Accountability Sector

Semi-Annual Budget Monitoring Report

Financial Year 2018/19

April 2019

Ministry of Finance, Planning and Economic Development
P.O. Box 8147, Kampala
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ABBREVIATIONS AND ACRONYMS

AIA	Appropriations in Aid
BPED	Budget Policy and Evaluation Department
CAO	Chief Administrative Officer
CFO	Chief Finance Officer
DDEG	District Discretionary and Equalization Grant
DLG	District Local Government
E-GP	Electronic Government Procurement
FY	Financial Year
GoU	Government of Uganda
IFMS	Integrated Financial Management System
IG	Inspectorate of Government
KCCA	Kampala Capital City Authority
LG	Local Government
LGMSD	Local Government Management and Service Delivery
MAAIF	Ministry of Agriculture Animal Industry and Fisheries
MEMD	Ministry of Energy and Mineral Development
MFPED	Ministry of Finance Planning and Economic Development
MoES	Ministry of Education and Sports
MOH	Ministry of Health
MoICT	Ministry of Information and Communications Technology
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
MoTIC	Ministry of Trade, Industry and Cooperatives
MWE	Ministry of Water and Environment
MoWT	Ministry of Works and Transport
NAADS	National Agricultural Advisory Services Secretariat
NDP II	Second National Development Plan
NITA	National Information Technology Authority
NPA	National Planning Authority
NTR	Non Tax Revenue
OAG	Office of the Auditor General
OPM	Office of prime Minister
PAR	Portfolio at Risk
PBS	Programme Based Budgeting System
PFMA	Public Financial Management Act
PHC	Primary Health care
PPDA	Public Procurement and Disposal of Public Assets Authority
PSM	Public Sector Management
Q1	Quarter One
Q2	Quarter Two
Q3	Quarter Three
Q4	Quarter Four
REA	Rural Electrification Agency
RFS	Rural Financial Services
RMSP	Rural Microfinance Support Project
SACCO	Savings and Credit Cooperative Organization

SMEs	Small and Medium Enterprises
TSA	Treasury Single Account
UCSCU	Uganda Cooperative Savings and Credit Union
Ug Shs	Uganda Shillings
UNRA	Uganda National Road Authority
URA	Uganda Revenue Authority
URF	Uganda Road Fund
VAT	Value Added Tax

FOREWORD

Over the years, the Government has implemented a number of interventions that have led to substantial progress in economic growth and national development which is now projected at 6.3% this Financial Year 2018/19 up from 6.1% attained last Financial Year 2017/18. As Government continues to pursue strategies for sustained growth and development, we should step up efforts in monitoring government programs and projects, to ensure that they are implemented in time and cost and any obstacles identified and addressed.

This report from the Budget Monitoring and Accountability Unit points to fair performance among the sectors monitored. It shows that most sectors achieved between 60%-79% of their planned semi-annual output targets. The fair performance points to the need for proper planning and commencement of procurement processes in time. This has resulted in slow absorption of funds and ultimately inadequate service delivery.

The sectors now have a quarter of the financial year to make good the promises made in terms of output and outcome targets. This is to urge all sectors to review the report and take necessary corrective actions to ensure effectiveness by end of the financial year.

Patrick Ocailap
For Permanent Secretary/ Secretary to the Treasury

EXECUTIVE SUMMARY

This report reviews selected key Vote Functions and Programmes in the Accountability sector. Monitoring was restricted to votes and programmes whose interventions supported Public Financial Management functions in the Ministries, Departments, Agencies and Local Government (MDALGS).

To that end aspects of; the Public Procurement and Disposal of Public Assets (PPDA)-its effect to enhance public contract management and performance in government, Uganda Revenue Authority (URA)- for the effect of the innovations implemented and tax awareness initiatives to increase domestic taxes to GDP, and Ministry of Finance, Planning and Economic Development (MFPED)-for effect of the role out of the Programme Based Budgeting System (PBS) to support the alignment of sector plans to the second National Development Plan (NDP II), facilitate timely releases and planning and budgeting in MDALGs were monitored, as well the Microfinance sub-sector.

Overall performance

The overall physical performance[1] of the Accountability Sector during FY 2018/19 half year was good (77.6%). The overall sector release was 52% of the approved budget and expenditure at 84% of the release. The physical performance was relatively matched with the financial performance.

The best performing vote in terms of delivery of planned outputs was Vote 141-URA followed by Vote 008 MFPED-Budget Execution and Reporting Programme. The URA achieved 93% and attained high performance for the outputs, including tax awareness engagements and maintenance of systems to support tax collection- disaster recovery interventions. This was partly attributed to increased automation of processes and installation of cargo scanners at the boarder stations.

Under MFPED, the PBS enhanced the planning, budgeting and reporting in 100% of the votes, although the system is unavailable in a number of instances affecting timely submissions of reports.

Good performance of 71.9% was also recorded under the PPDA - regulation of procurement and disposal system, as means of continuous improvement of procuring entities the PPDA conducted compliance inspections and audits 65% of the entities. Support supervision was intensified for the local government (LG) entities that resulted into recruitment of staff in the procurement and disposal units

The MicroFinance Support Centre (MSC) achieved 75% performance. The MSC mobilized Ug shs 26.6billion and disbursed Ug shs 19.081billion to clients, although the gross portfolio outstanding slightly declined to Ug shs 86.2billion from Ug shs 91.5billion at end of FY 2017/18. The MSC issued loans at interest rates of 12%-17%, this enabled access to affordable/cheaper financing which is less than 23% prevailing commercial rates.

[1] Based on 7 programmes/projects from three votes;008 MFPED, 141 URA,153 PPDA

Implementation challenges

i. Some of the outcome indicators on the PBS are unrealistic as such they cannot be attributed to given outcomes, this will result in misreporting on the system.
ii. Poor Internet connectivity affects the constant availability and use of e-platform services such as the PBS, e-tax portal, IFMS and e-government procurement.
iii. Inadequate training and awareness initiatives for programmes and innovations rolled out by the institutions in the Accountability Sector, for example training on; PBS, e-tax platforms, awareness of available financial products at the MSC.

Recommendations

i. The MFPED together with the National Planning Authority (NPA), Uganda Bureau of Statistics (UBOS) and Office of Prime Minister should improve the outcome indicators and also link the output indicators to the outcomes
ii. The National Information and Technology Authority-Uganda (NITA-U) and Ministry of Information and Communications Technology (MoICT) should work together to expedite provision of stable internet services to support the E-services offered by MDA&LGs.
iii. The NITA-U should facilitate sharing and tracking of information between government e-systems, for example a quick verification of tax clearance certificates in support of applications to supply government services under PPDA should be enabled.
iv. The sector institutions - MFPED, MSC, PPDA, and URA should prioritize training and awareness initiatives to support the roll out of innovations developed.

CHAPTER 1: INTRODUCTION

1.1 Background

The mission of the Ministry of Finance, Planning and Economic Development (MFPED) is, "*To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development*". It is in this regard that the ministry gradually enhanced resource mobilization efforts and stepped up funds disbursement to Ministries, Departments, Agencies and Local Governments in the past years to improve service delivery.

Although some improvements have been registered in citizens' access to basic services, their quantity and quality remains unsatisfactory, particularly in the sectors of health, education, water and environment, agriculture and roads. The services being delivered are not commensurate to the resources that have been disbursed, signifying accountability and transparency problems in the user entities.

The Budget Monitoring and Accountability Unit (BMAU) was established in FY2008/09 in MFPED to provide comprehensive information for removing key implementation bottlenecks. The BMAU is charged with tracking implementation of selected government programmes or projects and observing how values of different financial and physical indicators change over time against stated goals and targets (how things are working). This is achieved through semi-annual and annual field monitoring exercises to verify receipt and application of funds by the user entities. Where applicable, beneficiaries are sampled to establish their level of satisfaction with the public service.

The BMAU prepares semi-annual and annual monitoring reports of selected government programmes and projects. The monitoring is confined to levels of inputs, outputs and intermediate outcomes in the following areas:

- Accountability
- Agriculture
- Infrastructure (Energy and Roads)
- Industrialization
- Information and Communication Technology
- Social Services (Education, Health, and Water and Environment)
- Public Sector Management; and
- Science, Technology and Innovation

1.2 Accountability Sector Mandate

The Accountability Sector contributes to the fourth objective of the second National Development Plan (NDP II), which is to; *strengthen mechanisms for quality, effective and efficient service delivery*. The sector is concerned with the mobilization, management and fostering accountability for the utilization of public resources to facilitate the delivery of quality and equitable services.

The sector is composed of two sub-sectors of (i) Economic and Financial Management Services and (ii) Audit, these are further categorized in four thematic areas that include, Economic Management; Resource Mobilization and Allocation, Budget Execution and Accounting, and Audit and Anti-corruption.

1.3 Sector Objectives and Priorities

In accordance with the NDP II, the sector's objectives are to; increase equitable access to finance, increase private investments, reduce interest rates, increase the tax to gross domestic product (GDP) ratio, improve public financial management and consistency in the economic development framework, enhance public contract management and performance, increase public demand for accountability.

The sector objectives are achieved through financing undertaken through nine votes, namely: i) Vote 008 Ministry of Finance, Planning and Economic Development, ii) Vote 103 Inspectorate of Government (IG), iii) Vote 112 Ethics and Integrity, iv) Vote 129 Financial Intelligence Authority, v) Vote 131 Auditor General-Statutory, vi) Vote 141 Uganda Revenue Authority, vii) Vote 143 Uganda Bureau of Statistics, viii) Vote 153 Public Procurement and Disposal of Public Assets Authority, ix) Vote 310 Uganda Investment Authority.

