ACCOUNTABILITY SECTOR

ANNUAL REPORT

FOR FY 2018/19

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Foreword

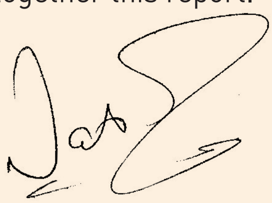
The Accountability Sector is concerned with the mobilization, management and fostering accountability for the utilisation of public resources to facilitate the delivery of quality and equitable services. This report provides an overview of the Accountability Sector, and details of its achievements as well as challenges experienced in delivering the results for FY 2018/19. The report also provides an overview of the Development Partner funded programmes and projects that supported and contributed to the Accountability Sector's achievements for FY 2018/19.

Accountability is a shared responsibility. In your position as a citizen, beneficiary of public services, policy maker or implementer, religious leader, civil society, private sector player, development partner etc, you have a role to play in ensuring the delivery of quality and equitable public services. This role may include your participation in the government planning and budgeting cycle and getting to know and contribute to the plans and budgets of your Local and Central Governments. This could also mean monitoring the implementation of the approved Local and Central Government plans, budgets, policies, programs and projects; reporting any irregularities and deviations from plan and budget; participating and contributing to the review and evaluation of government policies, programs and projects, etc.

This report is part of the accountability for the resources availed to the Accountability Sector during FY 2018/19, and is intended to create awareness about the Accountability Sector as well as facilitate you to demand for Accountability. It is therefore my wish that you take time to read and internalise the contents of this report so that you can fully understand the Accountability Sector and its achievements and challenges.

In case the details provided in this report are not sufficient, I encourage you to get in touch with the Secretariat, so they can provide the necessary details or link you to the responsible Accountability Sector Institution to give you the necessary information.

I take this opportunity to appreciate all the support accorded to the Accountability Sector by our Development Partners, particularly the following; USAID, UK/DFID, EU, KfW, Norway, Denmark, GIZ, IMF and the World Bank. I also thank the members of the Accountability Sector Leadership and Steering Committee, Sector Institutions, Sector Working Group, Technical Working Groups and the Secretariat for the cooperation, dedicated effort and hard work for the achievements we have registered in FY 2018/19. I specifically thank the Secretariat team for putting together this report.



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Minister of Finance, Planning and Economic Development/
Chairperson, Accountability Sector Leadership Committee

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List of Acronyms

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

IPFS	Indicative Planning Figures
IPPS	Integrated Payroll and Pension System
IPPU	Institute of Procurement Professionals of Uganda
IPSAS	International Public Sector Accounting Standards
IGG	Inspector General of Government
IMF	International Monetary Fund
IT	Information Technology
KCCA	Kampala Capital City Authority
LEA	Law Enforcement Agencies
LG	Local Government
LGSSP	Local Government Sector Strategic Plan
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDAs	Ministries, Departments and Agencies
MEMD	Ministry of Energy Minerals and Development
MGLSD	Ministry of Gender, Labour and Social Development
MoFPED	Ministry of Finance Planning and Economic Development
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
MoWT	Ministry of Works and Transport
MPS	Ministerial Policy Statement
NACS	National Anti-Corruption Strategy
NCDC	National Curriculum Development Centre
NDP	National Development Plan
NEMA	National Environment Management Authority
NIRA	National Identification and Registration Authority
NPA	National Planning Authority
NRM	National Resistance Movement
NSSF	National Social Security Fund
NSS	National Statistical System
NTR	Non Tax Revenue
NUSAF	Northern Uganda Social Action Fund
OAG	Office of Auditor General
ODA	Organizational Development Assessment
OIG	Office of Inspector General
PAC	Public Accounts Committee
PAIPAS	Pearl of Africa Institutional Performance Assessment Scorecard
PBB	Program Based Budgeting
PBS	Program Based Budgeting System

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

Executive Summary

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

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

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

Accountability Sector Performance FY 2018/19

Sector Budget Performance: The approved Accountability Sector Budget for FY 2018/19 was UGX1,075.7 Billions of which, UGX1,088.60 (101.20%) was released. By end of FY 2018/19, UGX1,042.2 Billion was spent, which is 96.89% of the budget, and 95.74% of the amount released.

Economic Growth: Uganda's economic growth was estimated at 6.1% in FY 2018/19 up from 5.8% in FY 2017/18 and above the FY 2018/19 ASSIP target of 6.0%. This good performance was mainly driven by a strong performance in the services sector (7.5%), industry sector (5.8%) and the agricultural sector (3.8%).

Inflation: The annual core inflation was 3.8%, which was within the 5% target but higher than the previous year's rate of 2.7%. The slight increase was mainly driven by a general rise in the aggregate demand during the year as the level of economic activity improved. The annual average headline Inflation was 3.1% in FY 2018/19, which was within target, and lower than the previous year's rate of 3.4%. This was mainly due to a slowdown in the increase of prices of Food Crops and Energy Fuels and Utilities during the financial year.

Access to finance and Interest rates: The Average lending rate reduced from 20.34% in FY 2017/18 to 20% in FY 2018/19. The Private Sector Credit to GDP increased from 13.97% in the previous FY to 14.5% in FY 2018/19 which is slightly below the ASSIP target of 15%. The Non-Performing Loans to Gross Loans reduced from 6.17% in 2016/17 to 3.8% in FY 2018/19 but still above the ASSIP target of 2%. The percentage of financially included adults was 78% which was lower than the ASSIP target of 91%. These achievements are mainly attributed to increase in economic activity and overall macroeconomic stability.

Private Investment: During FY 2018/19, net FDI as a percentage of GDP was 4.5%, which is above the year's ASSIP target of 4.3% and the previous year's performance of 3%. The relatively good performance is attributed to increased investment in the Oil and Gas Sector as well as the increased public investment in the Transport and Energy infrastructure.

The increase in private investment is also attributed to the operationalisation of the physical and online Investors' One Stop Centre (OSC), the holding of outward investment missions, investment conferences, diaspora events, and Presidential Investors Round Table (PIRT) meetings by UIA; the development, operation and maintenance/servicing of nine industrial parks by UIA and the licensing and development Free Zones. By the end of the FY 2018/19, nineteen (19) out of the twenty one (21) private Free Zones were operational, contributing to the economy.

Insurance: During FY 2018/19 the insurance penetration improved marginally to 0.77% from 0.74 in FY 2017/18 despite the over 17% growth in Gross Written Premium in the year 2018. The growth is mainly associated with the increasing premiums in the health and life insurance segment.

Domestic Savings: During the year 2018, the total Retirements Benefits sub-sector contributions increased by 13% to UGX1.28 trillion from UGX1.13 trillion in the year 2017. The increase in contributions is attributed to payment of outstanding contributions, new employers and employee registrations and annual employee salary increments.

In the same period, the total retirement benefits sub sector income increased by 64% to UGX1.8 trillion compared to UGX1.1 trillion in 2017 while the average interest declared by mandatory schemes was 12.5%. Interest was the major source of income (62.1% of the total income) to the sector. Fair value gains accounted for 30.3% of the income with the remaining 7.1% of the total income being from dividends, rented properties, associates, and other income.

Level of capitalisation and widening of investment opportunities in the capital markets: During FY 2018/19, the Domestic Equity Market Capitalization to GDP ratio performed at 4.5%, which was below the year's target of 5% and previous year's performance of 4.7%. Likewise, equity turnover declined by 39.7% to UGX45.7 billion in the fiscal year 2018/19 compared to UGX 75.8 billion recorded in the previous fiscal year. The dip in market activity is attributed to the fact that investors shifted to government securities following the uncertainty in the equities market.

Statistical Data Production and Policy Research: During FY 2018/19, the Sector through Uganda Bureau of Statistics (UBoS) issued a number of reports covering Population and Social Statistics; Macroeconomic Statistics; Business and Industry Statistics; Agriculture and Environmental Statistics; Statistical Coordination and Administrative Support Services; District Statistics and Capacity Building. The other surveys undertaken include the Malaria Indicator Survey; listing of Education Institutions; Uganda National Panel Survey; Informal Cross Border Trade (ICBT) Survey; and Time to Cross Traders Perception Survey in the border posts of Mpondwe, Bunagana and Goli under the Great Lakes Region Facilitation Project.

Anti-Money Laundering and Combating the Financing of Terrorism: The accumulated total of registered accountable persons/entities in terms of the Anti-Money Laundering Act (AMLA), 2013 increased from 682 in FY 2017/18 to 1264 in FY 2018/19. The increase is mainly attributed to the press release issued asking all accountable persons to register with FIA by end of May 2018 and associated administrative sanctions to be imposed on non-compliance. At the end of FY 2018/19, the proportion of eligible reporting agencies registered with the Financial Intelligence Authority (FIA) in terms of AMLA 2013 stood at 10%. Though the number of registered entities increased, it is mainly accounted for by a few sectors.

The number of Suspicious Transaction Reports (STR) analysed increased to 538 in FY 2018/19 from 300 in FY 2017/18. This resulted from an increase in staffing and training of analysts, which increased the rate of STR analysis.

National Revenues: The Tax to GDP Ratio increased during the year, moving from 13.9% realised in FY 2017/18 to 14.6%, which was above the ASSIP and NDP II targets of 14.4% and 14.6% respectively. Likewise, the domestic revenue to GDP ratio rose from 14.4% in FY 2017/18 to 15.10% in FY 2018/19 however, this was below the ASSIP and National Development Plan II target of target of 15.36% for FY 2018/19. During FY 2018/19 the overall net revenue collections were UGX16,638.06 billion compared to the target of UGX16,358.76 billion giving a surplus of UGX279.30 billion.

The overall good performance is generally attributed to the growth in the economy and the tax policy and administration measures undertaken by the sector through URA, MFPED Tax Policy Department and the Tax Appeals Tribunal.

Local Revenues: The actual performance figures for Local Government revenue collection as a percentage of LG budgets for FY 2018/19 was not available at the time of drafting this report. Going by FY 2017/18, Rural Local Government revenue collection as a percentage of LG budgets averaged 2% which was below the ASSIP target of 6%. In the same year, Urban LG revenue collection as a percentage of LG budgets averaged 17%, below the ASSIP target of 25%.

The poor local revenue collection performance in Local Governments is mainly attributable to the fact that the legal framework which empowers LGs to levy, charge, collect and appropriate fees and taxes provides for many exemptions which limits growth in local revenue base; Local Governments have not done adequate enumeration, mobilization, sensitization, assessment and registration of taxpayers in order to expand their local revenue base; lack of appropriate structures of human resource to administer and manage local revenues; negative attitudes and resistance to change by local governments towards the local revenue enhancement initiatives; etc.

The total local revenue collected by KCCA during the financial year 2018/19 was UGX90,553,865,805, which was about 22% of the total KCCA budgetary release for the year. The improvement in KCCA's revenue collections is attributed to among others the implementation of the City Address Model/Computer Aided Mass Valuation; Tax Register Expansion Program; training, sensitizations & public awareness.

Membership to the EITI: On 28th January 2019, Cabinet approved for Uganda to join the Extractives Industries Transparency Initiative (EITI). Following the approval of Cabinet, significant progress has been made including but not limited to issuance of an unequivocal statement of intent to join EITI by the Hon. Minister of Finance Planning and Economic Development in February 2019; appointment of Mr. Moses Kaggwa, Ag. Director of Economic Affairs in MOFPED as a Senior Government Official to lead the EITI process and chair the Multi Stakeholder Group of EITI; and establishment of a Multi Stakeholder Group (MSG) of EITI with representatives from Government, the private sector and civil society groups.

Public Debt: As at June 2019, the Present Value (PV) of public debt stock to GDP was 32.1%, out of which the PV of External debt stock to GDP was 18% and the PV of domestic debt stock/GDP was 14.1%. The Present Value (PV) of public debt stock to GDP is below the 50% threshold stipulated in the charter for Fiscal responsibility, beyond which debt becomes unsustainable.

Budget Credibility: During FY 2018/19 the budget released as a percentage of the originally approved budget for FY 2018/19, was 110.5%. During the same period, 98.7%

of the funds released were absorbed, and Supplementary Expenditure as a percentage of the initial approved budget was 4.8%. The persistent supplementary budget pressures that are unavoidable have continued to compromise budget credibility.

The Annual budget for FY 2018/19 was 60% compliant with the NDPII, which was an improvement from 54% in FY 2017/18. During the same period, the stock of domestic arrears as a % of total expenditure was 8% which was within the year's target.

Public Investment Management: The Sector undertook a number of initiatives to improve Public Investment Management during FY 2018/19, some of which include development of the first phase of the Integrated Bank of Projects (IBP) covering pre-investment (project preparation and appraisal); strengthening the capacity of the Development Committee (DC) to undertake efficient review of projects; training over 400 personnel from various MDA's across Government in the integrated investment appraisal focusing on the pre-investment stages covering Concept, Profile, Pre-feasibility and Feasibility; initiating the development of (a) the PIMS policy to provide for the overall legal and institutional framework for the various stakeholders involved in the public investment management process; (b) the PIMS curriculum to provide tailor made training courses for short, medium and long term training at Makerere University School of Economics; and (c) the PIMS manual for project implementation, monitoring and evaluation that will provide methodologies, approaches and frameworks for undertaking project execution and ex post evaluation.

Compliance with Accountability rules and regulations: Overall, 91.8% of MDAs, Projects, Commissions, Statutory Authorities and Local Governments had unqualified (clean) audit reports for FY 2017/18[1], an improvement from the previous year's performance of 91%. Specifically, 92% of Central Government Agencies had clean audit reports for FY 2017/18 an improvement from the previous year's performance of 90%. Likewise, 93% of Statutory Bodies had clean audit reports for FY 2017/18, an improvement from the previous year's performance of 84%. There was however a slight decline in the Local Governments' performance i.e. 91% of Local Governments had clean audit reports for FY 2017/18 compared to the previous year's performance of 93%.

The improvement in compliance is among others attributed to the rollout of the Integrated Financial Management System; upgrading of the Dynamics Navision system for missions abroad; implementation of Academic Information Management System, E-Payments Gateway and E-Cash; and Treasury Inspections.

Public Contract Management: The percentage of procurement audits and investigations recommendations implemented in FY 2018/19, was 66%, which was slightly below the previous year's performance of 69% and the ASSIP annual Target of 90%. The failure to implement most of the recommendations is as a result of laxity on the part of the Accounting Officers and the PDUs; and inadequate capacity (financial and human resource) especially in Local Government PDEs to implement the issued recommendations.

[1]The performance figures for FY 2018/19 were not available at the time of drafting this report. They will be available in January 2020 following the release of the Report of the Auditor General to Parliament for FY 2018/19 in December 2019.

The average number of bids received for all procurements irrespective of which method was used was 3.8 bids per procurement. This was above the 2 bids received that were reported for the FY 2017/18, but below the ASSIP and the PPDA recommended minimum number of 5 bids per contract.

During FY 2018/19, the total number of contracts awarded to local providers remained at 99%. This is because the overwhelming number of procurements is small in value and done by local providers. In terms of value, 72% (UGX 1,226,365,730,825) of the value of procurements were awarded to foreign firms.

As at the end of FY 2018/19, the implementation status of the e-GP system stood at 42%. Furthermore, the National Public Sector Procurement Policy (NPSPP) was approved by Cabinet on 1st April, 2019 and on 3rd May, 2019 the PPDA Bill, 2019 was gazetted and published. This Bill aims at enhancing efficiency and effectiveness in the Public Procurement process by reducing the statutory timelines and the number of players in the administrative review process.

Public demand for accountability: The sector through Ministry of Public Service continued to strengthen Results-Oriented Management systems across MDAs and LGs; developed, disseminated and ensured the utilization of Service Delivery Standards and Client Charters in MDAs and LGs, facilitated joint inspections and rolled out the Pearl of Africa Institutional Performance Assessment Scorecard (PAIPAS) to all inspected MDAs and LGs.

During the year, the Sector held a Joint Annual Review for FY 2017/18 and Regional Accountability Forum where the public raised issues which were discussed and where need be, undertakings made by the Accountability Sector Institutions to address the outstanding issues.

Prevention, detection and elimination of corruption: The percentage of internal audit recommendations implemented in FY 2017/18[2] was 65.6% against a target of 70% and the previous year's performance of 69%. During the year under review, 592 quarterly payroll and pension audit reports were received and reviewed by the Office of Internal Auditor General. This led to a great improvement in Pensions and Payroll Systems however, there is need to include the IT systems Audits as well.

The percentage of external audits recommendations implemented by MDALGs in FY 2018/19 was 31%, which is below the ASSIP target of 45%. This has lowered/undermined the effort to address challenges of service delivery and therefore, limited value for money because of the delayed and low response to the recommendations.

Through the Office of the Auditor General the Accountability Sector completed 168 financial audits for MDAs, which was above the year's ASSIP target of 128 and the previous year's performance of 97 MDAs. In the same period, 134 financial audits for Public Corporations and State Enterprises were completed, which was above the ASSIP target of 85 and the previous year's performance of 122 authorities. OAG further

[2]Information on the percentage of internal audit recommendations implemented in FY 2018/19 was not fully compiled at the time of drafting this report

completed audits for 1561 Local Governments (164 Higher Local Governments and 1397 Lower Local Governments), which was above the previous year's achievement of 624 audits but below the ASSIP target of 2070 Local Governments completed audits for the year.

During FY 2018/19, the Sector through OAG completed 10 Value for Money audits which was above the previous year's achievement of 8 VFM audits but below the annual ASSIP target of 16 VFM audits. In the same period, OAG completed 28 Special, IT and Forensics audits which was above the previous year's achievement of 26 Forensic Investigations, IT and Special Audits but below the ASSIP target of 50 audits. The OAG also completed 18 Engineering Audits, above the previous year's achievement of 13 audits.

Through the Directorate of Ethics and Integrity (DEI) the Accountability Sector conducted 32 sensitization activities on National Ethical Values (NEVs). In addition, the Anti-corruption Laws were simplified, and translated into the local languages of Ateso, Runyankore-Rukiga, Luo and Luganda, to reflect the four Regions of Eastern, Western, Northern and Central Uganda respectively, to make it easier for members of the public to read and understand them.

In the same period the Zero Tolerance to Corruption policy was approved by Cabinet and the Leadership Code Tribunal was gazetted, resourced but not yet fully constituted. Recruitment of the Tribunal staff and members by the Public Service Commission (PSC) and Judicial Service Commission (JSC) respectively is ongoing.

The Accountability Sector through the IG received 2,325 complaints during FY 2018/19 which led to sanctioning of 676 Ombudsman cases, 1051 corruption investigations as well as 25 Leadership Code cases. 318 complaints were referred to other institutions while 225 were rejected. The remaining 30 had not yet been allocated by the end of the Financial Year.

Through the IG, the sector received 21,182 (85%) leaders' declarations out of the estimated 25,000. Out of these declarations, the IG verified and concluded 210 (0.99% of the declarations) out of the planned 300 verifications of leader's declarations during the FY2018/19, which is a 70% achievement. Despite the below target achievement, this is a noteworthy achievement considering the fact that previously, no more than 65 verifications were executed in a single Financial Year. The verification resulted into sanctioning of corruption investigations of 3 leaders who were found to have amassed wealth worth UGX 9.686 Billion combined, which is beyond their known sources of income. In addition, 10 leaders were investigated for illicit enrichment and files are awaiting submission to the Leadership Code Tribunal for further action.

The Sector through the IG investigated 22 out of the planned 12 high profile cases during the FY 2018/19. In addition, 154 corruption cases were investigated out of the planned 218 cases for the year. These investigations recommended for recovery of UGX 1.380 Billion which was misappropriated by public officials and UGX0.769 Billion of this was recovered.

Through the IG, the Sector prosecuted and concluded 53 (88%) out of the planned 60 cases during the FY 2018/19. Of the 53 cases, 16 (30.2%) were high profile in nature. Also, 39 of the 53 prosecuted cases were successfully convicted hence obtaining a conviction rate to 73.5%.During the reporting period, 11(92%) Judicial reviews were concluded successfully by the end of the reporting period. Four cases were concluded in favour of IG, 1 case was concluded against IG and 6 were withdrawn. A total of UGX1,106,309,665 was recovered of which, UGX5,000,000 was recovered from court decisions. The percentage of funds recovered from the court decisions and investigations was 41% of the available orders, which was lower than the 50% annual target.

In the period under review, 1392 corruption cases in Local Governments were investigated, above the year's target of 500 cases, and the ombudsman resolved 565 (63%) complaints in Local Governments out of the planned 900 for the FY 2018/19.

Performance against other benchmarks: The Accountability Sector Institutions' performance scores in respect to compliance of their Annual Budgets to the NDP; responsiveness of their Ministerial Policy Statements to gender and equity; Government Annual Performance Report (GAPR) assessment by the Office of the Prime Minister; and compliance with the quarterly and annual reporting deadlines as measured by the authorities responsible for assessing the performance of MDALGS were noted.

The scores were then averaged to recognise the best performing Accountability Sector Institutions during FY 2018/19, while at the same time encourage the other institutions to strive to perform better. Overall, Uganda Bureau of Statistics emerged as the best performing Accountability Sector Institution for FY 2018/19, with an average score of 72.3%, followed by the Ministry of Finance, Planning & Economic Development with an average score of 69%.

Development Partner support: Various Development Partners' funded programs and projects contributed to the Accountability Sector's achievements during the Fiscal Year 2018/19. Some of the key programs and projects that made this contribution include the Financial Management and Accountability Programme (FINMAP); Governance, Accountability, Participation and Performance (GAPP); Justice and Accountability Reform - Sector Reform Contract (JAR-SRC); Strengthening Governance and Civil Society Program (GCSP); Domestic Revenue Mobilization, Public Investment Management & Transparency (DRUM); and Regional Communications Infrastructure Program. The development partners supporting these programs and projects include USAID, UK/DFID, EU, KfW, Norway, Denmark, GIZ and the World Bank.

1.0 Introduction and Background

1.1 Overview of the Accountability Sector

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

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

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

Table 1: Accountability Sector thematic areas and coverage

No.	Thematic area	Coverage
1.	Economic Management	1. Macroeconomic Policy and Management; 2. Economic Development Policy and Research; 3. Investment Promotion; 4. Financial Services; 5. Statistical Production & Policy Research; 6. Anti-Money laundering;
2.	Resource Mobilisation and Allocation	1. Revenue/Tax Policy and Management; 2. Debt Policy and Management; 3. Planning, Budgeting; and 4. Public Investment Policy and Management;

No.	Thematic area	Coverage
3.	Budget execution and Accounting	1. Accounting Policy and Management; 2. Management Information System/Services; 3. Asset Management; 4. Public Procurement and Disposal Policy and Management; 5. Inspection;
4.	Audit and anticorruption	1. Internal Audit; 2. External Audit; 3. Anti-Corruption; 4. Ethics and Integrity;

1.1.1 Accountability Sector Outcomes and Objectives

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

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

1.1.2 Accountability Sector Institutions and their mandates

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ministry of Public Service: The Inspection Department of the Ministry is mandated to inspect the entire service on the attainment of set targets and monitor very closely the performance of Public Service Institutions and public officers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.1.3 Management of the Accountability Sector

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

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

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

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

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

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

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

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

2.0 Sector Performance and Challenges

This section presents the Accountability Sector's achievements and challenges during FY 2018/19, focusing on the planned and actual budget outturn, outcomes and outputs under each of the thematic areas i.e. economic management; resource mobilisation and allocation; budget execution and accountability; and audit and anticorruption.

2.1 Sector Budget Performance

The approved Accountability Sector Budget for FY 2018/19 was UGX1,075.7 Billions of which, UGX1,088.60 (101.20%) was released. By end of FY 2018/19, UGX1,042.2 Billion was spent, which is 96.89% of the budget, and 95.74% of the amount released. The table below provides details of the Accountability Sector Votes' approved budget, amount released, and spent as at 30 June 2019.

Table 2: Accountability Sector Budget Performance FY 2018/19

Vote	Sector Institution	Approved (UGX Bn)	Released by End Q4	Spent by End Q4	% Budget Released	% Budget Spent	% Release Spent
8	MFPED	532.281	523.814	482.469	98%	91%	92%
103	IG	52.807	53.156	53.234	101%	101%	100%
112	DEI	5.152	5.001	4.829	97%	94%	97%
129	FIA	12.5	12.421	12.218	99%	98%	98%
131	OAG	55.789	60.367	59.168	108%	106%	98%
141	URA	331.929	350.216	350.216	106%	106%	100%
143	UBOS	49.42	49.42	46.507	100%	94%	94%
153	PPDA	24.852	22.823	22.704	92%	91%	100%
310	UIA	10.984	11.38	10.865	104%	99%	96%
	Total	1,075.71	1,088.60	1,042.21	101.20%	96.89%	95.74%

Source: Accountability Sector Institutions' Vote Performance Reports

2.2 Economic Management

This section presents the Economic Management thematic area achievements, reforms, interventions and challenges experienced during FY 2018/19, focusing on the Accountability Sector outcome "Sustainable Macroeconomic Stability" and the following objectives.

1. increase access to finance;
2. increase private investments;
3. reduce interest rates;
4. increase insurance penetration;
5. increase national savings; and
6. increase the level of capitalisation and investment opportunities in the capital markets;
7. improve statistical data production and policy research; and
8. protect financial systems and the broader economy from the threats of money laundering and financing of terrorism;

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

2.2.1 Economic Growth

Uganda's economic growth stood at 6.1% in FY 2018/19 up from 5.8% in FY 2017/18 and above the FY 2018/19 ASSIP target of 6.0%. This good performance was mainly driven by a strong performance in the services sector (7.5%), industry sector (5.8%) and the agricultural sector (3.8%).

The services sector's growth was mainly attributed to the good performance in trade and repairs, mining and quarrying, transportation and storage, accommodation and food services, financial and insurance activities, real estate activities and human health. The performance in the industry sector was mainly driven by the good growth in water supply, electricity supply and construction activities, while the performance in the agriculture sector was mainly as result of the increase in the cash crops and food crops growing and fishing activities. The impressive performance of food crops and cash crops growing activities is mainly attributed to the favourable weather conditions during most of the 2018/19 fiscal year as well as Government's interventions in the sector during the year.

2.2.2 Inflation

During FY 2018/19, the annual core inflation was 3.8%, which is within the 5% target but higher than the previous year's rate of 2.7%. The slight increase was mainly driven by a general rise in the aggregate demand during the year as the level of economic activity improved. The depreciation of the Uganda shilling during the year also contributed to the rise in core inflation.

The annual average headline Inflation was 3.1% in FY 2018/19, which was within target, and lower than the previous year's rate of 3.4%. This was mainly due to a slowdown in the increase of prices of Food Crops and Energy Fuels and Utilities during the financial year.

2.2.3 Access to finance and reduction of Interest rates

Financial inclusion: In 2018, 58% of adult Ugandans used formal financial services, whereas overall inclusion remained at 78%. Formal inclusion was slightly higher among men (63%) while 54% of women were formally financially included. Inclusion was further skewed towards urban residents, averaging at 76%, against 52% for rural Ugandans. Much of the inclusion is driven by the use of payments services over the mobile phone, which had been used by 56% of the adult population in Uganda. When looking at other financial services, formal inclusion is more limited. Only 18% of the adult population saves in formal institutions, while 5% use formal credit and 1% have a formal insurance policy.

Access to affordable credit: The Finscope study 2018 revealed that the majority of Ugandan borrowers (49%) rely on informal mechanisms and only 10% of borrowers use formal lenders (FSDU, 2018a). The low rate of financial inclusion in regards to credit stems mainly from issues related to time, information, accessibility and cost. The National Small Business Survey (FSDA, 2015), that sampled 1,800 MSMEs, found that MSMEs produce at least 90% of private sector output and employ over 2.5 million people in Uganda. The study further revealed that over 74% of the MSMEs regarded access to finance as a major constraint to the growth of their enterprises, with 73% identifying the cost of finance as a major issue. This was also observed by the World Bank Enterprise Survey in 2013, where access to finance was cited as a major constraint by nearly 20% of the firms and more than 50% exporting firms citing it as a major constraint. Also, most MSMEs stated that they had failed to access loans because banks and other financial institutions required land as collateral, which most of them did not have.

Notwithstanding, the volume of credit to the private sector in Uganda has been growing over the years, with main lending going to the trade and construction sectors, as well as credit to individuals. The Private Sector Credit to GDP ratio increased from 13.97% in the previous FY to 14.5% in FY 2018/19, slightly below the ASSIP target of 15%. Non-Performing Loans to Gross Loans reduced from 4.4% in 2017/18 to 3.8% in FY 2018/19, but still above the target of 2%, which likely led to a reduction in the average lending rate from 20.34% in FY 2017/18 to 20% in FY 2018/19. These achievements are mainly attributed to an increase in economic activity and overall macro-economic stability.

Moreover, Government has undertaken different measures to increase access to affordable credit in Uganda. Among others, Government recognized the need for improving the performance in the microfinance sector by establishing a designated regulatory authority for the sector, the Micro Finance Regulatory Authority through microfinance regulatory reforms. It further ensured an adequate legal framework for private sector lending by pushing key legal and regulatory reforms. By supporting state-owned financial institutions, Government ensures the availability of affordable long-term finance for private sector investment in the country.

