macroeconomic stability, and the sector's objective of increasing private investments.

Uganda National Lotteries and Gaming Board: The Uganda National Lotteries and Gaming Board was formed under Section 4 of the Lotteries and Gaming Act, 2016. It is mandated to issue licenses for Lotteries, Casinos, Gaming and Betting in Uganda. The mandate includes Licensing, Supervision, Enforcement and dispute resolution.

In fulfilling its mandate, the Uganda National Lotteries and Gaming Board plays a critical role in contributing to the achievement of the Accountability Sector's objective of increasing domestic revenue, and protecting the financial systems and the broader economy from the threats of money laundering and the financing of terrorism.

Uganda Microfinance Regulatory Authority (UMRA): UMRA was established under the Tier IV Microfinance Institutions and Money lenders Act, 2016. UMRA is mandated to effectively govern the spectrum of Tier IV financial institutions and Money Lenders with the objective of protecting the savings the depositors, limiting predatory lending and unethical practices, and building confidence in the system to promote financial inclusion

In fulfilling its mandate, the Uganda Microfinance Regulatory Authority plays a critical role in contributing to the achievement of the Accountability Sector's objective of increasing equitable access to finance and reducing interest rates.

Microfinance Support Centre: The Microfinance Support Centre Ltd (MSC) was established by the Government of Uganda in 2001 as the main vehicle for managing and delivering micro-credit funds to economically active but low-income earners to enable them increase production, create employment opportunities, enhance incomes and ultimately get out of poverty. MSC executes its mandate by primarily offering affordable financial services to borrowers through client institutions mainly SACCOs and producer cooperatives, groups, MFIs and SMEs. For purposes of sustainability, MSC also provides Business Development Services (BDS) to its clients so as to build stronger & viable institutions.

In fulfilling its mandate, the Microfinance Support Centre plays a critical role in contributing to the achievement of the Accountability Sector's objective of increasing equitable access to finance and reducing interest rates.

Local Government Finance Commission (LGFC): The Local Government Finance Commission was established by the LGFC Act of 2003 in accordance with Article 194 of the 1995 Constitution of the Republic of Uganda. The LGFC is mandated to advise Government on all matters concerning the distribution of revenue between the Government and Local Governments and the allocation to each Local Government of money out of the consolidated fund, support Local Governments enhance own source revenues and analyse Local Government budgets for compliance with legal provisions

In fulfilling its mandate, the Local Government Finance Commission plays a critical role in contributing to the achievement of the Accountability Sector's objective of increasing the revenue to GDP ratio.

1.1.3 Management of the Accountability Sector

The Governance structure of the Accountability Sector provides for four committees namely the Leadership Committee, Steering committee, Sector Working Group and Technical Working Groups which are serviced by the Secretariat for Accountability Sector.

The **Leadership Committee** provides political leadership and policy guidance to the sector and is comprised of the Minister of Finance Planning and Economic Development; Minister of Ethics and Integrity; Minister of Public Service; Minister of Local Government; Minister for Kampala; Inspector General of Government; Auditor General; and the Permanent Secretary/ Secretary to the Treasury. The Minister of Finance Planning and Economic Development chairs the Accountability Sector Leadership Committee.

The **Steering committee** formulates sector policies and priorities, and is comprised of the Secretary, Directorate for Ethics and Integrity, Office of the President; Secretary Inspectorate of Government; Permanent Secretary, Ministry of Public Service; Permanent Secretary, Ministry of Local Government; and the Executive Directors/CEOs of the Accountability Sector Institutions. The Secretary, Inspectorate of Government chairs the Accountability Sector Steering Committee.

The **Sector Working Group (SWG)** implements sector policies in line with the Accountability Sector Strategic investment plan (ASSIP), and as guided by the Leadership and Steering committees. The SWG is comprised of technical officials at Director/Head of Department level from the sector institutions and representatives of development partners, private sector and civil society. The Accountant General chairs the Accountability Sector Working Group.

The Accountability Sector has four **Technical Working Groups** in line with the sector thematic areas i.e. Economic Management TWG; Resource Mobilisation and Allocation TWG; Budget Execution and Accounting TWG; and Audit/Anticorruption TWG.

The Technical Working Groups analyse the relevant thematic area technical issues and produce papers and reports with conclusions and recommendations for discussion and endorsement by the SWG, Steering and Leadership committee; support and participate in the planning, budgeting, monitoring and evaluation, reporting and documenting of lessons learnt during implementation; and are the think-tank for the Accountability Sector and particularly, the thematic areas.

The TWG are chaired by Directors from the Sector Institutions with an option for a co-chair from the Development Partner and Civil Society fraternity.

The day to day operations of the Accountability Sector are coordinated by the **Secretariat for Accountability Sector** based at the Ministry of Finance Planning and Economic Development. The secretariat is headed by the Sector Coordinator, supported by a Technical Advisor and Assistants.

2 ACCOUNTABILITY SECTOR PERFORMANCE

This section presents the Accountability Sector's achievements and challenges during FY2019/20, focusing on the planned and actual Sector budget outturn, outcomes and outputs under each of the thematic areas i.e. economic management; resource mobilisation and allocation; budget execution and accountability; and audit and anticorruption.

2.1 Sector Budget Performance

The approved Accountability Sector Budget for FY2019/20 was UGX1,622 Billions of which, UGX1,310 (81%) was released. By end of FY2019/20, UGX1,229 Billion was spent, which is 76% of the budget, and 94% of the amount released. The table below provides details of the Accountability Sector Votes' approved budget, amount released, and spent as at 30 June 2020.

Table 2: Accountability Sector Budget Performance FY2018/19

Vote	Sector Institution	Approved (UGXBn)	Released by End Q4	Spent by End Q4	% Budget Released	% Budget Spent	% Release Spent
8	MFPED	581.314[1]	590.188	564.324	101.5%	97.1%	95.6%
103	IG	53.476	50.729	44.954	94.9%	84.1%	88.6%
112	DEI	8.592	6.649	5.448	77.4%	63.4%	81.9%
129	FIA	13.017	10.502	10.400	80.7%	79.9%	99%
130	Treasury Operations	262.068[2]	62.070	62.070	23.7%	23.7%	100.0%
131	OAG	63.750[3]	63.884	63.005	100.2%	98.8%	98.6%
141	URA	438.255	450.964	407.752	102.9%	93%	90.4%
143	UBOS	60.081	46.625	44.618	77.6%	74.3%	95.7%
153	PPDA	24.834	17.133	15.424	69%	62.1%	90%
310	UIA	116.904[4]	11.514	11.204	9.8%	9.6%	97.3%
	Total	**1,622.291**	**1,310.258**	**1,229.199**	**81%**	**76%**	**94%**

Source: Accountability Sector Institutions' Vote Performance Reports, FY2019/20

2.2 Economic Management

This section focuses on the Accountability Sector outcome "Sustainable Macroeconomic Stability" and the following Sector Objectives.

1. increase access to finance;
2. increase private investments;
3. reduce interest rates;
4. increase insurance penetration;
5. increase national savings; and
6. increase the level of capitalisation and investment opportunities in the capital markets;

[1] Includes External Funding (UGX91.399) and excluding arrears (UGX14.2b)
[2] Excludes arrears (UGX156.819b)
[3] Excludes arrears (UGX0.17b)
[4] Includes External funding (UGX101.457b)

Panelists during the Economic Growth Forum that focused on "Unlocking Opportunities for Inclusive Growth" held at Serena Hotel in September 2020.

7. improve statistical data production and policy research; and
8. protect financial systems and the broader economy from the threats of money laundering and financing of terrorism;

The Accountability Sector Institutions mainly charged with realising the economic management thematic area outcomes and objectives include the Ministry of Finance Planning and Economic Development; Bank of Uganda; Uganda Investment Authority; Uganda Bureau of Statistics; Financial Intelligence Authority; Capital Markets Authority; Uganda Retirements Benefits Regulatory Authority (URBRA); Uganda Development Bank Limited; Private Sector Foundation Uganda; Economic Policy Research Centre; Insurance Regulatory Authority; National Social Security Fund; Uganda Free Zones Authority.

The following achievements, reforms, interventions and challenges in respect of the Economic Management thematic area objectives were registered during FY2019/20.

2.2.1 Economic Growth

The economy grew by 2.9% in FY2019/20, lower than the earlier estimate of 3.1%, which was less than the NDP II target of 6.3% and the previous year's GDP growth rate of 6.8%. The below target performance was mainly attributed to effects of the COVID-19 Pandemic, which brought the Ugandan economy to a standstill during the third quarter of the financial year. Indeed, the COVID-19 pandemic disrupted the level of economic activity both within Uganda and on the global scale.

Considering Sector performance, the largest decline between FY2018/19 and FY2019/20 was in industry, where growth declined from 10.2% to 2.3%. Services were also affected and overall, the services sector grew by 3.6%, down from 5.7% in FY2018/19. Negative growth was realised in a number of subsectors covering trade and repairs; transportation and storage; accommodation and food service activities; arts, entertainment and recreation; and taxes on products. Agriculture was the most resilient of the major sectors, with overall growth falling from 5.3% in FY2018/19 to 4.2% in FY2019/20. The key subsectors of food crops and livestock actually recorded better performance compared to FY2018/19; although growth in the fishing subsector fell sharply from 41.4% to 1.6% over the two fiscal years.

2.2.2 Inflation

The Accountability Sector through BoU pursued an inflation targeting monetary policy framework that succeeded in reducing inflation further and keeping it low and stable in line with the medium term target of 5%. During the year under review, the annual average headline inflation reduced from 3.1% to 3.0% while the average core inflation reduced from 3.8% to 3.1%. This boosted private sector credit growth and strengthened economic growth momentum.

2.2.3 Access to finance and reduction of Interest rates

During FY2019/20, the average lending rate was 19.4% declining by 0.6 percentage points compared to the previous year's performance of 20%. The private-sector credit to GDP stood at 13.2%, below the ASSIP target of 15% and above the previous year's performance of 12.4%, while the percentage of Non-Performing Loans to Gross Loans stood at 6% compared to the ASSIP target of 2% and previous year's performance of 3.8%.

The reducing loan performance is a major result of the effects of the COVID-19 pandemic on the Ugandan economy and subsequently the private and financial sectors. The overall decline in economic activity has constrained firms' ability to pay back outstanding debt, with 42% reporting moderate declines and 24% reporting severe declines, largely in micro (69% of the businesses), small (72% of the businesses), and medium (88% of the businesses) sized firms (EPRC, 2020). The "big five" sectors – agriculture; manufacturing; trade; building, construction and real estate; and personal and household –accounted for 84.5% of total NPLs. All five sectors experienced an increase in their non-performing loan ratios from June 2019 to June 2020, with the highest inclines in strongly affected sectors like trade (from 3.1% to 8.6%), and households (2.6% to 4.9%). Surprisingly, NPL ratios in the transport and communications sector reduced from 3.2% to 2%.

To reduce their delinquent portfolios, lenders made use of the regulatory easing in terms of loan restructuring, repayment moratorium, and write-offs. Between March and July, new loan disbursements in Tier 1-3 financial institutions declined sharply. Movement restrictions, changes in branch opening hours and declines in loan demand led to a strong decline in loan applications, reaching the lower limit in April. From March to April 2020, the total number of loan applications declined by 91% and 52% in terms of value, as indicated in figure 1 (BOU, 2020d). Similarly, PROFIRA data indicates strong declines in loan disbursements, falling by 81% from January to April 2020 (PROFIRA, 2020). Accordingly, 69% of firms reported reduced access to credit due to COVID-19, with the manufacturing sector and medium-size business mostly affected (EPRC, 2020).

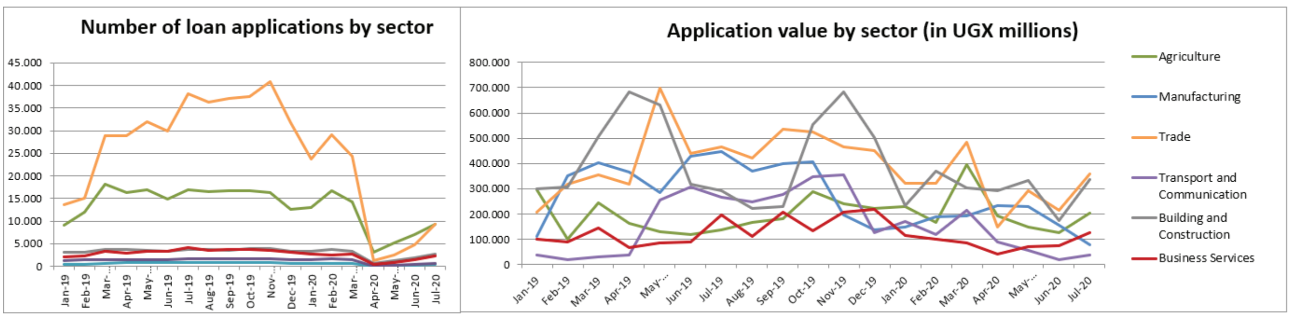


Figure 1: Monthly numbers and values of loan applications in Tier 1-3 institutions (BoU, 2020d)

As a result, credit portfolios in Tier 1-4 grew marginally, specifically between March and May. In June portfolio growth in Tier 1, 2, and 3 institutions picked up, resulting in a quarterly portfolio growth rate of 6.53% from March to June 2020, comparing against 3.82% in the previous year. Overall, figures indicate that commercial banks and credit institution's portfolios seem less affected by the crisis. While MDIs experienced a slight portfolio increase of 1.15% in the Q2 2020, SACCOs and MFIs lost 3.34% and 3.58% respectively of their portfolios. SACCOs under PROFIRA reported even more drastic declines in lending, their portfolios decreased by 3% from March to April.

Sectoral allocation of credit remained mostly consistent with past trends, with almost no extraordinary shifts in Tier 1-3 institution's stock of loans between Q1 and Q2. Portfolios showed slight reductions in allocations to the agricultural, trade and personal and a major increase of credit extended to community, social and other services, growing at 110% from May to June, result of a large loan extended to Government. Looking at sectoral monthly growth rates between March and July, credit expansion has been volatile, with monthly growth rates in individual sectors ranging between decreases of around 3% to increases of 110% (BoU, 2020d).

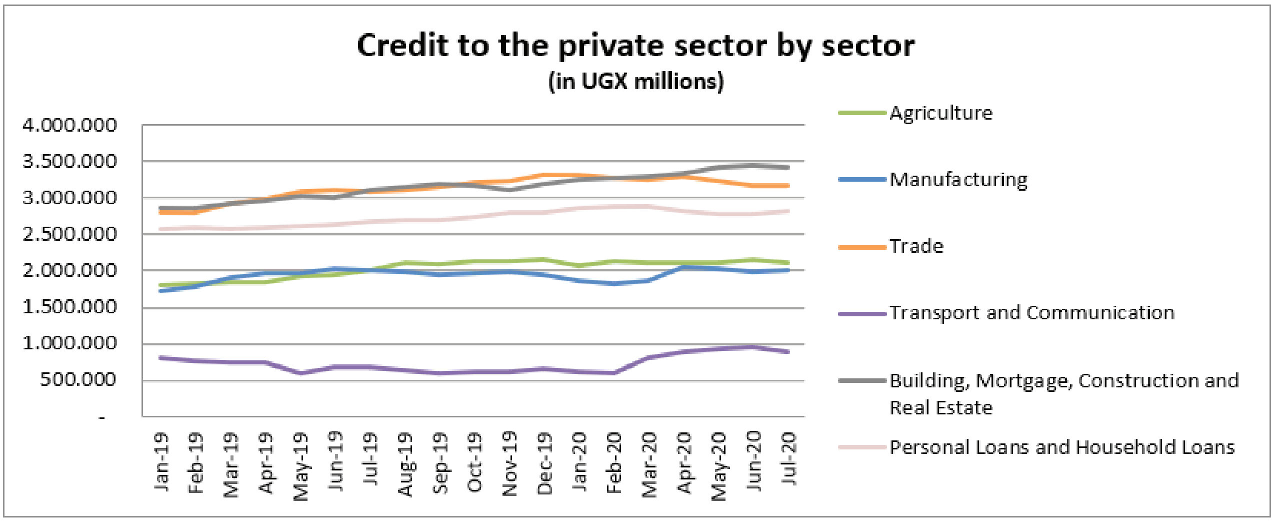


Figure 2: Sectoral allocation of private sector credit in Tier 1-3 institutions (BoU, 2020d)

Effects on lending rates

To stimulate economic activity Bank of Uganda reduced the CBR twice by one percentage-point between April and August, from 9% to 7%, an all-time low (BoU, 2020d). Available lending rate data suggest that the April reduction primarily transmitted to the banking industry, marginally lowering the average lending rate from 17.78% in March to 17.73% in April. However, rising lending risks, increased operational costs and reduction in business volumes, forced banks to consecutively increase lending rates in the following months, standing at 20.93% in July 2020. The impact of the August reduction is yet to be seen. Sectoral lending rate data of commercial banks shows a sharp incline from June to July in the transport and communication and the electricity and water sectors, as depicted in figure 3.

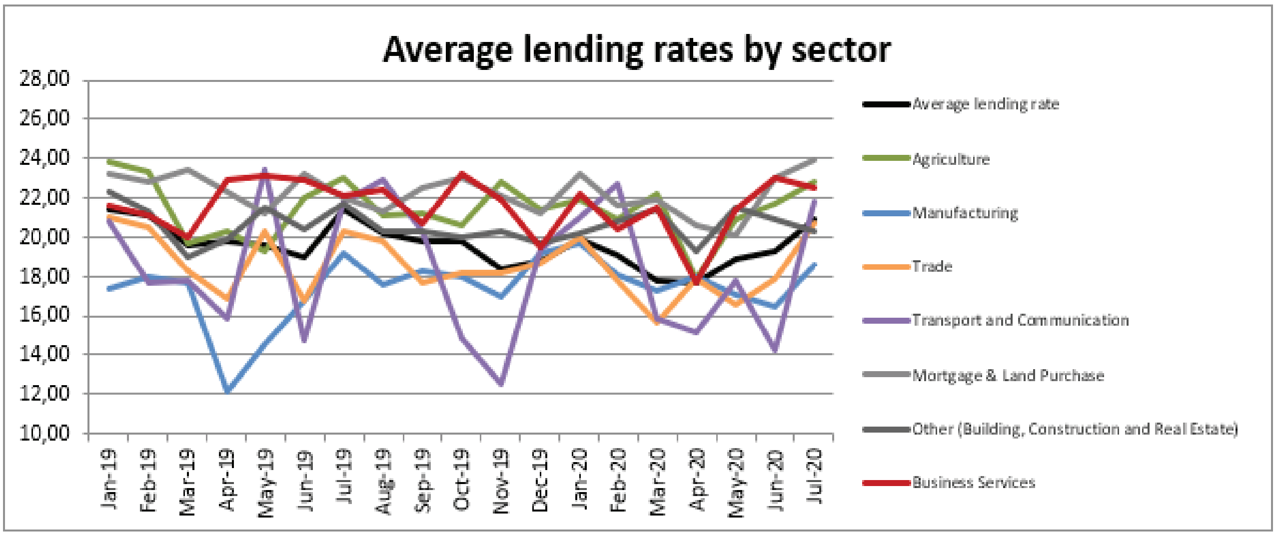


Figure 3: Average lending rates by Sector (BoU, 2020d)

Effects on total assets and savings

Quarterly figures indicate limited effects on total assets and savings in reporting Tier 1-4 institutions. Only MFIs experienced declines in total savings and assets, from Q3 to Q4 of FY2019/20 total assets fell by 3.32% and savings by 12.21%, comparing against increases of 3.48% and 6.03% respectively in the previous year. Surprisingly, total savings in SACCOs increased by around 15% in the fourth quarter of FY2019/20, comparing against a 2.5% increase in FY2018/19.

Parameter	March 2019	June 2019	%-change March to June 2019	March 2020	June 2020	%-change March to June 2020
Assets (in UGX Million)						
Tier 1	30,356.47	30,558.83	+5.77	33,836.09	36,059.96	+4.21
Tier 2	941.41	962.97	+2.29	924.45	963.4	+4.21
Tier 3	523.69	562.23	+7.36	669.59	675.29	+0.85
SACCOs	1,092.52	1,119.8	+2.5	1,295.13	1,348.52	+4.12
MFIs	419.66	435.68	+3.82	476.9	461.06	-3.32
Savings (in UGX Million)						
Tier 1	19,610.81	21,031.45	+7.24	23,591.81	25,487.95	+8.04
Tier 2	442.92	463.08	+4.55	489.59	550.77	+12.5
Tier 3	234.2	246.36	+5.19	301.7	325.243	+7.8
SACCOs	426.31	435.83	+2.24	519.03	596.78	+14.98
MFIs	17.01	18.04	+6.03	20.11	17.650	-12.21

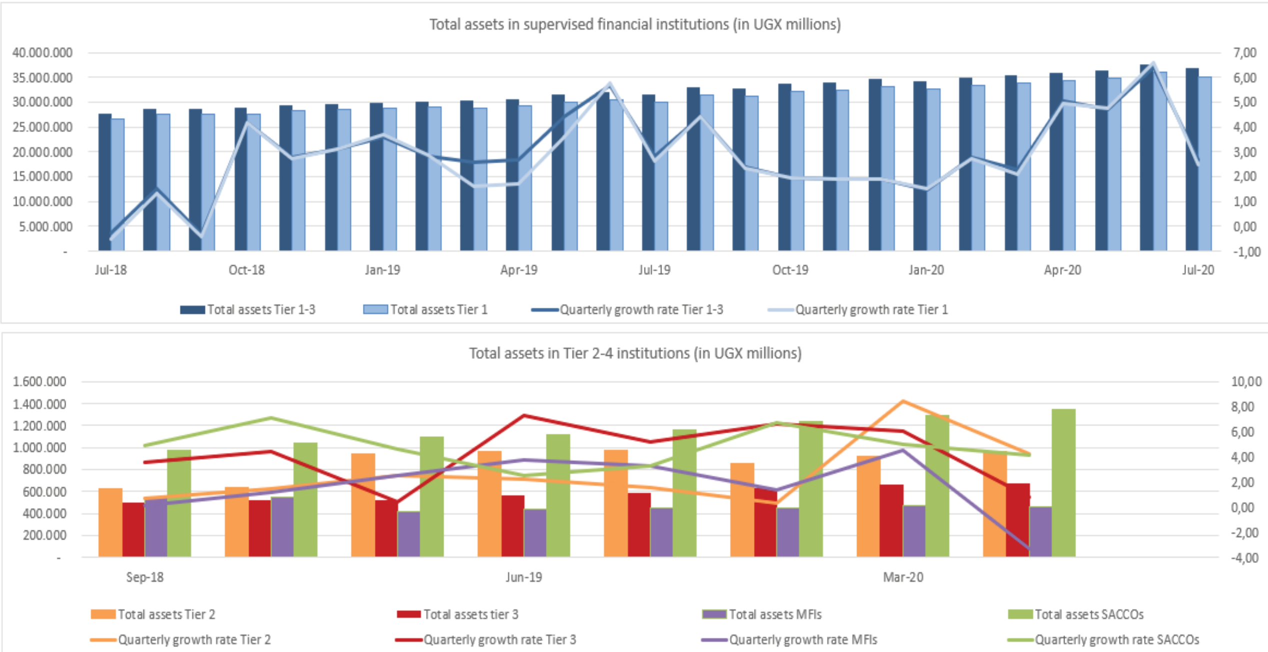


Figure 4: Assets in Tier 1-4 institutions

Effects on financial performance/ soundness in Tier 1 institutions

Aggregate profitability of the banking industry reduced from Q2 2019 to Q2 2020. The banking sector's aggregate bi-annual net-after-tax profit fell by 6.5% from UGX455.7 billion in June 2019 to UGX425.9 billion in June 2020. Income was largely driven by interest income on advances (50.7% of total income) and treasury securities (18.15% of total income) which increased by 9.9% and 11.2% respectively.

Lower credit expansion and increasing loan delinquencies resulted in a drop in quarterly interest income by 4.1% in the first quarter of 2020 and a slight increase of 1.65% in the second, comparing against a reduction of 2.19% and an increase of 2.78% in the previous year. The quarterly net interest income dropped by 2.2% in Q1 2020 and increased by about 1% in Q2 2020, compared at a reduction of 0.65% in Q1 and an increase of 2.69% in Q2 2019.

Increasing loan delinquencies resulted in increasing provisions for bad debt. Comparing bi-annual commercial bank expenditures in June 2019 and June 2020, provisioning increased by 171.2% annually, despite a 13.41% increase in lending. However, annualized aggregate specific provisions to NPLs reduced from 49.26% at June 2019, to 39.07% at June 2020, however, up by 1.32 percentage-points from the previous quarter.

Overall, the annual average return on assets in commercial banks fell only slightly from 2.69 in June 2019 to 2.58 in June 2020, while the annual average return on equity fell from 15.83 to 15.24. This was attributed to the reduction in net-after-tax profits. The drop in net after-tax profits is even more pronounced in bi-annual average return on assets, falling from 1.55 in June 2019 to 1.25 in June 2020, and average return on equity, falling from 9.3 in June 2019 to 7.6 in June 2020.

Assets to total deposit increased from 45.47% to 49.14% well above the required 20%. Capital buffers and adequacy improved, reinforcing the banking system's resilience to shocks. In the first quarters of 2020, commercial banks maintained capital adequacy ratios (CAR) well above the minimum requirement of 10%, with regulatory Tier 1 capital to total risk-weighted assets increasing from 19.57% in June 2019, to 21.07% in June 2020.

Effects on payment

While there was no significant change in the number and value of mobile money transactions, card payments and account transactions, the months of February and March, April experienced a decline in values and number of transactions. Account transactions declined by 12.3% in number and values by 23.3% in April, compared to the previous month, which was around 5% in the previous year. Similarly, card payments declined by 57% in values and 43% in numbers, while account transactions declined by 30% in value and 35% in numbers from March to April. Likely a result of missing agent balances, which declined by 28% from February to March, comparing to a decline of 19% in the previous year. In line, customer balances increased by 17.8% and 10.6% in March and April, while cash out transactions fell by 35% in April. By June mobile money transactions normalized.

Financial Inclusion: According to the Finscope study, 78% of adult Ugandans used financial services, which is below the ASSIP target of 93%, but remains constant since the Finscope survey of 2013. The survey found that around 34% of adults save in a formal financial institution, increasing from 24% in 2013.

During the year 2019 the number of borrowers in Tier 1-3 institutions increased marginally by 6% from 1.7 million to 1.8 million. In the same timeframe the number of savers in these institutions declined from 8.8 million to 7.8 million.

In order to promote financial inclusion, the Sector through MFPED developed and validated the draft Financial Sector Development Strategy, which was due for Cabinet consideration by the end of FY2019/20. The Strategy aims at integrating all efforts under the vision of achieving a sound and integrated financial sector that supports sustainable and inclusive economic growth. It clearly identifies access to affordable finance as one key area of intervention.

Compliance with microfinance polices, laws and regulations: During the FY19/20 UMRA continuously delivered on its mandate by licensing and supervising Tier 4 institutions, in particular money lenders (MLs) and non-deposit taking microfinance institutions (MFIs). The number of licenced microfinance institutions increased from 190 licensed moneylenders and 49 MFIS at the end of 2018 to 636 MLs and 190 MFIs by end FY19/20.

During the period under review, the Accountability Sector through MFPED facilitated the gazetting of the Tier IV (SACCO) Regulations 2020, and distributed 50 copies of the Regulations to all Stakeholders during the year. The Sector also drafted the Financial Leasing Bill and Tier IV MFIs and Money lenders regulations however, discussion of this was not completed by the end of the Financial Year due to challenges attributed to COVID-19".

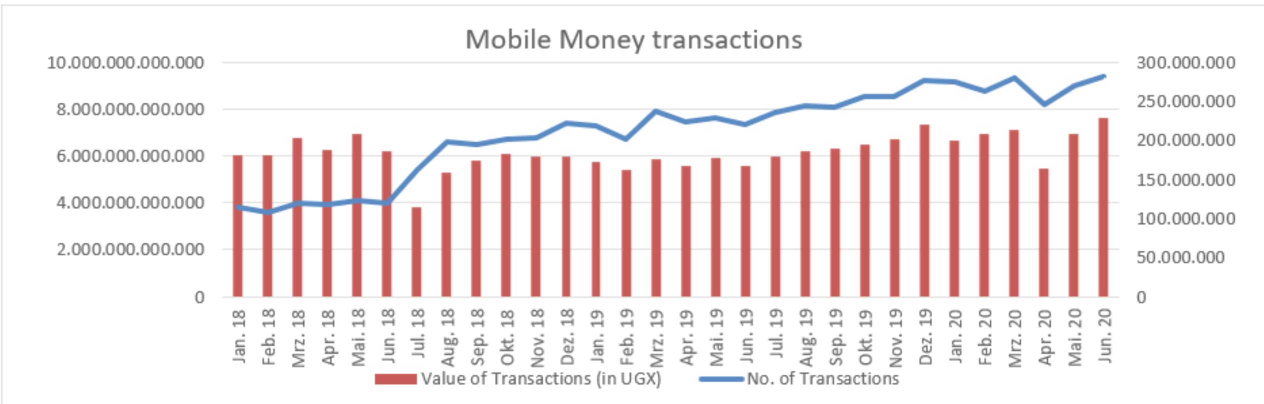


Figure 5: Mobile Money Transactions

The Hon. Minister of Finance, Planning & Economic Development attending the World Development Finance Forum 2020

Capitalization: The Government of Uganda (GoU) through the Accountability Sector continues to implement industry specific policies and legal frameworks that are meant to address the constraints for private sector lending. For example, the Uganda Development Bank (UDB) was established by the Government of Uganda (GoU) to promote the country's economic development by undertaking specific objectives. UDB's strategy is focused on the need to maximize development impact in key priority sectors as spelt out in the National Development Plan through channelling resources to address the sector-specific constraints, achieving expected development outcomes, and ensuring the long-term sustainability of the Bank.

During the year, the Accountability Sector through the Ministry of Finance, Planning and Economic Development released UGX29billion to UDB for capitalisation, and cumulatively, over UGX305.84 billion capitalisation funds have been released to UDB during the NDP II period.

It is expected that the Bank will be fully capitalised up to the authorised share capital in the government financial year 2020/21. This will be achieved when the retained earnings, currently at UGX52 billion, are fully integrated. The current capitalization trend of the Bank stands as shown in the table below.

Table 3: Trends in capitalisation and releases to UDB

	Contributions	Authorized capital	Outstanding balance UGX'000
31 December 2016	**112,415,774**	**500,000,000**	**387,584,226**
2017 capital release	50,500,000		337,084,226
Kuwait Fund contribution	7,101,303		329,982,923
31 December 2017	**170,017,077**	**500,000,000**	**329,982,923**
Kuwait Fund contribution	3,978,855		326,004,068
2018/19 capital release	26,178,038		299,826,030
31 December 2018	**200,173,970**	**500,000,000**	**299,826,030**
2019/20	87,730,700		212,095,330
Share registration fees	(4,000,000)		216,095,330

	Contributions	Authorized capital	Outstanding balance UGX'000
31 December 2019	**283,904,670**	**500,000,000**	**216,095,330**
2020/21	29,015,920		187,079,410
Retained Earnings	52,236,720		134,842,690
29 February 2020	**365,157,310**	**500,000,000**	**134,842,690**

Overall, there has been a steady growth in UDB disbursements to various sectors of the economy over the last four years. Disbursement increased from UGX57bn in 2016 to UGX189.3Bn in 2019. The growth in disbursement were significant in the manufacturing, agriculture, tourism human capital development, infrastructure and mineral oil and gas sector as illustrated in the table below.

Table 4: UDB Disbursement per Sector (UGX Billion)

Sectors	2016	2017	2018	2019
Agriculture	14.2	37.2	57.2	69.13
Manufacturing	29.6	50.7	80.8	77.71
Tourism & Hospitality	0.3	0.302	3	7.11
Human Capital Development	0.835	2	2.8	4.57
Infrastructure	5.5	0.136	3.7	13.44
Minerals, Oil & Gas	0	0	4.6	11.06
Others	7.1	4.7	2.2	0.83
Total	57.7	95.2	154.6	189.3

The other Accountability Sector achievements through UDBL include:

Jobs created/maintained: The Bank's operations created/maintained 28,313 jobs in 2019, up from 23,970 in 2018, implying a net of 4,343 new jobs created. Of the total, 36% were held by women and 67% were taken by the youth.

Tax contribution: The total contribution to government tax revenue by the various companies supported by the Bank improved by 6% during 2019, from Ushs133.1billion in 2018 to Ugs141.7billion.

Improvement in private sector performance: There was a 3% improvement in annual turnover between 2018 and 2019, from UGX1.738trillion to UGX1.796Trillion; while profitability of private sector entities financed by the Bank also improved by 9%.

External ratings: At its follow up rating process with Fitch Ratings, UDB was for the second-year running awarded a credit rating of B+ with a stable outlook. The rating and outlook portray UDB in good stead amongst peers and development partners and has had a positive impact on the Bank's financing prospects. The Bank also achieved an improved A+ AADFI rating, once again scooping an award of Best Performing DFI among peers on the African continent.

Mainstreaming and championing sustainability: Following its admission to the Sustainability Standards Certification Initiative (SSCI), the Bank has gone beyond the conventional environmental and social governance frameworks and has mainstreamed sustainability in a holistic manner as per the stringent requirements of SSCI. Therefore, all decisions and actions at all levels are guided by the principles of sustainability, making it the core of UDB's business.

Creating value through partnerships: The Bank in collaboration with European Organization for Sustainable Development (EOSD) is involved in several joint initiatives as part of transitioning to a 21st century economy. First, EOSD helped to mobilize Euro 300,000 and developed a strategic partnership between Europe's largest & prestigious R&D institution "Fraunhofer Institute" Germany with "Makerere University" Uganda. The funding will be used to set up a research institute in Makerere with technical support from Fraunhofer. The centre is expected to develop technologies in renewable energy solutions that can help diversify the countries sources of foreign exchange among others. Second, EOSD & UDBL are in active cooperation on national engineering roster under the "Reshaping Industries for Sustainable Economy (RISE) Program".

The Bank, with the support of the Food and Agricultural Organisation (FAO) and the European Union (EU) started implementation of the Agrinvest Project whose impact will be an enlarged and enhanced UDBL agricultural loan portfolio. This enlarged portfolio will in turn generate benefits for small-scale producers in terms of improved access to finance and wider scope for sustainable and profitable value chain investments. Ultimately, poverty reduction, food security and rural job creation will be achieved. Relatedly, the Bank is being supported by Alliance for a Green Revolution in Africa (AGRA) to improve its agriculture finance strategy, which should enable innovative ways of supporting the agriculture sector beyond the usual approaches.

During the year 2020 and going forward, UDB will support interventions along the three High Impact Goals i.e. projects and programs that aim to reduce poverty in Uganda, build a sustainable food system in Uganda, and those that promote Uganda's industrialization. To implement these goals, UDB will prioritize the following initiatives:

Sector Strategies as well as cross cutting issues: The Bank will develop and implement various sector specific strategies aligned to address the constraints and bottlenecks that face the key sectors in which it intervenes and sections of the economy it supports. Amongst these strategies include agriculture finance strategy, the SME lending strategy, gender financing strategy, green finance strategy among others. To complement these strategies, UDB will implement various programs and approaches to support its High Impact Goals such as programs aimed at reducing postharvest handling losses, improved access to water for production, yield enhancement initiatives, youth skills and entrepreneurship development among others.

Fund raising: Adequate and appropriate funding remains a critical success factor for UDB to achieve its strategic aspirations and mandate. To this end, the Bank aims to seek out an appropriate mix of funding that will generate requisite capital to finance its investment needs and at affordable cost. The bank will leverage its paid-up capital to source external funding.

Enhancing Operational efficiency: UDB will seek to digitize several aspects of its operations with the aim of leveraging technology to transform customer experience and to expand its outreach. In addition, the bank will focus on building an adequate stock of competencies amongst its staff to ensure that it addresses the institutional needs – both for now and the future.

Innovation: Having rolled out its innovation journey during the year and the overwhelming success that was associated with it, the Bank will continue to support activities that will seek to promote a culture of innovation within the Bank and amongst all its human capital.