CHAPTER 2: METHODOLOGY

2.1 Scope

The semi-annual monitoring for FY 2018/19 focused on seven programmes/projects in three out of the nine votes (excluding KCCA, LGs and subventions) in the Accountability Sector.

The programmes/projects selected for the semi-annual monitoring focus on interventions to address mainly four of the NDP II objectives; Increase access to finance, reduce interest rates, and improve the public financial management and consistency in the economic development frameworks, Annex 1 shows the votes and programmes monitored under the sector.

2.2 Methodology

The methodologies adopted during the monitoring were: literature review mainly of annual and quarterly work plans, and other government documents; quarterly and annual progress as well performance reports for the FY 2018/19; Integrated Financial Management System (IFMS) data showing releases, payments and commitments; interviews with the respective responsible officers, and observations on site. Performance of monitored projects and programmes was rated on the basis of the following criteria:

Table 2.1: Assessment guide to measure performance of projects monitored in FY2018/19

Score	Comment
90% and above	**Very Good** (Most of the set targets achieved and funds absorbed)
70%-89%	**Good** (Some core set targets achieved and funds absorbed to 70%-89%)
50%- 69%	**Fair** (Few targets achieved and funds absorption is 50%-69%)
Less than 50%	**Poor (No targets achieved and or funds absorption is less than 50%)**

2.3 Selection Criteria

Respective votes/programmes with interventions that support Public Financial Management functions in the Ministries, Departments Agencies and Local Government (MDALGS) were purposively sampled.

2..4 Data Collection

Data was collected from various sources through a combination of approaches:

- Review of secondary data sources including: Ministerial Policy Statements for FY2018/19; National and Sector Budget Framework Papers; Sector project documents and performance reports from the Programme Budgeting System (PBS), Sector Quarterly Progress Reports and work plans, District Performance Reports, Budget Speech, Public Investment Plans, Approved Estimates of Revenue and Expenditure, and data from the Budget Website.
- Review and analysis of data from the IFMS and Legacy System; Quarterly Performance Reports (Performance Form A and B), and bank statements from some implementing agencies.

- Consultations and key informant interviews with project managers in implementing agencies both at the Central and Local Government level.
- Field visits to project areas for primary data collection and observation

2.5 Limitations

i) Absence of some respondents at the time of monitoring yet appointments were made.
ii) Inconsistence of information provided by respondents and that given in reports.
iii) Inadequate field time and resources to cover the entire sector votes and programmes.

CHAPTER 3: SECTOR PERFORMANCE

3.1 Overall Sector Performance

GoU Financial Performance

The GoU approved budget for the Accountability Sector (excluding LGs and KCCA) for the FY 2018/19 was Ug shs 924.253billion (excluding treasury operations). The sector budget was revised to Ug shs 972.277billion through a supplementary budget of Ug shs 46.684billion, representing 5% of the sector approved budget.

The overall sector release was Ug shs 512billion (55%), and Ug shs 430.997billion (84%) was spent as at 31st December, 2018. Absorption for the development budget was Ug shs 59.4billion (68%), which was lower than Ug shs 82.623billion (76%), and Ug shs 288.689billion (91%) registered under wage and non-wage respectively.

Sector Performance

The overall semi-annual physical performance[2] of the sector during FY 2018/19 was good (77.6%). The physical performance was relatively matched with the financial performance.

The best performing vote in terms of delivery of planned outputs was Vote 141 Uganda Revenue Authority (URA) followed by Vote 008 Ministry of Finance Planning and Economic Development (MFPED)-Budget Execution and Reporting Programme. The URA achieved 93% and attained high performance for the outputs, including tax awareness engagements and maintenance of systems to support tax collection- disaster recovery interventions. This was partly attributed to increased automation of processes and installation of cargo scanners at the boarder stations.

Detailed Programme Performance

3.2 Vote 008-Ministry of Finance Planning and Economic Development

The MFPED 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.

The MFPED plays a critical role in fulfilling the accountability sectors core business of economic management-macroeconomic policy, financial services, development policy and investment promotion, research and monitoring; mobilization of resources- tax policy, debt management, budget preparation, execution and monitoring and project management and Fostering accountability for the utilization of public resources-accounting policy/management, procurement policy, and internal audit

[2] Based on 7 programmes/projects from three votes;008 MFPED, 141 URA,153 PPDA

3.2.1: Programme 1411 - Financial Sector Development

Following the restructuring of the MFPED, the Microfinance Vote Function was reclassified as Financial Sector Development Programme with a broader mandate to promote financial sector development and ensure financial stability. Under this programme, the Microfinance Support Centre Ltd, and Project for Financial Inclusion in Rural Areas (PROFIRA) were monitored.

a) Microfinance Support Centre Limited

Microfinance has been an important financial instrument for reaching the low-income households in Uganda. The focus of the Microfinance sub-sector is to ensure financial inclusion of all Ugandans. In the last 10 years, the sector has been experiencing significant growth.

The microfinance sub-sector is a component of the financial sector. Two providers of Microfinance services are in the category of Tier I, 2 are in Tier II and 4 Microfinance Deposit taking Institutions (MDIs) in Tier III. Additionally, Savings and Credit Co-operative Societies (SACCOs) and unregulated Micro Finance Institutions (MFIs) serve the microfinance market. These institutions are broadly captured as Tier IV institutions. Furthermore, there are commercial banks offering specific products for low-income households, and community-based organizations and groups which are operating in villages.

The Microfinance Support Centre Ltd (MSCL) was established to provide financial services to the economically active poor Ugandans through SACCOs, Small and Medium Enterprises MFIs, Cooperative Unions, Producer and Marketing Co-operatives, Small and Medium Enterprises (SMEs) & Teachers' SACCOs.

Through the Government of Uganda's Rural Financial Services Strategy, the MSC attained the linchpin status of Government of Uganda (GoU) Microfinance Programmes, hence a wider role to play in financing the whole value chain and promoting the sustainability of rural financial enterprises.

The MSCL executes its mandate through the implementation of five-year strategic plans, during which credit and capacity building services are extended partner organizations countrywide.

The Strategic Plan 2014-19 identified the following strategic objectives[3] that included;

- To mobilize sufficient resources so as to effectively deliver rural financial development services
- To increase loan portfolio by 10% per annum
- To maintain portfolio at risk (P.A.R) past 365 days at 5%
- To identify and fill capacity building gaps of clients
- To achieve 30 days lead time for loan processing
- Achieve interest rates below commercial lending rates
- To develop at least one product for each client segment over the next five years

The MSCL targets the provision of affordable financial services to SACCOs, MFIs, SMEs, and more importantly the provision of financing of agricultural chains including assets,

[3] These formed the basis of assessment of the performance of the MSCL.

inputs, and purchase of crop and other produce. Thus, MSCL aims at reaching a mass of rural enterprises to deliver services.

In order to take services nearer to the communities, the company offers its services through 12 zonal offices across the country, with each office serving an average of 10 districts. The MSCL offers a number of products administered through its offices to the clients and these include; Agricultural loans, Environmental loans, Special interest group loans, Islamic Financing, Commercial loans, and SME loans for trade and commerce and agriculture.

The MSCL addresses the NDP II objective of increasing access to finance measured among others by the proportion of the population accessing financial products.

Findings

Overall, the MSC achieved 75% performance which was good; 20% of planned outputs were fully achieved, and 70% partially achieved. Although the MSCL did not achieve the targets, some level of performance was registered as follows;

Credit Performance

For FY 2018/19, MSCL was allocated Ug shs 4.290 billion (salaries of contract staff, social security contributions and gratuity payments, so as to support operations) to cater for operations which include conducting loan appraisals and selecting qualifying recipients, disbursing of affordable financing taking into account Government priorities, strengthening operational capacities of Cooperatives through continuous technical assistance and training and monitoring and reporting on the performance of the funds. As at December 2018, the company had received Ug shs 2.146 billion for Q1 & Q2. Table 3.1 shows the MSCL funding as at 31st December 2018/19.

Table 3.1: Sources of funding for MSCL for the FY 2018/19

	Planned FY 2018/19 (Ug Shs)	Actual Ug 2018/19(Ug shs)	% Release Performance against target
Allocations for operations	4,290,000,000	2,146,000,000	50
Reflows/Interest	7,800,000,000	4,255,000,000	55
Islamic Finance (Fund)	0	0	0
Other income (GoU Credit funds)	15,000,000,000	7,200,000,000	48
Total Funds Available	**27,090,000,000**	**13,601,000,000**	**50**

Source: MSCL Headquarters

The MSCL was also allocated Ug shs 15 billion for FY 2018/19 for credit funds and revival of cooperatives throughout the country. By end of Q2, Ug shs 7.2 billion had been released by MFPED. The MSCL was able to recover Ug shs 4.255billion that formed reflows for onward lending.

Interest rates

The MSCL continued to offer the lowest interest rates to its clients ranging from 12% per annum for SACCOs - Agricultural loans, 13% to SMEs, 17% for Commercial loans and 11%

for teachers' SACCO. This interest rate performance was good as compared to the commercial rates that were on average 23%.