Microfinance Reforms: As a result of rampant fraud and mismanagement of SACCOs, widespread market abuse of customers and unfair treatment caused by Money Lenders and Non-Deposit taking Microfinance Institutions, credibility of, and confidence in the microfinance industry was eroded. To address these issues, the **Tier 4 Microfinance Institutions & Money Lenders Act, 2016 was passed and came into effect on 1st July 2017**. The Act established the Uganda Microfinance Regulatory Authority (UMRA) to license and supervise SACCOs, MFIs and money lenders, countrywide. The Act aims to restore investor and consumer confidence in Uganda's microfinance industry and also to streamline the money lending business and encourage savings mobilization through SACCOs.

During FY2018/19, the Tier 4 MFIs and Moneylenders Act 2016 was disseminated to Money lenders and NDT-MFIs across the country. In addition, the **Tier 4 Microfinance Institutions and Money Lenders (Money Lenders) Regulations, 2018** were printed and distributed. The issuance of the Tier 4 (Money Lenders) Regulations 2018 and Tier 4 (ND-MFIs) Regulations, 2018, led to 239 issued licenses, out of which 199 were issued to money lenders and 40 were issued to Non-Deposit Taking Microfinance institutions in FY 2018/19. The regulation of Tier 4 MFIs and Money Lenders has contributed to the reduction of the informal sector through increased licensing and regulation of Tier IV microfinance activities. Tier 4 (SACCO) Regulations were also drafted and are on schedule to be issued before December 2019.

Industry specific policies and legal frameworks: In the FY 2018/19 the accountability sector has continued to implement and amend key sector specific legal and policy frameworks, these include the following:

1. The development of a national Financial Sector Development Strategy which is aimed at integrating all efforts under the vision of achieving a sound and integrated financial sector that supports sustainable and inclusive economic growth. The strategy clearly identifies access to affordable finance as one key area of intervention.

2. The commencement of the process to enact the National Payment Systems Bill, 2019, which was submitted to Parliament, intended to provide a legal framework for the expansion of digital financial services in the country.

3. Development of a draft Bill to amend Microfinance Deposit Taking Institutions Act, 2003. The Bill is due for submission to Cabinet for approval. The amendments are intended to reduce binding constraints to the increased expansion of MDI services.

4. The accountability sector continued to implement key reforms under the Financial Institutions (Amendment) Act, 2016, such as the establishment of the Deposit Protection Fund as a legal entity separate from the central bank, operationalization of Financial Institutions (Agent Banking) Regulations, 2017 and the Financial Institutions (Bancassurance) Regulations, 2017. These were issued to provide an enabling environment for strategic partnerships towards lowering the operational costs of providers in the banking and insurance industries. Also the Financial Institutions (Islamic Banking) Regulations for the operations of Islamic banking in Uganda were issued;

5. The incorporation of Uganda's national positions in the formulation of EAC policies for Financial Sector Development including the EAC Microfinance Policy, EAC Insurance Policy; EAC Retirement Benefits Policy; EAC Financial Education Strategy and the EAC Insurance Certification Program Implementation Strategy.

Support to long-term financing through state-owned financial institutions

Furthermore, Government of Uganda (GoU) is continuing to implement industry specific policies and legal frameworks that are meant to address the constraints for private sector lending in Uganda including support to long-term financing through state-owned financial institutions e.g. UDB and MSC as illustrated below.

Uganda Development Bank: As at the end of FY 2018/19, Uganda Development Bank Limited (UDB) was recapitalized to a tune of UGX119.8 billion, inclusive of the Kuwait Fund of UGX 33.7 billion. In addition, UDB had a share capital of UGX100 billion and retained profit of UGX55.9 billion for re-investment. UDB was also able to source for lines of credit from the Arab Bank for Economic Development in Africa (BADEA), Islamic Development Bank (IDB), and Agriculture Credit Facility to (ACF) to increase its funding resources in order to avail adequate long-term financing for investment.

Table 3: Trends in Capitalization of UDB (Ush'000), as at June 2019

Period	As at 31st July 2015	2015/16	2016/17	2017/18	2018/19	Total (Ush)
Share capital	74,866,654	8,256,828	16,876,518	-	-	100,000,000
GOU capital contribution	8,256,788	16,005,220	11,894,267	37,839,649	45,848,832	119,844,756
Retained profits	35,392,719	1,988,844	6,410,669	8,344,814	3,767,442	55,904,488
Total	118,516,161	26,250,892	35,181,454	46,184,463	49,616,274	275,749,244

During FY 2018/19, Uganda Development Bank disbursed 609 conventional and Islamic financing loans totalling UGX62.1 Billion to 18,308 beneficiaries as illustrated in the table below.

Table 4: Loan Disbursements in 2018/19

<table>
<tr><th>Item</th><th>Conventional Loans</th><th>Islamic Financing</th><th>Total</th><th>Total Beneficiaries</th></tr>
<tr><td>No. of loans Disbursements</td><td>550</td><td>59</td><td>609</td><td rowspan="2">18,308 beneficiaries in 2018/19 and

1.3 million cumulatively</td></tr>
<tr><td>Volume (UGX BN)</td><td>52.164

(84%)</td><td>9.936

(16%)</td><td>62.1</td></tr>
</table>

UDB also registered a portfolio growth of 9.8% from UGX91.5Bn at end of FY 2017/18 to UGX100.5Bn as at June 30, 2019. The growth in disbursements was partly attributed to enhanced marketing through zonal offices, collaboration with Local Governments and CBOs and favourable loan conditions. Through UDB, the sector significantly contributed towards Uganda's socio economic development through sustainable financing of development projects in key growth sectors of the economy as identified by NDPII. The funded projects created jobs, contributed to Uganda's GDP, foreign exchange earnings, tax revenue and promoted inclusive growth as illustrated below:

1. The jobs created by UDB funded projects increased from 17,079 in 2015 to 54,034 in 2018
2. UDB's contribution to foreign exchange earnings increased from Ush30.1 billion in the year 2015 to Ush228.5 billion in the year 2018;
3. UDB's contribution to tax revenue increased from Ush78.7 billion in the year 2015 to 110.3 billion in the year 2018;

Microfinance Support Centre: During the past 10 years, the sector through the Microfinance Support Centre (MSC) disbursed loans averaging UGX 26Bn annually (at interest rates between 9 and 13% per annum (p.a.)) to cooperatives and MFIs active in the agricultural value chains. This is against an average annual demand of UGX167Bn from SACCOs, Unions, MSMEs, MFIs and Groups which implies an average annual shortfall of approximately UGX140Bn.

During FY 2018/19 the sector through MSC used UGX12Bn for Credit financing; and UGX3Bn for revival of defunct cooperatives throughout the country. MSC continued to offer low interest rates to its clients ranging from 9% per annum for agricultural cooperatives, 13% for Small and Medium Enterprises (SMEs), 17% for Commercial loans and 11% for teachers' associations. This interest rate performance was satisfactory compared to the commercial rates that were on an average 20%.

As at 30th June 2019, MSCL invested UGX45Bn to143 projects benefitting 486,956 individuals since the launch of Islamic Finance in 2017. Disbursements under Islamic finance showed remarkable performance, attributed to the growing appreciation of participatory financing modes which are flexible, especially for clients engaged in seasonable economic ventures. Over 90% of the projects funded are in the agricultural value chains (production, processing and marketing); including maize, rice, dairy, sunflower, cotton, coffee production and poultry, among others.

Challenges

While the above mentioned interventions have certainly improved private sector credit and laid the foundations for an enabling environment for increased accessibility to formal sector lending, some challenges remain, hampering further reductions in interest rates and increasing the reluctance of financial sector actors to lend. These include among others:

a) High operational costs in financial institutions, resulting from lacking digitization and duplicative financial sector infrastructure, specifically:
    - Inadequate coverage by Credit Reference Bureaus (CRB)
    - Limited collateral due to an ineffective property registry and land registry
    - Lack of available data

b) High provisions for non-performing loans, as a result of high risks associated to private sector lending due to lacking de-risking mechanisms

c) High reference rates, like CBR and Treasury-Bill/Bond rate (TBR), resulting from contractionary monetary policy, limited fiscal discipline and market transparency

d) Limited competition among financial sector players

e) Low levels of private sector development

f) Limited public awareness and understanding of financial services and low levels of trust in the financial sector

g) Delays in the issuance of key policies and regulations, e.g. National Payments Systems Law, approved SACCO regulations, etc.

h) A lack of specialized skills for quick adaption to evolving trends

i) Cumbersome legal and regulatory requirements that increase operating expenses across the sector.

j) Lack of coordination and cooperation among state-owned financial institutions in Uganda. Currently, institutions operate under a wide mandate, with limited alignment to the key development sectors. A main reason is that there is no clear approach and appreciation of their role in the country, and therefore not utilized to their full potential for financing development projects.

Opportunities

The following opportunities exist for the sector to tap into and increase access to finance and reduce interest rates.

- The draft financial sector development strategy is expected to be launched in FY 2019/20 and will provide the key guiding framework for financial sector development in Uganda, specifically targeting measures to increase access to affordable credit
- The National Payments Bill will be enacted as an Act of Parliament in the near future and is expected to improve the expansion of credit through digital financial

services

- Expansion of financial sector infrastructure by, among others, issuing revised CRB regulations to expand coverage and implementing a collateral registry
- Licensing of all Tier 4 financial institutions to improve lending practices in the microfinance industry
- Improving framework for agriculture credit through the Agriculture Finance Policy and the Uganda Agriculture Insurance Scheme
- A Consumer Protection Policy, which has been forwarded as the Consumer Protection Bill to the First Parliamentary Council awaits its first reading. The provisions of this proposed bill will affect the compliance of financial institutions and therefore the work of UMRA. The Bill, under Section 3 (4) (c), seeks to promote fair and ethical business practices. It guards against unfair practices such as false, unconscionable representation, and discriminatory marketing.

2.2.4 Private investment

The increase in private investment is mainly measured by the change in Local and Foreign Direct Investment. During FY 2018/19, net FDI as a percentage of GDP was 4.5%, which is above the year's ASSIP target of 4.3% and the previous performance of 3%. The relatively good performance is attributed to increased investment in the Oil and Gas Sector as well as the manufacturing and hospitality sector. The increased public investment in the Transport and Energy infrastructure also attracted FDIs. This performance trend projects that the sector will achieve the overall ASSIP target of 4.4% in FY 2019/2020. The FDI performance is also explained by the implementation of key business climate reforms and other interventions illustrated in the following paragraphs.

Through Uganda Investment Authority (UIA) the sector has implemented a physical and online Investors' **One Stop Centre (OSC)**. Under the One Stop Centre, 12 Agencies namely: UIA, URSB, NEMA, URA, UNBS, KCCA, UFZA, NWSC, UMEME, DTB, GIANTS and the Directorate of Citizenship and Immigration Control (DCIC), are operational and rendering services under strict service level agreements. The electronic platform of the One Stop Centre (www.ebiz.go.ug) is operational with the following services: Business registration, land title registration, environmental impact assessment applications and electronic payments.

Through the 12 Agencies, the OSC now offers slightly over 40 key services to businesses and investors alike, using its physical and online platforms. The OSC now handles on average 4,000 transactions a month and has improved regulatory efficiencies by reducing the time and cost of doing business. As a result, the number of days taken to set up a business with all the procedures has reduced from 30 days to only 6 days. Likewise, the number of steps taken to register a business has reduced by 2 hours, and now takes 4 hours to register a company and 2 days for a company to be licenced. The various services offered by the OSC and time taken to offer the services are illustrated here below.

1. Business registration – 4 Hours
2. New TIN – 4 Hours
3. Investment license – 48 Hours
4. Trading License – 24 Hours
5. EIA Cert (2-5 days in industrial parks, 21 days' outside parks/zoned areas)
6. Banking services (payments & withdrawals) – 15 minutes
7. Product certification – 1 month (in Uganda); 1.5 months (for products taken outside Uganda);
8. Land Title verification – 1 day
9. Free Zones License – 1 month
10. Project access to power – 5 days (standard connection); 30 days (non-standard connection)
11. Industrial water connection – 21 days
12. Work Permit Issuance – 4 days;
13. Special & Dependant's pass – 2 days; Certificate of residence – 3 weeks;

200 copies of **Bankable Projects** were updated and printed during FY 2018/19. In the same year, 34 viable private and public sector investment projects, at different stages of feasibility, in agro processing; infrastructure (transport, real estate, industrial parks); tourism; renewable energy; adding value to minerals; ICT; and health services; were compiled and disseminated to potential investors and funders. Out of the 34 project proposals, 11 projects had already attracted investment by 30 June 2019.

During the same year, 566 new company contacts were made and followed up, and as a result, 13 Investment projects with a planned investment portfolio of US$ 9,115,000 and 633 planned jobs were licensed.

Through UIA, the sector held eight **outward investment missions** to China, India Japan, Egypt and Italy. As a result, 124 Investors were interested in investing in agro processing, mining, tourism and development of industrial parks. Accordingly, delegations from china i.e. the Hunan and Holley group have visited Uganda and are going to invest in industrial parks.

In addition, six **investment conferences** were held during the year, of which four (4) were organized for business delegations from China; one (1) for a business delegation from UAE; and one (1) for a business delegation from Egypt. As a result, two (2) industrial parks through (PPPs) are being planned out of these initiatives. The Parks will attract over 50 companies in the priority sectors of agro processing and adding value to minerals, as well as various manufacturing.

Through UIA, the sector organized one (1) **Diaspora event** in Uganda and as a result, 3 potential investors from the diaspora have expressed interest and are planning to invest in agro processing, real estate and tourism.

Presidential Investor Round Table (PIRT) meetings organized: The Presidential Investors Round Table is an investment policy advocacy forum chaired by the President and comprised of domestic and foreign investors whose objective is to address policy gaps for the purpose of improving competitiveness. During the Financial Year, 21 Presidential Investors Round Table (PIRT) engagements were held, resulting in the following key achievements among others.

1) Reduction of electricity tariff from 17.1cents to 5 cents per kwh of power.
2) Visa fees were reduced from USD100 to USD50.
3) Digitisation of Government Services e.g. through the electronic One stop centre (eBiz)

Licensing of projects: During the year under review, 288 projects were licensed, worth US$1,347,147,174 and estimated to create 59,940 jobs. 80% of the licensed projects are planned to be located in the central region due to the presence of infrastructure, financial services and skilled manpower. Kampala District attracted the biggest number of projects (114) which accounted for 40% of all the licensed projects in 2018/19, followed by Wakiso and Mukono with 15 and 14 percent of all the licensed projects, respectively. The Manufacturing sector attracted the biggest number of licensed projects (148) and these accounted for 52 percent of all the licensed projects in 2018/19. Agriculture followed with 17.8 percent of all the licensed projects in 2018/19.

Of the licensed projects Ugandan companies contributed the biggest number of licensed projects (82) among all countries thereby accounting for 29 percent of all the licensed projects in FY 2018/19. Asia (as a regional block) registered the biggest number of licensed projects (120) which accounted for 42 percent; followed by the EAC with 94 projects and 33 percent of all the licensed projects in 2018/19.

The planned investments in FY 2018/19 registered a 54 percent increase to USD1.3 billion from USD876.8 million in FY 2017/18. Local planned investments totaled USD328.8 million and accounted for 24.4 percent in FY 2018/19; while the FDI planned investments totaled USD1.02 billion and accounted for 75.6 percent of all the planned investments in FY 2018/19.

Through UIA, the Accountability Sector monitors the licensed projects with the aim of establishing the status of actual investment on the ground. During the financial year, **273 projects were monitored** with actual investment value of US$2.820Bn and actual employment of 41,652. The key challenges identified during the monitoring exercise were:

1. High theft rates and insecurity;
2. Need for extra land for expansion;
3. Unreliable electricity supply;
4. Need to mortgage industrial land in the government parks for expansion;
5. Court cases with communities (squatters);
6. Bad roads especially in the parks; and
7. High production costs caused by high transport costs (road, freight and non-tariff barriers within the region)

Investment after care services provide interventions into challenges met by investors during the implementation of their investment projects. During the year under review, 206 Investment projects were provided with aftercare services. The after care services helped to reduce and eliminate the bureaucracy in the delivery of Government services through intervention in the provision of utilities (water and power), work permits, regulatory licenses, land acquisition for investment, tax exemptions and disagreements, renewal of Investment Licenses, court cases regarding employees and inter departmental facilitation meetings, among other interventions.

Through UIA, the sector offered **SME Facilitation Services** where eight enterprise and skills development trainings were carried out in Mbarara, Lira, Jinja, Kampala, Wakiso, Kapchorwa, Nebbi and Bugiri districts. A total of 980 entrepreneurs were skilled in the areas of business management and reporting, corporate governance, business formalization, and business sustainability. The 980 enterprises are now able to generate business plans and professionally run their businesses.

In addition, four clusters were formed (Agro processing in Luwero, Maize milling in Nansana, Juice processing in Wakiso and Rice milling in Bugiri). The cluster members in the establishment were trained in innovative business development in terms of integration to expand their businesses. The SMEs in the formed clusters are now able to benefit from economies of scale, access to markets, agricultural inputs and post-harvest handling and management.

Through UIA, the sector profiles SMEs to identify and segment enterprises based on their turnover, financial capacity, skills to provide advisory and policy support and prepare them to access financial services. Through profiling, training was taken to youths and women through the Enterprises programmes. During the year under review, 1845 SMEs were profiled and entered in the database. UIA also responded to the needs of medium enterprises who were profiled under the Top 100 SMEs initiative through joint ventures with foreign companies. UIA profiled women enterprises and initiated the women in business program.

Development of industrial parks: An industrial park is a specialised and serviced area gazetted for manufacturing and processing industries together with the ancillary facilities such as warehousing, logistics and freight.

In 2007, Uganda Investment Authority (UIA) was tasked to develop 22 Industrial & Business Parks around the Country with the aim of creating more jobs, ease accessibility of land for investments, introduce new research, technologies and skills development as well as boost Uganda's exports and increase Uganda's revenue base. When completed, the industrial and business parks are expected to add value to locally available raw materials, thus boosting the agricultural and mineral sectors. So far, nine industrial parks are currently being established and these include Kampala Industrial and Business Park (KIBP) Namanve, Luzira, Bweyogerere, Jinja, Mbale, Soroti, Mbarara SME, Kasese and Karamoja Industrial Parks.

During FY 2018/19, Industrial Power supply was extended to 11 investors' sites in Kampala Industrial and Business Park including Laborex, Equator Seeds, Sanga

Vetchem, Canaanze Limited, Feilong Ltd, Uganda Batteries Limited, Speedmark Logistics, Mehta Group, Master wood works, Shepherd fields Investment etc. who have commenced the construction of their projects in the Industrial park. This has created indirect employment of approximately 20,000 jobs for the construction workers and local artisans. In addition, 2km of Roads in Kampala Industrial and Business Park were maintained, 4.4km of gravel roads in Soroti Industrial park were maintained, 3.7km of paved roads and drainages in Luzira industrial park were maintained and 1.925km of paved roads and drainages in Bweyogerere industrial park were maintained. The road maintenance has enabled the investors in the industrial parks to smoothly operate and generate revenue and employment to the country.

During FY 2018/19, a contract was signed for opening of roads in Kasese Industrial and Business Park. The opening will assist the 12 investors who were allocated land to commence their project construction activities.

Enactment of the Investment Code Act 2019: On 20 February 2019 the President assented to the Investment Code Act, 2019. The Act became operational on 29 March, 2019. The main objectives of the Act are to revise, modernize and replace the Investment Code Act, Cap 92, to align the new Act to the Constitution; to provide for the continuation of the Uganda Investment Authority established under the repealed Act and redefine its functions. Other objectives of the Act include registration of investors and issuing of investment licenses and incentives; and to make the Authority a one stop Centre for coordination, promotion, facilitation, monitoring and evaluation of investment and investors, among others. The new Act introduces preferential treatment of East African Partner States and citizens of East African Partner States. Section 12 of the Act sets out specific national content requirements for investors who wish to apply for incentives.

Free Zones: A free zone is a defined geographical area within a country where imported goods can be stored or processed without being subject to import duty. The fact that no duties or taxes are levied in the free zone helps to promote trade, especially the import and export of all kinds of goods. The implementation of Free Zones in Uganda commenced in 2014, following the enactment of the Free Zones Act, 2014 and creation of the Authority in the same year, to oversee their establishment and development, all geared towards promotion of export-oriented manufacturing.

During FY 2018/19, the Sector through UFZA licensed three (3) new companies as Free Zones, bringing the total number of licensed Private Free Zones to Twenty One (21). The new Free Zones are engaged in mineral processing, wheat processing and export of flowers respectively, and come with the following contributions.

a) The actual Investment registered at the time of licencing was US$21.74 million. The companies plan to invest an additional US$20.44 million in plant and machinery, building and civil works, and installation costs.

b) The actual employment registered at the time of licencing was 645 persons. The Enterprises plan to employ an additional 220 persons in the next five years.

c) The projected total exports from these Licences are estimated at an annual rate of USD8,074,775 over the next 3 years.

By the end of the FY 2018/19, nineteen (19) out of the twenty one (21) private Free Zones were operational, making the following contributions to the economy.

a) The total export earnings stood at US$60.17 million. Flower exports accounted for 55 per cent of the total export earnings. Other products exported included tobacco, wheat flour and semi-manufactured gold.

b) The total value of imports in forms of Plant and machinery and electric equipment used for processing accounted for the highest value of imports, standing at US$76,581,578. The major source of imports was China, accounting for 80 per cent of the imports (US$61,326,304).

c) A total of UGX64,825,588 (equivalent to USD17,592) was realised as Non Tax Revenue. The NTR is now collected by URA on behalf of UFZA.

Through UFZA, the sector is developing three other Free Zones i.e. Entebbe Free Port Zone, Buwaya Entebbe Free Zone and Jinja Free Zone. A brief description of the progress of works and anticipated benefits out of these free zones is given here below.

Entebbe Free Port Zone: UFZA signed a Memorandum of Understanding with the National Enterprise Corporation (NEC) to construct the initial phase of a Public Free Port Zone at Entebbe International Airport. Works on Entebbe Airport Free Zone will commence upon conclusion of the Feasibility and Master Plan in Quarter 2 of the FY 2019/20. The Free Port Zone is estimated to create about 200 direct jobs upon completion, and the target sectors include: food processing (fish, beef and dairy); horticulture (flowers, fruits and vegetables); logistics (cold storage, warehousing and transhipment); and Mineral processing, etc.

Buwaya Entebbe Free Zone (109 acres): Through UFZA, the Sector acquired 109 acres of land in the FY 2017/18 for the establishment of Buwaya Entebbe Free Zone. The Free Zone will be serviced with industrial infrastructure and utility services to attract investment in export-oriented activities. The area lies within the precincts of Entebbe Municipality, and a feasibility Study is expected to be undertaken during the FY 2019/20.

The establishment of Buwaya Entebbe Free Zone will add to the current stock of infrastructure thus leading to improved socio-economic status of the area. It will also result in creation of jobs and it is projected that the Zone will attract at least 40 operators, each contributing at least USD196,560 worth of exports per annum (a total of USD7,862,400) per annum, excluding the value of service exports. This represents total export of approximately USD40,000,000 in 5 years from one Zone alone.

Jinja Free Zone (20 acres): With support from Trademark East Africa (TMEA) the Sector through UFZA commenced the Feasibility Study for the Jinja Free Zone, to be completed in FY 2019/20. Upon completion, the Zone is expected to create an additional stock of infrastructure and will attract at least 5 Operators.

Challenges

Despite the above achievements, the Accountability Sector's efforts to increase private investment still face the following challenges.

a) FDIs are still challenged by the high cost and low quality of power, high transport costs, low skills of local manpower, access to land for investment, bureaucratic regulatory environment, and non-Tariff Barriers e.g. uneven charging of fees and licences.

b) Absence of a Free Zones Customs Management Module on the URA online platform to facilitate the importation and exportation of goods. The licenced Free Zones are subjected to an additional licensing procedure of "Manufacturing under Bond (MuB)" due to absence of a Customs Management and control process for Free Zones. In phase two of the Uganda Electronic Single Window, Free Zones module for Customs will be developed;

c) Nature of legislation dominated by the Export Processing Zone (EPZ) scheme, which is considered outdated, restrictive and limited in scope of the activities promoted. Most potential applications for Licences were discouraged by the 20:80 thresholds on total annual sales to the domestic market. This is a major threat to the attractiveness of Free Zones, following the entry of South Sudan into the EAC and other countries such as the Democratic Republic of Congo;

d) The Incentives regime for Free Zones in Uganda is not competitive within the East African Community region. Uganda has no categorical differentiation between incentives offered to EPZs and non-EPZ firms. Therefore, Free Zones operate at a disadvantage, since their target market is outside EAC;

e) The general understanding and awareness of the Free Zones scheme among stakeholders is still limited. Creation of awareness has been largely affected by budget constraints;

f) Increasing regionalisation and integration arrangements such as the EAC-COMESA-SADC Tripartite Free Trade Area, Continental Free Trade Area and expanding EAC market are an emerging threat to the attractiveness of Free Zones, especially following the entry of South Sudan into the EAC and other countries such as the Democratic Republic of Congo. This is a challenge because the firms in Free Zones must look for markets outside the blocks; and

g) Poor roads connecting to some Free Zones has affected access and transportation of goods and equipment. Arua Special Economic Zone has failed to take-off due to the poor access road to the Free Zone. Whereas negotiations have been held with District officials, there has been no progress to date.

Recommendations

The following actions to improve private sector investment are recommended.

a) URA should fast-track creation of a Customs Management module for the Free Zones, instead of also issuing Licences for Manufacturing Under Bond, which increases cost and time of doing business in Free Zones;

b) There should be support for the Amendment of the Free Zones Act, 2014 to provide for Special Economic Zones (SEZs) for a wider range of schemes and increase investment options for potential developers and operators in Free Zones;

c) Consider a more competitive Incentive Regime for Free Zones. The aspects of competition on the sale of goods between EPZs and non EPZs may not be accurately compatible with the current homogeneous incentive regime; and

d) UNRA and Local Governments should upgrade roads leading to gazetted Free Zone areas, and prioritise the access road to Arua SEZ Limited.

2.2.5 Insurance penetration

Uganda's insurance industry performed well during the year 2018. Gross written premiums grew by nearly 18% with the highest growth rates in the health management organizations sub-sector, resulting in an insurance penetration rate of 0.77% from 0.74% in 2017. Accordingly, total Gross Written Premiums (GWP) grew from UGX 728.5bn in 2017 to UGX855.98bn in 2018, while Industry Net Assets grew to UGX508bn in the year 2018, up from UGX458bn in 2017 and the Insurance Density grew to US$5.72 in 2018, above the previous year's performance of US$5.34.

The sector is driven by non-life insurance, which represented gross written premiums of UGX 569.97bn, with a share of 66.56% of total gross written premiums at end 2018, being two times as large as the life insurance market and centred around motor, fire and health insurance. Health Management Organization's gross written premiums accumulated to UGX 69.11 billion and 8.07% of total gross written premiums. Life insurance gross written premiums stood at UGX 216.88bn as at December 2018, which represents a share of 25.34% of all gross written premiums. However, the life insurance business has grown rapidly from 2017 to 2018 at 28.69%, much faster than the non-life insurance business (12.36%).

The Finscope study of 2018 shows that only 1 out of every 100 adults use formal insurance services, representing a decline from the 2% observed in 2013. About half of that 1% is covered by health insurance, while loan protection covers 14%, and life insurance covers 10%.

To improve performance in the insurance industry Government is continuing to operationalize the Insurance Act, 2017, reforming the entire legal and regulatory framework for the Insurance industry. During the FY 2018/19 fourteen sets of regulation were developed and revised.

Government further continued to operationalize the Uganda Agriculture Insurance Scheme (UAIS) as a pilot, with the objective of cushioning farmers against losses arising from natural disasters and also attracting financing to agriculture. The Scheme is a partnership between the Ministry of Finance, Planning and Economic Development (MoFPED); Ministry of Agriculture, Animal Industry and Fisheries (MAAIF); insurance industry players (i.e. the Uganda Agro-Insurance Consortium); Bank of Uganda; and Insurance Regulatory Authority.

Challenges

Despite improving performance in the insurance market, the sector remains bound to a number of challenges. On the demand side, impediments for better insurance penetration include low willingness to pay premiums as a result of limited knowledge, trust and negative perceptions in the population. On the supply side, low investment returns, an unfavourable tax regime, insufficient actuarial expertise, data constraints, and the limited use of technology and thus of alternative distribution channels impede the supply of affordable insurance products and quality services. Challenges on the side of the legal environment, as well as systemic constraints further aggravate supply-side constraints.

2.2.6 National Savings

Evidence suggests that Ugandans are generally willing and able to save. However, they prefer informal channels over formal savings mechanisms, such as insurance, pensions and deposits in formal institutions. The Global Findex 2018 indicates that 69% of people in Uganda saved some money in the past year. This is well above the global average of 48% and the developing country average of 43% (World Bank, 2017a). They mainly use informal mechanisms to store their savings, e.g. 37% of Ugandans use savings clubs compared to financial institutions (13%) (World Bank, 2017a), while managing risks through informal mechanisms, such as burial societies or social safety nets (FSDU, 2018b).

The Accountability Sector has continued to support the attraction of savings in formal institutions by a various interventions in regards to the insurance and retirement benefits sub-sectors.

