UGANDA

PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) PERFORMANCE ASSESSMENT REPORT, 2022

28 August 2023

Final Report

PEFA Check, assessment management and quality assurance

Box 1: Assessment management and quality assurance arrangements

PEFA assessment management organization

- **Oversight Committee**
  - Ramathan Ggoobi, Permanent Secretary/Secretary to the Treasury, Chairperson
  - Members: See
  - Table 1 overleaf.
- **Assessment Manager:** Lawrence Semakula, Accountant General
- **Government Liaison Officer (GLO) -** Stephen Ojiambo, Commissioner Treasury Inspectorate and Policy
- **PEFA reviewers**
  - Oversight Committee and Technical Assessment Committee
  - Civil Society Organizations (Civil Society Budget Advocacy Group)
  - Development Partners
  - PEFA SECRETARIAT
- **Assessment Team Leader and Team Members**
  - Philip Sinnett (Team Leader)
  - Evarist Mwesigye (PFM expert and Team Leader)
  - Enock Nyorekwa Twinoburyo (Economist expert)
  - Getnet Haile (Climate change International expert)
  - Moses Masiga (Climate Change National expert)
  - Aleksandra Vladisavljevic (Gender International expert)

Review of the Concept Note or Terms of Reference

- Date of reviewed draft concept note or terms of reference: 21st December 2022
- Invited reviewers: Oversight Committee (OC), and Technical Assessment Committee (TAC), Civil Society Budget Advocacy Group (CSBAG) & Development Partners (DPs)
- Reviewers who provided comments: PEFA Secretariat, the Oversight Committee, CSBAG, and DPs
- Date(s) of final concept note or terms of reference: 28th Janaury 2022

Review of the darft assessment report

- Date(s) of reviewed draft report(s) – first review: 6th October 2022
- Invited reviewers: Oversight Committee (OC), and Technical Assessment Committee (TAC), Civil Society Budget Advocacy Group (CSBAG) & Development Partners (DPs)
- Reviewers who provided comments: Oversight Committee (OC), and Technical Assessment Committee (TAC), Civil Society Budget Advocacy Group (CSBAG) & Development Partners (DPs)
- Date(s) of final report: (to follow)

Table 1: PEFA Oversight Committee members

No.	Name	Position	Entity
1	Ramathan Ggoobi	Permanent Secretary/ Secretary to the Treasury	MoFPED
2	Patrick Ocailap	Deputy Secretary to the Treasury	MoFPED
3	Lawrence Ssemakula	Accountant General	MoFPED
4	Fixon Akonya Okonye	Internal Auditor General	MoFPED
5	Edward Sengonzi	Under Secretary/Accounting Officer (MoFPED)	MoFPED
6	Moses Kaggwa	Director Economic Affairs	MoFPED
7	Laban Mbulamuko	Director Budget	MoFPED
8	Maris Stella Wanyera	Director Cash and Debt Policy	MoFPED
9	Jennifer B. Muhuruzi	Director Treasury Services and Asset Management	MoFPED
10	Ssemugooma B. Godfrey	Director Financial Management Services	MoFPED
11	Johnson Mutesigensi	Coord/ PFM Reforms Coordination Unit	MoFPED
12	John F.S. Muwanga	Auditor General	OAG
13	Adolf Mwesige	Clerk to Parliament	Parliament
14	Benjamin Kumumanya	Permanent Secretary	MoLG
15	Catherine Bitarakwate Musingwiire	Accounting Officer/PS	MoPS
16	Diana Atwiine	Permanent Secretary	MoH
17	Ketty Lamaro	Permanent Secretary	MoES
18	David Kyomukama Kasura	Permanent Secretary	MAAIF
19	Alfred Okidi	Permanent Secretary	MoWE
20	Batebe Irene	Permanent Secretary	MoEMD
21	Geraldine Ssali	Permanent Secretary	MoWT
22	Mr John Musinguzi Rujoki	Commissioner General	URA
23	Joseph Muvawala	Executive Director	NPA
24	Benson Turamye	Executive Director	PPDA
25	Lawrence Banyoya	Accounting Officer	LGFC
26	Arnold Ayazika Waiswa	Executive Director	NEMA
27	Robert Semwogerere	Secretary Equal Opportunities Commission	EOC
28	Hatwib Mugasa	Accounting Officer	NITA-U
29	Keith Muhakanizi	Accounting Officer/PS	OPM
30	Anthony Mwanje	Coordinator	PSD/DPI
31	Nick Roberts	PFM Adviser Development Partners	MoFPED
32	Julius Mukunda	Executive Director	CSBAG

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Abbreviations and acronyms

AGO	Accountant General's Office
CBA	Cost Benefit Analysis
COFOG	Classification of the Functions of Government [standards]
CRPFM	Climate Responsive Public Financial Management
CSBAG	Civil Society Budget Advocacy Group
CSO	Civil Society Organization
DANIDA	Danish International Development Agency
DMFAS	Debt Management and Financial Analysis
DPs	Development Partners
EAC	East African Community
e-GP	Electronic Government Procurement
EOC	Equal Opportunities Commission
EU	European Union
FY	Financial/Fiscal Year
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GLO	Government Liaison Officer
GoU	Government of Uganda
GRPFM	Gender-Responsive Public Financial Management
HCM	Human Capital Management [system]
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IPPS	Integrated Personnel and Payroll System
KfW	Kreditanstalt fur Wiederaufbau
MAPS	Methodology for Assessing Procurement System
MDAs	Ministries, Departments and Agencies
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
MoFPED	Ministry of Finance, Planning and Economic Development
MoWE	Ministry of Water and Environment
NDP	National Development Plan
NTR	Non Tax Revenue
OAG	Office of the Auditor General
OAIG	Office of the Internal Auditor General
PAC	Public Accounts Committee of Parliament
PDE	Procurement and Disposal Entity
PEFA	Public Expenditure and Financial Accountability
PEMCOM	Public Expenditure Management Committee
PFM	Public Financial Management
PFMA	Public Finance Management Act
PIMS	Public Investment Management System
PPDA	Public Procurement and Disposal of Public Assets Authority
PSST	Permanent Secretary and Secretary to the Treasury

REAP	Resource Enhancement and Accountability Programme
TAC	Technical Assessment Committee
UGX	Ugandan shillings
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
URA	Uganda Revenue Authority
USAID	United States Agency for International Development

Methodology

Type of assessment: This is a successive assessment, which used the 2016 PEFA Framework. It was undertaken by a team of consultants in collaboration with GoU officials and used all 31 performance indicators. In addition, the Frameworks for Assessing Gender and Climate Responsive Public Financial Management have been undertaken and separate reports produced.

Timeline/Dates of mission: Fieldwork was undertaken in mid-2022, but due to ongoing Covid restrictions, not all assessment team members were able to participate.

Years covered: The completed financial years covered were 2018/19, 2019/20 and 2020/21, while the budget for 2021/22 was included in parts in the assessment. The last audited financial statements were for 2020/21.

Cut-off date: The cut-off date was 1 September 2022.

Coverage: The assessment covered the budgetary and extrabudgetary units of central government, excluding the National Social Security Fund (NSSF). There are no sovereign wealth funds or public-private partnerships.

Sources of information: Annex 3 provides a full list of people interviewed and related analytical work.

Country fiscal year: The GoU fiscal year begins on 1 July.

Exchange rate: 3,853 Uganda shillings (UGX) = 1 US dollar (US$), as on 1 September 2022.

Executive summary

The Public Expenditure and Financial Accountability (PEFA) framework is a tool for assessing a country's public financial management (PFM) system. This report highlights quantitative ratings for the seven PEFA pillars, as follows:

- Pillar I: Budget reliability
- Pillar II: Transparency of public finances
- Pillar III: Management of assets and liabilities
- Pillar IV: Policy-based fiscal strategy and budgeting
- Pillar V: Predictability and control in budget execution
- Pillar VI: Accounting and reporting
- Pillar VII: External scrutiny and audit.

The assessment utilizes all 31 PEFA indicators, covering 94 performance dimensions. It also provides a concise, integrated performance report analysing the results across all indicators to summarize their implications for performance against the three core budgetary outcomes – *aggregate fiscal discipline, strategic resource allocation, and efficient service delivery*.

Purpose and management

This report presents the findings of the 2022 assessment of PFM systems in the Government of Uganda (GoU), using the PEFA methodology. Previous PEFA assessments for CG were conducted in 2005, 2008, 2012 and 2016, and this repeat assessment identifies changes in performance since 2016. The 2022 assessment is the second one to be undertaken using the revised framework issued by the PEFA Secretariat in 2016. The current assessment is the first one to include gender and climate change assessments for Uganda. The two supplementary asessments serve as benchmarks for future gender and climate change assessments. The climate assessment is currently at the pilot stage by the PEFA Secretariat and Uganda will be among the first countries under assessment.

The 2022 assessments will assist both GoU and its development partners to understand more clearly key elements of the current operation of the overall PFM system. As has been the case in the past GoU aims to use the findings of this PEFA assessment to progress its PFM reform agenda. The assessment has provided a snapshot picture of the current state of PFM in Uganda. It has identified its current strengths and weaknesses. It is expected that GoU review and validate the findings made by this assessment and internalize them to guide its next course of action. GoU and its partners and stakeholders will rely on the assessment to inform them of the progress of its reforms since the last assessment in 2016. PEFA is one of the monitoring tools that GoU relies on to gauge the performance of its PFM systems.The assessment, together with other related diagnostic studies and assessments, will inform GoU and its partners and stakeholders on the PFM functions and activities to prioritize and implement through its PFM reform.

The assessment covers GoU, its executive, spending units, and the services supplied under its authority. It covers the central government budgetary entities which comprise ministries, departments and agencies (MDAs) and public corporations. This applies to all the three assessments.

The assessment covered extrabudgetary entities and local governments under PI-6 and PI-7 in relation to operations outside of government and transfers to local governments respectively. In PI-10 the assessment covers the vulnerability of central government to fiscal risks relating to local governments and public corporations and state enterprises. GoU does not have a national social security fund but it has a provident fund called a National Social Security Fund (NSSF). NSSF is a provident fund for private sector employers and employees and GoU controls its board of directors. The revenues from NSSF sould have been included in the revenues referred to in PI-6 but attemps by the assessment team to get the information from NSSF were unsuccessful. That information is therefore not covered in this report.

The assessment covers the three FYs 2018/19, 2019/20, and 2020/21 and mainly uses data for the three-year period 2018/19 to 2020/21 but also refers to processes and/or data for 2022, as required by specific performance indicators. The cut off date for the data is 1 September 2022.

The 2022 GoU PEFA assessment was commissioned by MoFPED and was jointly funded by GoU and Development Partners PFM group which provides funding to the REAP (currently KfW, European Union and DANIDA). The overall overseer of the 2022 CG PEFA assessment is PEMCOM which is responsible for steering GoU PFM reforms. PEMCOM consists of represenattives from GoU, DPs and CSOs. PEMCOM is chaired by the PSST, Ramathan Ggoobi, and co-chaired by a DP representative. The Technical Assessment Committee (TAC), chaired by the Accountant General, Lawrence Semakula, was responsible for the technical overall supervision of the assessment. The Accountant General's PEFA Secretariat was charged with the day to day liaison with and supervision of the PEFA assessment team.

The PEFA assessment has been subjected to quality assurance review to ensure that it meets the expected requirements and acceptable standards. A concept note was produced by GoU to guide assessment. It was reviewed and approved by the Public Expenditure Management Committee (PEMCOM) which was constituted as the PEFA Oversight Committee and comprises directors of the areas considered as strategic, representatives of the DPs and Civil Society Organisations.

The PEFA Assessment Team, initially led by Phil Sinnet and later by Evarist Mwesigye and included other four team members, conducted the assessment through review of the literature and held interviews with GoU officials and other PFM stakeholders. A draft final report was produced by the assessment team and was internally reviewed by its team leaders to ensure that it complied with PEFA requirements and standards. Subsequently the draft report was shared with GoU who subjected it to peer reviews of the GoU technical experts (for PFM, climate and gender). The GoU comments were incorporated into an updated PEFA report that was shared with DPs and CSBAG (who represented the CSOs). The Assessment Team updated the draft final report with the peer review comments and GoU later forwarded the draft final report to the PEFA Secretariat who reviewed the report and made comments. The Assessment Team incorporated the peer review and PEFA Secretariat comments into the final report.

The reviews of the PEFA concept note and the PEFA final report internally by the Assessment Team leaders, GoU, DPs and CSBAG have given assurance that the assessment has provided sufficient and consistent information.

Main strengths and weaknesses of the PFM systems in Uganda

The main findings of the assessment focus on whether GoU has appropriate systems in place to support the achievement of the three main fiscal outcomes, namely aggregate fiscal discipline, strategic allocation of resources, and efficiency in the use of resources for service delivery.

In the assessment, summarized in Table 4, 18 of the 31 indicators score either **A** or **B**, implying performance considered above or at good practice. Eleven score **C** or **C+**, which suggests basic alignment with international PFM standards, while only two indicators suggest weak performance (i.e., were rated **D** or **D+**).

Strengths

GoU's PFM system continues to develop and show significant improvements since the previous assessment in 2016. These include the following:

- GoU has continued to strengthen macroeconomic and fiscal policy formulation that informs strategic planning and budget formulation. Key stakeholders actively participate in policy formulation and it is well documented and disseminated.
- GoU revenue administration and management continues to improve. Virtually all GoU revenues are now collected by URA. The revenue handling, safeguard and reporting is strengthening riding on the back of improved IFMS operations and upgrades.
- Improvements in budget formulation have been made to identify the outputs, outcomes, and targets in the programme/subprogramme annual budget preparation. The budget classification system has been reviewed and streamlined facilitating budget planning, implementation and monitoring. IFMS enables production of timely, comprehensive and reliable reports that are useful in monitoring budget performance.
- MoFPED produces budget documentation that are shared with keystakeholders in a timely maner. The documents are posted on its websites.
- MoFPED produces and submits documentation on macroeconomic and fiscal policies, strategic plans and budget on time to Parliament. This facilitates Parliament to have the potential to fulfil its oversight mandate to to hold the executive accountable.
- Financial reporting continues to improve and to be sustained by a robust IFMS. Comprehensive, timely and reliable statutory and management reports are produced enabling GoU and parliament to fulfil their mandates to control and manage public funds and resources.
- The key elements of PFM system are well established given their relatively good performance. The systems can form the basis of sustaining the achievements made so far and support future system reforms and improvements.

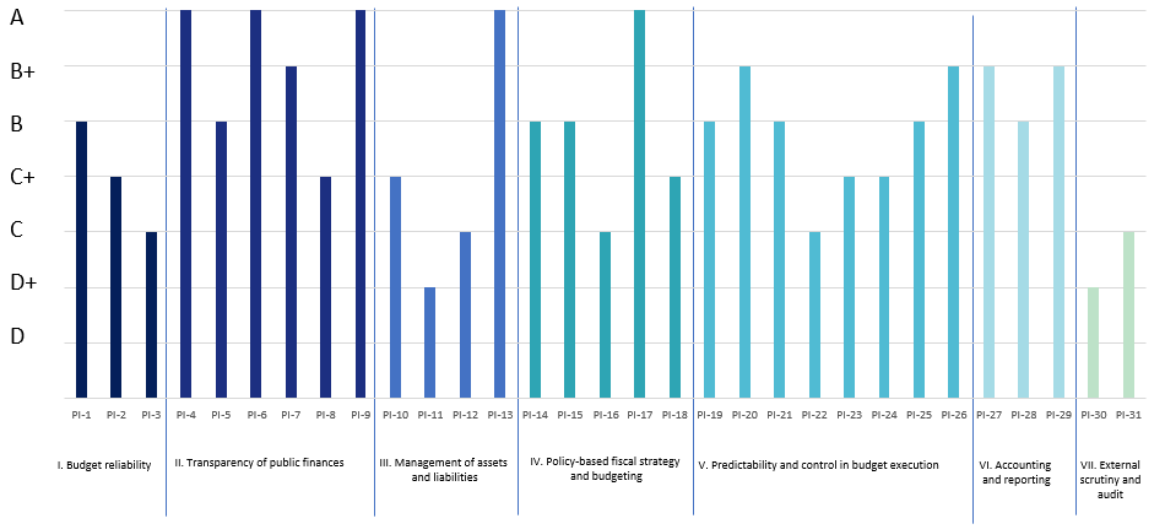
This is an essentially sound PFM system, which has been strengthened in most aspects since the previous assessment by for example providing comprehensive and reliable fiscal information to the Ugandan citizens.

Weaknesses

While several of the weaknesses identified in the 2016 report have been successfully addressed, some remain, including:

- Policy formulation, although generally strong, does not directly take into account the previous years actual performance against what had been budgeted. The comparison of actual against budgeted figures would benefit realistic budgeting.
- Revenue forecasting has generally been poor because the outurn falls short of what had been anticipated. Poor revenue forecasting negates the credibility of the budget.
- Project investment management does not conform with good practices. Project appraisal and selection does not ensure value for money although steps are being taken to correct this anomaly.
- Public assets performance is not actively reported and monitored contributing to less than maximum utilization of assets. Reforms in asset management have commenced but are yet to have a visible impact.
- Internal controls regulatory framework is in place and adequate but its enforcement is poor resulting in excessive expenditure and sometimes malpractices. GoU has been slow to sanction non-compliance with the laws and regulations although there have been recent occasions where errant accounting officers have been exposed.
- Annual budget estimates have sometimes not been realistic resulting in understatement of expenditures. This is one of the sources of expenditure arrears and the cause for supplementary expenditure. In-year budget allocations are partly caused by unrealistic budget estimates.
- Poor performance at the service delivery units on some occasions is caused by not receiving the funding that had been approved in the budget. The timing and quantity of the funds received is unpredictable. Tracking of the funds received by the budgetary units is problematic.
- Medium term expenditure budgeting has been unrealistic. The future projections are not realistic and are not adhered to. It has turned into a formality that does not help planning and budgeting.
- Parliament is doing commendable work but is hampered by insufficient technical support for reviewing and scrutinizing the medium-term budget expenditure, annual budget plan and execution.
- The recommendations of the Auditor General are sometimes not followed and implemented although a new tracking system for the implementation of the recommendations is being installed.
- Improvements have been registered in procurement but some malpractices persist.