Loan Disbursement

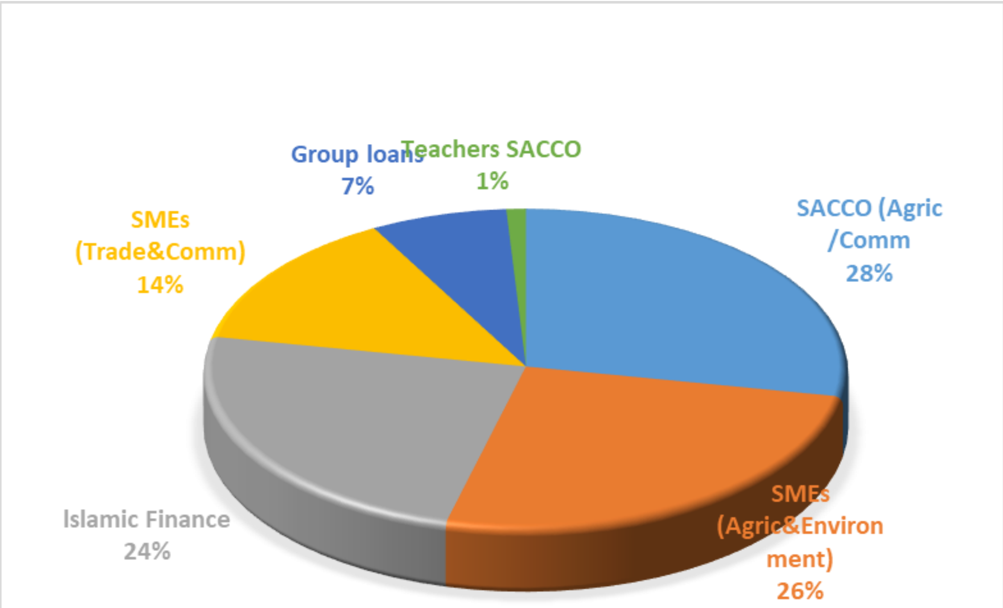
For the period ending 31st December 2018, MSCL disbursed loans worth Ug shs 19.306billion compared to Ug shs 40.39billion half year performance achieved in FY2017/18, this was a decline. This performance was attributed to slow approval process of loans, and weak rating of applicants.

The MSCL continued to make a deliberate effort to market all loan products to different client categories. As at 31st December 2018, the company registered a decline of 5% (Ug shs 4.3billion) in outstanding portfolio to Ug shs 86.2billion from Ug shs 90.5billion achieved at 31st December 2017. In terms of client distribution, the highest number and value of client segment reached was SACCOs and SMEs, especially those in the agricultural value chain. The teachers' loan performed poorly at 1%.

In terms of numbers, 233 loans were disbursed in the period, 89% (207 loans with a total value of Ug shs 12.775billion) were from conventional financing and 10% (Ug shs 5.09billion) were funded under Islamic Financing. Growth in disbursement under conventional lending was partly attributed to enhanced marketing through regional offices and collaboration with Local Governments (LGs), and community based organizations (CBOs) plus favorable loan terms extended.

Disbursement by product are shown in figure 1 and table 3.3.

Figure 1: Disbursements by Client Category as at 31st December, 2018



Source: MSCL Headquarters

Table 3.3: Loan Disbursement by Product Type for Q1 & 2 FY 2018/19 (numbers and amount)

Product	Number	Amount Ug Shs
Islamic Finance	32	7,284,500,000
Teachers' Loan	6	280,000,000
Group loans	69	1,508,400,000
Commercial loan	72	6,080,000,000
Agricultural loans	54	4,654,000,000
	233	**19,306,900,000**

Source: MSCL Headquarters

Zonal Disbursements

Kampala zone with the biggest region had Ug shs 5.070billion disbursed, the highest in value of regional loans disbursed. This performance was less than the half year performance in FY 2017/18 of Ug shs 10.107billion. The poorest performing zone was Soroti that disbursed loans valued at Ug shs 178 million, although this was better than the half year performance of 2017/18 of Ug shs 57m). Details of the performance per zone is shown in Table 3.4.

Table: 3.4: Analysis of Disbursements per Zone as at 31st December 2017 and 2018

Zone	FY 2017/18		FY 2018/19 (Q1 & Q2)	
	Number of loans	Amount Disbursed	Number of loans	Amount Disbursed
Arua	5	365,000,000	4	360,500,000
Gulu/Lira	21	778,000,000	19	1,231,000,000
Hoima	7	1,495,000,000	9	1,255,000,000
Jinja/Iganga	24	2,709,236,800	25	1,550,000,000
Kabale	50	2,633,900,000	32	615,000,000
Kabarole	23	4,670,000,000	22	1,729,000,000
Kampala	49	10,109,928,000	37	6,235,668,582
Masaka	45	5,498,243,607	15	870,000,000
Mbale	25	4,026,620,000	26	2,663,000,000
Mbarara	47	8,154,507,220	25	2,300,000,000
Moroto	2	57,000,000	13	360,000,000
Soroti	7	3,358,529,377	6	153,000,000

Zone	FY 2017/18		FY 2018/19 (Q1 & Q2)	
	Number of loans	Amount Disbursed	Number of loans	Amount Disbursed
TOTAL	305	43,855,965,004	233	19,322,168,582

***Source*: MSCL headquarters and field findings**

Growth in Portfolio

The outstanding portfolio[4] as at 31st December, 2018 was Ug shs 86.2billion, which was a decline from Ug shs 91.50billion registered at the end of FY 2017/18. However, performance in some of the regions improved, from the field findings those that achieved improvements included; Arua 71.9%, Jinja 88.6%, Lira 89 %, Mbale 102%, Kabale 76%, Kampala 89%, Masaka 131.7% and Mbarara 82%.

Quality of Portfolio

Portfolio at Risk (PAR)[5] more than 30 days was 21% by December 2018, compared to 18.5% in December 2017. The quality of portfolio declined and points to an increase in loan defaulting in clients from the different zones.

The highest on time repayment rate was 93% registered at Kabale Zonal Office against a target of 80%, this was on account of clients who cleared their arrears-Kigezi Highland (Ug shs 753million) and Shobore Agro (108.8), Tazit (Ug shs 40.8million). The least repayment rate registered was 11.7% in Lira zonal office, this was as a result of defaulting SME clients with significant loans, these were Braaky, Mid North and the closure of two SACCOs-Namasale and Etam.

There is need to have the improved repayment rates sustained for all the regions so as to reduce the risk of default reflected in the P.A.R.

Growth in Clientele and Number of Loans

Under the pillar, 'Client Coverage and Product Development, there are 2 strategic objectives;

- Increase coverage of MSCL services & products, and
- Enhance product development

Performance of "Increase coverage of MSCL services and products"

The company intensified the engagement and support to create reference SACCOs across all the MSCLs zones. The objectives were to achieve better information dissemination about MSC products and services, provide technical assistance and share good practice to support weaker SACCOs. A total of 88 districts (74%) had reference SACCOs as at 31st December 2018.

Disbursements under Islamic Financing had improved generally and performance was attributed to the growing appreciation of participatory microfinancing modes which are flexible for especially clients engaged in seasonable economic ventures. The MSC continues to spearhead the roll out of the Islamic financing modes throughout the country.

[4] Funds disbursed and held out in loans at given time-should be on an increasing trend
[5] Measures loan portfolio with outstanding instalments-points to risk of default

Business Development Services (BDS)

Under this, collaborative partnership arrangements are critical for leveraging both technical and financial resource and enhancing the MSC's interventions.

Business development support was provided to 357 client institutions, reaching 2,665 individual beneficiaries, this surpassed the quarterly target of 125 client institutions. Fifty-six (56) extension teams were trained compared to ten (10) Extension teams as at end of quarter 1; the training attracted 84 individuals from seven (7) SACCOs, compared to 43 individuals from ten (10) SACCOs as at end of quarter 1 FY 2018/19.

In a bid to address the issue of member education, increase the awareness of MSC services and products and further deepen its outreach, MSC recruited a Coordinator for Community Extension teams to particularly focus on developing extension team's platform.

Partnership building continues to be core to MSC's interventions, reflecting commitment to business growth in terms of clients, resource mobilization, product development and sustainability.

During the period under review, some partnerships between institutions were taken advantage of to build collaborations that would enhance inclusiveness. The MSC through its partnerships development mandate engaged fourteen (14) institutions. Among the prospective partners engaged were Uganda Registration Services Bureau (URSB), Financial Sector Deepening Uganda (FSDU), Cotton Development Organization (CDO), Uganda Water and Sanitation Network (UWASANET), World Vision, Makerere University Business School (MUBS), Honey Pride, Monitor Publications, Uganda Institute of Banking and Financial Services (UIBFS), Private Sector Foundation Uganda (PSFU), United Nations Capital Development Fund (UNCDF), and Integrated Seed Sector Development Uganda (ISSDU).

The MSC formed new and continued with partnerships which included, Engineering Solutions (ENGSOL), CARE, Heifer International, UNIDO, and Mercy Corps which was observed in the regions of Lira, Mbale and Mbarara. Partnerships with government institutions were in the pipeline and memorandums of understanding (MOUs) were yet to be signed i.e. in the districts of Kapchorwa and Arua.

Challenges

1) Groups and SACCOs are not focused around the same objective, for example agriculture, fishing, and trade. This affects ability of group/SACCO members to pay back funds borrowed.
2) The tendency of people acquiring multiple loans from financial institutions has increased loan default rates for SACCOs, hence low loan recovery that eventually affect their operations.
3) Loan defaults by client institutions especially those in the agricultural sector on account of pests and prolonged drought that led to poor yields.
4) Zones still face challenges of staffing levels, this affects efforts to support the SACCOs and groups in the management of loans resulting into poor portfolio.
5) Lack of constant monitoring and supervision given the wide geographical coverage which makes it costly especially with the growing number of village groups.

Recommendations

1) The PROFIRA through their capacity development programmes should work with the MSC to encourage SACCOs and groups to focus on given particular economic activities.
2) Ministry of Trade, Industry and Cooperatives (MoTIC) should form unions and have every SACCO register under one, in order to curb the problem of multiple borrowing.
3) The MoTIC should encourage SACCOs and groups to focus and organize around given economic activities in order to effectively benefit from government interventions that include; agricultural value additions technology, bulk irrigation schemes, improved inputs and acquisition of food storage facilities
4) The PROFIRA and District Commercial Officers should intensify capacity building activities for SACCOs and community savings and credit groups (CSCGs), and evaluate the impact on performance.

