



THE REPUBLIC OF UGANDA

Semi-Annual Budget Monitoring Report

Public Financial Management Sector

Financial Year 2014/15

April 2015

Ministry of Finance, Planning and Economic Development
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FOREWORD

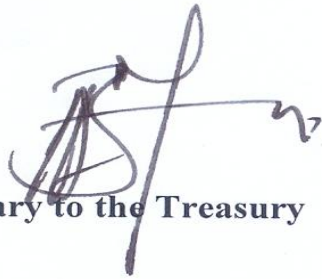
The government has increasingly channeled resources into implementation of public programmes aimed at enhanced service delivery. Effective implementation of these programmes is critical and this calls for monitoring and evaluation.

The Budget Monitoring and Accountability Unit in the Ministry of Finance, Planning and Economic Development makes semi-annual performance assessments on the progress of implementation for selected programmes. This report reviews the half year performance in the priority areas of: Agriculture, Education, Energy, Health, ICT, Industrialization, Public Sector Management, Roads, and Water and Environment for FY 2014/15.

The findings therein should inform implementation decisions in the last half of the year. I urge all institutions to follow up on the related implementation issues that have been identified. The implementation challenges and recommendations made will guide the relevant sectors to ensure enhanced effectiveness of programme implementation.

Patrick Ocailap

Deputy Secretary to the Treasury

A handwritten signature in dark ink, appearing to be 'Patrick Ocailap', written over a horizontal line.

EXECUTIVE SUMMARY

Overall Financial Performance

(a) Central Government Ministries/Agencies

The financial performance analysis for central government primarily focuses on the selected priority sectors of agriculture; education; energy; health; ICT; Industrialisation, public sector management, roads; and water and environment.

The overall cumulative release performance as at 31st December 2014 was excellent with the exception of MEMD. The low release to MEMD (32%) was attributed to the poor release to the Karuma Hydro power Project that constitutes 85% of the Vote budget.

The overall cumulative absorption rate for 63% of the ministries/agencies was very good, as these registered at least 75% absorption rate. A dismal performance of 6% was registered under MoPS and 55% at KCCA, both of which fall under public sector management.

Recommendations

- The central government/department/agencies staff should adopt the new Public Procurement and Disposal of Public Assets Act amended 2013 (PPDA) law to improve efficiency in the procurement process.
- The Integrated Financial Management System (IFMS) should be scaled up by the Accountant Generals Office to have the whole procurement process (evaluation, awarding and contract signing) conducted on the system.
- The MFPED should continue enforcing compliance to reporting deadlines to the accounting officers.

(b) Districts Local Governments Conditional Grants

The overall release performance for the monitored grants was excellent. All the districts received all of their approved budgets by 31st December 2014. However, MFPED released the funds late. Release efficiency dropped from 91% in Q1 to 80% in Q2. The drop was attributed to the delay in budget approval by Parliament.

The absorption rate for the LGs varied for the various grants as these had different intervening factors. It was fair for the School Facilities and the Rural Roads grants. Poor absorption was noted for the District Water and Sanitation Conditional grant and the Primary Health Care Development grant. On the other hand the Local Government Management and Service Development grant had very low absorption.

Key Cross-Cutting Challenges

- Lack of functional district contract committees. The terms of service for some members had expired and MFPED had not approved new committee members.
- Delay in procurement process - All local governments could not initiate procurement process until funds were received. This led to the late award of contracts and hence late implementation of programmes/projects.
- Frequent breakdown of the IFMS affects financial transactions on the system. This was attributed to intermittent internet connectivity.

- Delayed update of budget website; with the release schedule information. The information uploaded on the website in some instances is not sufficient to enable transfers to sector accounts. Many times Chief Finance Officers (CFOs) had to travel to MFPED to obtain such information.
- Frequent changes to the Output Budgeting Tool (OBT) resulted into late completion of the final budgets and budget execution.
- Lack of feedback to districts from schools (primary and secondary), government health centers and Non-Government Organization (NGO) health facilities for the funds directly transferred from MFPED. This hampers monitoring of institutions, delays accountability and completion of progress reports.

Recommendations

- The procurement unit in the Accountant Generals Office should improve its efficiency in approving District Contract Committees.
- The MFPED budget policy department should make adjustments and improvements in the OBT at the beginning of a financial year to minimize impact on the execution of the budget.
- The MFPED budget policy department should communicate the final Indicative Planning Figures (IPFS) in time to enable finalization of the budgets by Local Governments.

CHAPTER 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 significant 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 sanitation, 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.

Although there are several institutions in the accountability sector mandated to monitor and audit public resources, they have not provided comprehensive information for removing key implementation bottlenecks to enhance transparency and accountability and consequently improve service delivery. It is against this background that the Budget Monitoring and Accountability Unit (BMAU) was established in FY 2008/09 in the Ministry of Finance, Planning and Economic Development, under the Budget Directorate, to address this challenge.

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. This is achieved through regular 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 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:

- Agriculture
- Infrastructure (Energy and Roads)
- Industrialization
- Information and Communication Technologies
- Social services (Education, Health, and Water and Environment)
- Microfinance; and
- Public Sector Management

CHAPTER 2: METHODOLOGY

2.1 Process

This report is based on selected programmes from the sectors mentioned in chapter one apart from microfinance. The selection was based on a number of criteria;

- Programmes that submitted progress reports by the end of quarter two, FY 2014/15 were followed up for verification as they had specified output achievements.
- Priority expenditure areas in the budget strategy and ministerial policy statements for FY 2014/15 with focus being on large expenditure programmes.
- Regional representation to ensure that coverage of programmes is from varying parts of the country
- Programmes/projects with previously identified critical implementation problems.

2.2 Methodology

The key variables monitored were targets of inputs and outputs; implementation processes and achievement of intermediate outcomes and beneficiary satisfaction where feasible.

2.2.1 Data Collection

Data was collected through a combination of approaches;

- Review of secondary data sources including: Ministerial Policy Statements for FY 2014/15; National and Sector Budget Framework Papers; Sector project documents and performance reports in the Output Budgeting Tool (OBT), MFPED Budget Documents, Budget Speech, District Performance Reports; Q1 and Q2 Sector Quarterly Progress Reports, Work plans, and Public Investment Plans.
- Review and analysis of data in the Integrated Financial Management System (IFMS) and legacy system; progress reports (Performance Form A and B) and bank statements from 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 involving observations and discussions with beneficiaries. Photography was a key data collection tool during the monitoring exercise. In some cases call-backs were done to triangulate information.

2.2.2 Sampling

The projects/programmes monitored were purposively selected from information provided in the FY 2014/15 Ministerial Policy Statement and Quarterly Performance Reports for Q1 and Q2. Priority was given to outputs that were physically verifiable especially those categorized under GoU development expenditure.

Districts in different regions were selected so that as many regions of Uganda as possible are sampled throughout the year. Emphasis was also placed on programmes not monitored in previous quarters. For completed projects, monitoring focused on utilization, quality and beneficiary satisfaction.

2.2.3 Data Analysis

This was mainly simple descriptive statistics of comparing set targets and observed levels of achievement. Physical performance of projects and outputs was assessed through comparing a range of indicators and linking the progress to reported expenditure. The actual physical achievement was determined basing on (weighted) number of activities accomplished for a given output.

2.3 Limitations of the report

- Overstated absorption of some projects due to transfers to subventions being reflected as payments on the Integrated Financial Management System (IFMS).
- Assumption that warrants on IFMS are equal to the release. This also provides misleading information on financial performance.
- Difficulty in ascertaining financial performance of some donor projects due to unavailability of information from project managers. It was also equally difficult to ascertain financial performance of projects off the IFMS.
- Lack of clear indicators, in some programmes, hence difficulty in rating overall performance.
- Unavailability of some critical information. For example, a number of project recipients had limited information on scope of civil works, costs and contract period.
- Sampling of some projects/programmes was affected by misleading information from ministries. Some projects that were reported as implemented in FY 2014/15 had been done in FY 2013/14.

2.4 Assessment Criteria

For purposes of this report, the guide below is used to assess and rate performance.

Physical and financial performance was rated in percentages according to achievement of the planned set targets and the overall utilization of funds for multi-year projects. Table 2.1 shows the assessment criteria for measuring the achieved targets and expenditures.

Table 2.1: Assessment criteria for measuring achieved targets

SCORE	COMMENT
80% and above	<i>Excellent (All set targets achieved and funds well utilized)</i>
70% - 79%	<i>Very good (Most of the set targets achieved and funds absorption is 70% and above)</i>
60% - 69%	<i>Good (Some core set targets achieved and funds absorbed to 60%)</i>
50% - 59%	<i>Fair (Few targets achieved and funds absorption is average-50%)</i>
Less than 50%	<i>Below average (No targets achieved and funds absorption is less than 50%)</i>

Source: BMAU

CHAPTER 3: FINANCIAL PERFORMANCE OF CENTRAL GOVERNMENT

3.1 Introduction

The financial performance analysis for central government primarily focuses on the selected priority votes of; Agriculture; Education; Energy; Health; Accountability(Finance); ICT; Water, environment and Sanitation , Roads, and Public sector management.

3.2 Scope

This section reports on Government of Uganda (GoU) domestic development approved budget, releases¹ and expenditures for the period July – December 2014 of the selected priority Ministries and Agencies. These include; Ministry of Agriculture Animal Industry and Fisheries; Ministry of Education and Sports; Ministry of Information & Communication Technology; Ministry of Energy and Mineral Development; Ministry of Finance, Planning and Economic Development; Ministry of Health; Ministry of Works and Transport; and Ministry of Water and Environment. Others were; Office of Prime Minister, Ministry of Trade Industry and Cooperatives, Ministry of Local Government and Ministry of Public Service.

The financial analysis was based on the Integrated Financial Management System (IFMS) data for FY 2014/15.