Implementing Sustainability Initiatives: UDB will implement various interventions to align its operations and investments to demands of 21st century economy and to support the attainment of the Sustainable Development Goals. The bank is at the final stages of implementing holistic sustainability standards under the SSCI and hopes to be certified during the year. Relatedly, the Bank will continue efforts to green its operations and implement a green finance strategy.

Improved Stakeholder engagement: In line with its new medium-term Communications Strategy, the Bank will seek to reinvigorate its communication and stakeholder management approach in order to proactively keep all stakeholders informed of the impact and outcomes of its interventions. The Bank will prioritize these and a host of other initiatives in 2020 as it commences the implementation of its revised strategy whose intended outcome is to ensure the Bank continues to deliver its mandate as a catalyst of Uganda's socioeconomic development.

2.2.4 Private Investment

During FY2019/20, Foreign Direct Investment (FDI) as a percentage of GDP stood at 3%, which was lower than the ASSIP target of 4.4% and the previous year's performance of 4.1%. The change in actual performance was mainly attributed to the outbreak of the COVID-19 Pandemic which led to the downward revision of the planned FDI from USD 1.184 Billion and US$ 1.514 Billion to USD 0.988 Billion and USD 0.858 Billion for 2019/20 and 2020/21 respectively.

The Proportion of Business Climate Reforms conclusively resolved was 58%, a 2% increase from the previous year's performance of 56%. The Proportion of National Development Policies under active implementation remained at 86%, just like it was in previous financial year. Likewise, the proportion of development policies' performance reviewed after 10 years of commencement remained at 34%, just like it was in the previous year.

Investment promotion: The Investment Code Act 2019 establishes Uganda Investment Authority (UIA) as the primary Investment Promotion Agency of Government responsible for coordinating, attracting, promoting and facilitating investment in Uganda. Uganda Investment Authority is a key member of the Accountability Sector and through it, the Sector registered the following achievements during FY2019/20.

- In conjunction with the United Nations Conference on Trade and Development (UNCTAD) and Cotton Development Organisation, UIA developed two value prepositions on Cotton By-Products i.e. briquettes and absorbent cotton, which are being used to market Uganda to potential investors interested in the cotton sector.
- Three financial models for Cocoa, Coffee and Maize value chains were developed in conjunction with the UN Resident

UIA One Stop Centre for Investors won the Outstanding Sector e-Service Award (Tourism and Trade category) at the first ever e-Government Awards organized by National Information Technology Authority of Uganda (NITA-U)

Coordinator Office. These models are part of the ongoing work aimed at developing bankable value prepositions for the Rwenzori region focusing on Agriculture (Cocoa, Maize and Coffee); Tourism (transport services; Low end accommodation); and the Mining sector (Salt, Gold and Iron Ore).

- Cumulatively, forty one (41) bankable private and public projects in Agriculture, Infrastructure, Tourism, Energy, Minerals, ICT and Health were compiled and marketed to various potential investors through outward and inward missions, investment conferences, meetings and online via targeted and response emails, as well as through Uganda's Missions abroad. Twelve (12) projects have been taken so far, and are at various levels of negotiation. Notable among the projects is Pearl Rice that required US$15 million to expand their project, and Microhaem, a pharmaceutical supplies company. Pearl has received an indication from Uganda Development Bank and will be able to get some of the required funding. Microhaem, which is proposing to establish a gloves and pharm consumables project requiring US$20 million attracted funding from SSP through UIA's interaction with Invest SA, which is promoting the bankable projects.

Implementation of an Investors One Stop Centre (OSC): During FY2019/20, the OSC registered over 77,000 unique transactions of which 263 were registered investment projects in the e-Biz system. This demonstrates that the OSC is increasingly serving clients and contributing significantly to the country's efforts to ease doing business.

During the year under review, the annual support, maintenance and development of the e-Biz was under implementation and on schedule. All overdue e-Biz platform licenses and internal user licenses were renewed. Inter-Agency business meetings were held with NEMA, URA, DCIC, and URSB, to resolve process automation issues and progress of e-Biz implementation. In the same period, the bandwidth and annual call centre services for the OSC and installation of a customer queuing system were duly procured and are under implementation.

Investment Facilitation: As per UIA's mandate of advocating, facilitating, registering, monitoring and evaluating the development of all forms of investment and business activities in Uganda, the following achievements were registered.

- 256 new projects were licensed, with a planned investment value of USD830.6M and projected employment creation of 25,762 jobs. The major investments will be in the areas of assembly of electronic appliances, hydro-power generation, accommodation and tourism, industrial park development, education services, mineral value addition and vegetation oil extraction among others.
- Out of the 204 projects monitored during the year, 169 projects (45%) worth USD1,410,494,438 were operational and employing 51,951 people.
- 520 new projects were facilitated to go through the digital investment license application and begin the process of setting up their investments.
- Through UIA, the sector engaged in policy advocacy activities through two Presidential Investor Roundtable (PIRT) meetings with H.E. the President; four sector meetings; one dissemination workshop for investor survey and development of a perception survey report. In addition, 12 meetings with the Rt. Hon Prime Minister and 53 PIRT related meetings, activities and interventions were carried out.
- As at the end of the Financial Year, the 18th Private Sector Investment Survey (PSIS 2019) was ongoing, spearheaded by Bank of Uganda. UIA participated in providing projects to be surveyed and the training of interviewers.
- In order to improve investor facilitation and track investment, a Customer Relationship Management (CRM) software system was procured with assistance from the Irish Embassy to assist UIA in tracking the investor journey, from initial point of contact through investment licensing to project implementation and subsequent aftercare. The relevant staff members have developed the system with a Consultant and have undergone training on the use of the system, which is going to be integrated with the e-Biz infrastructure.
- Held four Regional investment conferences: West Nile Investment Symposium in

Members of the UIA Board & Management on an on-the-spot supervision of progress of construction of Kira Motors Corporation vehicle assembling plant in Jinja Industrial and Business Park in July 2019

H. E. President Yoweri Museveni while opening RIEX 2020 on 30 Jan 2020

partnership with Muni University, two conferences in partnership with UNDP, and the Rwenzori Investment Expo 2020 (RIEX) in partnership with Operation Wealth Creation and Mountains of the Moon University). At the close of the Rwenzori Expo five deals were sealed, with many others in the works. The five deals are:

- ➢ Uganda Development Corporation (UDC) and Mango Tree (a Chinese company) for water transport services on Lake Albert linking Uganda and the Democratic Republic of Congo, as well as linking Ugandan districts;
- ➢ UDC with Mpanga Tea Factory/ Kabarole District Local Government and Mabale Tea Factory for tea development;
- ➢ UDC with East African Cocoa and Commodities Ltd, a Tanzanian company; and Bundibugyo District Local Government for cocoa development; and
- ➢ Mountains of the Moon University with Belgian partners, for construction of a hotel training institute with a five-star hotel wing.

- Twenty one Investment profiles were developed and validated for the refugee hosting districts (13 profiles), and 8 districts in Rwenzori region (8 profiles).
- 32 inward missions were facilitated resulting into the signing of a Memorandum of Understanding (MoU) for the proposed Hunan-Uganda Industrial Park, where the investor committed to invest over USD1billion in agro-processing and medical equipment on 10 square miles of land in Uganda; and the proposed Aqua Culture Industrial Park by Hainan-Qinfu with an investment of over USD150m.

2.2.5 Insurance penetration

Insurance Penetration stood at 0.77% at the end of 2019, which was below the target of 1.8% and a slight increase compared to last year's performance at 0.72%. The below target performance is due to GDP rebasing which stagnated the insurance penetration, which is measured as a ratio of Gross Written Insurance Premiums to GDP.

COVID effects also materialized in the insurance sector. Gross written premiums collected in the first half of 2020 accumulated UGX 534.5 billion. Annual growth rates of aggregate premium collections suggest a decline in annual growth of aggregate gross written premiums collected at June, standing at 7.8% in 2020 down from a 12.1% increase in 2019. All insurance types (life, non-life and HMO) experienced similar declines in annual premium growth rates June, around 4-5%-points.

During the year under review, the Sector through MFPED carried out online publicity of the Agriculture Insurance Scheme and undertook a review of seven sets of the draft Insurance Regulations. The total number of farmers insured increased from 23,858 at end 2018 to 27,877 by end of 2019. During 2019 a total value of UGX 1.1 billion was paid to 230 claiming farmers.

2.2.6 Retirement benefits

The retirement benefits sector assets to GDP Ratio during FY2019/20 stood at 10.4% of GDP at the end of 2019, increasing from 9.7% at the end 2018. Total formal sector savings (including deposits, retirement benefit sector assets and life insurance assets) stood at 29.9% of GDP at the end of 2019, increasing from 27.6% at the end of 2018.

During the year 2019, the retirement benefits sector accounted for over 10% of GDP. The sector assets recorded a 13.8% increment to UGX13.2 trillion compared to UGX11.6 trillion in 2018. The increment was largely attributed to a 12.7% increment in the sector net member contributions to UGX923 billion compared to UGX819 billion in 2018.

On the other hand, there was a 38.9% reduction in total comprehensive income to UGX1.1 trillion compared to UGX1.8 trillion in 2018. This was attributed to the losses registered on the marking to market of the trading portfolio of listed equity. However, considering that the bulk of the equity investments were made with a long-term focus, unrealized gains or losses arising from short-term fluctuations in prices did not affect the profits of the Fund, on a net basis.

In terms of the COVID-19 effects on the retirement benefits sector, volatilities in financial and capital markets are expected to affect the value of assets in both industries. The value of quoted equities is expected to reduce, mostly given the plunge in the Kenyan stock-market and exchange rate valuations.

Retirement benefit assets are further expected to grow at a much lower rate as evidenced over the past years, as overall contributions to the schemes will be significantly affected by the reductions in wages and employment. Evolving discussions around mid-term access to retirement benefits savings as a response to the COVID-19 crisis do not only raise concerns around the future adequacy of retirement benefit savings by Ugandans, but also future asset composition of funds and potential reductions in its funding towards the private sector in Uganda.

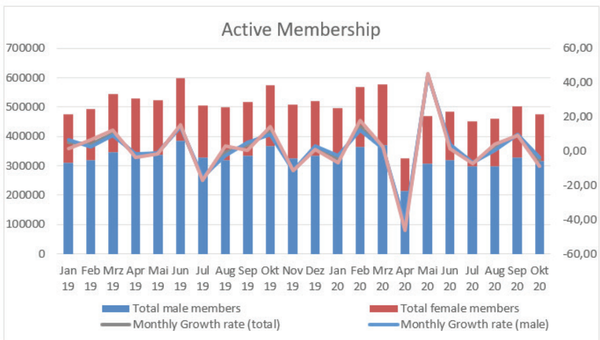


Figure 6: Active members at NSSF

NSSF shows that the active average membership between January and October 2020 was 8.5% lower than the active average membership in the previous year over the same time period. Active membership declined stronger among females, declining by 10.55% against 7.4% of men. Up to October active membership did not recover to pre-crisis levels, indicating a decline in formal employment. This is supported by the figures on the number of registered employers. These fell by 23% between October 2019 and 2020. In the same timeframe, total contributions collected accumulated to UGX 1.05 trillion, 1.5% below the premiums collected in January to October 2019. Benefit pay-outs declined by 33.5% comparing to 2019 (NSSF, 2020). Again declines have been experienced stronger by women, which received around 36.6% less benefits between January and October 2020, compared to the same time period of the previous year. Benefits to men declined by 32.4%.

As at 30th June, 2020, the Sector comprised of 67 schemes (11 Umbrella, 56 segregated), and in line with Section 33 of the URBRA Act, licensed service providers included 5 Custodians, 11 Administrators, 6 Fund Managers and 3 Corporate Trustees to ensure segregation of duties with the goal of mitigating operational and governance risks. The other k**ey Accomplishments for FY2019/20**

- **New Strategic Plan Development:** The Authority (URBRA) 2020/21-2024/25 Strategic Plan was finalised. The Strategy seeks to develop a credible retirement system that will facilitate growth of members' assets to enable reliable income flows at retirement.
- **Enhancement of the Regulatory Framework:** Two Regulations (Operation and Management of Retirement Benefits Schemes regulations 2020, and Merger & Winding up of Retirement Benefits Schemes regulations 2020) were enacted and published in the National Gazette.
- **Changes to Existing Legislation:** URBRA provided advice on the proposed NSSF (Amendment) Bill, 2019, and the proposed Parliamentary Pension Scheme Bill, 2020. The Authority conducted a Joint Parliamentary Committee of Finance and Gender retreat on the NSSF Amendments Bill, 2019.
- **Undertook the Annual Sector & Market Performance Analysis:** The 2018 Annual Sector Performance report was finalised and disseminated. The retirement benefits sector Assets recorded a 26.1 per cent increment to UGX11.6 trillion in 2018 compared to UGX9.2 trillion in 2017.

Retirement Benefits Sector Challenges

Below are some of the challenges faced by the retirement benefits sector, and the proposed solutions.

No.	CHALLENGES	SOLUTIONS
1	**IMPROVE REGULATION AND SUPERVISION OF THE SECTOR**	
a)	Slow policy and law-making process due to divergent interests and conflicting mandates has delayed reforms interventions.	Facilitate awareness of regulatory agenda and put effective public/private dialogue channels in place for articulating reform priorities & potential solutions.
b)	Outdated Legal Framework (exclusion of employers with less than 5 employees and informal sector workers)	Introduce regulatory framework to cover all formal and informal sector workers
		Develop retirement benefit arrangements for non-salaried low income earners.
c)	Absence of mechanisms to transfer and preserve retirement benefits before and during retirement	Reform legal framework to ensure: ➢ Preservation of pre-retirement income through transfers and portability from one scheme to another. ➢ Preservation of post retirement income through phased pay-outs on retirement including programmed withdrawals, income drawdown and annuities.
d)	Confidence deficit in Retirement Benefits sector	Full roll-out of the risk-based supervision framework
e)	Low skill base in the Retirement Benefits Sector	Develop capacity of trustees and service providers to improve governance and administration of schemes.
2	**IMPROVE UNDERSTANDING AND PROMOTE DEVELOPMENT OF THE SECTOR**	
f)	Low awareness on saving for retirement	Enhance: ➢ Research on Retirement Benefits Sector; ➢ Public awareness and education
g)	Low budget to finance sector development activities	Mobilise resources from Government and development partners
3	**STRENGTHENING INSTITUTIONAL CAPACITY AND DEVELOPMENT**	
h)	Staffing gaps which undermine effective implementation of planned activities	Identify priority areas and set targets basing on the Authority's capacity in terms of human and financial resources;
		Mobilise resources from Government and development partners;

Retirement Benefits Sector Priorities for 2020/21

Going forward, and particularly in FY2021/22 the retirements sector will commence implementation of the following key priorities.

Enhancing the Existing Regulatory Framework: The retirement benefits sector will review the existing legislation and propose amendments and/or new regulations that will ensure sustainability and security of member benefits. The sector will collaborate with sector stakeholders (local, regional and international) to build on and expand the reforms initiated, in an effort to ensure the momentum for reforms continues.

Enhance Supervisory Intensity: Through URBRA the Accountability Sector plans to establish a more rigorous structure to URBRA's risk supervision approach. This will entail ensuring that the supervision team can form a full picture of the risk profile of regulated entities, and the conditions in which they operate, through better integration of financial and prudential data and supervisory analysis. The key outputs will include a formal risk-rating of regulated entities; and a comprehensive planning and assessment process around the conduct of detailed on-site reviews, which clarifies expectations about the outcomes of the reviews; streamlined review and approval processes to ensure that supervisory interventions are both timely and subject to appropriate management oversight and review; and identification of emerging risks and issues in each of the regulated entities thereby providing context and focus for supervisory interventions.

Extend Coverage to the Informal Sector: URBRA will develop an implementation blue print for an inclusive, secure, affordable and sustainable micro-pension scheme for Uganda, with a view of facilitating the implementation of a national scheme aimed at extending coverage to among others informal sector workers and self-employed persons in Uganda. The key deliverables will include:

- An evaluation of the income and demographic characteristics of the target population (informal sector workers and self-employed persons) using existing secondary data from FSDU and other credible sources to enable a segmented approach to communications and targeting;
- Design of an appropriate institutional and governance framework for the proposed digital micro-pension scheme including an articulation of the roles and responsibilities of key stakeholders;
- Design of a digital process architecture for a voluntary micro-pension program based on portable individual DC pension accounts. This digital process architecture should specify the processes for (i) micro-pension account activation, (ii) ongoing access to information and services by subscribers, (iii) collection and transfer of reconciled individual pension contributions to the designated pension fund without any risk of fraud or errors, and (iv) delivery of benefits directly to subscribers;
- A commercial incentives model for service providers to make the proposed micro-pension program commercially sustainable without causing a significant adverse impact on contributions and accumulations of lower income citizens;
- Design of a simple and compelling micro-pension product solution including product features, benefits and rules that motivate mass-scale voluntary participation and sustained savings discipline;
- Structure of fiscal incentives that may be considered by the Government for a limited period to encourage voluntary participation and sustained savings discipline, especially for the earlier years of the program, along with a simulation of associated annual fiscal costs;
- Design of a robust, effective and transparent information access and customer protection and complaints redressal framework to optimise public confidence and minimise the risk of mis-selling and poor services for citizens;
- A "go-to-market" strategy for phased implementation and upscaling of the national micro-pension program to help achieve mass-market coverage including among lower income workers in remote rural parts of Uganda; and
- A structure for ongoing program implementation management and impact monitoring to minimise the gap between intent and outcomes.

Implement Trustee Certification Program: URBRA will in collaboration with the Insurance Training College implement the Trustee Certification Program. The program is meant to ensure that trustee boards have the skills, knowledge and understanding to run schemes properly. Certification of members through the Program will secure a high-level understanding of trustee responsibilities, the legal environment, best practices and current issues in the sector.

2.2.7 Level of capitalisation and widening of investment opportunities

Domestic equity market capitalization to GDP ratio was 3.4% in FY2019/20, below the ASSIP target of 5% and the previous year's performance at 4.5%. The below target performance is attributed to the impact of COVID-19 on the global and national economy.

The private sector will also likely face significant challenges of raising capital through the domestic public and private capital market, given foreign capital outflows as well as weakening economic prospects. Even before the crisis struck, most enterprises had been unable to access domestic capital markets given low levels of investment-readiness on the side private enterprises and systemic weaknesses in the markets.

In order to boost the level of capitalisation and widen investment opportunities, the Capital Markets Authority (CMA) is working with the Ministry of Finance Planning and Economic Development on the mandatory listing of Tier 1 banks; former State Owned Enterprises; companies that had listing obligations; private companies that will receive tax concessions; and insurance companies. The national broadband policy that now requires National Telecom Operators (NTOs) to become publicly quoted on a securities exchange was enforced. MTN signed their 10 year license with this requirement, following engagements with UCC.

During the year under review, a feasibility study for the Deal Flow Facility (DFF) Centre was carried out and finalized. Plans are currently underway to develop an implementation plan for the DFF and the signing of an agreement between FSDU and the EU for implementation of the project. The Deal Flow Facility Centre will among others enhance access to patient capital for business enterprises in Uganda seeking to expand, define themselves and prepare themselves for strategic partnerships or takeovers by foreign investors seeking to establish themselves in Uganda. Specifically, the DFF will be a preparation facility that will be taking business enterprises through the preparatory steps they need to undertake in order to tap into private equity or public equity. Additionally, the Deal Flow Facility will seek to strengthen the eco-system and fundraising value chain for private and public equity through capacity building for market intermediaries and individual market advisors.

In the same period, a number of draft regulations were concluded by the CMA and were submitted to the First Parliamentary Counsel for perusal and comments. These include the:

- draft Capital Markets Authority (Principles and Conduct of Business) Regulations;
- draft Capital Markets Authority (Tribunal) Regulations;
- draft Capital Markets Authority (Securities Exchanges) Regulations; and
- draft Capital Markets Authority (Commodities Exchanges) Regulations;

In addition, the Capital Markets (Prospectus Requirements) Regulations, and the Capital Markets (Financial Resource Requirements) Regulations were prepared and discussed internally before circulation.

Despite the outbreak of COVID-19 in the second half of the financial year under review, which to some extent affected market activity as well as implementation of CMA's activities, the industry registered some milestones in as far as market development and regulation are concerned. These are illustrated below.

Market Activity at the Uganda Securities Exchange: Notwithstanding the fact that there was no activity registered in the primary market, secondary market activity at the Uganda Securities Exchange (USE) continued. During the period under review, equity turnover grew by 146.1% to UGX115.4 billion, from UGX46.9 billion registered in the previous financial year. Average turnover per session increased to UGX456.3 million per session in 2019/20 from UGX189.7 million recorded in 2018/19. Share volume also trended upwards to 1,554 million shares in the financial year 2019/20, compared to 795 million shares in the previous financial year, representing a gain of 95.5%. The increase in value traded and market activity was driven by improved activity on DFCU Bank, Umeme and Stanbic Bank counters in the period before the COVID-19 pandemic.

Total market capitalization at the USE fell by 15.7% to UGX19.1 trillion at the close of the review period from UGX22.7 trillion reported at the close of 2018/19. The USE All Share Index (ALSI) was down 15.2% to close the FY2019/20 at 1,369.8 points from 1,614.8 points reported at the close of the previous FY. Domestic market capitalization also closed lower at UGX4.3 trillion, representing a drop of 13.1%, from UGX4.9 trillion. The USE Local Counter Index fell by 9.8% closing the financial year 2019/20 at 339.2 index points from 375.9 index points previously. This was mainly due to share prices losses registered on local listed counters.

Fund Management: The total Assets under Management (AUM) by the CMA licensed fund managers stood at UGX3.5 trillion as at the end of FY2019/20. This was a 21% growth from UGX2.9 trillion at the end of the 2018/19 FY. The increase in AUM can be credited to the rise in value of the assets held and also recruitment of new members due to increased public awareness.

It should be noted that over the last five years, the AUM has risen by 17.7% on an annualized basis from UGX1.5 trillion at the end of the financial year 2015/16 to UGX3.5 trillion at the end of 2019/20.

Collective Investment Schemes: At the end of the FY2019/20, Collective Investment Scheme (CIS) managers had UGX388.5 billion in AUM. This represented an increase of 123.9% from UGX173.5 billion at the close of the previous FY. This could be attributed to increased awareness about the benefits of investing through the CIS vehicle among local investors. Over the last five years, the AUM has risen by 77.7% on an annualized basis from UGX21.9 billion at the end of the FY2015/16 to UGX388.5 billion at the end of 2019/20.

Facilitating and promoting the development of capital markets

Investor Education: The CMA focused its initiatives on improving communication and creating awareness about capital markets among potential investors as well as issuers. The main purpose of this was to address the information gap highlighted in several documents, including the National Development Plan II. CMA continued to implement the investor resource persons' programme which aims to educate investors about investments and savings opportunities within the capital markets. Consequently, a total of 7,435 potential investors across the country were reached through face to face meetings/ interactions. These engagements targeted among others groups, investment clubs, SACCOs and employees of corporate organizations. While the presentations covered the entire spectrum of products and services available in Uganda's capital markets, emphasis was placed on the CIS. Focus on promoting CIS products has seen the number of investor accounts increase from 5,037 at the end of the previous Financial Year to 8,904.

To further bridge the knowledge gap among stakeholders, CMA in partnership with the CIS Managers conducted a financial reporters' training under the theme, "*Investing in the Capital Markets through Collective Investment Schemes*". The objective of this training was to enhance knowledge among financial journalists so that they can increase the frequency of their reporting as well as ensure that they report more accurately about CIS. A total of fifteen journalists were trained on the basics of CIS including how they are structured in Uganda, the governing laws, challenges faced and the link to wealth creation and economic development. As a result, media reporting on investments in unit trusts, especially in the local media increased thereby improving the general knowledge of the public about CIS investments.

Issuer Education: As efforts to increase investor participation continue, CMA is mindful of the need to equally increase issuer participation and ensure more products are brought to the market. Cognizant of the fact that a big number of indigenous businesses are family owned and controlled, and hardly possess the minimum requirements to enable them raise capital from the public markets, CMA sought to engage such enterprises with the option to raise capital privately (private equity), as opposed to a public listing. This was undertaken with hindsight that most private equity funds tend to invest in growth enterprises for a period not exceeding seven years and usually prefer to exit through the public markets. This strategy would therefore create a pipeline for public listings on the stock exchange, thereby addressing the challenge of limited issuances highlighted in the CMDMP. During FY2019/20, CMA reached out to these local enterprises through its issuer resource persons, whose role is to educate key decision makers in the companies (founders, directors, CEOs, CFOs, etc.) about the benefits of market-based financing and how they can tap into the available alternatives to raise growth capital. Since the launch of the program in May 2018, a total of 37 companies have been reached. Additionally, six transactions worth UGX45 billion have been initiated in the education, medical equipment, microfinance, construction and manufacturing, real estate and re-insurance sectors.

The Authority also continued to engage other medium to large companies in specific sectors to discuss ways through which they can participate as issuers in the market. Among those were the telecommunications and financial services sector, as well as former state enterprises which were privatised. While discussions with regards to institutions offering financial services and former state enterprises are ongoing, it should be noted that as a result of the National Broadband Policy which was approved by Cabinet in August 2018, CMA, together with the Uganda Communications Commission held engagements during the period under review, with telecom companies and developed a roadmap for their listing. Consequently, the first listing of a telecom in Uganda is expected to occur within the next two years. This is also in line with the recommendations of the CMDMP.

Capacity Building, Knowledge and Research: To enhance the capacity of domestic companies to access market-based financing, as well as build capacity for market intermediaries to offer the required support for such transactions, CMA with support from FSDA conducted two corporate governance trainings which attracted a total of 63 participants from medium to large enterprises and the capital markets industry in Uganda. The trainings were conducted by KPMG and covered various aspects including shareholding structures, rights and equitable treatment of shareholders and key ownership functions, corporate governance principles, effective internal controls and risk management systems, etc.

Given the focus on growth of the CIS industry during the year, CMA also organised a capacity building training for industry operators, to provide them with a deeper understanding of the mechanics of operating CIS, issues of structures and how best assets under management can be grown. The three-day training was conducted from 26 - 28 August 2019, in Kampala, by South African-based ASISA Academy, which is aligned with the Association for Savings and Investment South Africa (ASISA) and attracted up to 28 participants.

Additionally, four knowledge sharing fora were held between CMA and CIS managers. The objective of the fora was to influence thinking, discuss emerging issues and developments and also share knowledge and best practices on what can be done to increase uptake of CIS products. A survey among CIS managers was also undertaken with the aim of assessing the characteristics and size of the CIS industry; assessing the factors affecting its growth and the challenges faced by the CIS managers. Key among the challenges was the low demand for CIS products due to low levels of public awareness and limited distribution channels. Respondents also noted that the major challenge when investing in unit trusts was the lack of new listings of equities and corporate bonds. The survey further highlighted several recommendations that will help spur growth of the sector. These included the need to improve public education efforts, increase publication of information about unit trusts, review of the cost and fees structures as well as legal and regulatory reviews. The survey report was published and the Authority is working closely with players to ensure the recommendations are implemented.

Enhancing and regulating an orderly, fair and efficient capital markets ecosystem

Review of the Capital Markets Regulatory Framework: As the industry grows and changes, so does the regulatory framework. A key milestone during the FY2019/20 was the review of the Financial Requirements Regulations. This followed a consultancy undertaken by CMA with support from the International Monetary Fund which aimed at identifying the appropriate level of financial requirements for the various market intermediaries. The need to review these regulations was informed by the fact that they were inconsistent with the current level of activity and size of the firms operating in Uganda – having been developed more than two decades ago, and as a result, paused a risk to the market operations. Once passed, the revised Regulations are expected to improve the level of service delivery by market intermediaries. Several other regulations including, Licensing Regulations and Conduct of Business Regulations are being reviewed, while new ones aimed at addressing existing gaps are being developed. It should be noted that the CMA is also developing principles for the amendment of the CMA Act and these are expected to be considered by the Board in the FY2020/21.

Regulatory Compliance: In ensuring good market conduct and in furtherance of the risk based approach to supervision, CMA undertook risk assessments to assess the risk levels of licensed firms. During the period, the Authority carried out assessments for ten fund managers, eight brokers, two trustees and the Uganda Securities Exchange. As a result, eight inspections were conducted, including five routine inspections, two ad hoc and one thematic inspection. Inspection reports were issued and follow up inspections to ensure implementation of the recommendations have been scheduled for the FY2020/21. Additionally, to enhance compliance among market intermediaries, the Authority developed a total of 54 compliance monitoring tools, which are currently in use.

In July 2018, CMA in partnership with the Chartered Institute of Securities and Investments launched a certification programme for market intermediaries. By the end of the FY2019/20, a total of 46 market players had achieved the required level of the programme. Certification of players is intended to enhance professionalism in the industry and ethical practice, as well as providing an opportunity for continuous professional development.

CMA's core mandate is to protect investors and in so doing, the Authority has to ensure order and fairness across the sector's operations. During the FY2019/20, CMA oversaw a total of six investigations and out of these, two were concluded and, one enforcement action undertaken. Most of the investigations undertaken stem from complaints received through our complaints handling tools. During the period, majority of the complaints and the investigations undertaken were centred around unlicensed persons conducting business for which they must have a license. The Authority has increasingly taken interest in such cases, especially as the COVID-19 pandemic which led to a lockdown unfolded. During the lockdown period, CMA issued two cautionary notices to remind the general public about the need to be vigilant and avoid falling prey to such unlicensed schemes and persons, commonly referred to as ponzi schemes. This continues to be a big challenge not just for the capital markets but the entire financial sector. However, CMA together with other regulators are collaborating to address this issue in compliance with the various laws; in close liaison with the office of the Director for Public Prosecutions (DPP) and the Uganda Police Force.

2.2.8 Statistical Data Production and Policy Research

During the period under review, 60% of MDAs and HLGs had established functional statistical structures, which was above the ASSIP target of 55%. In the same period, the MDAs and HLGs with Statistical Plans were 184 (30 MDAs and 154 LGs) against the ASSIP target of 100 and previous year's performance of 114 (84 HLGs and 30 MDAs).

UBoS further conducted users' needs assessment for all surveys conducted from the period 2015/16 – 2019/20; conducted the user satisfaction survey to improve on service delivery to the different statistics users in the National Statistical System; widened the dissemination channels by developing and launching the UBoS App; developed the Statistics Quality Assurance Framework, though yet to be approved for implementation by MDAs and LGs in the national Statistical System; developed the research strategy for the National Statistical System; and the Statistician Common Cadre programme was embarked on as a measure to strengthen statistics capacities in MDAs and LGs.

Despite the above achievements, the Sector faces the following challenges in respect to statistical data production and policy research:

- The UBOS Act doesn't comprehensively cover the NSS and the emerging data revolution.
- Weak statistical function in MDAs and HLGs.
- High turnover of statistical personnel especially in HLGs.
- Absence of risk management and contingency strategies for statistics in MDAs and HLGs.
- Slow integration of statistical programmes into the Medium Term Expenditure Framework
- Inadequate funding for statistics in MDAs and LGs

2.2.9 Anti-Money Laundering and Combating the Financing of Terrorism

In the Financial Year 2019/20, Government continued to strength the framework for Anti-Money Laundering and Combating of Financial Terrorism. As a result, the Accumulated Total of registered accountable Persons/Entities in terms of AMLA stood at 906, above the set target of 15 and previous year's performance of 781. This was as a result of many Forex Bureaus and Money Remitters that were registered. In the same year the proportion of eligible reporting agencies registered with FIA in terms of AMLA 2013 was 11% against the ASSIP target of 100% and previous year's performance of 10%. The below target performance was due to lack of administrative sanctions, hence only 906 out of 8490 expected agencies were registered.

The number of Suspicious Transaction Reports (STR) received increased from 538 in the previous year to 1996 in FY2019/20, above the target of 550. These are unfiltered filling via the goAML system by Forex Bureau and Money remitters and some banks. Cumulatively, the STRs received total since inception is 3846. In the same year, the number of suspicious transactions reports analysed increased from 538 to 1338 but this was hampered by COVID-19 lockdown hence many were low risk STRs filed by FXBs who are new to risk profiling of ML/TF red flags.

The Number of large cash transactions reports received also increased from 500,000 to 4,760,000 and the number of cases disseminated for investigations declined from 68 to 41 which is largely below the target of 120 due to the COVID-19 lock down.

In FY2019/20 the number of sites using GOAML Electronic Reporting System increased from 24 to 82. Only 3 (10%) MDAs and 40 (16%) Forex Bureaus are enrolled. The pandemic has also hampered the enrolment process.

The percentage of Accounting Persons/ reporting entities complaint with AML/CFT standards reduced to 11% up from 20% which is also below the 100% target. This was largely caused by lack of awareness and absence of administrative sanctions. The number of AML/CFT Awareness programmes conducted increased from 20 to 63. This is because other directorates (DOA, DISA, DCI), also started awareness/outreach programmes.

Uganda was placed on the Financial Action Task Force (FATF) grey list in February 2020. This indicates that the country has higher risk of money laundering and terrorism financing but has formally committed to work with the FATF to develop an action plan to address the AML/CFT deficiencies. Being on the grey list impacts the country negatively in a globalized world. The other countries will apply enhanced due diligence on all transactions destined to or from Uganda which affects the competitiveness of the private sector while undertaking imports, exports, remittances and also limits access to the international lending since the risk rating agencies like Moody's S&P and Fitch may downgrade the country's rating. It also undermines the credibility of government where institutions like the IMF, WB, ADB may start being cautious while dealing with the Ugandan Government. Government is committed to provide resources to MDAs that are earmarked to address the deficiencies identified in the AML/CFT regime to enable the exit from the FATF grey list.

Summary of Economic Management indicators' performance

The table below illustrates the Economic Management thematic area's actual performance against the ASSIP indicator target for FY2019/20, and the previous financial year's actual performance.

Table 5: Summary table Economic Management Indicators' Performance, [5]FY2019/20

		Actual		FY2019/20	
No.	Indicators	FY2017/18	FY2018/19	ASSIP Target	Actual
	Outcome Indicators				
1.	Economic Growth	5.8%	6.1%	6.3%	2.9%
2.	Inflation Rate (Annual Core)	2.7%	3.8%	5.0%	3.1%
3.	Inflation Rate (Annual Average Headline)	3.4%	3.1%		3%
4.	Income distribution (Gini Coefficient)			45.2	
	Objective 1: Increase equitable access to finance				
5.	% of financially included adults	78%	78%	93%	78%
6.	Percentage of microfinance institutions complying with Microfinance polices, laws and regulations			10%	
7.	Percentage usage of deposit accounts in regulated Financial Institutions (Usage %ge)	11%		26%	
	Objective 2: Increase private investment				
8.	FDI as a percentage of GDP (%)	3%	4.1%	4.4%	3%
9	Proportion of Business Climate Reforms conclusively resolved (%)	55%	56%	95%	58%
10.	Proportion of National development policies under active implementation		86%		86%
11	Proportion of development policies performance reviewed after 10 years of commencement		34%		34%
	Objective 3: Reduce interest rates				
12	Average lending rate	20.34%	20%		19.4%
13	Private-sector credit to GDP	13.97%	14.5%	15%	13.2%
14	Non-Performing Loans to Gross Loans	4.4%	3.8%	2%	6%
	Objective 4: Increase Insurance Penetration				
15	Insurance penetration	0.74%	0.77	1.8%	0.771[5]
	Objective 5: Increase national savings to GDP Ratio				
16	Savings to GDP ratio	17.5%	20.3%	20.3%	
	Objective 6: Increase the level of capitalisation and widen investment opportunities				
17	Domestic Equity market capitalization to GDP ratio	4.7%	4.5%	5.0%	4.5%
	Objective 7: Improve statistical data production and policy research				
18	Proportion of established and functional statistical structures in MDA & HLGs	87		55	60%
19	MDAs and HLGs with Statistical Plans	87	84 HLGs and 30 MDAs	100	30 MDAs and 154 LGs
20	No. of skilled statistical personnel in MDAs & HLGs.	430		240	
	Objective 8: Protect financial systems and the broader economy from the threats of money laundering and the financing of terrorism:				
21	Proportion of ML/TF cases disseminated to LEDs with disaggregated data				80%

[5] The performance is for the calendar year, since Insurers operate on a calendar year basis. The rebasing of GDP stagnated the insurance penetration which is measured as a ratio of Gross written Insurance Premiums to GDP.