Zonal Offices Monitored

The MSCL offers a number of products administered through its 12 zonal offices that include; Arua, Hoima, Jinja, Kabale, Kabarole, Kampala, Lira, Masaka, Mbale, Mbarara, Moroto and Soroti. For the semi-annual review the zonal offices of Arua, Jinja, Lira, Kampala, Kabale, Mbale, Masaka and Mbarara were visited.

The objective was to:

- Assess the performance of zonal offices, and
- Evaluate the impact of interventions by MSC on the clients served.

The products offered to clients include:

i. **SACCOs/MFIs**: This targets institutions/enterprises supporting or engaged in primary agricultural production, agro processing, marketing, trade and commercial. The loan period ranges between 2-4 years with a grace period of 6-12 month, and interest rates of 9%, 13 and 17% per annum.
ii. **Small and Medium Enterprises (SMEs):** This funds activities like agricultural production & value addition - 13%, environment conservation - 13%, essential services –education, health, tourism and solar energy - 17% and commercial activities - 17%.
iii. **Village Savings and Lending Associations (VSLAs)**: Activities funded include agricultural production & value addition - 13%, environment conservation - 13%, essential services –education, health, tourism and solar energy17% and commercial activities - 17%.
iv. **Cooperative Unions:** Activities funded include, agricultural production and value addition - 13%, agricultural marketing - 13%, acquisition of value addition machinery - 13%, and commercial activities -17%.
v. **Teachers' loans issued at 11%**
vi. **Islamic Microfinance**

(a) Arua MSC Zonal Office

Arua MSC zonal office serves 8 districts that include: Adjumani, Arua, Koboko, Maracha, Moyo, Nebbi, Yumbe and Zombo. The zonal office disbursed Ug shs 360 million. The portfolio at risk greater than 90 days was 18.5% against a target of 6%. The cumulative repayment rate was 33.0% which was below the 80% target. The zonal office was able to have a reference[6] SACCO in 4 of the 9 districts which was below the 50% target. MSC Arua signed an MOU with Honey Pride Arua to support farmers in bee keeping with modern equipment. The performance of the zone is summarized in table 3.4.1.

Table 3:4.1: Arua MSC Zonal Office Performance as at 31st December 2018

No.	Indicator	Benchmark	Annual Target	Actual FY 2017/18
1.	Value of loans disbursed during the period in (Ug shs billions)	Not according to the annual work plan		360,500,000 million
2.	Cost Vs Income ratio	Costs < 1	0.7:1	10.7:1
3.	Repayment rate (on time)	95%	80%	33.0%
4.	Value of outstanding loan portfolio (Ug shs billion)	Increasing from prior year	2.2billion	1.583billion
5.	Portfolio At Risk (P.A.R)>90 days (Value in Ug shs Billion)	Not> 5% of total o/s loan portfolio	6%	18.5%
6.	Increase in no of clients taking follow on loans	Increasing from prior year	No Target	2
7.	Existence of reference SACCO/ District	1/District	9	4

Source: MSC Arua Zonal Office

b) Jinja MSC Zonal Office

Jinja zonal office serves 11 districts that include; Bugiri, Buyende, Iganga, Jinja, Kaliro, Kamuli, Luka, Mayuge, Namayingo, and Namutumba.

The zonal office disbursed Ug shs 6.235 billion which was 54% performance of the target Ug shs 11.1 billion with an outstanding loan portfolio of Ug shs 2.57billion against a target of Ug shs 2.9 billion. The cumulative repayment rate achieved was 35% against the target of 78% pointing to inefficiencies in recovery of loans. The Jinja zonal office is profitable with a cost to income ratio of 0.7:1. The performance of the zonal office is shown in table 3.4.2.

Table 3.4.2: Jinja MSCL Zonal Office Performance by 31st December, 2018

No	Indicator	Benchmark	Target FY 2018/19 (Ug Shs)	Actual FY 2018/19 (Ug Shs)
1.	Value of loans disbursed during the period in (Ug shs billion)	According to the annual work plan	4.250billion	1.550billion
2.	Cost Vs Income ratio	Costs < 1	0.7:1	0.7:1
3.	Repayment rate (on time)	95%	78%	35%
4.	Value of outstanding loan portfolio (Ug shs billion)	Increasing from prior year	2.9 billion	2.57billion
5.	Portfolio At Risk (P.A.R)>30days (Value in Ug shs Billion)	Not> 15% of total o/s loan portfolio	3.5%	8.2%

[6] Model SACCO is expected to be supported develop for each District served

No	Indicator	Benchmark	Target FY 2018/19 (Ug Shs)	Actual FY 2018/19 (Ug Shs)
6.	Percentage increase in no of clients taking follow on loans	Increasing from prior year	54%	45%
7.	Existence of reference SACCO/ District	1/District	11of 11	09 of 11

Source: MSC Jinja Zone

(b) Lira/Gulu MSC Zonal Office

Lira MSC zonal office serves 11 districts that include: Amuru, Apac, Gulu, Kitgum, Kole, Lamwo, Lira, Otuke, Oyam, Nwoya & Pader. The zonal office disbursed Ug shs 1.231billion against a target of Ug shs 3 billion (41% performance). The portfolio at risk greater than 90 days was 27.90%, against a target of 5% pointing low recoveries and high default rate.

The cumulative repayment rate was 11.7% which was below the 45% target. This was partly due to the closure of some SACCOs-Namasale and Etam plus the SME defaulters of Braaky and Mid North. The number of clients taking follow up loans increased to 84%. The zonal office was able to have a reference[7] SACCO in 6 of the 16 districts (37%). The performance of the zone is summarized in table 3.4.3.

Table 3.4.3: Lira MSC Zonal Office Performance as at December 31st 2018

No.	Indicator	Benchmark	Annual Target 2018/19	Actual FY 2018/19
1.	Value of loans disbursed during the period in (Ug shs billions)	Not according to the annual work plan	1.1 Billion	1.231billion
2.	Cost Vs Income ratio	Costs < 1	2:1	1.3:1
3.	Repayment rate (on time)	95%	45%	11.7%
4.	Value of outstanding loan portfolio (Ug shs billion)	Increasing from prior year	2.billion	3.023billion
5.	Portfolio At Risk (P.A.R)>90 days (Value in Ug shs Billion)	Not> 5% of total o/s loan portfolio	10%	27.90 %
6.	Percentage increase in no of clients taking follow on loans	Increasing from prior year	86%	84%
7.	Existence of reference SACCO/ District	1/District	12 of 16	6 of 16

Source: MSC Lira Zonal Office

7 Model SACCO is expected to be supported for each District served

c) **Kampala MSC Zonal Office**

Kampala Zonal Office serves 12 districts: Buikwe, Butambala, Buvuma, Gombe, Luwero, Kampala, Kayunga, Mityana, Mukono, Mpigi, Nakasongola and Wakiso.

The zonal office disbursed Ug shs 6.235 billion, which was 54% performance of the target Ug shs 11.1billion. Portfolio outstanding attained was Ug shs 25billion against a target of Ug shs 28billion (89% performance). The cumulative repayment rate achieved was 67% against the target of 70%. The Kampala zonal office is profitable with a cost to income ratio of 0.17:1. The performance of the zonal office is shown in table 3.4.4.

Table 3.4.4: Kampala MSCL Zonal Office Performance by 31st December 2018

No	Indicator	Benchmark	Target FY 2018/19 (Ug Shs)	Actual FY 2018/19 (Ug Shs)
1.	Value of loans disbursed during the period in (Ug shs billion)	According to the annual work plan	18.1billion	6.235billion
2.	Cost Vs Income ratio	Costs < 1	0.5:1	0.17:1
3.	Repayment rate (on time)	95%	70%	67%
4.	Value of outstanding loan portfolio (Ug shs billion)	Increasing from prior year	28billion	25 billion
5.	Portfolio At Risk (P.A.R)>90days (Value in Ug shs Billion)	Not> 15% of total o/s loan portfolio	15%	12%
6.	Percentage increase in no of clients taking follow on loans	Increasing from prior year	Not reported on	-
7.	Existence of reference SACCO/ District	1/District	13 of 13	11 of 13

Source: MSC Kampala Zone

d) **Kabale MSC Zonal Office**

Kabale MSC Zonal office serves the six districts of Kabale, Kanungu, Kisoro, Rubanda, Rukiga and Rukungiri district.

The zonal office disbursed Ug shs 615million which was 60% of the target (Ug shs 1billion) with an outstanding portfolio of Ug shs 6.89billion, against the target of Ug shs 9 billion (76%). The reduction in the outstanding portfolio from Ug shs 7.58billion to Ug shs 6.89 billion was as a result of Max Distillers paying its loan arrears of Ug shs 392million.

The cumulative repayment rate achieved was 93% against the annual target of 85%. 90% of 84 clients were paying on time. The zone had eight defaulters who cleared their arrears. The zonal office was profitable with a cost to income ratio of 0.24:1 against the target of 0.3:1, this was due to increased collection in the quarter. The office was able to maintain at least one reference SACCO in every district of the zone. The detailed performance is shown in table 3.4.5.

Table 3.4.5: Kabale MSC Zonal Office Performance by 31st December 2018

No	Indicator	Benchmark	Target FY 2017/18 (Ug shs)	Actual FY 2017/18 (Ug shs)
1.	Value of loans disbursed during the period in (Ug shs billions)	According to the annual work plan	1 billion	615million
2.	Cost Vs Income ratio	Costs < 1	0.24:1	0.3:1
3.	Repayment rate (on time)	95%	80%	93%
4.	Value of outstanding loan portfolio (Ug shs billion)	Increasing from prior year	9billion	6.89billion
5.	Portfolio At Risk (P.A.R)>90days (Value in Ug shs Billion)	Not> 15% of total o/s loan portfolio	5%	17.42%
6.	Percentage increase in no of clients taking follow on loans	Increasing from prior year	79%	90%
7.	Existence of reference SACCO/ District	1/District	6	9

Source: MSC Kabale Zone

d) Mbale MSC Zonal Office

Mbale MSC Zonal Office serves the 15 districts of; Budaka, Bududa, Bukedea, Bukwo, Bulambuli, Busia, Butaleja, Kapchorwa, Kibuku, Manafwa, Kween, Mbale, Palliisa, Sironko & Tororo district.