3.3 Financial Performance of Ministries and Agencies

3.3.1 Vote 010 Ministry of Agriculture, Animal, Industry and Fisheries (MAAIF)

The MAAIF GoU approved development budget, FY 2014/15 was Ug shs 34.87 billion. The budget was revised to Ug shs 41.75 billion .This was attributed to a supplementary of Ug shs5.63 billion to project 1084 Avian and Human Influenza Preparedness.

The cumulative release to MAAIF as at 31 December 2014 was excellent at 64%.The overall absorption capacity was excellent at 85%. The worst performing projects were; Project 970: Crop Disease and Pest Control (52%), due to an ongoing restructuring of the department that affected the fund disbursements; Project 1195: Vegetable Oil Development Project (45%), performance was affected by delayed land acquisition process

Project 1165: Increasing Mukene for Human Consumption (48%), a significant proportion of the budget was for construction works that did not commence in time due to delayed procurement process. See Table 3.1 for the detailed performance of the vote 010 as at 31 December 2014.

¹The report is on half year releases that should be 50% of the approved budget. Any release at 50% and above is excellent.

Table 3.1: MAAIF Budget Performance as at 31 December 2014 (Figures in Ug shs)

Project code	Project Name	GoU Revised Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
76	Support for Institutional Development	3,779,427,000	1,920,459,445	1,269,098,241	51	66
90	Livestock Disease Control	4,175,000,000	3,139,077,822	3,030,004,356	75	97
104	Support for Tea Cocoa Seedlings	1,336,591,700	1,091,460,002	1,074,033,076	82	98
970	Crop Disease and Pest Control	2,161,750,000	1,079,248,150	561,586,170	50	52
1008	Plan for National Agriculture Statistics	1,448,750,000	935,667,417	704,568,048	65	75
1010	Agriculture Production, Marketing and Production	500,000,000	247,689,281	240,279,011	50	97
1084	Avian and Human Influenza Preparedness	11,151,856,221	10,925,106,932	10,800,149,446	98	99
1085	MAAIF Coordination/U Growth	1,490,750,000	832,294,521	467,386,477	56	56
1165	Increasing Mukene for Human Consumption	1,311,000,000	684,488,292	325,362,614	52	48
1166	Support to Fisheries Mechanism and Weed Control	299,999,970	183,562,855	183,559,579	61	100
1194	Labour Saving Tech and Mech for Agricultural production enhancement	4,380,481,000	2,179,856,054	1,790,644,506	50	82
1195	Vegetable Oil Development Project	6,686,017,519	2,034,453,702	919,417,284	30	45
1238	Rice Development Project	600,000,000	389,008,167	343,880,403	65	88
1263	Agriculture Cluster Development Project	100,001,000	74,684,083	56,954,800	75	76
1264	Commercialization of Agriculture in Northern Uganda	300,000,000	186,137,097	180,320,554	62	97

Project code	Project Name	GoU Revised Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
1265	Agriculture Technology Transfer	279,998,747	204,072,420	184,189,066	73	90
1266	Support to Agro processing and Marketing of Agricultural product	350,000,000	239,841,333	230,096,330	69	96
1267	Construction of MAAIF Headquarters	1,100,000,000	305,873,542	294,677,468	28	96
1316	Enhancing National Food Security through Rice production in Eastern Uganda	300,000,000	181,650,000	181,175,017	61	100
	Total	41,751,623,157	26,834,631,115	22,837,382,446	64	85

Source: IFMS

3.3.2 Vote 013 Ministry of Education and Sports

The GoU approved development budget for the Ministry of Education and Sports (MoES) for FY 2014/15 is Ug shs 53.992 billion. A total of Ug shs 26.294 billion (49%) was released as at 31st December 2014.

The overall absorption rate was very good at 71%. There was low absorption for Projects, 1308 Development and Improvement of Special Needs Education (19%) and 1136 Support to Physical Education and Sports (10%). This was on account of an ongoing needs assessment for the special needs equipment prior to implementation. Details of performance as at 31 December 2014 are shown in table 3.2.

Table 3.2: The MoES Budget Performance as at 31 December 2014 (Ugshs)

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
897	Development of Secondary Education	6,769,418,000	2,328,515,697	2,149,033,981	34	92
942	Development of BTVET	8,693,169,150	5,309,545,375	4,904,658,535	61	92
943	Emergency Construction of Primary Schools	1,864,900,000	640,000,000	364,551,400	34	57
944	Development of PTCs	5,477,823,719	2,622,269,540	1,900,589,544	48	72
971	Development of TVET P7 Graduate	2,000,000,000	690,000,308	690,225,333	35	100
984	Relocation of Shimon	692,062,000	80,000,000	65,768,666	12	82

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
	PTC					
1091	Support to USE	886,000,000	676,000,000	603,283,580	76	89
1092	ADBIV Support to USE	6,198,582,000	5,806,147,823	3,394,605,997	94	58
1093	Nakawa Vocational Training Institute	402,000,000	130,000,000	80,000,000	32	62
1136	Support to Physical Education and Sports	3,779,800,000	2,156,939,067	222,265,320	57	10
1232	Karamoja Primary Education Project	1,200,000,000	856,314,466	544,507,830	71	64
1233	Improving the Training of BTVET Technical Instructors and Health tutors	203,000,000	64,500,000	55,834,500	32	87
1241	Development of Uganda Petroleum Institute Kigumba	10,000,000,000	2,628,760,993	2,628,760,000	26	100
1270	Support to National Health and Departmental Training Institutions	2,848,000,000	1,000,400,000	781,137,000	35	78
1273	Support to Higher Education, Science and Technology	717,500,000	316,806,495	178,597,973	44	56
1297	Quick Action for Improving Quality and Timeliness of Education and Sports Sector	200,000,000	100,000,000	28,813,255	50	29
1308	Development and Improvement of Special Needs Education	2,060,667,281	887,654,861	164,763,333	43	19
	Total	53,992,922,550	26,293,854,625	18,757,396,247	49%	71%

Source: IFMS

3.3.3 Vote 017: Ministry of Energy and Mineral Development

The approved development budget of the Ministry of Energy and Mineral Development (MEMD) for the FY 2014/15 is Ugshs1.291trillion of which Ugshs415.7 billion(32%) of the budget was released as at 31st December 2014.

The overall absorption rate was excellent at 94%; 45% of the projects were able to fully absorb the funds released as at 31 December 2014. Table 3.3 shows the MEMD budget performance as at 31st December 2014

Table 3.3: The MEMD Budget Performance as at 31 December 2014 (millions Ug shs)

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
325	Energy for Rural Transformation II	2,337	1,169	1,169	50	100
940	Support to Thermal Generation	68,000	62,000	62,000	91	100
1023	Promotion of Renewable Energy and Energy Efficiency	3,027	1,298	1,005	43	77
1024	Bujagali Interconnection Project	1,033	412	412	40	100
1025	Karuma Interconnection Project	4	2	2	50	100
1026	Mputa Interconnection Project	1,500	375	375	25	100
1137	Mbarara-Nkenda/Tororo-Lira Transmission lines	3,519	1,441	1,441	41	100
1140	NELSAP	4,637	2,319	2,319	50	100
1142	Management of the Oil and Gas Sector	18,190	9,409	5,800	52	62
1143	Isimba HPP	900	900	497	100	55
1144	Hoima-kafu Interconnection	3,000	1,000	1,000	33	100
1183	Karuma Hydroelectricity Power Project	1,096,000	277,547	261,964	25	94
1184	Construction of Oil Refinery	34,975	31,367	30,544	90	97
1198	Modern Energy from Biomass for Rural Development	3,930	1,750	1,343	45	77
1199	Uganda Geothermal Resources Development	3,297	1,567	1,163	48	74
1200	Airborne Geophysical Survey and Geological Mapping	3,599	1,763	1,448	49	82
1212	Electricity Sector Development Project	6,750	4,494	3,563	67	79
1221	Opuyo-Moroto	1,000	400	150	40	38

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
	Interconnection Project					
1222	Electrification of Industrial Parks	1,040	520	520	50	100
1223	Institutional Support to MEMD	19,876	10,588	8,919	53	84
1258	Downstream Petroleum Infrastructure	12,500	4,790	3,071	38	64
1259	Kampala-Entebbe Expansion Project	2,000	625	625	31	100
	Total	1,291,104	415,738	389,329	32	94

Source: IFMS

The approved development budget for Rural Electrification Agency (REA) for FY 2014/15 is Ugshs18.6 billion.50% of the budget was released as at 31 December 2014 this was excellent performance. See table 3.3b for detailed budget performance.

Table 3.3 b: The Rural Electrification Agency Budget Performance as at 31 December 2014

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
1261	West Nile Grid Extension Programme	3,000,000,000	254,640,000	249,205,589	8	98
1262	Rural Electrification Project	15,639,223,101	9,064,971,550	9,051,971,550	58	100
	Total	18,639,223,101	9,319,611,550	9,309,177,139	50	99

3.3.4 Vote 014: Ministry of Health

The Ministry of Health (MoH) approved development budget for the FY 2014/15 is Ugshs17.113 billion. The budget was revised to Ugshs14.873 billion of which 45% was released as at 31 December 2014.

The overall absorption rate was very good at 75%.Poor performance was observed on Project 216District Infrastructure Support Programme (4%), where funds released could not cover the certificates that were due for payment. Project1027 Institutional Support to MoH (0%) had queries raised by both the Auditor General and PPDA that were being addressed before payment could be effected. Project 1218 Uganda Sanitation Fund (0%) had changes in implementation that were to be agreed upon with the beneficiaries. Table 3.4 shows the MoH budget performance as at 31st December 2014.