Figure 1: Summary of PEFA ratings by indicator, 2022



Impact of PFM performance on fiscal and budgetary outcomes

Aggregate fiscal discipline

Overall, while fiscal discipline has improved, there remains a concern that both spending and revenue collection are not realistic and implemented as passed in the budget. The expenditure out-turn indicated good performance (PI-1, rated **B**, and PI-2, rated **C+**). However, expenditure arrears remain challenged by a lack of both a proper definition for arrears aligned with international standards and an effective expenditure monitoring process (PI-22, rated **C**, a decline from 2016). Still, monitoring 'lower' subnational levels of government has improved (PI-7, now rated **B+**).

Revenue out-turn (PI-3, rated **C**) compared B+ in 2016. However, despite the relatively favorable compliance with budgeted revenue goals, attributed to enhancements in URA's estimation and collection capabilities (backed by the REAP program), there has been a decline in both aggregate and composition outurn discrepancies. These significant deviations in part were predominantly influenced by the effects of the COVID-19 pandemic in 2020/21.

The government prepares and monitors the budget based on all three possible classifications (PI-4, rated **A**), and the Budget Strategy Paper has improved in the way expected outcomes and outputs are defined (PI-8, rated **C+**). Public Investment Management System is still at an early stage (PI-11, rated **D+**) of reform and IFMS asset management module needs further improvement (PI-12, rated **C**), internal controls on non-salary expenditure appear to be generally effective, as are expenditure controls and compliance with payment rules and procedures, which have improved (PI-25, rated **B**).

Strategic allocation of resources

The strengths previously noted with the comprehensiveness of the budget documentation and its classification (PI-5 rated **B** and PI-4 rated **A**) remain, and there have been improvements in the implementation and reliability of the information in the Budget Call Circulars and the indicative planning figures provided to local governments ahead of the preparation and finalization of their budget estimates (PI-17, rated **A**). In addition, transparency to the public is excellent, due to the extensive availability of fiscal information (PI-9, rated **A**).

Timing for budget preparation is very important, as MoFPED requires enough time to consolidate the budget and align it with the Medium-Term Expenditure Framework. The parliamentary review focuses mainly on details of revenue and expenditure included in the budget proposals, perhaps at the expense of more strategic discussions on policy and budget expenditure into the medium term (PI-18 rated **C+** and 31 rated **C**).

Efficiency in use of resources for service delivery

The level of predictability in funds available to ministries, departments and agencies during budget execution is good and appears reasonable to support efficient service delivery (PI-21.2, rated **B**). This is also the case for subnational entities (PI-7.2, rated **A**). The performance monitoring and evaluation system for service delivery appears to be generally effective (PI-8, rated **C+**), except for one aspect (PI-8.3), which perhaps also relates to the weak performance of public asset management (PI-12, rated **C**). Scrutiny of medium-term budget expenditure (PI-16, rated **C**) appears to face challenges stemming from the limited period allowed for this process to ensure that checks and balances are both in place and effective.

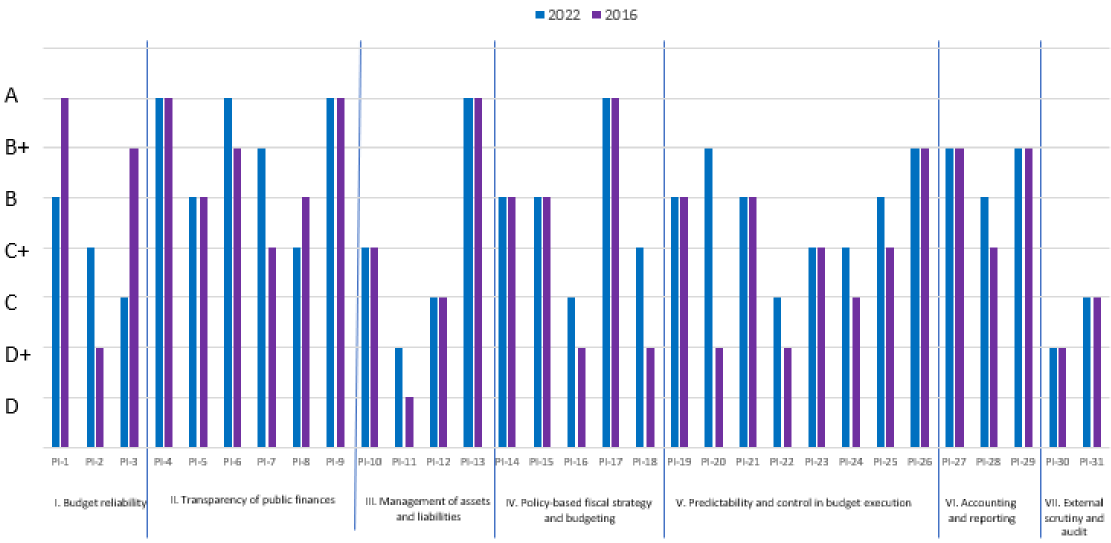
Contracts awarded through competitive methods in the last completed financial year accounted for approximately 60% of the total value of all contracts; this means the majority of procurement is conducted using competitive methods (PI-24, rated **C+**). This may be contrasted with expenditure arrears (PI-22, rated **C**) and could raise questions whether current practices contribute to achieving good value for money on national expenditure.

Aspects of the systems of internal control (PI-23.4 and PI-25.2, both rated **C**; PI-25.3, rated **B**, and PI-26, rated **B+** overall) supported by effective and orderly reviews by the legislature (PI-31, rated **C**) and the high level of transparency to the public (PI-9, rated **A**) combine to promote efficiency in the use of public resources.

Performance changes since the 2016 PEFA assessment

Since the 2016 PEFA assessment, GoU has made considerable progress in improving PFM practices. A comparison of the ratings from the 2016 and 2022 assessments shows that 11 of the 31 indicators improved overall (PIs 2, 6, 7, 11, 16, 18, 20, 22, 24, 25, and 28), and only three deteriorated (PIs-1, 3, 8). These changes are summarized in Figure 2 and described in more detail in Annex 1.

Figure 2: Comparison of ratings, 2016 and 2022



In terms of *Pillar I*, budget reliability, average performance deteriorated, because of the relative decline in revenue and aggregate expenditure out-turns; this can be ascribed to global shocks, such as the Covid-19 pandemic. *Pillar II*, transparency, saw a significant improvement, based on better budget documentation, fewer operations outside government reports, and better management of transfers to subnational government. The next two pillars saw moderate improvement: *Pillar III*, asset and liability management, was strengthened through better management of public investment. *Pillar IV*, policy-based budgeting, benefitted from improvements in macro-fiscal sensitivity analysis, better adherence to medium-term ceilings, and more effective legislative oversight (the timing of budget approval). *Pillar V*, predictability in budget execution, also improved significantly, particularly from the centralization of recording of revenue collection, stronger procurement management, and better control of non-salary expenditure. *Pillar VI*, accounting, improved because of better monitoring of budgets during the year. The final pillar, external scrutiny and audit, did not improve between the two assessments.

Between 2016 and 2022, *aggregate fiscal discipline* improved only slightly overall. A range of broader improvements in aspects such as internal control, in-year budget reforms, asset management, control of expenditure arrears, and public investment management were offset by significant declines in aggregate expenditure and revenue out-turns, in part because of the Covid-19 pandemic and the resulting economic disruption. *Efficient use of resources* also improved, driven by stronger procurement management. The most significant improvement was seen in the *strategic allocation of resources*, with budget documentation, transparency and timing of transfers to subnational government, revenue accounting, and legislative budget scrutiny all being strengthened.

PEFA Climate

The PEFA climate assessment reviewed the current performance of the PFM systems, processes, and institutions of Uganda in relation to climate change. The PEFA Climate report highlights the existing system's strengths and identifies the opportunities for Uganda to make the PFM more climate responsive. The assessment also indicates the involvement of the National and Sub-national governments (SNG) in climate change actions that support PFM reforms.

The Government has carried out a PEFA climate assessment using the pilot version of the PEFA Climate supplementary framework together with the regular PEFA and a Gender PEFA. The assessment examined how well PFM systems can support the implementation of the Republic of Uganda's climate change policies.

As this report is the very first PEFA Climate assessment in Uganda, it will also establish a baseline of practices in place against which future progress can be measured. As this is a pilot exercise, it is also anticipated to support the evolution of the assessment criterion developed by the PEFA Secretariat.

Uganda is vulnerable to many of the effects of climate change, including increases in average temperature and changes in precipitation Uganda has achieved substantial progress in mainstreaming Climate Change into the development plans, policies, and budgets of all sectors, producing and publishing of climate related performance information, with minimal progress registered in the other aspects of public financial management.

The findings of this first PEFA Climate for Uganda show a strong policy, legal and institutional framework for climate change action in place. The necessary policy instruments to enable climate change mainstreaming in policy implementation are largely still under development and/or pilot, and there is relatively little impact of the climate change policy, institutional and regulatory framework.

The major findings of the assessment based on the 14 indicators of the PEFA Climate methodology, six indicators (CRPFM-3: Climate responsive budget circular, CRPFM-4:Legislative scrutiny, CRPFM-6 Climate responsive asset management, CRPFM-10 Compliance of climate related expenditure, CRPFM-12:Climate-related performance information, and CRPFM-13: Climate-related performance evaluation) scored better than or equal to C. seven indicators received a D, D+ score and one indicator was not applicable.

Table 2: Overview of Climate assessment findings

	Indicators	1	2	3	4	
CRPFM-1	Budget alignment with climate change strategies	D				D
CRPFM-2	Tracking climate related expenditure	D				D
CRPFM-3	Climate responsive budget circular	C				C
CRPFM-4	Legislative scrutiny	C	C			C
CRPFM-5	Climate responsive public investment management	C	D	D	D	D+
CRPFM-6	Climate responsive asset management	C				C
CRPFM-7	Climate related liabilities	C	D			D+
CRPFM-8	Climate responsive procurement	D	D	D	D	D
CRPFM-9	Climate responsive revenue administration	NA	NA			NA
CRPFM-10	Compliance of climate related expenditure	C	C			C

CRPFM-11	Climate responsive fiscal decentralization framework	C	C	D		D+
CRPFM-12	Climate related performance information	B	B			B
CRPFM-13	Climate related performance evaluation	B	D			C
CRPFM-14	Expenditure outturn for climate activities	D*	D*			D

PEFA Gender

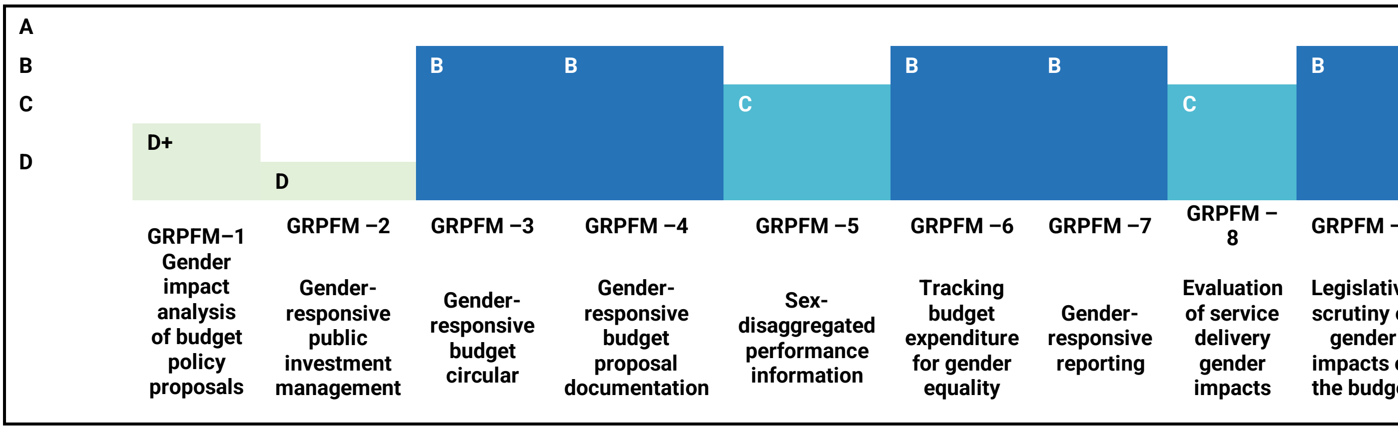
This summary overviews Uganda's gender-responsive public financial management (GRPFM) assessment findings. The assessment aimed to evaluate how Uganda's public financial management systems address gender-specific needs and the gender impacts of fiscal policies. Conducted in tandem with the PEFA performance and PEFA Climate Assessments, the review covered fiscal years 2018/2019, 2019/2020, and 2020/2021, with Indicator GRPFM 3 and 4 referring to the last budget submitted to the legislature in 2022/2023, as requested by the Ugandan Government.

The report serves as a baseline for tracking gender responsiveness progress over time and highlights strengths, progress, and areas for improvement.

The background section underlines the legal and policy frameworks supporting GRPFM in Uganda, drawing on international frameworks like the Sustainable Development Goals, Beijing Platform of Action, CEDAW, and Africa Agenda 2063, emphasizing gender equality and women's empowerment. Uganda's Vision 2040 and National Development Plan III at the national level prioritize women's empowerment and gender equality. Key legislative acts, including the Equal Opportunities Commission Act and the Public Finance Management Act, mandate integrating gender considerations in planning and budgeting processes.

The PEFA GRPFM assessment yielded the following results:
- Five indicators scored B, indicating partial integration of gender impact analysis into relevant PFM institutions, processes, or systems.
- Two indicators scored C, reflecting initial efforts toward gender impact analysis integration.
- One indicator received a D+ score, suggesting inadequate gender considerations with some initial efforts.
- One indicator scored D, indicating insufficient gender considerations.

Table 3: Overview of gender assessment findings



Strengths of Uganda's GRPFM:

- Robust legal framework promoting gender equality.
- The public finance management act mandates gender and equity budgeting for all MDAs.
- Integration of gender considerations in strategic planning, aligning with national development goals.
- Capacity building and planning tools for gender integration.
- Established mechanisms for tracking budget allocations and reporting on gender and equity.

Challenges to be addressed in Uganda's GRPFM:

- Improved alignment between policies and budgets.
- Enhanced integration of gender analysis into budget planning.
- Increased availability and use of gender statistics.
- Consolidation of gender-responsive interventions and reporting.
- Utilization of existing PFM structures for gender-responsive interventions.

Conclusion

Overall, the assessment confirms that the PFM reforms in Uganda have established a solid foundation that has improved the country's PFM systems and enabled GoU to mobilize and use resources in line with its medium-term budget expenditure and five-year development plan. The PFM systems in place are generally effective but the capacity for enforcing the existing regulatory framework is weak and thereby denting the transparency that would allow citizens to monitor the performance of GoU.

Table 4: PEFA ratings

PFM performance indicator		Scoring method	Dimension ratings				PI score
			1	2	3	4	
Pillar I: Budget reliability							
PI-1	Aggregate expenditure out-turn	M1					B
PI-2	Expenditure composition out-turn	M1	C	C	A		C+
PI-3	Revenue out-turn	M2	D	B			C
Pillar II: Transparency of public finances							
PI-4	Budget classification	M1					A
PI-5	Budget documentation	M1					B
PI-6	Central gov. operations outside financial reports	M2	A	A	A		A
PI-7	Transfers to subnational governments	M2	B	A			B+
PI-8	Performance information for service delivery	M2	B	B	D	B	C+
PI-9	Public access to fiscal information	M1					A
Pillar III: Management of assets and liabilities							
PI-10	Fiscal risk reporting	M2	C	A	D		C+
PI-11	Public investment management	M2	C	D	D	C	D+
PI-12	Public asset management	M2	C	C	C		C
PI-13	Debt management	M2	A	A	A		A
Pillar IV: Policy-based fiscal strategy and budgeting							
PI-14	Macroeconomic and fiscal forecasting	M2	B	B	B		B
PI-15	Fiscal strategy	M2	D	A	A		B
PI-16	Medium-term perspective in exp budget	M2	A	C	D	D	C
PI-17	Budget preparation process	M2	A	A	A		A
PI-18	Legislative scrutiny of budgets	M1	A	A	A	C	C+
Pillar V: Predictability and control in budget execution							
PI-19	Revenue administration	M2	A	B	C	C	B
PI-20	Accounting for revenue	M1	B	B	A		B+
PI-21	Predictability of in-year resource allocation	M2	A	B	B	C	B
PI-22	Expenditure arrears	M1	C	C			C
PI-23	Payroll controls	M1	B	B	B	C	C+
PI-24	Procurement management	M2	C	C	B	B	C+
PI-25	Internal controls on non-salary expenditure	M2	B	C	B		B
PI-26	Internal audit	M1	A	B	A	B	B+
Pillar VI: Accounting and reporting							
PI-27	Financial data integrity	M2	A	NA	C	A	B+
PI-28	In-year budget reports	M1	B	B	B		B
PI-29	Annual financial reports	M1	A	A	B		B+
Pillar VII: External scrutiny and audit							
PI-30	External audit	M1	A	B	D	A	D+
PI-31	Legislative scrutiny of audit reports	M2	D	C	C	B	C

1 Public financial management context

1.1 Financial overview

The Government of Uganda's (GoU) overall fiscal strategy for FY2020/21 focused on maintaining macroeconomic and fiscal sustainability while supporting inclusive growth. This entailed enhancing domestic revenue mobilization efforts; maintaining low and stable inflation; and maintaining debt sustainability. GoU also focused on ensuring a stable external position with the rest of the world to cushion against external shocks and on increasing efficiency in public investment management to realize the growth dividends from infrastructure investments.