		Actual		FY2019/20	
No.	Indicators	FY2017/18	FY2018/19	ASSIP Target	Actual
22	Proportion of STRs analysed and indicating disaggregated data in terms of age, sex and nationality				100%
23	Accumulated Total of registered accountable Persons/Entities in terms of AMLA	682	781[6]	15	906
24	Proportion of eligible reporting agencies registered with FIA in terms of AMLA 2013		10%	100%	11%
25	Number of suspicious Transaction Reports received	435	538	550	1996
26	Number of suspicious Transactions Reports Analysed	300	538	540	1338
27	Number of Large Cash Transactions Reports received	600,000	4,693,624	500,000	4,760,000
28	Number of cases disseminated for investigations	82	68	120	41
29	Number of sites using GOAML Electronic Reporting System	0	24	33	82
30	% of Accounting Persons/ reporting entities compliant with AML/CFT standards	20%	20%	100%	11%
31	Number of AML/CFT Awareness programmes conducted	15	20	50	63
32	Number of courses attended by FIA staff to build capacity in AML/CFT		14	45	13
33	Number of mandatory International and regional activities participated	5	5	5	6

[6] This was adjusted from 1264 to 781following further review and analysis

2.3 RESOURCE MOBILISATION AND ALLOCATION

The resource mobilisation and allocation thematic area focuses on Revenue/Tax Policy and Management; Public Debt Policy and Management; Planning, Budgeting and Public Investment Policy and Management. Under this thematic area, the sector seeks to achieve fiscal credibility and sustainability as its main outcome while the objectives are to:

1. increase the tax to GDP ratio; and
2. improve public financial management and consistency in the economic development framework;

The Accountability Sector Institutions mainly charged with realising the above outcome and objectives include the Ministry of Finance Planning and Economic Development; Uganda Revenue Authority (URA); Kampala Capital City Authority (KCCA); Bank of Uganda; Local Government Finance Commission (LGFC); Private Sector Foundation Uganda (PSFU); Economic Policy Research Centre; Ministry of Local Government (Inspectorate Directorate); and the National Planning Authority.

The Accountability Sector continues to play the role of being an enabling Sector even as the economy transitions from NDP II to NDP III. Various stakeholders across the divide that track economic growth and its implications on the country's development including Government, donors, Civil Society, and the private sector continue to focus on growing the domestic revenue. The Resource Mobilization thematic area explores two major sources of revenue i.e. National and Local revenue along with grants and public debt that government utilizes to cover the remaining fiscal gap.

The tax revenue to GDP ratio for the financial year 2019/20 was 11.5% which was lower than the NDP II target of 16% and the previous year's performance of 14.6%. This was lower because of the rebasing of the economy by UBOS and the effects of the Covid-19 pandemic during the Financial Year.

The resulting fiscal balance was 7.2% of GDP, above the ASSIP target of 3.7% and the 2018/19 fiscal balance of 5.8%. This performance is attributed to the effect of the Covid-19 that both paralyzed business activities during March –June 2020 (thus lowering the GDP growth) and also increased the necessity to borrow to mitigate the effects of the pandemic.

It should also be noted that during the Accountability Sector Joint Annual Review for 2019, an emerging issue arose concerning the trend of the composition of debt sourced to cover the fiscal gap between government resources and expenditure as well as the untapped potential of the informal sector to contribute to the national revenue. In this report, we get to appreciate the impact of implementation of the Medium Term Debt Management Strategy (MTDS) in managing the debt trend.

Undeniably, the economy was highly slowed down by the global COVID-19 Pandemic that paralyzed all sectors and specifically the business and transport sectors especially in the months of March, April, and May 2019 resulting in revenue shortfalls. This led to shortfalls in revenue mobilization and a parallel need for external resources to fill the resulting resource gap and to fund emergency responses to the pandemic.

The shortfalls were partially offset by a disbursement of a budget support loan equivalent to UGX557.45 billion from the International Monetary Fund (IMF)'s Rapid Credit Facility to aid the government's economic recovery efforts. Additionally, the World Bank approved a budget support loan of US$ 300 million to also boost the coronavirus pandemic response capacities and mitigate the impact on the vulnerable population and the economy.

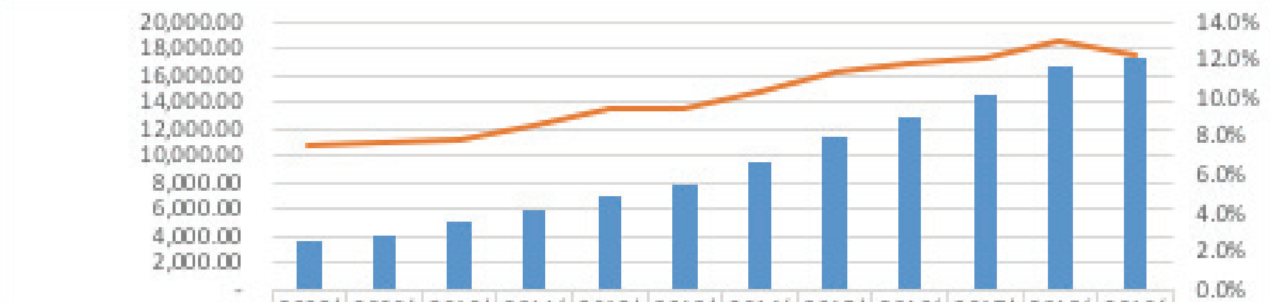
Notwithstanding the devastating impact of the COVID-19 Pandemic on the economy, this section of the report reviews and highlights key performance indicators that profile government's fiscal credibility and sustainability thematic area against the targets set in the ASSIP and these are classified under National revenue, Local Revenue and external resources. In appreciating fiscal sustainability, the report will also highlight the expenditure side as well, to appreciate the credibility indicators of supplementary and absorption.

The following achievements, interventions and challenges in respect of the resource mobilisation and allocation thematic area objectives were registered during FY2019/20.

2.3.1 National Revenues

The overall net revenue collections in FY2019/20 were UGX17,285.86 billion against a target of UGX20,448.73 billion implying a shortfall of UGX3,162.87 billion. The revenue collections comprised of tax revenue of UGX15,912.21 billion and Non-Tax Revenue (NTR) of UGX1,373.65 billion (of which AIA amounted to UGX431.96 billion). This performance translates into a 1.2% growth in revenue collections when compared to FY2018/19, but is lower than the average year on year growth of 16.5% for the last 5 financial years. The figure below shows growth in Uganda's revenue effort over the past decade.

Figure 7: Uganda's revenue effort: FY 2007/08 – FY 2019/20



	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Net revenue	3,606	4,104	4,980	5,954	6,970	7,769	9,403	11,36	12,79	14,50	16,63	17,28
Revenue : GDP	7.5%	7.6%	7.8%	8.6%	9.4%	9.5%	10.4%	11.4%	11.8%	12.1%	12.9%	12.3%

Source: TPD

Revenue as a percentage of GDP was 12.5% compared to the ASSIP target of 16% and the previous year's achievement of 15.1% (12.9% after rebasing). In the same period, domestic taxes as a percentage of GDP was 7.1% against the ASSIP target of 7.7% and the previous year's performance of 8.6%. Below, we provide an **overview of the performance of the various tax heads.**

Income Taxes

During FY2019/20, income tax collections were UGX5,878.63 billion against the target of UGX6,514.68 billion, registering a shortfall of UGX636.05 billion. Despite the shortfall, there was a growth of 6.7% in income taxes collections compared to FY2018/19. The shortfalls were registered in PAYE (UGX194.91 billion), Tax on Bank Interest (UGX6.34 billion), Rental Income Tax (UGX217.31 billion) which resulted from delayed implementation of rental income tax solution by RippleNami Inc.;), Withholding Tax (UGX87.54 billion) and WHT on Treasury Bills (UGX53.80 billion). Only corporation tax registered a surplus of UGX14.67 billion on account of a one-off capital gains tax payment of UGX241.62 billion.

Indirect domestic taxes

These are excise duty and VAT, whose revenue collections for FY2019/20 amounted to UGX3,874.67 billion against the target of UGX4,979.12 billion, registering a growth of 0.1% compared to FY2018/19 and a shortfall of UGX1,104.45 billion compared to budget. VAT contributed 64.13 % of this shortfall, which mainly came from Phone talk-time (UGX174.36 billion), wholesale & retail (UGX122.02 billion), other VAT (UGX119.85 billion), Sugar (UGX72.24 billion), and Beer (UGX59.04 billion). The VAT collections amounted to UGX2,608.58 billion, which was below the target of UGX3,316.82 billion by UGX708.24 billion. The Excise duty collections amounted to UGX1,266.08 billion against a target of UGX1,662.30 billion, hence a shortfall of UGX396.21 billion.

International trade taxes

During the year under review, International trade tax collections amounted to UGX6,446.60 billion against the target of UGX7,666.84 billion, registering a shortfall of UGX1,220.25 billion. This translates into a performance of 84.08% and a decline of 6.4% compared to the previous year, FY2018/19. The major shortfalls were registered in VAT on imports (UGX481.48 billion), Import Duty (UGX341.45 billion), Petroleum Duty (UGX221.01 billion) and Excise Duty (UGX78.91 billion).

The import volumes to Uganda declined by 7.39% in USA dollars, and 7.91% in Uganda shillings from UGX26,623.28 billion in FY2018/19 to UGX24,517.65 billion in FY2019/20. The significant decline was mainly experienced during the global lockdown which slowed global business activities caused by international business disruption.

Non Tax Revenue (NTR)

The NTR collections in FY2019/20 amounted to UGX941.69 billion against a target of UGX739.37 billion registering a surplus of UGX202.32 billion and a growth of 54.1% compared to FY2018/19. This growth was on account of a one-off payment of UGX373.69 billion for the national operator license (MTN).

Domestic Revenue Mobilization Strategy

Effective domestic resource mobilization is critical to achieve the country's socioeconomic transformation. Government recently adopted the domestic revenue mobilization approach to provide a medium-term anchor, as well as, a much more coordinated approach to tax reforms. The Domestic Revenue Mobilization Strategy (DRMS) is a prime framework for the tax system over FY 2019/20 - FY 2023/24. The DRMS is expected to facilitate the expansion of the tax base, by gradually increasing the tax-GDP ratio to 16% within the next five years. The DRMS provides an important anchor, as well as, a coordinated approach to reforms. It seeks to provide resources to finance the much-needed increase in public expenditure. An improved revenue effort would accommodate interest payments, safeguard fiscal sustainability, and reduce on external aid dependency. The Strategy will consequently:

a. Provide a clearer picture of likely tax revenue and give certainty to taxpayers on the tax implications of their decisions and investment;

b. Prioritize the medium-term objectives and give direction to persistent tax capacity building efforts;

c. Provide the necessary legal framework to support policy and administration changes;

d. Revenue strategies to help guide external support to where it is most needed.

The DRMS is also envisaged to raise the tax effort by 5 percentage points of GDP within the next five years, by focusing on addressing the key binding constraints namely, improving the system through tax policy initiatives, strengthening the administration of tax and non-tax revenues, and the supporting framework of implementing the DRM reforms.

The strategy thus frames the tax system reform in a comprehensive and holistic framework of four interdependent components of:

a. marshalling broad-based consensus among the key stakeholders for enhancing the revenue effort to finance needed public expenditures;

b. implementing comprehensive policy, legal, institutional and other revenue-supporting reforms;

c. political support for implementing tax reforms; and

d. Securing adequate resourcing (domestically and development partners) to support implementation of DRMS.

Complete and sustained implementation of each of these components is critical for achieving the revenue objective.

The Tax Policy reforms being implemented under the Domestic Revenue Mobilization Strategy include:

Reform of tax policy making process: Design of a tax system that encourages sustainable economic and social development generates wide public buy-in is one of the core issues under DRMS. Government has established a process for tax policy-making with a high level of clarity and certainty at the stages. Tax policy reforms, in recent years, have been driven largely by short-term revenue pressures, with limited room for consideration of the full economic, distributional, and social welfare impacts. However, the Ministry recently improved the structure, process, and governance of tax policy-making, making the achievement of better policy outcomes more likely and significantly reduce the risk of avoidable, and potentially costly, errors in policy design.

The DRMS sponsors a new approach to tax policy formulation. It provides an opportunity to map the tax policy-making process from the birth of an idea for reform, through the development of the proposal and related analysis, to the implementation of a legislative measure, and the subsequent review of its impact. The new approach adds value, not just in terms of the quality of the technical analysis to support policy decisions, but also in terms of the inclusiveness of the process, transparency, and overall integration with government economic policy.

Developing and Publishing a Comprehensive Tax Expenditure Governance Framework: A major challenge in administration of tax exemptions and incentives has been lack of transparency in their governance. The Ministry with technical assistance from World Bank, is in the final stages of developing a Tax Expenditure Governance Framework to monitor the effectiveness and cost of incentives and exemptions. A Draft Framework is already in place pending sign off by both the Ministry and URA. Upon completion, the Tax Expenditure Governance Framework will be published as part of the Budget and will be used to re-assess the fiscal cost of all existing tax incentives, exemptions, and holidays.

The administration reforms undertaken during FY2019/20 under the Domestic Revenue Mobilization Strategy include:

Expanding the Taxpayer Register: One of the pillars of the DRMS is to cleanse the existing taxpayer register to improve operational certainty. URA seeks to make it easier for taxpayers who are currently outside the tax system to become registered and active, as well as to improve the identification of potential taxpayers and verification of taxpayer data through better use of external data, especially from NIRA, URSB and NSSF.

In the FY2019/20, a total of 106,762 new taxpayers were added onto the register, posting a growth of 7.18% against the ASSIP target of 10%. By the end of the FY2019/20, the register had 1,594,116 taxpayers. The expansion of the register was as a result of a number of tax education initiatives including Taxpayer appreciation month, my taxes work campaign, Tax school visitations, and Tax societies among others.

Strengthening the focus on Tax Compliance: The Accountability Sector through URA is committed to narrowing the gap between the tax revenues that should be collected under existing law, and those actually collected. URA has made it difficult for those who can afford to pay taxes to continue to "free rider". Encouraging tax compliance calls for creating a predictable and consistent tax system, helping taxpayers understand their obligations, ensuring that registration, filing, and payment is efficient, and promoting compliance and fairness through audit and collection enforcement.

During the period under review, the average filing ratio was 88.76% for Pay as You Earn and Value Added Tax. In the same period, a prosecution and civil litigation success rate of 76.42% was registered. A total of 106 judgments/rulings were received, out of which 81 cases were decided in favour of URA, 22 decided in favour of clients and 3 were a split decision. The total debt recoveries amounted to UGX823.48 billion in the FY2019/20, and a total of 6,909 seizures were conducted, leading to recovery of UGX64.48 billion.

Smuggling reduces the volume of revenues collected from import tariffs. This, however, is being fought through expanding the use of modern equipment such as cargo scanners and electronic seals. The tax authority has equally embedded risk management practices in Customs to enhance warehousing control, monitor transit procedures, detect evasion and non-compliance, and sanction offenders.

Tax payers during budget breakfasts held across the country organised by URA.



Seized items during the Customs enforcements conducted by URA

Service Management: URA shifted from a revenue centred institution to a client centred entity and as a result, service delivery has greatly improved as evidenced by the improved turnaround time for key processes. In addition, URA rolled out Digital Tax Stamp (DTS) a taxman's innovation for curbing traders in fake products which create unfair competition on the Ugandan market. In the FY2019/20, 119 local manufacturers of the gazetted products were registered on DTS. Additionally, 22 importers were registered during the same period.

Electronic Fiscal Receipting and Invoicing Solution (EFRIS): In the Financial Year 2019/20, URA successfully piloted and trained taxpayers about the e-invoicing component of the solution. Following the gazetted regulations, VAT registered tax payers were ready to start issuing e-receipts and invoices.

URA officers during EFRIS sensitization

Other factors that impacted revenue performance

The revenue performance in FY2019/20 was mainly impacted by the following factors and/or Accountability Sector interventions.

Delayed implementation of tax administrative and policy measures: The implementation of planned policy and administrative measures like Digital Tax Stamps (DTS); Electronic Fiscal Devices (EFD); gazetting of withholding VAT agents; rental tax rates; and the proposed Geographic Information System for rental income tax collection solutions (Ripple Nami) did not take off on time.

Increasing Trend of Import Substitution: Many previously imported items in various sectors are currently being manufactured in the country like; tiles, steel products, cement, tile adhesives, cables, motor cycle tyres, household appliances e.g. flat irons, speakers, soap and detergents, cooking oil, biscuits, sugar, juices, cosmetics, among others. This has caused a shift in consumer behaviour, with preference for locally manufactured goods at the expense of imported ones.

2.3.2 Tax Appeals

The Tax Appeals Tribunal (TAT) derives its mandate from the Tax Appeals Tribunals Act-Cap 345 and that is: "to provide an easily accessible, expeditious and independent forum for the resolution of tax disputes between URA and tax payers". Its major strategic objectives include:

- Resolution of disputes in a timely, professional and fair manner;
- Sensitization and public awareness programs to increase awareness;
- Sustainable development of case law on taxation practice in Uganda through producing well researched rulings, production of law reports and training of tribunal members and staff in case handling.

During FY2019/20, the following achievements/initiatives were registered.

- It is evident that tax payers are now more confident of the rulings made by the tribunal. Very few appeals to the High Court are being made. During the last Financial Year, only 5 rulings were disputed leading to appeals to the high Court.
- An assortment of 30 books were purchased. This boosted the research capacity of the tribunal, and rulings were delivered much faster.
- Eight (8) officials were trained in transfer pricing, registry management, off shore taxation and digital taxation to build their

capacity to handle tax disputes. This has increased the rate of disposal of tax cases. Rulings are easier and faster to make.

- Five (5) tax payer seminars were held in Kampala, Mbarara, Mbale, Arua and Gulu to educate tax payers on their rights in tax litigation.
- Commenced work on the tax law report. A tax law report informs the tribunal's stakeholders and mainly policy makers who may make necessary tax legislation adjustments in the subsequent FYs.
- Although the Tribunal is not a revenue collecting entity, its work directly supported the tax administration and compliance efforts by handling 157 disputes worth UGX403.44 billion. Of these, 99 disputes (UGX297bn) were in favour of URA whereas 58 disputes (UGX107bn) were in favour of tax payers. The majority of these cases had been back logged over 2 years before.
- 20,000 tax payer user guides were distributed to stakeholders to educate them about tax litigation procedures.

On average, the tribunal has been receiving 75 disputes every year. The tribunal has been handling 90 disputes including the backlogs carried forward from previous years. In FY2019/20, an extra 62 cases were registered. This is an indication of the increased awareness of, and confidence in the tribunal's work by tax payers.

The table below illustrates the performance of the policy and administrative measures introduced in FY2019/20 in line with the DRMS.

Table 6: Performance of the tax policy and administrative measures introduced in FY2019/20

ITEM	Policy/Administrative Measure	Expected Revenue gain/loss for FY 2019/20	Actual Total Revenue gain/loss for FY 2019/20	Achievement rate for FY 2019/20
TOTAL	**CONSOLIDATED POLICY MEASURES**			
1.1	Administrative measures	748.00	62.73	8.39%
1.2	Income Tax	16.00	(25.47)	(19.20%)
1.3	Excise Duty	16.94	-	0.00%
1.4	VAT	29.06	6.96	23.96%
1.5	International Trade Taxes	26.50	107.80	406.81%
1.6	Other measures	10.50	0	0.00%
	Total	**847.00**	**152.02**	**17.95%**
A	**ADMINISTRATIVE MEASURES**			
1.0	Electronic Fiscal Devices	170.00	0.64	0.38%
2.0	Digital Tax Stamps	150.00	-	0.00%
3.0	Implement the rental income tax collection solution by RippleNami	174.63	-	0.00%
4.0	Purchase and deployment of Scanners	12.00	36.25	302.05%
5.0	Electronic Cargo Tracking system	15.00	-	0.00%
6.0	Tackling tax fraud	111.37	25.84	23.20%
7.0	Implementing exchange of information (EOI) regionally and internationally	20.00	-	0.00%

ITEM	Policy/Administrative Measure	Expected Revenue gain/loss for FY 2019/20	Actual Total Revenue gain/loss for FY 2019/20	Achievement rate for FY 2019/20
8.0	Enhance URA Human capacity; Improve technical and specialized skills in key areas; e.g. IT, Oil & Gas, International Tax, Legal	40.00	-	0.00%
9.0	Conduct 4 complex Audits of international tax unit. Planned 2 examinations abroad in South Africa and U.K.	40.00	-	0.00%
10.0	Acquisition of a real time risk engine/ solution	15.00	-	0.00%
B	**INCOME TAX**			
1.0	Widening the scope of the withholding agents across the sectors	15.00	-	0.00%
2.0	Provide administrative penalties for employers who fail to comply with their obligations to file PAYE and other withholding tax returns	22.00	-	0.00%
3.0	Reduce withholding tax on long term Government bonds (10 years and above) from 20% to 10%. - Provide an exemption for interest on infrastructure bonds.	(24.00)	(42.43)	176.79%
4.0	Streamline the current incentive on income of a developer of an industrial park or free zone and operator in an industrial park or free zone or other businesses to: - reduce the threshold - increase the period of the tax holiday from 5 to 10 years - include investments in skilling Ugandans - clarify the scope of the investment income which qualifies for the exemption	(12.00)	(0.36)	2.96%
5.0	To oblige owners of goods vehicles to obtain a Tax Clearance Certificate as a condition for obtaining a license to operate	2.00	-	0.00%
6.0	Provide for withholding of 6% tax on sale of a business or business assets by all resident persons other than exempt persons	13.00	17.31	133.17%
C	**EXCISE DUTY**			
1.0	Review the Excise Duty Act to provide for regulation /licensing of premises, production and packaging of excisable firms	16.94	-	0.00%
D	**VAT**			
1.0	Re introduce withholding VAT at a rate of 6% Provide penalties for failure to withhold Provide for exemption of taxpayers based on a clear criteria	49.46	4.10	8.30%

ITEM	Policy/Administrative Measure	Expected Revenue gain/loss for FY 2019/20	Actual Total Revenue gain/loss for FY 2019/20	Achievement rate for FY 2019/20
2.0	Review the VAT exemption to strategic investments (i.e. VAT exemption of the conduct feasibility studies, design and construction services to a developer of industrial parks or free zones or other person; and various plant and machinery; locally produced construction materials and supplies to hospital facilities developers); and various inputs for textile, mining and leather processing, to ease cash flows during the investment period before commencement of making VATable supplies; and provide for VAT deferral for locally available inputs of manufacturers in general	(20.00)	(0.0)	0.00%
3.0	Exempt drugs and medicines from VAT, and zero rate the supply of medicines manufactured in Uganda by a Ugandan-based manufacturer	7.00	9.35	133.62%
4.0	Exempt mathematical sets, geometry and other educational equipment used for technical and vocation education up to 30th June 2020	(1.00)	(1.35)	135.31%
5.0	Include the UN Women on the list of Public International Organizations to enable the entity to obtain VAT refunds	(0.40)	(0.40)	100.38%
6.0	Exempt the supply of aircraft insurance	(4.00)	(1.02)	25.56%
7.0	Exemption of VAT on rice mills, handheld sprayers, woodworking machines, welding and sewing machines	(2.00)	(3.72)	185.84%
E	**International Trade Taxes**			
1.0	Increase the Common External Tariff on products that are produced in Uganda to protect the domestic industry e.g. imported tiles, steel	30.00	107.80	359.35%
2.0	Secure import duty exemption under the EACMA for strategic projects where Government has provided import duty incentives	(3.50)	0.00	0.00%
F	**Other measures**			
1.0	Review the NTR rates	10.00	-	
2.0	Provide for a penalty of Ushs.1 million which is payable by regulators of professionals who issue licenses to professionals who do not have a TIN	1.00	-	0.00%
3.0	Provide CG with the power to reduce penalties and interest in cases of voluntary declarations of non-compliance by taxpayers	2.00	-	0.00%
4.0	Review the stamp duty applicable to various debt instruments including bank guarantees, performance bonds and indemnity bonds, to substitute ad varolem rates with specific rates and standardize the specific rates	(6.00)	-	0.00%
5.0	Provide for a requirement of a NIN in order to access certain services such as utilities and payment of any fiscal levies.	3.50	-	0.00%

2.3.3 Local Revenues

The Local Governments, KCCA and LGFC play a critical role in mobilizing local revenues. Below we present the FY2019/20 performance in respect to the different local revenue indicators and targets.

KCCA Revenue Collections

KCCA had a revenue collection target of UGX87,317,020,450 for the FY2019/20 and by the end of the financial year, UGX78,390,528,048 was realized, leading to a shortfall of UGX8,926,492,402. In comparison with the previous year's collection of UGX90,553,865,805, collections dropped by UGX12,163,337,757, representing a decline of 13%. This performance is majorly attributed to the lockdown which affected all the field operations of the 4th Quarter. It should be noted that by the end of the 3rd Quarter FY2019/2020, cumulative collections were UGX74,923,917,825 with a cumulative performance of 115%. Effectively, KCCA was on track to achieve the FY2019/20 target.

Effectively, the KCCA Revenue as a percentage of its budget was 14%, which was lower than the ASSIP target of 28% and the previous year's performance of 22%. The table below presents details of KCCA's revenue performance per revenue source as well as a comparison between the FY2019/20 and FY2018/19.

Table 7: FY2019/20 Revenue Collection by Source

Revenue Source	Actual Collection FY2018/2019	Target FY2019/2020	Actual Collection FY2019/20	% Performance	Annual Growth
Business License	15,815,991,850	16,042,892,131	13,395,011,250	83	-15
Property rates	32,393,046,697	30,696,945,069	30,326,073,250	99	-6
Rent & Rates	8,152,340,502	7,790,901,297	5,120,211,571	66	-37
Street parking	4,054,505,211	7,053,360,000	3,067,037,000	43	-24
Advertising	3,993,859,384	3,073,562,500	2,870,979,828	93	-28
Markets	1,351,960,450	1,242,258,280	1,089,112,000	88	-19
Land fees	3,985,724,468	3,316,669,220	2,812,369,940	85	-29
Local Service Tax	12,456,943,470	10,986,132,540	12,675,154,166	115	2
Building fees	3,108,493,621	2,332,299,413	4,011,940,746	172	29
Local Hotel Tax	2,642,107,843	2,240,000,000	2,030,066,967	91	-23
Others	2,598,892,309	2,542,000,000	992,571,330	39	-62
Total (Inc. VAT)	**90,553,865,805**	**87,317,020,450**	**78,390,528,048**	**90**	**-13**

Source: eCitie, Revenue tables from Directorate of treasury services Reports

Throughout the FY2019/20, KCCA undertook a number of strategies to ensure it realises its revenue targets. The strategies undertaken include but not limited to the following:

- Enforcement activities which were conducted against clients who failed to meet their tax obligations. These activities included sealing of business premises, enforcement of 56 outdoor advertising tools worth UGX31,540,250, Local service tax and Local hotel tax clients. All these activities yielded revenue collections of UGX1,458,271,486.
- Taxpayer registration expansion, which was mainly achieved through door to door business inspections and tax payer engagements in the different revenue

sources. "A total of 17,339 new business license clients were registered worth UGX3,932,621,750; new hotels worth UGX319,269,192 in terms of Local Government Hotel Tax payments were also registered; and 1,133 Local Service Tax clients worth UGX1,634,178,476". Overall, the average percentage growth in tax payer register was 17.6%.

- A total of 223,649 assessments worth UGX92,943,236,031 were issued, out of which UGX78.3 billion was realized.
- A total of 49,981 property rates and ground rent demand notices with a total value of UGX60,527,052,243 were served across all divisions, with Lubaga having the highest number (11,105) of demand notices served, worth UGX4,056,445,584. By the end of the FY2019/20, only UGX3,779,659,985 out of the UGX60,527,052,243 had been recovered from all the demand notices. The lower than desirable collections were mainly caused by the legal provisions that allow clients to clear the notices in instalments.
- During the FY2019/20, a total of 53,100 Business Licenses worth UGX15.8Bn were issued out across all divisions, registering an increase of 1,216 in the number of licenses issued compared to last financial year.
- KCCA undertook efforts to automate revenue management functions through enhancement of trade license data base, markets automation, outdoor advertising, and local hotel tax and document management.
- In addition, revenue audits were intensified to ensure recovery of all under assessments. 40 audits were completed amounting to a recovery of UGX100 million.
- During the year, taxpayer sensitization programs were intensified and a total of 156 sensitizations attracting over 12,561 people were conducted. The sensitisations yielded the voluntary compliance that is partly reflected in the new tax payers registered.
- Strengthened collection of Advertising Fees. This is one of the key local revenue sources performing at 93% of the FY2019/20 target (UGX3,073,562,500) with collections worth UGX2.87Bn. The FY2019/20 collections declined by 28% compared to the previous financial year, due to a court decision to nullify collections from this tax type on 23rd April 2020.

Below is the summary of the potential and actual collections from the above targeted strategies.

STRATEGY	KCCA REVENUE COLLECTIONS	
	POTENTIAL	ACTUAL
Enforcement		1,458,271,486
17,339 Business License clients registered	3,932,621,750	
119 New Hotels registered	319,269,192	
1,133 LG service tax clients registered	1,634,178,476	
223,694 Assessments	92,943,236,031	78,300,000,000
Property rates & Ground rent demand notices served	60,527,052,243	3,779,659,985
Issuance of Business licenses (53,100)	15,800,000,000	15,800,000,000
Revenue Audits (40 completed)		100,000,000
TOTAL	**175,156,357,692**	**99,437,931,471**

Local Revenue administration challenges: The major challenges affected Local Revenue administration included but not limited to:

- The COVID-19 guidelines issued by the President and the Ministry of Health which resulted into a lockdown and close of businesses. This greatly affected collections from trading license and market fees;
- Following a presidential directive in 2017/18, Road User Charges have continued to be below target (7.05Bn). The directive eliminated taxi user fees, leaving street parking fees as the only contributor to the Road User Charges revenue source.
- Creation of non-motorized transport corridor which resulted into loss of parking space, hence reducing in collections from Multiplex parking fees.

Currently, KCCA has sought leave of court and appealed the judgment that stopped implementation of the outdoor advertising policy 2008. The Commercial Road User Fee Instrument has also been amended with the Statutory Instrument 2020 No.23 and the Local Government Amendment of the Fifth Schedule (Instrument).

Rural and Urban Local Revenue Collection

The Local Government Finance Commission is a member of the Accountability Sector owing to the role it plays in supporting LGs to enhance their revenue collections. The Accountability Sector Strategic Investment Plan ASSIP II of 2017/18-2019/20 focused on tracking the percentages of rural local revenue collections against the LG budgets and percentages of urban local revenue collections against the LG budgets. Over the ASSIP II period, the percentage of Urban and Rural Local Revenue collections against the LGs budget reflect an increasing trend as evidenced in the table below.

Indicator	Baseline 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20[7]
% Urban LG local revenue collections against the LG budgets	20%	20%	22%	23%	
% Rural LG local revenue collections against the LG budgets	4%	3%	3.5%	4%	

The Commission believes from findings of benchmarking a number of administrative interventions in select LGs, that the LGs have enormous potential to grow their local revenue through deliberate and systematic changes right from aligning the existing policy frameworks to digitizing collection systems. During the past two Financial Years 2016/17 and 2017/18, the trend of revenue collection performance in LGs was as follows.

Local Revenue	*2016/17		*2017/18	
	Potential	Actual	Potential	Actual
Urban LGs	131,766,149,000	116,055,055,521	197,511,213,578	141,104,436,936
Rural LGs	99,327,680,568	80,611,884,610	96,494,386,695	103,806,365,989
TOTALS	**231,093,829,568**	**196,666,940,131**	**294,005,600,273**	**244,910,802,925**

[7] These actuals are in the process of being verified by the Accountant General's Office

Furthermore, it should be noted that at the onset of the NDP III, background studies observed that local revenues were dwindling and insufficient to fund local service delivery. This made Local governments reliant on the central government for funding. Increases in the percentage share of the local government grants transferred from the National Budget from 12 percent in FY2017/18 to 14.8 percent in FY2018/19, were rendered insignificant due to increases in the number of LGs. Of the transfers, only 30% is for actual service leaving enhancement of local revenues as the only sustainable option.

Against that background, the Local Government Finance Commission prioritized activities aimed at addressing the gap between the potential local revenues and the actual revenue collections during FY2019/20. These include:

a) Conducted a readiness assessment in 8 LGs of Rukungiri, Mbale, Soroti, Lira, Mukono, Kumi, Gulu, Masaka, Wakiso, Kabalore and Jinja to assess their readiness to migrate to the automated local revenue collection using Integrated Revenue Administration System (IRAS). The Assessment indicated that local governments were ready and willing to automate local revenue management and collection system.

b) Conducted a Feasibility study on the roll out of the automated local revenue collection using Integrated Revenue Administration System in the 18 districts under Development Initiatives for Northern Uganda (DINU) program districts being supported by UNCDF.

c) Developed a Framework Linking Local Economic Development and Local Revenue Enhancement. It is now ready for publication and dissemination to local governments and key stakeholders.

d) Developed Guidelines for setting of rates for taxes and fees in LGs. The guidelines are ready for publication and dissemination to local governments the intended users and other stakeholders.

e) Procured a consultant to review the legal, policy and administrative framework and systems for local revenue mobilization and management and develop a Local Revenue Mobilisation Strategy. The plan was to complete the design of the strategy but the COVID 19 negatively affected the time lines. It was only possible to complete the Inception Report among the key deliverables. The exercise is planned to be completed by end of December 2020.

f) Under DINU program 18 Local governments (Abim, Amudat, Moroto, Napak, Otuke, Lamwo, Kapelebyong, Amuria, Agago, Pader, Omoro, Adjuman, Moyo, Obong, Yumbe, Zombo, Amolatar and Kole) were trained in the legal provisions for the administration and management of local revenues for different sources. These key laws included the Local Government (Rating) Act 2005; Local Governments Act (CAP 243); Trade Licensing Act, 2000 with Amendments 2015; Town and Country Planning Act, 1964; Mining Act, 2003(Section 98(1)(2); Forest and Tree Planting Act, 2003 (Sections 39-64); Uganda Wild Life Act,1996(CAP 200); Electricity Act,1999,Section 75(7)(8)(9); and Public Health Act, 1964 etc.

g) Training on databases and readiness assessment for migration from LRDBMS to IRAS was done for the USMID municipalities[8] and some DINU Local Governments (LGs).

Local revenue Critical Success factors: The Commission identifies the following critical success factors, if any progress is to be registered in the local revenue mobilisation endeavour.

[8] Arua, Entebbe, Jinja, Masaka, Mbarara, Kabale, Fort Portal, Hoima, Tororo, Lira, Gulu, Moroto, Lugazi, Kamuli, Mbale, Busia, Kitgum, Mubende, Ntungamo, Soroti, Apac, Kasese.

a) Expediting of the design of the Local Revenue Mobilization Strategy;

b) Establishment of a unit for Local revenue collection in the local governments; and

c) Adequate financing to implement the dissemination of the framework to link LED with local revenues and framework for determination of rates for taxes and fees in local governments.

2.3.4 Membership of the Extractive Industries Transparency Initiative (EITI)

The EITI is a global standard aimed to promote transparent management and accountability in the extractive industries, which primarily include oil, gas and mining sectors. On 28th January, 2019, Cabinet approved that Uganda should join the Extractive Industries Transparency Initiative (EITI) and tasked the Hon. MFPED to oversee the process.

Through the Accountability Sector, there are a number of steps GOU has undertaken in order to fulfil the requirements to join the EITI. These steps relate to the government's commitment and engagement with the private sector and civil society through an established Multi-Stakeholder Group (MSG). Below is a summary of the steps taken by 30th June 2020.

a) The Government issued an unequivocal public statement of its intention to implement the EITI. The press statement on Uganda deciding to join the EITI was issued by the Hon. MFPED on 29th January 2019.

b) The Government appointed a senior Official to lead the EITI implementation process. Mr Moses Kaggwa, the Acting Director, Directorate of Economic Affairs in MFPED was appointed as the Chairperson of the Multi Stakeholder Group (MSG) and tasked to spearhead the EITI process.

c) In March 2019, the MSG committee was established and fully constituted to provide oversight in the EITI implementation process. The MSG is comprised of 23 members representing the three constituencies of government, industry and civil society. The MSG has held seven meetings through which it developed the Terms of Reference for its operations, and a work plan.

d) In June 2020, Government finalised the candidature application to join the EITI, and the document was endorsed by the MSG and submitted to the international EITI Secretariat for assessment.