Retirement benefits

Contributions and Benefit payments: During the year 2018, the total sector contributions increased by 13% to UGX1.28 trillion from UGX1.13 trillion in the year 2017. The increase in contributions is attributed to payment of outstanding contributions, new employer and employee registrations and annual employee salary increments.

The Retirement Benefits sector benefits payments increased by 28% to UGX462 billion in the year 2018 compared to UGX360 billion in the previous year. 90% of the benefits paid were lump sum payments on account of attainment of the retirement age, joining of pensionable employment, permanent emigration, and invalidity benefits due to permanent incapacitation. The remaining 10% of the payments were made on account of pension and death.

Income and operating expenditure: In the year 2018, the total retirement benefits sub sector income increased by 64% to UGX1.8 trillion compared to UGX1.1 trillion in 2017. During the year 2018, the average interest declared by mandatory schemes was 12.5%, supplementary voluntary segregated schemes 9.88% and supplementary voluntary umbrella schemes 8.64% respectively. Interest was the major source of income (62.1% of the total income) to the sector. Fair value gains accounted for 30.3% of the income with the remaining 7.1% of the total income being from dividends, rented properties, associates, and other income.

As at end of the year 2018, the total sector investment portfolio was UGX11.8 trillion, recording a 19% increment compared to UGX9.9 trillion in 2017. The growth in the sector investments is largely attributed to positive net flows due to increased investment earnings and contributions. Investments in Uganda accounted for 66%, Kenya 27%, Tanzania 6%, 2% shared equally by Rwanda and Burundi. The major proportion of investments was held in government securities (74.52%), the others being quoted equities (13.95%), real estate (5.71%), unquoted equities (2.83%) and fixed deposits, corporate bonds, guaranteed funds and other investments (3%).

Trustee Certification Programme Developed: Through URBRA, the Accountability Sector has leveraged on innovative solutions by bringing changes through the introduction of the Online Licensing and Reporting Platform that was implemented effective October 2018. Moreover, URBRA is embarking on a digitalisation journey to improve operational effectiveness, transparency, cybersecurity and adopt SupTech and RegTech solutions that will focus on early warning.

Enhanced Risk-Based Supervision: Implementation of the URBRA's 'Risk-Based Supervision' (RBS) System was further strengthened by mapping risk assessment, regulatory response and risk monitoring. Supervisory activities have been gradually integrated in the RBS Framework which will in turn serve as a vital and highly reliable tool for examination of the compliance status of licensees, analysis of financial and non-financial information, and prioritization of on-site inspections. This has enabled URBRA to have a deeper understanding of both internal and external factors that may adversely affect licensees' conduct of business, and to better align our risk assessment process to the licensees' operation and management of risks.

Off-site surveillance focusing on the conduct of business activities of licensees was undertaken. This entailed reviewing and analysing statutory returns, including audited financial statements filed by licensees. The review allowed the Authority to ascertain inter alia the compliance status of licensees with relevant laws; financial performance and soundness of licensees, and monitoring of supervisory directives issued by the Authority.

On-site inspections were also conducted to ascertain that licensees are compliant with the regulatory and supervisory framework. The key objectives of on-site inspections on licensees during the period under review included assessing the market conduct;

checking adherence to URBRA Act and established Regulations; assessing soundness of corporate governance; evaluating established risk management processes and internal control procedures.

Improved Regulation and Supervision of the Retirements Sector: Through URBRA, the Accountability Sector facilitated awareness of the regulatory agenda and put effective public/private dialogue channels in place for articulating reform priorities to increase coverage, security, adequacy, and to support preservation of life-term income streams. URBRA also identified important changes required in the existing regulations pertaining to the establishment and operation of schemes and supervisory interventions.

Online Investment Reporting and Analysis Tool: In partnership with the Capital Markets Authority (CMA), URBRA developed the tool to facilitate timely reporting to both entities.

Online Reporting and Licensing System: This system aims to enable schemes and service providers to submit online reports (as required in the Financial Reporting and Disclosure Regulations, 2016) to URBRA. The system will eliminate the use of hard paper forms for submission of reports; reduce time taken to analyse financial, investment and member data; increase accuracy of submitted data; increase data security; and reduce the licensing turnaround time. URBRA also embarked on proof-of-concept testing to make the most of the information collected from licensed entities.

Challenges

Despite the above achievements, the Accountability Sector's efforts to increase national savings the sector still faces a number of challenges, which include:

a) Legal inadequacies and delayed reforms in the retirement benefits sector

b) Low employer compliance with the mandatory schemes due to the informal nature of businesses

c) Limited awareness and knowledge among Ugandans

Inadequacies in the civil registration system

2.2.7 Level of capitalisation and widening of investment opportunities

Capital Markets Development: Domestic Market Capitalization grew by 2.72% at the end of FY 2018/19, standing at UGX4.91 trillion up from UGX4.78 trillion reported in previous fiscal year. The growth is partly attributed to the Initial Public Offering of Cipla Quality Chemical Industries (CiplaQCIL). This increase, however, could not make up to the increase in GDP, resulting in a reduction of the Domestic Market Capitalization to GDP ratio from 4.7% in 2017/18 to 4.5% in FY 2018/19, which was below the year's target of 5%. Likewise, equity turnover declined by 39.7% to UGX45.7 billion in the fiscal year 2018/19 compared to UGX 75.8 billion recorded in the previous fiscal year. The dip in market activity is attributed to, among others, a huge drop in demand from foreign investors due to uncertainties in the market. They shifted investment to government securities.

In the FY 2018/19 Government continued to implement key interventions for improved performance of capital markets in Uganda. Government continued to support improvements in **government securities market** by:

1. assessing the feasibility for linking the Central Depositories of Bank of Uganda and the Uganda Securities Exchange;
2. developing a proposal to use the mobile phone as a platform for investing in government securities, which was approved by Cabinet in February 2019; and
3. starting internal process for reforms to the Primary Dealership system;

The Capital Markets Authority further continued to operationalize its capital markets development plan to foster the development of the **local debt and equity market,** through a number of interventions, including:

1) Initiating the process of reviewing the regulatory framework for capital markets in Uganda (e.g. Capital Markets Authority Act; Prospectus regulations; corporate bond guidelines; and Licensing regulations), in order to create an environment that is certain, friendly to innovation and cost effective for investors, issuers and market intermediaries.
2) Continuous investor education efforts that aim at reaching out to potential investors through face to face presentations made to groups of individuals.
3) CMA continued with its Issuer Resource Person Program to sensitize boards of companies that have the potential to list securities. Nine presentations had been made to companies by the end of 2018 and the participants in the executive sensitisation program had indicated a collective desire to raise market based financing to the tune of UGX 80 billion.

Challenges

It is evident that capital markets in Uganda are small and underdeveloped facing a range of constraints on various levels these include among others

a) Inadequacies in the legal, regulatory and tax framework create uncertainty and disincentives for investors and issuers in Ugandan capital markets.
b) A small number of ready firms to issue or receive private equity funding due to an underdeveloped private sector.
c) Inadequacies in the legal, regulatory and tax framework, as well as lacking capacities in the public system constrain the issuance of infrastructure and municipal bonds.
d) System inadequacies for trading of government securities.
e) Lacking awareness on the functioning and opportunities of financing through and investing in capital market on the side of potential issuers and investors.

2.2.8 Statistical Data Production and Policy Research

During FY 2018/19, the Accountability Sector through Uganda Bureau of Statistics (UBoS) concluded **Population and Social Statistics** reports covering the enrolment statistics from pre-primary to tertiary institutions; arrival and departure statistics; social administration data for the annual statistics abstract; gender responsive labour force survey; and master plan for the national population and housing census (NPHC) 2022.

During the same period, the Sector through UBoS produced **Macroeconomic Statistics** indicator reports covering urban Consumer Price Index (CPI) for high, middle and low income baskets; quarterly GDP covering Agriculture, Industry and Services; Government Finance Statistics; and Statistical Abstract - Satellite Accounts.

The Sector further produced **Business and Industry Statistics** Indicator reports covering the Producer Price Indices (PPI) for Hotels; Gender Responsive, Construction Sector Indices (CSI); Infrastructure Statistics and Index of Production; Mineral Statistics; ICT statistics and Energy Statistics.

In regard to **Agriculture and Environmental Statistics**, the sector produced reports on the gender responsive Annual Agriculture Survey (AAS); Pilot Uganda Census of Agriculture and Aquaculture (UCAA); Annual Livestock Production statistics; Environment Statistics covering land, water, and weather; Livestock Slaughter Estimates covering all the four major regions; and Fish catch statistics.

In respect to **Statistical Coordination and Administrative Support Services**, the sector concluded reports on technical support to MDAs and HLGs; National Standard Indicator (NSI) Framework, Compendium and Meta data Dictionary document; the FY 2018/19 Monitoring and evaluation reports for the national Statistical System (NSS); Statistical standards and guidelines; and gender and equity responsive statistical research papers.

In regard to **District Statistics and Capacity Building**, during the year the sector through UBoS supported Local Governments to produce gender and equity responsive Community Statistics Administrative data. In addition, statistics capacity building in districts was undertaken where staff from 30 LGs were trained.

The other surveys undertaken by the Sector during FY 2018/19 include the Malaria Indicator Survey; listing of Education Institutions; Uganda National Panel Survey; Informal Cross Border Trade (ICBT) Survey; and Time to Cross Traders Perception Survey in the border posts of Mpondwe, Bunagana and Goli under the Great Lakes Region Facilitation Project.

2.2.9 Anti-Money Laundering and Combating the Financing of Terrorism

In the FY 2018/19 Government continued to strengthen the framework for Anti-Money Laundering and Combating of Financial Terrorism. As a result, the accumulated total of registered accountable persons/entities in terms of the Anti-Money Laundering Act (AMLA), 2013 increased from 6 in FY 2017/18 to 1264 in FY 2018/19. Over the same period, the proportion of eligible reporting agencies registered with the Financial

Intelligence Authority (FIA) in terms of AMLA 2013 stood at 10%. The increase is mainly attributed to comprehensive framework for communication and sanctioning by FIA.

The percentage of Accounting Persons/reporting entities compliant with AML/CFT standards remained at 20%, which was below the FY 2018/19 target of 80%. This is because most reporting entities have not yet developed policies, guidelines, training plans and other requirements as outlined in AMLA 2013.

In total 538 Suspicious Transaction Reports (STR) were received in FY 2018/19, increasing from 435 in FY 2017/18. Out of these 538 received STRs, 300 reports were analyzed, as a result of improving human resources. Increases in the number of STRs received was due to the operationalization of the GoAML electronic reporting system which eased the process of entities sending reports as compared to the previous manual system. During FY2018/19, most financial institutions were rolled on the GoAML system which enabled them increase efficiency in reporting large cash transactions and this increased the number of transactions received.

Out of the analysed reports 68 cases were disseminated for investigations in 2018/19. The disseminated cases refer to those where analysis is completed and there is significant evidence and conclusion that money laundering or Terrorism Financing was occasioned and require further investigation by Law Enforcement Agencies (LEAs).

Challenges

Despite the above achievements, the Accountability Sector's efforts to combat Money Laundering and the Financing of Terrorism are challenged by:

a) the limited awareness and understanding of AML/CFT legal and regulatory framework and national ML/TF risks;

b) A large volume of financial transactions are undertaken in cash and the prevalence of a large informal sector, means that since they do not go through the formal financial system, they are not reported to the Authority. As a result criminals tend to prefer transacting informally (e.g. in illegal gold deals).

c) The emergence of new and potentially serious ML/TF threats and vulnerabilities occasioned by innovations in block chain technology that has enabled the creation of new products, like virtual assets and cross-border payment platforms that are not yet regulated in many jurisdictions.

d) Low implementation of declarations of currency and bearer negotiable instruments in the border entry points, due to inadequate financial and human resources, as was reported last year.

e) The presence of unregulated sectors like real estate and dealers in precious stones and gems which affects the effective implementation of the AML/CFT regime in Uganda.

Summary of Economic Management indicators' performance

The table below illustrates the Economic Management thematic area's actual performance against the ASSIP indicator target for FY 2018/19, and the previous financial year's actual performance.

Table 5: Summary table of Performance Indicators for FY 2018/19

No.	Indicators	Actual FY 2017/18	Target FY 2018/19	Actual FY 2018/19
	Outcome Indicators			
1	Economic Growth	5.8%	6.0%	6.1%
2	Inflation Rate (Annual Core)	2.7%	4.8%	3.8%
3	Inflation Rate (Annual Average Headline)	3.4%		3.1%
4	Income distribution (Gini Coefficient)		45	
	Objective 1: Increase equitable access to finance			
5	% of financially included adults	78%	91%	78%
6	Percentage of microfinance institutions complying with Microfinance polices, laws and regulations		9%	
7	Percentage usage of deposit accounts in regulated Financial Institutions (Usage %ge)	11%	24%	
	Objective 2: Increase private investment			
8	FDI as a percentage of GDP (%)		4.3%	4.5%
9	Proportion of Business Climate Reforms conclusively resolved (%)	55%	75%	29%
10	Proportion of National development policies under active implementation		100%	86%
11	Proportion of development policies performance reviewed after 10 years of commencement		50%	34%
	Objective 3: Reduce interest rates			
12	Average lending rate	20.34%		20%
13	Private-sector credit to GDP	13.97%	15%	14.5%
14	Non-Performing Loans to Gross Loans	4.4%	2%	3.8%
	Objective 4: Increase Insurance Penetration			
15	Insurance penetration	0.74%	1.6%	0.77
	Objective 5: Increase national savings to GDP Ratio			
16	Savings to GDP ratio	17.5%	20.3%	

No.	Indicators	Actual FY 2017/18	Target FY 2018/19	Actual FY 2018/19
	Objective 6: Increase the level of capitalisation and widen investment opportunities			
17	Domestic Equity market capitalization to GDP ratio	4.7%	5.0%	4.5%
	Objective 7: Improve statistical data production and policy research			
18	Established and functional statistical structures in MDA & HLGs	87	50	
19	MDAs and HLGs with Statistical Plans	87	85	84 HLGs and 30 MDAs
20	No. of skilled statistical personnel in MDAs & HLGs.	430	230	
	Objective 8: Protect financial systems and the broader economy from the threats of money laundering and the financing of terrorism:			
21	Accumulated Total of registered accountable Persons/Entities in terms of AMLA	682	14	1264
22	Proportion of eligible reporting agencies registered with FIA in terms of AMLA 2013		100%	10%
23	Number of suspicious Transaction Reports received	435	500	538
24	Number of suspicious Transactions Reports Analysed	300	480	538
25	Number of Large Cash Transactions Reports received	600,000	500,000	4,693,624
26	Number of cases disseminated for investigations	82	80	68
27	Number of sites using GOAML Electronic Reporting System	0	20	24
28	% of Accounting Persons/ reporting entities compliant with AML/CFT standards	20%	80%	20%
29	Number of AML/CFT Awareness programmes conducted	15	40	20
30	Number of courses attended by FIA staff to build capacity in AML/CFT		35	14
31	Number of mandatory International and regional activities participated	5	5	5

2.3 Resource Mobilisation and Allocation

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

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

The Accountability Sector Institutions mainly charged with realising the above outcome and objectives include the Ministry of Finance Planning and Economic Development; Uganda Revenue Authority (URA); Kampala Capital City Authority (KCCA); Bank of Uganda; Local Government Finance Commission (LGFC); Private Sector Foundation Uganda (PSFU); Economic Policy Research Centre; Ministry of Local Government (Inspectorate Directorate); and the National Planning Authority. The following achievements covering the above objectives were registered during FY 2018/19.

2.3.1 National Revenues

The Tax to GDP Ratio increased during the year, moving from 13.9% realised in FY 2017/18 to 14.6%, which was above and within the ASSIP and NDP II targets of 14.4% and 14.6% respectively. Likewise, the domestic revenue to GDP ratio rose from 14.4% in FY 2017/18 to 15.10% in FY 2018/19 however, this was below the ASSIP and National Development Plan II target of target of 15.36% for FY 2018/19.

The overall net revenue target for FY 2018/19 was UGX16,358.76 billion of which, UGX15,938.80 billion is tax and UGX419.96 billion is Non Tax Revenue. Appropriation in Aid (AIA) for FY 2018/19 was estimated at UGXUGX912.51 billion. During FY 2018/19 the overall net revenue collections were UGX16,638.06 billion compared to the target of UGX16,358.76 billion giving a surplus of UGX279.30 billion. From this, tax revenue amounted to UGX 16,163.01 billion while Non-Tax Revenue (NTR) amounted to UGX 475.05 billion. Overall, revenue collections grew by 14.68% in FY 2018/19 as illustrated in the table below.

Table 6: Summary of revenue performance FY 2018/19

	Cumulative outturns 18/19	Cumulative Estimates 18/19	Surplus/ Deficit	Outturn vs Target	Cumulative outturns 17/18	Year-Year Increase	% change 18/19 Vs 17/18
Overall Net Revenues	**16,638.06**	**16,358.76**	**279.30**	**101.71%**	**14,506.88**	**2,131.18**	**14.69%**
Net URA tax revenue	16,163.01	15,938.80	224.21	101.41%	14,076.03	2,086.98	14.83%
Gross Revenues	16,978.51	16,622.86	355.66	102.14%	14,710.52	2,268.00	15.42%
Income Taxes	5,511.68	5,175.56	336.12	106.49%	4,670.68	841.00	18.01%
Consumption Taxes	3,871.48	3,944.43	- 72.95	98.15%	3,188.68	682.81	21.41%

	Cumulative outturns 18/19	Cumulative Estimates 18/19	Surplus/ Deficit	Outturn vs Target	Cumulative outturns 17/18	Year-Year Increase	% change 18/19 Vs 17/18
Trade taxes	6,883.98	6,875.07	8.91	100.13%	6,210.84	673.15	10.84%
Fees and Licenses	236.32	207.84	28.48	113.70%	209.47	26.84	12.82%
Non Tax Revenue	475.05	419.96	55.09	113.12%	430.85	44.20	10.26%
Tax Refunds:	- 340.46	- 264.10	- 76.36	1.29	- 203.64	- 136.82	0.67

Source: MOFPED Tax Policy Department

The overall good performance is mainly attributed to the growth in the economy and the good tax policy and administration measures undertaken by the MFPED Tax Policy Department, URA and the Tax Appeals Tribunal during the year. Other notable reasons for the improved revenue performance were the increase in import volumes (and consequently growth in goods that attract VAT on imports) and goods that attract import duty.

The different policy measures implemented during the year and associated financial consequences are illustrated in the table below.

Table 7: Performance of policy measures FY 2018/19

Tax policy category	Target (UGX, Billion)	Outturns 18/19	Achievement rate
INCOME TAX			
Introduce 10% final WHT on commissions by telecommunication companies to mobile money and airtime agents as a final tax	11.3	25.21	223.05%
Clarify taxation of offshore indirect transfers of interest by imposing tax on a direct or indirect sale of an asset connected to Uganda by a non-resident person	5	-	0.00%
Amend Section 118[c] of the ITA to apply Withholding Tax on all winnings of Gaming, Sports and Pool betting payments	15	19.58	130.51%
Enforcement of withholding tax on persons engaged in agriculture at 1%	15	25.95	172.97%
Align the tax treatment of returnable containers used by manufacturers with the accounting treatment	5	-	0.00%
Strengthen the effectiveness of the current limitation of excessive interest deduction (thin capitalization)	14.5	-	0.00%
Total	65.8	70.73	107.49%
EXCISE DUTY			
Introduce the specific equivalent tax rates for the ad valorem rates on spirits and wines	5	31.46	629.18%
Introduce excise duty on opaque beer (Kibuku) -UGX. 650 per litre	2.3	-	0.00%
Impose excise duty on cooking oil (UGX. 200 per litre)	3	39.84	1327.87%

Tax policy category	Target (UGX, Billion)	Outturns 18/19	Achievement rate
Impose excise duty at 15% on all juices including powders for reconstruction like "Tang" and dilute to taste drinks	1	2.23	222.60%
Harmonize excise duty of 12% on all telecommunication services (phone talk time on mobile phones, land lines, value added services)	30	190.51	635.04%
Increase excise duty on mobile money and bank charges from 10% to 15%	45	85.11	189.13%
Levy of 0.5% on Mobile Money	115	157.23	136.72%
OTT	284	49.52	17.44%
Reduce excise duty on soft drinks from 13% to 12%	-20	4.72	-23.58%
Impose excise duty of UGX 200,000 on motorcycles at first registration	8	19.01	237.61%
Increase excise duty on diesel and petrol by UGX. 100 per litre to raise funds for road maintenance	196.4	196.27	99.93%
Total	669.7	775.89	115.86%
VAT			
Clarify the obligation of foreign based remote service providers to account for VAT in Uganda	5	-	0.00%
Exclude goods for private use from the scope of the application of the VAT deemed payment provisions	10	-	0.00%
Oblige Government Ministries, Departments, Agencies and designated persons to withhold VAT on their purchases	40	135.03	337.57%
Streamline carry forward of VAT offsets	30	-	0.00%
Total	85	135.03	158.85%
NTR			
Increase motor vehicle first registration fees from UGX. 1,200,000 to UGX. 1,300,000	4	4.23	105.74%
Expand the scope of environmental levy to include goods vehicles over 7 tonnes	20	21.44	107.20%
Ban of imports of motor vehicles of 15 years and over from the year of manufacture	-125	- 24.75	19.80%
Review environment levy on motor vehicles	-6	-	0.00%
Total	-107	- 1.48	1.39%
CUSTOMS			
CET Adjustments	50	118.82	237.64%
Impose an export levy of USD0.4 per kilogram on wheat bran, maize bran, rice bran, cotton seed cake and sunflower cake	20	7.73	38.63%
Total	70	126.55	180.78%
Overall total	783.50	1,106.71	141.25%

The key tax administrative interventions that led to a positive growth in revenue collections for FY 2018/19 include:

a) the implementation of **Tax Register Expansion Program (TREP)** which resulted in 166,663 new taxpayers voluntarily registering for taxes;

b) Implementation of the **Block Management System** in Kampala;

c) **Tax Education drives:** These included; financial literacy programs, taxpayer appreciation week, my tax works campaign, open minds forum, over 174 tax clinics were conducted, 20 exhibitions were held, online/social media platform initiatives, media publications, tax debates, tax katales, over 42 tax societies in universities and schools were held.

d) **Service Centres opened:** URA opened service centers at Bwaise, Nansana, Nakivubo, Natete, Ibanda, Kyotera, William Street, Kyaliwajala and Katwe aimed at improving customer service and compliance.

e) **Improved Payment platforms:** URA implemented electronic systems with numerous payment methods such as the vending machines like; Mobile App, Airtel money, Pay way and Point of Sale (POS) for holders of Visa, master cards, customs e-payments for small taxpayers which have made tax compliance less burdensome and less costly.

f) **Stability of the URA core IT environment** which performed much better with less down time recorded in the just concluded period. This was enabled by the close monitoring mechanisms put in place and other key performance enhancement changes introduced by the IT Team in financial year 2018/2019.

g) **Strengthening of the implementation of the Single Customs Territory (SCT):** URA fully rolled out exports under the SCT where by it requires only one single document/ entry from the point of origin to the port of discharge to export goods.

h) **Increasing the percentage of goods tracked under the Regional Electronic Cargo Tracking System (RECTS):** URA purchased more electronic seals that led to increase in the proportion of electronically monitored goods from 19% in FY 2017/18 to 21% in 2018/19. This helped to facilitate end to end transit monitoring and reduced on instances of dumping, delayed bond cancellation and refund processing.

i) **Implemented customs valuation controls:** URA through customs implemented the tariff specification codes valuation controls on specific items by origin to determine their actual value. The value of the items identified is then uploaded on the customs data base for use by customs staff to guard against under valuation and improper description.

j) **Deployment of Scanners:** In a bid to reduce smuggling and other customs offences, URA deployed scanners in all major boarder points of Busia, Malaba, Mutukula, and Entebbe as a non-intrusive inspection techniques of cargo to reduce on revenue loss due to tax evasion.

A non-intrusive cargo inspection scanner at Malaba Border post

k) URA's implementation of the **National Targeting Centre (NTC)** generated 2,717 real time risk alerts in regard to inconsistencies in declarations.

l) **Compliance Management drives** including:

- Implementation of the Compliance Campaign where URA rolled out "The Missing Trader Campaign" against a VAT fraud scheme. This scheme involved the theft of Value Added Tax (VAT) from Government by organized fraudulent taxpayers who exploit the way VAT is treated within internal and or, multi-jurisdictional trading. In this scheme, taxpayers' present invoices seeking to claim VAT back on purchases from traders who did not sell to them such goods. This allows the fraudster to fictitiously reduce their VAT payable. This fraud scheme is executed by organized crime groups often consisting of professional tax agents.

- **Domestic taxes compliance audits:** 142 domestic tax compliance audits and 282 customs post clearance audit, 7946 compliance advisories, 51 spot inventories, 2752 compliance visits, 42 self-health and 3766 returns were examined.

- **Prosecutions:** During the FY 2018/19, eighty eight (88) rulings and convictions were secured.

- **Customs enforcement:** During the FY 2018/19, enforcement interventions led to 9,152 seizures.

m) The MOFPED tax Policy Department spear headed the development of a **Domestic Revenue Mobilization Strategy (DRMS)** during FY 2018/19. The Strategy will inform reforms in the tax system in order to improve revenue collection and meet Uganda's estimated potential revenue effort of between 18-22% of GDP within the next five Financial Years. The policy measures for FY 2019/20 are among the reforms from the DRMS.

n) **Membership to the EITI:** On 28th January 2019, Cabinet approved for Uganda to join the Extractives Industries Transparency Initiative (EITI). The EITI is a global tool established in 2003 to promote transparency and accountability in extractive industries, primarily oil, gas and mining. The information generated is very useful for new oil and mineral producers wanting to strengthen natural resource and revenue management, and to raise awareness and interest internationally, covering potential financiers and investors in natural resource projects. Following the approval of Cabinet, significant progress has been made and the sign up steps have been met as follows:

- Issuance of a statement of intent to join EITI: The Minister of Finance Planning and Economic Development issued an unequivocal statement of intent to join EITI in February 2019;
- Appointment of a Senior Government Official to lead EITI: Mr. Moses Kaggwa, Ag. Director of Economic Affairs in MFPED was appointed to lead the EITI process and to Chair the Multi Stakeholder Group of EITI; and
- Establishment of a Multi Stakeholder Group (MSG) of EITI: The MSG has been established and fully constituted with representatives from Government, the private sector and civil society groups.

The next steps to be taken for Uganda to become a member include:

- Finalization of the Terms of Reference of the MSG (as outlined above);
- Set up the Uganda EITI Secretariat to undertake all EITI activities and to ensure proper coordination of the relevant institutions;
- Development of a detailed medium term work plan;
- Undertake various activities involved in the pre-EITI application phase;
- Preparation of key documents to be submitted for Candidature Application;
- Preparation of the Cabinet Information Paper on the EITI Candidature Application; and
- Submission of Uganda's EITI Candidature Application to the EITI International Board before end of FY 2019/20.

o) In the process of executing the tax revenue collection role, there are instances when the levied taxes are disputed by the tax payers. The Tax Appeals Tribunal was therefore established under the Tax Appeals tribunals Act, Cap 345 with a mandate to resolve taxation disputes between tax payers and Uganda Revenue Authority. It thus operates as a court of first instance in matters of tax litigation. During the Financial Year 2018/19, the tribunal registered the following achievements:

- **Cases cleared:** The number of cases handled countrywide over the year increased by 25% to over 135 with a total value of UGX 650bn. The quick disposal of tax disputes results in improved tax administration and revenue collection for the settled cases.

- **Training:** The Commissioners and staff members undertook comprehensive training in mediation. The impact of this is the better handling of mediation and faster disposal of cases.
- **Publicity efforts:** Various publicity activities such as court user meetings, radio talk shows and distribution of information brochures have had the effect of increasing the visibility of the tribunal especially upcountry. This increased the number of taxpayers approaching the tribunal offices to make enquiries and seek better understanding of its work.