The increased investments in infrastructure during the National Development Plan (NDP) III period, election-related spending, and the fiscal stimulus to mitigate the negative effects of the Covid-19 on the economy (see Box 2) increased the fiscal deficit for FY2020/21 by 2.8% points above the deficit recorded in FY2019/20. In contrast, Uganda's revenue effort remained below the Sub-Saharan average of 16%, although with steady growth from 10% to 12.7%.

In May 2021, Parliament approved the Parish Development Model, which is an approach to organizing and delivering public and private sector interventions for wealth creation at the parish level as the lowest economic planning unit.

Box 2: Economic overview

Uganda's economy has been significantly affected by the Covid-19 pandemic and the lockdown restrictions to prevent the spread of the virus amongst the public. The growth trajectory of 6.3% in FY2017/18 and 6.4% in FY2018/19 was disrupted, and growth dropped to 3% in FY2019/20 (See Table 5). The manufacturing, transport, tourism, manufacturing, and exports sectors were particularly affected. In the quest to save lives and ensure livelihoods, the focus was primarily on the health sector and support for vulnerable people, including food, masks, and nationwide vaccination campaign.

Uganda's economy recovered steadily, registering a real growth rate of 3.5% in the gross domestic product (GDP) following the gradual easing of lockdown measures, government policy interventions to support recovery in private sector activities, and a recovery in regional and global demand. The size of the Ugandan economy expanded from UGX 139,718 billion in FY2019/20 to UGX 148,328 billion in FY2020/21. This is largely due to increasing economic activity in services which accounts for 41.5% of economic activity followed by industry at 27.4% and the agriculture, forestry, and fishing sector (23.7%). The unemployment rate declined from 10% in FY2016/17 to 9% in FY2019/20, according to the 2019/20 National Household Survey. The annual headline inflation remained restrained and averaged 3.2% in FY2020/21, compared to 2.3% in FY2019/20. Overall, Inflation remained below the Bank of Uganda target of 5%. Despite the expansion of the current account deficit to 9.5% of GDP in 2020/21 from 6.7% in 2019/20, the gross official reserves have remained adequate throughout the three fiscal years. They increased from covering 4 months of import value in 2019/20 to 4.9 months in 2020/21. This increase is partly attributed to the IMF's balance of payments support and Uganda's participation in various multi-lateral debt initiatives aimed at mitigating the pandemic's impact and facilitating economic recovery. Additionally, Uganda benefited from the global allocation of Special Drawing Rights (SDRs), equivalent to US$491.5 million.

During this period, there was a notable rise in public debt as a proportion of GDP, increasing by 12 percentage points from 2018/19 to reach 47% in 2019/20. This was largely due to the adverse effects of the COVID-19 pandemic on revenue and the heightened demands on expenditure. Consequently, Uganda's level of debt stress was elevated from low to moderate.

Table 5: Selected economic indicators

Element	FY2018/19	FY2019/20	FY2020/21
GDP at current prices (billion shillings)[1]	**132,105**	**139,718**	**148,328**
GDP per capita (000 shillings)[1]	3,322	3,403	3,501
Real GDP growth (%)[1]	**6.4%**	**3.0%**	**3.5%**
CPI (annual average change) %[2]	2.6	2.3	3.2
Gross government debt (% of GDP)[3]	35.1%	41.1%	47%
Total external debt % of GDP[3]	23.4%	27.9%	29.7%
External terms of trade (annual percentage change)[5]	-5%	0%	-7%
Current account (% of GDP)[4]	-7.5%	-6.7%	-9.5%
Gross Official reserves (Months of import Value)[4]	4.2	4.0	4.9

Source: MOFPED

Following the disruptions caused by the Covid-19 pandemic both domestically and globally, GoU's overall fiscal strategy for the 2020/21 financial year (FY) focused on maintaining macroeconomic stability and fiscal sustainability while supporting economic recovery.

As GoU put in place measures to contain the spread of the pandemic, revenue mobilisation efforts were significantly affected. Subsequently, revenue shortfalls constrained fiscal operations during the year and delayed execution of many government programmes and related development activities. For instance, domestic revenue collections for FY2020/21 amounted to UGX 19,838.8 billion, which a shortfall of 9% (UGX 1,972 billion) against the target for year. This resulted in an overall fiscal deficit of UGX 14,563.6 billion, equivalent to 9.5% of GDP. **Table 6** presents Uganda's aggregate fiscal data for the period of the assessment.

Table 6: Aggregate fiscal data, 2018/19 to 2020/21 (% of GDP)

Element	FY2018/19	FY2019/20	FY2020/21
Total revenue	**13.9%**	**13.2%**	**14.7%**
– Own revenue	12.9%	12.4%	13.4%
– Grants	0.9%	0.8%	1.3%
Total expenditure	**18.9%**	**20.3%**	**24.2%**
– Noninterest expenditure	17.8%	18.2%	21.5%
– Interest expenditure	1.1%	2.1%	2.7%
Aggregate deficit (incl. grants)	-5.0%	-7.1%	-9.5%
Primary deficit (aggregate deficit – interest expenses)	3.9%	-5%	-6.8%

Net financing	5.0%	7.1%	9.5%
– External	2.9%	4.4%	4.1%
– Domestic	1.1%	2.8%	5.0%
Errors and omissions	0.2%	-0.1%	0.4%
Public debt (UGX billion)	46,203	56,960	69,366
Ratio of public debt to GDP	35.9%	40.8%	46.9%

Source: Annual Statistical Debt Bulletin June 2019; Macroeconomic Fiscal Performance Report FY2020/21, MoFPED

Government expenditure (excluding domestic debt refinancing and external debt amortization) amounted to UGX 35,802.4 billion, which was 3.9% lower than the planned spending levels. This was mainly due to reduced externally financed development activity. Government extended additional support to ministries, departments and agencies (MDAs) to support response activities such as in the health sector. This included emergency recruitment of health workers and the purchase of personal protective equipment and vaccines. In order to support business recovery to boost the economy, additional funding was directed towards the Uganda Development Bank, the Microfinance Support Centre, and the Uganda Development Corporation.

By the end of FY2020/21 the overall deficit amounted to UGX 14,563.6 billion; subsequently, government borrowed from domestic and external sources to cover the financing gap caused by the revenue shortfall and additional expenditure requirements. Total nominal public debt as a share of GDP is estimated to have increased from 40.8% in FY2019/20 to 46.9% by the end of FY2020/21.

Both the 2016 and 2021 revised versions of the Charts of Accounts extensively encompass budgeting, budget execution, reporting, and accounting codes. Nonetheless, budget formulation, execution, and reporting are executed across various tiers of administrative, economic, and functional classifications which are aligned with either GFS Classification of the functions of government (COFOG) standards that ensures coherent documentation, comparable to those standards (See Table 7 and Table 8). The introduction and current utilization of program budgets have been successfully implemented since 2021. The adoption of the program approach has additionally solidified the integration of planning with budgeting processes, where Programme Implementation Action Plans (PIAPs) now serve as a foundation for budgeting. Furthermore, adjustments have been made to budgeting systems to incorporate the program approach within the planning and budgeting framework.

Expenditure by functions indicates an emphasis on economic sectors with works and transport still accounting for the largest share of the budget. Major increases were observed with security and interest payments. There were also increments for social sectors of education, and health, however social development expenditures decreased over the 2018/19 and 2020/21 period.

Table 7: Budget allocations by Function (or administrative head) – UGX Billions

Element	FY2018/19	FY2019/20	FY2020/21
Agriculture	688	721	769
Lands, Housing and Urban Development	91	104	123

Energy and Mineral Development	610	781	600
Works and Transport	2,798	3,380	3,410
Information and Communication Technology	67	104	88
Trade and Industry	127	196	155
Education	2,500	3,082	3,477
Health	1,247	1,479	1,594
Water and Environment	441	582	654
Social Development	197	175	175
Security	1,775	3,294	4,294
Justice, Law and Order	1,415	1,663	1,963
Public Sector Management	1,072	1,633	379
Accountability	1,118	1,602	1,892
Legislature	498	688	673
Public Administration	635	1,034	1,351
Interest Payments	2,514	3,236	4,050
Science and Technology	70	103	143
Tourism	33	194	198
Local Government	-	-	1,476
Others (sum of rest)	6165	7085	8715
Total	24,060	31,135	36,177

Source: MoFPED

There were general increases in allocations across all economic classifications between 2018/19 and 2020/21 with exception of social benefits. Major increases were observed with assets (both financial and non financial assets), goods and services and interest payments (See Table 8).

Table 8: Budget allocations by economic classification

Element	FY2018/19	FY2019/20	FY2020/21

Employee Costs	3,497	4,271	4,506
Use of Goods and Services	3,412	3,795	4,321
Consumption of Fixed Assets	-	-	-
Interest Payable	2,514	3,236	4,050
Grants	1,611	2,119	2,614
Social Benefits	1	1	1
Other Expenses	357	676	511
Tax Refunds	10	16	16
Non-Financial Assets	3,180	6,097	7,187
Financial Assets	9,476	10,925	12,971
Total	**24,060**	**31,135**	**36,177**

Source: MOFPED

1.2 Institutional arrangements for public financial management

The *Constitution* of Uganda, promulgated in 1995 and amended in 2000 and 2005, is the supreme law in the country. It established three arms of government: the executive, the legislature, and the judiciary. Uganda is governed by and under a multiparty system in accordance with Article 17 of the Constitution. Following a nationwide general election on 14 January 2021, President Yoweri Kaguta Museveni was re-elected for another five-year term, defeating eleven registered opponents; a new government was sworn in during May 2021.

The *Executive Authority* of the Republic of Uganda is vested in the President who is the Head of State, Head of Government, and Commander-in-Chief of the Uganda People's Defence Forces and the Fountain of Honour (Articles 98 and 99 of the Constitution). The President exercises executive authority in accordance with the Constitution and the laws of Uganda, either directly or indirectly through subordinate officers (Article 98). The President is directly elected by the voters. Article 111 of the Constitution provides for a Cabinet, which is composed of the President, Vice President, Prime Minister, and such number of ministers as may appear to the President to be reasonably necessary for the efficient running of the state.

The *legislative power* of the Republic of Uganda is vested in the Parliament of Uganda, the members of which are elected in accordance with the Constitution and the Presidential and Parliamentary Elections Acts. Parliament consists of: (i) Members directly elected to represent constituencies;

(ii) One woman representative for every district; (iii) Such members of representatives of the army, youth, workers, persons with disabilities, and other groups as Parliament may determine; (iv) Ex officio members: the Vice President, Prime Minister and Ministers who, if not already elected Members of Parliament, shall be ex officio Members of Parliament, but without the right to vote on any issue requiring a vote in Parliament (Article 78). Parliament is presided over by the Speaker, and in his/her absence, by the Deputy Speaker, both of whom are elected by Members of Parliament from among their number (Articles 82(1) and (2) of the Constitution).

The administration of *justice* is vested in the judiciary. In accordance with Article 126(1) of the Constitution, judicial power is derived from the people and is exercised by the courts in the name of the people and in conformity with the law, values, norms, and aspirations of the people. The Chief Justice is the Head of the Judiciary and is responsible for the administration and supervision of all courts in Uganda (Article 133(1)(a) of the Constitution). The Chief Justice is assisted by the Deputy Chief Justice in the discharge of his or her duties and responsibilities.

The *central government* comprises 159 budgetary agencies: 23 ministries, 66 agencies (including various commissions, universities, and research institutions), 22 hospitals, 12 universities, 36 foreign embassies and missions, and a social security fund (**Error! Reference source not found.**). There are a further 73 statutory corporations and other public sector entities, comprising 48 extrabudgetary corporations (autonomous government agencies), and 33 public corporations (23 nonfinancial and 10 financial institutions). There are also over 200 tertiary educational institutions, governed by the Universities and Other Tertiary Institutions Act. **Error! Reference source not found.** sets out the financial structure of the central government.

Table 9: Structure of the public sector (number of entities)

Year	Public sector				
	Government subsector		Social security funds	Public corporations	
	Budgetary units	Extrabudgetary units		Nonfinancial	Financial
Central	159	48	1	23	10
First tier subnational (state)[1]	176	0	0	0	0
Lower tier(s) of subnational[2]	8,631	0	0	0	0

Notes: 1. Districts: 135, cities: 10, municipalities: 31; 2. Sub-counties: 5980, town counties: 2324, divisions: 327.

Table 10: Financial structure of central government, 2020/21 (UGX billion)

Year	Central government			
	Budgetary units	Extrabudgetary units	Social security funds	Total aggregated[1]
Revenue	21,170.7	4,066.5	N/A	25,237.2
Expenditure	29,263.7	4,284.6	N/A	33,548.3
Transfers to (-) and from (+) other units of general government	10,381.0			10,381.0
Liabilities	75,119.0		N/A	75,119.0

Financial assets	28,000.4		N/A	28,000.4
Nonfinancial assets	4,193.7		N/A	4,193.7

Source: Auditor General Report to Parliament, 2021

At parliamentary level, five *Standing Committees* are directly concerned with financial matters: (i) the Budget Committee; (ii) the Public Accounts Committee (PAC); (iii) the Committee on Commissions, Statutory Authorities and State Enterprises; (iv) the Local Government Accounts Committee; and the (v) Committee on the National Economy, which deals with issues relating to the national economy including scrutiny of loan agreements.

MoFPED is the authorized body for public financial management (PFM) rules and regulations and centralizes most of the control functions over the key phases of the PFM cycle. Its *Public Expenditure Management Committee* (PEMCOM) is chaired by the Permanent Secretary/Secretary to the Treasury and co-chaired by development partners. CSOs are represented on PEMCOM through CSBAG which actively participates in its proceeding. CSBAG makes recommendations towards budget preparation, implementation and monitoring. Additionally GoU encourages particiapation of community groups and individuals in budget preparation and management. The participation is not backed by legislation but is encouraged as good practice and promotion of transparency and accountability. Futhemore, PEMCOM provides a forum for government institutions, development partners and community service organization partners to dialogue, provide reform policy and strategic direction, and coordinate and monitor progress of reform actions. The introduction of PFM reforms clusters as technical committees of PEMCOM, organized around the six outcomes of the PFM reforms strategy, has enhanced participation and collaboration of reform effort towards a common objective. The clusters are responsible for implementing PFM reforms and providing holistic and collaborative planning and prioritization to help ensure the sustainability of the reforms.Additionally, there is a PEFA Technical Assessment Committee (TAC) comprising mainly of PFM Reform Key Result Area Coordinators, technical heads, and the PFM Development Partner Consultant chaired by the Accountant General who will be the Assessment Manager. A PFM reforms coordination unit under MoFPED supports the coordination of PFM reforms, provides fund management of the Resource Enhancement and Accountability Programme (REAP), and functions as the PEMCOM secretariat.

The Constitution sets out provisions for the mandate, scope of work, appointment, and removal of the *Auditor General*. The National Audit Act 2008 made the Auditor General financially and operationally independent of the executive. The OAG estimates are now examined and approved by the Parliamentary Finance Committee and become a statutory charge on the Consolidated Fund. The Auditor General has a statutory responsibility to report to Parliament on the propriety and regularity of the spending of government (taxpayers') monies. In particular, the constitution requires the Auditor General to 'audit and report on the public accounts of Uganda and all public offices and any public corporation or other bodies or organization established by an Act of Parliament'.