Table 3.4: The MoH Budget Performance as at 31st December 2014 (Ug Shs)

Project code	Project Name	GoU Revised Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
216	District Infrastructure Support Programme	1,228,552,682	349,391,057	13,295,730	28	4
220	Global Fund for AIDS, TB and Malaria	3,774,002,374	2,023,368,592	1,671,526,258	54	83
1027	Institutional Support to MoH	870,650,774	223,412,694	0	26	0
1123	Health Systems Strengthening	550,000,000	177,000,000	161,890,280	32	91
1141	GAVI Vaccines and HSSP	6,500,000,000	3,180,000,000	2,820,000,000	49	89
1148	Public Health Laboratory Strengthening Project	150,000,000	52,500,000	21,000,000	35	40
1187	Support to Mulago Hospital Rehabilitation	850,000,000	390,000,000	258,541,473	46	66
1218	Uganda Sanitation Fund Project	150,000,000	37,500,000	0	25	0
1315	Construction of Specialized Neonatal and Maternal Unit	800,000,000	326,492,148	154,386,443	41	47
	Total	14,873,205,830	6,759,664,491	5,100,640,184	45	75

Source: IFMS

3.3.5 Vote 019: Ministry of Water and Environment

The Ministry of Water and Environment (MWE) approved development budget for the FY 2014/15 is Ugshs175.75 billion. The release performance was 48% which was excellent. There was low absorption of funds (5%) for project 1302 Support for Hydro Power Development and Operations on River Nile. This was because the solicitor general had not cleared the contract for works.

Overall the cumulative release and absorption performance for the vote was excellent at 48% and 95% respectively as at 31 December 2014. The table 3.5 shows the MWE budget performance as at 31st December 2014.

Table 3.5: The MWE Budget Performance as at 31st December 2014(Ug shs)

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
124	Energy for Rural Transformation	426,758,928	107,000,000	102,567,123	25	96
137	Lake Victoria Environment Management Project	1,396,230,400	835,730,400	835,730,400	60	100
140	Meteorological Support for PMA	3,960,708,896	1,399,636,917	909,377,947	35	65
146	National Wetland Project Phase III	2,592,170,818	1,303,729,750	1,186,526,085	50	91
149	Operational Water Resources Management NBI	481,877,331	253,938,000	177,517,022	53	70
151	Policy and Management Support	9,947,751,454	6,135,958,571	5,964,863,209	62	97
158	School and Community Water-IDs	16,223,000,000	7,628,993,396	7,485,183,116	47	98
163	Support to RWS Project	27,880,742,260	11,465,498,260	11,354,750,307	41	99
164	Support to Small Town WSP	4,040,224,335	2,528,201,749	2,424,198,050	63	96
165	Support to Water Resources Management	3,135,826,252	1,708,662,999	1,238,482,745	54	72
168	Urban Water Reform	644,076,652	340,643,612	286,038,151	53	84
169	Water for Production	32,050,000,000	12,168,859,678	11,667,083,590	38	96
947	FIEFOC-Farm Income Project	17,006,645,652	9,356,011,227	9,189,834,185	55	98
1021	Mapping of Ground	138,610,229	69,305,500	49,778,645	50	72

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
	Water Resources in Uganda					
1074	Water and Sanitation Development Facility-North	1,567,078,844	860,195,834	860,195,834	55	100
1075	Water and Sanitation Development Facility-East	1,477,837,964	814,307,917	814,307,917	55	100
1102	Climate Change Project	799,291,104	409,645,500	341,759,669	51	83
1130	Water and Sanitation Development Facility-Central	4,315,931,833	2,321,765,000	2,321,765,000	54	100
1188	Protection of Lake Victoria-Kampala Sanitation Project	25,729,433,677	12,488,000,000	12,447,771,990	49	100
1189	Sawlog Production Grant Scheme Project	877,761,531	437,381,000	437,381,000	50	100
1190	Support to Nabyeya Forestry College Project	842,979,518	469,823,333	469,823,333	56	100
1191	Provision of Improved Water Sources for returned IDPs	1,010,000,000	250,000,000	195,138,893	25	78
1192	Lake Victoria Water and Sanitation Project	4,302,533,039	2,576,450,333	2,153,914,668	60	84
1193	Kampala Water Lake Victoria Water and Sanitation Project	6,924,000,000	4,401,500,000	3,899,403,241	64	89
1231	Water Management and Development Project	2,275,078,143	1,034,631,166	830,086,850	45	80
1283	Water and Sanitation Development Facility-South West	1,354,000,002	689,291,667	689,291,667	51	100
1301	The National REDD-	850,000,000	445,500,000	253,114,190	52	57

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
	Plus Project					
1302	Support for Hydro Power Devt and Operations on River Nile	500,000,000	250,000,000	12,525,000	50	5
1303	Investment Subsidy to NWSC	3,000,000,000	1,066,666,666	759,269,359	36	71
	Total	175,750,548,862	83,777,328,475	79,357,679,186	48	95

Source: IFMS

3.3.6 Vote 113: Uganda National Roads Authority

The Uganda National Roads Authority (UNRA) approved development budget for the FY 2014/15 is Ug shs 1.234 trillion of which Ug shs 600.04 billion (49%) was released as at 31st December 2014 which was excellent. Overall, UNRA registered 98% absorption of funds. 87% of the projects registered over 90% absorption rate. This was excellent performance. Noted was zero performance on project 957; Design the New Nile Bridge at Jinja. This was on account of failure to procure 5 hectares of land arising from non approval of a valuation report. The table 3.6 shows UNRA Budget performance as at 31st December 2014

Table 3.6: The UNRA Budget Performance as at 31st December 2014(Figures in Ug shs)

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
267	Improvement of Ferry Services	27,000,000,000	11,384,352,429	11,192,640,869	42	98
321	Upgrade Kampala-Gayaza-Zirobwe(44.3km)	10,000,000,000	10,000,000,000	9,692,430,000	100	97
954	Design Muyembe-moroto-Kotido(290km)	60,000,000,000	33,793,830,417	33,447,764,882	56	99
955	Upgrade Nyakihita-Ibanda-	10,000,000,000	10,000,000,000	9,666,666,667	100	97

	Fortportal(208km)					
957	Design the New Nile bridge at Jinja	16,000,000,000	487,677,100	0	3	0
1031	Upgrade Gulu-Atiak-Bibia/Nimule(104km)	5,000,000,000	3,223,177,485	3,170,621,692	64	98
1032	Upgrade Vurra-Arua-Koboko-Oraba(92km)	5,000,000,000	1,132,356,378	833,333,333	23	74
1033	Design Hoima-Kaiso-Nyenga(72km)	80,000,000,000	40,951,709,993	40,919,344,733	51	100
1034	Design of Mukono-Katosi-Nyenga(72km)	90,000,000,000	12,333,333,333	8,601,693,705	14	70
1035	Design Mpigi-Kabulasoke-Maddu(135km)	80,000,000,000	48,713,667,226	45,547,475,392	61	94
1037	Upgrade Mbarara-Kikagata(70km)	40,000,000,000	38,945,196,355	38,630,530,716	97	99
1038	Design Ntungamo-Mirama Hills(37km)	10,000,000,000	3,333,333,334	3,333,333,334	33	100
1042	Design Nyendo-Sembabule	20,000,000,000	6,666,666,667	6,380,035,034	33	96
1044	Design Ishaka-Kagamba(35km)	50,000,000,000	12,190,507,427	11,135,688,271	24	91
1056	Transport Corridor project	246,000,000,000	147,359,465,432	147,353,019,978	60	100
1104	Construct Selected Bridges(BADEA)	50,000,000,000	8,828,298,840	8,674,952,987	18	98
1105	Road Sector Institutional Capacity Development Project	38,412,662,819	15,876,717,566	15,450,805,237	41	97
1158	Reconstruction of Mbarara-Katuna Road(155km)	20,000,000,000	9,294,243,732	9,287,888,047	46	100
1180	Kampala-Entebbe Express Highway	80,000,000,000	54,179,037,035	53,819,000,040	68	99
1274	Musita-Lumino-Busia/Majanji Road	50,000,000,000	29,166,666,667	29,012,186,822	58	99

1275	Olwiyo-Gulu-Kitgum Road	120,000,000,000	61,900,000,000	61,900,000,000	52	100
1276	Mubende-Kakumiro-Kagadi Road	50,000,000,000	26,210,974,711	24,620,676,843	52	94
1277	Kampala Northern Bypass Phase 2	40,000,000,000	14,059,191,762	13,253,340,936	35	94
	Total	1,234,610,342,819	600,040,403,889	585,923,429,518	49	98

Source: IFMS

3.3.7 Vote 113: Ministry of Trade, Industry and Cooperatives

The Ministry of Trade Industry and Cooperatives (MTIC) approved development budget for FY 2014/15 is Ug shs 7.1 billion of which 51% was realized by 31st December 2014. The cumulative expenditure was Ug shs 3.521 billion reflecting a 96% absorptive capacity. Except for project 1164; One Village One Product Programme with 36% absorption rate, the rest of them had an excellent absorption. See table 3.7 for detailed vote performance.

Table 3.7: The MTIC Budget Performance as at 31st December 2014(Figures in Ug Shs)

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
248	Government Purchases and Taxes	726,457,180	257,997,500	248,060,750	36	96
1111	Soroti Fruit Factory	4,846,905,543	2,553,809,064	2,541,972,009	53	100
1128	Value Addition- Luwero	143,578,553	71,615,181	71,615,181	50	100
1162	Quality Infrastructure and Standards Programme	134,578,869	67,126,247	67,125,251	50	100
1164	One Village One Product Programme	377,452,992	171,924,732	61,611,580	46	36
1202	Enhancement of Market Access and Promotion of Value	232,346,253	39,902,997	39,902,997	17	100
1203	Support to Warehouse Receipt	704,795,000	505,925,950	490,441,215	72	97

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
	System					
	Total	7,166,114,390	3,668,301,671	3,520,728,983	51	96

Source: IFMS

3.3.8 Vote 008: Ministry of Finance, Planning and Economic Development

The Ministry of Finance, Planning and Economic Development (MFPED) approved development budget for FY 2014/15 is Ugshs168.1 billion out of which 51% was released as at 31st December 2014.