The zonal office disbursed Ug shs 4.665 billion which was 100% performance of the target (Ug shs 4.620billion). This was on account of increased Islamic loan financing. The cumulative repayment rate was 69% against the annual target of 80%. The office achieved a cost to income ratio of 0.8:1 against a target of 1:1. There was an increase in the number of clients taking follow-up loans against the target 6 to 12 (177%). The office was able to have a reference[8] SACCO in 12 of the 15 districts (25 %). The detailed performance is shown in table 3.4.6.

Table 3.4.6: Mbale MSC Zonal Office Performance by 31st December 2018

No	Indicator	Benchmark	Target FY 2018/19	Actual FY 2018/19
1.	Value of loans disbursed during the period in (Ug shs billion)	According to the annual work plan	4.620 billion	4.665billion
2.	Cost Vs Income ratio	Costs < 1	1:1	0.8:1
3.	Repayment rate (on time)	95%	80%	69%
4.	Value of outstanding loan portfolio (Ug shs billion)	Increasing from prior year	4.3billion	4.4billion
5.	Portfolio At Risk (P.A.R)>30 days (Value in Ug shs Billion)	Not> 15% of total o/s loan portfolio	8%	13%

[8] Model SACCO is expected to be supported develop for each District served

No	Indicator	Benchmark	Target FY 2018/19	Actual FY 2018/19
6.	Percentage increase in no of clients taking follow on loans	Increasing from prior year	100%	177%
7.	Existence of reference SACCO/ District	1/District	15	12

Source: MSC Mbale Zone

e) Mbarara MSC Zonal Office

Mbarara Zonal offices serve 11 districts that include; Buhweju, Bushenyi, lbanda, Isingiro, Kiruhura, Mbarara, Mitooma, Nsiika, Ntungamo, Rubirizi & Sheema. Mbarara MSC zonal office disbursed a total of 15 loans totaling to Ug shs 2.040 billion, which was 40.4% of target of Ug shs 5.9 billion, with an outstanding loan portfolio of Ug shs 15.1billion to both Islamic and conventional loans (82%).

Portfolio at risk greater than 30 days was 18.83%, against the target of 8% and recovery rate of 39%, against the target of 90% as at 31st December 2018. The cost to income ratio for the zone was 0.27:1 against the target of 0.25:1%. The zone established 14 reference SACCOs out of the 10 districts it serves. The detailed performance as at 31st December 2018 is shown in table 3.4.7.

Table 3.4.7: Mbarara MSC Zonal Office Performance by 31st December, 2018

No	Indicator	Benchmark	Target FY 2018/19 (Ug Shs)	Actual FY 2018/19 (Ug Shs)
1.	Value of loans disbursed during the period in (Ug shs billion)	According to the annual work plan	5.9billion	2.210billion
2.	Cost Vs Income ratio	Costs < 1	0.25:1	0.27:1
3.	Repayment rate (on time)	95%	90%	39.1%
4.	Value of outstanding loan portfolio (Ug shs billion)	Increasing from prior year	18.5billion	15.1billion
5.	Portfolio At Risk (P.A.R)>365 days (Value in Ug shs Billion)	Not> 15% of total o/s loan portfolio	Not set, (target was >30 days) i.e. 8%	18.83%
6.	Percentage increase in no of clients taking follow on loans	Increasing from prior year		
7.	Existence of reference SACCO/ District	1/District	10	14

Source: MSC Mbarara Zone

E) Masaka MSC Zonal Office

Masaka Zonal Office serves nine districts: Bukomansimbi, Kalangala, Kalungu, Kyotera, Lwengo, Lyantonde, Masaka, Rakai and Sembabule. The office disbursed Ug shs 870 million, against the annual target of Ug shs 4 billion (21% performance). Islamic financing did not take off which affected the disbursements.

The cumulative repayment rate was 34%, which was a decline against the targets of 85%. The zone attained 81.3% increase in the number of clients taking follow on loans (35 out of 43), against an annual target of 70%. Outstanding portfolio was Ug shs 4.8billion, against the target of Ug shs 3.65billion. The office was profitable at a cost to income ratio of 0.5:1 against the target of 0.47:1. The office was able to have a reference[9] SACCO in 8 of the 9 districts (88 %). The performance is summarized in table 3.4.8.

Table 3.4.8: Masaka Zonal Office Performance as at 31st December, 2018

No	Indicator	Benchmark	Target FY 2018/19 (Ug Shs)	Actual FY 2018/19 (Ug Shs)
1.	Value of loans disbursed during the period in (Ug shs billions)	According to the annual work plan	4 billion	870million
2.	Cost Vs Income ratio	Costs < 1	0.5:1	0.47:1
3.	Repayment rate (on time)	95%	85%	34%
4.	Value of outstanding loan portfolio (Ug shs billion)	Increasing from prior year	4.8billion	3.65billion
5.	Portfolio At Risk (P.A.R)>30 days (Value in Ug shs Billion)	Not> 15% of total o/s loan portfolio	5%	18.73%
6.	Percentage increase in no of clients taking follow on loans	Increasing from prior year	43	35
7.	Existence of reference SACCO/ District	1/District	9	8

Source: MSC Masaka Zone

Performance of SACCOs

The MSCL's assessment of the performance was extended to SACCOs with the objective of confirming the services obtained from the MSCL, and how these could be improved, and also establish,

i. Adequacy and relevancy of any other services received from the MSC
ii. Services received from the project for financial inclusion in rural areas (PROFIRA)
iii. Any support services received from the District Commercial officers (DCOs) of the respective LGs
iv. Assess levels of financial inclusiveness

Findings

Six SACCOs visited included- Banyaruguru Development SACCO in Rubirizi District, Kaptaraki Farmers SACCO in Kapchorwa District, Lukaya RoadToll SACCO in Masaka District, Masasha SACCO in Bukwa, Mityana Town Council SACCO in Mityana District, and Pangisa SACCO in Arua District.

Interviews were held with DCOs of Arua, Agago, Nebbi, Maracha, Mityana, Kamuli, Kapchorwa, Kabale, Koboko, Kween, Kabale, Rubirizi, and Rukungiri to triangulate information obtained. It was noted that, the average loan processing duration had not improved, it took more than 2 months to access loans. 45% of SACCOs received business

[9] Model SACCO is expected to be supported develop for each District served

development services-training from MSC which was below average. The DCOs noted that the low number of SACCOs supported by MSC especially in the eastern and northern region was attributed to stringent requirements that included significant savings and capital in order to access loans. Synergies among government agencies improved greatly. The MSC signed MoUs with district CAOs to provide information desks for communities to access materials on MSC products and services.

Challenges

1) High mortality and default rate of SACCOs, due to lack of a common objective at formation except that of accessing funds, which increases default rate.
2) Inefficiencies and delays in loan processing by the MSCL drives away would be clients to other lending institutions such as banks.
3) Poor governance and management in most SACCOs resulted in misappropriation of funds, theft, collusion, and fraud.
4) Under staffing of MSC zonal offices hampers monitoring of implementation of action plans drawn with clients and recovery of funds from clients especially with groups which need constant monitoring and supervision.
5) Prohibitive requirements for acquiring loans from the MSC hence discouraging borrowing.
6) Unfavorable weather patterns that affect the agricultural yields and economic activities.
7) Multi-borrowing from different SACCOs and other lending institutions which has resulted into high default rate.

Recommendations

1) The GoU through the MFPED-Financial Services Department should revisit its vision of SACCOs as the key financial inclusion tool in rural areas. Other options, such as community savings and credit groups (CSCGs) and/or registered NGO-MFIs working together with commercial banks could offer solutions in which the success and value for money ratios are clearly better than has been the case when working with the SACCOs.
2) Ministry of Trade, Industry and Cooperatives (MoTIC) should advise SACCOs to mobilize savings and improve their rating to facilitate access to credit from the MSC.

On financial inclusion

1) The MoTIC that holds the oversight role over groups and micro lending should build capacity of SACCOs on credit and default management.
2) The MoTIC should support groups and SACCOs to do value addition to help them earn more.
3) The MoTIC should in a phased basis consider introducing cooperatives with clear objectives as a mechanism of mobilizing agricultural production.

b) Project: 1288 Financial Inclusion in Rural Areas (PROFIRA)

The Government of Uganda (GoU) and the International Fund for Agricultural Development (IFAD) recognize the continuing need to promote rural finance; and both see the focus on financial inclusion as one of the key pillars of Uganda’s efforts to eradicate poverty. In line with that, the Project for Financial Inclusion in Rural Areas (PROFIRA) was designed in September 2013 in partnership between IFAD and GoU. IFAD approved a loan of USD 29 million and a grant of USD 1 million in support to this project.

By 31st December 2018, 64% of the IFAD loan had been received by PROFIRA and budget performance stood at 34%. The GoU has disbursed Ug shs 3.244billion (80% of the approved budget) as technical assistance and counterpart funding of the project.

The specific project objectives were to:

i. Sustainably increase the access to and use of financial services by the rural population, through mobilization of communities and SACCOs, training based on specifically designed modules and technologies delivered through service providers (SPs).
ii. Provision of Management Information System (MIS) - this targeted SACCOs that were sustainable, strong and serving at least 1,000 clients to enhance effectiveness and efficiency and to coordinate the branches of SACCOs. This was to be done on a 30% to 70% basis.