1.3 Legal and regulatory arrangements for PFM

The legal framework for PFM in Uganda is provided by the following laws and regulations, among other measures:

- The 1995 Constitution, as amended

- The GoU constitution is the supreme law in Uganda from which all the other laws are derived. Chapter 9 of the Consitution covers Finance. The articles of Chapter 9 provide for, among others, imposition of taxation, creation of a consolidated fund, budget preparation and implementation, transparency and accountability in handling public funds and appointment of an Auditor General

- Public Finance Management Act 2015 (as amended)
  - The Public Finance Management Act (PFMA) 2015 is derived from the Constitution and provides for the control and management of public funds and resources. It gives MoFPED powers to strengthen fiscal transparency and accountability. PFMA establishes— (a) the principles and procedures for a sound fiscal policy and macroeconomic management; (b) the processes for the preparation, approval and management of a transparent, credible and predictable annual budget; (c) the mechanism for the operation of the Contingencies Fund; (d) the mechanisms for cash, assets and liability management; (e) the reporting and accounting systems, and internal controls; and 6 Act 3 Public Finance Management Act 2015 (f) the legal and regulatory framework for the collection, allocation and management of petroleum revenue.
- Public Finance Management Regulations
  - The Public Finance Management Regulations 2016 are derived from and operationalize the Public Finance Management Act 2015. The regulations cover the following:
    - Macroeconomic and fiscal policies
    - Budget preparation, approval and management
    - Cash, asset, and liability management:
    - Accounting and auditing
    - Petroleum revenue management:
    - Oversight of subsectors and public enterprises
- Treasury Instruction2017
    - Treasury Instructions support the Public Finance Management Act 2015 and Financial Management Regulations 2016. The Instructions set out the general policies, procedures and rules to be followed by all votes in the efficient and effective management of public funds and resources. The Instructions cover the entire public financial management cycle.
- Local Governments Act 1997
  - The Act, amongst others, gives effect to the decentralisation of functions, powers, responsibilities and services at all levels of local governments; ensures democratic participation in, and control of, decision making by the people concerned; establishes a democratic, political and gender-sensitive administrative setup in local governments; establishes sources of revenue and financial accountability; and provides for the election of local councils.
- Access to Information Act 2005

  The Act (a) promotes an efficient, effective, transparent and accountable Government; (b) gives effect to article 41 of the Constitution by providing the right of access to information held by organs of the State, other than exempt records and information; Act 6 Access to Information Act 2005 5 (c) protects persons disclosing evidence of contravention of the law, maladministration or corruption in Government bodies; (d) promotes transparency and accountability in all organs of the State by providing the public with timely, accessible and accurate information; and (e) empowers the public to effectively scrutinise and participate in Government decisions that affect them.

- Anti-Corruption Act 2009
  - The Act provides for the effectual prevention of corruption in both the public and the private sector.
- Inspectorate of Government Act 2002
  - The Act amongst others provides: to promote and foster strict adherence to the rule of law and principles of natural justice in administration; to eliminate and foster the elimination of corruption, abuse of authority and of public office; to promote fair, efficient and good governance in public office; and to supervise the enforcement of the Leadership Code of Conduct.
- Judicature Act 1996 (as amended)
  - The Act to consolidates and revises the Judicature Act to take account of the provisions of the Constitution relating to the judiciary.
- Leadership Code Act 2002 (as amended)
  - The Act provides for a minimum standard of behaviour and conduct for leaders; requires leaders to declare their incomes, assets and liabilities; puts in place an effective enforcement mechanism and provides for other related matters.
- Local Government Finance Commission Act 2003
  - The Act makes provisions relating to the etstablishment and functions of the Local Government Finance Commission as provided by the constitution and provides for other related matters. The functions of the Commission include advising the President on the distribution of revenue between central government and local governments.
- Local Government Financial and Accounting Regulations 2007
  - The regulations apply to all financial transactions and business of all local government councils and administrative units in the management of all public moneys and public property in local governments.
- National Audit Act 2008
  - The Act provides for the auditing of accounts of central government, local government councils, administrative units, public organizations, private organizations and bodies.
- Public Procurement and Disposal of Public Assets Act 2003 and Amendment Act 2011
  - The Act establishes the Public Procurement and Disposal of Public Assets Authority; formulates policies and regulates practices in respect of public procurement and disposal activities and other connected matters.
  - The Act was revised in 2021 to provide for
    - the functions of the Authority and of the Board of Directors of the Authority;
    - electronic records and communication
    - the aggregation of procurement requirements
    - marginalized groups under reservation schemes
    - removal of the PPDA Authority from the administrative review process
    - the appointment of a registrar of a Tribunal
    - the powers of the High Court in procurement proceedings and,

    - the amendment of the Kampala Capital City Act and the Local Governments Act with respect to procurement and for related purposes
- Public Service Standing Orders 2021
    - A consolidated document which deals generally with the management of the Public Service and issues concerning the terms and conditions of service.
- Records and Archives Act 2001
    - The Act provides for the rationalised management of all Government and other public records and archives under one single authority, for the preservation, utilisation and disposal of such records and archives, for the repeal of the Records (Disposal) Act, and for other connected matters.
- Statistics Act 1998
    - The Act provides for the development and maintenance of a National Statistical System to ensure collection, analysis and publication of integrated, relevant, reliable and timely statistical information; establishes a bureau as a coordinating, monitoring and supervisory body for the National Statistical System; and for other matters incidental to the foregoing.
- Whistleblowers Protection Act 2010.
    - The Act provides for the procedures by which individuals in both the private and public sector may in the public interest disclose information that relates to irregular, illegal or corrupt practices; provides for the protection against victimisation of persons who make disclosures; and provides for related matters.

The Constitution and the PFMA give MoFPED the mandate to plan and manage *public finances*. Among other stipulations, it specifies the budget calendar, the main contents of budget documents, and the roles of the legislature and the executive in the budget process. The Public Finance Management Act 2015 prescribes the budget information and timing and regulates budget procedures within Parliament.

The PFMA 2015, Public Finance Management Regulations 2016, Treasury Regulations 2017 and other related regulations and instructions provide the legal framework for *enhancing internal control*. This includes all financial aspects of internal control, the management of public resources, and fiscal transparency and accountability. The financial laws, regulations and instructions set the framework for the implementation of the internal controls. The PSST, Accountant General, Accounting Officers, Internal Auditor General, Auditor General all have roles and responsibilities in enforcement of the internal controls in respect of the control and management of public funds and resources.

The power as stipulated in the PFMA 2015 to raise *external financial resources* is vested in the Minister responsible for Finance, Planning and Economic Development. Both Cabinet and Parliament need to approve all external borrowings. Parliament is also required to approve domestic borrowing and any public-private partnerships with contingent liabilities.

Expenditure management is supplemented by *performance management* initiatives (see section 3.2), which strengthen performance management and enhance transparency and accountability,

Principles for the prevention and detection of *corruption* have been agreed, supported by the Anti-Corruption Act 2009 and the Whistleblowers Protection Act 2010.

1.4 PFM reform process

Since the early 1980s, GoU has been pursuing a number of PFM reforms under various PFM reform programmes geared towards improvements in the accountability and transparency of management of its public resources. This effort is aimed at supporting government's goal of poverty eradication through improved good governance, sustainable growth targets, and a stable macroeconomic environment.

The reform agenda has evolved from 'structural adjustment' to focus on aggregate financial discipline, allocative efficiency, and operational efficiency in public expenditure and revenue management. Significant progress has been achieved in delivering 'hard' PFM reforms (such as establishing a robust legal and regulatory framework); however, challenges remain with 'soft' reforms of capacity, culture, attitude and norms in public sector management. Where leadership in enforcement and compliance remains weak, the benefits from reforming these fundamentals may well be unstainable. Furthermore, communication and change management of the delivered reforms are not effective, and capacity constraints (both financial and human resources) create barriers to attainment of the intended gains from these investments.

Since the 2016 PEFA, there have been improvements in intergovernmental fiscal transfers and the legislative scrutiny of audit reports (with the clearing of the backlog). New PFM reforms covering the electronic government procurement (e-GP) system, the public investment management and asset management policy framework, the human capital management system, the integrated bank of projects, and the policy shift in harmonizing national development planning and budgeting (when fully implemented) will further improve overall public financial management.

In 2018, GoU launched a new PFM reform strategy for the period July 2018 to June 2023, with a paradigm shift towards a result-based approach. The goal of the strategy is to enhance resource mobilisation, improve planning and public investment management, and strengthen accountability for quality, effective and efficient service delivery. The reform strategy is organized around six outcomes, which seek to:

- Enhance resource mobilisation for Uganda's sustainable development.
- Enhance policy-based budgeting and planning for allocative efficiency.
- Strengthen public investment management for increased development returns on public spending.
- Strengthen the effectiveness of accountability systems and compliance in budget execution.
- Improve the transparency and accountability of local government PFM systems.
- Strengthen oversight and PFM governance functions for the sustainability of development outcomes.

The PFM reform strategy is aligned with the country's Vision 2040 and the NDP III. Its design was informed by various diagnostic studies – including the 2016 PEFA assessment – and is set out in the multi-institutional REAP, which is GoU's framework for implementation of the PFM reform strategy. REAP is jointly funded by development partners (KfW, the European Union, and the Danish International Development Agency, DANIDA) and GoU under a multi-donor basket funding arrangement agreed via a memorandum of understanding.

Other technical assistance programmes target specific result areas, such as resource mobilisation, public investment, and local government. These are provided by development partners such as the United States Agency for International Development (USAID), the World Bank, the African Development Bank, and the UK government, which support the reforms in a collaborative manner.

1.5 Previous PEFA assessment(s) and other PFM diagnostics

PEFA assessments for central government entities were undertaken in 2005, 2008, 2012 and 2016. Separate PEFA assessments were also conducted for a sample of local government entities in 2005 and 2012. The OAG of Uganda conducted a PEFA self-assessment in 2006, referred to as 'PEFA lite'.

The 2016 PEFA assessment reported enhanced budget reliability arising from improved adherence to the budget with the introduction of the treasury single account, improvements in revenue estimates and payroll management as well as accounting officers being more responsible in execution of the budget especially at aggregate level. However, the use of supplementary budgets and control of domestic arrears was also reported as a continuing and worsening problem. The comprehensiveness of budget documentation and transparency of public finance remained positive. The report further observed that there is good coverage of fiscal information on the whole of government in the budget documents and is publicly accessible.

The Chart of Accounts, which underpins budget preparation, execution, and reporting, is comprehensive and consistent with Government Finance Statistics (GFS) standards. However, the report highlighted a lack of clarity and policy on how the transfers to subnational government are determined. The management of assets and public investment remained weak while all aspects of debt management were strong. Further work was required to strengthen policy based budgeting and multi-year planning, particularly in determining the medium-term ceiling, the alignment of strategic plans and medium-term budgets, and explaining any changes with previous estimates.

The report noted that the taxation system is based on comprehensive legislation and revenue administration is relatively strong. The commitment control remains weak indicating weak enforcement and compliance to PFM rules. In addition, the management of budget releases has not been successful in controlling arrears. Tightening of controls in integrated financial management system (IFMS); new PFMA/regulations, treasury instructions and penalties have increased awareness of internal controls and procedures. Public access to procurement information is good as is the procurement complaints mechanism however procurement monitoring remains weak. The report noted improved accounting and reporting due to increased automation of transactions in the MDAs; however, there is limited availability of information on resources received by service delivery units. The Auditor General has been active in carrying out financial and compliance audits while the legislative scrutiny of the audit reports slowed completion of the accountability cycle.

A number of other PFM-related analytical and diagnostic studies have been undertaken by government and its development partners, including the Uganda Fourth National Integrity Survey July 2020 by the Public Procurement and Disposal of Public Assets Authority (PPDA); Strengthening Public Investment Management in Uganda, a diagnostics study jointly conducted by the World Bank and MoFPED, August 2016; Uganda Fiscal Transparency Evaluation, May 2017 by the International Monetary Fund (IMF); Uganda Country Policy and Institutional Assessment 2013/14–2014/15, March

2017 by the Economic Policy and Research Centre; Uganda's public finance management compliance index for FY2016/17 by the Civil Society Budget Advocacy Group; Report on the Tax Policy-making Process in Uganda, March 2020, Ukaid (DfID); Development Finance Assessment of Uganda, 25 September 2019 by the United Nations Development Programme (UNDP); the Uganda Debt Management Performance Assessment, March 2018, jointly conducted by the World Bank, the Macroeconomic and Financial Management Institute of Eastern and Southern Africa, and the United Nations Conference on Trade and Development (UNCTAD); the National Public Sector Procurement Performance Assessment based on the Methodology for Assessing Procurement Systems (MAPS) framework (draft) supported by the African Development Bank, 2021; the Uganda Open Budget Survey 2019 by the International Budget Partnership; the REAP Midterm Review, 2021; and DANIDA's 2021 report.

1.6 Cross-cutting issues

Cross-cutting issues such as climate change and the lack of gender equality continue to pose major threats to the sustainable development of Uganda and hamper efforts to end poverty. For instance, in the past, the country has experienced devastating floods, landslides in the east, and an invasion of locusts and drought in the north. The Annual Report on the State of Equal Opportunities in Uganda for FY2020/21 notes that vulnerable communities represent over 80% of Uganda's total population[1]; therefore, dedicated efforts to realize their full potential would be instrumental in achieving Uganda's development targets and Sustainable Development Goals. PFM plays a major role in advancing improvements in these areas.

Gender mainstreaming in Uganda's public finances

Uganda is a party to various international and regional commitments on protecting vulnerable and marginalized groups (see Annex 8 for details). The Constitution provides an overarching legal basis for the 2007 Gender Policy, which conforms with regional and global obligations on equal opportunities for all. A number of other polices and laws guide this sector, including the PFMA 2015 and the NDP III.

The Ministry of Gender, Labour and Social Development is a leading institution and coordinator on gender policies, strategies. Other key stakeholders include the Equal Opportunities Commission (EOC); parliamentary committees (such as the Standing Committee on Equal Opportunities; the Committee on Gender, Labour and Social Development; the Parliamentary Gender and Equity Round Table; and the Uganda Women Parliamentary Association); the National Task Force on Gender and Equity; UN Women; and MoFPED, which chairs a National Task Force on Gender and Equity Budgeting.

The PEFA Gender assessment module has not previously been conducted in Uganda. However, the EOC prepares annual reports on the state of equal opportunities (the latest is for FY2020/21). It also issued a status report on gender and equity responsive planning and budgeting performance in September 2021. UN Women produced a review of progress on gender and equity budgeting in

[1] According to the Uganda National Population and Housing Census Report of 2014, females constitute 51% of the population, children 55% Youth 22.5%, older persons 3.7%, persons with disabilities 12.4% and ethnic minorities 1.4%.

October 2021, whereas the Uganda national household survey 2019/20 provided some indication of the state of gender mainstreaming in public finance.

Climate change mainstreaming in Uganda's public finances

Uganda has established a robust policy and legislative framework for implementing climate policy in terms of the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol and the Paris Agreement (see Annex 7 for details). It is committed to the adoption and implementation of policies and measures to mitigate climate change and adapt to its impacts.

The Ministry of Water and Environment (MoWE) is the lead institution on climate change and coordinates the implementation of the National Climate Change Policy 2015. MoFPED leads coordination and management of the various stakeholders in the financing of climate change actions, as provided in the PFMA 2015 and the National Climate Change Act 2021. Climate financing in Uganda is currently estimated at US$942 million for 38 adaptation and mitigation projects.

Uganda has achieved substantial progress in mainstreaming climate change into the development plans, policies, and budgets of all sectors, with minimal progress on the other aspects of PFM. The PEFA Climate Assessment module has not previously been conducted in Uganda. MoWE prepares annual sector performance reports with respect to investments, targets, achievements, outputs, and challenges, including climate change, among other areas. The latest report was for FY2019/20, based on sector performance indicators.

Between 2018 and 2022, the MoFPED, MoWE and the National Planning Authority (NPA) with support from the World Bank introduced two tools on climate and disaster risk screening (CDRS) for projects and Climate Change Budget Tagging (CCBT). The implementation of the CCBT tool necessitated modifications to the Programme Budgeting System (PBS) and similar modifications to the Chart of Accounts and the Integrated Financial Management and Information System (IFMIS), at the time of the assessment the reforms had not been completed. However, the major milestone achieved was the inclusion of CCBT and CDRS requirements in the third National Development Plan (NDP III), and the requirement for all Programmes to integrate climate change through tagging in their Progamme Implementation Action Plans (PIAPs). The screening and tagging climate change impacts was not completed by the beginning of FY 2022/23; however, the MoFPED has allocated resources to complete the modifications to the PBS as well as an indication to work to include all climate change risk areas and proposed mitigation and adaptation actions in the planning and budgeting cycle. The updated PIAPs will need to address current and emerging climate change concerns including the oil and gas development in the Albertine Graben, the industrial parks and new urban areas within the country, and the increased climate related disasters associated with droughts, flooding, and landslides, among others.

2 Assessment of PFM performance

This chapter provides an assessment of the key elements of the PFM system, as captured by the 31 performance indicators (Pis). The PFM performance for each of the indicators was assessed and assigned a rating of **A** to **D**, according to the scoring criteria for each indicator that must be met in entirety. The broad interpretation of the scores is shown **in** Error! Reference source not found.

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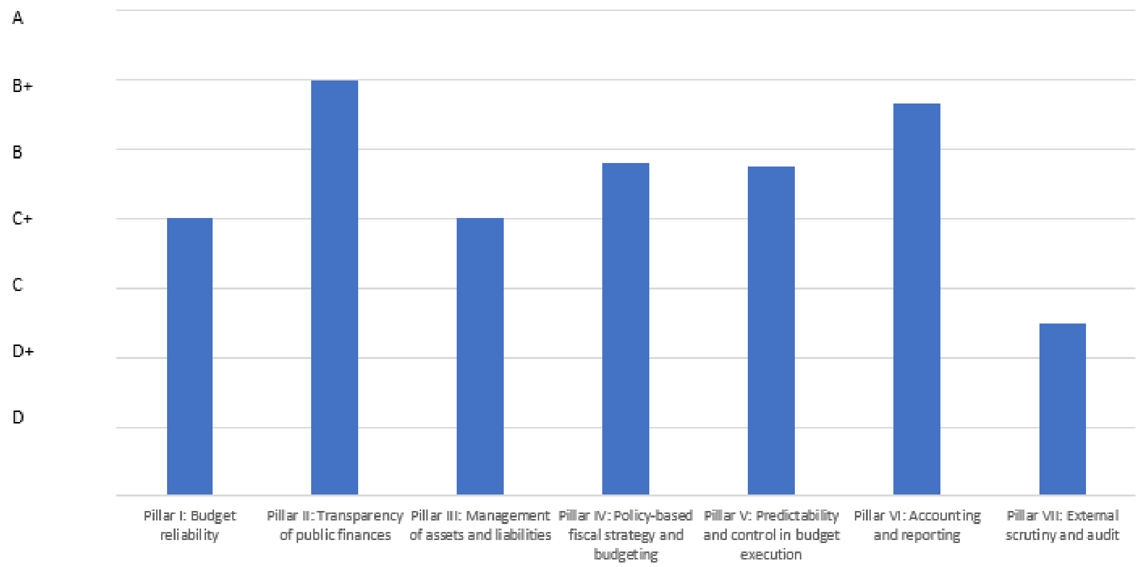
Table 11: Description of ratings

Score	Meanings
A	Represents performance that meets good international practice; the criteria for the indicator are met in a complete, orderly, accurate, timely, and coordinated way.
B	Represents a level of performance ranging from good to medium by international standards.
C	Represents a level of performance ranging from medium to poor.
D	Indicates either that a process or procedure does not exist at all or that it is not functioning effectively.