The overall absorption rate of the vote was excellent at 86%. 80% of the projects registered over 90% absorption rate, this was excellent performance. However, projects;1290- 3rd Financial Management and Accountability Program at 62%, 1211- Belgo-Ugandan Study and Consultancy at 71%, and 54-Support to MFPED at 73% registered lower absorption rates, but even these were very good . Table 3.8 shows a budget performance of MFPED for development projects as at 31st December 2014.

Table 3.8: MFPED Budget Performance as at 31st December 2014(Ug shs)

Project code	Project Name	GoU Revised Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
46	Support to NEC	600,000,000	300,000,000	300,000,000	50	100
54	Support to MFPED	37,706,374,045	17,521,613,724	12,794,438,535	46	73
61	Support to Uganda National Council for Science	2,006,688,388	1,003,344,194	1,003,344,194	50	100
745	Support to Population Secretariat	1,330,503,792	665,251,896	665,251,894	50	100
933	Competitiveness and Investment Climate Secretariat	1,720,000,000	860,000,002	790,156,469	50	92
945	Capitalization of Institutions	62,669,249,070	32,669,249,070	31,443,437,480	52	96
978	Presidential Initiative on	3,000,000,000	2,466,666,667	2,250,000,000	82	91

Project code	Project Name	GoU Revised Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
	Banana Industry					
988	Support to other scientists	5,200,000,000	2,600,000,000	2,600,000,000	50	100
994	Development of Industrial Parks	7,690,000,000	3,845,000,000	3,845,000,000	50	100
997	Support to Microfinance	2,657,739,641	1,739,059,929	1,596,853,189	65	92
1003	African Development Foundation	3,600,109,810	1,800,110,000	1,800,110,000	50	100
1059	Value Addition Tea Industry	2,050,000,000	1,025,000,000	1,025,000,000	50	100
1063	Budget Monitoring and Evaluation	3,743,889,026	1,871,944,514	1,388,417,059	50	74
1080	Support to Macroeconomic Management	1,865,000,000	1,002,592,500	983,161,320	54	98
1208	Support to National Authorising Officer	200,000,000	106,500,000	98,783,300	53	93
1211	Belgo-Ugandan Study and Consultancy	327,889,686	168,819,922	120,277,100	51	71
1288	Financial Inclusion in Rural Areas(PROFIRA) of Uganda	883,621,309	607,000,000	607,000,000	69	100
1289	Competitiveness and Enterprise Development Project	3,933,095,000	3,533,095,000	3,533,095,000	90	100
1290	3rd Financial Management and Accountability Program	26,526,415,954	12,552,557,109	7,789,664,499	47	62
1305	U Growth				50	100

Project code	Project Name	GoU Revised Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
	DANIDA Programme	389,009,974	194,504,993	193,884,032		
	Total	168,099,585,695	86,532,309,520	74,827,874,071	51	86

Source: IFMS

3.3.9 Vote 016: Ministry of Works and Transport

The Ministry of Works and Transport (MoWT) approved development budget for FY 2014/15 is Ugshs65.5 billion of which Ugshs32.3 billion (49%) was released. This was an excellent performance for the Vote.

The overall absorption rate was at 90%. 77% of the projects' absorption performance was over 80% which was excellent with exception of project 1172; U-Growth Support to DUCAR. The poor performance of project 1172 was tagged to the delayed commencement of the procurement process, adverts had not been placed for some of the work and some contracts were pending signing. Table 3.9 shows the detailed semi-annual budget performance for MoWT as at 31st December 2014.

Table 3.9: The MoWT Budget Performance as at 31st December 2014(Ug Shs)

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
269	Construction of Selected Bridges	3,000,000,000	1,595,899,967	1,570,656,494	53	98
271	Development of Inland Water Transport	1,300,000,000	456,633,100	445,636,932	35	98
306	Urban Roads Re-sealing	4,000,000,000	1,828,394,092	1,709,704,445	46	94
307	Rehabilitation of District Roads	4,000,000,000	1,828,394,092	1,709,704,445	46	94
308	Road Equipment for District Units	5,999,691,212	3,080,068,670	3,061,371,360	51	99
515	Rehabilitation of Bugembe Workshop	2,100,308,788	1,082,230,705	974,486,895	52	90
936	Redevelopment of State House at Entebbe	779,000,000	252,497,000	212,360,000	32	84
951	East Africa Trade and	8,905,739,788			52	65

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
	Transportation Facilities		4,618,633,301	3,003,854,434		
967	General Construction and Rehabilitation Works	620,000,000	206,600,000	204,100,000	33	99
1045	Interconnectivity Project	5,101,000,000	2,947,955,533	2,878,754,082	58	98
1047	Rehabilitation and Development of Upcountry Aerodr	2,300,000,000	1,088,766,666	1,087,730,866	47	100
1048	Motor Vehicle Inspection Services	0	0	29134882		
1049	Kampala-Kasese Railway Line Project	1,250,000,000	579,666,668	463,193,474	46	80
1050	Establishment of the National Transport Data Bank	1,800,000,000	962,333,202	759,814,923	53	79
1051	New Ferry to replace Kabalega-Opening Southern R	2,000,000,000	759,666,667	746,313,628	38	98
1052	Rehabilitation and re-equipping of EACAA-Soroti	4,200,000,000	2,800,000,000	2,800,000,000	67	100
1062	Special Karamoja Security and Disarmament	2,300,000,000	912,633,267	894,794,975	40	98
1096	Support to Computerized Driving Permits	3,278,000,000	1,230,799,965	957,958,254	38	78
1097	New Standard Gauge Railway Line	4,920,000,000	2,690,299,933	2,636,043,798	55	98
1105	Strengthening Sector Coord, Planning and ICT	1,700,000,000	835,165,238	712,512,785	49	85
1159	Kasese Airport Development project-KADP	500,000,000	266,000,000	265,872,400	53	100
1160	Transport Sector Development Project(TSDP0	1,000,000,000	380,100,000	321,401,169	38	85
1171	U-Growth Support to MELTC	4,200,000,000	1,983,393,703	1,983,393,703	47	100
1172	U-Growth Support to DUCAR	1,240,000,000	614,750,084	150,049,900	50	24

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
1284	Development of new Kampala Port in Bukasa	300,000,000	163,500,000	110,684,961	55	68
	Total	65,553,739,788	32,312,433,206	28,925,168,059	49	90

Source: IFMS

3.3.10 Vote 020: Ministry of Information and Communication Technology

The Ministry of Information and Communication Technology (MoICT) approved development budget for FY 2014/15 is Ug shs 1.153 billion. The release was 510.7 million (44%) of the budget which was excellent. Expenditure performance for the project was good. Expenditures were made on vehicle procurement. See table 3.10 for the vote performance as at 31 December 2014

Table 3.10: The MoICT Budget Performance as at 30 June 2014 (Figures in Ug shs)

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
990	Strengthening Ministry of ICT	1,153,823,893	510,744,196	343,435,888	44	67
	Total	1,153,823,893	510,744,196	343,435,888	44	67

Source: IFMS

3.3.11 Vote 126: National Information Technology Authority

The National Information Technology Authority (NITA-U) approved development budget for FY 2014/15 is Ug shs 9.105 billion of which 50% was released by 31 December 2014. This was an excellent release performance from MFPED. However, only 13% was absorbed by 31 December, 2014. This was on account delayed commencement of phase III. See table 3.11 for detailed vote performance at 31 December 2014.

Table 3.11: Budget Performance as at 30 June 2014 (Figures in Ug shs)

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
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Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
1014	National Transmission Backbone Project	8,895,480,919	4,436,140,460	529,063,329	50	12
1055	Business Process Outsourcing	210,000,000	116,600,000	47,831,784	56	41
	Total	9,105,480,919	4,552,740,460	576,895,113	50	13

Source: IFMS

3.3.11 Vote 003: Office of the Prime Minister

The Office of the Prime Minister's (OPM) approved development budget for FY 2014/15 is Ugshs80.5 billion of which Ugshs45.4 billion (56%) was released. This was an excellent performance for the Vote.

The overall absorption rate was at 58%. 33% of the projects' absorption performance was excellent except for projects; 1294 Government Evaluation Facility Project (25%), 1293 Support to Refuge Settlement(31%) and 1078 Karamoja Integrated Development Programme (32%).See table 3.12 for detailed vote performance at 31 December 2014.

Table 3.12: The OPM Budget Performance as at 31st December 2014

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
19	Refugees Management	4,957,863,680	3,842,213,725	1,673,322,094	77	44
22	Bunyoro Affairs	9,782,353,982	5,986,225,000	5,330,866,532	61	89
922	Humanitarian Assistance	11,086,247,526	8,241,061,882	7,986,825,162	74	97
932	Post-War recovery, and presidential pledges	30,018,662,909	12,402,241,336	4,356,720,617	41	35
1006	Support to Information and National Guidance	1,914,817,082	1,166,512,317	878,705,403	61	75
1078	Karamoja Integrated Development Programme	16,041,681,670	9,521,091,455	3,090,878,190	59	32

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
1112	Monitoring and Evaluation PRDP	1,407,362,251	998,202,000	894,763,629	71	90
1235	Resettlement of Landless Persons and Disaster Victims	1,948,761,495	1,121,773,706	738,973,248	58	66
1251	Support to Teso Development	1,928,556,303	1,106,848,000	942,867,251	57	85
1252	Support to Bunyoro Development	819,277,776	518,410,109	217,333,448	63	42
1293	Support to Refugee Settlement	183,000,000	183,000,000	57,073,956	100	31
1294	Government Evaluation Facility Project	416,178,637	288,000,000	70,976,500	69	25
	Total	80,504,763,311	45,375,579,530	26,239,306,030	56	58

Source: IFMS

3.3.11 Vote 011: Ministry of Local Government

The Ministry of Local Government (MoLG) approved development budget for FY 2014/15 is Ugshs18.5billion of which Ugshs9.3 billion (50%) was released. This was an excellent performance for the Vote. The overall absorption rate was at 75% which was very good. Table 3.13 shows the MoLG budget performance as at 31st December 2014

Table 3.13: The MoLG Budget Performance as at 31st December 2014

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
1066	District Livelihood Support Programme	199,883,115	79,954,000	79,954,000	40	100
1087	CAIP	300,000,000	120,000,000	106,780,824	40	89
1088	Markets and Agriculture Trade Improvement Project	2,070,388,885	922,201,000	884,630,637	45	96

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
1236	Community Agriculture and Infrastructure Improvement Project	308,728,000	203,414,000	203,414,000	66	100
1292	Millennium Villages Projects II	538,000,000	167,249,029	163,250,000	31	98
1307	Support to Ministry of Local Government	15,125,312,115	7,778,338,029	5,549,877,396	51	71
	Total	18,542,312,115	9,271,156,058	6,987,906,857	50	75

Source: IFMS

3.3.11 Vote 011 Ministry of Public Service

The Ministry of Public Service (MoPS) approved development budget for FY 2014/15 is Ugshs6.9 billion of which Ugshs3.4billion (50%) was released by 31 December 2014. This was an excellent performance for the Vote. The overall absorption rate was at 6%.