Approval of Uganda's application to join EITI: On 12th August 2020, the EITI International Secretariat in Oslo, Norway approved Uganda's Candidature Application. Therefore, Uganda has now been officially admitted to the EITI and becomes the 54th EITI member country.

To that effect, GOU is expected to begin implementing the EITI Standard and the process will be overseen by the MSG. Under their stewardship, the first national EITI report will be prepared, following the framework and guidelines provided in the EITI Standard. This report will disclose information on all key aspects of Uganda's extractive sector, including a reconciliation of production and revenue figures as reported by the government and the companies operating in the extractive sector.

2.3.5 Public Debt

The function of managing the public debt is operationalized by the Medium Term Debt Management Strategy (MTDS) that enables Government to meet financing needs at the lowest possible cost, aimed at preventing debt service spikes and policy reversal, manage the domestic debt refinancing risk by issuing more of the longer dated securities and reducing the issuance of T- Bills and reduce the growth of interest payments as a percentage of GDP.

The stock of total government debt rose to USD 15.3 Bn (UGX. 56.9 Tn) as at end June

2020. Out of this, domestic debt accounted for 32%, USD 4.9 billion while external was 68%, USD 10.4 billion. The increase in debt from last FY was majorly due to an increase in external borrowing to mitigate the social-economic impact of Covid-19.

The nominal value of public debt as a percentage of GDP stood at 41.1%, as at end June 2020 from 42% in June 2019, while the Present Value (PV) of debt to GDP increased to 33.1% in June 2020 from 32.1% in June 2019.

The reduction in the Debt to GDP ratio in nominal terms is attributed to the GDP rebasing in the FY 2019/20 while the increase in the debt to GDP in present value terms was due to disbursement of commercial loans.

It is noteworthy to mention that the fiscal deficit grew to UGX 9,950.3 billion (7.2% of GDP The deficit was financed largely externally through large take-up of loans earmarked for countering the effects of COVID-19.

Government Contingent Liabilities

Whereas no new guarantees were approved in FY2019/2020, as of June 2020, GoU had a total of 7 active loan guarantees amounting to USD 55 million. The current exposure of Government to the disbursed and outstanding guaranteed debt as at March 2020 stood at USD 28.9 million (UGX109.8 billion). As at 30 June 2019, the stock of outstanding quantifiable legal proceedings was UGX9.4 billion.

The Contingent Liabilities Guidelines: The Sector through MFPED developed a set of guidelines for the Management of Contingent Liabilities. These guidelines were completed and approved in FY2019/2020, signed by both the PS/ST and the Hon. Minister of Finance and authorized for printing and dissemination.

The guidelines which form part of the broader Public Debt Management Framework of GoU aim to provide public officials of the Ministry of Finance, Planning and Economic Development with a systemized procedure and a set of standardized criteria for the approval, monitoring and reporting of loan guarantees and unguaranteed debt liabilities.

They also provide a framework that the Government of Ugandan will apply in assessing the acceptability, monitoring and reporting of Government's contingent liabilities. The main focus of the guidelines is on guarantees for credit facilities (loans), authorisations for unguaranteed debt liabilities, contingent liabilities from Public Private Partnerships (PPPs) i.e. FCCL in PPP agreements and contingent liabilities from legal action (court awards).

A section of the Entebbe expressway completed in March 2018. A number of the roads in Uganda have been constructed on public debt.

Debt Financing Initiatives

During the period under review, a number of notable Debt Financing initiatives were undertaken to develop the domestic debt market. These include;

Regional Debt Conference: The Accountability Sector through MoFPED spearheaded the organization of the regional conference on debt management and sustainable economic growth in Sub-Saharan Africa which was held in Kampala in February 2020. The conference provided a unique opportunity that brought together senior government officials from 19 sub-Saharan Africa (SSA) countries including permanent secretaries (or equivalents) from ministries of finance, heads of debt management offices and senior experts, and a wide range of regional and international experts and stakeholders from multilaterals, bilaterals, private sector, civil society and academia.

Public debt in SSA – both external and domestic- has been rising since around 2012. At the same time, debt has become more expensive, potentially risky and more complex as a result of changes in whom debt is borrowed from. New sources of borrowing have provided opportunities for government but also come with new risks and need to be carefully appraised and managed. A high proportion of debt in external currency poses particular problems with debt crises correlated with real exchange rate depreciation.

As a result of higher debt levels and increased costs of servicing debt, several SSA countries are vulnerable to debt shocks as a result of exposure and a more complex climate for debt restructuring. Proposals to curb the identified risks were made for governments to consider. The conference delegates agreed on a joint position paper in relation to SSA debt management will be further be presented to all SSA Finance Ministers in the region.

Hon Prime minister opening the Debt Conference held in February 2020 in Munyonyo, Kampala.

Ag. Director Debt and Cash Policy, Maris Wanyera presenting a paper on the status of Uganda's Public Debt

The Bloomberg platform: Through MFPED, the Sector embarked on utilising the Bloomberg platform to obtain market news, investment related opinions from industry experts, daily surveillance of the global markets, monitor and compare interest rates (yields) across different countries and analyse market trends among others. This has enabled MFPED to monitor both primary and secondary debt markets; forecast and extract the changing interest rate conditions, data and statistics; gain insight into how the entire fixed income market has evolved over time; and access real-time visualizations and historical snapshots of fixed income curves.

GoU Financing Strategy: In FY2019/20, MFPED embarked on preparation of the GoU financing Strategy with the main purpose of generating a Compendium of Development Financing Options and undertaking a review of the performance of NDP II. The Final Financing Strategy will be aligned with the NDPIII framework by the end of December 2020.

Sensitization of the Ugandan Diaspora on investing in Government securities: Through MFPED, the Accountability Sector undertook a road show to the Ugandan Diaspora sensitizing and interesting them in investing in the Government securities. The objectives of the sensitization were to inform the Diaspora of the opportunity of investing in Government securities (Treasury Bills and Treasury Bonds), give insight into the local market, existing securities and their different features i.e. Tenor, Yield etc., develop a database of potential Diaspora investors, elaborate on the Central Securities Depository (CSD) account opening processes and account access and attract a critical mass and lay ground for the issuance of local currency bonds in the local market, with a Diaspora component.

The Speaker of Parliament, Hon. Rebecca Kadaga inspecting the MoFPED/BoU stall in Chicago USA during the diaspora sensitisation tour in USA

Development of the Domestic Financial Market through mobile money platform: The Accountability Sector through MFPED undertook benchmarking missions to Kenya and Tanzania on Mobile Money Bonds. A task force was constituted to formulate and align the mobile money technology platform to invest in Government securities. A framework is now in place for Bank of Uganda to use on the same. The main objective of this initiative is to enhance financial inclusion and promote the savings culture among Ugandans, increase access of the retail market to Government securities and effectively reduce the cost of domestic debt.

Primary Dealership (PD) Reform: Under the auspices of the Directorate of Debt and Cash Management, MoFPED in collaboration with the Bank of Uganda implemented Phase 1 & Phase 2 of the Primary Dealership reforms. Phase 2 of the PD reforms entails restricting the number of primary dealer banks and granting them exclusive access to the Government Securities Primary Market as an incentive to enable them to meet their obligations such as market making for the securities.

Execution of bond switches, infrastructure bonds[9] whose operationalisation is in the final stages and will be rolled out in 2020/21.

Guidelines for private placements, non-calendar auctions and management of contingent liabilities were established and are in advanced approval stages.

Public Debt Challenges

The summary of the Auditor General's report to Parliament of June 2019 illustrates some challenges that government has to address to ensure fiscal sustainability. This is reproduced below:

- Public debt is continuously on the rise, a fact that is attributed to persistent budget deficits (mismatch of government revenue and expenditure), rollover of liquidity papers, new borrowings for various development projects and foreign exchange loss arising from the depreciation of the Ugandan Shilling against stronger currencies.

[9] An infrastructure bond is a debt instrument issued by a Government or private organization to raise funds from the capital markets for infrastructure projects

- A critical analysis of the domestic debt payments suggests that the burden of servicing maturing obligations and interest accounts for 97% of the new money borrowed. In essence, we borrow to pay debts; this is likely to raise the dependence of Government on the domestic market which may lead to an increase in interest rates.

- A review of interest movements on the LIBOR revealed that government has not yet benefited from the SWAP agreements it entered with the two banks. The Auditor General noted that since the commencement of the arrangement, the LIBOR has been lower than 2.58% and as a result, government has incurred an additional cost of UGX.18,454,082,769 in interest to the commercial banks. It is not clear whether the decision was made after a comprehensive cost-benefit analysis was undertaken.

- A trend analysis of commitment fees paid over a three year period revealed a 148% increase between 2017/18 and 2018/19 from UGX36bn to UGX90.6bn. The increase in commitment fees is as a result of unfavourable loan terms and the failure by GoU to draw down and absorb contracted government debt.

- Some Loan agreements require GOU to open escrow accounts where the government was expected to make advance deposit of funds over the tenure of the loan required for the repayment of the loan. It was observed that the total balances in the escrow accounts opened as part of loan agreements stood at UGX263,337,725,737 as of 30th June 2019 up from UGX150,430,774,884 at the close of last year. The practice causes financial strain to the cash flows of the country.

- 13 out of 15 MDA's which were on-lent have never made any attempt to repay the loans. The outstanding amount is UGX6,873,369,390,073. There were no criteria/policy in place to assess which MDAs to on-lend and there was no mechanism, conditions set by Government to the Accounting Officers to do what is necessary to repay the borrowed funds or penalize those that do not comply with the contracts for on lending.

2.3.6 Budget Credibility

The performance of the Government expenditures in terms of Budget Releases against the approved GoU Budget for the FY2019/20, and the expenditures based on transfers centrally from the Treasury and reported on by MDA's was as follows.

Table 8: Overall Release and Expenditure

UShs Billion		Approved Budget	Released by End Jun	Spent by End Jun	% Budget Released(1)	% Budget Spent	% Releases Spent(2)
Recurrent	Wage	4,672.951	4,982.291	4,924.992	106.6%	105.4%	98.8%
	Non Wage	7,539.097	8,547.755	8,379.209	113.4%	111.1%	98.0%
Development	GoU	7,870.541	7,911.228	7,871.371	100.5%	100.0%	99.5%
	Ext. Fin.	9,433.591	5,392.271	3,842.822	57.2%	40.7%	71.3%
	GoU Total	**20,082.588**	**21,441.274**	**21,175.573**	**106.8%**	**105.4%**	**98.8%**
	Total GoU+Ext Fin (MTEF)	**29,516.179**	**26,833.545**	**25,018.395**	**90.9%**	**84.8%**	**93.2%**
	Arrears	449.533	584.612	578.676	130.0%	128.7%	99.0%
	Total Budget	**29,965.712**	**27,418.157**	**25,597.071**	**91.5%**	**85.4%**	**93.4%**
	A.I.A Total	201.111	0.000	0.000	0.0%	0.0%	100.0%
	Grand Total	**30,166.823**	**27,418.157**	**25,597.071**	**90.9%**	**84.9%**	**93.4%**
	Total Vote Budget Excluding Arrears	**29,717.290**	**26,833.545**	**25,018.395**	**90.3%**	**84.2%**	**93.2%**

*Excl. Interest Payments**
1=Represents % of the Approved budget Released
2=Represents Absorption rate

At an aggregate level **UGX21,441.27 billion** of the GoU budget was released by the end of June 2020. This equates to 106.8% of the approved budget, which was higher than the 100% target for the year, but better than the previous year's performance of 110.5%. The high release was on account of supplementary expenditure which included UGX284 billion for COVID, UGX201 billion for wage and UGX800 billion classified expenditure for Ministry of Defence. Accordingly, the supplementary budget as a percentage of the initial budget was 6.8%, which was above the "less than 3%" target, and the previous year's performance of 4.8%.

Aggregate absorption (measured by expenditure as a proportion of releases) was 98.8%, which was lower than the 100% target for the year, and slightly better than the previous year's performance of 98.7%.

The ratio of annual investment expenditure to consumption expenditure (release outturn) was 50:50 against a 70:30 target and the previous performance of 65:35. The difference between actual and target performance is mainly attributed to the impact of the Covid-19 pandemic that necessitated a global lockdown and a number of planned public investments could not be undertaken.

Meanwhile, the percentage deviation of the approved annual Budget from initial MTEF projections was 10% as at the end of FY2019/20, compared to the annual target of 5% and the previous year's performance of 13%.

Contingencies Fund: As required by Section 18 (1) (d) of the Public Finance Management Act, 2015, the report on expenditures drawn from the Contingency Fund, a total of UGX62.68 Billion was transferred to the following:

a) UGX24 billion to Ministry of Agriculture, Animal Industry & Fisheries to fight Desert Locusts Invasion;

b) UGX25 billion to Ministry of Health to fight CoVID-19;

c) UGX12 billion to OPM provision of emergency relief food; and

d) UGX233 million to the Beijing Embassy to facilitate Ugandan Students;

Compliance with the NDP II: Overall, the alignment of the FY 2019/20 Annual Budget was unsatisfactory at 59.7 percent. This score represents a decline from the FY2018/19 performance, where the Annual Budget was found to be moderately satisfactory at 60 percent. In the FY2019/20 assessment, Macro level compliance declined to 44.5 from 54.1 percent in FY2018/19, National level compliance improved to 72.3 from 62.8 percent in FY2018/19, Sector Level compliance remained nearly the same at 58.4 percent for both years, and Local Governments compliance declined to 64.8 percent from 66.4 percent in FY2018/19.

The main reasons for the decline in compliance for FY2019/20 were: low absorption capacity of the released funds mainly at sector level; slow progress on project implementation and failure to attain the planned NDPII targets.

Gender and Equity compliance: In regard to gender and equity, the proportion of votes attaining ministerial policy statement certification for gender and equity budget compliance was 94.5%, which was below the 100% target and previous year's performance. Though the performance was below target, there was an overall improvement in the average performance (scores) from 60.1% to 65%, overall.

Green Economy: A Green Economy (GE) Public Expenditure Review (PER) was undertaken during the year, and the GE-PER report was presented & approved by the Accountability Sector Working Group on the 13th February 2020.

2.3.7 Public Investment Management System (PIMS)

During FY2019/20, the percentage of projects implemented on time was 50%, an improvement from the previous year's achievement of 40% but below the ASSIP target of 100%. Likewise, the percentage of projects implemented on budget was 75%, which was an improvement from the previous year's performance 50%, but below the ASSIP target of 95%. The below target performance in regard to implementation of projects on time and budget is mainly attributed to the bureaucracy related to the procurement processes.

According to the ASSIP, it was targeted that all the PIMs components would be operational by 30th June 2020. Below is the status of achievement of the planned components:

Development of the PIMS Policy: The PIMS Policy for Uganda is aimed at supporting the gate keeping role and providing for the PIMS frame work, roles and responsibilities of various stakeholders in the PIMS process, the Development Committee and the approval processes. The Ministry contracted the PIM Consulting Group to undertake the development of the PIMS policy in December 2019. The consultant held the first scoping mission in February, 2020 and subsequently submitted an inception report in March, 2020 which was reviewed and approved. The consultant subsequently submitted the draft policy which was reviewed by various stakeholders including; NPA, OP, OPM, EPRC, and MoFPED. However, during the development of the Regulatory Impact Assessment, it was recommended that the PIMS policy and the National Investment Policy be merged to form one policy. MFPED has since embarked on the process and by the end of the financial year, the draft was due for approval by Top Management prior to submission to the Cabinet Secretariat.

PIMS manual on project implementation, monitoring and ex-post evaluation: The Manual is aimed at guiding Government officials and institutions particularly the MDAs and funders on the basic standards, methods (tools of analysis) and procedures involved in implementation and evaluation of public investments. The consultant held the first scoping Mission in February, 2020 and submitted the inception report in March, 2020. The inception report has since been approved and the consultant has embarked on the development of the PIMS manual on project implementation, monitoring and evaluation.

Integrated Bank of Projects (IBP): The IBP is an online central repository of information on all Public Investments from inception to ex-post evaluation. The first phase covering the Pre-investment phase (Concept, Profile, Pre-feasibility and feasibility) was completed and launched in April 2019 and is operational with all MDAs submitting their projects on the system with effect from July 2019. The second phase covering project implementation, monitoring & ex- post evaluation is under development with completion scheduled for September 2021. However, the development faced procurement challenges arising from the need to harmonize the Government of Uganda and World Bank processes, which may have implications on the project completion date.

PIMS Centre of Excellence at Makerere University: This is aimed at providing the required capacity building for all stake holders involved in the PIMS process. The Centre will provide tailor made training for PIMS practitioners involved throughout the PIMS Cycle. The Centre of excellence has short, medium and long term interventions as part of the Government efforts towards the establishment of the PIMS Centre of Excellence. MFPED contracted the Makerere School of Economics to develop the PIMS curriculum for short term training. The draft curriculum has since been submitted and approved. The Consultant subsequently submitted training materials, which are under review. Upon approval, the Consultant shall undertake stakeholder consultations on the curriculum and train the Trainers of Trainees.

In addition to the above achievements, the Accountability Sector through MFPED undertook stakeholders' consultations on PIMS; trained 850 personnel across Government on PIMS; rolled out to all MDA's the first phase of the Integrated Bank of Projects (IBP); held twelve Development Committee meetings; provided PPP Technical Assistance to UNRA on the Kampala Jinja Expressway, KCCA for waste water management, NITAU for the proposed ICT Park, MFPED for the UMEM concession, Entebbe Free Zone, Strategy for Financing Options, MoW&T for the Gulu Logistics Hub Transaction advisor, and the Uganda Human Rights for the Development of its land on plot 20, 22 and 24 on Buganda Road. The other entities supported include UEGCL, MoWE, OPM and Mulago RRH.

It is important to note that despite the delays experienced in the finalization of the procurement processes for the above four assignments, the Accountability Sector through MFPED has attained remarkable progress towards the key milestones in the PIMS reform process. The Sector has undertaken to conclude all the reforms in FY2020/21.

Summary of Resource Mobilisation and Allocation indicators' performance

The table below illustrates the Resource Mobilisation and Allocation thematic area's actual performance against the ASSIP indicator targets for FY2019/20, and the previous financial year's actual performance.

Table 9: Resource Mobilisation and Allocation thematic area performance summary[10][11][12][13]

No.	Indicators	Actual		FY2019/20	
		2017/18	FY2018/19	ASSIP Target	Actual
1	**Outcome Indicators**				
	Tax to GDP Ratio	13.9%	14.6%	14.9%	11.5%[10]
2	Fiscal Balance (% of GDP)	4.9%	5.8%[11]	3.7%	7.2%
3	Present Value of public debt stock/ GDP	28.5%	32.1%	33.8%	33.1%
	o/w PV of External debt stock/GDP	16.4%	18.0%	22.9%	20%
	o/w PV of domestic debt stock/GDP	12.1%	14.1%	11.0%	13.1%
	Objective 9: Increase the tax to GDP ratio				
4	Domestic revenue as a % of GDP[12]	14.4%	15.1%	16%	12.5%[13]
5	Domestic taxes to GDP	7.92%	8.6%	7.7%	7.1%
6	International trade taxes to GDP	6.20%	6.3%	5.7%	4.7%
7	Non-tax revenue to GDP	0.42%	0.6%	0.4%	1%
8	External resource envelope as a percentage of the National budget	20.0%	30%	29.2%	29%
9	% of tax revenue collected against target	95.86%	101.71%	100%	81.85%
10	Revenue Collection to target				82.34%
11	Average filing ratio	80.61%	87.37%	89%	88.76%

[10]The short fall in tax revenue of 15.7% (2.965Trn) at the end of the fourth quarter contributed to that figure. The GDP for 2018/2019 was rebased to UGX128,499Bn and the net revenue to UGX16,638.06 Bn. This scaled down the tax to GDP ratio to 12.90%.
[11]This is a projection until the GDP is confirmed by UBOS
[12]Excl. AIA
[13] The GDP estimates for 2009/10 onwards were revised from the 2009/10 base year to the 2016/17 base year, reflecting an up-to-date structure of the Ugandan economy in which the constant price estimates are expressed in 2016/17 prices to mainly capture new sectors such as oil and gold.

No.	Indicators	Actual		FY2019/20	
		2017/18	FY2018/19	ASSIP Target	Actual
12	Percentage growth in taxpayer register	28.30%	12.6%	10%	7.18%
13	Compliance target (URA)			80%	75.64%
	Tax Administration cost as a % of revenue			2.3%	2.15%
114	Rural LG revenue collection as a percentage of LG budgets;	2%		11%	
15	Urban LG revenue collection as a percentage of LG budgets;	17%		30%	
16	KCCA revenue collection as a percentage of LG budgets;		22%	28%	
17	Proportion of KCCA targeted revenue collected				3.276%
18	Membership in Extractive Industries Transparency Initiative (EITI)	Membership request submitted to Cabinet	Public statement of the Government's intention to implement the Extractive Industries Transparency Initiative (EITI) has been made, the appointment of a senior individual to lead the implementation of the EITI has been made; establishment of Multi Stakeholder Steering Committee is in place.	Application endorsed by multi-stakeholder group, incl. evidence of progress and submitted	The draft application was shared with the International secretariat to assess the adequacy of the requirements. Consultations with civil society organisations and the private sector were also held.[14]
	Objective 10: Improve Public Financial Management and consistency in the economic development framework				
19	**Public Debt Management**				
20	Nominal Debt to GDP ratio	40.6%	41.8%	42.6	41.1%
	o/w external debt to GDP	27.4%	27.8%	31.6	27.9%
	o/w domestic debt to GDP	13.1%	14.0%	11.0	13.2%
21	Average time to Maturity (ATM) of the Public (Govt.) Debt Portfolio (YEARS)	11.2 Years	10.7 Years		11 Years
22	Domestic Debt maturing in one year as a % of total debt	36.2%	36%		37.1%
23	External Debt maturing in one year as a % of total debt	3.2%	1.9%		1.7%
24	Stock of domestic arrears as % of total expenditure		8%	7%	6.9%
25	Net change in the stock of domestic arrears (Billion UGX)			-110	
26	Proportion of disbursed funds in Uganda's external public debt exposure		74%	74.7%	
27	% of debts service payments made on time		95%		100%

[14] A validation meeting was held on the 2nd July 2020, submission of the application was made on the 13th July 2020 and acknowledgment of receipt of the application by EITI Headquarters was received on the 16th July 2020. The EITI Board approved Uganda's application to join the EITI and consequently, Uganda was officially admitted as an EITI implementing country on 12 August 2020, making it the EITI's 54th member country and the 26th in Africa.

No.	Indicators	2017/18	Actual FY2018/19	FY2019/20 ASSIP Target	FY2019/20 Actual
	Budget Credibility				
28	% of funds absorbed against funds released	99.2%	98.7%	100%	98.7%
29	% of budget released against originally approved budget	108.2%	110.5%	100%	103.4%
30	Funds released as a percentage of the approved budget				106.8%
31	% of funds utilized against originally approved budget	107.3%	109.1%	100%	102.1%
32	Supplementary budget as a % of the initial budget	5.89%	4.8%	<3%	6.8%
33	Ratio of annual investment expenditure to consumption expenditure (release outturn)	52:48	65:35	70:30	50:50
34	% Deviation of approved annual Budget from initial MTEF projections	7.7%	13%	5%	10%
35	Proportion of central- and local government agencies (MDAs) that are using programme based budgeting	100%	100%	100%	100%
36	Proportion of votes attaining ministerial policy statement certification for gender and equity budget compliance	50%	100%	100%	94.5%[15]
37	Green Economy (GE) Public Expenditure Review (PER)		Draft report in place and being reviewed.	GE-PER completed	GE-PER presented & approved by the Accountability Sector Working Group on the 13th February 2020.
	Public Investment Management				
38	% of projects implemented on time		40%	100%	50%
39	% of projects implemented on budget		50%	95%	75%
40	Public Investment Management Index (PIMI = IMF measure of Public Investment efficiency)		Awaiting assessment by IMF	2.26	
41	Implementation of the Integrated Public Investment Management (PIM) project database		First phase covering pre-investment developed and rolled out in April, 2019 and operation from July 2019	All PIMS elements operational	The IBP I operational and the IBP II inception report was submitted.

[15] There was an overall improvement in the average performance from 60.1% to 65% overall.

2.4 BUDGET EXECUTION AND ACCOUNTABILITY

The Budget Execution and Accounting thematic area is one of the four thematic areas in the Accountability Sector Strategic Investment Plan (ASSIP) 2017-2020. The thematic area focuses on Public Sector Accounting Policy; Financial Management Information Systems; Asset Management; Procurement and Disposal Policy and Management and Inspection and monitoring.

The intended outcome of the Budget Execution and Accounting thematic area is value for money in the management of public resources; to be achieved through the following objectives:

1. Improve compliance with accountability rules and regulations;
2. Enhance public contract management and performance; and
3. Increase public demand for accountability.

The Accountability Sector Institutions mainly charged with realising the Budget Execution and Accountability thematic area outcome and objectives include the Ministry of Finance Planning and Economic Development (Accountant General's Office); Public Procurement and Disposal of Public Assets Authority; Ministry of Public Service (Inspectorate); and Ministry of Local Government (Inspectorate). The following achievements, reforms, interventions and challenges in respect of the budget execution and accountability thematic area objectives were registered during FY2019/20.

2.4.1 Compliance with Accountability Rules and Regulations

According to the report of the Auditor General to Parliament for the Financial Year ended 30th June 2019, published in December 2019, there was a decline in the percentage of MDA's, Statutory Bodies and Local Governments with unqualified (clean) audit reports, moving from 91.8% in FY2017/18 to 88.91% in FY2018/19. Statutory Bodies (Commissions, Authorities and State Enterprises) registered the sharpest decline, moving from 93% in FY2017/18 to 84% in FY2018/19. The percentage of Central Government bodies (MDAs and Projects) with clean audit reports declined from 92% in FY2017/18 to 90% in FY2018/19 while that of Local Governments (DLGs and Municipalities) declined from 91% to 90%. Mischarge of expenditure and unaccounted for advances were the main basis and reason for the increase in qualified audit opinions.

By the time of drafting this report, we were unable to report on the percentage of MDA's, Statutory Bodies and Local Governments with unqualified (clean) audit reports for FY2019/20, as the report of the Auditor General to Parliament for the Financial Year ended 30th June 2020 was not yet published.

According to the OAG's PBS Report for quarter 4, the level of compliance with Public Financial Management Laws and Regulations as at 30th June 2020 was 52.88%, above the 50% annual target. The current year's achievements in regard to compliance with Accountability Rules and Regulations are attributed to a number of interventions implemented prior, and during the Financial Year under review. These are categorised under the main sub programmes of Financial Management Services; Public Sector Accounts; Treasury Inspectorate and Policy; and Assets Management.

Financial Management Services

IFMS Roll out: The Integrated Financial Management System (IFMS) was introduced in FY2003/04 and has over the years been updated and rolled-out to Central and Local Government votes. As at 30th June 2020, the Accountability Sector through the Accountant General's Office had rolled-out the IFMS to 302 government entities and 73 Donor funded projects.

During FY2019/20, IFMS was rolled out to an additional 54 LGs, 4 Referral Hospitals and Donor Funded Projects. This roll-out effectively increased the percentage of Ministries, Agencies and Local Governments (MALGs) budgets executed using IFMS from 82% in the last financial year to 98% as at end of FY2019/20. This though, was still lower than the planned ASSIP target of 100% of MALGs budgets executed using IFMS.

IFMS Upgrade: The upgrade of IFMS R12 combined with other logistical challenges like internet connectivity in some areas brought down the percentage of IFMS up-time from last years' reported figure of 95% to 86% by close of FY2019/20. This is expected to improve once the upgrade is completed and the internet connectivity challenge addressed. The objective of the R12 upgrade is to add value and align the system with global changes for improved service delivery. To achieve this, the following activities were undertaken in FY2019/20.

a. Prepared the concept for upgrading IFMS to R12 and received Management approval to move on and prepare detailed business requirements for all business processes.

b. Successfully conducted conference Room piloting covering the following modules; GL, procure to Pay, Cash Management, Accounts Receivable, Fixed Assets, Property Management, Treasury and Projects etc. and

c. Shared the upgrade system requirements for comments.

Enhancement of the Fixed Assets Module: The Fixed Assets Module is another enhancement to IFMS. It is supposed to ensure accountability and transparency in assets management and establish a proper linkage between planning, budgeting and budget execution cycle especially in the area of future replacement and maintenance budgets. During the year, the following activities were completed.

a. Carried out benchmarking of Fixed Assets (FA) implementation in Australia and Vanuatu, an island country located in the South Pacific.

b. Reviewed and updated the Master Data collection templates

c. Participated in the development of the Assets Management Framework and Guidelines (AMFG)

d. Provided 11 out of 14 solutions for FA module functionality issues.

e. Conducted User Acceptance Testing (UAT) for 103 votes (5 universities, 2 Agencies, and 94 LGs).

E-Cash: The E-Cash and the E-registration enhancements are under development with the objectives of offering a faster and seamless payment and registration solution to the public, and therefore improve the speed and quality of services offered. The electronic cash platform (e-cash) is an alternative payment process for cash transactions. By their very nature, cash transactions are inherently risky and the e-cash is therefore designed to ensure that these transactions are authorized, traceable, transparent, secure and that accountability is available in real-time. The system is web-based thus making it possible to process and authorize payments from anywhere provided there is internet connectivity. The e-cash system uses the mobile telephone money platform to make payments directly to individual beneficiary's mobile phones or bank accounts.

The system has removed the need to advance cash to staff accounts for onward payment of third parties such as participants at training workshops. During FY2019/20, the following activities were undertaken.

a. Continued to enrol entities onto the e-cash platform. A total of 227 entities have now enrolled on the e-cash platform;

b. Supported entities to enhance their capacity, user acceptance and promoted the use of e-cash;

c. Enhancements made to the e-cash platform including a clear narrative on the phone SMS, improved narratives, structure and included the username of the entity of the on-line reports generated;

d. Reviewed requests for e-cash payments and made transfers to the participating commercial bank.

E-Government Procurement system (e-GP): The E-Government Procurement (e-GP) system is an electronic procurement system that is integrated with IFMS to provide an end-to-end platform intended to enhance accountability among procuring entities and suppliers. The purpose of setting up this system is to maintain efficient, complete and up-to-date public procurement information for all government procuring entities in Uganda. Once fully implemented, it will provide tender opportunities to all potential national and international bidders in real time.

The adoption of Electronic Government Procurement (e-GP) is one of the most significant reforms in Public Procurement that is being undertaken by the government of Uganda to revolutionize government operations and consequently improve efficiency in the procurement function. When fully implemented, the e-GP system will provide a platform for:

a. Increasing transparency in procurement procedures and practices;

b. Improving efficiency in the procurement process, by minimizing the procurement cycle time, maximizing value for money, and fostering accountability;

c. Improving confidentiality, integrity and authenticity of transactions between the procurement entities and the suppliers;

d. Developing a common database and electronic trail of procurements to facilitate proper monitoring, reporting and planning of public procurements; and

e. Compliance through providing a uniform platform that is well guided by the procurement law of Uganda, to be used by all Procuring and Disposing Entities.

By close of FY2019/20, the overall deployment readiness status of the e-GP stood at 88%, against a target of 100%. Implementation was largely affected by the COVID 19 outbreak and lockdown of the country. Some of the key deliverables as at end of June 2020 include:

a. Retesting of 23 defects that were resolved by the contractor (European Dynamics) out of the 77 defects identified during the UAT conducted between 24th February and 7th March, 2020. Fifty-four of these defects were categorized as change requests. The technical discussions were concluded on their respective functionality leading to the documentation of an enhanced system requirements specifications document.

b. Reviewing and approval of system user manuals, which the provider uploaded on the staging and production environments for reference purposes.

c. End user training for seven out of the ten piloting entities.

d. Development and approval of quick reference guides for the system administrators, the buyers and the providers. These were shared with the different stakeholders before the training for reference purposes.

e. Developing and agreeing the Change Management road map and the level of involvement for the change agents.

f. Documenting the data migration plan and signing off the E-Procurement contract and the contract extension for the Quality Assurance firm (Ernest and Young).

g. Conducting User Acceptance Tests and drafting the approach to be used during the Training of Trainers, PDE users and the bidders' system functional training

h. Incorporating E-GP into the treasury support tool, and reviewing the E-GP readiness status.

Key risks on the project as at 30th June, 2020 included:

- Delayed completion of key integrations like the e-tax, payment gateway and IFMS integrations which will affect some processes like Registration of Providers and Local Purchase Order processing
- Absence of a local onsite support firm for the vendor especially considering that the vendor has committed to availing the local helpdesk one month after go live. Resolution of defects identified after go live could be affected.
- Untimely resolution of defects identified during the UAT. Only 23 defects have been resolved out of the 86 defects from the last date of UAT. 54 change requests have not been resolved.
- Restriction on training which has affected the number of trainees involved before go live

IFMS Electronic LPOs system: During FY2019/20, work commenced on the IFMS Electronic LPOs system. This is a Business process enhancement to replace the manual Local Purchase Orders with electronic paperless Local Purchase Order. It comes in as an enhancement to the e-GP system that is currently under implementation. LPO's will be electronically generated and emailed to suppliers, and these can be tracked to see if deliveries have been made or pending.

E-Payments Gateway: The implementation of the e- payments gateway is jointly supported by MFPED and NITA-U. The E-Payments Gateway is an electronic system to facilitate payments for goods and services through an electronic medium, without the use of physical cash or cheques. It's intended to enable online payments for all Government services, facilitation of money transfers, as well as allowing MDAs, to quickly and efficiently deploy sector specific e-services. This enhancement is expected to improve service delivery through the efficiencies created in the payments system. To support the implementation of E-payments Gateway, the following activities were undertaken during FY2019/20:

a. Held several engagements with pilot entities such as Ministry of Tourism, Wildlife and Antiquities (MoTWA), UWEC and Uganda Museum to among others demonstrate the use of the gateway;

b. Held the e-Payments gateway stakeholders' workshop with major stakeholders like BOU, FIA, URA and pilot entities to demonstrate how the portal operates and also discuss the system security and management;

c. Developed the e-Payments gateway portal for reports, dash boards, access control and platform monitoring;

d. Integrated six (6) PSPs with the Gateway (Equity Bank, Orient Bank, NC Bank, GT Bank, Centenary Bank and UBA)

e. Enabled Twenty-two (22) e-services for Go-Live with the gateway. These include; *DotShule* School fees payments; 10 UWEC services, 6 Uganda Museum, 1 e-service for Uganda National Chamber of Commerce & Industry, 2 PPDA services, 2 Uganda Hotel and Tourism Training Institute services

PBS Roll Out: Further still, the Performance Based System (PBS) has been fully rolled out in all central and local government entities, and 100% utilization was reported as at end of FY2019/20.

By end of the Financial Year, 98% of MDA Budgets were executed using automated Financial Management Systems. Although lower than the 100% target for the financial year, this was an improvement from the previous year's performance, where only 82% of MDA Budgets were executed using automated Financial Management Systems.

Human Capital Management (HCM) in MALGs: The Integrated Personnel and Payroll System (IPPS) is a computerized Human Capital Management Information System that is being implemented in Ministries, Departments, Agencies and Local Governments (MALGs) to perform various human resource functions. Implementation of IPPS was part of the Public Service Reform programmes aimed at strengthening accountability and improved service delivery through automation of Human Resource functions and provision of reliable and timely information for decision making. During FY2019/20, the following activities were completed.

- The best evaluated bidder for the supply of the Integrated Personnel and Payroll System (IPPS) was selected and the draft contract submitted to MoFPED Contracts Committee for approval and further submission to Solicitor General.
- Conducted readiness assessment of HCM pilot entities and held a consultative workshop on HR process improvement and HCM requirements validation.
- Completed the Requirements validation exercise and the service provider submitted draft blueprint documents for review and confirmation of accuracy of the business processes.
- Held Consultative engagements with the module owners and reviewed the HCM/ IFMS integration document, Comments were compiled and discussed with MoPS team.