The indicators are presented below in terms of the seven PEFA pillars, summarized in Figure 3:

- *Pillar I: Budget reliability* – the budget is realistic and implemented as intended.
- *Pillar II: Transparency* – PFM information is comprehensive, consistent and accessible.
- *Pillar III: Management of assets and liabilities* – effective management ensures that investments provide value for money, fiscal risks are identified, and debts and guarantees are prudent.
- *Pillar IV: Policy-based fiscal strategy and budgeting* – the fiscal strategy and budget are prepared with due regard to fiscal policies, strategic plans, and macroeconomic and fiscal projections.
- *Pillar V: Predictability and control in budget execution* – a system of effective standards and internal controls ensures that resources are used as intended.
- *Pillar VI: Accounting and reporting* – accurate and reliable records are maintained, and information is disseminated when needed for decision-making, management and reporting.
- *Pillar VII: External scrutiny and audit* – public finances are independently reviewed, and there is external follow-up on the implementation of recommendations for improvement.

Figure 3: Summary of PEFA ratings by pillar, 2022



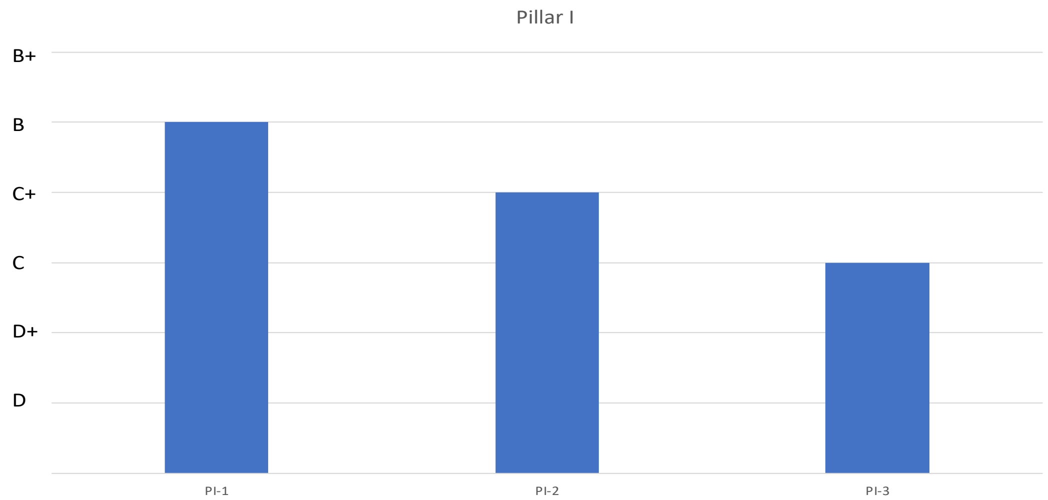
2.1 Pillar I: Budget reliability

Pillar I assesses whether the government budget is realistic and implemented as intended. This is measured by comparing actual revenues and expenditures (the immediate results of the PFM system) with the original approved budget. Realistic and reliable budgets underpin good fiscal management and are essential for long-term fiscal sustainability.

Pillar I has three indicators, as shown in Figure 4:

- PI-1. Aggregate expenditure out-turn
- PI-2. Expenditure composition out-turn
- PI-3. Revenue out-turn.

Figure 4: PEFA ratings for Pillar I, 2022



The pillar indicates that revenue projections have not been attained. This is mostly due to slow down in economic activity as a result of Covid 19 in the fiscal years covered by the assessment. Similarly there was a decline in actual expenditure outurns as a result of the need to shift expenditure to cope with the challenges associated with Covid 19 during the fiscal years under review. The decline in revenue collections impacted negatively on the expenditure outturns. On the positive side contingency expenditure held steady. Revenue forecasting shows encouraging signs of improvement due to use of upgraded information systems.

PI-1 Aggregate expenditure out-turn

This indicator assesses the credibility of the budget by calculating the extent to which actual aggregate expenditure deviates from the original budget for the last three years of available data. The assessment is based on the budget and actual expenditure for the fiscal years 2018/19, 2019/20 and 2020/21. Calculations are based on the cash basis.

Scoring box PI-1 Aggregate expenditure out-turn

Scoring method M1	2022	2016	Explanation

PI-1 Aggregate expenditure out-turn	B	A	
1.1 Aggregate expenditure out-turn	B	A	Aggregate expenditure out-turn was between 90% and 110% of the approved aggregate budgeted expenditure in the three years.

Actual and originally budgeted expenditure data is summarized in Error! Reference source not found.. Expenditure covers all expenditure (including contingency), irrespective of the sources of funding. It also includes interest payments. There are no suspense accounts.

Table 12:Total budget and actual expenditure, 2018/19 to 2020/21 (UGX billion)

	2018/19	2019/20	2020/21
Budget	24121.95	31196.62	34763.2
Actual	25351.58	29197.28	36398.58
Total expenditure deviation	94.9%	93.6%	95.3%
% deviation	5.10%	6.41%	4.70%

Source: MoFPED

The table shows a percentage deviation of under 10% in all three years. Aggregate expenditure out-turn was between 90% and 110% of the approved aggregate budgeted expenditure in the three years. This is a downward trend in performance compared to 2016, where the percentage deviation was under 5% in two of the three years. The largest deviation was in FY2019/20; this can be attributed to the impact of Covid-19, which resulted in lower disbursements on externally financed projects.

Rating: B.

Ongoing reforms

The 2018/23 Uganda PFM strategy emphasizes the importance of budget credibility in achieving the planned government policies and the intended budgetary outcomes for fiscal discipline, resource allocation, and service delivery. It also emphasizes adherence to the Treasury Single Account as a measure to improve budget predictability.

PI-2 Expenditure composition out-turn

This indicator measures the extent to which reallocations between budget heads during execution of the budget have contributed to variance in expenditure composition. The assessment is based on the budget and actual expenditure for the fiscal years 2018/19, 2019/20 and 2020/21.

Scoring box PI-2 Expenditure composition out-turn

Scoring method M1	2022	2016	Explanation
PI-2 Expenditure composition out-turn	**C+**	**D+**	
2.1 Expenditure composition out-turn by function	C	C	Variance in expenditure composition by programme, administrative or functional classification was more than 10% but less than 15% in at least two of the last three years.

2.2 Expenditure composition out-turn by economic type	C	D	Variance in expenditure composition by economic classification was less than 15% but higher than 10% in two of the last three years.
2.3 Expenditure from contingency reserves	A	A	Actual expenditure charged to a contingency vote was on average less than 3% of the original budget in each of the three years. The contingency reserve in Uganda is 0.5% of the annual budget.

2.1 Expenditure composition out-turn by function

Expenditure composition is measured having regard to the composition of the approved budget by vote as compared to the composition of actual expenditure. Expenditure by vote variance for each of the last three completed fiscal years is shown in Error! Reference source not found.. Complete working tables for the calculation of this variance are presented in Annex 4.

Table 13: Variance in expenditure composition, 2018/19 to 2020/21

2018/19		
Administrative head	Budget	Actual
Total expenditure	24,121.95	25,351.58
Variance in composition	7.2%	
2019/20		
Administrative head	Budget	Actual
Total expenditure	31,196.62	29,197.28
Variance in composition	14.5%	
2020/21		
Administrative head	Budget	Actual
Total expenditure	34,763.2	36,398.58
Variance in composition	14.6%	

Source: AGD

This dimension indicates the variances in the composition of expenditure at the vote level in relation to the originally approved budget. Variance in expenditure composition by administrative classification performed worse than aggregate composition and was less than 10% in only one of the three years. The reallocations intensified in FY2019/20 and FY2020/21. In some instances, these were above the PFM thresholds, implying that sectoral budgeting is less than robust. In the last two years of the review period, the variance in the composition of expenditure doubled from about 7% to 14%. This reflects the impact of Covid-19, which necessitated reallocations to support healthcare, small and medium enterprises, and vulnerable people, funded through the supplementary budget in FY2019/20 to a magnitude of 1.5% of GDP.[2]

Rating: C.

2.2 Expenditure composition out-turn by economic type

Expenditure composition is measured having regards to the composition of the approved budget by economic category as compared to the composition of actual expenditures. The overall variance performed better than the composition. Composition of the budget by economic classification is important for showing the balance between different categories of inputs. Expenditure by economic category variance is calculated for each of the last three fiscal years, as per Error! Reference source not found.. Complete working tables for calculation of this variance are presented in Annex 4.

[2] IMF Country Report No. 21/141 (Uganda).

Variance in expenditure composition by economic classification was less than 15% but higher than 10% in two of the last three years. In FY2019/20 the major deviations related to interest payable, financial assets, other expenses, and tax refunds. Interest payments were revised upwards to cater for commitment fees charged on the new budget support loans, as well as growing domestic debt obligations. Deviations in interest payable and financial assets were also a factor in FY2020/21, as were deviations related to grants and social benefits.

Rating: C.

Table 14: Variance by economic classification, 2018/19 to 2020/21 (UGX billion)

2018/19		
Economic head	Budget	Actual
Total expenditure	24,059.9	25,314.2
overall variance	5%	
composition variance	5.9%	
2019/20		
Economic head	Budget	Actual
Total expenditure	31,134.55	29,135.98
overall variance	6.9%	
composition variance	11.3%	
2020/21		
Economic head	Budget	Actual
Total expenditure	36,176.84	37,434.06
overall variance	3.4%	
composition variance	10.7%	

Source: AGD / Budget Dept.

2.3 Expenditure from contingency reserves

The Constitution and the 2015 PFMA provide for a Contingencies Fund: 0.5% of the appropriated annual budget of government of the previous financial year must be resourced for financing responses to natural disasters as per sections 26 & 27 of the PFMA and Regulations 20. In the three periods under review, no expenditure in excess of 0.5% of approved budget has been incurred.

Rating: A.

PI-3 Revenue out-turn

This indicator measures the change in revenue between the original approved budget and the end of year out-turn (actuals). The assessment is based on the budget and actual revenue from fiscal years 2018/19, 2019/20 and 2020/21.

Scoring box PI-3 Revenue out-turn

Scoring method M2	2022	2016	Explanation
PI-3 Revenue out-turn	**C**	B+	
3.1 Aggregate revenue out-turn	D	B	Actual revenue was less than 92% of budgeted revenue in at least two of the last three years.
3.2 Revenue composition out-turn	B	A	Variance in revenue composition was less than 10% in two of the last three years.

3.1 Revenue out-turn

Revenue out-turn measures the total value of all revenues actually received, compared to the original budget plan. **Table 15** shows the revenue budget and out-turn for the last three completed years.

Table 15: Revenue out-turn (UGX billion)

	2018/19		2019/20		2020/21	
	Budget	Actual	Budget	Actual	Budget	Actual
Total revenue	17,535	17,343	20,820	17,661	22,212	19,985
Actual as % of budget	98.9%		84.8%		90%	

Source: MoFPED/ URA Annual Data Books

Actual revenue was less than 92% of budgeted revenue in two of the last three years. The major deviation came in FY2019/20, due to the impact of Covid-19 on domestic demand and imports. In addition, there were delays in implementing some tax revenue measures (such as the higher excise duty on fuel and a withholding tax on insurance and advertising agents) and some reforms, including the Electronic Fiscal Receipting and Invoicing System and the rental income tax solution.

Rating: D.

GoU is implementing its Domestic Revenue Mobilisation Strategy, 2019/20 to 2023/24, which among other measures, emphasises efficiency and managing compliance, such as the use of risk management and mitigation actions. However, there is no phased implementation plan for the revenue mobilisation strategy. In addition, although a compliance improvement plan has been developed, it has not yet been implemented in full.

3.2 Revenue composition out-turn

Revenue composition is measured by comparing the composition of the approved budget by revenue type with the composition of actual revenues received. Revenue by type of revenue and the composition variance for each of the last three completed fiscal years are shown in **Table 16.** Budgeted revenue targets are generally adhered to, largely because of improvements to URA estimating and collection capacities (which are being supported by the REAP programme).

Rating: B.

Table 16: Variance in revenue composition, 2018/19 to 2020/21

2018/19		
Revenue head	Budget	Actual
Taxes on income, profit and capital gains	2392.4	2585.2
Taxes on payroll and workforce	2662.7	2811.3
Taxes on property	120.4	115.2
Taxes on goods and services	3944.4	3871.5
Taxes on international trade and transactions	6875.1	6884.0
Others (Non Tax revenue)	1540.3	1075.8
Composition variance	*5.5%*	
2019/20		
Revenue head	Budget	Actual
Taxes on income, profit and capital gains	2958.943	2735.107
Taxes on payroll and workforce	3234.739	3039.833
Taxes on property	320.9978	103.6869
Taxes on goods and services	4979.118	3874.668
Taxes on international trade and transactions	7666.842	6446.596
Others (Non Tax revenue)	1659.429	1460.743
Composition variance	*6.5%*	
2020/21		
Revenue head	Budget	Actual
Taxes on income, profit and capital gains	2392.4	2585.2
Taxes on payroll and workforce	2662.7	2811.3
Taxes on property	120.4	115.2
Taxes on goods and services	3944.4	3871.5
Taxes on international trade and transactions	6875.1	6884.0
Others (Non Tax revenue)	1540.3	1075.8
Composition variance	*3.3%*	

Source: MoFPED. Note: The NTR include mainly Fees and Licences, NTR and Appropriation in AiD

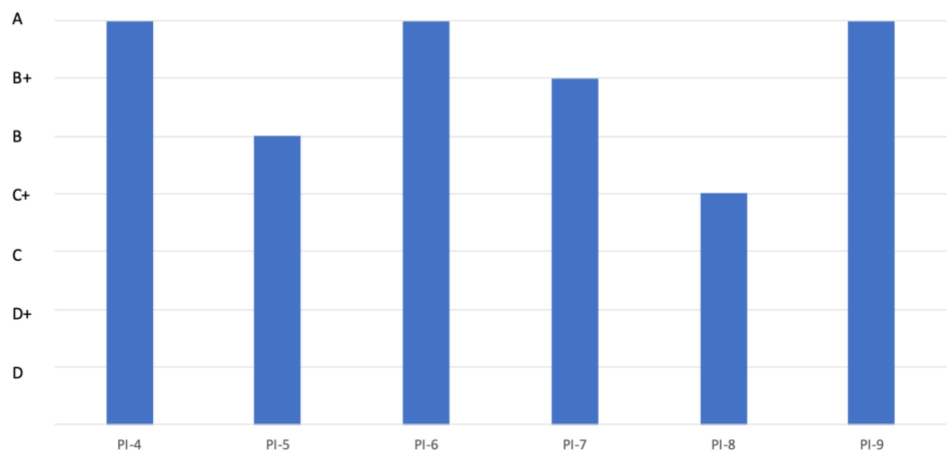
2.2 Pillar II: Transparency of public finances

This pillar assesses whether information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification; the transparency of all government revenue and expenditure, including intergovernmental transfers; published information on service delivery performance; and ready access to fiscal and budget documentation.

Pillar II has six indicators, as shown in Figure 5:

- PI-4. Budget classification
- PI-5. Budget documentation
- PI-6. Central government operations outside financial reports
- PI-7. Transfers to subnational government
- PI-8. Performance information for service delivery
- PI-9. Public access to fiscal information.

Figure 5: PEFA ratings for Pillar II, 2022



The assessment indicates that budget information continues to be comprehensive and accessible to most users. The performance in this pillar is strong and continues to improve. The public and the legislature are provided with reliable information in regard to allocation and utilization of public funds. The area of concern is in regard to the information on the resources received by the service delivery units. The information is scarce and it is not possible to gauge the effectiveness in the utilization of the resources received. It is equally difficult to assess correctly the performance of the service delivery units.

PI-4 Budget classification

This indicator assesses the extent to which the government budget and accounts classification system is consistent with international standards. The period of assessment is the last completed fiscal year, 2020/21, extending over budget estimates, in-year budget execution reports, and annual financial statements.

Scoring box PI-4 Budget classification

Scoring method M1	2022	2016	Explanation
PI-4 Budget classification	**A**	A	
4.1 Budget classification	A	A	Both Charts of Accounts (2016 and the 2021 revision) cover in detail all budgeting, budget execution, reporting and accounting codes. However, budget formulation, execution, and reporting are based on every level of administrative, economic, and functional classification using GFS/Classification of the functions of government (COFOG) standards or a classification that can produce consistent documentation comparable with those standards. Programme budgets were established and are now in use.