The MoPS is only implementing one project this financial year. The absorption was low on account of prolonged procurement process². Table 3.14 shows budget performance of MoPS.

Table 3.14: MoPS Budget Performance as at 31st December 2014

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
1285	Support to Ministry of Public Service	6,879,831,489	3,439,915,744	206,352,812	50%	6%

Source: IFMS

3.3.12 Vote 011: National Planning Authority

²This project is for the procurement of MoPS vehicles

The National Planning Authority (NPA) approved development budget for FY 2014/15 is Ugshs565.7million of which Ugshs565.7million (100%) was released and fully spent. This was an excellent performance for the Vote. Table 3.15 shows budget performance for Vote 011

Table 3.15: The NPA Budget Performance as at 31st December 2014

Project code	Project Name	GoU Approved Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
361	National Planning Authority	565,674,781	565,674,781	565,674,781	100%	100%

Source: IFMS

3.3.13 Vote 122: Kampala Capital City Authority (KCCA)

The KCCA's approved development budget for FY 2014/15 was Ug shs 70.6 billion but was revised to Ugshs77.7billion through a supplementary allocation of 7 billion to project 100 NAADS. A total of Ugshs42.3billion (55%) was released. This was an excellent performance for the Vote.

The overall absorption rate was at 74%. 67% of the projects' absorption performance was excellent except for project 100; NAADS. The poor performance of project 100 was attributed to the long procurement process. Table 3.16 shows the detailed semi-annual budget performance for KCCA as at 31st December 2014.

Table 3.16: The KCCA Budget Performance as at 31st December 2014

Project code	Project Name	GoU Revised Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
100	NAADS	8,220,018,589	7,610,009,294	605,097,774	93	8
115	LGMSD	5,097,837,996	1,477,293,378	1,075,011,071	29	73
422	PHC-Development	131,000,000	76,200,000	67,797,171	58	89
423	Schools' Facilities Grant	1,566,642,450	303,311,678	249,380,879	19	82
1253	Kampala Road Rehabilitation	52,900,000,000	29,053,435,168	25,521,140,026	55	88
1295	2nd Kampala Institutional and	10,000,000,000	3,958,900,000	3,958,900,000	40	100

Project code	Project Name	GoU Revised Budget	Cumulative Releases as at 31/12/2014	Cumulative payments as at 31/12/2014	% of Budget Released	% of Release Spent
	Infrastructure Development					
	Total	77,653,499,035	42,326,749,518	31,341,732,579	74	55

Source: IFMS

3.4 Conclusion

3.4.1 Central Government/Ministries/Agencies GoU Budgets

There was general Budget discipline during the first half of the FY2014/15. The budgets of 88% of the selected priority central government ministries and agencies remained unchanged except MAAIF where it increased by 20% and MoH where it reduced to 14.9 billion due to reallocations to the recurrent budget from Development. GoU release performance was excellent as close to 50% of the budget was released except for MEMD that realized 32% of its development budget.

The absorption of funds by Ministries and Agencies was on average very good with 75% of the Ministries and agencies registering over 75% absorption. The worst performance of 6% was registered under Ministry of Public Service and 55% at KCCA both of which are under public sector management. The reasons for the underperformance in some sectors were attributed to the delayed commencement of the procurement process and delayed approvals/clearance for procurement the relevant offices

3.5 Recommendation

- The MFPED should warrant 50% development funds to Ministries and Agencies by the 15th October (2 weeks into quarter II).
- MFPED should strictly adhere to the new budget process calendar as provided in the Public Finance Management (PFM) ACT 2015. The ACT proposes approval of the budget by 31st May. This would lead to timely execution of the budget.
- The central government/department/agencies staff should adopt the new Public Procurement and Disposal of Public Assets Act amended 2013 (PPDA) law to improve efficiency in the procurement process.
- The Integrated Financial Management System (IFMS) should be scaled up by the Accountant Generals Office to have the whole procurement process (evaluation, awarding and contract signing) conducted on the system.

- The MFPED should continue enforcing compliance to reporting deadlines to the accounting officers.

CHAPTER 4: FINANCIAL PERFORMANCE OF LOCAL GOVERNMENTS

4.1 Introduction

Financial performance of local government development grants was monitored to track their half year performance for FY 2014/15. The development grants assessed include; Primary Health Care-(PHC) - Development, National Agriculture Advisory Services (NAADS), School Facilities Grant (SFG), Rural Water, Rural Roads, and Local Government Management and Service Delivery (LGMSD). These grants support the sectors of Health, Agriculture, Education, Roads and Public Sector.

4.2 Objectives

The review had the following specific objectives;

- To establish timeliness of funds released from MFPED for development grants to the districts for the implementation of activities in their work plans.
- To ascertain the release performance and absorption of funds received from the MFPED.
- To assess the timeliness of transfer of funds from the district's general fund account to the sector accounts.

4.3 Scope

The monitored districts were purposively selected to reflect geographical representation. Also, Districts that were not monitored in the FY 2013/14 were considered.

A total of 16 districts were selected from the four regions of the country. Those from the East included; Bukedea, Soroti, Serere and Kaberamaido. West; Mbarara, Bushenyi, Ibanda, Kiruhura and Hoima. South; Masaka, Bukomansimbi, Kalungu and Lwengo. Central; Kiboga and Kyankwanzi. North West; Masindi.

4.4 Findings

4.4.1 School Facilitation Grant (SFG)

Background

The Government of Uganda (GoU) has committed funds to provision of free education to all children of primary school going age. The SFG is channeled to the districts as a conditional grant and utilized in accordance with the poverty action fund general guideline. Local governments' are mandated to plan and implement the SFG under the decentralized medium term budget framework.

The Ministry of Education and Sports is charged with formulation of policies, setting national standards and monitoring outputs within the context of minimum quality standards. The districts have the discretion to utilize the resources according to their local priorities. They however, must adhere to the nationally set minimum quality standards for instance: pupil to teacher ratio; pupil to classroom ratio; and pupil to book ratio requirements.

Findings

Table 4.1 shows that the release performance of funds to the selected districts was excellent. At least 50% of the budget had been released to the districts by end of December; 2014. The excellent release was however made a month late from MFPED and the transfers from the GFA to the sector accounts also delayed.

The absorption for the districts of: Bushenyi, Soroti, Kiboga, Kalungu and Masaka was excellent. This was attributed to payment of arrears and retention for the previous year (FY 2013/14).

The districts of Bukomansimbi, Ibanda, Kiruhura, Serere, Kyankwazi, Mbarara had their absorption rates of the SFG fund below average. The poor performance was due to late initiation of the procurement process. This constrained the timely award of contracts for the construction works.

Table 4.1: Half year Budget Performance for SFG, FY 2014/15 by District (Ug shs millions)

Districts	Approved Budget	Cumulative Release (Q1&Q2)	Date of Receipt of funds on General Fund Account(GFA)	Date of Receipt of funds on Sector Account	Cumulative Expenditure	% of the Budget Released	% of the Release spent
Bukomansimbi	280.869	140.434	Q1- 22/7/14 Q2-30/10/14	Q1- 29/7/14 Q2-12/11/14	17.044	50	12
Bushenyi	412.434	206.216	Q1- 22/7/14 Q2-30/10/14	Q1- 27/8/14 Q2-15/12/14	204.949	50	99
Ibanda	210.652	105.326	Q1- 22/7/14 Q2-31/10/14	Q1- 4/8/14 Q2-10/11/14	8.472	50	8
Hoima	280.869	140.434	Q1- 22/7/14 Q2-1/11/14	Q1- 8/8/14 Q2-6/11/14	99.007	50	71
Lwengo	552.869	276.434	Q1- 22/7/14 Q2-31/10/14	Q1- 6/8/14 Q2-17/11/14	276.434	50	100
Kiruhura	511.500	255.750	Q1- 22/7/14 Q2-31/10/14	Q1- 4/8/14 Q2-11/11/14	0	50	0
Soroti			Q1- 22/7/14	Q1- 15/8/14	187.229	50	97

	388.017	194.008	Q2-31/10/14	Q2-19/11/14			
Serere	282.131	141.066	Q1- 22/7/14 Q2-31/10/14	Q1- 12/8/14 Q2-17/11/14	52.669	50	37
Kaberaido	502.920	251.460	Q1- 22/7/14 Q2-31/10/14	Q1- 8/8/14 Q2-6/11/14	250.440	50	100
Kiboga	210.652	105.326	Q1- 22/7/14 Q2-1/11/14	Q1- 25/7/14 Q2-7/11/14	102.546	50	97
Kyankwazi	210.652	105.326	Q1- 22/7/14 Q2-1/11/14	Q1- 8/8/14 Q2-6/11/14	57.975	50	55
Masindi	447.721	223.860	Q1- 22/7/14 Q2-1/11/14	Q1- 30/7/14 Q2-12/11/14	223.860	50	100
Mbarara	140.434	70.216	Q1- 22/7/14 Q2-31/10/14	Q1- 11/8/14 Q2-15/11/14	40.049	50	57
Kalungu	280.869	140.434	Q1- 22/7/14 Q2-31/10/14	Q1- 30/7/14 Q2-5/11/14	140.434	50	100
Bukedea	372.278	186.140	Q1- 22/7/14 Q2-31/10/14	Q1-31/7/14 Q2-13/11/14	131.312	50	71
Masaka	210.652	105.326	Q1- 22/7/14 Q2-31/10/14	Q1- 6/8/14 Q2-10/11/14	104.176	50	99

Source: Field findings

Challenges in implementation of the grant

- Delays and late initiation of the procurement process.
- Lack of feed back to districts for the recurrent grants which MFPED directly transfers to institutions like UPE for primary schools and USE for Secondary schools–this delays submission of accountability by the LGs to MFPED.