Governance, Risk and Compliance (GRC) tool: Governance, Risk and Compliance is a strategy for managing GoU's overall governance, enterprise risk management and compliance with regulations. It is a structured approach to aligning IT with business objectives, while effectively managing risk and meeting compliance requirements.

The objectives of the GRC Tool are to define governance, risk and compliance requirements; create a central repository to store and manage all GRC issues on the Oracle Platform; and provide a single view and access point to critical information. During FY2019/20, the following was achieved.

- Enforced user creation with complete records on production. Controls have also been enforced for user creation where fields such as description, email, phone number and link user to employee have been made mandatory when creating the user.
- Restricted the ability of users to cancel WHT invoices on the system using the PCG module.
- Commenced Segregation of Duties (SoD) analysis on production. Ten models were analysed and conflicts identified, shared with MIS for clean-up.
- Compiled and categorized SoD conflicts.
- Sent out a communication to votes regarding clean-up of SoD conflicts and informed them about the revocation of SoDs conflicts.
- Conducted workgroup trainings to promote peer to peer learning.
- Mapped up 17 areas of KPIs on the Transaction Control Governor. (17 areas were mapped)

Treasury Inspectorate and Policy

Treasury Inspections: In pursuit of Section 46(4), the Accountant General is required to conduct quarterly inspections and submit reports to Secretary to the Treasury within 30 days after the end of the three months. The report is expected to highlight any apparent defect in the management of revenue, expenditure, cash or assets and any breach or non–observance of the law that came to the notice or brought to the notice of the Accountant General.

In accordance with the PFMA, the Accountant General's Office (AGO) through the Treasury Inspectorate and Policy Department undertook the following inspections during FY2019/20.

Field visits to thirty-three (33) District Local Governments that hadn't submitted their Q1 warrants;

a) Field visits to twenty-four (24) District Local Governments and nine (9) Central Government concerning salary, gratuity and pension arrears; and

b) Treasury quarterly inspections for Central and Local Governments Heads of Accounts Bi-Annual Performance reports.

The key findings of the above field visits included:

1. Variance between warranting practice and the legal framework arising from delay in approval of the Grant of Credit and the Minister's Warrant; delayed Budget Upload; budgets not balancing and improper allocation of funds; chart of accounts not fully incorporated into PBS; delay in loading of cash limits on the IFMS; delays in notification of the cash limits; power and network failure; delayed allocation of funds; limited persons able to prepare warrants; inability to monitor warrant approval on IFMS; and limited appreciation of the laws relating to warranting.

2. Inconsistencies in salary, gratuity and pension arrears payments resulting from status of arrears of salary, pension and gratuity; causes of delays in processing salaries, pension and gratuity; inconsistencies in employee data; slow/poor IFMS and IPPS; delays arising from the registration of beneficiaries; delay in approval of files/ interfacing of files by MOPS; capacity gaps in pension and payroll management; incomplete documentation on file; splitting up of districts; delay in issuing of IFMS supplier numbers; and challenges of getting supporting documents for accountability purposes.

As a result of these findings, the following recommendations were made:

- Enforcing adequate preparation for retirement and facilitating Automatic Access to the payroll by new pensioners
- More vigilance by Accounting Officers for new salary entrants
- Verification of Pensioners from the nearest localities and reconciling data collected from the different sources
- Maintain a single line of Accountability for pension/salary arrears paid
- System integration and better Management of IPPS/IFMS Networks
- Timely pre-testing of IFMS and Integration of the various IT Systems in government.
- Timely tracking and reporting on Warrant Submission
- Develop and maintain a well-documented Financial Statement preparation plan and a Financial Statement quality review checklist to guide in compliance and meeting timelines.
- Ensure all reconciliations of bank accounts and NTR receipts, BOS and all confirmations are obtained on time
- Financial reporting templates need to be reviewed and disseminated early enough.
- Continuously retrain super users to better

their services but also to increase their numbers

Treasury Instructions 2017: The Treasury Instructions 2017 provide directions on financial matters consistent with provisions of the Constitution of the Republic of Uganda, 1995 as amended, the Public Finance Management Act (PFMA), 2015 as amended, Public Finance Management Regulations (PFMR) 2016, and other relevant Public Financial Management (PFM) legislation. They are required to be used in conjunction with new circulars issued from time to time in respect of new developments and changes in financial management policies. Treasury Instructions apply to all votes that include Ministries, Agencies and Local Governments (MALGs). They also apply to Public Corporations and State Enterprises where mentioned. The Instructions are issued in accordance with the powers and provisions of Section 11(3) (a) of the PFMA, 2015, and are intended to facilitate the efficient and effective management of public resources.

Following the enactment of the PFMA 2015, the Treasury Instruction 2017 were developed and issued to all Central and Local Government votes. Failure to comply with the Treasury Instructions or circulars issued in terms of the PFM legal and regulatory framework constitutes an offence as prescribed in Section 79 of the PFMA, 2015. In FY2019/20, this mandate was achieved through:

a) Holding sensitization workshops for Accounting Officers, Heads of Accounts, Internal Audit, Planning and Procurement in all Central and Local Government votes;

b) Ongoing sensitization and distribution of the Treasury Instructions 2017 to the newly created votes;

c) Engaging the Directorate of Debt and Cash Policy on the development of guidelines for the management of contingent liabilities;

d) In consultation with the Solicitor General, developing Guidelines for Public Corporations and State Enterprises;

e) Providing technical guidance on interpretation and application of PFM Laws and Regulations provided to MALGs; and

f) Drafting principles to include in the Petroleum Revenue Management Regulations as an amendment to the Public Finance Management Regulations, 2016.

Appraisal of New Votes: Pursuant to Section 46 (3) (b) and (c) of the PFMA, the Accountant General is responsible for ensuring that appropriate systems of accounting and internal control are designed in order to meet the financial management needs of every vote. The AG is mandated to put in place arrangements that shall require reliable and transparent reporting on how government spends public funds.

The objective of appraising new votes is to set Standards and Financial Controls for Financial Management Systems in new votes. The standards set aim at ensuring that Accounting Officers are accountable for the prudent stewardship of public funds, the safeguarding of public assets, and the effective, efficient and economical use of public resources.

In FY2019/20, the Accountant General received and responded to requests from 16 entities for creation of new votes, following advice from MFPED Top Management that all purely Regulatory Public Corporations and State Enterprises be granted Vote status. The entities included National Council of Sports, National Drug Authority, UBRA, IRA, UCC, Tax Appeals Tribunal, NPC, National Lotteries and Gaming Board, UFZA, UMRA, CMA, PPDA Appeals Tribunal, NCHE, ERA, UBTEB and Ministry of Kampala Capital City and Metropolitan Affairs. Assessment of these entities was still ongoing by close of the year due to COVID19 disruptions.

Preparation of Treasury Memoranda: The Accountant General is required to review and collate all MDA action reports/financial improvement plans showing the extent to which the recommendations of Parliament arising out of the Auditor General's reports have been addressed, and prepare a treasury memorandum addressed to the Minister through the Secretary to the Treasury, for submission to Parliament within six months from the date of Parliament's consideration of the report of the Auditor General in accordance with Article 163(5) of the Constitution.

In pursuit of section 53 of the PFMA 2015, five Treasury Memoranda (TM) were prepared and submitted to Parliament during FY2019/20. These include:

a) TM on Central Government on the report of Auditor General for FY2015/16;

b) TM on Central Government (Missions) on the report of Auditor General for FYs 2013/14,2014/15, 2015/16 and 2016/17;

c) TM on Local Government on the resolutions of Parliament on the Auditor General's report on the Value for Money Audit on USMID implemented by 14 Municipal Councils in the FY2015/16;

d) TM on Local Government Accounts on the Auditor General's report for the FY2016/17 on District Local Governments, Municipal Councils and Town Councils;

e) TM on the Special Audit of the Auditor General on Defunct Banks;

In addition the AG supported the Audit of the Treasury Memoranda on Health, Accountability Sector, Local Government and the report of the Committee on Local Government Accounts on the Auditor General's Report for Financial Year 2014/15 on District Local Governments, Municipal Councils and Town Councils.

Implementation of the Public Finance Management Act 2015: The Accountant General's Office is responsible for the implementation of the Public Finance Management Act 2015 by all actors in the PFM cycle. During the period under review, the following activities were undertaken.

a. Reviewed the PFMA, 2015 and Public Finance Management Regulations (PFMR), 2016;

b. Received and reviewed the CSBAG PFMA Assessment report for FY2018/19. This is an independent review by civil society organizations to assess the implementation of the PFMA 2015.

c. Finalized reprinting of 4000 copies of PFMA 2015 with amendments, and their distribution to all Ministries, Agencies and Local Governments (MALGs) is ongoing;

d. Commenced the review and update of the matrix of PFM Implementation issues that may require interpretation/clarification or amendment.

Harmonization of PFMA, 2015 and LG ACT: Over time, several inconsistencies have been identified between the PFMA 2015 and Local Government Act 1997 as amended. A review was thus recommended with the objective of addressing Inconsistences in the PFMA 2015 and Local Government Act 1997 as amended. A Technical Committee comprising MoFPED and MoLG was constituted to further study the issues and come up with recommendations. In addition, continuous stakeholder sensitization on the PFM Review/Amendments was conducted.

Assets Management

Asset management Policy and Guidelines: Over the years, the Government of Uganda has made huge investments in assets especially infrastructure. However, various reviews and assessments e.g. PEFA, IMF, Auditor General and Internal Auditor General have exposed weaknesses in asset management and recommended improvements.

Accordingly, during FY2019/20 the Government of Uganda through the Accountability Sector embarked on strengthening its asset management by developing the draft Asset Management Policy and Guidelines. The Non-Current Assets Accounting Policy was also incorporated in the Draft Asset Management Policy, which was awaiting Top Management approval by the end of the Financial Year. The implementation of the Asset Management Policy and Guidelines will commence once approval is obtained, and is expected to ride on a conceptualised roadmap for implementation of Accrual IPSAS.

SAMTRAC Project: A concept note on Strengthening Asset Management and Transition to Accrual Accounting (SAMTRAC) was developed and approved by the Accountability Sector Working Group. It was then forwarded and presented to the Development Committee for consideration and funding.

SAMTRAC provides an assessment of asset management, public sector accounting and reporting in Uganda and highlights areas for further improvement. It presents the required programme for effective transition to accrual accounting and compliance with the International Public Sector Accounting Standards (IPSAS). The reform is aimed at improving accountability, transparency, information completeness and efficiency in the management of public finances and reporting of government operations, and compliment other PFM reforms that have been carried out by GOU over the decades.

Challenges

Notwithstanding the above achievements, the Accountability Sector faced the following challenges as it promoted compliance with Accountability Rules and Regulations.

a. The continuous creation of votes stretches the limited resources in place, and slows down implementations of PFM systems. Further, the intricacies in the separation of payroll between the new and old Local Governments delayed salary payment in some entities;

b. Lack of an asset management policy has caused ambiguity in the Government ownership on high value assets like land, equipment, motor vehicles and buildings. The management of government assets is invested in a number of specified government officers and entities. The unclear mandate for asset management across government has led to a situation where there are no accounting and operational guidelines for some assets.

c. The glaring inconsistencies between the Local Government Act, PFMA 2015 and other PFM legislations like the Local Government Act, cap 243 that requires an urgent need to review and align these legislations to the PFMA 2015; for instance, the timing of the Local Government and Central Government budget calendars which affects the finalization of the budget, warranting and actual transfer of funds to the LG votes.

d. The capacity of officers in using IFMS is still low because of low level of appreciation of the system by some staff, and frequent staff transfers. This challenge is mainly faced in the local governments**.** Capacity building of staff in new skills and knowledge could not be done according to plan due to lockdown restrictions introduced by the Government to limit the spread of COVID-19.

e. Deferred activities due to the COVID 19 pandemic - COVID 19 pandemic led to non-execution or scaling down of some activities. These included the consolidation of 9 months Financial Statements, finalization of the update of the Chart of Accounts, Electronic Government Procurement, Local Government Workgroup Meetings, the Vendor for HCM recalled her staff to their home country causing a pause in implementation of the reform, and quarterly monitoring of the regional treasury service centres were deferred due to the national emergency lockdown as a result of the Corona pandemic and can only commence as soon as the lock down is fully lifted up.

f. **Late and non-submission of financial statements** by accounting officers continues to affects the timely consolidation. There are plans to continue engaging and supporting votes to ensure timely submission of quality financial statements.

2.4.2 Public Contract Management and Performance

Enhancing Public Contract Management and Performance is mainly a responsibility of the Ministry of Finance Planning and Economic Development (Procurement Policy and Management Department) and the Public Procurement and Disposal of Public Assets Authority (PPDA).

The Ministry of Finance Planning and Economic Development is mainly concerned with initiating, undertaking and promoting research in public sector procurement; managing and coordinating public sector procurement reforms; formulating, monitoring implementation and reviewing the public sector procurement legal and institutional framework; providing expertise and technical advice to government on all public sector procurement policy matters; measuring the performance of PDUs/PDEs; benchmarking international agencies in line with global procurement developments, best practices and evolution in order to ensure update of existing procurement laws and systems in Government; supervising procurement practitioners in MDAs; and reviewing the functioning and performance of Contract committees in Government.

The PPDA is responsible for ensuring the application of fair competitive, transparent, non-discriminatory, and value for money procurement and disposal standards and practices; harmonizing the procurement and disposal policy systems and practices of Central Government, Local Governments and Statutory bodies; setting standards for the public procurement and disposal systems in Uganda; monitoring compliance of procuring and disposing entities; and building procurement and disposal capacity in Uganda. The following achievements, reforms, interventions and challenges in respect of enhancing public contract management and performance were registered during FY2019/20.

Proportion of Contracts subject to open competition: The proportion of contracts subject to open competition dropped by one percentage point last year to 71% against the annual target of 80%. The emergency and direct procurements done during the COVID19 had a big impact on this indicator.

Proportion of contracts completed as per contractual time: The Proportion of contracts completed as per contractual time dropped from 73% in 2018/19 to 70% in 2019/20 against a target of 80%. The failure by procuring entities to achieve this target is attributed to administrative inefficiencies and inadequate staffing and facilitation of the PDU in terms of tools and logistics.

Bidder Participation in the Procurement Process: This indicator measures the level of competition in public procurement. During the Financial Year under review, the average number of bids received regardless of the method of procurement was approximately 3.3, which was below the annual target of 5 bids, and the previous year's performance of 3.8 bids per procurement. The lower than expected performance is attributed to the cost and technicalities involved in the bidding process, that discourage many potential bidders.

Average time taken to complete the Procurement Cycle: This indicator measures the procurement lead times against indicative timelines that were issued by PPDA. The system calculates the time the procurement process takes from initiation to contract signature. During FY2019/20, the lead time under open domestic bidding was 155.3 days, down from 172 days in FY2018/19. The lead time for open international bidding widened, with procurements lasting an average of 343 days in FY2019/20, up from 320 days in FY2018/19. This is above the indicative lead time frame for open domestic bidding which is 100 working days, giving a variance of 55.3 days for open domestic bidding and 233 days for open international bidding.

PPDA noted that despite efforts to regulate previously unregulated time frames such as time taken during evaluation under the amendments to the PPDA Act, entities are still taking longer than the recommended timelines. Other areas of concern are the timelines between submission of bids and start of evaluation, and time taken between completion of evaluation and submission to the Contracts Committee. The time taken at these stages remains unnecessarily long. PPDA shall continue to monitor delays in procurement processes especially through its High Spend Entity initiatives to ensure that delays at these stages of the procurement process are minimized.

Procurement Audits: In accordance with Section 7 (j) of the PPDA Act, PPDA is mandated to conduct Procurement and Disposal Audits in PDEs. The number of procurement audits conducted fell from 136 in 2018/19 to 107 in 2019/20 and below the target for the year of 160. The low performance is attributed to a number of audits that were not completed or carried out due to COVID 19. The total population of the audited Central and Local Government Entities was 19,680 contracts worth UGX4,342,075,698,354.

The percentage of entities rated satisfactory from procurement audits rose from 70.9% in 2018/19 to 83% in 2019/20. Although there was an improvement in performance on this indicator, this was still below the target of 100% due to poor procurement planning and delays in contract awards by entities. The percentage of contracts audited (by value) rated as satisfactory fell from 63% in 2018/19 to 62% in 2019/20 below the target of 100%. This is attributed to poor estimates and failure by procuring entities to implement procurement plans.

The proportion of procurement audits and investigation recommendations implemented was 62% against a target of 90% for FY2019/20, and below the previous year's performance of 66%. This low performance is attributed to the low activity in Q3 and Q4 due to the lockdown announced by Government.

The audit findings revealed that entities procured only 47.10% of their planned procurements within the planned timelines, implying that entities failed to deliver 52.90% of their procurements within the planned timelines. There is a slight improvement when compared to the 43.58% achievement for FY2018/19. Failure to meet the timelines slows down the implementation of contracts. Also 33.6% of the contracts signed were not completed within the contractual period while 33.9% of the signed contracts were not paid in time. The proportion of contracts completed within cost was 73.4%, which was a slight improvement from last year's 73.2% performance but lower than the ASSIP target of 100%.

Compliance Checks: In addition to procurement audits, the Accountability Sector through PPDA undertook a total of one hundred ten (110) compliance inspections. The compliance checks/inspections involved a review of procurement systems and processes; asset disposal processes; and the procurement performance indicators. The findings revealed the following:

a. The overall compliance level for the procurement system for all the 88 entities assessed was 67.98%, registering a satisfactory system compliance. There were relatively higher compliance levels under the Contracts Committees, Accounting Officers and Internal Controls. However, lower compliance levels were noted for User Departments and Procurement and Disposal Units.

b. The overall compliance level for the procurement process for the 88 entities assessed was **73.45%,** implying registering a satisfactory process compliance. There were relatively higher compliance levels under bidding process, bidding document, procurement contracting and procurement planning and initiation, while contract management registered a relatively lower compliance level.

Procurement Investigations: During the period under review, PPDA investigated and issued fifty-two (52) reports on complaints, worth UGX744,166,395,677. Of the issued reports, 41 (78.8%) were in respect to complaints carried forward from the FY2018/19 and 11 (21.2%) complaint that were received during the Financial Year. The Authority found merit in 17 (32.7%) complaints on procurements worth UGX158,174,140,685 and no merit in 35 (67.3%) of the investigation cases worth UGX585,992,254,992. Accordingly, there was a decrease in the proportion of complaints on merit from 39.4% in FY2018/19 to 32.7% in the FY2019/20. The Authority recommended disciplinary action to the staff in the PDEs responsible for the irregularities and ordered retender of the procurement process.

Follow-ups on procurement audits and investigations recommendations was significantly affected by the COVID 19 lockdown as most follow-ups had been scheduled in Q3 and Q4. There was a significant decline from the 86 follow-ups that were registered in 2018/19 to just 36 in 2019/20 against a target of 150 follow ups.

Administrative Reviews: During FY2019/20, PPDA received and handled forty-five (45) applications for Administrative Review by bidders not satisfied with the evaluation processes and decisions of Accounting Officers. One (1) application was withdrawn, and the estimated cost of the procurements that were subjected to administrative reviews was UGX609,133,839,026. Twenty seven (60%) applications were in respect to procurements by Central Government entities while eighteen (40%) applications related to procurements by Local Government entities.

Seventeen (37.7%) applications were upheld, registering a slight increase in the proportion of cases upheld, from 34% in FY2018/19 to 37.7% in FY2019/20. This implies that procurement irregularities are minimized. Twenty-seven (60%) applications were rejected, out of which eleven (11) applications were dismissed for failure to meet the prerequisites of Administrative Review i.e. non-payment of fees (1), validity of bids (1) and failure to comply with the statutory timelines for Administrative Review (9).

Out of the 45 decisions issued, twenty-five (56%) were appealed against before the PPDA Appeals Tribunal. The Tribunal upheld the Authority's decisions in nine (36%) applications and allowed twelve (48%) applications, while three (12%) applications were withdrawn.

Procurement Planning: The PFM Act, 2015, Section 13 (15) (c) requires every vote to prepare and submit as part of the Ministerial Policy Statement the annual procurement plan of their respective vote. The PPDA Act, 2003 also requires PDEs to prepare and submit to the Secretary to the Treasury its annual procurement plan for the following financial year. One hundred and fifty (150) Procurement plans and four (4) Disposal plans were received and reviewed. Out of the 150 Procurement plans received, 78 (52%) were unconsolidated, and all entities with unconsolidated procurement plans were requested to resubmit harmonized plans. From the review, it was noted that the format for reporting on procurement plans was appropriate for projects and not MDAs. Subsequently, a review of the procurement plan template was undertaken and a new template will be issued by PPDA.

Procurement Plan Implementation: This indicator previously referred to as procurement budget absorption rate, measures the degree to which procurement plans that were submitted by entities at the beginning of the Financial Year actually get implemented. It's a measure of the total value of contracts awarded in the year compared to the total value in the procurement plan. The indicator is measured at entity level and as a total aggregate for all entities.

In the FY2019/20, there was a marked decline in performance under this indicator, with only 22.8% (473,068,432,907) of the total procurement value being implemented within the year, compared to the previous year's performance of 64%. The decline in performance was as a result of delays in initiation, evaluation and contract signing within the PDEs that culminated into declined implementation of the procurement plans. For example, procurements of capital infrastructure estimated at UGX3,218,651,508,133 (16.1% of the overall planned spend) in seven High Spend Entities were not implemented due to delays in completion of designs and procurement of consultants. The other aspect that affected the procurement plan implementation was the restriction on movements due to the lockdown that was meant to curb the spread of the COVID-19 pandemic and diversion of funds from PDEs to enable GoU fight the pandemic. This decline in implementing procurement plans affected service delivery. This notwithstanding it is important that PDEs address the root causes of delays in procurement processes so as to improve the implementation of procurement plans in a bid to improve service delivery.

Register of providers: The Authority is mandated to establish and maintain a register of providers for works, services and supplies. This is a step to promote a sound business environment and is a quick avenue to reduce process time and cost during the prequalification process. A total of 2,075 new providers were registered on the register of providers, and 4,965 existing providers renewed their subscription during the Financial Year 2019/20. A total of UGX682 million was generated from the Register of Providers during the period under review.

Common User Items and Average Prices Survey: During FY2019/20, PPDA in collaboration with Makerere University School of Statistics and Planning conducted a survey to update the list and average prices of common user items. This is intended to enable stakeholders' access the updated indicative market rates and prices, to help them make the right decisions on value based pricing of goods, works, and services. Though the list does not cover all items that are subject of public procurement, it contains the major items for services, works and supplies. The survey recommended that there is need to conduct further research on the utilization of these prices so as to generate feedback on the improvements desired by the users. The detailed list of the average prices can be accessed on the PPDA website.

Construction of the PPDA Office Block: During the year under review, PPDA continued to implement activities towards the successful completion of the proposed head office building for URF/PPDA. The URF/PPDA head office building is planned to be a modern government office tower with two separate wings each housing one of the two government bodies. The building is 12 levels comprising of 3 basement levels for parking and building services, ground and Mezzanine floor levels. Its design is gender and equity responsive, providing access for wheel chair users, voice commands for blind and provisions for a breast feeding room for nursing mothers. The two wings are connected by a central circulation core that consists of common facilities such as lifts, the main staircase, lavatories and pantries. Other shared facilities such as the staff cafeteria, Day Care Centre, general reception lobby, and conference hall are provided in the building.

As at the end of FY2019/20, construction of the superstructure had been completed, and the progress of the construction stood at 55%, against the annual planned progress of 60%. The completion date has been revised from 31st March 2021 to 30th May 2021 due to the COVID 19 pandemic.

Local Content: The implementation of the reservation schemes has the potential to impact the manufacturing industries in the country specifically those manufacturing inputs for construction namely; cement, iron sheets, iron bars and sand. Following a Parliamentary directive to MoFPED, a Committee was constituted to develop a Law, changing from Reservation Guidelines to Reservation Regulations that will have a wider coverage than the existing guidelines. Implementation of the Reservation Guidelines over the last years yielded the following results.

a. The proportion of contracts by number, awarded to local providers declined from 99% in FY2018/19 to 97.7% in FY2019/20. The number of contracts awarded to local providers remains high because the overwhelming number of procurements is small in value and done by local providers.

b. The proportion of contracts by value, awarded to local providers in FY2019/20 was 58.4%, which was a decline from the previous year's 72% performance. There was however a 25% increase in the value of contracts awarded to local providers, moving from UGX1,226,365,730,825 in FY2018/19 to UGX1,532,526,496,970 in FY2019/20. This means that whereas the number of contracts done by foreign providers are very few in number, in terms of value, they are high.

c. The Uganda National Roads Authority reported that in the FY2018/19, the total value of contracts awarded to the national and resident providers was equal to 28% which was an increase from 24% of the total procurement value for the financial year 2017/18.

d. Southern Range Nyanza Limited (a local manufacturing facility for textiles) reported a significant increase in the values of contracts awarded to the company from UGX8Bn in the FY2017/18 to UGX22Bn reported in the FY2018/19. The company reported an average of 65% of the industrial manufacturing capacity utilization;

e. The National Medical Stores reported contracts of supply of medicines and medical supplies worth 163Bn in the FY2018/19. This was an increase from contracts worth UGX156Bn in the FY2017/18.

Many of the large contracts continue to be executed by foreign providers. The Sector through PPDA will continue to enforce through capacity building, monitoring and audits, the requirements of preference of margin, preference schemes and 30% local content to continuously improve the capacity of local providers to undertake high value and complex procurements.

National Public Sector Procurement Policy: The National Public Sector Procurement Policy was launched by the Vice President of the Republic of Uganda HE. Hon. Edward Kiwanuka Ssekandi on 11th October, 2020, during the Accountability Sector Joint Annual Review.

The Policy aims to ensure that all acquisitions using public funds in all government institutions are effectively and efficiently handled; enhance and strengthen good governance in the key institutions within the public procurement system; strengthen and enhance the knowledge, skills and attitudes of the human resource interfacing with the public procurement; promote sustainable public sector procurement; and enhance and promote socially responsible public sector procurement.

Following the launch, the National Public Sector Policy was disseminated to various stakeholders including practitioners from both Central and Local Governments, and the Accountability Sector working Group. In addition, six (6) Technical Working Group (TWG) meetings were held in which the draft National Public Sector Procurement Policy Implementation Strategy was developed.

Figure 7: HE. Hon. Edward Kiwanuka Ssekandi launching the Public Sector Procurement Policy at ASJAR 2019 Conference in Munyonyo.

Amendment of the PPDA Act, 2003: The PPDA Amendment Bill, 2020 was passed by Parliament on 1st February, 2020 and forwarded to the President to ascent. However, the President identified issues therein that would pose implementation challenges and referred it back to Parliament to address the identified issues. The Bill aims at enhancing efficiency and effectiveness in the Public Procurement process by reducing the statutory timelines and the number of players in the administrative review process. The highlights of the amendment are:

a) Provision for the women, youth, disadvantaged groups, small and medium enterprises in public procurement.

b) Provision for sustainable acquisitions.

c) Provision for the procurement of complex, specialized and strategic goods, works or services.

d) Introduction of new sourcing methods (Competitive dialogue, competitive negotiations).

e) Reintroduction of negotiations in the procurement process.

f) Involvement of Ministers in the procurement process.

g) Reduction of players in the Administrative review process from a three tier to a one tier.

h) Introduction of a concept of collaborative procurement.

i) Market price assessment to be done by a competent authority other than the Accounting Officer.

Procurement regulations: During FY2019/20, draft Regulations were developed in line with the PPDA Amendment Bill, 2020. These include the draft Preference and Reservations Schemes Regulations; Regulations for Complex and Strategic Procurement; and Regulations for negotiations. A Consultant to incorporate Sustainable Procurement in all the Regulations was procured, but could not undertake the consultancy due to the COVID 19 pandemic. This activity was deferred to FY2020/21.

Public Procurement Inspections: Public procurement inspections were conducted at both Central and Local Government levels. The purpose of the inspections was to identify challenges that hindered effective service delivery and make recommendations for improvement. Twenty-four (24) procurement inspections were conducted during FY2019/20 against the target of forty-four (44) entities. The lower than expected performance is attributable to the ongoing COVID 19 pandemic. Public procurement inspections remain a critical area of concern as various oversight reports indicate a lack of appropriate guidance and regulation of the procurement activity. Some of the key findings of the inspections undertaken in FY2019/20 are:

a) Most of the entities visited had not implemented the use of Electronic Purchase Orders.

b) Market price assessment and applicability was still a big challenge due to lack of prescribed assessment mechanism.

c) Contracts Committee members interviewed demonstrate limited knowledge of the procurement process.

d) Inadequate capacity of local providers to execute construction contracts resulting in shoddy work, delayed project execution and cost overrun.

e) Many local provides do shoddy work due to their inability to manage contracts that leads to delayed project execution

f) Budgetary cuts had led to non-implementation of some projects.

g) Contract management was still a big challenge in most of the entities inspected.

h) Political interference was still a challenge especially in the Local Governments.

i) Inadequate staffing levels was evident in most of the entities especially Regional Referral Hospitals.

j) Delayed initiation of procurements by the user departments was still a challenge.

k) Failure to conduct regular disposal of assets.

l) Limited facilitation of the PDUs.

m) Price changes during contract implementation especially framework contracts.

PPDA Appeals Tribunal: The PPDA Appeals Tribunal heard and determined fifteen (15) cases in the FY2019/20 and conducted four (4) awareness drives in Teso, Karamoja, Bunyoro and Kigezi sub regions. The Tribunal trained eleven (11) people who included two (2) tribunal members and nine (9) staff.

PDE Annual Performance Reports: During the Financial Year 2019/20, six (6) annual performance reports from Arua Regional Referral Hospital; Makerere University Business School; Office of the Prime Minister; Education Service Commission; Civil Aviation Authority; and the Local Government Finance Commission were received and reviewed, and the following challenges were identified:

a) Inadequate budget for capital development projects especially multi-year projects leading to project cost overruns and delayed service delivery.

b) Delayed initiation of the procurements by user departments.

c) Failure to undertake market price assessment before the commencement of the procurement process.

d) Users had limited knowledge of the Procurement procedures and Laws. This increased the procurement lead times, and consequently, delayed service delivery.

e) Inadequate staffing and facilitation of the PDU in terms of tools and logistics.

f) Slow intermittent internet which affects data entry on the Government Procurement Portal.

Institute of Procurement Professionals of Uganda (IPPU): MFPED in consultation with the IPPU Council developed the principles for the IPPU Bill. The principles and Regulatory Impact Assessment Report of the IPPU Bill were sent to Cabinet Secretariat for approval.

China Capacity Building: A fellowship programme for capacity building of procurement cadres in Public Sector Procurement for Government Officials Organized by Hunan International Business Vocational College under the Ministry of Commerce of the Peoples' Republic of China to Uganda was secured and will run for a 3-year period. The first batch of 25 officers drawn from MDAs were trained in FY2019/2020.

Challenges

The following challenges to Public Contract Management and Performance were experienced during FY2019/20.

a) **The amendment of the PPDA 2003** Act, has dragged on for some time, and this is affecting the alignment of the MoFPED role in public procurement, the inclusion of disadvantaged groups, and the provision of sustainable procurements;

b) **The country wide lock down occasioned by the COVID 19 pandemic** affected a number of planned activities. Consequently, most of the activities were cancelled and others rescheduled to next financial years.

c) **High staff turnover and understaffing**. Work plans and assignment of responsibility had to be restructured to ensure that there are no gaps in service delivery. Even though the limited resources are stretched.

d) **Weak Contract Management**: Though big strides have been made in the post contracting stage, many procurements are mismanaged at the contract management stage where contract managers do not diligently carry out their duties and leave government projects at the mercy of the profit motivated contractors who end up doing substandard work. The Authority recommends that the Accounting Officers should prevail over User Departments to appoint contract supervisors/managers that should report any deviations from the terms and conditions of the signed contracts.

e) **Corruption and unethical Practices**: Public procurement is prone to corruption, particularly due to the high value transactions, complexity and close interaction between the public and private sector through the bidding processes. Evaluation of Bids persists to be perceived as the stage most susceptible to corruption. Corruption in procurement erodes bidder confidence and results into higher bid prices that ultimately increases the cost of delivering services to citizens. While PPDA cannot alone totally remove corruption that is pervasive in the society, as the Regulator, it is incumbent upon PPDA to ensure that the system promotes transparency, efficiency, economy, fairness, and accountability where corrupt activities will be more difficult to conceal and will be easier to punish administratively or criminally. This requires strong partnerships with other oversight and enforcement agencies as well as the civil society.

f) **Delays in evaluation of bids especially for High Value Contracts**: There still exist challenges in the evaluation of procurements which stem from unethical conduct where evaluators disclose information unofficially which results into lengthy appeals that sometimes end up in courts of law. This unnecessarily lengthens the procurement process. The amendment of the PPDA Act should be able to solve some of these delays.

g) **Poor planning in procurements**: Entities are continuously failing to plan and cost procurements especially the big and complex projects and as a result they end up over or undervaluing procurements. This is caused by failure of Entities to clearly scope the proposed projects.

h) **Manual Procurement System:** As a regulator, PPDA is constrained by the inaccurate data and reports submitted by Entities due to the manual system. This has been worsened by failure to have easy access to the Integrated Financial Management System (IFMS) real time to verify accuracy of the data submitted by the entities. The manual procurement process is further more prone to manipulation/bid tampering and inefficiencies in the process.

i) **Failure of PDEs to implement PPDA recommendations**: The effectiveness of audits, investigations and administrative reviews conducted by PPDA lies in the implementation of the recommendations issued. The status of implementation of recommendations during FY2018/19 was 66%. Failure by entities to implement recommendations slows down PPDA's efforts to improve the performance of the public procurement system in Uganda. PPDA will continue to timely monitor the implementation of the recommendations, address the capacity gaps in PDEs through training interventions as well as work with other competent authorities like the Office of the Secretary to the Treasury, the Ministry of Local Government, the Inspectorate of Government, Public Service Commission, Inspector General of Government, and the Office of the Auditor General to enforce implementation of PPDA recommendations.

2.4.3 Public demand for accountability

In the Financial Year 2019/20 the Accountability Sector through its Institutions, CSOs, Development Partners and key stakeholders undertook the following activities geared towards promoting public demand for accountability.

Client charters: Client Charters specify standards and commitments of delivery of services which the MDAs and LGs should provide to their clients, and set out feedback and complaint handling mechanisms. In order to address the low capacity of service recipients to demand for quality services against the service standards and client charters, technical and functional support was provided to MDAs and LGs including their Urban Councils on the development, dissemination and implementation of Client Charters including institutionalization of client charter feedback mechanisms. This was done to implement a Cabinet Directive that requires every MDA, LG and Urban Council to develop, disseminate and implement a client charter. Technical support on development, documentation and implementation of client charters was undertaken in 18 DLGs and 37 MDAs, and Feedback Mechanism were institutionalized in 3 LGs & 3 MDAs.

Service delivery standards: In accordance with the Constitution of Uganda, all citizens are entitled to access high quality and cost effective public services. Efficiency, effectiveness, transparency and accountability in service delivery require that sectors and institutions develop, document, disseminate and apply standards. This enables the sectors to be responsive to service recipients, strength the demand side of accountability and attain the national development objectives.

A standard is defined as an established, accepted and evidence-based technical specification or basis for comparison. The main objective is to provide a common understanding of what is expected by the public, service users and service providers in ensuring consistency in the provision of high quality services. These standards also provide a roadmap for improving the uniformity, quality, safety, reliability of service delivery in Uganda.

In response to the low levels of development, documentation and dissemination of service delivery standards, compliance to service delivery standards and utilization of the National Service Delivery Survey findings, MDAs and DLGs were supported to start on documentation of service delivery standards. By close of FY2019/20, the guidelines for documentation, dissemination and application of Service delivery standards were reviewed and approved by the senior management team of the Ministry of Public Service. Technical support on development, documentation and dissemination of service delivery standards was undertaken for 10 DLGs. In addition, draft, documented service delivery standards are in place for Ministry of Energy, Ministry of Gender Labour and Social Development, Ministry of ICT and Ministry of Lands Housing and Urban Development, pending validation by the respective sectors.

The Steering Committee for the National Service Delivery Survey approved the Concept Paper for undertaking the service delivery survey and as at the end of FY2019/20 data collection tools had been developed and validated by the technical teams in MDAs.