The Chart of Accounts Manual was revised in December 2021 and Is published on the MoFPED website. It complies with the requirements of 2014 GFS manual and the International Public Sector Accounting Standards (IPSAS). The 2021 revisions accommodate the shift from output-based budgeting to programme-based budgeting in Uganda's NDP III. The new Chart of Accounts has nine segments with a total of 43 digits (compared to 38 digits in the 2016 version), with new segments for programme and geographical location. The Vote Cost Centre segment has been enhanced to provide for directorates, public corporations, and state-owned enterprises within a vote. **Table 17** compares the two versions of the Chart of Accounts; the structure remains consistent with international standards. The first year of use of the 2021 version will be FY2022/23; therefore, this assignment used the 2016 Chart of Accounts.

Table 17: Chart of accounts structure

Chart of Accounts 2016			Chart of Accounts 2021		
Segment name	Segment	Digits	Segment name	Segment	Digits
Fund	Fund	2	Fund	Fund	2
Funding source	Funding source	3	Funding source	Funding source	3
Vote	Ministry, agency, local government	3	Programme	Programme	2
Cost centre	Directorate, programme	6		Subprogramme	2
Spare	Unspecified	2		Unspecified	2
Spare	Unspecified	2	Vote/cost centre	Ministry, agency, local government	3
Project	Project	4		Directorate, vote function	2

Spare	Unspecified	4		Department	3
MTEF	Objective	2		Service units, public corporations, state-owned enterprises	2
	Output	2	Project	Project	4
	Activity	2	Budget outputs	Outputs	6
Account	Account class	1	Spare	Unspecified	4
	Item	1	Geographical location	Region	2
	Sub-item	1	Account	Account class	1
	Sub-sub-item	1		Item	1
	Sub-sub-sub-item	2		Sub-item	1
				Sub-sub-item	1
				Sub-sub-sub-item	2
Total		**38**			**43**

Budget classification allows transactions to be tracked from budget formulation and execution to reporting. International standards require budget classification to be done according to administrative, economic and functional/sub-functional units or votes. The revenue elements presented in the URA annual data book FY2020/21 are consistent with the classifications provided in the Chart of Accounts and the GFS 2014 (Also see Revenue classifications in PI-3) . Similarly, budget, semi-annual and annual budget performance reports, and financial statements for FY2020/21 are consistent with the administrative, economic, functional, and programme classifications. The conformity is also in line with PI-2 and PI-3 for the classified breakdown utilized in the computation of composition out-turn.

Rating: A.

PI-5 Budget documentation

This indicator assesses the comprehensiveness of the information provided in the annual budget documentation. The assessment is based on the documentation for the 2020/21 budget, which was presented to Parliament.

Scoring box PI-5 Budget documentation

Scoring method M1	2022	2016	Explanation
PI–5 Budget documentation	**B**	B	Parliament is provided with comprehensive documentation covering 9 out of 12 elements, including all the core elements.
5.1 Budget documentation	B	B	Uganda has extensive reporting, and the annual budget documentation is generally comprehensive. Budget documentation fulfils 9 elements (all 4 basic elements and 5 other elements).

5.1 Budget documentation

Official budget documentation is prepared by MoFPED and presented to Parliament at different phases during the budget cycle. The key budget documents are the National Budget Framework, the

Budget Speech and Approved Estimates of Revenue and Expenditure, the Background to the Budget, Budget Performance Reports (half-year and annual reports), Fiscal Risk Statements, tax expenditure reports, and the Consolidated Financial Statements of Government.

Rating: B.

Table 18: Information contained in budget documentation

Item		Included	Source and comments
Basic elements			
1	Forecast of the fiscal deficit or surplus, or accrual operating result	Yes	The projected fiscal deficit, defined according to GFS, is included in the National Budget Framework Paper, Background to the Budget, Budget Speech and Approved Budget estimates. Both recent out-turns and five-year projections are included.
2	Previous year's budget out-turn, presented in the same format as the budget proposal	Yes	The aggregate out-turns are included in the Background to the Budget, Budget Speech, and Approved Estimates of Revenue and Expenditure.
3	Current year's budget presented in the same format as the budget proposal. This can be either the revised budget or the estimated out-turn	Yes	Budget Speech, Budget Strategy, and Approved Estimates of Revenue and Expenditure.
4	Aggregated budget data for both revenue and expenditure according to the main heads of the classifications used including data for the current and previous year with a detailed breakdown of revenue and expenditure estimates	Yes	The aggregate out-turns and forecasts are included in the Background to the Budget, Budget Speech, and Approved Estimates of Revenue and Expenditure.
Additional elements			
5	Deficit financing, describing its anticipated composition	Yes	The macroeconomic forecasts, including fiscal deficit and composition, are provided in the Budget Framework Paper, the Background to the Budget, and the Approved Estimates of Revenue and Expenditure, with the underlying assumptions. The Budget Framework Paper includes an explanation on any deviation from the Charter of Fiscal Responsibility forecasts.
6	Macroeconomic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate	No	The macroeconomic assumptions of nominal GDP, real GDP growth, and inflation are included in the Background to the Budget. However, exchange rate and interest rate projections are not included.
7	Debt stock, including details at least for the beginning of the current year presented in accordance with GFS or another comparable standard	Yes	Included in the Background to the Budget, as well as the annual Public Debt, Grants, Guarantees and Other Liabilities reports
8	Financial assets, including details at least for the beginning of the current year presented in accordance with GFS or another comparable standard	Yes	Consolidated Financial Statements of Government

9	Summary information of fiscal risks including contingent liabilities such as guarantees, and contingent obligations embedded in structure financing instruments such as public-private partnership contracts, etc.	Yes	The National Budget Framework Paper includes a fiscal statement consistent with the provisions in the PFMA 2015 for the management of fiscal risks in a prudent manner. MoFPED publishes Annual Fiscal Risk Statements on their website, which are also submitted to Parliament. The risks covered include economic, fiscal, and institutional risks. Contingent liabilities and other risks are included (and also in the debt sustainability analysis).
10	Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or major changes to expenditure programmes	No	The impact analysis of policy implications is partially undertaken for tax policy measures and in some instances for salary adjustments. The implications of other expenditure policy changes are not analysed.
11	Documentation on the medium-term framework	Yes	In all the major budget documents, the Medium-Term Fiscal Framework and the Medium-Term Expenditure Framework are included.
12	Quantification of tax expenditures	No	Not in the approved budget documents but MoFPED publishes and submits to Parliament an annual tax expenditures report. In the FY2020/21 report, they document estimated revenue foregone on account of tax expenditures for FY2016/17 to FY2020/21.

Source: MoFPED

PI-6 Central government operations outside financial reports

This indicator measures the extent to which government revenue and expenditure are reported outside central government financial reports. The assessment period for all three dimensions is FY2021.

Scoring box PI-6 Central government operations outside financial reports

Scoring method M2	2022	2016	Explanation
PI-6 Central government operations outside financial reports (2021)	**A**	B+	All revenues relating to budgetary and extrabudgetary units within GoU are collected through URA. All revenues and expenditures of extrabudgetary units are reported in GoU financial reports. Their financial reports are submitted to the Accountant General's Office and Auditor General within two months of the end of the fiscal year.
6.1 Expenditure outside financial reports (2021)	A	B	Expenditure outside government financial reports is less than 1% of total budgetary central government expenditure.
6.2 Revenue outside financial reports (2021)	A	B	Revenue outside government financial reports is less than 1% of total budgetary central government revenue.
6.3 Financial reports of extra-budgetary units (2021)	A	A	Detailed financial reports of all extrabudgetary units are submitted to government annually within two months of the end of the fiscal year.

6.1 Expenditure outside financial reports

This dimension assesses the magnitude of expenditures incurred by budgetary and extrabudgetary units (including social security funds) that are not reported in the government's financial reports.

Expenditures incurred by all budgetary and extrabudgetary units are recorded in GoU financial reports. All revenues to those units are centrally collected by URA and passed to units to spend; hence, their expenditure is captured in the reports. The previous arrangement whereby universities collected fees directly from students has changed, and all expenditures of universities are appropriated through the Consolidated Fund as is the case for any other budgetary unit (vote). There are no public companies in Uganda that do not meet the statistical requirement under the GFS classification.

Rating: A.

6.2 Revenue outside financial reports

This dimension assesses the magnitude of revenues received by budgetary and extrabudgetary units (including social security funds) that are not reported in the government's financial reports. As stated in 6.1 above, all revenues of budgetary and extrabudgetary units are paid to URA, so all their revenues are captured in GoU financial reports. University students as well as other payers on non-tax revenues now pay fees and other charges directly to URA, which remits the collections to the Consolidated Fund at the Bank of Uganda. All revenues collected by budgetary and extrabudgetary units are reported in GoU financial statements. Revenues outside Government of Uganda financial reports are very minimal and insignificant.

Rating: A.

6.3 Financial reports of extra-budgetary units

This dimension assesses the extent to which ex post financial reports of extrabudgetary units are provided to central government. The PFMA 2015 applies to extrabudgetary units and provides that as votes of government, they should produce and submit their financial reports to the Auditor General within two months of the end of the fiscal year. Annual financial reports for extrabudgetary units are prepared in accordance with the reporting framework specified by the Accountant General's Office (AGO). The reports are comprehensive and provided in a timely manner, consistent with reporting requirements for the budgetary central government. They are submitted within two months of the end of the fiscal year as required by PFMA 2015.

Rating: A.

PI-7 Transfers to subnational governments

This indicator assesses the transparency and timeliness of transfers from central government to subnational governments with direct financial relationships to it. It considers the basis for transfers from central government and whether subnational governments receive information on their allocations in time to facilitate budget planning. The indicator examines the arrangements for providing transfers from central government to subnational governments and the timeliness of information on those transfers. The assessment period for both dimensions is FY2021.

Transfers to subnational governments have a long history in Uganda. The transfers take on many forms, including direct transfers in conformity with Article 123 of the Constitution, which comprise conditional grants, unconditional grants, and equalisation grants. There are other transfers from ministries to local governments and transfers in respect of project implementation.

Scoring box PI-7 Transfers to subnational governments

Scoring method M2	2022	2016	Explanation
PI-7 Transfers to subnational governments	**B+**	C+	There have been improvements in the implementation and reliability of the information in the budget call circulars and the indicative planning figures provided to the local governments ahead of the preparation and finalization of their budget estimates.
7.1 System for allocating transfers	B	D	The horizontal allocation of most transfers to subnational governments from central government is determined by transparent, rule-based systems.
7.2 Timeliness of information on transfers	A	A	The process by which subnational governments receive information on their annual transfers is managed through the regular budget calendar, which is generally adhered to and provides clear and sufficiently detailed information for subnational governments to allow at least six weeks to complete their budget planning on time.

7.1 System for allocating transfers

This dimension assesses the extent to which transparent, rule-based systems are applied to budgeting and the actual allocation of conditional and unconditional transfers.

Clear criteria for the distribution of grants among subnational governments – for example, formulae for the horizontal allocation of funds – are needed to ensure allocative transparency and medium-term predictability of funds available for planning and budgeting of expenditure programmes by subnational governments.

Table 19: Trend of grant transfers and share of national budget (UGX billion)

FY	UCG	% of total	GTC	% of total	EQG	% of total	Central gov.	% of total	Total transfers to local gov.	National budget	% of direct transfers to national budget
2003/04	83.0	11.2			3.5	0.5	654.9	88.3	741.5	2,911.8	25.5
2004/05	87.5	10.9		–	3.5	0.4	714.5	88.7	805.5	3,150.8	25.6
2005/06	103.4	12.1	34.8	4.1	3.5	0.4	717.5	83.8	856.3	3,425.5	25.0
2006/07	94.4	9.6	45.0	4.6	3.5	0.4	839.3	85.5	982.2	3,852.0	25.5
2007/08	128.6	12.1	12.0	1.1	3.5	0.3	872.0	82.2	1,060.9	4,465.0	23.8
2008/09	133.6	11.6	32.0	2.8	3.5	0.3	1,004.5	87.2	1,172.3	5,464.0	21.5
2009/10	144.6	10.8	45.0	3.4	3.5	0.3	1,145.9	85.6	1,338.9	7,044.5	19.0
2010/11	156.7	10.6	45.0	3.1	3.5	0.2	1,269.6	86.1	1,474.8	7,376.5	20.0
2011/12	77.0	4.7	–	–	3.5	0.2	1,575.2	95.1	1,655.7	9,630.0	17.2
2012/13	79.0	4.3	–	–	3.5	0.2	1,773.0	95.6	1,855.5	10,902.8	17.0
2013/14	79.6	4.0	–	–	3.5	0.2	1,896.3	95.8	1,979.3	12,904.0	15.3
2014/15	82.6	3.5	–	–	3.6	0.2	2,274.0	96.4	2,360.2	15,054.0	15.7
2015/16	88.2	3.7	–	–	3.6	0.2	2,269.6	96.1	2,361.4	18,311.4	12.9

2016/17	109.4	4.0	–	–	250.4	9.2	2,348.2	86.7	2,708.0	20,336.8	13.3
2017/18	110.3	3.9	–	–	234.5	8.3	2,492.4	87.8	2,837.2	22,002.7	12.9
2018/19	120.5	3.8	–	–	141.1	4.5	2,884.1	91.7	3,145.7	25,093.2	12.5
2019/20	120.5	3.3	–	–	419.7	11.6	3,084.0	85.1	3,623.9	32,661.3	11.1
2020/21	127.1	3.0	–	–	552.5	13.2	3,517.0	83.8	4,196.1	35,732.1	11.7
2021/22	127.6	2.8			515.7	11.2	3,979.9	86.1	4,623.1	33,837.1	13.7

Notes:

1. Grants have been restructured for FY2016/17.
2. Unconditional grants now include the former normal unconditional grant, councillors' allowances, ex gratia for LC 1 and 2, IFMS, IPPS, and the monitoring grant.
3. Equalisation grant includes all the equalising programmes i.e., the Peace, Recovery and Development Plan for Northern Uganda, the Luwero-Rwenzori Development Plan, the Uganda Support to Municipal Infrastructure Development programme, the Local Government Management and Service Delivery Project, and the former equalisation grant.
4. Some grants categorised as conditional in FY2015/16 have been recategorized as unconditional and others equalisation, as given in 2 and 3 above.
5. Figures for FY2017/18 include the road fund for local governments.

The majority of transfers in Uganda are conditional grants which make up over 86% of the total grants (Table 36 in Annex 6). Information on conditional grants is first indicated to the local government in form of indicative planning figures, which are given in the first budget call circular issued in September.

The final indicative planning figures are provided in the second budget call circular in February, ahead of submission of the budget estimates to the local government councils. The indicative planning figures in the two budget call circulars are generally well known and do not change much. Local governments are given adequate and understandable information in the two budget call circulars to prepare and make submissions of their budgets to MoFPED.

Rating: B.

7.2 Timeliness of information on transfer

This dimension assesses the timeliness of reliable information provided to subnational governments on their allocations from central government for the coming year. It is crucial for subnational governments to receive information on annual allocations from central government well in advance of the completion (and preferably before commencement) of their own budget preparation processes.

MoFPED follows a well-known budget calendar that helps local governments understand what is expected of them in terms of timelines, activities, and submission of data. This is done through two budget call circulars, which are issued on a timely basis. Effectively this means that local governments have about six weeks within which to prepare their budget estimates. The budget timetable that is stipulated by the PFMA is adhered to and gives the subnational governments sufficient information and time to submit their budgets on time.

Rating: A.

PI-8 Performance information for service delivery

This indicator examines the service delivery performance information in the executive's budget proposal or its supporting documentation and in year-end reports. It determines whether performance audits or evaluations are carried out. It also assesses the extent to which information on resources received by service delivery units is collected and recorded. The performance period for 8.1 is FY2022; for 8.2, it is FY2021; and for 8.3 and 8.4, it is FY2019, 2020 and 2021.

Scoring box PI-8 Performance information for service delivery

Scoring method M2	2022	2016	Explanation
PI-8 Performance information for service delivery	**C+**	B	There has been a minimal decline in performance information for service delivery.
8.1 Performance plans for service delivery (2022)	B	B	Information is published annually on policy or programme objectives, key performance indicators ,and outputs to be produced or or the outcomes planned for most MDAs.
8.2 Performance achieved for service delivery (2021)	B	B	Information is published annually on the quantity of outputs produced or the outcomes achieved for most MDAs.
8.3 Resources received by service delivery units (2019, 2020, 2021)	D	D	Information on service delivery is not readily available.
8.4 Performance evaluation for service delivery (2019, 2020, 2021)	B	A	Independent evaluations of the efficiency and effectiveness of service delivery have been carried out and published for most ministries at least once within the last three years.

8.1 Performance plans for service delivery

This dimension assesses the extent to which key performance indicators for the planned outputs and outcomes of programmes or services that are financed through the budget are included in the executive's budget proposal or related documentation, at the function, programme, or entity level.

GoU has been preparing budgets that include information on performance plans that are produced by MDAs and later posted onto the MOFPED website. The website includes budget estimates for all MDAs and shows objectives, outputs, outcomes and indicators of the programmes.These are uploaded onto the MoFPED/Budget website. However in some cases the difference between outputs and outcomes are blurred.
Rating: B.

8.2 Performance achieved for service delivery

This dimension examines the extent to which performance results for outputs and outcomes are presented either in the executive's budget proposal or in an annual report or other public document, in a format and at a level (programme or unit) that is comparable with the plans previously adopted within the annual or medium-term budget. Each MDA produces quarterly, semi-annual and annual budget performance reports. The reports provide objectives, outputs, outcomes and indicators for each program in the MDA. The reports show physical and financial information that is comparable with what had been presented in the budget proposals. However, information on revenue is not usually produced.