Conclusion

The release performance of the SFG grant for the selected districts was excellent (50%). However, both Q1 and Q2 releases were received in the months of August and November respectively which was late. 50% of the selected LGs registered over 80% absorption, this was excellent performance. 25% absorbed less than 40% this was below average level of performance. The overall absorption rate was 69% performance, which was good.

The grant performance was affected by the late release of funds and late initiation of procurement process.

Recommendations

- The districts should initiate procurement process early enough to allow for timely utilization of the funds as they wait to sign contracts on receipt of funds.
- The Budget Directorate of MFPED should communicate to Local Governments the direct transfer of funds to institutions.

4.4.2 Rural Water Grant

Background

The Rural water and sanitation grant is GoU commitment to provision of safe and adequate water to the local governments. The support is geared towards achieving safe water access to 77% of the population in rural areas by 2015. The Ministry of Water guidelines stipulate allocation of the fund as; at least 70% to construction of rural water supply facilities, 8% to community based management systems, 13% to rehabilitation of boreholes, 3% construction of sanitation facilities, and 6% to supervision, monitoring and District Water Office operational costs.

Findings

The release performance for selected districts was excellent (See table 4.2). The districts realized 50% of their approved budget by half year. The funds were disbursed late from MFPED and similarly from the GFA to the sector account. The absorptive capacity for the districts of Ibanda, Kaberamaido, and Soroti (19% of the selected districts) was excellent; they achieved over 83% level of absorption. This was due to the early initiation and completion of the procurement process which enabled timely completion of the construction works.

75% of the districts had their absorption of the grant below average as they registered less than 50% absorption rate. The poor performance was attributed to the late initiation of the procurement process. In the case of Serere district local government (DLG) the delay was on account of non functional contracts committee as its term had expired. This constrained the timely award of contracts for the constructions works. A summary of performance is presented in table 4.2 below.

Table 4.2: Half year Budget Performance for Rural Water and Sanitation Grant, FY 2014/15 by District (Ug shs millions)

Districts	Approved Budget	Cumulative Release (Q1&Q2)	Date of Receipt of funds on GFA	Date of Receipt of funds on Sector Account	Cumulative Expenditure	% of the Budget Released	% of the Release spent
Bukomansimbi	329	164.500	Q1- 22/7/14 Q2-30/10/14	Q1- 29/7/14 Q2-11/11/14	62.598	50	38
Bushenyi			Q1-22/7/14	Q1- 2/10/14		50	0

Districts	Approved Budget	Cumulative Release (Q1&Q2)	Date of Receipt of funds on GFA	Date of Receipt of funds on Sector Account	Cumulative Expenditure	% of the Budget Released	% of the Release spent
	356.129	178.064	Q2-30/10/14	Q2-15/12/14	0		
Ibanda	600.616	300.308	Q1-22/7/14 Q2-31/10/14	Q1- 4/8/14 Q2-10/11/14	297.402	50	99
Hoima	383.567	191.784	Q1- 22/7/14 Q2-1/11/14	Q1- 30/7/14 Q2-12/11/14	69.501	50	36
Lwengo	455.374	227.686	Q1- 22/7/14 Q2-31/10/14	Q1-11/09/14 Q2-13/11/14	48.871	50	21
Kiruhura	673.530	336.766	Q1-22/7/14 Q2-31/10/14	Q1- 4/8/14 Q2-11/11/14	73.654	50	22
Soroti	655,677	327.838	Q1- 22/7/14 Q2-31/10/14	Q1- 15/8/14 Q2-19/11/14	271.574	50	83
Serere	679.226	339.614	Q1- 22/7/14 Q2-31/10/14	Q1-12/8/14 Q2-12/11/14	91.285	50	27
Kaberaido	351.023	175.514	Q1- 22/7/14 Q2-31/10/14	Q1- 8/8/14 Q2-6/11/14	165.283	50	94
Kiboga	414.560	207.280	Q1- 22/7/14 Q2-1/11/14	Q1- 25/7/14 Q2-7/11/14	42.498	50	21
Kyankwazi	502.320	251.160	Q1- 22/7/14 Q2-31/10/14	Q1- 4/8/14 Q2-11/11/14	170.294	50	68
Masindi	467.503	233.752	Q1- 22/7/14 Q2-1/11/14	Q1- 30/7/14 Q2-12/11/14	25.716	50	11
Mbarara	673.530	336.766	Q1- 22/7/14 Q2-31/10/14	Q1- 11/8/14 Q2-14/11/14	40.207	50	12
Kalungu	329.000	164.500	Q1-22/7/14 Q2-31/10/14	Q1-30/7/14 Q2-5/11/14	77.556	50	47
Bukedea	467.665	233.832	Q1- 22/7/14 Q2-31/10/14	Q1-31/7/14 Q2-13/11/14	87.203	50	37
Masaka	364.685	182.342	Q1- 22/7/14 Q2-31/10/14	Q1- 6/8/14 Q2-10/11/14	69.045	50	38

Source: Field findings

Challenges in implementation of the grant

- Lack of functional district contract committees as the terms of service for some members had expired
- The weak technical and financial capacity of contractors led to slow progress of works.
- Delays in the procurement process affected the timely commencement of construction works.
- Multiple reporting formats. The MFPED preferred the reporting about the grant in OBT format while MWE preferred its own format. This wasted a lot of time for the LGS.

Conclusion

75% of the selected DLGs registered below average level of performance. The performance was due to the delayed initiation of procurement process. The implementation of the planned activities in Q1 and Q2 were therefore rolled over to Q3 and Q4 FY 2014/15.

Recommendations

- The procurement unit in the Accountant Generals Office should improve its efficiency in approving District Contract Committees.
- The district water office should initiate the procurement process early enough in the financial year and sign contracts upon receipt of the funds.
- The Budget Directorate of MFPED and Rural Water Department in MWE should adopt a uniform reporting format that captures all the necessary variables as required.

4.4.3 National Agricultural Advisory Services (NAADS) Grant.

Background

The objective of the NAADS grant is to promote food security, nutrition and household incomes through increased productivity and market oriented farming. The grant is supposed to empower all farmers to access and utilize contracted agricultural advisory services, promote farmer groups to develop capacity to manage farming enterprises.

In the FY 2014/15, Government restructured agricultural extension through implementing a unified agricultural extension system (single spine). The MFPED issued a budget call circular to this effect. The implementation was to be spearheaded by the army under the theme “wealth creation”. As a result of these changes, the contracts for the entire district NAADS staff were terminated and henceforth the releases made to the DLGs were to cover terminal benefits.

Findings

The NAADS funds were disbursed in the second quarter for the selected districts for half year. The local governments realized at least 50% of their approved budgets except Kiruhura, and

Kalungu which did not realize any funds during the half year. The funds were timely received on the GFA for all the local governments except for Serere district which received funds on the 26/10/2014. Details on the half year performance for NAADS for FY 2014/15 are presented in table 4.3.

Table 4.3: Half year Budget Performance for NAADS, FY 2014/15 by District (Ug shs millions)

Districts	Approved Budget	Cumulative Release (Q1&Q2)	Date of Receipt of funds on GFA	Date of Receipt of funds on Sector Account	Cumulative Expenditure	% of the Budget Released	% of the Release spent
Bukomansimbi	87.046	50.005	Q2-16/10/14	Q2-20/11/14	39.356	57	79
Bushenyi	186.218	38.615	Q2-16/10/14	Q2-18/11/14	19.665	21	51
Ibanda	178.026	140.388	Q2-16/10/14	Q2-27/10/14	138.402	79	99
Hoima	263.083	171.688	Q2-16/10/14	Q2-24/10/14	171.688	65	100
Lwengo	141.900	111.386	Q2-23/10/14	Q2-25/11/14	110.241	78	99
Kiruhura	258.165	-	N/A	N/A	N/A	0	0
Soroti	171.744	74	Q2-16/10/14	Q2-3/11/14	74	43	100
Serere	168.228	26.330	Q2-26/10/14	Q2-12/11/14	25.556	16	97
Kaberamaido	152.760	150.335	Q2-16/10/14	Q2-22/10/14	97.529	98	65
Kiboga	135.473	76.338	Q2-16/10/14	Q2-24/10/14	55.925	56	73
Kyankwazi	168.127	75.628	Q2-16/10/14	Q2-23/10/14	53.223	45	70
Masindi	162.635	86.295	Q2-16/10/14	Q2-29/10/14	73.469	53	85
Mbarara	249.636,	152.290	Q2-16/10/14	Q2-27/10/14	139.427	61	92
Kalungu	112.719	-	N/A	N/A	N/A	N/A	N/A
Bukedea			Q2-16/10/14	Q2-7/11/14		24	97

Districts	Approved Budget	Cumulative Release (Q1&Q2)	Date of Receipt of funds on GFA	Date of Receipt of funds on Sector Account	Cumulative Expenditure	% of the Budget Released	% of the Release spent
	186.942	45.738			44.477		
Masaka	143.174	91.797	Q2-16/10/14	Q2-28/10/14	91.797	64	100

Source: Field findings

All the released funds were timely transferred from the GFA to the sector account. The absorption capacity was excellent for ten³ out of 16 districts. Despite an excellent release performance (98%) for Kaberamaido, its absorptive capacity was at 65%.