Inspection and monitoring: Due to the low levels of compliance with service delivery standards and non-responsiveness of the public service institutions and public officers to citizen demands, the inspection function was reviewed and strengthened across government. As a result, a Joint Inspection Strategy was adopted whereby Joint Inspection exercises are being conducted with Line Ministries to assess the progress made in implementation of government programmes and to identify challenges faced and recommend corrective actions. By end of FY2019/20, Joint inspections were carried out in 11 LGs and 2 MDAs, and Compliance Inspections were carried out in 29 MDAs and 78 LGs. In addition, the Pearl of Africa Institutional Performance Assessment Scorecard (PAIPAS) was administered in 24 LGs.

Accountability Sector Joint Annual Review (ASJAR) 2019: In October 2019, the Accountability Sector held the 4th Accountability Sector Joint Annual Review (ASJAR) 2019. The review was attended by 302 participants from MDALGs, private sector, development partner and CSO representatives.

ASJAR 2019 was intended to review the Sector performance for the just concluded Financial Year; review the implementation of the previous ASJAR's undertakings and recommendations; discuss and agree the Accountability Sector emerging issues, recommendations and undertakings for the subsequent year; and rally support and ownership from key stakeholders to mobilize more resources to implement Sector priorities. The key ASJAR 2019 activities included:

- University Debate with 8 participating Universities;
- 8 Radio and Television talk shows by members of the Sector Leadership and Steering Committees and the SWG;
- Publication and circulation of 500 copies of the Accountability Sector Annual Performance Report;
- Exhibitions by the Accountability Sector Institutions at the ASJAR conference;
- Presentation of the Accountability Sector performance and challenges

HE. Hon. Edward Kiwanuka Ssekandi in a group photo with some of the ASJAR 2019 participants.

during FY2018/19 and the ensuing Panel discussions;

- Publication and circulation of 500 copies of the Sector bulletin;
- Launch of the Policy on Public Sector Procurement;

Emerging issues were generated and undertakings agreed during ASJAR 2019 and these, including the status of their implementation are illustrated in Annex 3.

Inter Universities debate: As part of the ASJAR 2019 events, the second edition of the Inter-University debate was held on the 4th October 2019 at KCCA main Hall. The debate attracted participation from eight (8) universities, each presenting two speakers and a student delegation of thirty (30) members. The debate was organized as an avenue for continued youth participation in the accountability events so as to better understand and analyse Accountability Sector issues. In the conceptualization of the debates, the following objectives were considered:

- Creating awareness among the youth on public accountability initiatives and build popularity for these initiatives.
- Creating a networking platform among youth to engage and share information on the ASJAR theme.
- Gathering views from the youth on how accountability can be enhanced.
- Facilitating participation of the public in the process of building optimum sector efficiency.
- Creating a platform for the public to bring their views on board concerning Accountability.

Engagement with Civil Society: As one of its strategies to promote public demand for accountability the Accountability Sector engages the public through civil society in planning, budgeting, implementation, monitoring, evaluation and reporting on its interventions, achievements and challenges.

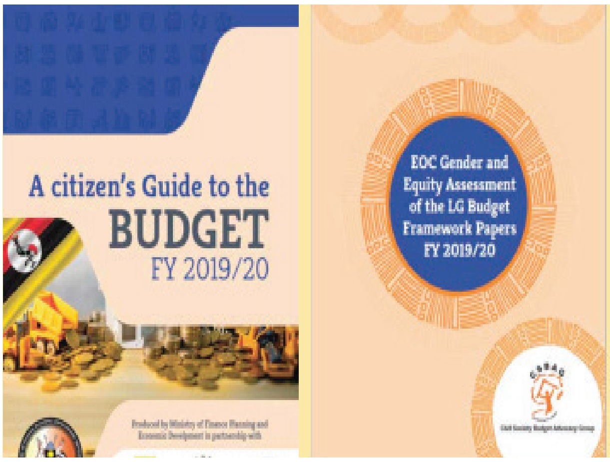
Participants at the 2019 inter Universities debate.

A brief on some of the joint actions the sector undertook with the Civil Society is provided here below.

Joint actions undertaken between CSOs and Government in promoting Prudent Public Finance Management Practices PFM

The PS/ST launches the Citizen's Guide to the Budget that's compiled in association with CSBAG to simplify the budget to the citizenry

As part of promoting inclusive public finance management in Uganda, in this reporting period, CSBAG participated in Public Expenditure Management Committee Meetings and also collaborated with the Accountant General to assess Government compliance to the Public Finance Management Act (PFMA). The overall assessment revealed slight improvement as compared to the FY 2015/16 PFMA, 2015 Index. This was launched in June 2020



In November 2019 CSBAG signed a Memorandum of Understanding (MoU) with the Ministry of Finance, Planning and Economic Development, together with ACODE and the (Oversees Development Institute (ODI) to continue monitoring and highlighting the budget performance and on the Budget transparency initiative. Through this, Civil Society collaborated with the Sector through MFPED to produce the citizens guide to the budget, which is intended to increase access to budget information

The Rt. Hon. Prime Minister visiting information stalls during the Budget Week organized to enhance citizen understanding of the National Budget

CSBAG was co-opted to a tri-partite partnership between Ministry of Finance, Planning and Economic Development and the Uganda Revenue Authority (URA) to implement the National Budget Month. This partnership is a key component in making government more open especially for tax education as well as participation in formulating the tax proposals, which had been a process of exclusion

Citizens reached are participating in Budget advocacy events and processes: Eighty nine (89) participatory budget clubs composed of 20 citizens each were provided with space to directly influence the planning and budgeting process as well as monitor service delivery. These were citizens in Tororo, Amudat, Kitgum, Gulu, Amuria, Kampala, Kasese, Rakai, Buliisa, Amolatar, Alebtong, Kibale, Kakumiro, Sheema, Bushenyi, Kabale, Kanungu Rubanda, Pader, Abim, Agago, Kibuku and Budaka. Some of these engagements included monitoring of the implementation of the FY 2019/20 budget, and helped generate the citizens budget and issues for FY 2020/21.

Overall, 128 budget spaces[16] were provided to CSOs and citizens where the views and priorities of the citizens were discussed in the planning process. Through these, civil society continues to see positive trends in terms of adoption of their proposals. Overall, 37 alternative budget proposals were adopted to address some of the critical service delivery challenges like financing local government to strengthen the school inspection function, financing irrigation schemes to improve access to water for production, among others.

Budget Transparency: State **of budget transparency in 260 primary schools, 67 entities comprising of Health Centre II, III, IV and general hospitals and 37 sub counties** m**onitored.** This was in collaboration with 13 CSOs[17] and it covered 36 districts. Some of the findings which facilitated debate between Accountability Sector through Ministry of Finance and the respective Local Governments include:

- High display of budget information by schools e.g. 226 (87%) as well as Health centres at 58 (89%).
- Challenge however was the displayed information was displayed in Head teachers office 174(67%), while only 64 (24%) displayed it on notice boards and 9% displayed it in the staff rooms. This was better in health centres where 70% of the health facilities displayed budget information on the notice boards.
- At Sub county level, 37 sub counties were monitored for budget display and it revealed low performance of sub counties where only 13(35%) of the sub counties displayed budget information on the notice boards

Summary of Budget Execution and Accountability Indicators' performance

The table below illustrates the Budget Execution and Accountability thematic area's actual performance against the ASSIP indicator targets for FY2019/20, and the previous financial year's actual performance.

[16] Parliament budget hearings, National Budget conferences, Local Government budget Consultations among others

[17] Ankole Civil Society Forum (WACSOF), Kanungu Community Efforts for Rural Transformation (KACOERT), Let Us Save Uganda (LUSU), and Kick Corruption out of Kigezi (KICK), Nyanza Fish Farmers Association, Kibaale Civil Society Network (KCSON), Forum for Kalong Parish Women Association (FOKAPAWA) and Pader NGO Forum. Community Driven Network Uganda (CODNET), Rwenzori Anti-corruption Coalition (RAC), Restless Development Uganda, Kapchorwa Civil Society Association (KACSOA), Teso Anti-Corruption Coalition (TAC)

Table 10: Budget Execution and Accountability thematic area performance summary

No.	Indicators	Actual FY2017/18	Actual FY2018/19	Target FY2019/20	Actual FY2019/20
	Outcome Indicators				
1	Level of Satisfaction with public service delivery				
2	Government Effectiveness Index				
3	Corruption Perception Index	26%	26%[18]	30	28%.[19]
	Objective 11: Improve compliance with accountability rules and regulations				
4	Percentage of unqualified audit reports (MDAs, Statutory Bodies, Local Governments)	91.8%	88.91%		
5	% of clean audit reports (CG)	92%[20]	90%[21]	90%	
	MDAs		83%		
	Projects		98%		
6	% of clean audit reports (Statutory Bodies)	93%	84%[22]	90%	
7	% of clean audit reports (LG)	91%[23]	90%	90%	
	District Local Governments		91%		
	Municipalities		90%		
8	% of MDAs with Financial Reports in compliance with set financial reporting standards[24]	90%		99%	100%
9	Level of compliance with Public Financial Management Laws and regulations[25]			50%	52.88%
10	% of Treasury Memoranda issued against reports adopted by Parliament				
11	% of MDA Budgets executed using automated Financial Management Systems	83%	82%	100%	98%
	Objective 12: Enhance public contract management and performance				
12	% of entities rated satisfactory from procurement audits	87%	71%	100%	83%
13	% of contracts audited (by value) rated satisfactory	77%	79%	100%	62%
14	% of contracts delivered within contract value[26]	79%	73.2%	100%	73.4%
15	Proportion of contracts completed as per contractual time.		73%		66.4%
16	Proportion of procurement audits and investigation recommendations implemented	69%	66%	90%	62%

[18] CPI 2018
[19] According to the Transparency International 2019 report published in January 2020, the country moved from 149th position in 2018 to 137th in the ranking in 2019
[20] ncludes projects
[21] MDAs and Projects
[22] Commissions, Statutory Bodies Authorities and State Enterprises
[23] Excludes lower local governements and schools. See Report of the Auditor General to Parliament for the Financial Year ended 30th June 2018. December 2018
[24] As measured by MFPED
[25] As measured by OAG
[26] These are contracts which are completed within the original cost contract cost i.e. No variations in the contract during the course of implementation

No.	Indicators	Actual FY2017/18	Actual FY2018/19	Target FY2019/20	Actual FY2019/20
17	Proportion of Contracts subject to open competition	60%	71.9% (by value) 5% (by number)	80%	71.4%
18	Number of procurement investigations conducted	94	73	80	71
19	Number of procurement audits conducted	96	136	160	88
20	Number of follow-ups undertaken on procurement audits and investigations recommendations	86	86	150	36
21	Average No of bids received per contract	2	3.8	5	3.3
22	Proportion of contracts by value awarded to local contractors	54%	72%		58%
23	Proportion of procurements conducted at the planned price[27]	90%	78.20%	80%	66.3%

2.5 AUDIT AND ANTICORRUPTION 27

This section presents the Accountability Sector's achievements in respect of the Audit and Anticorruption thematic area, which focuses on external audit, internal audit and anticorruption. The Accountability Sector Institutions mainly charged with realising the Audit and Anticorruption outcome and objectives include the Ministry of Finance Planning and Economic Development (Internal Auditor General); Inspectorate of Government (IG); Directorate for Ethics and Integrity (DEI); and Office of the Auditor General (OAG).

The expected outcome of the audit and anticorruption thematic area is value for money in the management of public resources. Over the ASSIP II implementation period the sectors sought to achieve the following strategic objectives:

1. Enhance the prevention, detection, and elimination of corruption; and
2. Improve collaboration and networking amongst development institutions;

The following achievements, reforms, interventions and challenges in respect of the audit and anticorruption thematic area objectives were registered during FY2019/20.

2.5.1 Prevention, detection and elimination of corruption

According to the Transparency International 2019 report published in January 2020, Uganda moved from the 149th position in 2018 to 137th position in ranking in 2019. Accordingly, the Corruption Perception Index improved to 28%, from the previous year's achievement of 26%.

Financial Audits: As at 31st December, 2019, the Accountability Sector through the Office of the Auditor General had undertaken 4,207 out of the planned 5,341 financial audits covering MDAs, Commissions, Statutory Authorities and State Enterprises, Projects, Districts, Municipal Councils, Town Councils (2016/17 and 2017/18), Divisions (2016/17 and 2017/18), sub counties (2015/16, 2016/17 and 2017/18) and Schools/Tertiary institutions, registering a 79% performance as detailed in the table below.

[27] These are contracts which are awarded as per the prices in the procurement plan. Planned price may differ from the actual cost at which the contract is awarded

Type of Entity	Planned Audits for the audit year 2019	Actual performance as at 31st Dec 2019	Variance
MDAs	114	108	6
Commissions, Statutory Authorities and State Enterprises	120	114	6
Projects	196	97	99
Districts	127	127	-
Municipal Councils	41	41	-
Town Councils 2016/2017 and 2017/2018	459	459	-
Divisions 2016/2017 and 2017/2018	248	248	-
Sub counties 2015/2016, 2016/2017 and 2017/2018	3,681	2,922	759
Schools/Tertiary institutions	355	91	264
TOTAL	**5,341**	**4,207**	**1,134**

Prior year audit recommendations were followed up in 108 entities comprising of 62 MDAs and 46 Statutory Corporations and State Enterprises for the FY2017/18. As at 31 December 2019, only 24% of the 540 audit recommendations to these entities were implemented, which was lower than the 50% annual target and the previous year's performance of 31%. The lower than target performance is mainly attributed to funding constraints and lack of supporting legal and regulatory framework. The table below illustrates the proportion of external audit report recommendations implemented during the period under review.

Table 11: Summary of Audit recommendations

Entities	No. of entities	No. of Recommendations	Recommendations Implemented		
			Fully	Partially	Not
Ministries Departments and Agencies	62	358	82	91	185
Statutory Corporation and State Enterprises	46	248	61	62	125
Total	**108**	**540**	**115**	**133**	**292**
		100%	**24%**	**25%**	**51%**

Value for Money Audits: As at 31st December, 2019, the Sector had through the Office of the Auditor General undertaken 11 out of the planned 10 Value for Money audits, registering a 110% performance against target.

Forensic Investigations and Special Audits: As at 31st December, 2019, the Sector had through the Office of the Auditor General undertaken 48 out of the planned 72 Special Audits, registering a 67% performance against target. The audits included 56 Forensics/ Special Audits, 7 Engineering Audits and 5 IT Audits.

Internal Audit: The Percentage of Internal audit recommendations implemented during the period under review was 67.1% in Central Government; 62% in Local Governments and 55% in Statutory Authorities.

National Ethical Values (NEVs): The main objective of the National Ethical Values Policy is to promote and preserve the rich cultural identity and values of Uganda in order to enhance national development within a harmonious environment. The 10 National Ethical Values include respect for humanity and environment; honesty; uphold and defend the truth at all times; justice and fairness in dealing with others; hard work for self-reliance; Integrity; moral uprightness and sound character; creativity and innovativeness; social responsibility; social harmony; national unity; and national consciousness and patriotism.

From previous experience and learnings, it was established that the dissemination of the NEVs in schools results in improved discipline among students and teachers. Through DEI, the Sector continued to monitor the mainstreaming of National Ethical Values in primary and secondary schools, and to popularise NEVs using IEC materials. The Sector therefore disseminated National Ethical Values to educational institutions and integrity clubs, with the hope of seeing more improved performance and reduction in strikes in education institutions across the country. In addition, sensitization meetings were held and 1000 copies of the NEVs were printed and distributed to cultural and district leaders including women, youths and persons with disability.

District Integrity Promotion Forums (DIPFs): Through DEI, the Sector continued following up on the functionality of DIPF and building their capacity. During the year, Buyende DIPF was launched, making it the 79th DIPF to be operationalised.

Implementation of the National Anticorruption Strategy (NACS): During the Financial Year, Uganda joined the rest of the World to commemorate the International anticorruption week in December 2019. The event was presided over by H.E the President of Uganda, who launched the Zero Tolerance to Corruption Policy and the National Anticorruption Strategy (NACS) 2019/20-2023/24.

The Zero Tolerance to Corruption Policy is to be equitably implemented by all stakeholders, including Government, Civil Society, Religious Leaders, the Media, Private Sector and Development Partners.

During the year, the Runyankore-Rukiga simplified version of Anti-corruption Laws and Citizen's Handbook on Anti-Corruption were launched and disseminated to Political Leaders, Public Officers, Religious Leaders, Elders, University Lecturers, Teachers, CSOs, Women, PWDs, Youth and the Media in Mbarara District. The Luganda simplified version Anti-corruption Laws was also launched and disseminated in Mukono District, to a similar cross-section of Stakeholders. This brings to a total of four languages to which the laws have been translated, including Ateso and Luo which were launched in the last Financial Year. In addition, Anti-Corruption Laws were disseminated to various stakeholders across the country. This among others made more people to appreciate their role in the fight against corruption, and promoted their commitment to carry out their role of monitoring Government projects especially in road construction and health facilities.

Through the Inspectorate of Government (IG), 18 High Profile cases were concluded during FY2019/20, making a cumulative achievement of 150%. Although this represents an over achievement in regard to the annual target, it was a decline in regard to the 22 cases that were achieved in the previous FY 2018/19. The IG concluded 38 cases of other corruption complaints in MDAs, which was lower than the annual target of 183 and previous year's performance of 154 cases.

There was a tremendous improvement in Asset recovery with UGX2,876,402,927 recovered during the financial year despite the disruptions that were caused by the COVID-19 lock down. The IG therefore doubled its annual achievement in regard to the target of UGX 1,200,000,000 and, also doubled the previous financial year achievement of 1,192,024,540.

The number of verifications concluded during the reporting financial year was 305 as compared to the annual target of 320. While the target was not met, this demonstrates a great improvement in performance since only 210 verifications were concluded during the previous financial year.

Investigations into breaches of the Leadership Code also improved greatly by achieving 32 in comparison to the 16 that were achieved during the same period last financial year. The 32 also represented an achievement of 128% in regard to the annual target of 25.

Constitution of the Leadership Code Tribunal (LCT): The Registrar of the Leadership Code Tribunal was recruited and the Judicial Service Commission recruited and selected Tribunal members, who were later approved by Parliament, received Instruments of appointments, accepted the appointment, and were sworn in by H.E the President on 24th July 2020.

During the year, a Regulatory Impact Assessment (RIA) for the recovery of the Proceeds of Crime, and amendments to the Leadership Code Act 2017 were developed. By the end of FY2019/20, the drafting of the Leadership Code (Amendment) Bill 2020 was complete and the draft Bill was pending discussion and approval by Cabinet. The Leadership Code (Amendment) Bill 2020 is intended to strengthen enforcement of the Leadership Code of Conduct, which is a tool in the fight against corruption. It will equitably apply to all Public Officers, irrespective of their rank or status.

United Nations Convention against Corruption (UNCAC): During the year ended 30th June 2020, Uganda's self-assessment report on its implementation of Chapter 2 (Preventive measures) and Chapter 5 (Asset Recovery) was finalised and submitted to the United Nations Office on Drugs and Crime (UNODC). The assessment will enable Uganda to improve on its preventive measures against corruption and recovery of the proceeds of corruption. Subsequently, Uganda was well represented at the 8th session of the Conference of States Parties to the United Nations Convention against Corruption (UNCAC) held in December 2019 in Abu Dhabi, United Arab Emirates; and a report produced. The meeting focused on adoption of resolutions aimed at promoting international cooperation in the fight against corruption and enhancing capacity of States Parties to fully implement the UNCAC.

Training of Local Governments Public Accounts Committees: In March 2020, the Ministry of Local Government through the Inspection directorate conducted a robust training of the Members of the Local Governments Public Accounts Committees (LGPACs), Heads of Internal Audit and LGPAC Secretaries. In promotion of transparency and accountability in the acquisition and expenditure of public resources at Local Government level, the LGPACs and Internal Auditors are at a centre stage.

The LGPAC training was the first of its kind that empowered the accountability institution and actors at LG level. The training provided learning, mentoring, experience sharing and knowledge transfer among participants hence building the resident capacity of LGPACs and Internal Auditors on their oversight role in the promotion of accountability in resource utilization and improving service delivery to the citizenry.

In addition, the training provided a big opportunity to engage with the participants on the **LGs Public Accounts Committees Simplified Guidelines** developed by MoLG in wide consultations with different accountability institutions and LGs. The LGPAC Guidelines will go a long way in ensuring that an effective and efficient accountability regime is operational in Local Governments throughout the Country. As a result of the training, the Ministry of Local Government has since registered among others;

a) Improved functionality of LGPACs in respect to their full composition and timely

Mr. Ben Kumumanya, the Permanent Secretary Ministry of Local Government (seated in a Neck tie with stripes) on the closing day of the LGPAC training for Western and Central selected Districts.

examination of Auditor General and Internal Audit Reports;

b) Improved quality of Internal Audit and LGPAC reports

c) Improved adherence to reporting timelines

d) Improvement in the implementation of the recommendations Local Governments Public Accounts committee

Complaints Registration and Case Sanctioning: During FY2019/20 the Accountability Sector through the Inspectorate of Government (IG) received 1,707 complaints against public officials compared to 2,325 in the FY 2018/19 representing a decline of 618 cases (36.2%). The decline in the number of complaints was largely attributed to the outbreak of COVID-19 pandemic which led to the total lockdown of government business. Arising from the complaints registered above, 1,440 cases were sanctioned for investigations as follows:

- Ombudsman 490 (34.0%);
- corruption 938 (65.2%); and
- breaches of the Leadership Code 12 (0.8%);

In addition, 206 complaints were referred to other institutions while 61 were rejected because they lacked merit.

Verifications of Leaders' Declarations: Throughout the FY2019/20, the Sector through Inspectorate of Government had a total of 20,972 leaders' declarations due for verifications. A sum of 305 (1.5% of the total verifications) were verified out of the planned 320, representing a success rate of 95.3%. In addition, 32 investigations in breaches were concluded against the annual target of 25. The verification and investigations resulted into cautioning of 6 leaders for incomplete declarations and recommendation of UGX1,661,556,309 for recovery of illicit enrichment by a leader. The above recommended sum was recovered by the IG and deposited on the IG Asset Recovery Account held at Bank of Uganda.

Special Investigations: The Accountability Sector through IG investigated 18 high profile cases out of the planned 12 during the

FY2019/20. In addition, 38 other corruption cases were investigated in Ministries, Departments and Agencies (MDAs) out of the planned 183 cases for the year. The investigations recommended the recovery of UGX1.023 Billion which was misappropriated by public officials. It also resulted into recommendations of 6 public officials for prosecutions, while another 4 forwarded for administrative actions by competent authorities.

Prosecutions and Civil Litigation: The IG, prosecuted and concluded 59 (98.3%) out of the planned 60 cases during the FY2019/20. Of the 59 cases prosecuted above, 13 (21.2%) were high profile in nature and 46 (78.8%) were categorized as other corruption cases. Also, 34 of the 59 prosecuted cases were successfully convicted hence obtaining a conviction rate to 57.6%. The IG made a recovery of UGX1.103 Billion during the Financial Year of which UGX0.107 Billion was recovered from court decisions. Furthermore, 10 (83.3%) Judicial reviews were concluded by the end of the reporting period. Six (6) of these cases were concluded in favour of IG, 4 against IG and there were no cases withdrawn.

Transparency Accountability and Anti-Corruption (TAAC) in projects: Under the Transparency Accountability and Anti-Corruption (TAAC) component, 27,719 community project monitors were trained out of the planned 17,040 in the year. The monitors were able to register 389 grievances related to project implementation and resolved 219 (56.3%) of them. Furthermore, the IG carried out monitoring of 2611 to establish their compliance to project guidelines and accountability requirements, and over 70% of the projects met the requirements.

Decentralized anti-corruption programmes: In the period under review, 892 (178.4%) corruption cases in Local Governments were investigated, above the year's target of 500 cases. The investigations resulted into arrest, interdiction and prosecution of 35 public officials, dismissal of 65 public servants from office and 743 were forwarded to their respective service commissions and authorities for administrative sanctions. In addition, 464 ombudsman (maladministration and administrative injustice) cases were resolved in local governments while 11 were referred to the local authorities for further management. The major ombudsman cases resolved were related to: non-payment of benefits i.e. salary, gratuity and other benefits (40.1%), mismanagement (18%), employment disputes (13.4%) and victimization (5.6%).

Ombudsman Complaints in MDAs, Policy and System Studies: Throughout the FY2019/20, 84 (56%) ombudsman complaints were resolved in MDAs out of an annual target of 150. Furthermore, 8 systematic interventions were concluded out of the planned 10.

Restructuring of Inspectorate of Government: In the FY2019/20, the IG started conducting a restructuring exercise which involved among others the introduction of new job descriptions, key results areas and tittles. The implementation began in October 2019 and in March and June 2020 Job Fit Assessment interviews were conducted for the Directors and Managers respectively. The two categories of staff above were issued with new Key Result Areas and Contracts. Interviews were also conducted for supervisors and the confirmation of final results awaits appointment of a new Inspector General of Government. The process is anticipated to be concluded in the current FY 2020/21 with the interview of officers and support staff.

Construction of the IG Head Office Building: Construction of the IG Head Office building which is projected to take three years, commenced on 29th July 2019 and is expected to be completed by 28th July 2022. As at end of the previous financial year, site excavation and ground blinding done while the basement floor slab was also almost complete. The construction was partially slowed down due to the lockdown however, the contractor expects to move faster now that the lockdown was partially lifted

Challenges

The following challenges to the prevention, detection and elimination of corruption were specifically faced by the IG during FY2019/20.

a. **Understaffing**: In the last three years, the number of local governments (districts, municipalities, town councils and sub counties) has significantly increased. The growth in the number of administrative units implies additional work for the IG since cost centres have also increased. Also in FY2019/20, the number of leaders' declarations verified by the IG increased from 65 to 300 without an increase in the number of staff who conduct this activity. Though there was increase in number of leaders verified, this is still very insignificant compared to 21,182 declarations submitted to the Inspector General of Government. Therefore, capacity of the IG to handle corruption and ombudsman complaints and, verify declarations is very inadequate. For example, in the last three financial years the staff levels in the 16 Regional Offices has remained at 5 technical staff per Regional Office while the Directorate of Leadership Code has only 14 technical staff to conduct and receive declarations, verify them and investigate any breaches into the code. In order to effectively do its work, the IG and other anticorruption institutions must recruit additional and well qualified staff.

b. **Inadequate skills to fight corruption and maladministration in the public sector:** Over the years, the prevalence and complexity of corruption in Uganda has increased and is of particular concern to the entire Nation. While corruption was previously limited to favors and bribes between a few officials, it now encompasses grand syndicated corruption where controls are deliberately circumvented in a systematic way, involving networks of corrupt officials from different MDALGs and the private sector. However, the IG has not developed adequate capacity to effectively deal with the current forms of corruption and maladministration. It lacks advanced equipment, forensic team, specialized staff such as engineers, valuers and quantity surveyors and skills to conduct assets tracing, verification, financial profiling and lifestyle audits. The aforementioned capacity gaps not only lead to internal inefficiencies but also lead to deficiencies such as poor quality investigations and prosecutions or untimely interventions.

c. **Inadequate Legal Framework for combating corruption:** Although Uganda has enacted a number of laws such as The Inspectorate of Government Act, The Leadership Code Act, The whistle Blowers Act and the Anti-Money Laundering Act among others to aid the fight against corruption, there still exist gaps in these laws which hinder effective fight against corruption. For example the Leadership Code Act lacks provisions for leaders to declare wealth of their children, spouse and dependents. Also Uganda is still in the process of enacting a law on recovery of proceeds of crime, forfeiture of assets and management of recovered assets.

d. **Non-implementation of IG recommendations:** Upon completion of investigations, the IG issues a number of recommendations. However, there has been low implementation of these recommendations leading to the matters remaining unresolved. For example in the FY 2016/17 the Inspectorate of Government followed up on 452 recommendations of which 207 were acted upon representing implementation rate of 45.8%. Similarly in FY 2017/18, 1657 recommendations were followed and 390 were implemented representing 23.5% and in FY 2835 recommendations were made, 1621 followed-up and 618 (38.1%) were implemented. In the ensuing FY, the IG will continue to seek ways among which to improve the implementation rate of the IG recommendations through engaging the different stakeholders including Parliament and Service Commissions.

The table below illustrates the Audit and Anti-corruption thematic area's actual performance against the ASSIP indicator targets for FY2019/20, and the previous financial year's actual performance.

Table 12: Audit and Anti-corruption thematic area performance summary

No.	Indicators	Actual		FY2019/20	
		FY2017/18	FY2018/19	ASSIP Target	Actual
	Objective 13: Enhance the prevention, detection, and elimination of corruption				
1	% of external audit recommendations implemented by MDALGs		31%	50%	24%
2	% of internal audit recommendations implemented	65.6%		74%	
	% of internal audit recommendations implemented (CG)				67.1%
	% of internal audit recommendations implemented (LG)				62%
	% of internal audit recommendations implemented (Statutory Authorities)				55%
3	% of Financial Reports of Accountability Committee adopted by Parliament annually.			80%	
4	% of Financial Reports of Accountability Committee adopted by Parliament submitted to the Executive.			80%	
5	VFM reports adopted by Parliament and submitted to the executive as a % of reports tabled in the plenary			80%	
6	% of MDAs with Financial Reports in compliance with Public Finance Management Act and regulations	90%		99%	
7	No of MDAs audited	106[28]	168	132	
8	No. of Statutory Authorities audited	92	134	88	
9	No. of projects audited	90		160	
10	No. of Local Governments audited	624	1561		
11	O/w Higher Local Governments audited		164	367	
12	O/w Lower Local Governments audited (including schools)		1,397	1713	
13	No. of Value for Money Audits conducted		10	16	
14	No. of Forensic Investigations and Special audits conducted		46	56	
15	% of anticorruption recommendations implemented.		38%	95%	40%
16	% of Ombudsman recommendations implemented.	23.5%	20.5%	85%	
17	Number of grand or syndicated corruption cases registered.		22	50	9
18	% of sanctions successfully carried out.			70%	
19	Number of improvements in public administration as a result of Ombudsman actions.		18	100	88
20	No of sensitisation activities on NEVS conducted by Region	7	32	20	
21	No. of capacity building interventions to strengthen DIPFs conducted by Region	6	11	6	32

[28]Annual Report of the Auditor General FY 2017, December 2017. page 2-3

		Actual		FY2019/20	
No.	Indicators	FY2017/18	FY2018/19	ASSIP Target	Actual
22	No. of gender and equity responsive Meetings/ Workshops of the IAF technical Working Groups		2	4	3
23	No of gender and equity responsive interventions conducted in the Implementation of NACS in MDAs & LGs.	4	8	3	
24	No of Dissemination activities equitably conducted on Anti-Corruption Laws and Policies.	7	8	8	9
25	No of consultative workshops equitably conducted in the development of Anti-corruption laws and policies	4	5	4	7
26	No of sessions on implementation of Regional and International Legal Instruments participated in, taking social inclusion into account	7	6	8	2
27	Proportion (number) of asset declarations verified by the IG		0.99% (210)	>5% (at least 300)	305
28	Proportion of asset recovery orders executed			>50%	53%[29]

2.6 PERFORMANCE AGAINST OTHER BENCHMARKS

This section provides the Accountability Sector Institutions' performance in respect to compliance of their Annual Budgets to the NDP; responsiveness of their Ministerial Policy Statements to gender and equity; Government Annual Performance Report (GAPR) assessment by the Office of the Prime Minister; and compliance with the quarterly and annual reporting deadlines as measured by the authorities responsible for assessing the performance of MDALGS in these areas. The Sector Institutions' scores (excludes subventions as some of the assessments only focus on votes) are then averaged to recognise the best performing Accountability Sector Institutions during FY2019/20, while at the same time encourage the other institutions to strive to perform better.

2.6.1 Compliance of the Annual Budget with the NDP

Section 13 (6) of the PFMA requires that the Annual Budget shall be consistent with the National Development Plan, the Charter of Fiscal Responsibility and the Budget Framework Paper. Section 13 (7) of the PFMA requires that the Annual Budget shall be accompanied by a certificate of compliance of the Annual Budget of the previous financial year issued by the National Planning Authority. To measure compliance of the Annual Budget to the NDP, the National Planning Authority assesses and scores the Sector/Sector Institutions' Planning instruments (10%); PIP/Project Planning (30%); Budgeting Instruments-BFP&AB (30%); and Budget performance (30%).

According to the Certificate of Compliance for the Annual Budget FY2019/20 to the NDP II assessment report by the National Planning Authority, the Accountability Sector's overall score was 58.7%, up from the 58% score in the previous year. Specifically, the Sector's compliance with the NDPII sub criteria was: Sector planning (74%), projects planning

[29]At the FY end, recoveries of UGX 2.7Bn which is equivalent to 53% of the UGX 5.1Bn worth in Asset Recovery Orders.

(42.2%), budget instruments (82.3%) and budget performance levels (46%).

At planning level, the Accountability Sector continued to have MDAs with no approved strategic plans and these included UIA, NSSF, PSFU, EPRC, UMRA and MSC, hence the 74% score for Sector Planning. The weak performance at projects planning (42.2%) and budget performance (46.0 %) levels of alignment to the NDPII was mainly attributed to the low absorption of released funds for the following projects: Support to OAG; Support to IG; Support to MFPED; Development of Industrial Parks; Competitiveness and Enterprise Development Project (CEDP); Support to PPDA; Support to FIA; Skills Development Project; Support to UBOS; Construction of the IG Head Office building Project; and REAP KRA (1A,2A),1B, (2B&3A),(3B,4A,4B, and 5). The following table illustrates the compliance of the Sector Institutions' Annual Budget to the NDP II.

Table 13: Institutional scores in respect to Budget compliance with NDP II

No	Vote/Institution	Planning	PIP	Alignment			Budget performance	Overall Score
				BFP	AB	BFP&AB		
1	**Accountability Sector**	**74**	**42.2**	**77.9**	**85.9**	**82.7**	**46**	**58.7**
2	MFPED	100	50.3	92.3	91.5	92	40	64.7
3	AOG		37.5	84.6	100	93.8	40	51.4
4	UBOS	100	7.5	70	75	73	40	46.2
5	IG	100	37.5	81.8	66.2	72.4	40	55
6	DEI	100	100	30.8	100	72.3	24	64.1
7	URA	100	49.5	80	61.8	69.1	52	62.1
8	PPDA	100	7.5	85	81.7	83	0	37.2
9	FIA	100	40	65.7	85	77.3	24	52.4
10	UIA	0	7.5	85.7	88.6	87.4	0	28.5

Source: Certificate of Compliance for the Annual Budget FY2019/20 to the NDP II assessment report by the NPA, 1 April 2020

2.6.2 Gender and equity compliance

Section 9 (6) of the PFMA requires the Minister in consultation with the Equal Opportunities Commission, to issue a certificate certifying that the ***budget framework paper*** is gender and equity responsive; and specifying measures taken to equalize opportunities for women, men, persons with disabilities and other marginalized groups;

Section 13 (15) (g) of the PFMA requires the Policy Statement to be submitted by a vote to among others contain a certificate issued by the Minister responsible for Finance in consultation with the Equal Opportunities Commission, certifying that the ***policy statement*** is gender and equity responsive; and specifying measures taken to equalize opportunities for men, women, persons with disabilities and other marginalised groups.

According to the Final Assessment Report on Compliance of Ministerial Policy Statements with Gender and Equity Requirements FY2020/21 by the Equal Opportunities Commission, only three Accountability Sector Institutions i.e. Uganda Bureau of Statistics; Ministry of Finance Planning and Economic Development and Uganda Investment Authority scored above the national average score of 65.71% in respect to their MPS compliance with gender and equity. There was a marked improvement in the score of seven Accountability Sector Institutions while three institutions i.e. Directorate of Ethics and Integrity, Uganda Revenue Authority and Office of the Auditor General registered a decline in their MPS' compliance with gender and equity requirements for FY2020/21, as illustrated in the table below.