The PROFIRA focuses on the large portion of the rural population that has little or no access to financial services and two rural institutions that have successfully demonstrated that, sound and appropriate financial services can be provided to even the poorest members of rural communities.

Developing a sustainable SACCO Union through a quarterly performance based incentive to the SACCO Union, and establishment of new CSCGs.

Performance

Overall PROFIRA achieved 70% physical performance during semi-annual FY 2018/19 which was good, performance was inhibited by the poor organization in SACCOs and groups.

SACCO strengthening was conducted through training six modular areas shown in table 3.5. Other capacity building areas included; Credit and Default Strengthening, Community Savings and Credit Groups, Innovations and Partnerships.

Intensive capacity building was implemented through service providers (SPs) and worked better in about 50% (227) of the targeted SACCOs. However, a large number of the originally selected 453 SACCOs that were targeted for training activities were found not to be ready to undergo the modular training as evidenced by the low levels of attendance during the scheduled training sessions by the service providers.

The major factors identified as undermining the effectiveness of training were attributed to weaknesses in SACCOs as follows:

- Prevalence of fraud cases that has compromised operations
- Poor governance (malfunctioning boards)
- Low business volumes (less than 10 daily transactions)
- Large portfolio at risk (greater than 20% unpaid loans for 30days)

Table 3.5 shows the overall performance for training in six specifically developed modules and credit and default management (for the more developed class SACCOs).

Table 3.5: Trainings undertaken by Service Providers –Project Performance (Targets vs. Actual)

No	Training Area	Overall Project Performance		
		Target	Actual	%
1	Financial literacy	330	308	93
2	Governance	330	241	73
3	Business Skill Development	330	284	86
4	Financial Management	330	355	108
5	Strategic Planning	330	278	84
6	Saving and Other Product development	330	304	92
7	Credit and Default Management	453	435	96

Source: Service Providers Reports

Implementation of the MIS grant commenced with 27 SACCOs, and as per the grant agreements the respective SACCOs contribute 30% of the cost and PROFIRA 70%. This co-funding arrangement was confirmed at Namayingo Buyinja SACCO Ltd that was monitored. The MIS has improved performance management of the beneficiary SACCOs. Although the MIS was rolled out, the contribution by the SACCOs is prohibitive which affected the rate of uptake.

A total of 7,609 Community Savings and Credit Groups (CSCGs) were established as at 31st December 2018, which was well over the targeted 7,500 CSCGs for phase one. Total membership stood at 218,927, of which 75% were women, and 34% youth. Female and youth participation was also above the project targets.

PROFIRA facilitated the strengthening of approximately 453 SACCOs against a target of 500 to enable them become sound and financially sustainable organizations that can provide their communities with a range of services.

The beneficiary institutions were found in all regions; West Nile, Northern, South Western, Eastern, and Central Uganda that were monitored. Facilitation was provided to the selected DCOs to work with SACCOs facing operational difficulties for the period up to December 2018. Uganda Cooperatives College Kigumba (UCCK) partnered with PROFIRA to provide financial literacy and cooperatives education to SACCOs.

Challenge

High staff turnover and governance challenges in the SACCOs undermines the benefits from PROFIRA.

Recommendation

The MFPED under the Financial Sector Development Programme and PROFIRA should work together to create a more resourceful pool of service providers that will help upscale the training and roll it out further so that more SACCOs benefit. This will help reduce the fraud cases, governance weaknesses, and increase business volume.

3.1.2 Project: 1290 Budget Preparation Execution and Monitoring Component 2

In an effort to improve public financial management and consistency in the economic development framework, develop an integrated planning and resource allocation framework to ensure alignment of the planning and budgeting instruments. The GoU set out to introduce the PBS to ensure resources are allocated in accordance with the GoU strategic framework, policies and priorities to those areas and service providers that will enable government at both CG and LG levels to achieve economic growth and development

The objective of project 1290 (FINMAP III) component 2 was to ensure timely and realistic budget preparation, timely and quality budget analysis, monitoring and evaluation, timely and quality project design and appraisal. This was to be achieved through the Programme Based Budgeting (PBB) and PBS.

To that end, monitoring was conducted to assess achievement of;

- Programme Based System (PBS) integration and testing for all components
- PBB sector/MDA outcome and output indicators reviewed
- Technical support to budget preparation and monitoring facilitated

Performance

This program supports the NDP II objective to improve the public financial management and consistency in the economic development frameworks, develop an integrated planning resource allocation framework to ensure alignment of the planning and budgeting.

The overall performance of the project was at 80% which was very good, the PBS was tested for all components and used for budgeting, reporting and procurement planning in the Central Government (CG) and reporting for LGs.

The MDAs and LGs have fully adopted the use of the PBS for planning, budgeting and reporting. The timeliness of generation of reports under the LGs improved, 80% of LG votes submit quarterly reports on time.

For the LGs, expenditure against some items is not possible as it was not captured appropriately in the budgets on account of limitations of certain fields and codes of the PBS.

PBB sector/MDA outcome and output indicators reviewed

Although outcome indicators were reviewed and involved participation of some sector staff, the ministries were finding it difficult to measure some outcomes. This was due to the type of indicators, which were unrealistic, for example-percentage of vulnerable persons changing their livelihood, percentage of water coverage was difficult to measure at half or in a period of one year.

In the District Local Governments (DLGs), there was no shift registered from outputs to outcomes, it was also observed that outputs related to a fiscal year, however, outcomes were over time and was important to recognize a given result chain. This was likely to cause implementation challenges of the PBB if it was going to be measured over a fiscal year. At the DLGs, the indicators were still at output level for all departments including Education and Health that offer social services.

Technical support to budget preparation and monitoring facilitated

The Central Government votes were satisfied with the technical support given by the implementing team of the MFPED, and the PBS could be used to support monitoring. For the LGs, the training in 100% of the DLGs was found to have been inadequate.

PBS interfaces with other systems

The PBS interface with the IFMS was achieved, however the interface with the Integrated Personnel Payroll System (IPPS), and Aid Management Platform (AMP) was yet to be achieved by 31st December 2018. This was behind schedule and was affecting the completion of work on the PBS project.

Challenges

1. Some of the outcome indicators on the PBS are unrealistic as such they cannot be attributed to given outcomes, this will result into misreporting on the system.
2. Unavailability of the system/server due to ongoing updates and developments affects timely completion of key reports such as the budget.
3. Increased costs on account of unreliable internet and computers to support the PBS system.

Recommendations

1. The MFPED together with NPA, UBOS and OPM should improve the outcome indicators and also link the output indicators to the outcomes.
2. The MFPED should continuously carry out PBS training for key staff and stakeholders at the LGs and CG. These should include Accounting Officers, Planners, Heads of Department and district executive committees.
3. The MFPED should support the PBS roll out with a grant for operational costs and or necessary equipment such as computers to maximize the envisaged efficiencies

Overall Performance of MFPED

The overall semi-annual performance of MFPED during FY 2018/19, on the basis of the two sampled programmes/projects, was good (75%)

Challenge

Inadequate training for all programmes/projects activities currently being implemented under the MFPED.

Recommendation

The MFPED should step up training for the PBS and awareness of the PBB to improve planning, budgeting and reporting function

3.2 Vote 141 Uganda Revenue Authority

The Uganda Revenue Authority (URA) is mandated to collect, and make assessment of specified tax revenue, administer, enforce and account for such revenue. Its strategic direction is to cultivate a taxpaying culture through provision of reliable services, leadership development and building strategic partnerships and also to provide excellent revenue services with purpose and passion. The Authority has two programmes which were monitored to assess the level of implementation.ie i) Programme 18 - Administration and Support Services whose outcome is achieving efficient and effective institutional services, and ii) Programme 54 - Revenue Collection and Administration, whose outcome is to maximize revenue.

The URA addresses the NDP II objective of increasing the tax to GDP ratio, this is measured by the more domestic revenue collected, and increase in informal sector registration. The interventions made at the URA are positively impacting the levels of performance.

Performance

Overall, the automation of processes has contributed to the achievement of targets at the URA. The URA half year performance was rated at 93% which was very good. The rollout of the Enterprise Resource Planning (ERP) streamlined internal operations. All URA processes-human resource management, procurement and finance functions are conducted on the ERP.

3.2.1 Programme 1418: Administration and Support Services

The programme 1418 approved budget for FY 2018/19 is Ug shs 163.32billion (49% of the vote approved budget), of which Ug shs 84.96billion (52%) was released and Ug shs 83.96billion (99%) expended by 31st December 2018. The programme has five sub-programmes: i) Internal Audit and Compliance, ii) Corporate Services, iii) Legal Services, iv) Research and Planning, Public Awareness and Education, v) Support to URA.

Tax Audits and Compliance

The URA has adopted voluntary compliance as a new approach to revenue collection. The e-tax platform improved tax payer compliance by enabling faster; assessment, filing of returns and payment of taxes. Internally, e-tax improved the speed at which URA staff accessed information, compliance checks especially due dates were promptly done, time spent to serve clients greatly improved, and gave trust to clients and confidence as a systematic assessment was conducted. Engagements were conducted as planned, 50 audits, and 6 compliance reviews completed, and 9 integrity enhancement initiatives were implemented by 31st December 2018.

Compliance has greatly improved, this was observed in the MDA and LGs assessed for tax compliance.

Corporate Services

By the end of second quarter, URA had implemented equal opportunities employment by enrolling 57 staff of which 15 were female and 42 male, and sensitization engagements were beyond annual target by end of Q1 due to the urgent need for corporate change management.

There was improved staff productivity level from 83.20% in Q2 to 94.47% in Q2 based on increase in revenue contribution per staff.