2.3.2 Local Revenues

Local Government Revenue: The performance of local revenue collections in rural LGs and Urban Councils is tracked by the Local Government Finance Commission (LGFC), which plays a key role in supporting local revenue enhancement in districts and urban councils. Some of the initiatives undertaken by LGFC during FY 2018/19 towards supporting local revenue generation in LGs include:

a) 12 urban councils were provided with technical support in improved methods for collection of property rates;
b) hands-on technical support was provided in establishment of local revenue databases in 33 districts;
c) 42 districts were supported in Implementation of local revenue databases and computer equipment were supplied;
d) Baseline data and information were collected and validated in 16 districts;

At the time of drafting this report, the actual performance figures for Local Government revenue collection as a percentage of LG budgets was not available as LGFC was still compiling the figures. Considering the FY 2017/18, Rural Local Government revenue collection as a percentage of LG budgets averaged 2% which was below the ASSIP target of 6%. In the same year, Urban LG revenue collection as a percentage of LG budgets averaged 17%, below the ASSIP target of 25%. The poor local revenue collection performance in Local Governments is mainly attributable to:

a) The legal framework which empowers LGs to levy, charge, collect and appropriate fees and taxes provides for a lot of exemptions which limits growth in local revenue base. Such cases include Local Service tax, Rating Act, Fisheries Act, etc.

b) Local Governments have not done adequate enumeration, mobilization, sensitization, assessment and registration of taxpayers in order to expand their local revenue base.

c) Lack of appropriate structure of human resource to administer and manage local revenues.

d) A number of LGs have been split to create new ones. This has affected the amount of revenue collected and some of the new LGs do not have any meaningful revenue to be collected.

e) Negative attitudes and resistance to change by local governments towards the local revenue enhancement initiatives such as digitising taxpayer registers.

f) royalties to LGs are not based on any formula;

g) data on taxable incomes/persons is not available;

Kampala Capital City Authority (KCCA) Revenues: The total local revenue collected by KCCA during the financial year 2018/19 was UGX90,553,865,805, and the percentage contribution of the locally collected revenue to the total budgetary release for the FY 2018/19 was about 22%. The percentage contribution of the locally collected revenue to the total KCCA expenditure for the FY 2018/19 was about 30%. In a bid to improve KCCA's revenue collections, the authority embarked on the following key interventions:

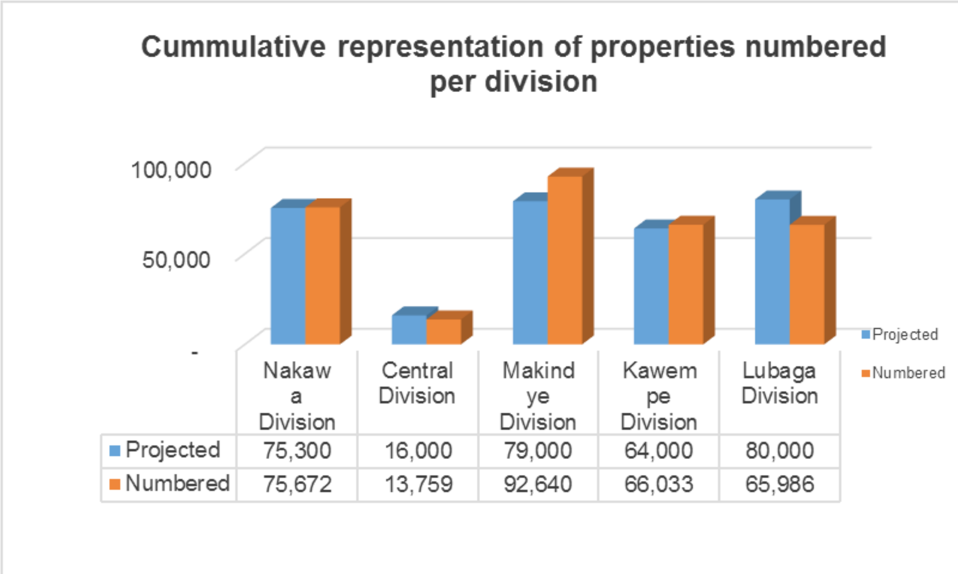
a) City Address Model/Computer Aided Mass Valuation (CAM/CAMV): The implementation of this project started in FY 2015/2016. The project is aimed at improving a number of processes related to the city "addressing" and property valuation systems. Supported by the World Bank, the project targets to:

- Name all roads for easy accessibility and location in Kampala;
- Mark and name all properties; and
- Collect data on property attributes with the aim of conducting revaluation.

Figure House Numbering Street naming

The City Address model uses the Geographic Information System (GIS), which captures, stores, analyses, manages, and presents data that are linked to location(s). So far, the following has been achieved.

- In total, 314,090 properties have been assigned house numbers on 3,845 roads, i.e. Central 13,759 properties on 200 roads; Nakawa 75,672 properties on 608 roads; Makindye 92,640 on 1,388 Roads; Kawempe 66,033 on 653 Roads; and Lubaga 65,986 on 996 Roads as illustrated in the following chart.



- The Valuation exercise for Central Division properties was completed in FY2015/16 and billing started in July 2017. The cumulative number of properties assessed for Central Division was 15,018 with a rateable value of UGX359,589,505,733. The applied rate is 6% of the rateable value. During FY 2018/19, UGX14,354,388,675 out of the budgeted UGX15,840,378,793 was collected from the new Central Division valuation list, posting a 91% performance.
- The valuation of Nakawa and Central "roll supplementary[3]" was concluded in 2017/18, and the total number of rateable properties in Nakawa is 66,161 with expected annual property rate revenue of UGX23,380,214,419, while the supplementary valuation roll had 2,106 properties with expected annual property rate revenue of UGX3,897,101,376.
- At the end of the FY 2018/19 data collection, valuation court process and gazetting preparations were completed for Nakawa Division Supplementary valuation, Main valuations for Makindye, Rubaga and Kawempe Divisions.

b) **Tax Register Expansion Program:** KCCA continued with the Tax Registration Expansion Program (TREP) which is an on-going program conducted by the Uganda Revenue Authority in collaboration with Kampala Capital City Authority, Uganda Registration Services Bureau and the Local Government institutions.

c) **Training, Sensitizations & public awareness:** 206 sensitization meetings were conducted during FY 2018/19, and attended by 26,063 people. These meetings improved partnership between taxpayers and KCCA and promoted voluntary compliance, which in turn reduces the cost of revenue administration and the ease of doing business. During the same period, Ten (10) radio talk shows and Two (2) television broadcast on BBS Telefayina were held; and five (5) public notices were issued. The notices in Bukedde & New Vision Newspaper related to the coming

[3]Roll supplementary means valuations that were done after the initial valuations in a division are completed. These are mainly newly constructed properties among others

into force of the Central and Nakawa Division Supplementary valuation. The other notices were reminders to Local Service Tax clients to remit their due tax liabilities; clients to pay their arrears of property rates, Local service tax, Local Hotel Tax, Ground Rent, Advertising and Market rent due; and the property rates interest waiver amnesty.

2.3.3 Public Debt

Government borrowing is controlled and guided by the Public Debt Management Framework (PDMF-2013) whose objectives are to:

1. Ensure that the government's financing needs are met in a timely and cost effective manner;
2. Minimize borrowing costs subject to keeping risks at an acceptable level;
3. Support the development and functioning of the domestic financial market; and
4. Ensure that the level of public debt remains sustainable, over the medium to long term horizon.

The Medium-Term Debt Strategy (MTDS) is a plan for evolution of the public debt portfolio that operationalizes the PDMF objectives given the constraints, and specifically the government's preferences with regard to cost-risk trade-offs. It has a strong focus on managing the risk exposure embedded in the debt portfolio, and notably the potential variations in the cost of debt servicing.

As at 30th June 2019, the Present Value (PV) of public debt stock to GDP was 32.1%, out of which the PV of External debt stock to GDP was 18.0% and the PV of domestic debt stock/GDP was 14.0%. This is below the ASSIP target of 32.8% but above the previous year's achievement of 28.5% due to the increase in the concessional loans taken compared to the previous period.

The Present Value (PV) of public debt stock to GDP is below the 50% threshold stipulated in the charter for Fiscal responsibility, beyond which debt becomes unsustainable. The Debt Sustainability Analysis thus finds Uganda's debt trajectory to be sustainable over both the medium and long term, and faced with low risk of debt distress.

The sector also produced the September and December 2018 Debt Statistical bulletin which provides Government public debt statistics that are critical in understanding the evolution, structure and sustainability of government borrowing. It supports transparency and accountability for debt management policy and operations. It covers macroeconomic overview, external debt statistics, contingent liabilities and domestic debt statistics and can be accessed on the Ministry of Finance website: www.finance.go.ug/Reports.

Whereas much concern is raised about the potential risk of debt growth, it is noteworthy to mention a few gains from the debt so far accrued.

a) The Isimba Hydro Power Project was developed by the Government of Uganda, with 85% of the project costs financed with a loan from the EXIM Bank of China, and 15% financed by the Government of Uganda. Isimba Hydro Power Plant (HPP) added 183 MW to the National Grid.

b) The second largest bridge in East Africa (525m) was finalized and is being utilized by the public. It is expected to have a life span of 120 years. The new bridge has a four-lane dual highway with pedestrian sidewalks. GoU contributed (20%) and the Japanese government through the Japanese International Cooperation Agency provided a soft loan of 80%.

c) Kampala-Entebbe Expressway was finalized and is being utilized by the public. The 49.56Km road has a 4-lane dual carriageway comprising of 36.94Km road connecting Kampala Northern Bypass at Busega to the Kampala-Entebbe road at Mpala and 12.62Km from Kajjansi to Munyonyo through Lweza as well as an interchange built at Kajjansi for purposes of this connection. This will decongest the traffic from Entebbbe to Kampala. It boasts of a number of structures including; 19 overpass bridges, 44 box slab culverts and 17 underpasses, as well as four major bridge structures at Busega, Nalukolongo, Kaggwa and Nambigirwa, 3 interchanges located at Busega, Kajjansi and Abaitaababiri, and 3 Toll gates to be located at Busega, Kajjansi and Mpala.

2.3.4 Budget Credibility

Release of funds: The percentage of budget released against the originally approved budget for FY 2018/19, was 110.5%. The Sector through the Ministry of Finance, Planning and Economic Development instituted measures to ensure efficiency of the funds release process; including the biannual release for Local Government Development grants and Missions abroad, away from the quarterly releases; which is in addition to the robust financial management information systems. Nonetheless, capacity gaps and internet connectivity in some Local Governments during the warranting process led to some delays in the actual release of funds to these Local Governments. The Ministry is continuously studying the process in order to enhance its efficiency in ensuring timely releases for improved service delivery.

Supplementary expenditure: Supplementary expenditure as a percentage of the initial approved budget was 4.8%, which was better than the previous year's performance of 5.89% but above the desired target of less than 3%. The persistent supplementary budget pressures that are unavoidable have continued to compromise the budget credibility.

Absorption of funds: During the year under review, 98.7% of the funds released were absorbed, while the percentage of funds utilised against the originally approved budget was 109.1%.

Contingencies Fund: The full operationalization of the contingencies fund to cater for emergencies is still limited by resource constraints. The Sector is implementing measures that are aimed at improving resource forecasts, which if coupled with spending discipline will address the problem.

Domestic arrears: During FY 2018/19, the stock of domestic arrears as a % of total expenditure was 8% which was within the year's target. In order to curb the continuous creation of domestic arrears by Government Institutions, MoFPED put in place measures to address the challenge including independent verification and adopting a phased settlement strategy, coupled with sanctions on Accounting Officers who over commit Government beyond the appropriation. In terms of payroll arrears, as at the end of FY 2018/19, payroll arrears had significantly reduced due to the payroll clean up exercise and the decentralization reform.

Compliance with NDP II: The Annual budget for FY 2018/19 was 60.0 percent compliant to the NDPII, which was an improvement from 54.0 percent in FY 2017/18. The improvement in the general performance was attributed to improvements in the different levels. In particular, Macro level compliance improved from 41.9% in FY 2018/19 to 54.1%, National level from 59.3% to 62.8%, Sector level from 53.2% to 58.1%, and Local Government Level from 62.2% to 66.4%.

The Accountability Sector Compliance to the NDPII was 58% in FY 2018/19, which was an improvement from 55.7% in FY 2017/18 at half year assessment. The better performance was attributed to improved performance in all the 4 assessment areas that include Sector Planning, Project, Budget performance, BFP and Budget alignment to NDPII. At full year performance the Accountability Sector Compliance to the NDPII was 78.1% in FY 2017/18, which was an improvement from 75.8% for FY 2016/17.

2.3.5 Public Investment Management

As at the end of FY 2018/19, the percentage of projects implemented on time was 40% against a target of 100%. At the same time, the percentage of projects implemented on budget was 50% against a target of 88%. To improve Public Investment Management, the GoU undertook to increase the quality of projects in the Public Investment Plan (PIP). This was aimed at ensuring that only 'ready' projects are admitted into the PIP. Subsequently these projects are implemented on time, on budget and scope hence improving on the quality of assets generated from public investments as well the utilization of such assets. The following interventions implemented in FY 2018/19 and some still ongoing, were key in ensuring the achievement of the above aspirations.

a) The sector developed the first phase of the Integrated Bank of Projects (IBP) covering pre-investment (project preparation and appraisal). The IBP is an online database containing information on all government projects. Accordingly, with effect from July, 2019, all projects are submitted on the IBP and can be accessed[4] on http://ibp.finance.go.ug.

b) The sector strengthened the capacity of the Development Committee (DC) to undertake efficient review of projects. During the year, the DC reviewed 211 projects which were progressed as follows in the project cycle: 111 projects at Concept, 51 at profile were approved to proceed to prefeasibility stage, 17 were approved to proceed to feasibility stage and 32 were admitted into the PIP for FY 2019/20. The gradual approval at each stage allowed for comprehensive assessment for financial viability and economic feasibility to ensure that only projects with greater returns are admitted into the PIP and budget.

[4]Please note that access to the IBP requires authorization through User Rights, which can be obtained by request to the PS/ST.

a) With support from the European Union, over 400 personnel from various MDA's across Government were trained in the integrated investment appraisal. This training focused on the pre-investment stages covering Concept, Profile, Pre-feasibility and Feasibility. Personnel were equipped with knowledge on the requirements for preparing projects at each stage including feasibility studies. With this capacities built, MDA's will save the resources hitherto used to procure consultants hired to undertake studies.

a) Commenced the development of the PIMS policy to provide for the overall legal and institutional framework for the various stakeholders involved in the public investment management process; the PIMS curriculum to provide tailor made training courses for short, medium and long term training at Makerere University School of Economics; and the PIMS manual for project implementation, monitoring and evaluation that will provide methodologies, approaches and frameworks for undertaking project execution and ex post evaluation.

Summary of Resource Mobilisation and Allocation indicators' performance

The table below illustrates the Resource Mobilisation and Allocation thematic area's actual performance against the ASSIP indicator targets for FY 2018/19, and the previous financial year's actual performance.

Table 8: Resource Mobilisation and Allocation thematic area performance summary

No.	Indicators	2017/18	FY 2018/19	
		Actual	ASSIP Target	Actual
	Outcome Indicators			
1.	Tax to GDP Ratio	13.9%	14.4%	14.6%
2.	Fiscal Balance (% of GDP)	4.9%	4.7%	5.8%[5]
3.	Present Value of public debt stock/GDP[6]	28.5%	32.8%	32.1%
	o/w PV of External debt stock/GDP	16.4%	21.0%	18.0%
	o/w PV of domestic debt stock/GDP	12.1%	11.8%	14.1%
	Objective 9: Increase the tax to GDP ratio			
4.	Domestic revenue as a % of GDP[7]	14.4%	15.36%	15.1%
5.	Domestic taxes to GDP	7.92%	7.5%	8.6%
6.	International trade taxes to GDP	6.20%		6.3%
7.	Non-tax revenue to GDP	0.42%	0.4%	0.6%
8.	External resource envelope as a percentage of the National budget	20.0%	31.8%	30%
9.	% of tax revenue collected against target	95.86%	100%	101.71%

[5]This is a projection until the GDP is confirmed by UBOS
[6]As at December 2018
[7]Excl. AIA

No.	Indicators	2017/18	FY 2018/19	
		Actual	ASSIP Target	Actual
10.	Average filing ratio	80.61%	88%	87.37%
11.	Percentage growth in taxpayer register	28.30%	10%	12.6%
12.	Rural LG revenue collection as a percentage of LG budgets;	2%	9%	
13.	Urban LG revenue collection as a percentage of LG budgets;	17%	28%	
14.	KCCA revenue collection as a percentage of LG budgets;		23%	22%
15.	Membership in Extractive Industries Transparency Initiative (EITI)	Membership request submitted to Cabinet	Compliance	Public statement of the Government's intention to implement the Extractive Industries Transparency Initiative (EITI) has been made, the appointment of a senior individual to lead the implementation of the EITI has been made; establishment of Multi Stakeholder Steering Committee is in place.
	Objective 10: Improve Public Financial Management and consistency in the economic development framework			
	Public Debt Management			
16.	Nominal Debt to GDP ratio	40.6%	41.7	42%
	o/w external debt to GDP	27.4%	29.9	27.9%
	o/w domestic debt to GDP	13.1%	11.8	14.1%
17.	Average time to Maturity (ATM) of the Public (Govt.) Debt Portfolio (YEARS)	11.2 Years		10.7 Years
18.	Domestic Debt maturing in one year as a % of total debt	36.2%		36%
19.	External Debt maturing in one year as a % of total debt	3.2%		1.9%
20.	Stock of domestic arrears as % of total expenditure		8%	8%
21.	Net change in the stock of domestic arrears (Billion UGX)		-110	

No.	Indicators	2017/18	FY 2018/19	
		Actual	ASSIP Target	Actual
22.	Proportion of disbursed funds in Uganda's external public debt exposure		72.7%	74%
23.	% of debts service payments made on time		100%	100%
	Budget Credibility			
24.	% of funds absorbed against funds released	99.2%	100%	98.7%
25.	% of budget released against originally approved budget	108.2%	100%	110.5%
26.	Funds released as a percentage of the approved budget			
27.	% of funds utilized against originally approved budget	107.3%	100%	109.1%
28.	Supplementary budget as a % of the initial budget	5.89%	<3%	4.8%
29.	Ratio of annual investment expenditure to consumption expenditure (release outturn)	52:48	70:30	65:35
30.	% Deviation of approved annual Budget from initial MTEF projections	7.7%	5%	13%
31.	Proportion of central- and local government agencies (MDAs) that are using programme based budgeting	100%	100%	100%
32.	Proportion of votes attaining ministerial policy statement certification for gender and equity budget compliance	50%	95%	100%
33.	Green Economy (GE) Public Expenditure Review (PER)		GE-PER completed & approved	Draft report in place and being reviewed.
	Public Investment Management			
34.	% of projects implemented on time		100%	40%
35.	% of projects implemented on budget		88%	50%
36.	Public Investment Management Index (PIMI = IMF measure of Public Investment efficiency)		2.05	Awaiting assessment by IMF
37.	Implementation of the Integrated Public Investment Management (PIM) project database		Project database operational	First phase covering pre-investment developed and rolled out in April, 2019 and operation from July 2019

2.4 Budget Execution and Accountability

The Budget Execution and Accounting thematic area is one of the four thematic areas in the Accountability Sector Strategic Investment Plan (ASSIP) 2017-2020. The thematic area focuses on Public Sector Accounting Policy; Financial Management Information Systems; Asset Management; Procurement and Disposal Policy and Management and Inspection and monitoring. The intended outcome of the Budget Execution and Accounting thematic area is value for money in the management of public resources; to be achieved through the following objectives:

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

The Accountability Sector Institutions mainly charged with realising the Budget Execution and Accountability thematic area outcome and objectives include the Ministry of Finance Planning and Economic Development (Accountant General's Office); Public Procurement and Disposal of Public Assets Authority; Ministry of Public Service (Inspectorate); and Ministry of Local Government (Inspectorate). The following achievements were registered during FY 2018/19 for each of the above objectives.

2.4.1 Compliance with accountability rules and regulations

Overall, 91.8% of MDAs, Projects, Commissions, Statutory Authorities and Local Governments had unqualified (clean) audit reports for FY 2017/18, an improvement from the previous year's performance of 91%. Specifically, 92%[8] of Central Government Agencies had clean audit reports for FY 2017/18 an improvement from the previous year's performance of 90%. Likewise, 93% of Statutory Bodies had clean audit reports for FY 2017/18, an improvement from the previous year's performance of 84%. There was however a slight decline in the Local Governments' performance i.e. 91%[9] of Local Governments had clean audit reports for FY 2017/18 compared to the previous year's performance of 93%. In addition, the following achievements were registered by the end of the FY 2018/19.

1. 95% of MDA Budgets were executed using automated Financial Management Systems, in line with the annual target of 95%.
2. The IFMIS uptime stood at 95% against an annual target of 99%.
3. 100% of Central and Local Government Agencies (MDAs) were reported to be using Programme Based Budgeting (PBB);
4. 88% of MDA and LGs' Financial Reports were in compliance with Public Finance Management Act and Regulations. Specifically, 100% of Central Government entities (MDAs) were reported to have complied with set financial reporting standards, against an annual target of 99%. At the time of writing this report, submissions for

[8]Includes projects

[9]Excludes lower local governements and schools. See Report of the Auditor General to Parliament for the Financial Year ended 30th June 2018. December 2018

2018/19 were still ongoing. These will be analyzed and the final results presented in the second quarter. The table below provides the Status on submission of Annual Accounts FY 2018/19 as at 31st August 2019.

Table 9: Status on submission of Annual Accounts FY 2018/19

Category of Entity	Total Number			% Timeliness			% Quality		
	Submitted	Not Submitted	Entities	FY2016/17	FY 2017/18	FY 2018/19	FY2016/17	FY 2017/18	FY 2018/19
Ministries	23	0	23	100%	96%	100%	82%	68%	65%
Agencies	58	0	58	100%	96%	100%	55%	43%	72%
Hospitals	12	4	16	75%	56%	75%	42%	44%	33%
Universities	10	2	12	100%	58%	83%	51%	43%	40%
Missions	35	0	35	86%	100%	100%	40%	71%	100%
Districts	105	22	127	80%	62%	83%	6%	55%	77%
Municipalities	30	11	41	50%	44%	73%	50%	17%	53%
TOTAL	**273**	**39**	**312**	**89%**	**72%**	**88%**	**44%**	**52%**	**63%**

5. During the year under review, 3 Treasury Memoranda were produced and submitted to Parliament while 6 Treasury Memoranda were still under preparation by end of the FY 2018/19. The Treasury Memoranda submitted to Parliament include:
   a) Treasury Memorandum for Central Government votes with unqualified opinion FY 2014/15
   b) Treasury Memorandum on Public Sector Management covering Ministry of Local Government, Ministry of Public Service and Office of Prime Minister for FY 2014/15
   c) Treasury Memoranda on CG votes with unqualified opinion FY 2014/15, (Ministry of Energy and Mineral Development)

The Treasury Memoranda submitted are mostly out of date arising from the delay in discussion of Audit reports. This translates to delayed recommendations, actions, follow-ups and subsequently delayed service delivery.

The above achievements are attributed to a number of Public Finance Management Reforms and Initiatives implemented by the Accountability Sector during FY 2018/19 and prior. These include but not limited to the Integrated Financial Management Systems (IFMS); Ms. Dynamics Navision system upgrade for missions abroad; Academic Information Management System (AIMS); E-Payments Gate way; and E-Cash; as illustrated below.

Rollout of the Integrated Financial Management System: In pursuit of Section 46 (3) of the Public Finance Management Act, 2015, the Accountant General's Office ensured appropriate systems of accounting are established to ensure that all money received is promptly and properly brought to account. Additionally, the Sector ensured that the accounting and internal control systems are appropriate to the needs of the various votes and conform to international standards.

During the FY 2018/19, the Sector completed phase 1 of the DMFAS/IFMS interface integration. IFMS was also successfully implemented in 23 DFPs with go-live meetings and post go-live support offered to each site. In addition, User Acceptance Testing was carried out for 59 sites (33 and 26 former tier 2 sites) and IFMS was implemented in all 59 sites. Go-live meetings were held and post go-live support offered to each site. The Sector continued to support the 59 Local Government sites converted from Tier II to IFMS. In addition, the Sector developed and Implemented PBS-IFMS & PBS-AMP Interfaces.

The Sector also updated the IFMS-Assets Management Module and clean reports were prepared off the system. The Sector supported three votes to clean up their asset registers, and received master data from 30 votes, out of which 22 were uploaded. These are: Kampala Capital City Authority, Kyambogo University, Law development Centre, Ministry of Science, Technology and Innovation, Uganda Cancer Institute, UCDA, DPP, Directorate of Government Analytical Laboratory (DGAL), Uganda Investment Authority, Rural Electrification Authority, NEMA, UNMA, NAGRIC&DB, Courts of Judicature, UHI, NCDC, EOC, UNRA, NIRA, UHRC, Mulago Hospital and Busitema University. The sector also trained some users on the IFMS Fixed Asset module and more training is scheduled for FY 2019/20.

Despite these achievements, implementation of IFMS is still challenged with the increased creation of administrative structures, which has affected the roll out of IFMS new sites and as such, increasing the cost associated with IFMS implementation.

Ms. Dynamics Navision system Upgrade for Missions Abroad: Ms. Dynamics Navision upgrade was one of the major activities in regard to supporting the missions abroad. The system is used by missions for financial management and reporting. The upgrade from version 2009 to version 2018 was instigated by the fact that the support on the old version was to be stopped.

During FY 2018/19, Ms Dynamics Navision 2018 was piloted in 4 missions of Beijing, Canberra, Washington and London and the Sector supported the 4 piloted missions on Ms Dynamics Nav 2018 and timely resolved the issues raised.

Implementation of Academic Information Management System: During FY 2018/19, the Academic Information Management System (AIMS) was implemented in nine (9) Public Universities and Self Accounting Tertiary Institutions (PUSATI's), registering the following benefits:

1. The mobile money platform was integrated with AIMS to make school fees payments.
2. Conducted Extensive training and change management programs in all the PUSATIs.
3. The Photo taking process was enhanced with mobile applications.
4. The system was integrated with UNEB data for application verification.
5. Student registration was successfully completed in all PUSATI's.
6. Resolved system downtime experience for all affected PUSATIs on the portal due to increased traffic (exam registration and fees payment).
7. Finalized with the AIMS team on enhancement of system security (encrypting AIMS files for secure transfer).
8. Availed file encryption solution for migration to production.

E-Payments Gateway: The E-Payments Gateway is intended to enable online payments for all Government services, facilitation of money transfers, as well as allowing MDAs, to quickly and efficiently deploy sector specific e-services. The implementation of the e- payments gateway system is jointly supported by NITA – U. The system has so far been piloted in the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), Uganda Wildlife Education Centre (UWEC), Uganda Chamber of Commerce and Industry (UCCI), Dotsaidia systems Limited (Dotshule), Uganda Museum, Public Procurement and Disposal of Public Assets Authority (PPDA), Uganda Hotel and Tourism Training Institute (UHHTI) and Zeenode Limited. During the year, the following was achieved.

1. An e-payment gateway concept note was developed and approved;
2. Key stakeholder meetings were held with entities like URA, Payment Service Providers (PSPs), and Project Implementation Teams (PIT).
3. Integration activity plan (procedural document) was developed and shared with all pilot entities.
4. Completed integrations and User Acceptance Testing for agent banking, cash over the counter, and Mobile banking payments.
5. Completed integration of the E-Payment gateway into the bank channels for Orient Bank, Equity Bank and Centenary Bank. These include; Mobile banking, Internet banking, agency banking, and Cash over the counter. These Banks therefore await go-live with the gateway on the 1st May, 2019.
6. Completed the integration of e-voucher system (MAAIF) onto the gateway.
7. Rolled out Input redemption sub process (an E-voucher initiative where farmers receive subsidised inputs).
8. Discussed Financials and SLA with 8 banks. These are Centenary, GT, Finance Trust, NC, Orient, Eco bank & HFB. Minor amendments to the SLA are being discussed with several banks.

E-Cash: The e-Cash platform was designed as a secure, efficient, transparent and accountable system with the overall objective of addressing the abuse previously associated with cash imprest and advances through individual staff accounts. This system ensures that money is paid directly to the individual beneficiary's mobile phone or bank account. It also ensures that cash transactions are authorized, traceable and that full accountability is available in real-time. The system is web-based making it possible to authorise payments from anywhere provided there is internet connectivity. The system has both standard and custom reports to aid accountability and analysis. The following activities were undertaken during the reporting period:

1. Reviewed requests for the E-Cash usage from the entities.
2. Supported entities with the view of enhancing user competence and promoting the use of the platform.
3. Followed up on issues raised in the E-Cash System audits and all the votes that were cited provided satisfactory responses to the queries.
4. Enhancements were made on the E-Cash solution which included payments to other commercial bank accounts;
5. Deployed the E-Cash Activity Summary Reports and E-cash volumes and values report; etc.

E-Cash is currently in use by 132 entities, and during the period under review, approximately UGX88.345 Billion was transferred to 143,217 beneficiaries through the system.

Public Sector Accounts: Under the Public Sector Accounts, the program finalized the review of the Financial Reporting Guide and submitted the same for printing and final dissemination to the MDAs and LGs. Support was also given to Local Government accounts in the audit process and preparation of the audit adjusted accounts as well as in the preparation of the half year accounts.

The Sector finalized the draft PFM guidelines for Public Corporations and State Enterprises, provided support to Parliamentary Oversight Committees PAC, LGAC and COSASE, participated in the taskforce for harmonization of the Local Government Finance & Accounting manual with PFMA 2015, and continues to monitor and assess implementation of the PFMA 2015, which will inform the next review of the PFM regulatory framework.

Treasury Inspection: During FY 2018/19, the Sector through MoFPED (Treasury Inspectorate and Policy Department) undertook inspections in sixty (60) votes covering 13 Ministries, 2 Agencies, 5 Public Universities and Self Accounting Tertiary institutions, 10 Foreign Missions, 13 Districts LGs, 1 Municipal Council and 5 Regional Referral Hospitals. The Office is following up on outstanding issues for action. The Sector also conducted quarterly Joint inspections with Ministry of Public Service and produced quarterly reports.