Conclusion

The main objective of the release was to pay off the terminal benefits for the former contracted NAADS staff. However, the district local governments realized varying proportions of the funds on the GFA. This was attributed to the vote on account that had NAADS secretariat funds released to the DLGs. The overall release performance for 67% of the local governments with the exception of Bukedea, Bushenyi, Serere, Soroti, and Kyankwanzi was below average.

Recommendation

Funds in excess of the terminal benefits and those erroneously released to the DLGs should be returned to the consolidated fund.

4.4.4 Primary Health Care-Development (PHC-Dev't) Grant

Background

The PHC-Dev't grant is transferred to local governments for enhancing health service delivery. It is used for construction and rehabilitation of infrastructure, procurement of, medical and hospital equipment, communication systems, and transportation facilities. The general strategy on implementation of the grant is to consolidate the existing health facilities for improved effectiveness to deliver services. The grant should also be used in construction of facilities in areas which are underserved to enable increased accessibility.

³Bukomansimbi,Ibanda,Hoima,Lwengo,Soroti,Serere,Masindi,Mbarara,Bukedea,and Masaka

Findings

The monitored districts had a release performance of 50%. The Q1 and Q2 funds were remitted late by the MFPED. Except for Bukomansimbi, Kalungu and Masaka districts, other local governments delayed the transfer of funds to the sector accounts⁴.

The districts of; Masindi, Kalungu, Bukedea, and Kyankwanzi had excellent absorption rates. A total of 62% of the monitored districts' absorption rates were below average (below 50%). Masaka district had not spent any funds as at 31st December 2014 due to the long procurement process. The table 4.4 shows the half year budget performance of the PHC-Dev't grant for FY 2014/15.

Table 4.4: Half year Budget Performance for PHC-Dev't FY 2014/15 by district (Ug shs millions)

Districts	Approved Budget	Cumulative Release (Q1+Q2)	Date received from MFPED to GFA	Date sent to Sectors from GFA	Cumulative Expenditure (Q1+Q2)	% of the Budget Released	% of the Release spent
Bukomansimbi	40.959	20.480	Q1- 22/7/14 Q2-30/10/14	Q1- 29/7/14 Q2-12/11/14	0.865	50	4
Bushenyi	170.339	85.169	Q1- 22/7/14 Q2-30/10/14	Q1- 2/10/14 Q2-15/12/14	39.006	50	46
Ibanda	164.337	82.168	Q1- 22/7/14 Q2-31/10/14	Q1- 4/8/14 Q2-10/11/14	5.678	50	7
Hoima	156.171	81.086	Q1- 22/7/14 Q2-1/11/14	Q1- 30/7/14 Q2-12/11/14	38.838	50	48
Lwengo	61.438	30.720	Q1- 22/7/14 Q2-31/10/14	Q1- 6/8/14 Q2-17/11/14	11.387	50	37
Kiruhura	114.764	57.382	Q1- 22/7/14 Q2-31/10/14	Q1- 4/8/14 Q2-11/11/14	10.180	50	18
Soroti	338,403	169.202	Q1- 22/7/14 Q2-31/10/14	Q1- 15/8/14 Q2-19/11/14	7.771	50	5
Serere	275.083	137.542	Q1- 22/7/14 Q2-31/10/14	Q1- 12/8/14 Q2-12/11/14	69.301	50	50
Kaberamaido	301.509	150.754	Q1- 22/7/14 Q2-31/10/14	Q1- 8/8/14 Q2-6/11/14	67.271	50	45
Kiboga	99.923	49.962	Q1- 22/7/14 Q2-1/11/14	Q1- 25/7/14 Q2-7/11/14	6.997	50	14

⁴ Funds should be sent within five working days from receipt on the GFA to the Sector Accounts

Districts	Approved Budget	Cumulative Release (Q1+Q2)	Date received from MFPED to GFA	Date sent to Sectors from GFA	Cumulative Expenditure (Q1+Q2)	% of the Budget Released	% of the Release spent
Kyankwazi	59.360	29.680	Q1- 22/7/14 Q2-31/10/14	Q1- 31/7/14 Q2-06/11/14	23.503	50	79
Masindi	481.385	240.694	Q1- 22/7/14 Q2-1/11/14	Q1- 30/7/14 Q2-12/11/14	239.621	50	99
Mbarara	164.124	82.062	Q1- 22/7/14 Q2-31/10/14	Q1- 11/8/14 Q2-14/11/14	12.993	50	16
Kalungu	47.785	23.892	Q1- 22/7/14 Q2-31/10/14	Q1- 30/7/14 Q2-5/11/14	23.892	50	100
Bukedea	207.504	103.752	Q1- 22/7/14 Q2-31/10/14	Q1-31/7/14 Q2-13/11/14	84.761	50	82
Masaka	140.364	70.182	Q1- 22/7/14 Q2-31/10/14	Q1- 6/8/14 Q2-10/11/14	-	50	0

Source: field findings

Challenges in implementation of the grant

- Changing Indicative Planning Figures (IPFS) resulted into late completion of budgets and delayed commencement of the procurement cycle
- Lack of feed back to districts from health centers and NGOs on funds directly received from MFPED delayed accountability by the district.

Conclusion

The timely utilization of the PHC-Development grant is useful in the improvement of the health standards of a population. The release performance for the grant was excellent; however 25% of the LGs had over 80% absorption which was excellent performance, however, 50% DLGs had less than 40% absorption rate which was below average. The poor performance was due to the late initiation of the procurement.

Recommendations

- The district health department should timely initiate the procurement process.
- The budget policy department of MFPED should communicate to the LGs the funds sent directly to health centers (Government and NGO). This could be uploaded to the Budget website.

4.4.5 Rural Roads Rehabilitation Grant

Background

The rural roads rehabilitation grant comprises of GoU's funding and Danish support through Rural Transport Infrastructure (RTI). The RTI focuses on the northern districts where the civil war lasted for two decades. The grant is currently supporting 18 districts⁵ selected by the Ministry of Works and Transport (MoWT). There are road interventions funded by Uganda Road Fund (URF). Under URF the funds are used for routine maintenance (manual and mechanized), periodic maintenance (manual and mechanized) for district roads, bridges and culverts in all districts. This is implemented by the local governments under the force account mechanism.

The objectives of the RTI are to

- Maintain and rehabilitate district and community access roads to support the agricultural production in the area.
- Ensure sustainability and capacity building of the districts.

Findings

The release performance for the monitored districts was 50%. Both Q1 and Q2 funds were remitted late by the MFPED and URF. The transfer of funds from the GFA to the sector accounts was very good⁶. Over a half of the monitored districts had excellent absorption rates. The district of Bushenyi, Kaberamaido, and Masindi had their absorption rates below average (less than 50%).

The table 4.4 shows the half year budget performance of the rural roads grant by districts, FY 2014/15.

Table 4.5: Half year budget Performance for Rural Roads Grant FY 2014/15 by district (Ug shs millions)

Districts	Approved Budget	Cumulative Release (Q1&Q2)	Date of Receipt of funds on GFA	Date of Receipt of funds on Sector Account	Cumulative Expenditure	% of the Budget Released	% of the Release spent
Bukomansimbi	342.062	236.004	Q1- 21/7/14 Q2-29/10/14	Q1- 24/7/14 Q2-31/10/14	236.004	69	100
Bushenyi	519.841	287.280	Q1- 30/9/14 Q2-29/10/14	Q1- 17/10/14 Q2-18/12/14	35.634	55	12

⁵ Apac, Gulu, Kaberamaido, Kumi, Lira, Pader, Amolatar, Amuria, Oyam, Dokolo, Bukedea, Otuke, Lamwo, Ngora, Serere, Katakwi, Kitgum and Soroti.

⁶ Funds should be sent within five working days from receipt on the GFA to the Sector Accounts

Districts	Approved Budget	Cumulative Release (Q1&Q2)	Date of Receipt of funds on GFA	Date of Receipt of funds on Sector Account	Cumulative Expenditure	% of the Budget Released	% of the Release spent
Ibanda	1,009.940	543.014	Q1- 12/9/14 Q2-29/10/14	Q1-15/9/14 Q2-31/10/14	496.581	54	91
Hoima	1,098.832	549.416	Q1- 22/7/14 Q2-1/11/14	Q1- 30/7/14 Q2-12/11/14	368.866	50	67
Lwengo	791.709	395.855	Q1- 27/7/14 Q2-29/10/14	Q1-15/08/14 Q2-13/11/14	346.401	50	88
Kiruhura	1,068.687	577.222	Q1- 16/9/14 Q2-29/10/14	Q1- 19/9/14 Q2-12/11/14	392.505	50	68
Soroti	590.697	295,348	Q1- 22/7/14 Q2-31/10/14	Q1- 15/8/14 Q2-19/11/14	223.017	50	76
Serere	544.227	272.114	Q1- 22/7/14 Q2-31/10/14	Q1- 12/8/14 Q2-12/11/14	256.729	50	94
Kaberamaido	708.738	354.368	Q1- 22/7/14 Q2-31/10/14	Q1- 15/8/14 Q2-19/11/14	63.330	50	18
Kiboga	833.643	442.692	Q1- 31/7/14 Q2-30/10/14	Q1- 7/8/14 Q2-7/11/14	327.656	53	74
Kyankwazi	665.745	446.678	Q1- 21/7/14 Q2-14/11/14	Q1- 4/8/14 Q2-19/11/14	411.242	67	92
Masindi	377.121	188.560	Q1- 22/7/14 Q2-1/11/14	Q1- 30/7/14 Q2-12/11/14	0	50	0
Mbarara	471.871	235.935	Q1- 22/7/14 Q2-30/10/14	Q1- 22/8/14 Q2-14/11/14	96.991	50	41
Kalungu	738.837	397.059	Q1- 22/7/14 Q2-31/10/14	Q1- 30/7/14 Q2-5/11/14	335,546,780	54	85
Bukedea	638.776	319.388	Q1- 22/7/2014 Q2-31/10/14	Q1-31/7/14 Q2-13/11/14	297,345,679	50	93
Masaka	496.923	282.426	Q1- 30/9/14 Q2-29/10/14	Q1- 22/10/14 Q2-10/11/14	249,057,315	57	88

Source: Field findings

Challenges faced during the implementation of the grant

- Lack of equipment to implement the force account mechanism. Wheel loaders, compactors, bulldozers are required yet they are not available for the work.
- Untimely release of funds - The late receipt of funds by the local governments delayed the implementation of the planned activities.
- The procurement process could not be initiated by 25% of the LGs until funds were received. This led to the late award of contracts and hence late implementation.