A total of 18 unplanned system down times were experienced against a target of 6 in the period of six months. Much as the system down times had a higher turnover than expected, real time recovery took an average of less than two hours. As a result, there was minimum interruption to normal business.

Legal Services

At the end of Q2, 84% cases were won and settled in URA's favor where by 43 judgments/rulings were received, out of which 36 cases were decided in favor of URA. Five cases were decided in favor of clients, and two (2) were split decisions. There were no acquittals. A total of Ug shs 49.38 billion was recovered from debt against a target of Ug shs 40.00 billion for the period. The excellent performance is attributed to team work, staff self-motivation and capacity building of the legal staff.

Research & Planning Public Awareness and Tax Education

During the period under review, URA conducted regional visits to taxpayers, 16 expos, 36 financial literacy engagements held across gender groups, and a total of 13,887 stakeholders were reached. All engagements were completed as planned.

Support to URA Projects

Overall physical work progress of the construction of the government buildings was 100% and resurfacing works on the road from the site main gate to Walusimbi Close gate were ongoing. Servicing of the finance lease for 90 vehicles was done as planned.

The ERP system was rolled out in July 2018. This is a performance management system whose objective is to improve internal processes by removing the manual systems and processes. This improved documentation and record keeping, human resource functions; recruitment, appraisals, training plans and payroll management leave processes and hand over of offices by staff were done and followed through the ERP system. The ERP facilitates faster reconciliation of taxes collected by extracting data from the e-tax platform and the bank and providing exception reports were discrepancies exist. Staff were fully trained in the use and operation of the ERP.

The programme performance was good at 87.6% by 31st of December 2018. Details of the programme performance are shown in table 3.6.

Table 3.6: Performance of Programme 1418 Administration and Support Services by 31st December 2018

Sub programme/Project	Output/Sub programmes	Annual Budget (Ug shs)	Cum. Receipt (Ug shs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
Administration and Support Services	Internal Audit and Compliance	5,344,403,647	2,820,000,000	100	56	3.27	Extra integrity enhancement initiatives were held internally due to an increasing need to sensitize the staff on the code of conduct.
	Corporate Services	106,197,137,512	57,620,000,000	100	50	59.79	Sensitization engagements were beyond annual target due to the

Sub programme/Project	Output/Sub programmes	Annual Budget (Ug shs)	Cum. Receipt (Ug shs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
							urgent need for corporate change management.
	Legal Services	6,288,323,823	3,280,000,000	100	52	3.83	The excellent performance is attributed to team work, staff self-motivation and capacity building of the legal staff.
	Research & Planning Public Awareness and Tax Education	11,200,802,340	6,650,000,000	100	80	0.00	140 tax clinics engagements held across egions & gender groups. Concluded 5 researches such as Improving the URA tax register & drivers of IT compliance.
	Support to URA	34,639,695,827	14,580,000,000	100	50	20.69	The finishing plan of the access road was changed from tarmac to pavers. The new expected date of completion date is 31st March 2019.
	Programme Performance					**87.60**	**Good performance**

Source: Author's Compilation

3.2.2: Programme 1854 - Revenue Collection & Administration

The approved programme budget for FY 2018/19 is Ug shs 168.61billion, of which Ug shs 90.15billion (53%) was released and Ug shs 86.82billion (96%) expended by 31st December 2018. The programme has three sub-programmes: i) Domestic Taxes, ii) Customs Revenue and, iii) Tax Investigations.

Domestic Taxes

Total domestic tax collections were Ug shs 4,841.67 billion, against a target of Ug shs 4,597.48 billion for the first half of FY 2018/19. New taxpayers totaling to 89,617 were added onto the tax register against a target of 56,837. This represented 6.79% growth in the first half of FY 2018/19. The good performance of the tax register was boosted by Block Management System & Tax Registration Expansion Programme (TREP) initiatives such as One Stop Shops & Door-to-Door client enrollment, which led to registration of 45,226 new taxpayers during the first half of FY 2018/19. There were 16,786 value clients who contributed Ug shs 10.68 billion for the period.

Customs

Total customs collections were Ug shs 3,440.98 billion during the first half of FY 2018/19, against a target of Ug shs 3,352.32 billion. 152 customs post clearance audits were conducted against a target of 100. These resulted into assessments of Ug shs 102.11 billion, of which Ug shs 54.79 billion was agreed upon.

Two border points - Malaba and Busia were monitored. In August 2018, URA installed drive-through cargo scanners at the mentioned border points. The system does quick scanning of entries that would not be accessed by URA. Allows proper allocation of time by staff to more sensitive items and compliance of importing clients stepped up. Other benefits include, trade facilitation for importers and exporters through; easy record comparison, evidence of image of cargo is given to importers where disputes occur.

Customs administrative measures such as electronic cargo tracking, installation of drive through cargo scanners at boarder points, generation of tariff specification codes and post clearance audits performed beyond expectation due to vigorous enforcement initiatives, commitment to staff capacity training, as well as acquisition and full installations of hitech equipment.

Tax Investigations

A total of 40 cases were investigated to conclusion against a target of 30. The Value Added Tax (VAT) fraud task force, compliance investigations and technical support; yielded total revenue of Ug shs 70.91 billion for the period, generated 80% forensics support through analysis as planned. Technical support to the rental project was given, which resulted into identified tax worth Ug shs 0.14 billion.

The programme performance was excellent at 99% performance by 31st of December 2018. Details of the programme performance are shown in table 3.7.

Table 3.7: Performance of Programme 1454 - Revenue Collection and Administration by 31st December 2018

Sub programme/Project	Output/Sub programmes	Annual Budget (Ug shs)	Cum. Receipt (Ug shs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
Revenue Collection & Administration	Domestic Taxes	99,574,533,429	49,790,000,000	100	52	55.23	Significant surpluses were realized in Corporation Tax and VAT.

Sub programme/Project	Output/Sub programmes	Annual Budget (Ug shs)	Cum. Receipt (Ug shs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
							Compliance audits performed below target due to a spill-over effect of audit back log.
	Customs	74,021,288,566	37,010,000,000	100	51	41.05	Customs administrative measures performed beyond expectation due to vigorous enforcement initiatives, commitment to staff capacity training, as well as acquisition and full installation of standard customs scanners.
	Tax investigations	6,705,493,614	3,350,000,000	100	45	2.98	There was clear tasking & monitoring of planned activities which resulted into effective implementation of the plan.
	Programme Performance					**99.26**	**Excellent performance**

Source: Author's Compilation

During the monitoring exercise, DLGs and URA offices of Arua, Gulu, Mbarara, Mbale, Lira, Busia and Malaba border post were visited. It was confirmed that the e-tax platform facilitated faster assessment, filing returns and payment of taxes in the MDAs and LGs. Voluntary compliance approach for revenue collection was observed, and internally, tax payer information is accessed faster than before, compliance checks and stake holder engagements were conducted.

The ERP system rolled out automated internal process, including human resource functions and financial reporting functions. Management and tax collection reconciliation reports were generated instantly.

To enhance efficiencies at the boarder's entry points, URA installed cargo scanners at border posts of Malaba and Busia; this helped identify wrong declarations made, distinguished cargo by type e.g. machinery and organic. This intervention led to reduction in revenue losses on account of misdeclarations and curb entry of illicit goods, for example Ug shs 7billion was recovered in two months of installing the equipment at Malaba border post.

It was also confirmed at the URA stations that the TREP was ongoing and tax education programs for clients in the LGs were conducted.

Challenges

1) Frequent updates and developments on the URA web portal made it unavailable in some instances and often affected the ease of navigation when restored.
2) Receipts generated off the URA web portal by the LGs were accepted by the Auditor General as evidence of tax payments.
3) Poor Internet connectivity affected the constant availability and use of the URA web portal.
4) The URA does not hold public sector responsibilities at the regional offices, the function is held at the head office, and LG staff incur costs and time travelling to address any discrepancies.

Recommendations

1) The National Information and Technology Authority-Uganda (NITA-U) and Ministry of Information and Communications Technology (MoICT) should work together to provide stable internet services that will support the E-services offered by URA and MDA&LGs.
2) The MFPED should take the lead in coordinating the services offered through the e-platforms, for example the receipts that were generated by LGs from the e-tax web portal should acceptable evidence for taxes paid.
3) The NITA-U should facilitate the sharing and tracking of information between government e-systems, for example a quick verification of tax clearance certificates in support of applications to supply government services under the PPDA should be enabled.

3.3 Vote 153: Public Procurement and Disposal of Public Assets Authority

The Public Procurement and Disposal of Public Assets Authority (PPDA) is responsible for ensuring; the application of fair, competitive, transparent, non-discriminatory, and value for money procurement and disposal standards and practices, monitor compliance of procuring and disposing entities and build procurement. The PPDA is responsible for ensuring; the application of fair, competitive, transparent, non-discriminatory, and value for money procurement and disposal capacity in Uganda among the key roles. The Authority has one programme which was monitored to assess the level of implementation.

Performance

The semi-annual performance of the PPDA was 71.99% which was good. This was partly attributed to the number of audits of procuring entities at central and local governments conducted increased.

3.3.1 Programme 1456-Regulation of the Procurement and Disposal System

The programme approved budget for FY 2018/19 is Ug shs 24.85billion, of which Ug shs 11.04billion (44%) was released and Ug shs 8.42billion (76%) expended by 31st December, 2018. The programme has two sub-programmes: i) Headquarters and Support to PPDA. Of these, one sub-programme was monitored.

Headquarters sub-programme

The approved budget for FY 2018/19 is Ug shs 13.86billion, of which Ug shs 7.11billion (51.3%) was released and Ug shs 6.20billion (76%) expended by 31st December 2018. The sub-programme has five directorates which were monitored to assess the level of implementation. Below are the findings.