Table 14: Institutional Score in respect to MPS compliance with gender and equity

No.	Vote/Institution	% Score	
		FY2018/19	FY2019/20
	Uganda Bureau of Statistics	75	75.4
	Directorate of Ethics and Integrity	66	64.1
	Ministry of Finance, Planning & Economic Development	64.7	70.7
	Uganda Revenue Authority	64.3	51.1
	Uganda Investment Authority	60.7	69.4
	Financial Intelligence Authority	57	61.7
	Office of the Auditor General	56.7	52.7
	Public Procurement and Disposal of Public Assets	56	63.7
	Inspectorate of Government	50	59.7

Source: Compliance of Ministerial Policy Statements with Gender and Equity Requirements FY2020/21, Final Assessment Report, The Equal Opportunities Commission. April 2020

3 DEVELOPMENT PARTNERS' SUPPORT TO THE ACCOUNTABILITY SECTOR

Development Partners contributions remained a major source of financing and support to the sector over the FY2019/20. This section highlights these contributions. Comprehensive sets of data were not available during the reporting period however, based on information available, Annex 1 provides an indicative list of forms of support provided to the sector over the period.

Development Partners continued to provide support to the Accountability Sector through different forms of support; budget support, project support, technical support and technical assistance. These partners included EU, World Bank, IMF, AfDB, UN Agencies (UNCDF, UNDP), bilateral donors including Denmark, Sweden, USAID, DFID-UK, KfW, GIZ, Austria, Ireland, Netherlands, Norway, and other bodies including the SAI Norway and SAI Sweden.

The largest forms of support, by number of initiatives, was delivered through technical assistance and project form. However, budget support and basket forms from EU and by REAP partners (EU, Denmark, KfW) were significant components of the support provided to the Sector over the period. By number of initiatives, the areas that attracted DP support mostly were planning and budget (including public investment management) and revenue mobilisation. Other areas of major attention were strengthening external audit capacity and local government PFM systems. The Resource Enhancement Accountability Programme (REAP) is a major player in coordinating support to the sector with at least 10 of the 56 initiatives in Annex 1 having been delivered through it. However, many other initiatives, particularly related to Technical Assistance, continued to be delivered outside this framework.

Most of the DP support continued to be delivered off budget and therefore, total aggregate disbursements to the sector could not be ascertained. However, based on the Aid Management Platform, disbursements through 6 of the main projects (see table below) amounted to USD78.6million and EUR20m with the largest contributions received from World Bank (IDA) – (USD62.5m) followed by EU (EURO 20m) and ADB (USD15m).

The Accounting Officer for OAG at the handover of the newly constructed OAG Arua office funded through budget support from EU & REAP partners.

Table 15: DP Disbursements to the Accountability Sector in FY2019/20

DP Agency	Project Title	Type of Assistance	Currency	Actual Disbursement
ADB	Capitalisation of Uganda Development Bank Ltd.	Loan	USD	15,000,000
DENMARK	Resource Enhancement And Accountability Programme (REAP)	Grant	USD	1,044,776
EU	Justice and Accountability Sector Reform (Budget Support)	Grant	EURO	20,000,000
IDA	Competitiveness And Enterprise Development Project [CEDP]	Loan	USD	3,560,500
IDA	INTERGOVERNMENTAL FISCAL TRANSFERS PROGRAM (UGIFT)	Loan	USD	55,688,419
IFAD	Financial Inclusion In Rural Areas Of Uganda (PROFIRA)	Loan	USD	3,349,553

Source: Aid Management Platform, MoFPED

Annex 1: Information On Programs and Projects Funded By Development Partners

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
TAX POLICY / Revenue Mobilisation							
Denmark / EU / KfW	Part of REAP Outcome 1 - Sustainable Resource Mobilisation Cluster	To enhance resource mobilization for Uganda's sustainable development	i) Capacity building for DRM; ii) Tax policy and legal framework reviewed; iii) Compliance Improvement Plan operationalized through effective data management; risk management policy; and taxpayer education programme; ii) Regulatory framework for revenue management of oil, gas and minerals developed.	MoFPED (TPD) & URA	Project (basket)	Jul 2019 to Jun 2023	richard.ojilong@finance.go.ug
ODI	Technical Support	ODI Fellowship programme - technical support to Tax Policy Department	Provision of TA to support the Tax Policy Department in MoFPED.	MoFPED (TPD)	TA	Oct 2015 - Oct 2021	
ODI, Institute of Fiscal Studies	Tax Dev II	Strengthening Tax Policy Formulation	Technical Assistance to TPD through embedded advisor	MoFPED (TPD)	Technical Assistance	2019-2023	Hazel Granger, h.granger@odi.org.uk
IGC	Fiscal Capacity and Tax Revenues	To improve the use of information and human resources in revenue collection	An assessment of the cost of tax incentives in Uganda (CIT and customs) has been completed in first draft and is currently under government review	MoFPED (TPD)	Project (Research studies)	Sep 2020 - May 2021	Nicole Ntungire: nicole.ntungire@theigc.org
REVENUE ADMINISTRATION / URA							
WB	Border Post Infrastructure Development	Improve quality of services at border posts	Construction of new border posts at Malaba, Busia, Mutukula, Katuna and Mirama	URA	$29.4m	?	

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
IMF	AFRITAC East	Assist with the implementation of DRMS by improving tax structures (reduce tax expenditures, enhance VAT efficiency); strengthening core functions; and implementing compliance improvement plans. Management of natural resource revenue and taxation of petroleum sector as well as customs trade and facilitation are also priorities.	**In 2021:** i) Review DRM Strategy; ii) Auditing the telecommunication sector and data matching in the tax and customs departments; (iii) attachment on capacity in risk management practices on imports; (iv) Reg. workshops on (a) compliance improvement planning, monitoring and evaluation; (b) appropriate technologies to improve tax administration efficiency;	URA, and TPD / MoFPED	Technical Assistance	to 2025	hjoly@imf.org IKarpowicz@ imf.org (IMF Rep, Uganda)
WB/FCDO (UK)	Trust Fund / Strengthening Capacities and Institutions for PIM, PPPs and DRM	To strengthen capacities in management and financing of public investments, including through public-private partnership and in domestic revenue mobilization.	(i) Prepare Tax Expenditure Governance Framework; (ii) Development of Tax Compendium; (iii) Analytical and Advisory Services on Local Government Taxation; (iv) TA for preparation of user specifications, system and interface requirements and procurement documents for new eTAX system; (v) TA for change management assessment and plan; (vi) Build specialist business analysis, ICT, Data and Value Analysis skill sets and expertise; (vii) TA to Prepare for an enterprise wide contact centre.	MoFPED (TPD)/ URA	Technical Assistance $1m	2019-2021	Moses Misach Kajubi, mkajubi@ worldbank.org
USAID	Domestic Revenue Mobilisation for Development (DRM4D)	Technical support aiming to increase revenue mobilisation including support to revenue administration, tax legislation and local government revenue	(i) Build on tax policy analysis in DRMS, (ii) Assist with drafting an implementation plan for updating legislation; (iii) TA to develop new e-tax system, improve taxpayer audits, debt management, taxpayer information exchange, and strengthen tax service delivery; (iv) Assist 8 municipalities to strengthen revenue from property, business licenses, market fees, and property development; (v) Strengthen public-private & CSO engagements of URA and other revenue collection MDAs; support CSO capacity to advocate for higher spending on social sectors	URA/TPD / CSOs & Private Sector	Mainly TA support	2020-25	Kieren Holmes (COP)- KHolmes@ nathaninc.com Felix Kazahura -fkazahura@ usaid.gov

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
IMF	East AFRITAC	Improved customs and tax administration	i) Training on compliance / enforcement in customs; ii) Post customs clearance audits training; iii) Develop real estate tax compliance plan; iv) Training in tax fraud detection, financial analysis, data mining; iv) Data matching, management and analysis.	URA	TA	2019	clara.mira@imf.org
UNDP	Tax Inspectors Without Borders	Part of the Tax Inspectors Without Borders (TIWB) UNDP partnership with OECD	Provision of a junior adviser to URA working on international taxation issues	URA	TA	2017-18?	James.KARANJA@tiwb.org, harriet.karusigarira@undp.org
Netherlands Tax & Customs Cooperation		Technical support	1) compliance risk management (one completed; to do another); 2) general audit (2-3 sessions); 3) change management/HR; 4) international tax - workshop on international tax planning via IBFD	URA		2017-?	fam.van.brunschot@belastingdienst.nl hgj.van.den.boorn@belastingdienst.nl
IGC	Fiscal Capacity and Tax Revenues	To improve the use of information and human resources in revenue collection	Research support including studies on private sector response to tax audits, linking procurement data with etax data, construction sector mapping; and tax morality / attitudes, tax and accountability,	MoFPED (TPD)	Project (Research Studies)	On-going (continuous)	Nicole Ntungire: nicole.ntungire@theigc.org

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
HMRC (UK - FCDO)	Technical Support	Technical support: Peer-to-peer partnership to support capacity building across the URA in order to strengthen a) tax administration, b) organisational capabilities and c) revenue collection.	Technical Support on (i) ***Human Resources***: develop competency frameworks, training and development activities. Includes honing the job families across the URA, identifying core, leadership and technical competencies and associated levels of proficiency. Aims to identify training needs and potential career paths. Scope to support URA with wider HR/Organisational requests. ***(ii) Transfer Pricing***: Support to Transfer Pricing Unit combining short-term visits and peer-to-peer assistance to promote skills transfer. Seeking to collaborate with ATAF/WB in this area. ***iii) Automatic Exchange of Information (AEOI)***: Support the EOI Unit with technical, policy and/or legislative support requested. HMRC will work with ATAF ***(iv) Tax Crime Investigations***: discussions underway for support on URA requests	URA	Technical Assistance	2018 to 2022/23	Sharon Atubo: sharon.atubo@hmrc.gov.uk Lesley Ennin: lesley.ennin@hmrc.gov.uk
DFID	Domestic Revenue Mobilisation, Public Investment Management & Transparency (DRUM)	To support growth and a sustainable exit from aid through strategic interventions that will deliver increased revenue mobilisation, a higher economic return from public investments and more transparent economic governance	Priority Interventions across the areas to be implement by Oxford Policy Management: data, stakeholders and compliance. These include: cleaning tax payer register, conducting data census, scoping out data sharing/exchange, establishing mechanisms for integrated government, developing standard operating procedures, Goods Under Customs Control, Time Release Study, Dispute Resolution, Risk Management, Supply Chain Management, Trade Perception Survey, Contact Centre, Stakeholder Engagement, and Taxpayer Education Strategy.	URA / Tax Policy Department	21M GBP	Sept 2017-March 2020 (OPM support to end in Aug/ Sept 2020)	Miljan Sladoje m-sladoje@dfid.gov.uk
PLANNING AND BUDGET / PIM MOFED							

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
KfW / Denmark/ EU	REAP - Outcome 2: Planning and Budgeting Cluster	Enhanced Policy-Based Budgeting & Planning for Allocative Efficiency	i) Strengthen National Planning; ii) Capacity building for planning and budgeting across GoU; iii) PBB reform reviewed & strengthened; iv) Multi-year fiscal planning v) Gender Equity Budgeting; vi) Budget Transparency and Accountability (BTA) Strategy; (vii) Implement recommendations in Fiscal Decentralisation Architecture report; i) Tools, guidelines and capacity development for evidence based planning	MoFPED (Budget) / NPA	Project / Basket Fund	July 2019 - June 2023	richard.ojilong@finance.go.ug
KfW / Denmark/ EU	REAP - Outcome 3: Public Investment Management	Strengthened Public investment management (PIM) for increased development returns on public spending	i) PIM system developed; ii) IT-based Integrated Bank of Projects (IBP); iii) Regulatory and institutional framework for management of PIMs and PPPs; iv) Sector Specific Project preparation and appraisal manuals; v) Capacity building Programme (building on sector diagnostic studies in works and energy); vi) Modalities for independent appraisal; iv) Asset Management Framework	MoFPED (PAP/ PPP)	Project / Basket Fund	July 2019 - June 2023	richard.ojilong@finance.go.ug
WB (FCDO/UK Trust Fund)	Strengthening Capacities and Institutions for PIM, PPPs and DRM	To strengthen capacities in management and financing of public investments, including through public-private partnership and in domestic revenue mobilization.	**a) PIM institutional and regulatory strengthening** (i) Formulation of a PIMS policy and Assessment of the Legal and Institutional framework surrounding PIMS; (ii) Development and roll out of phase II of the Integrated Bank of Projects (IBP) to monitor the full project cycle, including strengthen capacity in preparation and appraisal of projects for+A27 selected MDAs & LGs. **b) PIMs training -** develop sustainable and institutionalized capacity building for PIM through establishment of a Centre of Excellence at Makerere University **PPP**s: TA to enhance capacity through in-house advisors to the PPP unit.	MoFPED (PAP) / PPP Unit/ MUK	$2.8m	2019-2022	rsebudde@worldbank.org

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
WB (FCDO/UK Trust Fund)	Support to National Planning Capacity Building and Greater Kampala Metropolitan Area Economic Development	To enhance institutional capacities of selected MDAs responsible for urban development and management	(i) Support the capacity development of **the national spatial planning** through: (a) raising awareness of SD initiative; (b) developing standards for spatial data capture, storage, analysis and output; (c) coordinating spatial data use and consolidated national planning; and (d) capacity building in spatial data analysis and use. (ii) **Support to the realization of the Greater Kampala Metropolitan Area Strategy (GKMPA)** through (a) undertaking a feasibility study for the GKMPA tourism circuit ;(b) preparation of guidelines for land banking.	NPA	$1.64m	2020-2022	sajalu@word-bank.org
WB (FCDO/UK Trust Fund)	Readying Uganda for actualization of shared infrastructure corridors and physical development plans operationalization	To enhance institutional capacities of selected MDAs responsible for urban development and management	(i) Support the development of **the national infrastructure corridors(ICs)** through: (a) establishment of criteria for defining shared infrastructure corridors; (b) guidelines for implementation of ICs; and (c) piloting implementation of selected ICs by surveying and providing goods and services, and capacity building is selected areas. (ii) **Piloting an orderly and sustainable urban development approach** through (a) Updating and or preparing of detailed accurate physical plans of Selected Neighbourhoods from participating Urban Councils, (b) demarcate Road reserves and areas earmarked for public utilities using visible markers; (c) name and physically mark roads, streets and other public utilities with signage, etc.	MLHUD	$1.27m	2020-2022	sajalu@word-bank.org

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
WB (FCDO/UK Trust Fund)	Enhancing Agriculture Productivity through Appropriate Infrastructure and Services	To enhance capacity for (i) effective and sustainable implementation of the Agriculture Production and Marketing grant (APMG) public investments within agriculture; and (ii) undertaking impact assessments of` LG grants in agriculture, health and education	(i) **Functional analysis** of zonal offices, LGs production and extension offices, pre-requisites for effective support to micro and small-scale irrigation facilities, post-harvest handling and marketing and associated inter-ministerial and agency coordination mechanisms (ii) **GIS based Management Information System (MIS)** for Productive Investment Services in agriculture and water for production; (iii) **prioritization and targeting of future investments** through stock take of Productive Investments, development of key guidelines and other activities; (iv) **Impact Evaluation** of reform areas focusing on service delivery improvement	OPM	$910k	2019-2021	bmagezindamira@wordbank.org
WB (FCDO/UK Trust Fund)	Enhanced Productivity, Accountability & Knowledge systems for improved PI outcomes in Education and Health	To enhance effectiveness and efficiency in operations of 20 selected local governments in education and health in order to realize the expected returns on public investments	**Roll out of biometric system** to track teacher and health worker presence on duty, through (i) sensitization and stakeholder engagements activities on biometric systems; (ii) procurement of equipment, development and testing of software and, and deployment of equipment; (iii) rollout of equipment to target districts	OPM	$630k		
WB (FCDO/UK Trust Fund)	Firm level data generation	To improve the availability of firm level data to support policy making for industrialization and enhance domestic resource mobilization in Uganda	(i) Support to the production of the **Census of business establishments**' (ii) Support a **Business inquiry** including access to finance; (iii) **Capacity building for UBOS** in survey management, data analysis and reporting	UBOS	$500k	2020-2022	mkibirige@wordbank.org
WB (FCDO/UK Trust Fund)	Support to Implementing Change Management for E-GP	To ensure awareness and readiness for e-GP across all key stake holders, the pilot procurement entities, the bidding community, and the general public through implementation of the e-GP change management and communication strategy	(i) Implementing Change Management for e-GP (ii) and Building Capacity within PPDA and Stakeholders to foster Transparency and Accountability in Economic Governance	PPDA/ MoFPED	$842k	2019-2021	gmunanura@wordbank.org

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
WB (FCDO/UK Trust Fund)	Support to Preparation of Priority Irrigation Investments in Uganda	To support GOU with preparation of high priority irrigation investment project	Preparation and review of Matanda Irrigation scheme; training of GOU staff in project feasibility practices; and environment and safeguards studies for Kabuyanda irrigation project.	MoMWE	$950k	2019-2020	hnattabi@world-bank.org
IMF	AFRITAC East	Improve efficiency of public spending, in particular capital and COVID-19 spending. Strengthen the budget process and institutions to ensure budget targets are realistic and aligned with policy priorities, and arrears and supplementary budgets are avoided. Improve cash and debt management. Complete arrangements to prepare for oil production, including by designing and implementing a fiscal framework for oil revenue management and a fiscal rule.	**In 2021 - Budgeting**: vi) Integrating budget costing into budget preparation systems; vii) Strengthen the recording of multi- year project commitments; (viii) visit Rwanda to learn from IT systems to support monitoring and evaluation of PBB; ix) implementing accrual-based IPSAS; (x) Reg. workshops on budget baseline costing, strengthening commitments controls, including multi-year commitments, and prevention and management of arrears **PIM**: (xi) Regional PIM peer-learning workshop; (xii) Attachment on valuing assets and liabilities for IPSAS; **Macro:** (xiii) Improve macro-fiscal forecasting. frameworks;	URA, and MoFPED	Technical Assistance	to 2025	hjoly@imf.org IKarpowicz@imf.org (IMF Rep, Uganda)
EU	Design of a web-based M&E System for NDP	To strengthen results and performance monitoring under the NDP	(i) TA to assist NPA in designing a system to monitoring performance indicators under the NDP; (ii) Related to the above, under the same system, to establish a populated system for monitoring performance of indicators under the PFM Reform Program.	NPA / MoFPED (REAP)	TA	2019-2020	tarik.KUBACH@eeas.europa.eu
US Treasury Office	TA support	Advisers to PBB, and health sector budget process	Provision of 2 TA advisers on PBB in CG and LG, including strengthen health sector budget and financial sustainability, improve coordination of external funding, strengthen internal controls for the health sector.	MoFPED (Budget)	TA	2019-23	
USAID	Support to PBB in the Health Sector	To assist Ministry of Health and the health sector to implement PBB	Technical support to the health sector on PBB	MoH	TA	Sept 2016-	

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
DEBT MANAGEMENT / MoFPED - DEBT AND CASH DIRECTORATE							
WB (DFID Trust Fund)	Strengthening Capacities and Institutions for PIM, PPPs and DRM	Sustainable debt and Development financing	TA to (i) develop the PIM financing strategy ; (ii) Framework for expression of interest for unsolicited proposals from funders; and (iii) Capacity building programme for loan negotiation	MoFPED / Debt Management	TA ($210k)	2020 - 2021	rsebudde@ worldbank.org
KfW / Denmark/ EU	REAP - Outcome 1: Sustainable Revenue Management	Sustainable debt and Development financing	i) Develop a public financing strategy; ii) Alternative financing instruments introduced; iii) Monitoring framework for debt management strengthened; iv) Capacity building programme for Debt Management v) Development Cooperation Policy	MoFPED / Debt Management	Project / Basket Fund	July 2019 - June 2023	richard.ojilong@ finance.go.ug
ACCOUNTING SYSTEMS / TREASURY							
KfW / Denmark/ EU	REAP - Outcome 4 Accountability and Compliance cluster	Strengthened effectiveness of accountability systems and compliance in budget execution	i) Capacity building for Accounts and Audit Cadres in MDALGs; ii) Rollout of IFMS to remaining MDALGs; integration of core PFM accountability systems; guidelines on reporting and aging of arrears; iii) IFMS application functionality, system security and processing enhancement; iv) Cash management operations strengthened.	MoFPED - Treasury	Project / Basket Fund	July 2019 - June 2023	richard.ojilong@ finance.go.ug
UNCDF (Sweden)		Improve connectivity in selected regions	Working with MTN and Airtel to Improve connectivity in West Nile, Lango, Acholi and parts of Kiryadongo through support to install required infrastructure.				
PUBLIC SERVICE & PAYROLL / MOPS							
KfW / Denmark/ EU	REAP - Outcome 4 & 6: Compliance & Accountability; Oversight Governance	Effectiveness and accuracy of the payroll and pension management systems increased	i) New Human Capital Management system rolled out to all MDALGs; i) Comprehensive review of standing orders and disciplinary processes; ii) Guidelines for implementing the disciplinary procedures; iii) Change management support on revised PSSO	MoPS/ NITAU	Project / (Basket Fund)	July 2019 - June 2023	richard.ojilong@ finance.go.ug
PROCUREMENT / PPDA							

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
KfW / Denmark/ EU	REAP- Outcome 3 PIM and Outcome 4: Compliance and Accountability; and Outcome 5: PFM in LGs	Strengthen accountability systems and compliance systems	i) Integrated E-procurement system rolled out to MDALGs (starting with six selected sectors). Under PIM: ii) Capacity building for large/ complex public procurement management; ii) Alignment of the legal and regulatory framework to procurement policy; iii) Monitoring for large and complex procurements in selected sectors/ MDAs; iv) Procurement Integrity Survey in LGs; v) Regulatory framework for LG procurement reviewed	PPDA/ MoFPED	Project / (Basket Fund)	July 2019 - June 2023	richard.ojilong@ finance.go.ug
World Bank	Regional Infrastructure Communications Programme	(i) lower prices for international capacity and extend the geographic reach of broadband networks (ii) improve GoUs efficiency and transparency through e-Government applications (includes e-Procurement)	(i) Strengthen IT legal, policy, regulatory and technical support framework; (ii) Extension of National Backbone Infrastructure broad links to underserved regions,& network links to MDAs; (iii) Support eGovernment IT systems, including shared central IT services, and design and piloting e-Procurement system	NITAU, MoFPED. PPDA	$75m IT Infrastructure / software	2016-2022	
AfDB	MAPS Study	Review of the public procurement system using the OECD MAPS methodology	Technical support to undertake MAPS review of public procurement system	MoFPED/ PPDA	TA	2019	
INTERNAL AUDIT - MOFED							
KfW / Denmark /EU	REAP - Outcome 6: Oversight and PFM Governance	Enhanced Assurance (governance, risk and control) by the internal audit function for Compliance of PFM systems	i) Computer Assistance Audit Tools availed for internal auditors in MDALGS; ii) Capacity building programme for internal audit function in LGs and MDAs; and, iii) Risk Management and quality assurance frameworks established	MOFPED - IAG	Project / (Basket Fund)	July 2019 - June 2023	richard.ojilong@ finance.go.ug
EXTERNAL AUDIT - Office of the Auditor General							

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
KfW / Denmark/ EU	REAP - Outcome 6: Oversight and PFM Governance	Enhanced impact of financial and VFM audit reporting and oversight	i) OAG MIS rolled out; ii) Integrated tracking system for audit recommendations for stakeholders; iii) Mechanisms for dialogue and political engagement on PFM oversight and accountability; iv) Policy on effective audit planning developed; v) Capacity building programme of PFM oversight	OAG / Parliament / IAG / MoLG	Project / (Basket Fund)	July 2019 - June 2023	richard.ojilong@finance.go.ug
SAI Sweden	Audit Office Sweden Peer support	To perform audits in accordance with international auditing standards (ISSAI) and improve quality & impact of audits	peer support in communication, Quality Assurance reviews in VFM Audits and development of capacity in Quality assurance department	OAG	TA/ Training	?	
SAI Norway	Audit Office Norway	To strengthen OAG to carry out audits in the petroleum sector and environmental audits	Technical / training support for oil industry audits: financial audit, environmental/VFM audit, risk assessment/audit planning & liaison/ networking including parliamentary	OAG	TA/ Training	2015 -	
Germany (GIZ)	Strengthening Governance & Civil Society Programme	The Strengthening Accountability Component aims to: To strengthen the conditions for a reduced misappropriation of public finances with cooperation between OAG, PPDA and IG	(i) Strengthening collaboration between the OAG, IG and PPDA; (ii) Introduce a more effective referral mechanism between the OAG, IG and PPDA ;(III) More effective stakeholder engagement from OAG, IG and PPDA leading to more audits/ investigations initiated based on feedback from stakeholders.	OAG / IG / PPDA (Tech. Support)	Project	2019 - 2021	TA embedded at OAG - einar.fogh@giz.de
EU	Shared Platform for Tracking Audit Recommendations	Strengthen follow up of audit recommendations	TA to assist with design of a shared IT system to track implementation of audit recommendations	OAG/ Parliament/ IAG / PPDA	TA	2020-21	Tarik.KUBACH@eeas.europa.eu
AFROSAI-E (GIZ)	Regional support to OAGs	Regional training programme - roll out of communication toolkit (SAI-PAC)	Institutional Capacity building support for African Supreme Audit Offices	OAG	Training	Continuous	
Audit Office USA	Fellowship programme	Training attachments	1 staff receive training through 3 month attachments - 10 trained to date Fellowship – 2 staff each year	OAG	Attachment	Continuous	
LOCAL GOVERNMENT PFM SUPPORT							

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
KfW / Denmark / EU	REAP - Outcome 6: PFM in Local Government for Service Delivery	Improved transparency and accountability of Local Government PFM systems	i) LG revenue strategy and policy developed; ii) Guidelines for revenue; iii) Revenue management database rolled out and collection capacity enhanced; iv) Retooling LG revenue management units; v) Harmonized budgeting cycles for LGs; Vi) Retooling planning units; vii) Oversight and accountability functions under LGs strengthened; viii) Guidelines for LGPACs and regional Audit committees; ix) Retool LGPACs and internal audit units; x) Capacity building for PFM systems; xi) Simplified computerised financial reporting tool rolled out to LLGs and service delivery units; xii) Public Expenditure Reviews in service delivery sectors; xiii) Tracking system to monitor service delivery standards;	MOLG/ LGFC / LGs	Project / (Basket Fund)	Jul 2019 to Jun 2023	richard.ojilong@finance.go.ug
USAID / FCDO (UK)	Governance and Accountability, Participation & Perf. Programme (GAPP)	To increase participation, accountability and local governance for effective service delivery at local government level in 35 Districts	1 Improve legal, policy, regulatory and institutional environment to meet demands for more democratic governance; 2 Strengthen LG revenue, procurement, financial and planning systems; 3 Support CSO actions promoting demand for accountability	35 LGs, CSOs, PPDA, Parliament, ULGA	$35.5m - project	2012-2020	ematsiko@uganda-gapp.rti.org
WB	Municipal Infrastructure Support Programme (USMIT)	To strengthen quality of infrastructure, planning and implementation in selected Municipal Governments. Disbursement linked to results.	The programme includes support for the roll out of IFMS/IT system for 12 local municipal governments	MoLG + Municipal LGs	Project	2018-23	
GiZ	IGAD planning support to Karamoja LGs		GiZ support to all 7 Districts in Karamoja on planning including provision of a spatial planning tool developed by IGAD	Karamoja LGs		2017-19?	

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
WB	Inter-Government Fiscal Transfers Program (UgiFT)	Program for Results - To improve the adequacy and equity of fiscal transfers and fiscal management of resources by Local Governments for health and education services.	Support increased funding for health, education water and micro scale irrigation services delivery at the LG level. Funding to Government released on achievement of Disbursement Linked Indicators and to LGs based on improved allocation formula for equity and adequacy of funding to LG's, annual Performance Assessments of LGs followed by targeted support for poor performers, improved PFM guidance and procedures in the 4 sectors	MoFPED, MoH, MoES, MAAIF, MoLG, the LGFC and the LGs	$500m	2017-2024	Zubhair Bhatti
EU	Fiscal Decentralisation and Service Delivery	To improve equitable service delivery at sub-national level, contributing to social development and social cohesion.	Budget support provision (€32m) to support increased funding for LGs for service delivery with funding linked to progress on fiscal decentralisation and PFM reform, and budget transparency. Also a performance component linked to indicators on LG staffing, use of service delivery targets, gender equity budgeting, LG performance assessments and expenditure tracking. The program will also provide TA to fiscal decentralisation reforms, research studies, and support for employment and social development governance at LG level.	MoFPED/ LGs	TA / Budget Support €41.3 (includes 6m for REAP)	2019-2024	Tarik.KUBACH@eeas.europa.eu
EU / UNCDF (+ SDG funding)	Support to Northern Uganda (DINU)	Targeted PFM support to Districts in Northern Uganda, including West Nile and Karamoja regions	Aims at improved efficiency in allocation, use and availability of public resources, elimination of corruption, better accountability and strengthened PFM systems, localization and tracking of the SDGs as well as promotion of customary land tenure systems. The program supports revenue collection, administration and automation in 18 LGs	Selected LGs	10m euro	2018-22	joel.mundua@uncdf.org
CROSS-CUTTING - ACCOUNTABILITY / GOVERNANCE / ANTI-CORRUPTION							
DFID/EU	Strengthening Government's Anti-Corruption Regime (SUGAR)	To strengthen anti-corruption and accountability institutions working together on priority issues at national and local level, targeting the entire accountability chain	TA, equipment & operational support to: 1 Action on audit recommendations; 2 Trace, verify, recover assets from corruption; 3 Criminal prosecution for corruption; 4 Administrative sanctions against corrupt officials; 5 Coordination and case prioritisation for corruption	OAG, PAC, IG, PSC, FIA, CIID, DPP, Anti-Corruption Court	approx $33m - project managed by contractor	2015-2020	

Dev Partner	Name of Programme	Objective	Main activities	Beneficiary Institutions	Funding/ Type	Timeframe	Contact
Austria, Denmark, EU, Ireland, Netherlands, Norway, Sweden	Democratic Governance Facility (DGF)	To support state and non-state partners to strengthen democratisation, protect human rights, improve access to justice and enhance accountability in Uganda.	CSOs Grants - Assistance includes support for CSO Budget Advocacy Group (CSBAG) to strengthen PFM systems by membership on the Budget Monitoring and Accountability Unit Task Force; Voluntary Accountability Committees at LG level under Transparency International, Action Aid working on issues of revenue mobilization in a few districts, SEATINI on tax justice/ tax policy, AFIC working with PPDA on the procurement portal and training of District LGs on access to information	CSOs - CSBAG, TI, UDN, AFIC, SEATINI		2018-2022	
EU	Justice and Accountability Reform Programme (JAR) - Sector Budget Support	To support the Accountability Sector Strategic Investment Plan (ASSIP) and the JLOS Strategic Development Plan (SDP-IV). As a sub-sector to ASSIP, the PFM Reform Strategy 2014-18 is also being supported.	Sector Budget support for the Accountability and JLOS Sectors to implement activities that improve the governance of public funds, including the mobilisation, strategic allocation and efficient use of public resources, for improved service delivery. The funding is earmarked through the GoU Budget system to the result areas:	Budget support (JLOS/Accountability Sector institutions	60m euro	2018-2022	Enora.MARENNE@eeas.europa.eu
EU	Technical Assistance Team to the Government of Uganda for the Implementation of Justice and Accountability (JAR) Sector Reform Contract	To improve the governance of public funds, including the mobilisation, strategic allocation and efficient use of public resources, for improved service delivery.	Key results areas being supported include: i) Domestic Revenue Mobilisation through Uganda's membership in the EITI; ii) Support to the Accountability Sector; iii) Access to Justice ; iv) support to JLOS; v) support to case management in JLOS	JLOS/Accountability Sector	5m euro	2019-2022	Enora.MARENNE@eeas.europa.eu
EU	Design of PFM Reform Capacity Building Strategy	TA to assist in drafting a capacity building strategy for the PFM Reform Programme	TA have submitted a final report with a Capacity Building Strategy and costed implementation plan	PFM MDAs	TA	2020	Tarik.KUBACH@eeas.europa.eu

Annex 2: Accountability Sector Common Results Matrix[30]

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
Sector Outcome 1: Sustainable Macroeconomic stability						
1.	Economic Growth	4.80%	3.90%	5.80%	6.10%	2.9%
2.	Inflation Rate (Annual Core)	6.90%	5.10%	2.70%	3.80%	3.1%
3.	29Inflation Rate (Annual Average Headline)	6.60%	5.70%	3.40%	3.10%	3%
4.	Income distribution (Gini Coefficient)					
Objective 1: Increase equitable access to finance						
1.	% of financially included adults	85%	85%	78%	78%	78%
2.	Percentage of microfinance institutions complying with Microfinance polices, laws and regulations	0	80%			
3.	Percentage usage of deposit accounts in regulated Financial Institutions (Usage %)	16%	20%	11%		
Objective 2: Increase private investment						
1.	30FDI as a percentage of GDP (%)	3.80%	2.20%	3%	4.1%	3%
	% growth in FDIs					
	% growth in jobs generated					
	No. of fully serviced and operational industrial Parks					
	% of fully serviced and operational industrial parks					
	% growth in License Investments					
	% growth in direct domestic investment					
2.	Proportion of Business Climate Reforms conclusively resolved (%)			55%	56%	58%
3.	Proportion of National development policies under active implementation				86%	86%
	Proportion of development policies performance reviewed after 10 years commencement				34%	34%
Objective 3: Reduce interest rates						
1.	Average lending rate	23.70%	22.70%	20.34%	20%	19.4%
2.	Private-sector credit to GDP	12%	13.40%	13.97%	14.50%	13.2%
3.	Non-Performing Loans to Gross Loans	8.31%	6.17%	4.4%	3.80%	6%
Objective 4: Increase Insurance Penetration						
1.	Insurance penetration	0.76%	0.73%	0.74%	0.77	0.771[30]
Objective 5: Increase national savings to GDP Ratio						

[30] The performance is for the calendar year, since Insures operate on a calendar year basis. The rebasing of GDP stagnated the insurance penetration which is measured as a ratio of Gross written Insurance Premiums to GDP.

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
1.	Savings to GDP ratio	13.30%	17.10%	17.5%		
Objective 6: Increase the level of capitalization and widen investment opportunities						
1.	Domestic Equity market capitalization to GDP ratio	4.80%	4.71%	4.70%	4.50%	4.5%
Objective 7: Improve statistical data production and policy research						
	Established and functional statistical structures in MDA & HLGs	36	36	87		
	Proportion of established and functional statistical structures in MDA & HLGs					60%
	MDAs and HLGs with Statistical Plans	22	85	87	84 HLGs and 30 MDAs	30 MDAs and 154 LGs
	No. of skilled statistical personnel in MDAs & HLGs.	200	205	430		
	Number of users accessing the UBOS Website					
	Percentage increase in personnel trained in data analysis, interpretation and management					
Objective 8: Protect financial systems and the broader economy from the threats of money laundering and the financing of terrorism:						
1.	Accumulated Total of registered accountable Persons/Entities in terms of AMLA	NA		6	781[31]	906
	Percentage of accountable persons issued with certificates of registration					
2.	Proportion of eligible reporting agencies registered with FIA in terms of AMLA 2013				10%	11%
	Proportion of Accountable persons and supervisory bodies trained on AML/CFT					
3.	Number of (STR)/LCTR/CBR received and analysed with disaggregated data					
	Number of suspicious Transaction Reports received	210	90	435	538	1996
	Number of Suspicious Transactions Reports analysed	82	90	300	538	1338
	Proportion of Suspicious Transactions Reports (STRs) analysed and indicating disaggregated data in terms of age, sex, and nationality					100%

31 This was adjusted from 1264 to 781 following further review and analysis

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
	Proportion of STRs analysed and disseminated for investigations to the relevant LEAs					
5.	Number of Large Cash Transactions Reports received	NA		600,000	4,693,624	4,760,000
6.	Number of cases disseminated for investigations	32	39	82	68	41
	Percentage of cases concluded and forwarded for prosecution					
7.	Number of sites using GOAML Electronic Reporting System	NA		0	24	82
8.	% of Accounting Persons/ reporting entities compliant with AML/ CFT standards	NA		20%	20%	11%
9.	Number of AML/CFT Awareness programmes conducted	NA	17 (10 – Radio talk shows,	15	20	63
10.	Number of courses attended by FIA staff to build capacity in AML/CFT	NA			14	13
11.	Number of mandatory International and regional activities participated	2		5	5	6
	Proportion of AML/CFT cases disseminated to LEDs with disaggregated data					80%
Sector Outcome 2: Fiscal Credibility and Sustainability						
1.	Tax to GDP Ratio	13.2%	13.77%	13.90%	14.60%	11.5%[32]
2.	Fiscal Balance (% of GDP)	4.80%	3.40%	4.90%	5.8%	7.2%
3.	Present Value of public debt stock/GDP	24.6	26%	28.50%	32.1%	33.1%
	o/w PV of External debt stock/ GDP	11.7	12.80%	16.40%	18.0%	20%
	o/w PV of domestic debt stock/ GDP	12.8	13.20%	12.10%	14.10%	13.1%
	Objective 9: Increase the tax to GDP ratio					
1.	Domestic revenue as a % of GDP	13.7%	13.9%	14.4%	15.10%	12.5%[33]
2.	Domestic taxes to GDP	7.50%	7.8%	7.92%	8.6%	7.1%
3.	International trade taxes to GDP	6%	5.9%	6.20%	6.3%	4.7%
4.	Non-tax revenue to GDP	0.50%	0.5%	0.6%	0.6%	1%
5.	External resource envelope as a percentage of the National budget	17.50%	19.30%	20.00%	30%	29%
6.	% of tax revenue collected against target	96.75%	96.4%	96.3%	101.71%	81.85%
	Revenue Collection to target					82.34%

[32] The sort fall in tax revenue of 15.7% (2.965Trn) at the end of the fourth quarter contributed to that figure. The GDP for 2018/2019 was rebased to UGX128,499Bn and the net revenue to UGX 6,638.06Bn. This scaled down the tax GDP ratio to 12.90%

[33] The GDP estimates for 2009/10 onwards were revised from the 2009/10 base year to the 2016/17 base year, reflecting an up-to-date structure of the Uganda economy in which the constant price estimate are expressed in 2016/17 prices to mainly capture new sectors such as soil and gold.