Rating: B.

8.3 Resources received by service delivery units

This dimension measures the extent to which information is available on the level of resources actually received by service delivery units of at least two large ministries (such as schools and primary health clinics) and the sources of those funds. This information is not readily available.

Rating: D.

8.4 Performance evaluation for service delivery

This dimension considers the extent to which the design of public services and the appropriateness, efficiency, and effectiveness of those services are assessed in a systematic way through programme or performance evaluations. Performance evaluation is carried out annually through the Office of the Prime Minister and sector working groups. Evaluations are carried out by Office of the Auditor General, MoFPED Budget Monitoring and Accountability Unit; Internal Auditor General's Office; Accountant General's Office; and Inspectorate General of Government. Independent evaluations of the efficiency and effectiveness of service delivery have been carried out and published for some ministries at least once within the last three years.

The Office of the Auditor General carries out performance (value for money) audits. The following VFM audits have been carried out:

2019/20

- Management of Research Grants by Public Universities in Uganda, 2021
- Implementation of the Uganda Women Entrepreneurship Programme by the Ministry of Gender, Labour and Social Development, 2021
- Afforestation and Restoration of Selected Central Forest Reserves (CFRs) by the National Forestry Authority (NFA), 2021

2018/19

- Effectiveness of Import Inspections by Uganda National Bureau of Standards in the Regulation and Enforcement of Product Standards, 2019
- Regulation and Promotion of Safe and Reliable Maritime Services in the Water Transport Sub-Sector, 2019
- Implementation of National Content in the Oil and Gas Sector, 2019
- Licensing And Enforcement of Standards in Downstream Petroleum Operations by Ministry of Energy and Mineral Development, 2019
- Implementation of Kalangala Infrastructure Services Project (KIS), 2019
- Implementation of Uganda Skills Development Facility (SDF) by the Private Sector Foundation Uganda (PSFU), 2019
- Compensation of Project Affected Persons under the Karuma and Isimba Hydropower Projects and Associated Transmission Lines, 2019

- Assessment of Budget Performance by the Works and Transport Sector for the Financial Year 2018/19
- Budget Performance Assessment of Delivery of Planned Outputs by selected Health Sector Institutions during the Financial year 2018/19
- Impact of the Uganda Reproductive Health Voucher Implemented by the Ministry of Health, 2019
- Production and Productivity of the Coffee Sub Sector, 2019

Rating: B.

PI-9 Public access to fiscal information

This indicator assesses the comprehensiveness of fiscal information available to the public. The assessment is based on the information available for the most recent fiscal year, 2020/21. For budget documentation and publication, it is assessed on the most recently published budget documents, FY2020/21. As indicated in PI-5, Uganda has extensive documentation and reporting on the budget.

Scoring box PI-9 Public access to fiscal information

Scoring method M1	2022	2016	Explanation
PI-9 Public access to fiscal information	**A**	A	The government makes available to the public nine elements, including all five basic elements, in accordance with the specified time frames.
9.1 Public access to fiscal information	A	A	The government makes available to the public all nine elements, including all five basic elements plus four additional elements, as required by the PEFA framework (basic elements 1 to 5 plus additional elements 5 to 9)

9.1 Public access to fiscal information

Table 20 sets out the various basic and additional elements of fiscal information that are desirable for transparent PFM and the availability and timing of such information. MoFPED has three dedicated websites for the publication of fiscal and macroeconomic information:

- A dedicated website (www.budget.go.ug) is in place for budget publications.
- The ministry website (www.finance.go.ug) has both fiscal and economic publications.
- The Macroeconomic Policy Department (https://mepd.finance.go.ug/) is dedicated to keeping the public informed by providing macroeconomic monitoring tools and regular macroeconomic performance reports.

GoU also established well-stocked resource centres where the public can access all documents with key fiscal information, and it runs a dedicated helpdesk to respond to issues raised by the public. Every year, GoU produces a Budget Speech video for distribution to interested members of the public, along with a Citizen's Guide to the Budget. The OAG and Parliament also provide critical fiscal budget information on their websites.

Table 20: Public access to fiscal information

Item		Available	Source
Basic elements			
1	Annual executive budget proposal documentation: A complete set of executive budget proposal documents (as presented by the country in PI-5) is available to the public within one week of the executive submitting them to the legislature	Yes	The Budget Speech is effectively available (the same day it is presented to the legislature) to the public after the Minister of Finance has presented it to Parliament. The detailed budget documents including but not limited to Budget Estimates, Ministerial Statements, Background to the Budget are also availed within one week after submission to the legislature.
2	Enacted budget: The annual budget law approved by the legislature is publicized within two weeks of passage of the law	Yes	All appropriated documents are availed to public the same time they are approved. The printed versions are also disseminated to partners and available in MoFPED resource centres.
3	In-year budget execution reports: The reports are routinely made available to the public within one month of their issuance, as assessed in PI-27	Yes (Monthly, quarterly and semi-annually)	All reports (monthly, quarterly and semi annual were made public within one month of the respective completed cycle all through the fiscal year 2020/21. • Monthly economic performance reflects on key fiscal developments. • Quarterly reports are published on completion in summary form in the Quarterly Budget Performance Reports (backed up with a quarterly press conference), the Debt Statistical Bulletin, and public debt portfolio analysis. • Semi-annual reports include macroeconomic and fiscal performance reports and sector monitoring reports.
4	Annual budget execution report: The report is made available to the public within six months of the year end	Yes, annual.	Budget performance reports are presented to Parliament and published on MoFPED websites, including the Annual Budget Performance Report, the Annual Macroeconomic and Fiscal Performance Report, and sector annual monitoring reports. All the mentioned Annual budget performance reports were published within three months after the completion of the financial year end of June 2021.
5	Audited annual financial report, incorporating or accompanied by the external auditor's report: The report(s) are made available to the public within twelve months of the year end	Yes	The reports were submitted to Parliament within six months of the fiscal year end, in line with the OAG Act. In all the three years (2018/19. 2019/20 and 2020/21, they were submitted to Parliament at the end of December of each year (which is six months after the financial year has ended) and made available on the OAG website.
Additional elements			

6	Pre-Budget Statement: The broad parameters for the executive budget proposal regarding expenditure, planned revenue and debt is made available to the public at least four months before the start of the fiscal year	Yes	In the last year of assessment, the draft Budget Framework Paper was submitted to Parliament at the end of December (six months before the start of the fiscal year).
7	Other external audit reports: *All* non-confidential reports on central government consolidated operations are made available to the public within six months of submission.	Yes	As soon as reports are submitted to Parliament. Local government is consolidated; others are in full. OAG website.
8	Summary of the Budget Proposal: A clear, simple summary of the Executive's Budget Proposal or the Enacted Budget accessible to the non-budget experts, often referred to as a 'citizens' budget', and where appropriate translated into the most commonly spoken local language, is publicly available within two weeks of the Executive Budget Proposal being submitted to the legislature and within one month of the budget's approval respectively	Yes	In 2020/21, the Citizen's Guide to the Budget was produced alongside the approved budget in June of each year (which is within one month of the budget approval) and backed up by a free hotline number for clarifications. They are available on the website, and many hard copies are produced.
9	Macroeconomic forecasts: As assessed in PI-14.1, is available within one week of its endorsement	Yes	The 2020/21 Medium-Term Macroeconomic Outlook and Indicative Fiscal Framework were submitted as part of the approved budget documents that are made available to public. at the time of approval.

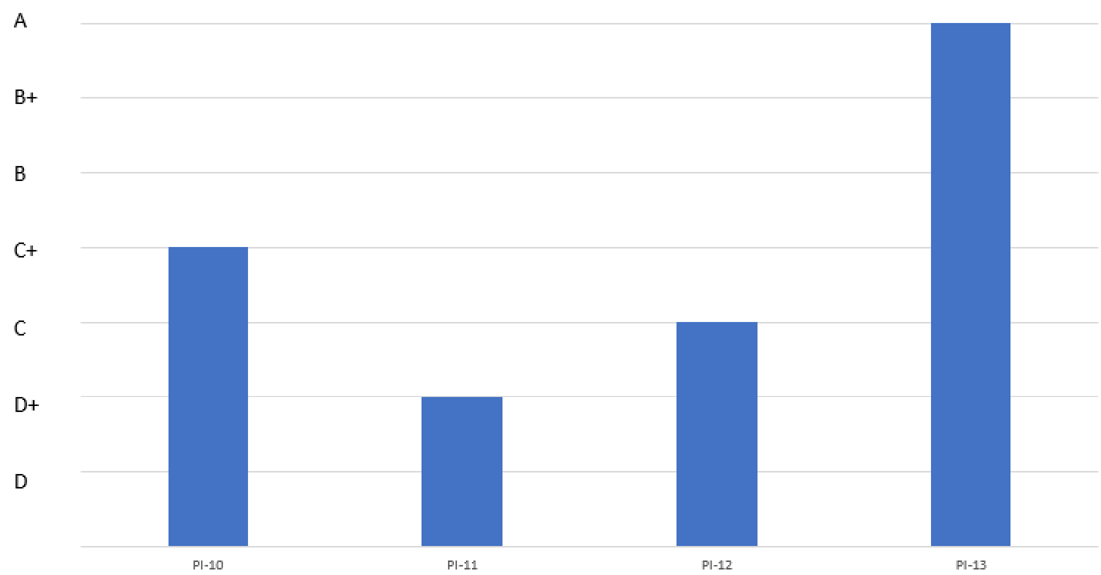
2.3 Pillar III: Management of assets and liabilities

Pillar III relates to effective management of assets and liabilities to ensure that public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.

The pillar has four indicators, as shown in
Figure 6:

- PI-10. Fiscal risk reporting
- PI-11. Public investment management
- PI-12. Public asset management
- PI-13. Debt management.

Figure 6: PEFA ratings for Pillar III, 2022



The performance of this pillar is weak except for debt management which is robust. The fiscal risk for contingent liabilities remains high. The performance evaluation and reporting for financial assets is not carried out and published. The selection of the projects to be undertaken and their performance is not adequately monitored. Project costs are not reliable. The shortcomings in this pillar could negate the good performance of other pillars especially in regard to getting good returns on investments and assets. Poor project selection could negatively impact procurement management in Pillar 5 and hamper strategic allocation of resources.

PI-10 Fiscal reporting

This indicator measures the extent to which fiscal risks to central government are reported. Fiscal risks can arise from adverse macroeconomic situations, the financial positions of subnational governments or public corporations, and contingent liabilities from the central government's own programmes and activities, including extrabudgetary units. They can also arise from other implicit and external risks such as market failure and natural disasters. The assessment period for all three dimensions is FY2020/21.

Scoring box PI-10 Fiscal reporting

Scoring method M2	2022	2016	Explanation
PI-10 Fiscal reporting	**C+**	C+	There have been no significant changes in fiscal reporting.
10.1 Monitoring of public corporations	C	C	Government receives financial reports from most public corporations and state enterprises within the stipulated statutory times, but their performance is neither assessed nor published .
10.2 Monitoring subnational governments	A	A	Audited annual financial statements for all subnational governments are published within six months of the end of the fiscal year. A consolidated report on the financial position of all subnational governments is published at least annually.
10.3 Contingent liabilities and other fiscal risks	D	D	Contingencies risks are not generally reliably estimated nor provided for.

10.1 Monitoring of public corporations

This dimension assesses the extent to which information on the financial performance and associated fiscal risks of the central government's public corporations is available through audited annual financial statements. It also assesses the extent to which the central government publishes a consolidated report on the financial performance of the public corporation sector annually.

Most public corporations and state enterprises submit statements of their financial performance to the Accountant General within two months of the end of the FY as required by PFMA 2015. The Accountant General consolidates the statements and submits them to the Auditor General within three months of the FY end as required by the Public Finance Management Act 2015 (S52). The Auditor General audits and performance financial statements within six months after the end of the financial year in accordance with the National Audit Act 2008. Thereafter the audited accounts of the public corporations and state enterprises are made available to the public by the Auditor General together with the consolidated financial statements for central government, and the consolidated summary of the financial statements for local governments. For the financial year 2020/2021 seven out of forty six public corporations and state enterprises did not submit their statements of financial performance for consolidation. The Auditor General published the consolidated report of public corporations and state enterprises for FY 2020/21 in December 2021, six months after FY end.

Rating: C.

10.2 Monitoring subnational governments

This dimension assesses the extent to which information on financial performance, including the central government's potential exposure to fiscal risks, is available through the audited annual financial statements of subnational governments. It also assesses whether the central government publishes a consolidated report on the financial performance of the subnational government sector annually.

The financial statements of all the local governments are consolidated by the AGO and submitted for audit within three months of the end of the financial year as per Public Finance Management Act 2015 (S52). The Auditor General completes the audit within six months of the end of the financial year in accordance with the National Audit Act 2008. Thereafter the audited accounts of the local governments are made available to the public. The Auditor General published the consolidated report of all the local governments together with those of the central government and public corporations and state enterprises for FY 2020/21 in December 2021, six months after FY end. Local governments do not borrow, as per Article 195 of the Constitution (they can only borrow at the discretion of the central government), so their fiscal risk is minimal.

Rating: A.

10.3 Contingent liabilities and other fiscal risks

This dimension assesses monitoring and reporting of the central government's explicit contingent liabilities from its own programmes and projects, including those of extrabudgetary units. Explicit contingent liabilities include umbrella state guarantees for various types of loans. The Auditor General's 2021 Report stated, 'As disclosed in the statement of contingent liabilities, government contingent liabilities have increased to UGX 160 trillion up from UGX 11.5 trillion reported in the previous year, representing a 1,290% increase. Most of the contingent liabilities are arising out of court awards and compensations. The trend continues to appear unsustainable in the event that a significant percentage crystallises into liabilities.'[3]

Rating: D.

PI-11 Public investment management

This indicator assesses the economic appraisal, selection, costing, and monitoring of public investment projects by the government, with emphasis on the largest and most significant projects. The assessment is based on FY2020/21.

Scoring box PI-11 Public investment management

Scoring method M2	2022	2016	Explanation
PI-11 Public investment management	**D+**	D	

[3] Report of the Auditor General to Parliament for the financial year ended 30th June 2021

11.1 Economic analysis of investment proposals	C	D	The available information from MoFPED shows that 20 projects (total value UGX 15,399.2 billion or 42% of the budget 2020/21) with a requirement for CBA in line with with PIM guidelines, each more than 1% of the total approved budget were included in the budget for 2020/21. However, only 8 projects (total value UGX 9708.5 billion or 27% of the budget 2020/21) had feasibility assessment undertaken. This translates into 63% of value of major projects (project value at least 1% of approved budget) with requirement of CBA undergoing feasibility assessment.
11.2 Investment project selection	D	D	The Development Committee formulated and adopted criteria for the selection of projects for financing as from FY2022/23. No evidence appears to have been utilized in the years under assessment.
11.3 Investment project costing	D	D	Life cycle budgeting is still a challenge, as operation and maintenance expenditure for capital projects is not holistically included in the budget especially in medium term forecasts. Total capital costs and forthcoming year costs are included in the Public Investment Plan in the budget.
11.4 Investment project monitoring	C	C	Projects are monitored but no standard rules and procedures are followed.

11.1 Economic analysis of investment proposals

Economic appraisal of investment proposals is guided by the manual for project preparation and appraisal, which conforms to many aspects of international good practice. It provides for investment appraisal, including financial, economic, project selection, risk analysis and management, distributive analysis, cost effectiveness analysis, and public-private partnership project appraisals. GoU developed the Public Investment Management System (PIMS) Framework, which requires pre-feasibility and feasibility studies as part of the pre-investment phase. The percentage of projects that are underpinned by a cost-benefit analysis out of the total entering the Public Investment Plan stood at 37% for 2020/21, up from 15% in 2018/19. The findings are consistent with the OAG findings showing that 66% of the 371 projects in the Public Investment Programme still had not undergone feasibility studies before they were allocated finance. Also, the percentage value of projects that have completed a feasibility study remains low at 25%. The available information from MoFPED shows that 20 projects (total value UGX 15,399.2 billion or 42% of the budget 2020/21) with a requirement for CBA in line with with PIM guidelines, each more than 1% of the total approved budget were included in the budget for 2020/21. However, only 8 projects (total value UGX 9708.5 billion or 42% of the budget 2020/21) had feasibility assessment undertaken. This translates into 63% of value of major projects (project value atleast 1% of approved budget) with requirement of CBA undergoing feasibility assessment.

Table 21: Public investment appraisal

	2018/19	2019/20	2020/21
Total number of projects	17	39	136
Number of projects that require a feasibility study	13	34	27
Number of projects underpinned with cost-benefit analysis	2	12	10

Number of new projects that have completed the Development Committee process/appraisal	6	15	12
Percentage of new projects that have completed a feasibility study	15%	35%	37%
Percentage of new projects that have completed the Development Committee process/appraisal	35%	38%	9%
Percentage value of projects that have completed a feasibility study	4.22%	44%	25%

Source: MoFPED

The Department of Project Analysis and Public-Private Partnerships in MoFPED carries out economic and financial analysis, and the Development Committee undertakes independent appraisal of the projects. The recent diagnostic study of the public investment management[4] recommends that economic appraisal manuals be prepared for all sectors, but this is yet to be achieved.

Rating: C.