Performance Monitoring Directorate

In a bid to strengthen transparency and accountability in public procurements, the PPDA conducts annual audits of the central government entities; MDAs such as hospitals, universities and schools and LGs. The PPDA established regional offices in Mbale, Gulu and Mbarara to facilitate easy access to the entities out of Kampala. The support to entities entails value for money audits, performance monitoring, advisory services and capacity building engagements.

By 31st December 2018, performance was fair as the authority had completed 31 compliance inspections in LGs and 53 compliance checks were carried out to ensure full and correct application of the PPDA Act 2003. The directorate completed 19 procurement and disposal audits out of planned annual target of 150. However, only 34% of the contracts at both central and LG were rated highly satisfactory. More information is provided in Table 3.8.

Capacity Building and Advisory Services Directorate

Performance of the directorate was good as a number of planned outputs were on track by half year. A total of 263 key stakeholders were trained in various areas of public procurement which under supply and demand driven arrangements.

The proportion of contracts awarded to local providers was 91% by value and 99% by number since local contractors continue to dominate the low value procurement contracts. More information is provided in Table 3.8.

Legal and Investigations Directorate

During the period under review, the authority investigated and issued reports. The authority handled complaints in respect to dissatisfaction with the evaluation process, and failure to avail information on summary of the evaluation process as stipulated under the law.

The authority handled nine (11) applications before the PPDA Appeals Tribunal. Six (8) were appeals against the Administrative review decisions by the authority, two (2) were in respect to a suspension decision made by the authority, and one (1) was a retrial pending the decision of a judicial review application against the tribunal’s decision. More information is provided in Table 3.8.

Operations Directorate

The authority embarked on a recruitment exercise to fill the fourteen (14) vacant positions and these included; Manager Finance and Administration, E-GP Support Officer-Procurement, Administrative Assistant, Director Corporate Affairs, and Driver. More information is provided in Table 3.8.

Corporate Directorate

Performance was good as a number of planned outputs were achieved. The directorate held publicity and media campaigns, participated in the Independence Day celebrations, and maintained existing strategic relationships with various stakeholders.

The E-procurement project team successfully worked with the vendor to develop, review and approve the business process mapping document for the e-GP system. The system requirements specification (SRS) document will form the final basis for the detailed design and customization of the system. They are working on the various systems which will interface with E-GP e.g. IFMS, and e-tax platform etc.

Performance of Programme 1456 Regulation of the Procurement and Disposal System is shown in Table 3.8.

Table 3.8: Performance of Regulation of the Procurement and Disposal System Programme by 31st December, 2018

Sub programme /Project	Output/Sub programmes	Annual Budget (Ug shs)	Cum. Receipt (Ug shs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
Headquarters	Performance monitoring Directorate	2,929,664,023	1,396,822,062	100	28	12.42	Twelve investigations were completed and 181 entities supported in using the government procurement portal to upload plans and reports.
	Capacity building and advisory Directorate	1,646,115,500	663,982,044	100	30	8.83	Surveys were conducted, list and prices of items commonly procured by all entities was updated and inducted members of contracts committees of several entities in the central and local governments.
	Legal and investigations Directorate	1,323,050,100	834,921,691	100	10	1.51	The authority investigated and issued reports. Of the 36 reports issued, 8 were in respect to complaints from LGs, 28 were from Central Government.

Sub programme /Project	Output/Sub programmes	Annual Budget (Ug shs)	Cum. Receipt (Ug shs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
	Operations Directorate	4,023,090,933	2,156,735,866	100	45.00	24.37	Staff salaries and providers were paid in time, maintained PPDA fleet in good working conditions and service contracts for utilities were maintained.
	Corporate Directorate	3,935,857,064	2,023,584,409	100	45.00	24.86	The Directorate worked on Integration with three key Legacy Systems (e-tax, E-registration and e- payments gateway).
	Programme Performance					**71.99**	**Good performance**

Source: Author's compilation

Challenges

i) Review procedure for contested awards tends to halt the entire contract execution and this procedure could take a full financial year without being resolved.

ii) Delays in amendments to the Local Government PPDA Regulations. The amendment process of these Regulations was halted pending the finalisation of the review of the PDPA Act. This delay in the amendments continues to hamper procurement efficiency in the LGs.

iii) The authority currently conducts audits on a sample and risk basis. The current audit coverage is only 35% and this position is continuously being worsened by the ever increasing number of both central and local government entities.

iv) Procuring entities especially at LGs experience political interference in the procurement process. In some entities, the capacity of some staff of the procurement and disposal units is low which affects execution of procurements by entities.

v) Hybrid procuring method used in the LGs (Inter-Governmental Fiscal Transfer Project) to construct health centres and seed schools was not explained to stakeholders on its application.

Recommendations

i) The PPDA should consider reducing the durations (timelines) in the procurement process by about 50% at every stage e.g. evaluation of bids period to 10 working days from 20 days.

ii) The PPDA should step up awareness campaigns for example through radio talk shows to clarify the different emerging procurement methods and their application, for example the hybrid procurement done under the Inter-Governmental Fiscal Transfer projects in health and education departments/sectors at the LGs.

iii) The PPDA should roll out the e-procurement as mechanism of addressing some inefficiencies in procurement.

Chapter 4: CONCLUSIONS AND RECOMMENDATION

4.1 Conclusion

The semi-annual performance[10] of the Accountability Sector was good (77.6%). The overall sector release was 52% of the approved budget, and expenditure at 84% of the release. The physical performance was relatively matched with the financial performance

Overall, the automation of processes and installation of cargo scanners contributed to the achievement of targets at the URA, whose performance at 93% was very good. Internal processes and performance management are easily tracked on the Enterprise Resource Planning System (ERP), for example-appraisals between staff and supervisors, reconciliations of tax collections from the e-tax platform and the bank deposits reports. It was noted that the e-tax platform is unavailable in some instances due to frequent updates, which makes navigation difficult on restoration of the web portal.

The Microfinance Support Centre (MSC) achieved 75% performance which was good; 20% of planned outputs were fully achieved, while 70% were partially achieved. The Project for Financial Inclusion in Rural Areas (PROFIRA) achieved 70% which was good. A total of 7,609 against a target of 7,500 community savings and credit groups (CSCGs) were mobilized and trained.

The Programme Budgeting System (PBS) improved budget planning, execution and monitoring. The PBS is an online system which enables instant submission of completed tasks. Changes made can be accessed instantly by all MDA&LGs on the system. Although outcome indicators were reviewed and involved participation of some sector staff, the sectors were finding it difficult to measure some outcomes, and the system was intermittent, which affected meeting of reporting deadlines.

Performance of the PPDA at 71.99% was good, attributable to the number of audits and compliance of procuring entities at central and local governments conducted increased. However, there was limited awareness of some procurement methods and guidelines among entities.

4.2 Recommendations

i) The MFPED together with the National Planning Authority, Uganda Bureau of Statistics, and Office of Prime Minister should improve the outcome indicators and also link the output indicators to the outcomes.

ii) The National Information and Technology Authority-Uganda and Ministry of Information and Communications Technology should work together to expedite provision of stable internet services to support the e-services offered by MDA&LGs.

iii) The NITA-U should facilitate the sharing and tracking of information between government e-systems, for example a quick verification of tax clearance certificates in support of applications to supply government services under the Public Procurement and Disposal of Public Assets Authority (PPDA) should be enabled.

[10] Based on 7 programmes/projects from three votes; 008 MFPED, 141 URA,153 PPDA.

iv) The sector institutions MFPED, MSC, PPDA, and URA should prioritize training and awareness initiatives to support the roll out of innovations developed.

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The Microfinance Support Centre Midterm Review Report on the Performance of the MSC Strategic Plan (2014-19).

Annex

Annex 1: Accountability Sector Programmes Monitored during Semi-Annual FY2018/19

S/no	Vote/Project	Sampled Regions
	Vote 008 Ministry of Finance Planning and Economic Development	
1	Budget preparation, execution and reporting PBS and PBB	LGs-Agago, Arua,Bugiri, Kabale,Kaliro,Kamuli, Kapchorwa,Koboko, Kween,Maracha,Mityana, Namayingo,Nebbi,Otuke,Omoro,Rubirizi,
2	Financial Sector Development; The Micro Finance Support Centre(MSC)- Project for Financial Inclusion in Rural Areas (PROFIRA)	MSC Zonal Offices-Arua, Kabale, Mbale, Jinja, Lira/Gulu, Kampala,Masaka, Mbarara, Supported groups in the LGs of; Agago, Arua,Bugiri, Kabale,Kaliro,Kamuli, Kapchorwa, Koboko, Kween, Maracha, Mityana, Namayingo, Nebbi, Otuke, Omoro, Rubirizi
	Vote 141 Uganda Revenue Authority	
3	Administration and Support services Revenue Collection & Administration	URA Head Quarters, URA Regional offices of; Arua, Gulu,Mbarara,Mbale, Malaba boarder post, supported LGs of; Agago, Arua,Bugiri, Kabale,Kaliro,Kamuli, Kapchorwa, Koboko, Kween, Maracha, Mityana, Namayingo, Nebbi, Otuke, Omoro, Rubirizi
	Vote 153 Public Procurement and Disposal of Assets	
4	Regulation of the Procurement and Disposal System	PPDA regional offices in; Gulu, Mbarara, and Mbale. Supported entities in LGs; Arua, Bugiri, Kabale, Kaliro, Kamuli, Kapchorwa,Koboko, Kween, Maracha, Namayingo, Nebbi, Otuke, Omoro, Rubirizi, Ministry of Water and Environment (MWE), Ministry of Works and Transport (MoWT) and Ministry of Agriculture Animal Industries and Fisheries (MAAIF).

Source: Author's Compilation