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
7.	Average filing ratio	86.70%	82.25%	80.61%	87.37%	88.76%
8.	Percentage growth in taxpayer register	18%	14.10%	28.30%	12.62%	7.18%
	Compliance target (URA)					75.64%
	Tax Administration cost as a % of revenue					2.15%
9.	Rural LG revenue collection as a percentage of LG budgets;	4%		2%		
10.	Urban LG revenue collection as a percentage of LG budgets;	20%		17%		
11.	KCCA revenue collection as a percentage of KCCA budgets;	23.40%	15.60%		22%	
	Compliance levels by tax category (KCCA)					
12.	Membership in Extractive Industries Transparency Initiative (EITI)			Membership request submitted to Cabinet	See foot note[34]	See footnote[35]
Objective 10: Improve Public Financial Management and consistency in the economic development framework						
	Public Debt Management					
1.	Nominal Debt to GDP ratio	33.8	35.70%	40.60%	42%	41.1%
	o/w external debt to GDP	21	13.20%	27.40%	27.90%	27.9%
	o/w domestic debt to GDP	12.8	13.20%	13.10%	14.10%	13.2%
2.	Average time to Maturity (ATM) of the Public (Govt.) Debt Portfolio (YEARS)		12.1	11.2 Years	10.7 Years	11 Years
3.	Domestic Debt maturing in one year as a % of total debt	44.6	43%	36.20%	36%	37.1%
4.	External Debt maturing in one year as a % of total debt	1.1	0.50%	3.20%	1.9%	1.7%
5.	Stock of domestic arrears as % of total expenditure	13%	3%	1%	8%	6.9%
	arrears as % of total expenditure for FYN-1					
6.	Net change in the stock of domestic arrears (Billion UGX)	0				
7.	Proportion of disbursed funds in Uganda's external public debt exposure				74%	
8.	% of debts service payments made on time				100%	100%
	Budget Credibility					
9.	% of funds absorbed against funds released	96%	98%	99.20%	98.7%	98.7%

[34] Public statement of the Government's intention to implement the Extractive Industries Transparency Initiative (EITI) has been made, the appointment of a senior individual to lead implementation of EITI has been made; establishment of Multi Stakeholder Steering Committee is in place.

[35] The application was shared with the International secretariat to assess the adequacy of the requirements. A validation meeting was held on the 2nd July 2020, submission of the application was made on the 13th July 2020 and acknowledgment of receipt of the application by EITI Headquarters was received on the 16th July 2020. The EITI Board approved Uganda's application to join the EITI and consequently, Uganda was officially admitted as an EITI implementing country on 12 August 2020, making it the EITI's 54th member country and the 26th in Africa.

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
10.	% of budget released against originally approved budget	102%	104%	108.20%	110.5%	103.4%
11.	Funds released as a percentage of the approved budget					106.8%
12.	% of funds utilized against originally approved budget	96%	101%	107.30%	109.1%	102.1%
13.	Supplementary budget as a % of the initial budget	4.60%		5.89%	4.8%	6.8%
14.	Ratio of annual investment expenditure to consumption expenditure (release outturn)	60:40	79:21	52:48	65:35	50:50
15.	% Deviation of approved annual Budget from initial MTEF projections	30%	4.50%	7.70%	13%	10%
16.	Proportion of central- and local government agencies (MDAs) that are using programme based budgeting (PBS/PBB)		100%	100%	100%	100%
17.	Proportion of votes attaining ministerial policy statement certification for gender and equity budget compliance		71%	50%	100%	94.5%[36]
18.	Green Economy (GE) Public Expenditure Review (PER)	No Green Economy PER ever conducted			Draft report in place and being reviewed.	GE-PER presented & approved by the Accountability Sector Working Group on the 13th February 2020.
19.	% of MDAs Certified for Gender inclusiveness in the budget					
20.	Ratio of annual investment expenditure to annual Consumption expenditure					
	Public Investment Management					
21.	% of projects implemented on time		66%		40%	50%
22.	% of projects implemented on budget		85%		50%	75%
23.	Public Investment Management Index (PIMI = IMF measure of Public Investment efficiency) (1.44 IN FY2011)				Awaiting assessment by IMF	
24.	Implementation of the Public Investment Management System (PIMS)					

[36] There was an overall improvement in the average performance from 60.1% to 65% overall.

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
25.	Implementation of the Integrated Public Investment Management (PIM) project database				First phase covering pre-investment developed and rolled out in April, 2019 and operation from July 2019	The IBP I operational and the IBP II inception report was submitted.
Sector outcome 3: Value for Money in the management of public resources						
1.	Level of Satisfaction with public service delivery					
2.	Government Effectiveness Index		-0.58[37]			
3.	Corruption Perception Index	25	25	26%	26%	28%[38]
Objective 11: Improve compliance with accountability rules and regulations.						
1.	Percentage of unqualified audit reports (MDAs, Statutory Bodies, Local Governments)		90.60%	91.85%	88.91%	
2.	% of clean audit reports (CG)	77%	89.7%	92%	90%[39]	
	MDAs				83%	
	Projects				98%	
3.	% of clean audit reports (Statutory Bodies)	79.41%	84.40%	93%	84%[40]	
4.	% of clean audit reports (LG)	85.70%	93.10%	91%	90%	
	District Local Governments				91%	
	Municipalities				90%	
5.	% of Financial Reports of Accountability Committee adopted by Parliament annually.	40%				
6.	% of Financial Reports of Accountability Committee adopted by Parliament submitted to the Executive.	30%				
7.	No of VFM reports adopted by Parliament and submitted to the executive as a % of reports tabled in the plenary	10%				
8.	% of MDAs with Financial Reports in compliance with Public Finance Management Act and regulations[41]	87%	100%	90%	88%	
	Level of compliance with public financial management laws and regulations[42]				52.88%	

[37] Government effectiveness index (-2.5;2.5 strong), 2017 (points, Source: the world Bank, TheGlobalEconomy.com)
[38] According to the Transparency International 2019 report published in January 202, the country moved from 149th position in2018 to 137th in the ranking in 2019.
[39] MDA's and Projects
[40] Commissions, Statutory Bodies Authorities and State Enterprises
[41] As measured by MFPED
[42] As measured by OAG

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
9.	% of Treasury Memoranda issued against reports adopted by Parliament					
10.	Proportion of MDAs and Local Government Budgets executed using automated Financial Management Systems.			83%	95%	98%
	Percentage of IFMS up-time					
Objective 12: Enhance public contract management and performance						
1.	% of entities rated satisfactory from procurement audits	90%	77.70%	87%	71%	83%
2.	% of contracts audited (by value) rated satisfactory	92%	51.80%	77%	63%	62%
3.	% of contracts delivered within contract value		75.60%	79%	73.2%	
4.	Proportion of contracts completed as per contractual time.	50%	66%	58%	73%	66.4%
5.	Proportion of procurement audits and investigation recommendations implemented	72%	70%	69%	66%	62%
6.	Proportion of contracts by value subject to open competition	45.50%	71.80%	60%	71.9%	71.4%
	Proportion of Contracts by number subjected to open competition				5%	
7.	Number of procurement investigations conducted	62	73	94	73	71
8.	Number of procurement audits conducted	114	117	96	136	88
9.	Number of follow-ups undertaken on procurement audits and investigations recommendations	109	103	86	86	36
10.	Average No of bids received per contract	2.1	2.61	2	3.8	3.3
11.	Proportion of contracts by value awarded to local contractors			54%	72%	58%
12.	Proportion of procurements conducted at the planned price			90%	78.20%	66.3%
Objective 13: Enhance the prevention, detection, and elimination of corruption						
1.	% of external audit recommendations implemented by MDALGs	27.88%			31%	24%
2.	Adoption rate of OAG recommendations by parliamentary Oversight Committees					

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
3.	Level of compliance with the audit International Standards for Supreme Audit Institutions (ISSAIs)					
4.	Number of Judicial and Administrative actions resulting from audits					
5.	Nominal amount of savings resulting from audits (Billion UGX)					
6.	Number of policy changes and Administrative Instructions resulting from OAG reports					
7.	% of internal audit recommendations implemented	66.2%	69.20%	65.6%		
	o/w Central Government					67.1%
	o/w Local Governments					62%
	o/w Statutory Authorities					55%
8.	% of Financial Reports of Accountability Committee adopted by Parliament annually.					
9.	% of Financial Reports of Accountability Committee adopted by Parliament submitted to the Executive.					
10.	VFM reports adopted by Parliament and submitted to the executive as a % of reports tabled in the plenary	10%	0%			
11.	% of Treasury Memoranda issued against reports adopted by Parliament					
12.	Percentage of planned financial audits (MDAs, Statutory Authorities, Projects, PSAs and Local Governments) undertaken					
13.	No of MDAs audited	109	106	168	108	
14.	No. of Statutory Authorities audited	85	92	134	114	
15.	No. of projects audited	132	90		97	
16.	No. of Higher Local Governments audited (DLGs and Municipalities)	320	334[43]	164[44]	168	
17.	No. of Lower Local Governments audited (including schools)	1488	290	1,397	3720	
	o/w Town Councils				459	
	Divisions				248	
	Sub counties				2922	
	Schools/Tertiary institutions				91	

[43] This excludes 277 schools audit reports issued during the year
[44] This excludes 355 secondary schools and 1042 Lower Local Government audit reports issued during the year

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
18.	Number of Judicial and Administrative actions resulting from audits					
19.	Number of policy changes and Administrative Instructions resulting from OAG reports					
20.	Percentage of planned Value for Money and Specialised audits (VFM studies, Forensic Investigations, Special Audits, PPP Audits, Engineering/Public works audits, Gender and Environment audits, Regional audits) undertaken.					
21.	No. of Value for Money Audits conducted	11	8	10	11	
22.	No. of Forensic Investigations and Special audits conducted	96	39	46	36	
23.	Compliance Audits				8	
24.	Engineering Audits				7	
25.	IT Audits				5	
26.	Percentage of audit reports resulting in policy changes/administrative instructions					
27.	Percentage of specified forensic investigations resulting in successful prosecutions					
28.	% of anticorruption recommendations implemented.	50%	46.90%		38%	40%
29.	% of Ombudsman recommendations implemented.	35%		23.5	20.5%	
30.	Number of grand or syndicated corruption cases registered.	N/A	43		22	9
31.	Number of sanctions successfully carried out.	20%				
32	Number of improvements in public administration as a result of Ombudsman actions.	10			18	88
33.	Percentage of funds recovered from the court decisions and investigations **50% 60**					

No.	Indicators	Actual Performance (FY2015/16 – FY2019/20)				
		2015/16	2016/17	2017/18	2018/19	2019/20
34.	No of sensitization activities on NEVS conducted by Region	50	11	7	32	
	Proportion of Primary Schools equitably selected from all regions of Uganda who have mainstreamed NEVs in their activities					
	Proportion of Secondary Schools equitably selected from all regions of Uganda who have mainstreamed national Ethical Values (NEVs) in their activities;					
35.	No. of capacity building interventions to strengthen DIPFs conducted by Region	14	6	6	11	32
	Proportion of LGs with functional District Integrity Promotion Forum (DIPFs)					
36.	No. of gender and equity responsive Meetings/ Workshops of the IAF technical Working Groups	4	3		2	3
37.	No of gender and equity responsive interventions conducted in the Implementation of NACS in MDAs & LGs.	3	4	4	8	
38.	No of Dissemination activities equitably conducted on Anti-Corruption Laws and Policies.	14	15	7	8	9
39.	No of consultative workshops equitably conducted in the development of Anti-corruption laws and policies	8		4	5	7
40.	No of sessions on implementation of Regional and International Legal Instruments participated in, taking social inclusion into account	10	8	7	6	2
41.	Constitution of the Leadership Code Tribunal				Gazetted & resourced	
42.	Proportion of asset declarations verified by the IG	51 (< 1%)	62 (103.3%)		0.99% (210)	305
43.	Proportion of asset recovery orders executed		45.20%			53%[45]

[45] At the FY end, recoveries of UGX 2.7Bn which is equivalent to 53% of the 5.1Bn worth in Asset Recovery Orders.

Annex 3: Status of implementation of ASJAR 2019 undertakings

Status of implementation of ASJAR 2019 - Economic Management Undertakings

Emerging issue	Undertakings	Current Status	Start date	End date	Responsible institutions
There is growing significance of the informal sector and yet the national policies and regulations are more inclined to the formal sector, as the only significant contributor to the domestic revenues and GDP. It has been difficult to realize faster growth with associated increases in formal jobs and tax revenues due to the increased informality in the economy.	PSDU is putting in place processes to improve the business environment by simplifying the process for business registration and licensing. In addition, the following undertakings are proposed; • Expedite the study on formalising the informal sector and provide resources for implementation of recommendations.	Commenced the process of reviewing all business licencing reforms to remove registration burdens to promote ease of doing business. UIA. The OSC at UIA is mandated to continually undertake business process re-engineering in registration and licensing processes; This has resulted into reduction of process cycles and automation of a number of licensing and registration processes; In the FY19/20 alone, two key processes in EIA application, and TIN registration and verification were re-engineered, and automation thru an improved API is underway. In the FY20/21, 4 newly automated processes will be launched; Additionally, in the FY19/20, the OSC started on 2 key sector competitiveness studies in Minerals/Minerals Beneficiation and Business Process Outsourcing (BPO), whose results will come out in FY2020/21; Developed ToR for the development of a policy and strategy for business development services to encourage involuntary compliance by all businesses and boost revenue mobilisation	FY2020/21	FY2024/25	**MFPED**

Emerging issue	Undertakings	Current Status	Start date	End date	Responsible institutions
There is a need to close the regulatory gaps in the microfinance non deposit taking institutions as there are several actors who were not regulated. The Government should strengthen the Uganda Microfinance Regulatory Authority to control the activities of the microfinance institutions and money lenders.	UMRA has started licensing Money Lenders and Non-Deposit Taking MFIs and prepared regulations for issuance. This is expected to close the regulatory gap in the microfinance industry. In addition, money lending business is now under the regulatory purview of UMRA as stipulated under the Tier 4 Microfinance Institutions and Money lenders Act, 2016. In order to further strengthen UMRA to execute its mandate, GoU has availed resources, especially to increase technical capacities.	Issued Regulations for the licensing, regulations and supervision of Money lenders, Non deposit taking MFES, and SACCOs. Additional resources UGX1.5bn were provided to UMRA in FY2019/20 to support execution of its mandate.	2018-2020	Completed	**MFPED**,UMRA,
Emergent of other financial providers like mobile money in the country. These had limited control by the government and yet they were accessed by many people resulting in a lot of financial transactions.	Government is about to gazette the National Payments-Systems Law to account for emerging providers of digital financial services (DFS). The law is expected to provide a clear legal framework for the regulation of DFS that will ensure financial stability and protect consumers.	The National Payment Systems law was passed and assented to by His Excellency on 29/07/2020 in order to regulate all payment systems and provide for their safety and efficiency.	29/07/2020	**FY2020/21**	**MFPED**, BOU, UMRA

Emerging issue	Undertakings	Current Status	Start date	End date	Responsible institutions
The persistence of unemployment required management of both the supply and demand sides of the labour markets. There were over 600,000 persons joining the labour market and yet the economy was generating a much smaller number of jobs. The absence of jobs could trigger both crime and socio-political tensions in the population. Government needs to ensure proper project planning and implementation to enhance economic performance and growth with jobs. Second, there is need to address the high population growth rate to manage the labour supply side.	Through its Private Sector Development Strategy GOU is implementing measures to reduce the impediments to private sector development in the country. This is expected to improve the private sector capacity to employ Ugandans.	Construction of a one stop centre in Kololo which will house fifteen agencies responsible for registration and licensing in final stages (75% completion rate). UIA In the FY19/20, UIA registered 256 new investment projects aimed at creating 25,762 new direct jobs and over 300,000 indirect jobs down the value chain. This should contribute significantly towards the reduction of employment in both the white and blue collar job categories. Efforts need to be channelled directly to investor facilitation, to speed up project actualization and hence employment creation.	June 2020	Dec 2020	PSDU, **MFPED**, NPA
Insurance should be enhanced to limit the negative effects of risks in agriculture and other sector that may be undermining high levels of investment	GoU is planning to expand the Uganda Agricultural Insurance Scheme to support more vulnerable farmers to access insurance. • It is further planning to put in place a National Insurance Policy, which shall address the key constraints to the sector's development.	174,804 farmers have accessed Agricultural insurance and benefited from government premium subsidies. Ten insurance companies are participating in the scheme. Growth in insured Agriculture loans stand at UGX813bn from Financial Institutions. Created awareness on the availability of the Agricultural insurance scheme in the country. With the support from the World Bank and IRA, the Ministry carried out stakeholder consultations towards the development of the National Insurance Policy.	2016/17	Every year	**MFPED**, IRA

Emerging issue	Undertakings	Current Status	Start date	End date	Responsible institutions
Value of the services; there is need for the production of quality services that are satisfactory to the market in relation to investment. This will promote efficiency and effectiveness in service delivery hence creating a better image of the economy to stakeholders and partners.	• Investment licencing should ensure there is quality services. • SME training on business formulation • One Stop Centre quality certification by UNBS.	Investment licensing is now linked to the UNBS process through the OSC where UNBS is a key institution. New licensee information is shared with UNBS to ensure that the production process (both old and new) and products are duly certified by UNBS; 4 Business skills trainings were held in Ishaka, Mbale, Gulu and Kampala for 1050 MSMEs. -Held 3 Women in Business trainings in 200 Ishaka, 350 Mbale and 200 Gulu - Held 1 Women in Business training in 300 Kampala			**UIA**
The incentives given to the private sector need to be harmonized and contextualized to the greater needs of the economy as well as ensure fairness between FDI and DDI.	• New investment code requires a schedule of incentives to communicate to the public.	Through the UIA one stop centre URA, annually updates the incentives available for investors in line with the policy changes to promote investment	July 2019	June 2020	**MFPED**, UIA, UFZA, URA

Emerging issue	Undertakings	Current Status	Start date	End date	Responsible institutions
The cost of access to credit requires redress of internal bank costs including the cost of resource mobilization as well as operational costs. It was observed that a number of banks had high income-cost ratios and so could not reduce lending rates even when the Central Bank Rate was reduced.	Operational costs are one of several drivers of persistently high interest rates in Uganda. By encouraging the use of (shared) digital infrastructure, Government is aiming at reducing operational costs for Financial Service Providers in the country. Extending the coverage of agency banking.	Government is undertaking several credit enhancement measures such as UDB, Capitalisation, MSCL and other initiatives i.e. Youth livelihoods, Women empowerment, serge all programmes aimed at extending low cost financing and funds respectively. In February 2018, Government issued regulations to guide implementation of Agency Banking in Uganda. Subsequently United Bank for Africa rolled out a shared platform of all commercial Banks to undertake a national wide rollout of Agency Banking.	Every year	Every year	**MFPED** & BOU, MICT
In order to increase economic growth with jobs, it is imperative that the private sector is facilitated to access affordable credit by ensuring a reduction in the cost of capital – lower interest rates.	i. Creation of alternative sources of funding.	A number of initiatives towards credit enhancement have been put in place to increase access to finance. These include UDB Capitalisation, MSCL and other initiatives i.e. Youth livelihoods, Women empowerment, serge all programmes aimed at extending low cost financing and funds respectively.	Every year	Every year	**MFPED**, BOU, UDBL, URSB

Annex 3: Status of implementation of ASJAR 2019 undertakings

Status of implementation of ASJAR 2019 – Resource Mobilisation and Allocation Undertakings

Sn.	Undertaking	Responsibility Centre	Start Date	End Date	Status
***Emerging Issues**:* A. *There is need for a holistic review of existing tax laws rather than making minor amendments on an annual basis or addressing a few problematic cases* B. *Government should be concerned about the cost of compliance faced by the private sector whenever new policies and approaches are introduced. Case in point is the introduction of the Digital Stamps introduced by URA* C. *The emergence of the digital economy has affected revenue mobilization by changing the business models from manual systems.*					
	Undertake a Comprehensive review and analysis of the entire tax system and laws on national revenue, to ensure harmony and that the implementation burden is not entirely born by the taxpayers.	**TPD**; URA;	Now	Phased	• The Assessment of tax expenditure which is a precursor activity by the WB, is underway; ○ Excise Duty assessment due in Q3 FY 2019/20 ○ VAT assessment due in Q4 FY 2019/20 ○ Income Tax assessment expected in Q1 2020/21 ○ Stamps and gaming assessment & others expected in Q1 2020/21 • A consolidation of all amendments into one compendium is expected by June 2020 • The implementation plan for the DRMS is expected to be completed by the end of FY 2019/20

Sn.	Undertaking	Responsibility Centre	Start Date	End Date	Status
	Enhance the use of research to evaluate the effectiveness of the various taxes levied in the country	URA; EPRC; CSO; Academia; TPD (Can be sponsored under the JAR-SRC Activities)	FY 2020/21		TPD requested to plan and coordinate this activity in a phased manner starting with at least two tax heads
	Government should be concerned about the cost of compliance faced by the private sector whenever new policies and approaches are introduced. Case in point is the introduction of the Digital Stamps introduced by URA	TPD	FY 2019/20	FY 2019/20	Government planned to meet the costs of this initiative for only one year of transition and the affected stakeholders should integrate this cost in their operational costs subsequently.
***Emerging Issue**: There's lack of full automation and integration/linkage of the e-systems across government:*					
	Harness the advantage from automation and integrate/link the e-systems across government:	NIRA; URA/URSB/ UMEME/NWSC/NSSF/National ID			• URA/TPD are already interacting on this matter especially in regard to the Oil and Gas sector; • Agencies should be coordinated to interface and draft an MOU to guide on the principles.
***Emerging Issue**: The focus trade facilitation and persistence of political-oriented trade barriers have resulted in the changing role of international trade, which has reduced the inflow of direct revenue following a decline in dutiable goods and services over the years*					
	Undertake a Study how to even out the reduced inflow of direct revenues and propose alternative revenue generation and maximization measures	TPD, URA, CSO,	FY 2020/21	Continuous	• A proposal for a research section in the TPD to undertake this study was made; • The TWG to be updated in every meeting held.
***Emerging Issue**: Local revenue leakages associated with weak tax administration systems*					
	Undertake a Comprehensive review and analysis of the entire tax system and laws on local revenue, to ensure harmony and that the implementation burden is not entirely born by the taxpayers.	TPD; LGFC; ULGA			• A contract to draw a LG-DRMS was awarded under REAP. • TPD to update the TWG on the scope and the next steps.
***Emerging Issue:** The growing significance of the informal sector and yet the national policies and regulations are more inclined to the formal sector as the significant base for domestic revenues*					
	Integrate the informal sector into the tax base	SAS	Q4 of FY 2019/20	Q2 of FY 2020/21	Procurement of a consultant to undertake the study is underway.
***Emerging Issue:** Limited knowledge of tax payment systems and operations by tax payers, hence the need for more tax payers' education to increase compliance.*					

Sn.	Undertaking	Responsibility Centre	Start Date	End Date	Status
	Enhance public awareness of the tax system and the benefits associated with revenues (The Communication Strategy)	SAS; URA,	Q4 of FY 2019/20	Q1 of FY 2020/21	• Ensure harmony with the DRMS TWG Communication Strategy • Liaise with REAP on the Communication Strategy so that one strategy is prepared and championed by the PS/ST.
***Emerging Issue:** Limited absorption and implementation of government projects undermines both economic growth and tax revenues*					
	Fast track the implementation of the IBP and associated policies and manuals	PAP			• The setup of the IBP is targeted towards this concern. • The 1st (Preparation) phase of the IBP is under implementation effective 2019/20 covering the concept, profile and prefeasibility stages of a project development cycle. • The contract for 2nd phase covering the Monitoring and Evaluation is with the Solicitor General and expected by end Q3 2019/20; • The testing and launch is expected on 1st July 2020. • The consultancy for the PIMS Policy and the manual for project implementation was signed. Inception report expected in March 2020 and Zero drafts of both documents expected in April 2020.
	Address delays arising from the procurement of complex projects.	PAP; Procurement	FY 2019/20	FY 2020/21	• The PPDA Law on procurement of complex projects is included in the proposed amendments cleared by Parliament and awaiting accent by the President. Expected in Q1 of FY 2020/21
	Build capacity in the handling of procurements for complex projects.	PAP; Procurement	FY 2019/20		

Sn.	Undertaking	Responsibility Centre	Start Date	End Date	Status
Emerging Issues: *A. The debt burden has increased tremendously which has affected the revenue as most of the receipts and expenditures of the country are used for debt service and clearing. This has also affected the lending rates by DPs.* *B. The structure of external debts was changing with the share of multi-lateral loans and grants reducing while that of bi-lateral and less concessional loans was increasing. This has led to a deterioration in the debt profile given an increase in the debt service costs and reduction in the average tenure of the loan structure* *C. Debt sustainability should be monitored through use of multiple indicators especially those related to liquidity such as percentage of domestic revenues used for debt service*					
	Strengthen the debt management function and systems; • There's need to harmonize/ coordinate Development Partners to enable integration of off-budget support into the MTEF. • There's need to adopt the recommendations raised in the Debt Conference.	**DPA**			• The Debt Management Strategy was drawn, the implementation plan yet to be completed • Capacity developed in negotiations; • Negotiation guidelines developed • Project management skills needed • There's need for awareness creation among MPs;

Status of implementation of ASJAR 2019 - Budget Execution and Accountability Undertakings

No.	Emerging Issues	Undertakings	Implementing Institutions	Status
1	Integration of government operations given the potential to realize synergies from activities of different MDAs.	1- Fast track the approval of the Committee report on merger of Government agencies and implementation of the recommendations therein. 2- Develop a strategy to strengthen collaboration of MDA's to deliver measurable results of the Government Effectiveness Index	PS (MoPS), PSST (MoFPED), PS (OPM)	Committee report on merger of Government agencies was sent to cabinet for approval.
2	Address poor record keeping and management of GoU assets to avoid the risk of misappropriation and theft.	3- Develop a government asset Management Policy framework and align to other GoU policies such as NPSPP. 4- Update and validate GoU asset registers for tangible, intangible and financial assets 5- Assess and monitor implementation of asset maintenance plans and regularly evaluate asset performance	AG (MoFPED)	a). The draft Asset Management Framework is under review to include comments from consultations with key stakeholders, plus the ideas arising from the benchmarking studies in Australia and Peru. b). Planned activities were affected by COVID 19 c). Planned activities were affected by COVID 19
3	Ensure there is proper procurement planning and coordination between the Government, Private Sector and Development Partners to realize benefits from economies of scale.	6- Enhance procurement planning as a strategic management tool as outlined in the public sector procurement policy. 7- Enforce the use of collaborative procurement amongst MDA/LGs	PPMD (MoFPED), ED (PPDA)	a). Capacity building to enhance procurement planning in procuring entities is ongoing. b). A study on the use of collaborative procurement amongst MDA/LGs has been planned effective FY2020/21
4	Enhance participation of local firms in public sector procurement.	8- Fast track conversion of current reservation guidelines into reservation regulations and enforce compliance. 9- Promote sustainable procurement in accordance with the SDG's.	MoFPED, PPDA	a). Draft reservation regulations in place and awaiting validation that is planned for FY2020/21. b). A TWG has been constituted and a consultant has been procured to lead consultations on promoting sustainable procurement in accordance with the SDG's.

No.	Emerging Issues	Undertakings	Implementing Institutions	Status
5	Promote Budget allocative efficiency, to maximise sector returns and meet the respective sector outcomes.	10- Technical capacity building for effective use of program based budgeting in all MDAs and LGs 11- Careful analysis of costs and benefits of expenditure priorities and emphasis on realization of value for money.	DoB (MoFPED), ED (NPA), PSST All MDAs	a). Technical capacity building on the effective use of program based budgeting was undertaken and completed for all MDAs, missions abroad and LGs. b). This will be implemented in 2020/21 under the program based planning and budgeting.
6	Minimize the escalating number of mischarges and re- allocation of funds.	12- Deepen Implementation, Sensitization and strict enforcement of the PFMA, 2015 and PFMR, 2016. 13- Amend the chart of accounts to eliminate ambiguities. 14- Engage and sensitize oversight and budget committees of Parliament, MDAs and LGs on analysis of MDA budgets.	AG (MoFPED), DB (MoFPED)	This is an ongoing process, but in 2019/20; a). Reprinted of 4,000 copies of PFMA 2015 with all amendments to date and distribution of the reprinted PFMA 2015 and PFMR 2016 to all MALGs is ongoing b). Continued the review of the matrix of PFMA Implementation issues that require interpretation/clarification or amendment of the Act c). Treasury instructions uploaded on the ministry website for easy access and reference. 2. A review of the current GoU Chart of Accounts (CoA) was undertaken to cater for; (i) The emerging needs of different MDAs and LGs, (ii) Harmonizing the overlapping and duplicated budget items, and (iii) Aligning the COA to the National Development Plan (NDP) III structure 3. Engagement with committees of Parliament is part of the AGO calendar and several meetings and workshops have been held with the respective committees.
7	Reduce transactional costs in the public Sector procurement by promoting efficiency and transparency in the procurement cycle.	15- Fast track the implementation of the E-GP project.	PPMD (MoFPED), ED (PPDA), PS (MoLG)	e-GP implementation on going, though some of the planned activities were affected by COVID 19

Status of implementation of ASJAR 2019 – Audit and Anti-corruption Undertakings

No.	Undertakings	Status	Implementing Institutions
	Emerging Issue: Corruption can be opportunistic whereby people take advantage of weaknesses in the systems including lack of adequate demand for proper accountability by the respective supervisors. (lack of adequate supervisor)		
	Joint monitoring inspections by sector institutions focused on supervisors of LGs (CAOs & HoDs) to ensure they carry out their mandates adequately.	The IG, PPDA and OAG are conducting anti-joint corruption activities under the support of GIZ.	MoFPED, MoPS, IG, NPA OAG
	Emerging Issue: The verification of wealth of individual assets, investments and stock of wealth was undermined by lack of adequate records and harmonization of registries.		
	Develop and operationalize an integrated information system of all government agencies that deal with information related to verification of assets.	The IG is engaging MoLHUD, URA and NIRA and has signed MoUs to supporting of information sharing and integration of systems. Discussions for systems integration are ongoing.	URA, IG, PPDA, NIRA, MoLHUD, IG
	Emerging Issue: Off-shore corruption requires a very high level of intelligence and critical research to be able to detect cases of bribery and corruption		
	Develop a collaboration (treaties) with cross boarder agencies to harness intelligence on offshore corruption or	The IG signed MoUs with Anti-Corruption institutions and Nations across the globe for provision of mutual legal assistance to support investigations, prosecutions and asset recovery. There is a designated focal person for Mutual Legal Assistance.	IG
	Train staff in high level intelligence and research.	Training in in high level intelligence and research is an ongoing practice	IG
	Emerging Issue: Enhance recovery of stolen money through sale of assets of those found guilty of corruption. (lack of law for asset recovery		
	Fast track the enactment of proceeds of crime for civil recovery, forfeiture of assets and management of recovered Assets law.	The IG working with the Directorate of Ethics and Integrity (DEI) to formulate a law on proceeds of crime (Proceeds of Crime Act) in order improve asset recovery. The process commence and is due for submission before the cabinet.	IG

No.	Undertakings	Status	Implementing Institutions
	Emerging Issue: Enhance and improve the management of government projects in a way that guarantees value for money to the citizens. Specifically, the government should emphasize verification of project goals and objectives as well as strengthening supervision of implementation and oversight.		
	Ensure close monitoring and supervision of government projects to ensure that the implementation plan (Time, Resources) is adequately followed to guarantee value for money.	Under Transparency, Accountability and Corruption in the NUSAF 3 programme, the IG has trained over 20,000 Community Monitoring Groups (CMGs) who are conducting monitoring of project activities and service delivery. These groups are monitoring and reporting to the IG progress of implementation of progress and status of service delivery. The IG secured support from GIZ and DGF for strengthening collaboration between CSOs and anti-corruption institutions.	
	Strengthen the role of the development Committee in the management of development projects.	PPDA has strengthened supervision by carrying out regular procurement Audits to find out value for money in entities for FY end 2019/20 the procurement audits indicate that the value of contracts rated satisfactory is 62.7%. PPDA has also rolled out E-GP to 10 pilot entities this is going to be automated which will reduce face to face interfaces and hence reducing corruption.	PPDA
	Strengthen the supervision mechanism of PAP	IG is developing a framework for rollout of TAAC in government projects to strengthen the supervision mechanism of PAP	IG
	Build capacity to undertake VFM audits for OAG.	Capacity building is ongoing to enable the OAG undertake more Performance / Value for Money Audits, Specialized Audits and Forensics investigations.	OAG

No.	Undertakings	Status	Implementing Institutions
	Mainstream Transparency and Accountability Anti-Corruption modules (TAAC) in all Government projects	TAAC was included in the NDP III and the IG is developing a framework for rollout of TAAC in government projects in the NDP.	IG
	Emerging Issue: There is need to increase the demand for accountability by sensitizing and supporting citizens as well as greater collaboration with Civil Society.		
	Sustain the existing collaborations with civil society across the country to increase public awareness and demand for accountability Widen the engagements with civil society organizations/media/the public across the country by Institutions. Improve information sharing with civil society/media/the public by establishing formal dissemination mechanisms in all Institutions.	Existing collaborations with civil society continues, and collaborative framework between PPDA and CSOs was launched to enhance public procurement outcomes and service delivery. This collaboration is expected to improve information sharing with civil society/media/the public	DEI, IG, PPDA, OAG
	Emerging Issue: The fight against corruption needs multiple approaches that range from strengthening the various Agencies to dealing with the mind-set of individuals.		
	Invest and support institutions that deal with mind- set approaches in order to develop strategies and policies for would mainstreaming ethical values in all institutions.	The Leadership Code tribunal is now fully constituted and will supplement existing institutions in the fight against corruption	MoFPED, DEI, MoPS
	Emerging Issue: Enhance the implementation of Audit Recommendations and regular provision of the Treasury Memorandum.		
	Develop a shared platform for tracking audit recommendations/Treasury memoranda.	A platform for tracking implementation of audit recommendations is being piloted, and once fully rolled out will enhance the tracking and implementation of Audit Recommendations and regular provision of the Treasury Memorandum	MoFPED, DEI, MoPS
	Enforce the implementation of audit recommendations/TM through sanctioning of Accounting Officers by OIAG.		

SECRETARIAT FOR PRIVATE SECTOR DEVELOPMENT / DEVELOPMENT PLAN IMPLEMENTATION PROGRAMS

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