As part of capacity building, the sector conducted IFMS training for 25 DFPs, Accounting Officers, Internal Auditors from Public Universities & Self Accounting Tertiary Institutions, and Internal Auditors under IAG. In addition, a number of staff were sponsored to undertake specialized short courses and a number of staff sponsored for professional courses i.e. ACCA, CPA & CIPS. Staff were also sponsored to attend various workshops and conferences.

Development of an Asset Management Policy Framework: An Asset Management policy, operational guidelines and accounting policy were formulated following consultative meetings with key stakeholders. This will be further refined to include experiences picked from benchmarking studies in Australia, Peru and South Africa to be undertaken in FY 2019/20.

Annual Board of Survey: A Board of Survey conducts a survey of the assets of a vote, by undertaking a physical inspection of the assets, stores, cash, bank balances and books of accounts of the vote. During FY 2018/19, the Sector consolidated and disseminated the Annual Board of Survey reports for FY 2017/18, in accordance with Section 34 (4) of the Public Finance Management Act. In addition, the Board of surveys for each Central Government and Local Government vote were appointed to survey the assets for the FY 2018/19.

However, there has been a substantial decline in timely submission of Board of survey reports from 93% to 32% arising from the stringent quality assurance mechanisms introduced in FY 2018/19 to ensure adherence to the issued guidelines. A number of reports were thus rejected due to missing information, which explains the decline in performance as at 31st August 2019. During the period under review, the Board of Survey Guidelines were issued to guide reporting, which is expected to ease the management and submission of the annual reports.

Challenges

Despite the above achievements, the Accountability Sector's efforts to improve compliance with Accountability Sector rules and regulations faced the following challenges.

- The poor quality of reports submitted by the Accounting Officers makes the one-month period for review and consolidation of GoU financial Statements too short. More time is spent in providing technical support to votes to improve the quality of the reports rather than concentrating on the mandated consolidation.
- The preparation of the Treasury Memorandum is still generally affected by delays of Parliamentary Accountability Committees to debate and complete reports, approval by Parliament and late submission to Ministry of Finance, Planning and Economic Development.
- Accounting Officers also delay submission of their respective action status on implementation of the Parliamentary recommendations as required by the PFMA 2015 despite various reminders from the Secretary to the Treasury.
- Mischarge of expenditures;
- Underutilization of systems functionality;
- Non responsiveness to PFM issues/circulars, poor attitude and Inadequate compliance to procedures and guidelines;
- Lack of transitional implementation of the new laws/policies/guidelines;
- Land management and uncertainty on government ownership especially on high

value assets like land, equipment, Motor vehicles, Buildings & installations. Information on land and buildings seems scanty or totally unavailable.

- Obsolete items due for disposal tend not to be disposed of across several financial years even after BoS recommendations.
- Failure to meet reporting timelines
- Inaccurate information
- About 15% of pensioners are consistently not paid by votes;

2.4.2 Public Contract Management and Performance

Implementation of procurement audit and investigation recommendations: During the FY 2018/19, the sector through PPDA conducted follow up activities in 86 PDEs to assess the status of implementation of audit and investigations recommendations made in the reports that the Authority issued in FY 2017/18. The follow up activities were conducted in 22 Central Government PDEs and 64 Local Government PDEs. A total of 1284 recommendations were reviewed and of these, 842 recommendations (66%) were found to have been implemented and 442 recommendations (34%) were not implemented. This performance was slightly below the previous year's performance of 69% and the ASSIP annual Target of 90%.

The failure to implement most of the recommendations is as a result of laxity on the part of the Accounting Officers and the PDUs and inadequate capacity (financial and human resource) especially in Local Government PDEs to implement the issued recommendations.

Public Procurement Inspections: During FY 2018/19, public procurement inspections were conducted at both Central and Local Government levels. The purpose of the inspections was to identify challenges that hindered effective service delivery and make recommendations for improvements. The Sector conducted procurement inspections in thirty-six (36) entities. The planned inspection of foreign missions was not undertaken due to financial constraints. However, this remains a critical area of concern as various oversight reports indicate a lack of appropriate guidance and regulation of procurement activity in operations at the Ugandan Missions abroad.

Procurement Planning: The PFM Act, 2015, Section 13 (15) (c) requires every vote to prepare and submit as part of the Ministerial Policy Statement the Annual Procurement Plan. The PPDA Act 2003 also requires PDEs to prepare and submit to the Secretary to the Treasury its annual procurement plan for the following financial year.

During FY 2018/19, two hundred twenty-nine (229) Procurement plans and fifteen (15) Disposal plans were received and reviewed. 138 out of the 229 procurement plans were unconsolidated, accounting for 60%. It was also noted from the review that the format for reporting on procurement plans was more appropriate for projects and not entities. Subsequently the above observation led to the review of the procurement plan template. All entities with unconsolidated procurement plans were requested to resubmit harmonized plans.

Average number of bids received: The average number of bids received for all procurements irrespective of which method was used was 3.8 bids per procurement. In Open Domestic Bidding, the average number of bids that was received per procurement was 3.4 bids. This is above the 2 bids received that were reported for the FY 2017/18, but below the ASSIP and the PPDA recommended minimum number of 5 bids per contract. This indicator measures the level of competition in public procurement. The PPDA recommends in its strategic plan that each procurement process should attract a minimum of three (3) bids for competition to be deemed sufficient. The average lead time taken to complete the procurement cycle with open domestic bidding method was 164 days against the indicative timeline of 100 days.

Procurement Audits: During the year under review, the Accountability Sector through PPDA conducted 136 procurement and disposal audits, which was below the ASSIP target of 150 but higher than the previous year's performance of 96 procurement and disposal audits. The audits conducted include eighty-nine (89) performance audits and forty-seven (47) contract audits. In addition the Sector undertook 91 compliance inspections. The audit covers a representative sample of procurement transactions carried out during the Financial Year. 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.

Investigations: Through PPDA, the sector received 93 complaints during the period in addition to the 42 complaints that had been carried forward from the last Financial Year resulting into a total of 135 complaints. The Sector completed 73 investigations worth UGX 1,354,658,219,178 out of the planned 80 investigations by year end. The complaints related to alleged lack of transparency in the procurement process by entities, delays in conclusion of the procurement process, conflict of roles between the Contracts Committee and Procurement and Disposal Unit, non-adherence to the evaluation criteria in the bidding documents issued. The sector found merit in 29 (39.7%) complaints with procurements worth UGX 1,056,805,854,048 and no merit in 44 (60.3%) complaints with procurements worth UGX 297,852,365,130 and recommended corrective measures such as disciplinary action to the responsible staff in the PDEs and retendering of the procurement process.

Suspensions of Providers: The sector through PPDA received fifty-three (53) recommendations to suspend providers in the Financial Year in addition to the fifty (51) complaints that were carried forward from the previous FY 2017/18 resulting into a total of one hundred four recommendations. The sector found merit in the recommendations and suspended twenty-three (23) providers. Six (6) providers were not suspended since no merit was found in the recommendations. Twelve (12) recommendations were deferred pending the outcome of court cases related to the investigation, two (2) matters were referred to the Criminal Investigation Directorate for further investigation and two (2) recommendations were withdrawn by the Entities. Fifty-nine (59) cases were still under investigation. The suspended providers were found to have failed to substantially perform contracts or breached the code of ethics of providers following forgery of documents such as completion certificates, income tax clearance, bid guarantees, bid securities, Powers of Attorney and previous experience.

Applications for Administrative Reviews: Through PPDA, the Sector received and handled sixty-two (62) applications for Administrative Review by bidders not satisfied with the evaluation process and the decisions of Accounting Officers. Two (2) applications were withdrawn and one (1) application could not be handled because the entity failed to submit the procurement file. The estimated cost of the procurements that were subjected to administrative reviews was UGX 567,199,272,636. Forty-one (41) applications representing 66% were in respect to procurements by Central Government Entities and twenty-one (21) applications representing 34% related to procurements by Local Government Entities. Twenty (20) applications representing 34% were upheld, thirty-nine (39) applications representing 66% were rejected. There was a reduction in the proportion of cases upheld from 49.7% in the FY 2017/18 to 34% in the FY 2018/19.

E-Government Procurement: As part of the reforms to make the public procurement system more efficient and accountable, the Accountability Sector embarked on an initiative to fully automate the public procurement function and is in final preparations to have public procurement online through the implementation of the Electronic Government Procurement (eGP) system. The e-GP system is web-based and will cover the full procurement lifecycle and keep a record as well as an audit trail of all procurement activities. The purpose of this system is to maintain efficient, complete and up-to-date public procurement information for all public entities of Uganda. It will also provide an open and transparent system for both local and international providers. In collaboration with NITA, funding was secured through the RCIP project funded by the World Bank. The program is providing technical support to the e-GP implementation following a request by the World Bank Country Office.

As at the end of FY 2018/19, the implementation status of the e-GP system stood at 42%. The system requirements validation and design phase of the e-GP project was completed and the system requirements specification (SRS) document was approved. During the period, the e-GP project team successfully worked with the vendor and mapped out the requirements from the bid document visa-avis what was provided in the system requirements specification document thereby moving the systems requirements specifications document from 69% accuracy to 90%.

The integration platforms of IFMS, URSB, NSSF, URA, E-payment gateway and SMS notification gateway were completed. The project implementation plan was revised and the Go Live Date was revised to 28th June 2019. The revised Project Implementation Plan was presented to the e-GP Steering committee meeting and was approved. The project registered some slippages which affected the overall project status in the areas of integrations, change management and e-GP guidelines readiness. Changes in the performance of these areas will greatly impact on the percentage completion of the project. The PBS and NIRA integration are not ready and will delay the project further.

Seven (7) Technical Working Group (TWG) meetings were held and the Electronic Government Procurement (eGP) Guidelines were drafted and forwarded to PPDA for review and issuance. The TWG also developed the draft Reservation Regulations in line with the draft PPDA Bill, 2019.

Local content: The total number of contracts awarded to local providers remained at 99%, as has been the case in the previous Financial Years. This is because the overwhelming number of procurements is small in value and done by local providers. However, in terms of value, 72% (UGX 1,226,365,730,825) of the value of procurements were awarded to foreign firms in the Financial Year under review. This means that whereas the number of contracts done by foreign providers are very few in number, in terms of value, they are high. Many of the large contracts continue to be executed by foreign providers. This was because the change in definition of foreign firms as per the amended Guideline on Reservation Schemes allowed the firms to continue dominating the large infrastructure projects in the works, energy, education and health sectors.

National Public Sector Procurement Policy: Cabinet approved the National Public Sector Procurement Policy (NPSPP) on 1st April, 2019, authorizing its publication and wide dissemination. The Policy aims to: ensure that all acquisitions using public funds in all government institutions are effectively and efficiently handled; enhance and strengthen good governance in the key institutions within the public procurement system; strengthen and enhance the knowledge, skills and attitudes of the hums resource interfacing with the public procurement; promote sustainable public sector procurement; and enhance and promote socially responsible public sector procurement.

The Sector held a workshop on introduction of sustainable procurement in Uganda with Heads of Procuring and Disposal Units (PDU) for both Central and Local Government as part of the work to operationalize the policy objective.

Furthermore, the Sector through MoFPED (Procurement Policy Department) developed a proposal on integration of Sustainable Public Procurement which was submitted to Switch Africa Green (SAG) for consideration of funding under the United Nationals Environment Programme's (UNEP) initiative on climate preservation. The Sector also launched the Assessment of Public Sector Procurement Function of Uganda using the "Methodology for Assessing Procurement Systems" (MAPS) as part of implementation of the approved policy. The Technical Working Group and local consultants were trained on how to assess the performance of Public Sector Procurement System of Uganda using MAPS.

Amendment of the PPDA Act, 2003: On 3rd May, 2019 the PPDA Bill, 2019 was gazetted and published. The Minister responsible for Finance submitted the Bill to Parliament pending 1st hearing. This Bill aims at enhancing efficiency and effectiveness in the Public Procurement process by reducing the statutory timelines and the number of players in the administrative review process. The highlights of the amendment are:

a) Provision for the women, youth, disadvantaged groups, small and medium enterprises in public procurement.
b) Provision for sustainable acquisitions.
c) Clarification of the Treasury's role in public procurement process/alignment of roles of the Minister versus the Regulatory Authority.

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

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

f) Reintroduction of negotiations in the procurement process.

g) Involvement of Ministers in the procurement process.

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

i) Introduction of a concept of collaborative procurement.

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

The **other performance highlights** during FY 2018/19 under Public Contract Management and Performance include:

1. The PPDA Appeals Tribunal reviewed twenty-three (23) cases in the FY 2018/19 and Six (6) Awareness Drives were conducted. The Tribunal also trained ten (10) people who included tribunal members and staff.
2. Appointment of Contract Committees: The Sector reviewed and recommended appointments of Contract Committee members. A total of seven hundred thirty-nine (739) Contracts Committee members were approved and thirty-nine (39) nominees were rejected while nine (09) were sent to ISO for vetting.
3. Through PPDA, the Sector conducted training under supply and demand driven arrangements targeting different stakeholders bringing the total number of participants trained to 652 stakeholders.
4. The site for the proposed PPDA-URF office block was handed over to M/S Seyani International and the project is expected to last 48 months. Physical progress for the project is estimated at 18%.
5. A spend Analysis study was carried out in 10 central government entities. Nominated 6 officers to undergo IFMS training to carry out a Spend analysis study in Local Government entities
6. Discussed the Regulatory Impact Assessment with Cabinet Secretariat regarding the development of the Institute of Supply Chain Management of Uganda (ISCM-U) Bill.
7. Developed proposals on issues such as sustainable procurement, collaborative procurement, research and development and youth, people with disabilities & women in procurement;

Challenges

Despite the above achievements, the Accountability Sector's efforts to enhance public contract management and performance faced the following challenges.

- Limited users' knowledge of the procurement procedures and laws, hence increasing the procurement lead times and subsequently, delayed service delivery.
- Inadequate staffing and facilitation of the PDU in terms of tools and logistics.
- Slow and intermittent internet connectivity which affects data entry on the Government Procurement Portal.

- Inadequate budget allocations to undertake capital development projects most especially multi-year.
- Delays in amendments to the Local Government PPDA Regulations. The amendment process of the Local Governments (PPDA) Regulations was halted; pending the finalizing of the review of the PDPA Act. It is now planned that the review of the PPDA Regulations and Local Government PPDA Regulations shall be reviewed at the same time for a harmonized position. This delay in the amendments of the Local Government PPDA Regulations continues to hamper efficiency in the Local Government service delivery.
- Limited procurement audit coverage due to inadequate capacity and capability. For example most of PPDA's activities are field based yet they have a very old fleet of vehicles. This implies that the Authority is not able to send multiple teams to the field to implement the planned activities. Currently, PPDA conducts audits on a sample and risk basis.

2.4.3 Public demand for accountability

Results-Oriented Management systems strengthened across MDAs and LG: In order to address the problem of weak performance management and accountability in the public service, the Accountability Sector through Ministry of Public Service supported MDAs and LGs to implement the Results oriented Management (ROM) and Outcome Oriented Budgeting (OOB) Framework. This entailed training and working sessions with MDAs and LGs, integrating ROM and OOB in institutional work plans and budgets, developing key performance indicators, linking annual work plans to performance contracts, linking them to departmental work plans and individual performance agreements and individual performance plans, and staff performance appraisals and reports, and incorporate transparency and accountability indicators in all performance contracts among other integration areas and performance management reforms and initiatives.

The ROM and OOB framework is an agreement between the PS MOPS and the PS/ST that was developed for implementation from 2010 in responses to recommendation to the ROM review under the public service reform programme. It represents a package of interventions to be implemented by MDAs and LGs to improve on implementation of ROM and OOB and ultimately improve on performance and accountability by public service Institutions in Service delivery to citizens. There is need to review the implementation of the framework in view of the requirements for performance based budgeting.

By the end of the year under review, 83% of MDAs and LGs had mainstreamed results framework into their work processes. This involved roll out of ROM and OOB framework in Sector MDAs and LGs including the refinement of Institutional outputs, Indicators and targets.

Service Delivery Standards developed, disseminated and utilized: In response to the low levels of development, documentation and dissemination of service delivery standards, compliance to service delivery standards and utilization of the National Service Delivery Survey findings, MDAs and DLGs were supported to start on documentation of service delivery standards. This entailed providing technical and functional support supervision to Sectors, MDAs and Local Governments, and promotion through sensitization and dissemination of guidelines for documentation of service delivery standards, and working sessions.

By end of FY 2018/19, technical support was provided to 4 MDAs and 42 LGs to document and disseminate their service delivery standards to the citizens. Draft compendium of Service Delivery Standards for 4 Sectors of (Social Development, Agriculture and Works and Transport, Water and Environment) were also developed. There is need to further strengthen and popularize the documentation and dissemination of service delivery standards including using a sector wide approach.

Inspection and monitoring: In response to the low levels of compliance to service delivery standards and non-responsiveness of the public service institutions and public officers to citizen demands, the inspection function was reviewed and strengthened across government. As a result, a Joint Inspection Strategy was adopted whereby Joint Inspection exercises are being conducted with Line Ministries to assess the progress made in implementation of government programmes and to identify challenges faced and recommend corrective actions. In addition, compliance inspections of MDAs were regularly conducted across the Public Service.

51 MDAs and LGs were inspected during FY 2018/19 for compliance with service delivery standards, this was inclusive of the Joint inspections of LGs and their Urban Authorities. In addition to the inspections, Pearl of Africa Institutional Performance Assessment Scorecard (PAIPAS) was rolled out to all inspected MDAs and LGs, Joint Inspection Teams and Technical Committee meetings were held, Annual PAIPAS and inspection Report for the FY 2018/19 prepared and a report on implementations of inspection recommendations was produced.

Demand for service delivery accountability strengthened through Client Charters: Client Charters specify standards of delivery of services which the MDAs and LGs should provide to their clients, and set out feedback and complaint handling mechanisms. In order to address the low capacity of service recipients to demand for quality services against the service standards and client charters, technical and functional support was provided to MDAs and LGs including their Urban Councils on the development, dissemination and implementation of Client Charters including institutionalization of client charter feedback mechanisms. This was a Cabinet Directive that requires every MDA, LG and Urban Council to develop, disseminate and implement a client charter.

In pursuit of the above initiative, collaborative arrangements with non-state actors in the form of community based organizations were utilized, for instance the Danish Refugee Council operating in the West Nile Region to disseminate the Client Charters and monitor Client charter Implementation by LGs in the Region; the SUGAR-TAF Project in collaboration with MoPS/PSI and MOH supported the Regional Referral Hospitals of Masaka, Mbale and Gulu to review their client charters and institutionalize client charter feedback mechanisms; the Uganda Debt Network in collaboration with PSI/MoPS supported some LGs e.g. Nakapiripit to develop and implement Client Charters, the Council for African Policy (CAP) in liaison with MoPS supported LGs in Teso Region to develop and implement client charters. During the period under review, 48 MDAs and LGs had developed and implemented client charters, and technical Support on development of Client Charters was provided to 43 LGs.

Regional Accountability Forums: In April 2019, the Accountability Sector held a Regional Accountability Forum in Hoima covering 12 districts and attended by over 170 participants including district officials, central government officials and the Accountability Sector Institutions.

The specific objectives of the forum were to collect views from various stakeholders on the performance of the Accountability Sector; provide a platform for LGs to share information on accountability issues so as to improve service delivery; create awareness about the roles of the Accountability Sector, its mandate, goals and strategies; and strengthen alliances and build networks with other stakeholders to promote accountability and the fight against corruption. Some feedback from the participants of the Regional Accountability Forum include:

a. Hybrid procurements (involving both Central and Local Governments) without adequate guidelines from PPDA was causing delays in the procurement processes and hampers quick implementation of projects, resulting in returning of funds to the consolidated fund.

b) Staffing levels at the LGs was very low, averaging 42% and this requires stepping up with an increase in the LG Wage provisions.

c) Demand for accountability was being blocked by the Police and RDCs in the name of Public Order Management Bill.

d) The need for Government to explore the social and print media to disseminate information in small volumes e.g. Uganda Vision 2040 and the budget.

e) The need for Government to translate the anti-corruption laws into different languages so that all people can understand their right and the laws that protect them.

f) The need for Government to put inquiry centres for people to demand for accountability.

g) The continuous growth in the number Local Governments spreads both the financial and manpower resources too thin to bear significant impact in service delivery.

h) The Whistle Blowers Act is not known or understood at the grass roots.

i) Limited communication between the Central Government and Local Government during the implementation of projects that are procured from the centre, which creates delays and affects monitoring of project by the LGs.

j) Terms of reference and contract details of projects undertaken by Central Government (especially UNRA) should be shared with LGs to enable them hold the contractors accountable and for ease of monitoring.

k) Classifying projects in lots for procurement purposes discourages small local companies from competing, and places too much burden on a single contractor who may not have capacity to implement across a number of districts.

l) LGs should be given the mandate to manage the procurement process for all projects whose funding is directly sent to the LG Vote.

m) The citizens are not included in the budget process which makes it difficult for them to be interested in tracking its implementation.

n) LGs are not well facilitated to deliver services because about 13% of the national budget goes to them and of this, over 70% of the funds are for wages and non-wages meaning that less than 30% remains for service delivery.

o) Delayed payment of salary arrears is demotivating and affects service delivery.

Accountability Sector Joint Annual Reviews: In August 2018, the Accountability Sector held the 4th Accountability Sector Joint Annual Review (ASJAR) 2018. The review was attended by 241 participants from MDALGs, private sector, development partner and CSO representatives. The ASJARs are intended to review the Sector performance for the just concluded Financial Year; review the implementation of the previous ASJAR's undertakings and recommendations; discuss and agree the Accountability Sector emerging issues, recommendations and undertakings for the subsequent year; and rally support and ownership from key stakeholders to mobilise more resources to implement Sector priorities. The status of implementation of the previous year's (FY2017/18) emerging issues and undertakings is presented in Annex 3 of this report.

Summary of Budget Execution and Accountability Indicators' performance

The table below illustrates the Budget Execution and Accountability thematic area's actual performance against the ASSIP indicator targets for FY 2018/19, and the previous financial year's actual performance.

Table 10: Budget Execution and Accountability thematic area performance summary

No.	Indicators	Actual FY 2017/18	Target FY 2018/19	Actual FY 2018/19
	Outcome Indicators			
1.	Level of Satisfaction with public service delivery		TBD	
2.	Government Effectiveness Index		TBD	
3.	Corruption Perception Index	26%	28	26%[10]
	Objective 11: Improve compliance with accountability rules and regulations			
4.	Percentage of unqualified audit reports (MDAs, Statutory Bodies, Local Governments)	91.8%		
5.	% of clean audit reports (CG)	92%[11]	88%	
6.	% of clean audit reports (Statutory Bodies)	93%	87%	
7.	% of clean audit reports (LG)	91%[12]	89%	

[10]CPI 2018

[11]Includes projects

[12]Excludes lower local governments and schools. See Report of the Auditor General to Parliament for the Financial Year ended 30th June 2018. December 2018

No.	Indicators	Actual FY 2017/18	Target FY 2018/19	Actual FY 2018/19
8.	% of MDAs with Financial Reports in compliance with Public Finance Management Act and regulations	90%	99%	88%[13]
9.	% of Treasury Memoranda issued against reports adopted by Parliament		100%	
10.	% of MDA Budgets executed using automated Financial Management Systems	83%	95%	95%
	Objective 12: Enhance public contract management and performance			
11.	% of entities rated satisfactory from procurement audits	87%	100%	71%
12.	% of contracts audited (by value) rated satisfactory	77%	100%	79%
13.	% of contracts delivered within contract value	79%	100%	73.2%
14.	Proportion of contracts completed as per contractual time.		80%	73%
15.	Proportion of procurement audits and investigation recommendations implemented	69%	90%	66%
16.	Proportion of Contracts subject to open competition	60%	80%	71.9% (by value) 5% (by number)
17.	Number of procurement investigations conducted	94	80	73
18.	Number of procurement audits conducted	96	150	136
19.	Number of follow-ups undertaken on procurement audits and investigations recommendations	86	140	86
20.	Average No of bids received per contract	2	5	3.8
21.	Value of contracts awarded to local contractors	54%	55%	72%
22.	Proportion of procurements conducted at the planned price	90%	95%	78.20%

2.5 Audit and Anticorruption

This section presents the Accountability Sector's achievements in respect of the Audit and Anticorruption thematic area, which focuses on external audit, internal audit and anticorruption. Under this thematic area, the sector seeks to achieve value for money in the management of public resources through the following objectives:

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

The Accountability Sector Institutions mainly charged with realising the Audit and Anticorruption outcome and objectives include the Ministry of Finance Planning and Economic Development (Internal Auditor General); Inspectorate of Government (IG); Directorate for Ethics and Integrity (DEI); and Office of the Auditor General (OAG). The following achievements were registered during FY 2018/19 for each of the above objectives.

[13] This is an interim figure, pending final analysis of FY 2018/19 data

2.5.1 Prevention, detection and elimination of corruption

Implementation of internal audit recommendations: During the Financial Year FY 2017/18[14], the percentage of internal audit recommendations implemented was 65.6% against a target of 70% and the previous year's performance of 69%.

During the financial year under review, 118 Audit Committee meetings were held and reports produced for 16 Sectors and 14 Regional Audit committees. This has helped improve responses and follow-up by acting on recommendations for the issues raised in Internal Audit reports. In addition, 734 quarterly consolidated Internal Audit reports from MDALGs were received and reviewed by the Office of the Internal Auditor General. There is 100% scrutiny of Accounting Officers before being re-appointed and this has made them more vigilant in responding and following-up on Audit issues raised in the Audit reports.

Audit of Integrated Payroll Pension System: The Accountability Sector through the Office of The Internal Auditor General initiated an Audit of the Integrated Payroll Pension System through standing Instructions arising from the various complaints in the Payroll and Pensions Management. During the year, 592 quarterly payroll and pension audit reports were received and reviewed by the Office of Internal Auditor General. This led to a great improvement in Pensions and Payroll Systems however, there is need to include the IT systems Audits as well.

Implementation of the Risk Management Strategy (RMS): During FY 2018/19, the Sector trained 25 staff from the Office of the Internal Auditor General in the Forensic Audit Manual and Standard Operating procedures. In addition, the manuscript for the Risk Management Strategy (RMS) was signed by the Permanent Secretary/Secretary to the Treasury and published. Both the Risk Management Strategy and the Risk Maturity Assessment Report were printed, and are being disseminated. The Risk Management Strategy (RMS) will provide guidelines to develop risk registers in various Ministries, Departments, Agencies and Local Governments. It will also help in dealing with Risk in the Audit process and mainstreaming Risk Management in Institutions' operations.

Implementation of External Audit Recommendations: During FY 2018/19, the percentage of external audit recommendations implemented by MDALGs was 31% which is below the ASSIP target of 45%. This has lowered/undermined the effort to address challenges of service delivery and therefore, limited value for money because of the delayed and low response to the recommendations. This is partly arising from delays in discussion of audit reports by oversight Institutions/committees and delayed issuance of Treasury Memoranda.

[14]Information on the percentage of internal audit recommendations implemented in FY 2018/19 was not fully compiled at the time of drafting this report.

Financial Audits: During FY 2018/19, the Accountability Sector through the Office of the Auditor General completed financial audits for 168 MDAs which was above the year's ASSIP target of 128 and the previous year's performance of 97 MDAs. In the same period, OAG completed financial audits for 134 Public Corporations and State Enterprises, above the ASSIP target of 85 and the previous year's performance of 122 authorities. OAG further completed audits for 1561 Local Governments (164 Higher Local Governments and 1397 Lower Local Governments), which was above the previous year's achievement of 624 audits but below the ASSIP target of 2070 Local Governments completed audits for the year.

Value for Money Audits: During FY 2018/19 OAG completed 10 Value for Money audits which was above the previous year's achievement of 8 VFM audits but below the annual ASSIP target of 16 VFM audits.

Forensic Investigations and Special Audits: During the period under review, OAG completed 28 Special, IT and Forensics audits which was above the previous year's achievement of 26 Forensic Investigations, IT and Special Audits but below the ASSIP target of 50 audits. OAG also completed 18 Engineering Audits, above the previous year's achievement of 13 audits.

The improvement in performance compared to the previous years was due to the fact that at the time of audit execution, more public works projects were identified as critical and included in audits undertaken.

The audit of Karuma & Isimba Hydro Power Projects by the contracted firm (Pöyry Switzerland Ltd) commenced during FY 2018/19. The audit is scheduled to take 4 months with the report due September, 2019. This audit exercise is expected to address the issues of the 3Es (economy, effectiveness and efficiency) and the service delivery/user aspects. This will become a reference for similar infrastructure projects and inform future investments in those areas.

Specialized trainings: OAG staff have been trained across various disciplines with a view to improving the quality and impact of Audit. With the support of EU, GIZ and FINMAP staff capacity has been built in audit and non – audit areas. These include but are not limited to: Performance Auditing, IT systems audits, Investigations, Revenue Audits, Audit of extractives including oil and gas. These have resulted in efficiencies in conducting audits as well as enhanced quality and relevance of audits in keeping with a dynamic and ever changing environment.

Performance strategies: During audit year 2018, OAG introduced an Integrated Audit Approach whose main purpose is to rationalize audit skills so as to ultimately build optimum capacity in all audit disciplines across the office. This involves allocation of the various types of audits across all audit directorates hence creating a pool of multi-skilled teams resulting in improved quality of audits. This initiative was piloted in 2018 and its roll out will be phased over subsequent audit years.