Conclusion

The overall release performance was excellent while the overall absorption performance was at 67% which was good. 50% of the districts registered over 80% absorption.

Recommendations

- The Uganda Road Fund should release funds to complying districts on time.

4.4.6 Local Government Management Service Delivery (LGMSD) Grant

Background

The Local Government Management & Service Delivery (LGMSD) aims at harmonizing service delivery at the local level. The objective of the grant is to enhance Local Governments (LGs) ability to plan and manage human and financial resources for effective and sustainable delivery of local government services.

The specific objectives of the LGMSD are to

- Strengthen Public Financial Management at central and local government's levels and ensure the efficient, effective, transparent and accountable use of public resources.
- Facilitate interface between the lowest level of Local Governments and communities to demand better services from their Local Governments, strengthen participatory planning processes, strengthen transparency in the LG service delivery process
- Support Local Governments infrastructure development.
- Support the Local Government capacity building activities which are supported through Government of Uganda Capacity Building Grants (CBGs)

Findings

Table 4.6 shows that the release performance of the selected districts was excellent. The districts received at least 50% of the approved budget by half year. Both Q1 and Q2 funds were remitted late by the MFPED⁷. The funds from General Fund to the department accounts were similarly late⁸.

⁷Funds should be released by the 15th day of the quarter

⁸Funds should be sent from the General Fund Account to Sector Account within five working days

Table 4.6: Half year budget Performance for LGMSD Grant, FY 2014/15 by district (Ug shs millions)

Districts	Approved Budget	Cumulative Release (Q1&Q2)	Date Receipt funds GFA of on	Date Receipt funds Sector Account of on	Cumulative Expenditure	% of the Budget Released	% of the Release spent
Bukomansimbi	202.165	100.973	Q1- 22/7/14 Q2-30/10/14	Q1- 29/7/14 Q2-11/11/14	52,189	50	52
Bushenyi	250.132	124.930	Q1- 22/7/14 Q2-30/10/14	Q1- 12/9/14 Q2-12/12/14	111,0109	50	89
Ibanda	416.485	208.016	Q1- 22/7/14 Q2-31/10/14	Q1- 4/8/14 Q2-10/11/14	144,192	50	69
Hoima	784.522	390.838	Q1- 22/7/14 Q2-1/11/14	Q1- 30/7/14 Q2-12/11/14	312,331	50	80
Lwengo	370.447	185.023	Q1- 22/7/14 Q2-31/10/14	Q1-11/09/14 Q2-13/11/14	185,023	50	100
Kiruhura	473.721	236.603	Q1- 22/7/14 Q2-31/10/14	Q1- 14/8/14 Q2-21/11/14	157,379	50	67
Soroti	776.798	388.170	Q1- 22/7/14 Q2-31/10/14	Q1- 15/8/14 Q2-19/11/14	193,970	50	50
Serere	674.572	337.114	Q1- 22/7/14 Q2-31/10/14	Q1- 12/8/14 Q2-12/11/14	74,331	50	22
Kaberamaido	535.211	265.409	Q1- 22/7/14 Q2-31/10/14	Q1- 8/8/14 Q2-19/11/14	234,584	50	88
Kiboga	365.935	222.682	Q1- 22/7/14 Q2-30/10/14	Q1- 13/7/14 Q2-7/11/14	177,084	61	80
Kyankwazi	319.465	159.559	Q1- 22/7/14 Q2-1/11/14	Q1- 31/7/14 Q2-6/11/14	106,250	50	67
Masindi	481.410	240.510	Q1- 22/7/14 Q2-1/11/14	Q1- 30/7/14 Q2-12/11/14	134,537	50	56
Mbarara	462.474	230.987	Q1- 22/7/14 Q2-31/10/14	Q1- 11/8/14 Q2-14/11/14	183,874	50	80
Kalungu	256.208	146.924	Q1- 22/7/14 Q2-31/10/14	Q1- 31/7/14 Q2-13/11/14	97,196	57	66
Bukedea	440.040	219.859	Q1- 22/7/14 Q2-31/10/14	Q1-31/7/14 Q2-13/11/14	219,859	50	100
Masaka		159.231	Q1- 22/7/14	Q1- 11/9/14		50	90

Districts	Approved Budget	Cumulative Release (Q1&Q2)	Date Receipt of funds on GFA	Date Receipt of funds on Sector Account	Cumulative Expenditure	% of the Budget Released	% of the Release spent
	318.807		Q2-31/10/14	Q2-10/11/14	142,974		

Source: Field findings

Conclusion

The overall release performance was excellent. 50% of the LGs registered over 80% absorption rate, this was excellent performance. 6% of DLGs selected registered less than 40% performance, this was below average performance.

Overall Challenges

- Lack of functional **district contract** committees. The terms of service for some members had expired and MFPED had not approved new committee members.
- **Late release of funds** - delayed the implementation of the planned activities. Only 68 days and 60 days of the quarter were effectively available for implementation of Q1 and Q2 planned activities after funds release. This translated into a 24% and 33% reduction of the available Q1 and Q2 quarter time.
- **Delay in procurement process**- All local governments could not initiate the procurement process until funds were received. This led to the late award of contracts and hence late implementation of programmes/projects.
- **Frequent breakdown of the IFMS** affects financial transactions on the system. This was attributed to intermittent internet connectivity.
- **Delayed update of budget website**; with the release information. The information uploaded on the website in some instances is not sufficient to enable transfers to sector accounts. Many times Chief Finance Officers (CFOs) had to travel to MFPED to obtain such information.
- **Frequent changes to the Output Budgeting Tool (OBT)**.resulted into late completion of the final budgets and budget execution.
- **Lack of feed back** to districts from schools (primary and secondary), government health centers and Non Government Organization (NGO) health facilities for the funds directly transferred from MFPED. This hampers monitoring of institutions, delays accountability and completion of progress reports.

Recommendations

- The procurement unit under the Accountant Generals Office should improve its efficiency in approving District Contract Committees.

- The adjustments and improvements in the OBT should be made in good time so as to minimize impact on the execution of the budget.
- MFPED should communicate the final Indicative Planning Figures (IPFS) in time to enable finalization of the budgets by Local Governments.
- The budget policy and evaluation department of MFPED should ensure release of the funds before the 15th of the first month of the quarter to enable the timely implementation of development works.
- The MFPED/Budget Directorate should promptly update the budget website with release information as it is easiest and cheapest reference for the detailed release schedules.
- The budget policy and evaluation department of MFPED should communicate to the LGs the funds sent directly to health centers (Government and NGO), and schools. This could be uploaded to the Budget website.

The District Local governments should initiate the procurement process early enough in the financial year.

General Conclusion

Central Government Ministries/Agencies

The approved development budgets for 88% of the selected priority ministries and agencies remained the same as at 31st December 2014 with the exception of MAAIF which increased by 20% and that of MoH that decreased by 13%.

The overall cumulative release was excellent with the exception of MEMD. The low release to MEMD (32%) was attributed to the poor release to the Karuma Hydro power Project that constitutes 85% of the Vote budget.

The overall cumulative absorption rate for 63% of the ministries/agencies was very good, as these registered at least 75% absorption rate. A dismal performance of 6% was registered under MoPS and 55% at KCCA, both of which fall under public sector management.

Districts Local Governments Conditional Grants

The overall release performance for the monitored grants was excellent. All the districts had received all of their approved budgets for the review period. However, MFPED released the funds late. Release efficiency dropped from 91% in Q1 to 80% in Q2. The drop was attributed to the delay in budget approval by Parliament.

The absorption rate for the LGs varied for the various grants as these had different intervening factors. It was fair for the School Facilities and the Rural Roads grants. Poor absorption was noted for the District Water and Sanitation Conditional grant and the Primary Health Care (PHC) Development grant. On the other hand the Local Government Management and Service Development grant had very low absorption.

Recommendations

- The MFPED should reconcile the approved budget estimates with donors.
- The MFPED should consider frontloading all funds related to procurement of medical supplies for proper implementation of planned activities.
- The MDAs should adopt the new Public Procurement and Disposal of Public Assets Act amended 2013 (PPDA) law to improve efficiency in the procurement process.
- The Accountant General's Office should scale up the IFMS to have the whole procurement process (evaluation, awarding and contract signing) conducted on the system.
- The MFPED should continue enforcing compliance to reporting deadlines by accounting officers.
- The procurement unit in the Accountant Generals Office should improve its efficiency in approving District Contract Committees.

- The MFPED budget policy department should communicate the final Indicative Planning Figures (IPFS) in time to enable finalization of the budgets by LGs.