OAG has with the support of GIZ, developed a Local Government Audit strategy to clear audit backlogs and mainstream Lower Local Government audit activities. In addition, with support from the European Union under the Justice and Accountability Sector Reform Contract, the office was able to undertake 1186 Lower local government audit backlog audits. This was done through out-sourcing audits to local audit firms as well as utilizing audit staff from other audit directorates. The office was also supported by USAID (GAPP) to outsource the processing of pending lower local government backlog reports.

National Ethical Values (NEVs): Back in October 2013, the President of Uganda, His Excellence Yoweri Kaguta Museveni launched the National Ethical Values Policy. The main objective of the policy is to promote and preserve the rich cultural identity and values of Uganda in order to enhance national development within a harmonious environment. The policy has 10 National Ethical Values including:

1. respect for humanity and environment;
2. honesty; uphold and defend the truth at all times;
3. justice and fairness in dealing with others;
4. hard work for self-reliance;
5. Integrity; moral uprightness and sound character;
6. creativity and innovativeness;
7. social responsibility;
8. social harmony;
9. national unity; and
10. national consciousness and patriotism;

During FY 2018/19 the Accountability Sector through the Directorate of Ethics and Integrity conducted 32 sensitization activities on NEVS by region. In addition, three public awareness campaigns were conducted in Mbale reaching over 5,000 students; and capacity building interventions were conducted in eleven DIPF in all the regions. The objective was to establish the level of immorality (pornography, illicit sexual behaviour and drug abuse) through interactions during the sensitization meetings and to equip students with NEVs, hence enabling them to fight these vices. Indeed, behavioural change is envisaged among students sensitized on the dangers of immorality and drug abuse in the secondary schools visited. This lays a foundation for good morals among the young people. There is a high likelihood of increased performance of students in terms of scoring good grades, and reduction in strikes and bullying by students in the schools visited, which enables school management to perform their roles effectively.

District Integrity Promotion Forums (DIPFs): Through the Directorate of Ethics and Integrity (DEI), the sector has so far created 78 DIPFs country wide. During FY 2018/19, the sector conducted 6 capacity building interventions through public education and awareness on ethics to strengthen the DIPFs by region. The aim is to ensure that there is exemplary leadership at Local Government level, hence efficient and effective service delivery. The DIPF platform is now being used as an avenue to inculcate ethical values in the district leadership in Local Governments staff trained. It is also being used as an avenue for solving accountability issues/concerns raised by the community. The DIPF platform has enabled investigations, dismissal of errant public officers and recovery of previous misappropriated funds.

Implementation of the National Anticorruption Strategy (NACS): During FY 2018/19, the Sector through DEI successfully coordinated the Inter-Agency Forum (IAF) on corruption. The various IAF meetings have strengthened collaboration and there is now better coordination among anti-corruption institutions in the fight against corruption.

During the period under review, the sector through DEI disseminated the anti-corruption laws to District Local Governments and Law Enforcement Officers. The dissemination enables citizens to appreciate their role in fighting corruption. When the public is aware about their role, they can partner well with Government in the fight against corruption, hence ensuring service delivery.

The dissemination programs were conducted at a number of Police Stations in Eastern and Central Uganda. Through this interaction, Police Officers shared the challenges they face in the execution of their duties, which hinder their fight against corruption. These challenges have been discussed with the Top Management of the Uganda Police Force, and solutions are being worked on.

Furthermore, DEI had the Anti-corruption Laws simplified, and translated into the local languages of Ateso, Runyankore-Rukiga, Luo and Luganda, to reflect the four Regions of Eastern, Western, Northern and Central Uganda respectively, to make it easier for members of the public to read and understand them.

During FY 2018/19, DEI monitored the implementation of the NACS in the districts of Ibanda, Kisoro, Alebtong, Hoima,Masindi, Kabarole, Rukungiri, Bushenyi and Butaleja. Implementation of National anti-corruption strategy, NACS 2014-2019 contributed to the fight against corruption. This was through strengthening the Institutions in the various districts in creating awareness in Anti-Corruption.

Zero Tolerance to Corruption Policy: During FY 2018/19, the Zero Tolerance to Corruption policy was approved by Cabinet, and is to be launched in December this year, as part of the activities to mark the International Anti-corruption Day, which is preceded by the Anti-corruption Week. The Policy is aimed at strengthening partnerships among all stakeholders, for the effective implementation of anti-corruption measures.

Constitution of the Leadership Code Tribunal: During FY 2018/19, the Leadership Code Tribunal was gazetted, resourced but not constituted. The Leadership Code Tribunal, which was established under the Leadership Code (Amendment) Act 2017, will adjudicate cases of breach of the Leadership Code of Conduct referred to it by the Inspectorate of Government. It will be an effective tool in the fight against corruption. Recruitment of the Tribunal staff and members by the Public Service Commission (PSC) and Judicial Service Commission (JSC) respectively is ongoing. Office space, motor vehicles, ICT equipment and furniture for the Tribunal have been procured. The Tribunal is expected to begin operations by the end of this calendar year.

United Nations Convention against Corruption (UNCAC): Uganda is a member of United Nations Convention against Corruption (UNCAC) and has to fulfil certain requirements. During the period under review, DEI finalized and submitted Uganda's Self-Assessment report on its implementation of Chapter 2 (Preventive measures) and Chapter 5 (Asset recovery). The report was submitted to the United Nations Office on Drugs and Crime (UNODC) in Vienna, Austria. Uganda therefore complied with the Regional and International requirements during FY 2018/19. This makes the country access the privileges and benefits associated with compliance with the requirements of the membership.

Religious and Faith Based Organizations (RFBOs) Policy: During the period under review, DEI conducted a Regulatory Impact Assessment (RIA) for Religious and Faith Based Organizations (RFBOs) Policy. The Religious and Faith Based Organisation (RFBO) Policy will lead to harmonious existence among Religious Leaders who will be more effective in mobilizing communities in the fight against corruption. Because of this, it will be easy to mobilise various religious leaders during the initiatives to fight corruptions and associated vices.

Complaints received by the Inspectorate of Government (IG): During FY 2018/19 the IG received 2,325 complaints against public officials compared to 2,688 in the FY 2017/18 representing decline of 363 cases (13.5%). The decline in the number of complaints was largely attributed to the IG's efforts in strengthening internal grievance handling mechanisms in Government Institutions, which contributed to a reduction in volume of complaints. 1259 of the cases were registered at the IG headquarters, while 1066 were registered across the 16regional offices. The 2325 complaints led to sanctioning of 676 Ombudsman cases, 1051 corruption investigations as well as 25 Leadership Code cases. 318 complaints were referred to other institutions while 225 were rejected. The remaining 30 had not been allocated by the end of the Financial Year.

Verifications of Leaders' Declarations: Through the IG, the sector received 21,182 (85%) leaders' declarations out of the estimated 25,000. Out of the 21,182 declarations, the IG verified and concluded 210 (0.99% of the declarations) out of the planned 300 verifications of leader's declarations during the FY2018/19, which is a 70% achievement. Despite the below target achievement, this is a noteworthy achievement considering the fact that previously, no more than 65 verifications were executed in a single Financial Year. In addition, 16 investigations in breaches were concluded against the annual target of 25.

The verification resulted into sanctioning of corruption investigations of 3 leaders who were found to have amassed wealth worth UGX 9.686 Billion combined, which is beyond their known sources of income. In addition, 10 leaders were investigated for illicit enrichment and files are awaiting submission to the Leadership Code Tribunal for further action.

Special Investigations: The Sector through the IG investigated 22 out of the planned 12 high profile cases during the FY 2018/19. In addition, 154 corruption cases were investigated in Ministries, Departments and Agencies (MDAs) out of the planned 218 cases for the year. These investigations recommended for recovery of UGX 1.380 Billion which was misappropriated by public officials and UGX0.769 Billion of this was recovered. The investigations also resulted into recommendations for prosecution, while other actions were to be undertaken by each of the organisations.

Prosecutions and Civil Litigation: Through the IG, the Sector prosecuted and concluded 53 (88%) out of the planned 60 cases during the FY 2018/19. Of the 53 cases, 16 (30.2%) were high profile in nature. Also, 39 of the 53 prosecuted cases were successfully convicted hence obtaining a conviction rate to 73.5%.During the reporting period, 11(92%) Judicial reviews were concluded successfully by the end of the reporting period. Four cases were concluded in favour of IG, 1 case was concluded against IG and 6 were withdrawn.

The IG recovered a total of UGX1, 106,309,665 during the Financial Year of which UGX5,000,000 was recovered from court decisions. The percentage of funds recovered from the court decisions and investigations was 41% of the available orders, which was lower than the 50% annual target.

Citizens trained to monitor projects: Under the Transparency Accountability and Anti-Corruption (TAAC) component, 6,869 project monitors were trained out of the planned 2,240 in the year. As a result, 45% of grievances were timely resolved against the 80% target for the year, and 418 projects were monitored.

Decentralised anti-corruption programmes: In the period under review, 1392 corruption cases in Local Governments were investigated, above the year's target of 500 cases. The various cases involved UGX8, 428,081,903 and occurred with the following frequencies.

Table 11: Nature and incidence of cases reported to IG in Local Governments

No.	Reported Cases	No. of cases	Percentage
1.	Abuse of office	544	39%
2.	Misappropriation of funds	224	16%
3.	Embezzlement	173	12%
4.	Forgery	141	10%
5.	Causing financial loss	110	8%
6.	Conflict of interest	41	3%
7.	Uttering false documents	41	3%
8.	False accounting	39	3%
9.	Bribery	32	2%
10.	False claims	27	2%
11.	Extortion	13	1%
12.	Nepotism	7	1%
		1392	100%

During the same period, the ombudsman resolved 565 (63%) complaints in Local Governments out of the planned 900 for the FY 2018/19. The various complaints occurred with the following frequencies.

Table 12: Nature of cases resolved by the ombudsman in Local Governments

No.	Nature of complaint	No of cases	Percentage
1.	Non-payments of entitlements (e.g. salaries, gratuity)	225	40%
2.	Mismanagement of public resources	113	20%
3.	Others	68	12%
4.	Employment disputes	65	12%
5.	Delayed services	41	7%
6.	Victimization	33	6%
7.	Abuse of authority	20	4%
		565	

In addition, 57% of the ombudsman recommendations were followed up, against the 100% target for the year. These interventions resulted into access to services to the persons who were denied or delayed to be offered services namely pensioners, contractors and service providers.

Ombudsman Complaints in MDAs, Policy and System Studies: During the year under review, 64 (43%) ombudsman complaints were resolved in MDAsout of an annual target of 150.Also, 34 DLGs were assessed for capacity to effectively handle Ombudsman complaints at source and it revealed that most leaders were not well versed with policy and legal frameworks regarding Ombudsman resolutions. It was established that the Institutions face limitations in terms of staff and finances to manage their Ombudsman deficiencies. Furthermore, 8 systematic interventions were concluded out of the planned 10.The interventions were in various MDAs and a number of recommendations were issued to improve systems in these MDAs. None of the ombudsman cases was resolved using alternative dispute resolutions despite the plan to have 5%. In the next FY2019/2020, the IG will focus on strengthening Local Governments' Ombudsman function to ensure effectiveness in service delivery at District Level.

Challenges

Despite the above achievements, the Accountability Sector's efforts to enhance the prevention, detection and elimination of corruption faced the following challenges.

- Licensing of the Audit Management software (RESOLVER) and other Computer Aided Auditing Techniques/Tools (CAATs);
- Inadequate resources to support implementation of the Risk Management Strategy (RMS) and dissemination;
- Delays in submission of responses from Accounting Officers arising from the reports of OAG and OIAG;

Summary of Audit and Anti-corruption Indicators' performance

The table below illustrates the Audit and Anti-corruption thematic area's actual performance against the ASSIP indicator targets for FY 2018/19, and the previous financial year's actual performance.

Table 13: Audit and Anti-corruption thematic area performance summary

No.	Indicators	Actual FY 2017/18	Target FY 2018/19	Actual FY 2018/19
	Objective 13: Enhance the prevention, detection, and elimination of corruption			
1.	% of external audit recommendations implemented by MDALGs		45%	31%
2.	% of internal audit recommendations implemented	65.6%	72%	
3.	% of internal audit recommendations implemented (CG)			
4.	% of internal audit recommendations implemented (LG)			
5.	% of Financial Reports of Accountability Committee adopted by Parliament annually.		80%	
6.	% of Financial Reports of Accountability Committee adopted by Parliament submitted to the Executive.		80%	
7.	VFM reports adopted by Parliament and submitted to the executive as a % of reports tabled in the plenary		60%	
8.	% of MDAs with Financial Reports in compliance with Public Finance Management Act and regulations	90%	99%	
9.	% of Treasury Memoranda issued against reports adopted by Parliament		100%	
10.	No of MDAs audited	106[15]	128	168
11.	No. of Statutory Authorities audited	92	85	134
12.	No. of projects audited	90	158	
13	No. of Local Governments audited	624	2070	1561
	O/w Higher Local Governments audited		367	164
	O/w Lower Local Governments audited (including schools)		1703	1,397
14.	No. of Value for Money Audits conducted		16	10
15.	No. of Forensic Investigations and Special audits conducted		50	46
16.	% of anticorruption recommendations implemented.		90%	38%
17.	% of Ombudsman recommendations implemented.	23.5%	80%	20.5%
18.	Number of grand or syndicated corruption cases registered.		75	22
19.	% of sanctions successfully carried out.		60%	
20.	Number of improvements in public administration as a result of Ombudsman actions.		75	18
21.	No of sensitisation activities on NEVS conducted by Region	7	20	32
22.	No. of capacity building interventions to strengthen DIPFs conducted by Region	6	6	11
23.	No. of gender and equity responsive Meetings/ Workshops of the IAF technical Working Groups		4	2
24.	No of gender and equity responsive interventions conducted in the Implementation of NACS in MDAs & LGs.	4	3	8
25.	No of Dissemination activities equitably conducted on Anti-Corruption Laws and Policies.	7	8	8

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No.	Indicators	Actual FY 2017/18	Target FY 2018/19	Actual FY 2018/19
26.	No of consultative workshops equitably conducted in the development of Anti-corruption laws and policies	4	4	5
27.	No of sessions on implementation of Regional and International Legal Instruments participated in, taking social inclusion into account	7	8	6
28.	Constitution of the Leadership Code Tribunal		Gazetted, resourced, operational	Gazetted & resourced
29.	Proportion (number) of asset declarations verified by the IG		>3% (at least180)	0.99% (210)
30.	Proportion of asset recovery orders executed		>50%	

2.5.2 Collaboration and networking among development institutions

Partnerships and Collaborations: During the year under review, the sector through the IG established 2 partnerships and 8 collaborations **with Non-State Actors** to build consensus, synergies and join efforts to collectively work in the fight against corruption. This increased awareness and participation since more community members were reached out through coordinated efforts and there were reduced duplications and wastages of resources as partners concentrated on activities where they have comparative advantage.

The IG also established 10 out of the 24 planned partnerships and collaboration networks with URA, FIA, DEI, PPDA, OAG and the JLOS institutions. The purpose was to share information, intelligence, use experts and equipment and forensics. These partnerships contributed to successful conclusion of investigations, prosecutions and recovery of illicitly acquired wealth and stolen funds. Through these partnerships, initiatives such as the Annual Anti-Corruption campaigns were undertaken with OAG, PPDA, DEI, STAAC and the Office of the Prime Minister, where citizens were mobilised to report corruption. Joint investigations were carried out, which led to reduction in misuse of public resources thus improving service delivery.

Other initiatives undertaken include the cross border anti-corruption initiative with ACCU, implementations of STAAC with Regional Anti-corruption CSOs and Inter-Religious Council. Through the collaboration, the IG will be able to reach out more citizens to participate in the fight against corruption. With this approach more cases are being reported and citizens are following up government programmes, thus translating into improved service delivery.

2.6 Performance against other Benchmarks

This section provides the Accountability Sector Institutions' performance in respect to compliance of their Annual Budgets to the NDP; responsiveness of their Ministerial Policy Statements to gender and equity; Government Annual Performance Report (GAPR) assessment by the Office of the Prime Minister; and compliance with the quarterly and annual reporting deadlines as measured by the authorities responsible for assessing the performance of MDALGS in these areas. The Sector Institutions' scores (excludes subventions as some of the assessments only focus on votes) are then averaged to recognise the best performing Accountability Sector Institutions during FY 2018/19, while at the same time encourage the other institutions to strive to perform better.

2.6.1 Compliance of the Annual Budget with the NDP

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

According to the Certificate of Compliance for the Annual Budget FY 2018/19 to the NDP II assessment report by the National Planning Authority the Accountability Sector's overall score was 58%. The relatively low overall score is mainly attributed to the Sector's performance in respect to Project Planning (49%) and budget performance (43%).

Amongst the Sector Institutions, URA had the highest score (78%), followed by Ministry of Finance, Planning & Economic Development (68%) and Uganda Investment Authority (67%). PPDA scored lowest, mainly due to poor Project Planning and budget performance as illustrated in the table below.

Table 14: Institutional scores in respect to Budget compliance with NDP II

No	Vote/Institution	Planning	PIP	Alignment			Budget performance	Overall Score
				BFP	AB	BFP&AB		
1.	Uganda Revenue Authority	100	56	97	75	84	88	78
2.	Ministry of Finance, Planning & Economic Development	100	55	100	96	98	40	68
3.	Uganda Investment Authority	0	100	91	80	85	40	67
4.	Uganda Bureau of Statistics	100	38	70	56	62	64	59
5.	Inspectorate of Government	100	38	62	72	68	40	54
6.	Directorate of Ethics and Integrity	100	38	85	100	94	32	53
7.	Financial Intelligence Authority	100	38	37	64	53	40	49
8.	Office of the Auditor General	0	38	85	67	75	40	46
9.	Public Procurement and Disposal of Public Assets	100	14	55	73	65	0	34

Source: Certificate of Compliance for the Annual Budget FY 2018/19 to the NDP II assessment report by the NPA, 1 April 2019

2.6.2 Gender and equity compliance

Section 9 (6) of the PFMA requires the Minister in consultation with the Equal Opportunities Commission, to issue a certificate:

a) certifying that the budget framework paper is gender and equity responsive; and

b) specifying measures taken to equalize opportunities for women, men, persons with disabilities and other marginalized groups;

Section 13 (15) (g) of the PFMA requires the Policy Statement to be submitted by a vote to among others contain a certificate issued by the Minister responsible for Finance in consultation with the Equal Opportunities Commission;

a) certifying that the policy statement is gender and equity responsive; and

(b) specifying measures taken to equalize opportunities for men, women, persons with disabilities and other marginalised groups;

According to the FY 2018/19 gender and equity assessment of Ministerial Policy Statements by the Equal Opportunities Commission, amongst the Accountability Sector Institutions Uganda Bureau of Statistics had the highest score (75%) followed by the Directorate of Ethics and Integrity (66%), Ministry of Finance, Planning & Economic Development (64.7%) and Uganda Revenue Authority(64.3%). The least gender and equity compliant Ministerial Policy Statements came from the Inspectorate of Government (50%) and Public Procurement and Disposal of Public Assets (56%) as illustrated in the table below.

Table 15: Institutional Score in respect to MPS compliance with gender and equity

No.	Vote/Institution	% Score
1.	Uganda Bureau of Statistics	75
2.	Directorate of Ethics and Integrity	66
3.	Ministry of Finance, Planning & Economic Development	64.7
4.	Uganda Revenue Authority	64.3
5.	Uganda Investment Authority	60.7
6.	Financial Intelligence Authority	57
7.	Office of the Auditor General	56.7
8.	Public Procurement and Disposal of Public Assets	56
9.	Inspectorate of Government	50

Source: Assessment Report on compliance of Ministerial Policy Statements with Gender and Equity Requirements FY 2019/2020; Equal Opportunities Commission. May 2019

2.6.3 Compliance with reporting requirements

Quarterly Reports: Section 16 (1) of the PFMA requires an Accounting Officer, every three months to prepare and submit to the Secretary to the Treasury, an expenditure commitments report indicating the actual and forecast commitments and cash position of the vote. Regulation 15 (2) of the PFMR requires the reports to be submitted by the

21st day of the month following the end of the period of three months to which that report relates.

Accordingly, none of the sector institutions submitted their quarterly Vote Performance Report on the PBS within the required 21 days following the end of a quarter, hence a zero score for all the Accountability Sector Institutions.

Annual Financial Statements: Regarding the submission of the Annual Financial Statements, all the Accountability Sector Institutions submitted their financial statements within two months following the end of FY 2017/18, hence the full score (100%) for each of the sector institutions.

Audit reports: None of the Accountability Sector Institutions had a qualified audit report for FY 2017/18, hence a full score (100%) for each of the institutions.

2.6.4 Government Annual Performance Report (GAPR)

The Government Annual Performance Report (GAPR) outlines the performance of Government during the Period under review. It addresses performance of the sixteen sectors by focusing on four aspects: (a) extent of delivery of results through the public finance investment; (b) progress made on sector outcomes against NDP11 planned outputs and the use of resources; (c) explanation for the performance levels achieved; and (d) recommended key actions to improve performance.

In terms of scope, the GAPR covers;

- Comprehensive assessment of all outcome and output indicators as outlined in the Sector Budget Framework Papers and associated Ministerial Policy Statements hence providing information on what has been delivered by Government, what has not, and how this relates to spending.
- Performance on externally funded projects (loans and grants) and GOU Capital Development funding focusing on fiscal and physical performance of the projects in the key sectors of the economy highlighting the opportunities and challenges and the extent of the delivery of results.

According to the GAPR 2017/18 report, Uganda Bureau of Statistic scored the highest (100%) followed by the Financial Intelligence Authority (89%) and Ministry of Finance Planning and Economic Development (81%) as illustrated in the table below.

Table 16: Institutional GAPR score FY 2017/18

No.	Vote/Institution	FY 2017/18 GAPR Score (%)
1.	Uganda Bureau of Statistics	100
2.	Financial Intelligence Authority	89
3.	Ministry of Finance, Planning & Economic Development	81
4.	Office of the Auditor General	62
5.	Public Procurement and Disposal of Public Assets	60

No.	Vote/Institution	FY 2017/18 GAPR Score (%)
6.	Inspectorate of Government	53
7.	Uganda Revenue Authority	50
8.	Directorate of Ethics and Integrity	30
9.	Uganda Investment Authority	

Source: Government Annual Performance Report (GAPR – FY 2017/18), September 2018

2.6.5 Overall performance

The overall FY 2018/19 Accountability Sector Institution performance score was derived as the average of all the above scores in respect of compliance of the annual budget with the NDP; compliance of the MPS with gender and equity requirements; compliance with reporting deadlines for quarterly progress reports and the financial statements; and the institutional outputs achievement as assessed by the Office of the Prime Minister - Government Annual Performance Report (GAPR).

Overall, Uganda Bureau of Statistics emerged as the best performing Accountability Sector Institution for FY 2018/19, with an average score of 72.3%, followed by the Ministry of Finance, Planning & Economic Development with an average score of 69%. The table below provides details of the Accountability Sector Institutions' performance for FY 2018/19. Note that Uganda Investment Authority had not yet got Vote status at the time of GAPR 2018, hence the absence of a GAPR score.

Table 17: Overall Accountability Sector Institutional performance

Institution	% Score						
	CoC - EOC	CoC -NPA	GAPR 2018	Quarterly Reports	Annual Financial Stts	Audit Report	Average Score
Uganda Bureau of Statistics	75	59	100	0	100	100	72.3
Ministry of Finance, Planning & Economic Development	65	68	81	0	100	100	69
Financial Intelligence Authority	57	49	89	0	100	100	65.8
Uganda Revenue Authority	64	78	50	0	100	100	65.4
Office of the Auditor General	57	46	62	0	100	100	60.8
Inspectorate of Government	50	54	53	0	100	100	59.5
Public Procurement and Disposal of Public Assets	56	34	60	0	100	100	58.3
Directorate of Ethics and Integrity	66	53	30	0	100	100	58.2
Uganda Investment Authority	61	67		0	100	100	54.6

CoC - EOC* = Certificate of Compliance of the Ministerial Policy Statement for FY 2018/19 with Gender and Equity requirements
CoC -NPA** = Certificate of Compliance of the FY 2018/19 Annual Budget with NDP 2
Quarterly report submitted within 21 day after end of a quarter, score 100%, otherwise 0%
Annual Financial Statements submitted within 2 months after the financial year end, score 100%, otherwise 0%
Audit Report: Unqualified 100%, qualified 0%

3.0 Development Partners' Support to the Accountability Sector

This section highlights the various Development Partners' funded programs and projects that contributed to developments in the Accountability Sectors during the Fiscal Year 2018/19. It provides a brief narrative of the different programs and projects supported by the development partners during FY 2018/19 and highlights their overall objectives; expected results; amount contributed; implementation period; implementing agencies; direct and indirect beneficiaries; identified risks and assumptions; outputs delivered in FY 2018/2019 and signs of outcome or impact. Here below is a brief on some of the key Accountability Sector programmes/projects in FY 2018/19.

The **Financial Management and Accountability Programme (FINMAP)** has been the main vehicle for implementation of Government of Uganda's PFM reform strategy since 2007, and has this year closed its third phase (2014-2019). The EU and its member states (the UK, Germany, Denmark and Norway) have contributed to the costs of the programme through a pooled basket fund.

The fact that the programme was managed by a Project Management Unit (PMU) within the Ministry of Finance, Planning and Economic Development (MoFPED) has enabled a high degree of ownership, harmonization and decentralization, which shows its merit in results achieved in terms of improved service delivery to citizens and business in Uganda. In the Fiscal Year, the strengthening of "oversight" by Parliament and the strengthening of internal and external audit systems on compliance to the relevant policy, legislative and regulative frameworks, had a good impact on the operations of the Accountability Sector and contributed to the ability to raise the National Budget with more than 30%.

The **Governance, Accountability, Participation and Performance (GAPP)** program is funded by the United States through its USAID agency, and the UK/DFID, with USAID as the lead donor. It started operations in November 2012 and is expected to close in October 2019. The program aims to increase the revenue mobilization by Local Governments by its own source, the good use of procurement, the use of Audit and Audit follow up and improved Planning and Budgeting in LGs. In FY 2018/19, GAPP supported districts scored an average of 64%, and GAPP-supported municipalities scored an average of 60.8% in the Performance Assessment - both average scores are 7% above the national average of 56% for districts and 53% for municipalities. The programme has two main components:

a) Support to Anti-Corruption Institutions: providing technical support to anti-corruption institutions to strengthen their ability to deter and disrupt corruption. TA support builds capacity and trains officials in institutions. It also uses "problem driven iterative approaches" (PDIA) with local staff to identify problems, design solutions, test them and evaluate effectiveness, leading to change or scaling-up or down of interventions. This increases the sustainability and appropriateness of solutions to avoid imposing "best practice" solutions from elsewhere. Work is politically aware, responding flexibly to opportunities and challenges.

b) Supporting transformation of institutions: Here TAF supports other institutions where there is a combination of political will, national importance and leadership aimed at increasing integrity, accountability and tackling corruption effectively. This helps share lessons with others, supporting design of compliance units and other demand-driven inputs. Support can also enable anti-corruption institutions to engage and implement their mandate in partnership with IUTs. This approach is focused where support can have an impact given the prevailing political economy.

In addition to the core areas detailed above, as a result of the SUGAR TAF mid-term review completed in December 2018, SUGAR TAF expanded its scope of work to include engagement with demand side actors, including Ugandan Civil Society and the media. This has included engaging with civil society on anti-corruption issues which are of a wide public interest, and media engagement which has included training for journalists in their reporting of anti-corruption issues, and to support A.C. chain actors in communicating their anti-corruption successes.

The **Justice and Accountability Reform - Sector Reform Contract (JAR-SRC)** is a European Union funded program, with budget support to the treasury of Uganda of a maximum of 60M EUR in three years, and a complementary support program of 6M EUR. In the Fiscal Year 2018-2019 an amount of EUR 20M was released to the treasury. The complementary project on JAR-SRC has started in FY 2018/19 and will support the Accountability and Justice, Law and Order Sectors in the coming 3 years.

The German Government through GIZ has since 2017 been implementing the **Strengthening Governance and Civil Society Program (GCSP)**. Component 1 of GCSP, Strengthening Accountability Component (SAC) is working directly with the Accountability Sector as it provides technical support to the Office of the Auditor General (OAG), the Inspectorate of Government (IG) and the Public Procurement and Disposal of Asset Authority (PPDA) through a collaborative effort. This continued technical support has had a good impact on the institutional capacities of the OAG as well as the IG and PPDA, leading to higher awareness among institutions of rules regarding good governance on the use of financial resources.

The GSCP has since April 2019 increased the focus on accountability and anti-corruption and will do this through more support to the collaboration between the OAG, IG and PPDA. Component 3, 4 and 5 of GCSP, is the **Civil Society in Uganda Support Program (CUSP)**, which is co-financed by the EU for 25 million Euro. The program is expected to achieve results at the central and local government level in terms of transparency and participation, leading to contributions to the economic growth of Uganda.

The British government through DFID started in 2018 the 4-year and GBP 16,1M funded Domestic Revenue Mobilization, Public Investment Management & Transparency (DRUM) program, which aims to put strengthened systems in place for increased domestic revenues and improved returns on public investments, leading to improved service delivery and sustainable economic development of Uganda by August 2021.

The DRUM program aims to achieve the following outputs: (1) Improved capacity of Government of Uganda to collect taxes; (2) Improved management and co-ordination of public investment; and (3) Increased fiscal transparency and accountability, particularly on tax and public investment. The first results have been delivered, and much is expected for the coming years.

The Government of Uganda is working with loans of the World Bank on the **digital infrastructure for the future**. The Accountability Sector is represented in the e-Government component of the **Regional Communications Infrastructure Program** - Phase 5 for Uganda with an e-Procurement system and the development of the e-Payment Gateway. In general, the digital infrastructure is expected to increase the availability and efficiency of government services and act as a means for anti-corruption practices. During the second half of 2018 the Shared Public Service Delivery Platform became operational and six e-Services were implemented with Project Funding, including an Anti-Corruption (reporting) tool for the office of the president to combat corruption. The table below briefly describes the various development programs and projects, the outputs so far delivered and signs of outcome or impact.

Table 18: Development Partner program/projects results achieved in FY 2018/2019

DP / Donor	Title of the Action Program/Project Name	Outputs delivered in FY 2018/2019	Signs of outcome or impact
USAID, DFID	Governance, Accountability, Participation and Performance (GAPP)	"GAPP Program Results: Fact Sheet: 2012-2019"	In FY 2018, GAPP-supported districts scored an average of 64%, and GAPP-supported municipalities scored an average of 60.8% in the Performance Assessment; both average scores are **7%** above the national average of 56% for districts and 53% for municipalities. Improved relationships between technical and political staff in the LGs.
EU, DFID, KfW, Norway, Denmark	Financial Management and Accountability Programme (FINMAP III)		Strengthened financial management systems allowed for a 33% increase in the National Budget for FY 19/20

DP / Donor	Title of the Action Program/Project Name	Outputs delivered in FY 2018/2019	Signs of outcome or impact
DFID	Domestic Revenue Mobilisation, Public Investment Management & Transparency (DRUM)	- Database established of all public investments in the national investment plan/ PIP - Transparency strategy approved, including on tax and public investments	Too soon to have an impact
DFID, EU	Strengthening Uganda's Anti-Corruption and Accountability Regime (SUGAR)		The Anti-Corruption Court (a division of the High Court) stated that the Court in the FY 2018/19 raised revenues of UGX 885M through fines, and UGX 19,043M through asset recovery orders. These court orders need to be enforced.
GIZ	Strengthening Governance and Civil Society Programme (GCSP), Strengthening Accountability Component	Anti-corruption campaign 2018 (IG, OAG, PPDA, DEI, JLOS) Organizational Restructure of OAG with Job Evaluation	Stronger collaboration between the OAG, IG and PPDA.
EU	Civil Society in Uganda Support Programme (CUSP)		Too soon to have an impact
EU	Justice and Accountability Reforms (JAR)	General and specific conditions were fully met	Reforms are having a good impact on citizen satisfaction with AS/JLOS institutions
World Bank	Uganda Intergovernmental Fiscal Transfers Program	Increased grant allocations for health and education.	Too soon to have an impact

DP / Donor	Title of the Action Program/Project Name	Outputs delivered in FY 2018/2019	Signs of outcome or impact
World Bank	Regional Communications Infrastructure Program - Phase 5	- More than 16% of MDAs have started to use the Shared Public Service Delivery Platform - Six (6) Services Implemented with project Funding - More than 33% of e-Services implemented take into account a gender perspective	The Bulk Internet Bandwidth sub-component contributed to improved availability of internet at high transmission speeds, which is a business enabler

Details of each of the individual programs, projects and their actions are presented in the tables that follow in Annex 1.

Annex 1: Information on programs and projects funded by Development Partners

Title: Governance, Accountability, Participation and Performance (GAPP)	
Coordinator, with contact details	Eva Matsiko, Chief of Party, ematsiko@uganda-gapp.rti.org
Overall objective	To strengthen the enabling environment for improved service delivery in local governments (LGs) through increased participation and accountability.
Expected results	Local Government Own Source Revenue Mobilization. Integrity and Value for Money in LG Procurement. Audit and Audit Follow up Improved Planning and Budgeting in LGs
Total amount / amount contributed	35M USDand 7M USDGrants Portfolio
Implementation period	November 2012 Until November 28, 2019
Donors	co-funded by USAID and UK/DFID
Implementing agencies	Research Triangle Institute (RTI) International in Uganda with its consortium partners Development Alternatives Inc. (DAI) and Palladium.
Direct and indirect beneficiaries	Local Government, CSO's and citizens in 40 Districts Refugees, schools 2,865 Higher Local Government Leaders and 5,037 Lower Local Government Leaders.
Brief narrative of the action	GAPP is a 7 year governance systems strengthening project covering 39 districts.
Identified risks and assumptions	

Title: Financial Management and Accountability Programme (FINMAP III)	
Coordinator, with contact details	
Overall objective	To contribute to poverty reduction and inclusive growth in Uganda by reinforcing macroeconomic stability and strengthening accountability and transparency of public finance management
Specific objective	To support Uganda in strengthening PFM systems and compliance at central and local government levels to ensure the efficient, effective and accountable use of public resources as a basis for improved service delivery.
Expected results	(i) Enhanced revenue mobilisation, realistic macroeconomic forecasting, improved management of debt and external revenue resources, and strengthened capacity to analyse fiscal policies; (ii) A more credible budget process delivering comprehensive budget documentation reflecting national policy objectives with efficient and transparent resource allocation; (iii) Strengthened financial management systems for budget execution, accountability and reporting (including accurate and timely payroll and pension payments integrated with personnel management systems); (iv) Improved revenue collection and strengthened public finance management systems and compliance with regulations in Local Governments; (v) Improved efficiency, effectiveness and transparency in public procurement and contract management, facilitated by clear rules and procedures; (vi) Strengthened internal controls and enhanced capacity of oversight systems leading to increased accountability and compliance with PFM laws & regulations
Total amount / amount contributed	Total of EUR 62 241 000 / EUR 34 175 000 contributed by Development Partners (the Government of Uganda contributed to the amount of EUR 28 066 000)
Implementation period	July 2014 – June 2019
Donors	EU, DFID, KfW, Norway, Denmark

Title: Financial Management and Accountability Programme (FINMAP III)	
Implementing agencies	Government of Uganda, Ministry of Finance, Planning and Economic Development
Direct and indirect beneficiaries	The Uganda Revenue Authority (URA), Public Procurement and Disposal of Public Assets Authority (PPDA), Ministry of Local Government (MoLG), Ministry of Public Service (MoPs), Office of the Auditor General (OAG) and Parliament
Brief narrative of the action	The programme supported the introduction of improved financial management systems, including revenue, budgeting, personnel and payroll, public investment and procurement in all Government entities at central and local level. These systems are designed to facilitate management oversight and controls, which along with updated regulations, provide potential for improved efficiency in implementation of projects and delivery of services. The investment in PFM systems aimed to facilitate accurate and timely accountability for use of public resources by Accounting Officers, leading to greater transparency. In addition, the programme supported improved capacity for oversight through both internal and external audit and monitoring of compliance with procurement regulations. Assistance has been provided to Parliament to facilitate understanding of PFM issues and the role of oversight committees in ensuring accountability for public resources.
Identified risks and assumptions	See Chapter 2 of Action Document (https://tinyurl.com/yxt9xgzt)

Title: Domestic Revenue Mobilisation, Public Investment Management & Transparency (DRUM)	
Coordinator, with contact details	Miljan Sladoje, m-sladoje@dfid.gov.uk
Overall objective	To support Uganda's sustainable exit from aid by delivering higher growth, increased domestic revenues, more lucrative public investment management and more transparent and accountable state-society relations.
Expected results	- Improved capacity of Government of Uganda to collect taxes - Improved management and co-ordination of public investment - Increased fiscal transparency and accountability, particularly on tax and public investment
Total amount / amount contributed	£16,153,397
Implementation period	30 August 2017 – 30 August 2021
Donors	DFID
Implementing agencies	Oxford Policy Management (OPM), International Bank for Reconstruction and Development (IBRD)
Direct and indirect beneficiaries	
Brief narrative of the action	In order to strengthen growth rates and support Uganda's exit from aid, the Government of Uganda (GoU) needs to improve its ability to raise its own revenues efficiently and equitably; and make strategic choices on how it manages that revenue in a sound macroeconomic framework, and in a transparent and accountable manner. Domestic revenue mobilisation is essential for supporting poverty reduction by increasing the government's ability to self-finance public investments, and recurrent expenditures including for the social sectors. Partly as a result of low growth, domestic revenue mobilisation is significantly below its potential, the lowest in East Africa and well below the continental average of 19%. The country's tax/ GDP ratio has remained between 11-13% for the best part of a decade.

Title: Domestic Revenue Mobilisation, Public Investment Management & Transparency (DRUM)	
	Estimates suggest that Uganda's tax capacity is about 19.5% of GDP. To compound matters, public investments are not productive. The World Bank June 2016 Economic Update has highlighted negative rates of return, and suggests that GDP growth could be 2% higher if the returns on public investment were improved. Currently, only about a third of public investments designed to promote growth are delivering an economic return. Given current growth, revenue mobilisation and public investments, there is a need for a broader set of actors in decision-making processes. This will increase transparency and accountability leading to better informed decisions.
Assumptions	Continued macroeconomic and political stability; political will and momentum maintained for increased tax collection. No further economic / market shocks; commitment to reform PIM and PIP system carried through and existing reforms start to be applied. Willingness to operate transparently, and to sanction poor behaviour. No sharp increase in non-sovereign lending that avoids PIM. Leadership commitment to HMRC support and HR integration in to organisational planning. Staff training and development budget adequate. Political will to carry through PIM reforms reflected in implementation of reforms and strengthening of coordination of PPDA. Parliament approves legislative and the reform measures. GoU amenable to meeting with civil society and listening to citizens' views on tax and PIM; political will to prevent corruption/fraud in tax and procurement; civil society has the capacity to deliver sensible policy recommendations on technical areas of tax and PIM.

Title: Strengthening Uganda's Anti-Corruption and Accountability Regime (SUGAR)	
Coordinator, with contact details	Valentine Namakula Musisi Director for SUGAR TAF Valentine. Namakula@sugarfacility.org
Overall objective	To assist the GoU to increase the risks for those engaging in corrupt activities in the public sector, and thereby contribute to deterring and reducing public sector corruption in Uganda
Expected results	1. More effective action on Audit recommendations by Parliament, Government and other anti-corruption institutions 2. Assets owned by individuals and firms implicated in corruption comprehensively traced, verified, protected and where applicable recovered 3. Greater numbers of criminal corruption cases effectively investigated and successfully prosecuted, sanctioned and concluded 4. Strengthened systems for applying administrative sanctions to corruption cases involving public officials 5. Stronger coordination and prioritisation across the anti-corruption regime 6. Stronger capacity, accountability and oversight both in and of local government
Total amount / amount contributed	GBP 35M + EU contribution
Implementation period	04 May 2015 - 03 May 2020, with possible extension up to 2022
Donors	DFID, EU
Implementing agencies	Adam Smith International (ASI) and the International Centre on Asset Recovery (ICAR)

Title: Strengthening Uganda's Anti-Corruption and Accountability Regime (SUGAR)	
Brief narrative of the action	This programme is one aspect of a broader and long-term strategy for tackling corruption. It will help bring donors and anti-corruption and accountability institutions together on a joint approach and shared vision for tackling corruption. This programme will focus on addressing the harmful forms of public sector corruption. The programme will also support the institutional strength and confidence of the anti-corruption regime as a whole to more effectively use all opportunities to affect change and shift Uganda away from an acceptance of corruption. It will protect and support Uganda's anti-corruption and accountability champions, helping them to 'pick their battles'. And it will keep the issue of corruption on the agenda of development partner dialogue with the Government of Uganda
Identified assumptions	- That stronger, better coordinated and committed anti-corruption institutions will take strong action to deter, detect and sanction the corrupt and thereby increase risk to those engaged in corruption. - That the Government of Uganda will continue to provide necessary funding and staffing to programme partners - That anti-corruption institutions themselves are not subject to corruption or other influence that prevents them from taking action - That communities, individuals, civil society, the private sector and all Ugandans are increasingly willing and able to identify and report corruption to the authorities and not tolerate corrupt behaviour - That OAG will continue to provide high quality audits that allow for identification of those engaged in corruption or financial mismanagement. - That increasing the availability of usable audit information will provide better information for anti-corruption institutions and agencies to take action upon - That increased cooperation between the OAG and its "consumers" will strengthen coordination and capacity oversight and accountability in local government - That improved systems and capacity in service commissions and related organisations will enable a stronger regime for administrative action against corruption

Title: Strengthening Uganda's Anti-Corruption and Accountability Regime (SUGAR)	
	- That the Government supports stronger performance contracts and easier procedures to deal with those who mismanage public funds - That the Public Service Management programmes help strengthen wider public service human resource management systems amongst programme partners. - That FINMAP and other programmes will provide core support to OAG and fund the up-skilling of OAG auditors - That the legislative framework for asset declaration, tracking and recovery is improved to strengthen the ability of anti-corruption institutions to enforce asset declaration, forfeiture and compensation orders - That the Government is willing to provide necessary capacity and resources to create a Financial Intelligence Authority, as AML legislation and FATF regime requires - That increased threat of asset forfeiture helps strengthen anti-corruption institutions and increases risks for those engaged in corrupt activity - That local government is provided with enough central resources to attract skilled staff and perform its key functions - That local communities, civil society and individuals have the capacity, resources and confidence to hold local government to account for their management of public funds - That national anti-corruption agencies are willing, able and resourced to strengthen their support for greater levels of

Title: Strengthening Governance and Civil Society Programme (GCSP), Civil Society in Uganda Support Programme (CUSP)	
Coordinator, with contact details	Dr. Wolff-Michael Mors, Head of Programme wolff-michael.mors@giz.de Konstanze Ricken, Head of Component konstanze.ricken@giz.de Einar Fogh, Head of Strengthening Accountability Component einar.fogh@giz.de
Overall objective	The capacities of selected state and civil society actors in Uganda are increasingly able to fight corruption and work towards the fulfilment of Good Governance and Human Rights principles (transparency, accountability, efficient and effective civic society oriented administration as well as political participation).
Expected results	• GCSP focuses on six action areas which it aims to strengthen: • The conditions for a reduced misappropriation of public finances are improved. • The conditions for implementing the Human Rights Based Approach are improved. • The framework conditions for civil society involvement are improved. • The capacities of selected state and civil society actors to effectively involve civil society in policy processes are improved. • The organizational and personnel capacities of selected civil society organizations are improved • The capacities of selected civil society actors in the human rights-related application of principles for digital development (e.g. data protection and data security, user-oriented design approach, open source codes or collaboration) are improved. • The first expected result area is implemented as a separate component, fully within the Accountability Sector and mainly working with the OAG, IG and PPDA. • The second expected area is also implemented as a separate component, with a team located within the NPA. • The third, fourth and fifth result area has been co-funded by the EU, and the three components are known as CUSP.

Title: Strengthening Governance and Civil Society Programme (GCSP), Civil Society in Uganda Support Programme (CUSP)	
Total amount / amount contributed	41.8 million Euro
Implementation period	2017 – 2021.
Donors	BMZ - German Federal Ministry for Economic Cooperation and Development and the European Union
Implementing agencies	GIZ
Direct and indirect beneficiaries	For component 1: OAG, IG and PPDA For component 2: National Planning Authority (NPA), UHRC and CSOs For result areas 3, 4 and 5: Uganda NGO Bureau, CSO's and CSO Platforms
Brief narrative of the action	The GCSP work with state and non-state actors to support the development of Uganda in order to achieve the UN-Agenda 2030, Vision 2040 and Agenda 2063. The CUSP is working to create a conducive environment for CSOs. The CUSP is working through a decentralized approach to build capacity of civil society and support them to engage in political participation.
Identified risks and assumptions	

Title: Justice and Accountability Reform (JAR)	
Coordinator, with contact details	NAO – Maris Wanyara / Juvenal Muhumuza- Juvenal.Muhumuza@finance.go.ug
Overall objective	The overall objective of this action under sector 3 in the NIP, is to promote sustainable development and inclusive economic growth in Uganda. The action will safeguard human rights and democracy and strengthen investigative and judicial institutions and processes with regard to public mismanagement and breach of delegated authority. The specific objective is to improve the governance of public funds, including the mobilisation, strategic allocation and efficient use of public resources, for improved service delivery.
Expected results	The induced outputs of Justice and Accountability Reform (JAR) will align to the following five result areas of the Accountability Sector (AS) and Justice, Law and Order Sector (JLOS) plans: (i) improved domestic revenue mobilisation (DRM) and management for sustainable development (AS); (ii) Improved capacities in policy-based and gender-sensitive planning and budgeting for enhanced budget credibility and service delivery at central- and local government level (AS); (iii) improved capacities for public investment management (PIM) at central- and local government level (AS); (iv) improved coverage, accessibility, management and Human Rights compliance of service delivery in the JLOS sector; (v) enhanced institutional resilience and capacities to reduce public sector corruption (AS and JLOS).
Total amount / amount contributed	66M EUR / 66M EUR (60M budget support and 6M complementary support – international development projects)
Implementation period	Nov. 2017 – Nov. 2022 (operational)
Donors	EU
Implementing agencies	NAO / IBF International Consulting
Direct and indirect beneficiaries	Direct: Accountability Sector institutions, JLOS institutions (the public agencies at central- and sub-national level whose mandate touches significantly on the Accountability- and JLOS Sectors).

Title: Justice and Accountability Reform (JAR)	
Brief narrative of the action	The intervention logic of the Action is based on the assumption that weaknesses in Uganda's Accountability and Justice, Law and Order Sectors are major constraints for an improved provision and accessibility of service delivery. Focusing the action exclusively on unlocking potential synergies between the two sectors (e.g. on improved coordination to fight public sector corruption) would have unduly narrowed the scope and limited the impact of the action. Improved Domestic Revenue Mobilisation (DRM) capacities enhance the public sector's ability for sustaining and increasing volume, predictability and accountability for governmental spending on service delivery, especially if the revenues from the extractive sector industries can be accounted for (Extractive Industries Transparency Initiative (EITI)) and if the amount of illicit financial flows can be reduced. Supplementary budgets, and a lack of capacity for strategic planning and integrating cross-cutting issues in the budgeting process, can all undermine the potential developmental gains from enhanced DRM. Social service delivery and sustainable growth in general in Uganda are significantly constrained by weak Public Investment Management (PIM), including in quality (lack of competition, weak pre-investment phase), quantity (cost-efficiency) and sustainability (operation maintenance of assets and re-investment). A large share of the population (and private sector) is either unable to access JLOS services or this access comes along with significant delays, high costs (logistics, bribes),
	lack of transparency, low accountability of the concerned governmental entities. JLOS institutions are key agents for anti-corruption law enforcement in Uganda (e.g. the ACD, magistrate courts, Director of Public Prosecutions (DPP)) but, at the same time, they are perpetrators for public sector corruption due to ineffective mechanisms for detection and sanction of corrupt actions. JLOS institutions (such as police) are among the main human rights violators in Uganda and even if those breaches of the EU's fundamental values allow the use of a SRC, the latter then has to address those violations explicitly.
Identified risks and assumptions	

Title: Uganda Intergovernmental Fiscal Transfers Program	
Coordinator, with contact details	Tihomir Stucka, Timothy Stephen Williamson
Overall objective	To improve the adequacy and equity of fiscal transfers and fiscal management of resources by Local Governments for health and education services.
Expected results	- The Annual Budget allocations and MTEF are consistent with the agreed Medium Term Plan for increasing budget allocations to the transfers which is set out in the POM. - Reconsideration of Medium Term Plan for increasing budget allocations to the transfers in the POM and MTEF allocations to the transfers, if specified macroeconomic variables deteriorate. - Adherence to the revised formulae and phase in plan in the budget allocations and releases. - Renegotiation of targets if the combination of formulae, equity targets and medium term plan to uplift transfers become misaligned, which significantly increases the cost of achieving equity targets. - Implementation of the institutional strengthening measures in Central Government to manage transfers system, make transfers on time, and to communicate effectively with LGs. - Annual performance assessment takes place according to agreed rules and covers technical, fiduciary, environmental and social risks. - Updating and dissemination of manuals and procedures relating to transfers, procurement, financial management, and LG staffing to cater to technical, fiduciary, environmental and social risks.
	- Implementation of a process for targeted performance improvement. - Implementation of a process ensuring consistency of the data used for implementation of the redesigned grants. - Two thematic areas for targeted performance improvement in 2018/19 address fiduciary and social and environmental risks identified during the first round of LG performance assessments and help to strengthen capacity of LGs to implement the guidelines

Title: Uganda Intergovernmental Fiscal Transfers Program	
Total amount / amount contributed	Loan of USD200M
Implementation period	27th of June 2017 (approval day) – 31th of December 2023
Donors	World Bank
Implementing agencies	Office of Prime Minister, MoFPED, MoES, MoH
Direct and indirect beneficiaries	Education and Health Sector institutions Citizens of Uganda
Brief narrative of the action	
Identified risks and assumptions	

Title: Regional Communications Infrastructure Program - Phase 5	
Coordinator, with contact details	Charles Pierre Marie Hurpy (WB) NITA: James Saaka, Exec Director Tel: 0417-801038 Email: info@nita.go.ug
Overall objective	The project development objectives of the Regional Communications Infrastructure Program Phase 5 Project for Uganda are to support Uganda's efforts to: (i) lower prices for international capacity and extend the geographic reach of broadband networks (the connectivity development objective); and (ii) improve the Government's efficiency and transparency through e-government applications (the transparency development objective).
Expected results	- 400 Connections to Government MDAs - 50% of MDAs using the Shared Public Service Delivery Platform - 50% Beneficiaries satisfied with quality of e-Government services of project - 15M transactions per year utilizing the shared public service delivery platform
	- 60% of all Procurement utilizes the e-Procurement System in the Pilot PDEs - 10 Services Implemented with Project Funding
Implementation status	Overall, the project implementation is on track to fulfill its development objectives and its targets. On the policy side, the Government is in the process of finalizing and approving its Digital Uganda Vision, while the National Broadband Strategy was approved in 2018 and is in the process of being operationalized through new policies and regulations. On the Connectivity side, key achievements to date include the pre-purchase of international bandwidth for Government and priority target groups, which significantly decreased connectivity access prices for Government. Ministries, Departments and Agencies (MDAs), and induced a broader decrease of market price for international connectivity. The next step will focus on the construction of missing network elements to connect an additional 1100 MDAs. On the e-Government side, the project has enabled the deployment of several e-Services (e.g. a unified messaging and collaboration system, an employment management system for the government, a corruption reporting tool, a virtual court system, an e-Voucher scheme in agriculture and the Kolibri e-learning system) using the Cloud solutions established in the renovated Government's data centres. Finally, the e-Government Procurement (e-GP) system is expected to go live in Q3 2019.

Title: Regional Communications Infrastructure Program - Phase 5	
Total amount / amount contributed	75M USD(Loan) / 85M USD Q4 2019 - 48% disbursed
Implementation period	22 May, 2015 (approval day)/26 May 2016 (effective) – 28 February, 2022
Donors	World Bank
Implementing agencies	NITA
Direct and indirect beneficiaries	Government agencies, including those in the Accountability Sector All citizens and businesses
Brief narrative of the action	The project is comprised of four components. Component 1, enabling environment component, aims to support the capacity of Ministry of Information and Communication Technology (MICT) and the National Information Technology Authority, Uganda (NITA-U) to review, develop and implement relevant ICT policies, strategies, laws and technical regulatory frameworks to support a modern and vibrant ICT sector. The objectives include maximizing the coverage, quality, affordability, and security of ICT infrastructure and enabling the delivery of e-services by both government and the private sector. Component 2, connectivity component, will finance the implementation of selected activities to further develop the national public ICT infrastructure including: (i) pre-purchase of international bandwidth for government and priority target user groups; (ii) construction of select missing links in national backbone infrastructure (NBI) in order to improve regional connectivity and the reach, availability and resiliency of NBI and provision of green energy solutions for new and existing NBI transmission sites to improve power reliability, and reduce costs and pollution; and (iii) extension of the Government Network (GovNet), providing broadband connectivity to ministries, departments, and agencies (MDAs), local governments, schools, hospitals, universities, research institutions, and NGOs. Component 3, e-government component, will finance carrying out a program.
Identified risks and assumptions	

Annex 2: Accountability Sector Common Results Matrix

No.	Indicators	Actual Performance in Financial Year			
		2015/16	2016/17	2017/18	2018/19
Sector Outcome 1: Sustainable Macroeconomic stability					
1.	Economic Growth	4.80%	3.90%	5.80%	6.10%
2.	Inflation Rate (Annual Core)	6.90%	5.10%	2.70%	3.80%
3.	1Inflation Rate (Annual Average Headline)	6.60%	5.70%	3.40%	3.10%
4.	Income distribution (Gini Coefficient)				
Objective 1: Increase equitable access to finance					
1.	% of financially included adults	85%	85%	78%	78%
2.	Percentage of microfinance institutions complying with Microfinance polices, laws and regulations	0	80%		
3.	Percentage usage of deposit accounts in regulated Financial Institutions (Usage %)	16%	20%	11%	
Objective 2: Increase private investment					
1.	FDI as a percentage of GDP (%)	3.80%	2.20%		4.50%
2.	Proportion of Business Climate Reforms conclusively resolved (%)			55%	29%
3.	Proportion of National development policies under active implementation				86%
Objective 3: Reduce interest rates					
1.	Average lending rate	23.70%	22.70%	20.34%	20%
2.	Private-sector credit to GDP	12%	13.40%	13.97%	14.50%
3.	Non-Performing Loans to Gross Loans	8.31%	6.17%	4.4%	3.80%
Objective 4: Increase Insurance Penetration					
1.	Insurance penetration	0.76%	0.73%	0.74%	0.77
Objective 5: Increase national savings to GDP Ratio					
1.	3Savings to GDP ratio	13.30%	17.10%	17.5%	
Objective 6: Increase the level of capitalization and widen investment opportunities					
1.	Domestic Equity market capitalization to GDP ratio	4.80%	4.71%	4.70%	4.50%

No.	Indicators	Actual Performance in Financial Year			
		2015/16	2016/17	2017/18	2018/19
Objective 7: Improve statistical data production and policy research					
1.	Established and functional statistical structures in MDA & HLGs	36	36	87	
2.	MDAs and HLGs with Statistical Plans	22	85	87	84 HLGs and 30 MDAs
3.	No. of skilled statistical personnel in MDAs & HLGs.	200	205	430	
Objective 8: Protect financial systems and the broader economy from the threats of money laundering and the financing of terrorism:					
1.	Accumulated Total of registered accountable Persons/Entities in terms of AMLA	NA		6	1264
2.	Proportion of eligible reporting agencies registered with FIA in terms of AMLA 2013				10%
3.	Number of suspicious Transaction Reports received	210	90	435	538
4.	Number of suspicious Transactions Reports Analyzed	82	90	300	538
5.	Number of Large Cash Transactions Reports received	NA		600,000	4,693,624
6.	Number of cases disseminated for investigations	32	39	82	68
7.	Number of sites using GOAML Electronic Reporting System	NA		0	24
8.	% of Accounting Persons/ reporting entities compliant with AML/CFT standards	NA		20%	20%
9.	Number of AML/CFT Awareness programmes conducted	NA	17 (10 – Radio talk shows,	15	20
10.	Number of courses attended by FIA staff to build capacity in AML/CFT	NA			14
11.	Number of mandatory International and regional activities participated	2		5	5

No.	Indicators	Actual Performance in Financial Year			
		2015/16	2016/17	2017/18	2018/19
Sector Outcome 2: Fiscal Credibility and Sustainability					
1.	Tax to GDP Ratio	13.2%	13.77%	13.90%	14.60%
2.	Fiscal Balance (% of GDP)	4.80%	3.40%	4.90%	5.8%
3.	Present Value of public debt stock/GDP	24.6	26%	28.50%	32.1%
	o/w PV of External debt stock/GDP	11.7	12.80%	16.40%	18.0%
	o/w PV of domestic debt stock/GDP	12.8	13.20%	12.10%	14.10%
	Objective 9: Increase the tax to GDP ratio				
1.	Domestic revenue as a % of GDP	13.7%	13.9%	14.4%	15.10%
2.	Domestic taxes to GDP	7.50%	7.8%	7.92%	8.6%
3.	International trade taxes to GDP	6%	5.9%	6.20%	6.3%
4.	Non-tax revenue to GDP	0.50%	0.5%	0.6%	0.6%
5.	External resource envelope as a percentage of the National budget	17.50%	19.30%	20.00%	30%
6.	% of tax revenue collected against target	96.75%	96.4%	96.3%	101.71%
7.	Average filing ratio	86.70%	82.25%	80.61%	87.37%
8.	Percentage growth in taxpayer register	18%	14.10%	28.30%	12.62%
9.	Rural LG revenue collection as a percentage of LG budgets;	4%		2%	
10.	Urban LG revenue collection as a percentage of LG budgets;	20%		17%	
11.	KCCA revenue collection as a percentage of KCCA budgets;	23.40%	15.60%		22%
12.	Membership in Extractive Industries Transparency Initiative (EITI)		Member-ship request submitted to Cabinet		See foot note[16]
Objective 10: Improve Public Financial Management and consistency in the economic development framework					
	Public Debt Management				
1.	Nominal Debt to GDP ratio	33.8	35.70%	40.60%	42%
	o/w external debt to GDP	21	13.20%	27.40%	27.90%
	o/w domestic debt to GDP	12.8	13.20%	13.10%	14.10%

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

No.	Indicators	Actual Performance in Financial Year			
		2015/16	2016/17	2017/18	2018/19
2.	Average time to Maturity (ATM) of the Public (Govt.) Debt Portfolio (YEARS)		12.1	11.2 Years	10.7 Years
3.	Domestic Debt maturing in one year as a % of total debt	44.6	43%	36.20%	36%
4.	External Debt maturing in one year as a % of total debt	1.1	0.50%	3.20%	1.9%
5.	Stock of domestic arrears as % of total expenditure	13%	3%	1%	8%
6.	Net change in the stock of domestic arrears (Billion UGX)	0			
7.	Proportion of disbursed funds in Uganda's external public debt exposure				74%
8.	% of debts service payments made on time				100%
Budget Credibility					
9.	% of funds absorbed against funds released	96%	98%	99.20%	98.7%
10.	% of budget released against originally approved budget	102%	104%	108.20%	110.5%
11.	Funds released as a percentage of the approved budget				
12.	% of funds utilized against originally approved budget	96%	101%	107.30%	109.1%
13.	Supplementary budget as a % of the initial budget	4.60%		5.89%	4.8%
14.	Ratio of annual investment expenditure to consumption expenditure (release outturn)	60:40	79:21	52:48	65:35
15.	% Deviation of approved annual Budget from initial MTEF projections	30%	4.50%	7.70%	13%
16.	Proportion of central- and local government agencies (MDAs) that are using programme based budgeting		100%	100%	100%
17.	Proportion of votes attaining ministerial policy statement certification for gender and equity budget compliance		71%	50%	100%
18.	Green Economy (GE) Public Expenditure Review (PER)	No Green Economy PER ever conducted			Draft report in place and being reviewed.

No.	Indicators	Actual Performance in Financial Year			
		2015/16	2016/17	2017/18	2018/19
Public Investment Management					
19.	% of projects implemented on time		66%		40%
20.	% of projects implemented on budget		85%		50%
21.	Public Investment Management Index (PIMI = IMF measure of Public Investment efficiency) (1.44 IN FY2011)				Awaiting assess-ment by IMF
22.	Implementation of the Public Investment Management System (PIMS)				
23.	Implementation of the Integrated Public Investment Management (PIM) project database				First phase covering pre-in-vestment developed and rolled out in April, 2019 and op-eration from July 2019
Sector outcome 3: Value for Money in the management of public resources					
1.	Level of Satisfaction with public service delivery				
2.	Government Effectiveness Index				
3.	Corruption Perception Index	25	25	26%	26%
Objective 11: Improve compliance with accountability rules and regulations.					
1.	Percentage of unqualified audit reports (MDAs, Statutory Bodies, Local Governments)		90.60%	91.85%	
2.	% of clean audit reports (CG)	77%	89.7%	92%	
3.	% of clean audit reports (Statutory Bodies)	79.41%	84.40%	93%	
4.	% of clean audit reports (LG)	85.70%	93.10%	91%	
5.	% of external audit recommendations implemented by MDALGs	27.88%			
6.	% of internal audit recommendations implemented	66.2%	69.20%	65.6%	
7.	% of Financial Reports of Accountability Committee adopted by Parliament annually.	40%			
8.	% of Financial Reports of Accountability Committee adopted by Parliament submitted to the Executive.	30%			

No.	Indicators	Actual Performance in Financial Year			
		2015/16	2016/17	2017/18	2018/19
9.	No of VFM reports adopted by Parliament and submitted to the executive as a % of reports tabled in the plenary	10%			
10.	% of MDAs with Financial Reports in compliance with Public Finance Management Act and regulations	87%	100%	90%	88%
11.	% of Treasury Memoranda issued against reports adopted by Parliament				
12.	% of MDA Budgets executed using automated Financial Management Systems			83%	95%
Objective 12: Enhance public contract management and performance					
1.	% of entities rated satisfactory from procurement audits	90%	77.70%	87%	71%
2.	% of contracts audited (by value) rated satisfactory	92%	51.80%	77%	79%
3.	% of contracts delivered within contract value		75.60%	79%	73.2%
4.	Proportion of contracts completed as per contractual time.	50%	66%	58%	73%
5.	Proportion of procurement audits and investigation recommendations implemented	72%	70%	69%	66%
6.	Proportion of Contracts subject to open competition	45.50%	71.80%	60%	71.9% (by value) 5% (by number)
7.	Number of procurement investigations conducted	62	73	94	73
8.	Number of procurement audits conducted	114	117	96	136
9.	Number of follow-ups undertaken on procurement audits and investigations recommendations	109	103	86	86
10.	Average No of bids received per contract	2.1	2.61	2	3.8
11.	Value of contracts awarded to local contractors			54%	72%
12.	Proportion of procurements conducted at the planned price			90%	78.20%

No.	Indicators	Actual Performance in Financial Year			
		2015/16	2016/17	2017/18	2018/19
Objective 13: Enhance the prevention, detection, and elimination of corruption					
1.	% of external audit recommendations implemented by MDALGs				31%
2.	% of internal audit recommendations implemented		69%	65.6%	
3.	% of internal audit recommendations implemented (CG)				
4.	% of internal audit recommendations implemented (LG)				
5.	% of Financial Reports of Accountability Committee adopted by Parliament annually.				
6.	% of Financial Reports of Accountability Committee adopted by Parliament submitted to the Executive.				
7.	VFM reports adopted by Parliament and submitted to the executive as a % of reports tabled in the plenary	10%	0%		
8.	% of MDAs with Financial Reports in compliance with Public Finance Management Act and regulations			90%	
9.	% of Treasury Memoranda issued against reports adopted by Parliament				
10.	No of MDAs audited		109	106	168
11.	No. of Statutory Authorities audited		85	92	134
12.	No. of projects audited	107	132	90	
13.	No. of Higher Local Governments audited	307	320	334[17]	164[18]
14.	No. of Lower Local Governments audited (including schools)	717	1488	290	1,397
15.	No. of Value for Money Audits conducted	8	11	8	10
16.	No. of Forensic Investigations and Special audits conducted	86	96	39	46
17.	% of anticorruption recommendations implemented.	50%	46.90%		38%
18.	% of Ombudsman recommendations implemented.	35%		23.5	20.5%

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

No.	Indicators	Actual Performance in Financial Year			
		2015/16	2016/17	2017/18	2018/19
19.	Number of grand or syndicated corruption cases registered.	N/A	43		22
20.	Number of sanctions successfully carried out.	20%			
21.	Number of improvements in public administration as a result of Ombudsman actions.	10			18
22.	No of sensitization activities on NEVS conducted by Region	50	11	7	32
23.	No. of capacity building interventions to strengthen DIPFs conducted by Region	14	6	6	11
24.	No. of gender and equity responsive Meetings/ Workshops of the IAF technical Working Groups	4	3		2
25.	No of gender and equity responsive interventions conducted in the Implementation of NACS in MDAs & LGs.	3	4	4	8
26.	No of Dissemination activities equitably conducted on Anti-Corruption Laws and Policies.	14	15	7	8
27.	No of consultative workshops equitably conducted in the development of Anti-corruption laws and policies	8		4	5
28.	No of sessions on implementation of Regional and International Legal Instruments participated in, taking social inclusion into account	10	8	7	6
29.	Constitution of the Leadership Code Tribunal				Gazetted & resourced
30.	Proportion of asset declarations verified by the IG	51 (< 1%)	62 (103.3%)		0.99% (210)
31.	Proportion of asset recovery orders executed	TBD	45.20%		

Annex 3: Status of implementation of ASJAR 2018 undertakings

No	Undertakings	Status	Leading Institutions.	Other Institutions
Emerging Issue: Strengthen the tax policy research to inform policies and establish the costs and benefits of these policies				
	1. Gender and Equity analysis in taxation measures.	Engagements with the various stakeholders in the process of development of tax measures	MoFPED	TPD
	2. Stake holder engagement when coming up with tax policies.	Engagements undertaken with various stakeholders. i.e. URA	MoFPED	TPD
	3. The criteria for awarding tax incentives should be established	A framework is being developed	MoFPED	TPD
	4. Dissemination of the tax research findings.	This is carried out every year and communicated in the revenue reports	MoFPED	TPD
Emerging Issue: Increasing rate of credit default				
	5. Widening the coverage of the Credit Reference Bureau services to include all credit institutions.	The Financial Institutions Act, 2004 was amended in 2016 to provide for special access to the Credit Reference Bureau by other accredited credit providers and service providers including all credit Institutions.	BOU	FSD
	6. Regulation frame work of Supermarkets and others.	The Statutory Instruments to operationalize the Provision are under review at Bank of Uganda.		FSD
Emerging Issue: How to spur economic growth				
	7. Amendments of the free zones Act to provide for special economic zones.	The proposed amendment to Board for approval on 29th March 2019 and after will be sent to MFPED that will forward it to cabinet.	PSFU	EDPR
	8. Review the criteria for accessing the agriculture credit to include Small scale farmers.	The New amended MoU for ACF of 1st June, 2018, revised the minimum amount for a loan to 10 million to take care of small scale farmers. The facility also provides for Block disbursements mainly to cater for small scale farmers in a group with no collateral.	MoFPED	FSD

	9. Increasing agriculture subsidies e.g. Agricultural Insurance.	The Scheme in pilot stage of 5 years provides for consisted 5 billion every FY year. And GoU has so far disbursed 10 billion and 5 billion was allocated for the scheme for FY 2019/20	MoFPED	FSD

Status of implementation of ASJAR 2018 – Resource Mobilisation and Allocation Undertakings

No.	Undertaking	Implementing Agencies	End Date	Progress as at August 2019
A	**Emerging Issue:** Yields of taxes from LGs and central Governments are reducing; The concern of the informal sector not being included in the tax base augmented the issue of low yields.			
	Finalizing and implementing the DRM Strategy.	MoFPED, URA	October 2018	Approved by top management and was implemented in FY 2019/20. A link shall be provided once publication is done.
	Develop policy on mandatory association membership for informal sector players	PSFU, MoFPED, URA, NPA, UMA, LGs	Draft Concept Paper by December 2018	- A meeting was held in November 2018 between NPA, URA, SAS and PSFU to appreciate the legal and practical contexts of actualizing this undertaking. - TORs are being finalized
	The potential of the TREP initiative was not maximized. MFPED should strengthen coordinate and harmonize individual institutional initiatives to ensure significant impact from this registration.	TPD/MoFPED, KCCA, URA		A review is being carried out to assess the impact of the TREP initiative
	MFPED/TPD should produce quarterly joint performance reports on the TREP programme	MFPED	Quarterly	These were not held. However, it was observed that the TREP programme should have ended in 2018/19. Assessment if the impact of TREP will be undertaken to inform justification for either continuing with or ending the programme

No.	Undertaking	Implementing Agencies	End Date	Progress as at August 2019
B	**Emerging Issue:** Duplication in efforts and systems in revenue administration and collection in LGs			
	Support and strengthen LGs on revenue collection/administration **URA has so far supported 40 LGs amidst resistance. This undertaking will continue to support revenue collection in LGs by building capacity and enforcement. The resulting gaps will be narrowed by implementing the e-system.**	URA	Quarterly reports	This was not undertaken because the circular guiding URA on this activity was not issued by the Accountant General's Office.
	Need to harmonize the E-LogRev and the URA e-systems for revenue mobilization.	URA, MoLG, LGFC	2018/19	LGs should maintain their tax registers. More consultations among TPD/URA/LGFC are required to assess way forward. Consultations during the NDP III drafting highlighted this variance among the various laws, and policies that will need to be reviewed to enable the realization of the NDP III targets.
C	**Emerging Issue:** Overlaps in revenue mobilization in central & local government			
	Review and harmonize the different Government taxes, specifically the Property tax and rental tax pose double taxation on the same income. • **Expected outputs are Recommendations for revisions.**	MFPED, URA	Proposals for review by March 2018	Further studies are being carried to conduct a comprehensive review of the taxes

No.	Undertaking	Implementing Agencies	End Date	Progress as at August 2019
D	**Emerging Issue:** Hemorrhage of tax collection			
	Integration of systems across for information sharing and tracking income, revenue and leakages	NIRA, URBS, Immigration, URA (-TIN), NSSF		During the Sector consultations on drafting the NDP III, it was observed that there are secrecy provisions in the various organizations charters with clients which impede integration.
E	**Emerging Issue:** Public does not appreciate the link between revenue mobilization and service delivery			
	Develop a Sector education, financial literacy and communication strategy <u>Specific time bound actions:</u> Undertake to stakeholder engagement in developing tax policies Dissemination of tax and other policy research findings. Development of criteria for award of incentives Participation in institutional publicity events e.g. Budget Week, Tax Appreciation, Anti-corruption.	Secretariat, All institutions	2018/19-Continuous	The Sector Communication Strategy exists within the ASSIP although implementation has been slow owing to capacity. Plans are underway to link publicity activities of the sector to the individual member activities.

No.	Undertaking	Implementing Agencies	End Date	Progress as at August 2019
F	**Emerging Issue:** Deteriorating quality of plans among institutions and overall sector rating			
	Organize capacity building sessions for sector institutions on linking/aligning performance indicators to the NDP II, the Sector priorities and the PBB, PBS budgeting tool.	NPA, All Institutions	2018/19-Continuous	The Secretariat organized a Planners' Workshop in October 2018 and addressed among others; Preparation of Workplans/Reports, MPS, and BFP. The facilitators were; OPM, NPA, UBOS, Desk Officer, and Ministry of Water and Environment.
G	**Emerging Issue:** Limited focus on gender and equity budgeting			
	Engage EOC in budgeting to help in aligning plans, budgets to G&E issues	NPA, MoFPED (BMAU), EOC, All institutions	2018/19-Continuous	The Secretariat organized a Planners' Workshop in October 2018 and among other budgeting issues of preparation of Workplans/Reports, EOC was engaged and it guided members through the G&E assessment criteria of the BFP and the MPS.
H	**Emerging Issue:** Weak Budget Credibility and predictability			
	Strengthen the predictability of the MTEF and resource forecasts in the medium term.	MoFPED	2018/19-Continuous	• The Ministry is employing the in house Integrated Macro Economic Model to project the key macroeconomic variable including GDP. The tool was employed in 2018/19 during which period, it accurately projected GDP growth rates, and it is now being used to project the Macro frame for NDP III. It is believed that accurate forecasts for the NPDIII will stabilize the MTEF over the Medium Term. • In addition, the Ministry carried out a stock-taking exercise for all Government projects to establish to obligations to Government across the medium term. The findings of this exercise, together with proper sequencing of projects shall be integrated in the MTEF with effect from FY 2020/21.

No.	Undertaking	Implementing Agencies	End Date	Progress as at August 2019
I	**Emerging Issue:** Limited Prioritization in Resource Allocation			
	Build the effectiveness of the sector working groups in developing priorities and streamlining the budget process to allocate resources according to the priorities at the national level and sector level.	MoFPED	Continuous	**Building effective of sector working groups** The ministry is in the process of developing guidelines that will strengthen the role of sector working groups in planning and budgeting and enhance their functionality through the entire guideline. There have been consultations with all stakeholders and the final guidelines will be ready by end of September, 2019 so that they can be used to guide the next planning phase. **National Level prioritization of allocation:** The Ministry developed deployed the Integrated Macroeconomic Model, in 2017. The model among other functions, aides sector level analysis of impacts or shocks to the economy arising from introduction of policy recommendations and therefore helps to determine sources of growth and thereby guides resource allocation

Status of implementation of ASJAR 2018 - Budget Execution and Accountability Undertakings

No	Undertakings	Status	Implementing institutions
	Emerging Issue: Accountability being a shared responsibility down to the level of the citizen		
	Capacity Building and Empowerment of citizens and civil society to improve their ability to monitor budget execution at the delivery points.	PPDA organized and conducted training for 200 Civil Society Organizations and Media houses from selected districts in the Public Sector Procurement and disposal process. The objective of the training was to appraise CSOs and the media fraternity on the roles and responsibilities of key stakeholders in the Public Sector procurement process and their involvement in procurement and contract monitoring. The training also introduced to participants the guidelines on reservation schemes to promote local content in Public Sector Procurement. The MoPS has developed client Charters for service delivery following a decision by cabinet in 2016 that requires all MDALGs to have Client Chatters. These Chatters are intended to help citizens monitor budget execution by MDLGs. MoPS has also been working with civil society to assist LGs develop and disseminate Client Chatters and follow up on their implementation.	PPDA, MoPS, MoLG
	Emerging Issue: PFM Policy Frameworks: Absence of National Policies or inadequate implementation of existing Policies that guide budget execution		
	Review and harmonise the PFMA 2015 with LG act	A taskforce comprised of staff of MoLG and AGO was constituted to spearhead the harmonization. The team is currently reviewing the consultant's report before undertaking further consultations. National Public Sector Procurement Policy (NPSPP) was approved by Cabinet and was launched by PS/ST. The policy awaits dissemination and sensitization.	MoFPED, SAS, TIP, MoPS, PPDA,PPMD
	Review and Implement Procurement Policy		

No	Undertakings	Status	Implementing institutions
	Emerging Issue: Inadequate Capacity Building for the roll out of PFM Systems especially in LGS		
	Avail the necessary resources for capacity building especially in LGs on PBS, IFMIS, e-GP	Resources were availed and a team of 6 FMS, and 23 Systems Accountant were trained to support users of IFMS usage. IFMIS has 4,505 users in 275 entities. A draft performance criterion for all PFM staff across MDALGs is undergoing review. The policy and legal sub- committee on e-GP has developed guidelines which will be used once E-GP is fully operationalized **The current status of IFMIS implementation as at 30th June 2019 follows;** 127LGs operate on full IFMIS and 48 are operating on Hybrid mode i.e they use IFMS to pay salaries only. 71 projects operate on IFMIS and any additional projects are included on request by Accounting Officers. 111 MDAs operate on IFMS and the breakdown is as follows • 79 Ministries, Agencies and Departments • 20 Referral Hospitals (4 Referral Hospital started operating this FY 2019/2020) • 12 Public Universities. The training has enabled MDALGs to perform better their PFM roles	MoLG MoFPED BPED FMSD PPDA & PPMD
	Develop a monitoring and feedback framework to assess the completeness and effectiveness of the PFM Capacity Building programs that are rolled out in LGs.		
	Emerging Issue: Budget Execution Challenges of LGs specific IFMS		
	IFMS Needs assessment done afresh to improve IFMIS for LGs	Assessment forms were sent to 98LGs and 116CGs to know how many people need training in IFMS and so far they have received back 60% of the forms distributed. The challenges so far being identified point to a need for an onsite refresher training for the users in LGs and the high staff turnover after specialized training. This feedback will be further analyzed and strategic interventions developed.	MoLG MoFPED, AGO IFMS

No	Undertakings	Status	Implementing institutions
	Emerging Issue: Using Procurement Policy as a tool for Social Economic Development		
	Using Procurement to Support Local Content SMEs, Women, Youth and people with disabilities Innovation.	Preference and Reservation guideline of 15th February 2018 were developed by PPDA to support Local content. A sub- committee on PPDA amendment is improving on the guidelines into draft regulations and preferences and reservation schemes.	MoFPED PPDA

Status of implementation of ASJAR 2018 – Audit and Anti-corruption Undertakings

No.	Undertakings	Status	Implementing Institutions
	Emerging Issue: Weak citizens capacity to demand for accountability		
	Widen the scope of STAAC (Strengthening Transparency Accountability & Anti-Corruption). The STAAC model should be adopted by other government agencies	**DEI** DEI is already applying the STAAC Model. This is being done through Anti-corruption Public Partnership (ACPPP), a framework which brings together CSOs involved in ensuring services service delivery. ACPPP empowers communities to monitor what is being done e.g. by Government in terms of service delivery in their areas, e.g. grading a road or sinking a borehole. Examples of ACPPPs DEI is patterning with include Rwenzori Anti-corruption Coalition (RAC), Teso Anti-corruption Coalition (TAC), and The Apac Anti-corruption Coalition (TAC). This has helped address the need to widen the reach of the fight against corruption to bigger population and provide avenues for the population to know mechanisms of raising concerns to the Institutions mandated to fight the vice. This also has enhanced the ability of the communities to address some of the grievances at the identifications stage and avert more losses arising from corruption tendencies with projects being implemented. This was mainly worked with NUSAF, Youth Livelihoods projects where some grievances have been handled at project implemented levels. **IG** The IG acquired funding of approximately UGX 2.25Bn from DANIDA to expand the TAAC model to other Government areas that are not part of the NUSAF catchment over the next three years. This initiative was kick started in Ankole Sub region where a two day workshop was conducted to sensitize participants from 10 districts about TAAC in implementing government projects.	IG, DEI

No.	Undertakings	Status	Implementing Institutions
		The participants for the workshop included CSOs, CAOs, District Chairpersons, RDCs, District Planners and District Community Development Officers (DCDO). In the current FY 2019/20, IG will identify Community Monitoring Groups to be trained to monitor government projects in the Region and report corruption. The IG also secured funding of USD500,000 from World Bank to implement the Development Response to Displacement Impact Programe (DRDIP) in refugee hosting districts of Kawmwenge, Kyegegwa, Isingiro and surrounding districts of Mbarara, Kabarole, Ibanda, Ntungamo, Kiruhura, Bushenyi and Kabale. Through this project TAAC model will be expanded to more non Nusaf areas which will help to improve accountability and Transparency in Government projects.	
	Build capacity to empower citizens to demand for accountability	**DEI** DEI has built and continues building capacity of District Integrity Promotion forums (DIPFs), a coordinating mechanism for promoting accountability and effective leadership at local government level. CSOs are members of this forum and ensure citizens empowered with shills to monitor Government programs and projects. **IG** In a bid to sensitize the public, the IG conducted 24 sensitization workshops across the different regions to engage and educate the general public about anti-corruption. The IG also facilitated and participated in 31 radio talk shows and aired 800 spot messages to further educate the public about the dangers of corruption. Furthermore, 31 schools were visited and integrity ambassador clubs were supported to educate the students about integrity and accountability. conferences by Ministry of finance, 4 Budget Transparency Initiatives, 2 Private Sector Working Group meetings, 2 Immunization Fund Board meetings	OAG, DEI, CSOS

No.	Undertakings	Status	Implementing Institutions
		OAG With the support of FINMAP, the office undertook sensitization workshops for DPACs and District Executive members in four regions. These were the West Nile, Gulu region, Mbale region and Central Buganda (Masaka) Region. 280 DPAC and District Executive members were sensitized on their oversight role in implementing Audit recommendations. This was undertaken in June 2018 with another phase covering 4 regions undertaken in May 2019. These has strengthened the functionality of these bodies by giving them capacities to understand Audit reports and are therefore informed on issues raised in the reports. This gives them the ability to have meaningful discussions and make appropriate recommendations. Additionally, the office undertook Media engagements in order to build capacity of media houses to effectively publish and convey audit findings and recommendations. This was also aimed at gaining wider media coverage of the Auditor General's report in both print and electronic media, which has increased awareness on accountability and Office of the Auditor General's mandate. These engagements provide disseminations avenues, increasing networks and collaborations and awareness of the Institutions (OAG etc.) mandated to fight corruption. The media helps in ensuring that the reporting on Audit findings of the Auditor General is made to the public in such a way that the message is not distorted and more people are reached.	

No.	Undertakings	Status	Implementing Institutions
	Emerging Issues: Weak internal audit function and poor Risk Management in institutions		
	Strengthen assessment of risk management and internal audit function as per PFMA	**OIAG** A Risk Management Strategy was approved in November 2018 and the dissemination and implementation is due. As well a Forensic Audit Manual has been developed for a standardized approach to Forensic Investigations. The strategy will enhance the OIAG ability to facilitate mainstreaming of Risk Management into decision making across all Public Sector Institutions. Risk Management training is being extended to other public institutions on a demand basis initially. Some that have benefited so far are NPA, MUK, MUBs, and PAU. They are now embracing the practice of mainstreaming Risk Management in their operational plans. OIAG staff have been trained in Risk identification and assessment in all Ministries and planned for staff in Statutory institutions and LGs. As well OIAG staff will be commissioned to act as Risk Champions in Institutions they will be auditing These initiatives provide foundations for the development of an adequate Risk management Policy, knowledge base and insights to improvement of operational systems in Government Institutions that will curtail any form of exposure to fraud and corruption opportunities. Additionally, OIAG developed, commissioned and implemented some improved Audit tools such as Interactive Data Exchange Analysis (IDEA) tool and RESOLVER Audit Management upgraded from Enterprise Risk Assessment (ERA) in all Ministries. This has helped in fast and accurate analysis of IFMIS data of various votes and easy identifications of anomalies in the financial transactions. This will be deepened to include audit of all Government Information Technology (IT) Systems to establish and eliminate inadequacies in the IT systems operations and close the loopholes that are a potential of abuse of systems that causes losses to Government. OIAG plans to strengthen performance audits across MALGs. A core team of performance auditors is being built to spearhead championing performance audits.	OIAG,

No.	Undertakings	Status	Implementing Institutions
	Ensure follow up and implementation of recommendations made by oversight institutions	**OAG** The OAG has embarked on the process to establish a sustainable, comprehensive system for tracking Audit recommendations. With the support of GIZ, the office has begun the process of procuring a consultant to support the office in customizing Teammate central such that it can be used in tracking audit recommendations up to the MDALGs level. In addition, the office has prioritized establishment of an integrated follow up mechanism with Parliament in the REAP work plan for the next phase of PFM reforms. This will improve the follow up of Audits in real-time, improve staff supervision, self-supervision and improvements in the quality of work since the required guidance and support will be provided through the tool. It will also improve the time of carrying out the Audit since the tool helps in following the time and the plan of the Audit. It will lead to production of timely Audit reports and therefore quick actions on the recommendations. **OIAG** Emphasis has been put in adherence to compliance with the PFMA (2015) requirements for validation/re-appointment of Accounting Officers based on their responses to audit matters raised by both the Internal and External Audits. This has enhanced follow up on both audit responses and recommendations by Accounting Officers because their annual validations or re-appointments are pegged to follow-up of Audit recommendations and queries. **IG** The IG acquired funding from UNDP and EU to improve implementation of IG recommendations. A catalogue of all IG recommendations was compiled and the Institution is currently carrying out consultative meetings with MDALGs regarding implementation of the IG recommendations. The information obtained will be used in pushing for Policy and Legal reforms to enhance implementation of these recommendations.	OIAG, OAG, DEI, IG, LGs, MDAs

No.	Undertakings	Status	Implementing Institutions
	Emerging Issue: Inadequate collaboration between Govt & Civil society		
	Government to share information with civil society throughout the processes of planning, execution and reporting	**DEI** is already working with CSOs through ACPPP. Examples of ACPPPs DEI is patterning with include Rwenzori Anti-corruption Coalition (RAC), Teso Anti-corruption Coalition (TAC), and The Apac Anti-corruption Coalition (TAC). **Other Accountability Sector Institutions** involve LGs, Civil Society organizations in their activities (the annual budget development-planning, discussion fora, approval and reporting) to ensure an all-inclusiveness of the views of the citizenry. It shares policy, planning, periodic accountability reports and documents and other engagements with Civil society hence providing an avenue to improve information sharing through the accountability cycle of Government. The notable CSOs are CSBAG, Uganda debt Network, ACCU and their networks at Local Government levels	ALL members of Accountability sector, civil society organizations
	Enhance involvement of stakeholders e.g. civil society, citizens, district people in dissemination of findings	**DEI** DEI is already involving stakeholders through CSOs e.g. TAC, RAC in translation of Simplified Versions of Anti-Corruption Laws to local languages. Through DIPFs DEI ensures all representatives of Government bodies, CSOs and RFBOs are represented on this platform which ensures Transparency, accountability and service delivery in delivering services to people. **OAG** The office has prioritized engagement of Civil Society in its efforts to carry out wider, effective stakeholder engagement.	

No.	Undertakings	Status	Implementing Institutions
		During 2018, the office engaged CSBAG and Anti-Corruption Coalition Uganda (ACCU). The ACCU is undertaking a study on the implementation of recommendations in seven VFM reports in the Water and Environment Sector. The office has engaged Transparency International and Uganda Debt Network during 2019. It engaged media houses in 2019 during the dissemination of the Auditor General's reports, annual performance report and other activities of the Institution. **MOFPED and other Accountability Sector Institutions** carry out consultative engagements and media conference during dissemination of budget strategies, tax policies, launching of new projects, survey results and key findings of studies, consultations and other key milestones in Government Accountability related activities. These therefore enhance information sharing and involvement of the various stakeholders in Government initiatives. More improvements on wider and deeper consultations and involvement of stakeholders is continuously explored to attain a suitable level of collaborations and networks between Government and Civil Society.	