11.2 Investment project selection

In May 2021, MoFPED published project selection criteria to assist in the sequencing and prioritization of projects for the budget from the pipeline of viable projects in the Public Investment Plan and allocated a code to facilitate implementation. The selection criteria are included in the current Development Committee guidelines and published on the website of MoFPED, Budget and Integrated Bank of Projects. The Development Committee formulated and adopted the criteria for selection of projects for financing starting in FY2022/23. No evidence appears to have been utilized in the years under assessment. The percentage of new projects that completed the Development Committee appraisal process in FY2020/21 was just 9%. However, some projects are still selected on the basis of financing (and the associated requirements) rather than adequacy of design.[5]

Rating: D.

11.3 Investment project costing

The Medium-Term Expenditure Framework (MTEF) has classifications of recurrent (wage and non-wage) and capital investment for public investment. The total capital costs of major investment projects and their costs for the forthcoming financial year are included in the Public Investment Plan documentation that forms part of the budget documentation. However, incremental budgeting on an annual basis means that the outer years are effectively not reliable. Capital and operational expenditures are separated in the MDA budgets, reportedly leading to underbudgeting of operation and maintenance expenditure. Life cycle budgeting is still a challenge, as operation and maintenance expenditure for capital projects is not holistically included in the budget. Section 13(10)c of the PFMA (as amended) requires the inclusion of a statement of the multi-year expenditure commitments to be made by government in the next financial year. However, the multi-year expenditure commitments

[4] Strengthening Public Investment Management in Uganda, August 2016, MoFPED

[5] Sebudde, Rachel K. Atamanov, Aziz Kasedde, Christine Nyorekwa, Enock Twinoburyo, Mimica Edgardo S. Brettos, Fernando Kasalirwe, Fred (2022).Uganda Economic Update 19th Edition: Fiscal Sustainability through Deeper Reforms to Public Investment Management (English). Washington, D.C.: World Bank Group http://documents.worldbank.org/curated/en/099740006292224288/P1748840237b4900d081160f727a037fbc7

do not provide a clear breakdown of theproject capital and recurrent cost especially operation and maintenance.

Rating: D.

11.4 Investment project monitoring

Project monitoring is integral to GoU's own monitoring and evaluation systems, and frameworks are subject to monitoring by a variety of government monitoring units as well as the sponsoring MDAs. Monitoring takes place through the Annual Budget Performance Reviews conducted by Office of the Prime Minister and sector working groups. Major projects are sometimes physically and financially monitored by the MoFPED Budget Monitoring and Accountability Unit, complementing other government agencies such as the Auditor General, the AGO, the Office of the Prime Minister, and the Inspector General of Government and MDAs. The OAG carries out value-for-money audits and ex post audits for significant capital projects, though these may vary in scope. There are no standard rules and procedures for monitoring all projects. There are annual reports on the progress of all projects.

Rating: C.

Ongoing reforms

A National Public Investment Policy has been developed, which seeks to institutionalize and establish the distinct processes and procedures for public investment management. It defines the roles and responsibilities of the key stakeholders in public investment management and anchors the PIMS frameworks, tools and methodologies for project identification, appraisal, selection, financing, execution, monitoring and ex post evaluation of public and private investments in the legal and institutional frameworks of government. The policy will also provide a robust framework for the management of government assets. The draft policy was presented to a Top Technical Management meeting. The Secretariat was guided to further reassess the problem statement to establish whether it indeed requires a policy, or whether these challenges can be addressed outside the policy.

PI-12 Public asset management

This indicator assesses the management and monitoring of government assets and the transparency of asset disposal. The period for assessment of the three dimensions is FY2020/21.

Scoring box PI-12 Public asset management

Scoring method M2	2022	2016	Explanation
PI-12 Public asset management	**C**	C	There have been mimimal improvements in public asset management, mainly as a result of the formulation of an asset management framework and guidelines (which are awaiting approval). Asset registers have been updated. However, information on monitoring the performance of financial and nonfinancial assets remains scanty.
12.1 Financial asset monitoring	C	C	The government maintains a record of its holdings in major categories of financial assets. A register is maintained, but information on performance is not published.

12.2 Nonfinancial asset monitoring	C	C	The government maintains a register of its holdings of fixed assets and collects partial information on their usage and age. The information is not published.
12.3 Transparency of asset disposal	C	C	Procedures and rules for the transfer or disposal of nonfinancial assets are established. Partial information on transfers and disposals is included in budget documents, financial reports, or other reports.

12.1 Financial asset monitoring

This dimension assesses the nature of financial asset monitoring, which is critical to identifying and effectively managing the key financial exposures and risks to overall fiscal management. GoU financial assets consist of deposits, cheques, loans, accounts receivable, and marketable securities, including bonds, notes, and shares. The financial assets reported in the consolidated financial statements comprise shares in public corporations, securities with the IMF, and shares in other entities. The AGO maintains a register of GoU financial assets. The financial assets are reported in the annual and semi-annual consolidated financial statements for GoU. The assets are valued at cost in the financial statements. It appears that the performance of the financial assets is not monitored and specifically reported on in the financial statements.

GoU does not directly report on the performance of the financial assets, although the recently produced (awaiting approval) GoU Asset Management Framework and Guidelines[6] require accounting officers to record and report on the performance of their assets. It also appears that this area has not been given prominence by the internal audit and external audit.

Rating: C.

12.2 Nonfinancial asset monitoring

This dimension assesses the features of nonfinancial assets monitoring for the budgetary central government. Reporting on nonfinancial assets should identify the assets and their use. GoU nonfinancial assets are categorised as non-produced assets in the consolidated financial statements (Table 22). They include land and cultivated assets. GoU does not produce and publish a document that lists its nonfinancial assets, although the AGO maintains a consolidated asset register that includes both financial and nonfinancial assets. Each budgetary unit has an asset register that lists its assets, giving their date of acquisition and value at cost.

Table 22: Categories of nonfinancial assets

Categories	Subcategories	Where captured	Comments
Fixed assets	Buildings	Expensed in year of purchase	Maintained in assets registers
	Roads and bridges		
	Transport and equipment		
	Machinery and equipment		
	Office equipment		

[6] GoU Asset Management Framework and Guidelines, p. 21

	Furniture and fittings		
Inventories			Balances maintained in stock registers
Non-produced assets	Land	Balance sheet	
	Cultivated assets		
	Other naturally occurring assets		
	Intangible non produced assets	Not recognised	

Source: MoFPED.

Until recently GoU was expensing its assets on acquisition because it was using the cash basis and modified cash basis of accounting. Nonfinancial assets were listed in the consolidated financial statements but as a memoranda attachment. GoU has upgraded its IFMS assets module and will be capturing nonfinancial assets in its books, because it has adopted the modified accrual basis of accounting. The IFMS recently activated an asset module to capture GoU assets. Following the production of the GoU Asset Management Framework and Guidelines, GoU has embarked on an exercise to identify all its assets at all budgetary units. The asset registers as of FY20/21 provide partial information on the identity and usage of the nonfinancial assets.

The AGO consolidates the asset registers of the budgetary units into one GoU asset register, which will form the basis of the nonfinancial assets to be included in the consolidated financial statements. As of FY2020/21 GoU had not started using the consolidated asset register as a basis of the assets reflected in the consolidated financial statements.

The PFMA provides for the regular inspection of GoU assets to determine their condition and usage, but it does not provide for assessment of their performance. Although the recently produced asset management framework and guidelines make provisions for assessing the performance of GoU assets, this has not yet been implemented. Consequently, GoU does not publish information about the performance of its nonfinancial assets.

Rating: C.

12.3 Transparency of asset disposal

This dimension assesses whether the procedures for the transfer and disposal of assets are established through legislation, regulation, or approved procedures. It examines whether information is provided to the legislature or the public on transfers and disposals. Assets disposal in Uganda is provided for under the Public Procurement and Disposal of Public Assets Act 2003 and the associated regulations. The PFMA (S13(10)(viii)) requires inclusion in the annual budget a provision for divestment of government assets. This information is routinely provided as part and parcel of the budget estimates submission to parliament. This provision is amplified in the PFM Regulations, together with Treasury Accounting Instructions. The new Asset Management Framework and Guidelines spell out detailed guidelines for the disposal of assets. Budgetary units prepare budget policy documents (as part of their budget preparation process and are submitted to parliament), which include a section on divestment: the budgetary unit is required to list the assets it intends to dispose of. The consolidated financial statements include information on the assets that have been disposed but do not provide detailed information on which assets were disposed of and the reasons thereof. No specific document is produced in respect of asset disposals.

Rating: C.

Ongoing reforms

GoU has in the past four years made significant improvement in its asset management. It produced an asset management framework and the associated guidelines (albeit awaiting approval). It has commenced the development of an asset management policy in addition to carrying out a countrywide survey to identify and document GoU assets.

PI-13 Debt management

This indicator assesses the management of domestic and foreign debt and guarantees. It seeks to identify whether satisfactory management practices, records, and controls are in place to ensure efficient and effective arrangements. The assessment period for dimension 13.1 is the time of assessment. For dimension 13.2, it is the last completed fiscal year, 2020/21, and for dimension 13.3, the time of assessment, with reference to the last three completed fiscal years.

Scoring box PI-13 Debt management

Scoring method M2	2022	2016	Explanation
PI-13 Debt management	**A**	A	
13.1 Recording and reporting of debt and guarantees	A	A	Data on domestic debt is updated monthly, and external debt and guaranteed debt figures are updated quarterly: these are published in the quarterly Debt Statistical Bulletins.
13.2 Approval of debt and guarantees	A	A	The PFMA section 36(1)–(6) stipulates the respective authority, purpose, and modes of disbursement of the loans. The authority to raise money by loan and to issue guarantees for and on behalf of the government vests solely in the Minister. All debt and guarantees are approved by the legislature on an annual and ad hoc basis.
13.3 Debt management strategy	A	A	MoFPED has a published, five-year Debt Management Strategy, updated each year, which covers existing and projected debt, target ranges for interest rates, refinancing, and foreign currency risks. It also annually reports on adherence to debt management objectives and provides the report to the legislature. The annual plan is consistent with the Debt Management Strategy.

13.1 Recording and reporting of debt and guarantees

In line with section 13(10)(a)(iv) of the PFMA, MoFPED prepares a Medium-Term Debt Management Strategy every year. This is in fulfilment of the requirement for the Minister of Finance to table a plan on public debt and any other financial liabilities when presenting the national budget to Parliament. MoFPED also annually publishes data on public debt, grants, guarantees, and other liabilities which is extensive in coverage covering debt source/ composition of debt, interest rate structure, other terms, debt service, domestic arrears .

The Debt and Cash Policy Department holds public debt reconciliation monthly meetings of the Debt Management Committee with the Bank of Uganda and Treasury to share updates on all aspects of debt, which are complete, accurate, updated, and reconciled. Bank of Uganda is both a custodian of domestic debt data and also tracks external debt flows through its balance of payments as such a critical institution in holistic reconciliation of public debt figures. Monthly reports are produced for domestic debt, and debt figures are also provided in Bank of Uganda statistics. Reports on external debt are produced quarterly as part of the quarterly Statistical Debt Bulletin published online. The bulletin also includes information on domestic debt and a management report. The public is requested to provide feedback on the reports using the DPI@finance.go.ug email.

The Debt Management and Financial Analysis (DMFAS) database is used to process all data, which is subject to comprehensive validation. The results of the validation showed minor issues of a technical nature; this confirmed the validity of data reconciliation. The data within DMFAS is considered up to date, and only minor reconciliation issues have occurred with creditors.

Rating: A.

13.2 Approval of debt and guarantees

Section 36(1)–(6) of the PFMA establishes the Minister responsible for Finance as the only person authorized to borrow or issue new debt or loan guarantees on behalf of GoU. All loans are subject to scrutiny by Parliament and in particular, by the Committee on the National Economy (as provided for the parliamentary rules of procedure) to examine the annual state of indebtedness and management of government debt, including the debt management performance assessment framework. This is set out in Article 159 of the Constitution and re-emphasised in section 36 of the PFMA. The debt strategy includes policies and procedures for contracting any debtor loan guarantee. Annual borrowing must be approved by Parliament.

Rating: A.

13.3 Debt management strategy

Uganda's Debt Management Strategy is published on the MoFPED website. It covers a five-year period and is updated annually. The strategy covers interest rates, refinancing, and foreign currency risks. The Debt Management Strategy is provided to the legislature as part of the annual budget documentation. The current annual plan is consistent with the Debt Management Strategy. During the laying of the Budget estimates, reporting against debt management objectives is included.

Rating: A.

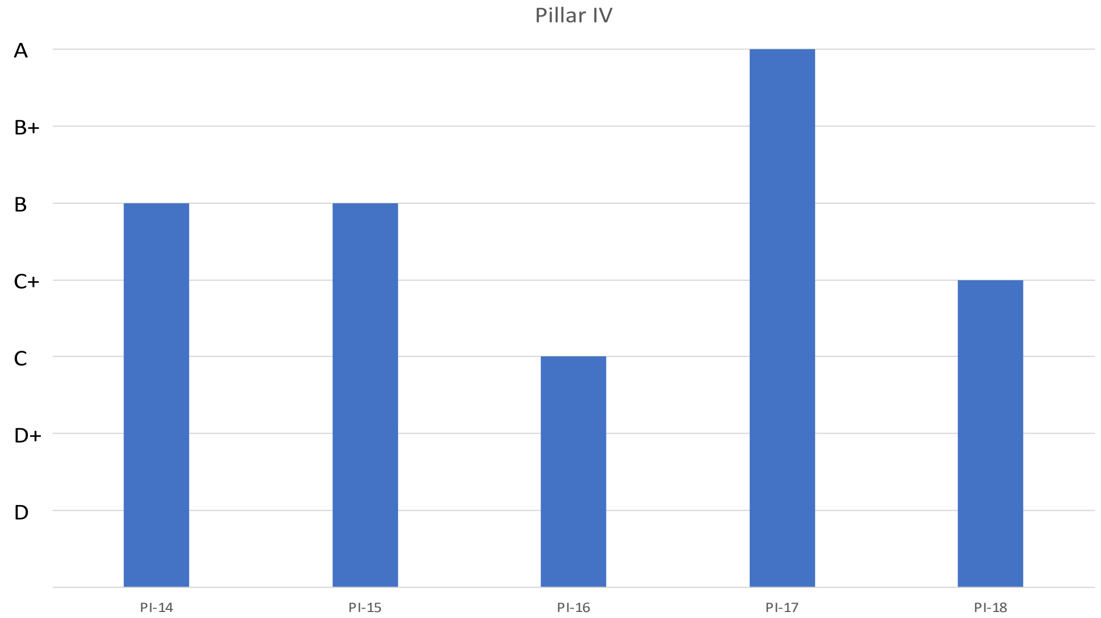
2.4 Pillar IV: Policy-based fiscal strategy and budgeting

This pillar assesses whether the fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.

Pillar IV has five indicators, as shown in Figure 7:

- PI-14. Medium-term budget strategy
- PI-15. Fiscal strategy
- PI-16. Medium-term perspective in expenditure budgeting
- PI-17. Budget preparation process
- PI-18. Legislative scrutiny of budgets.

Figure 7: PEFA ratings for Pillar IV, 2022



The budget preparation process continues to be strong. This applies to most of the indicators in this pillar reflecting the fact that the budget preparation process and the associated documentation are generally of good quality and are available and accessible by the key stakeholders. The fiscal impact of policy proposals is not carried out; this could lead to poor policy choices in future. Similarly strategic plans are not based on budget constraints and the MTEF projections are not checked for accuracy and consistency. These are serious shortcomings that impact negatively on the credibility of the budget and its effectiveness.

PI-14 Macroeconomic and fiscal forecasting

This indicator assesses the extent to which clearly defined economic analysis and established medium-term fiscal strategy set parameters for the budget and drive fiscal outcomes. The assessment period is FY2020/21.

Scoring box PI-14 Macroeconomic and fiscal forecasting

Scoring method M2	2022	2016	Explanation
PI-14 Macroeconomic and fiscal forecasting	**B**	B	
14.1 Macroeconomic forecasts	B	B	Five-year forecasts (budget year plus four outer years) covering key macro indicators are submitted as part of budget documentation and updated annually. However, the assumptions included in the budget only cover a select few indicators of growth and inflation. An independent review of the model and results is only implicitly done as part of IMF engagement.
14.2 Fiscal forecasts	B	B	Medium-term forecasts are done for the main fiscal indicators, e.g., revenue by type, expenditure, budget balance, and underlying assumptions. They form part of the budget documentation sent to the legislature. There is no explanation of deviations between previous years' forecasts and actual fiscal out-turns.
14.3 Macro-fiscal sensitivity analysis	B	C	MoFPED develops macro-fiscal sensitivity analysis providing different alternative scenarios accounting for shocks and other buffer cases. The results of which are published as part of budget documentation and also explicitly as part of the Fiscal Risk Statement. However, these scenarios are not detailed, published, or discussed in budget documents.

14.1 Macroeconomic forecasts

The government has three forecasting models, the Macroeconomic Framework based on the IMF Programming, the GDP Forecasting Model, and the Integrated Macro Econometric Model. Through the Macroeconomic Economic Department, it uses a macroeconomic framework or model to prepare medium-term macroeconomic forecasts with underlying assumptions to inform the fiscal and budgeting/planning processes. While the forecasts in the macro model cover four sectors (real, financial, external and fiscal), the assumptions included in budget documentation are only for GDP growth and inflation rates. GDP forecasts are done quarterly and annually, with revisions of the forecasts in four different months of the year, based on out-turns of the quarter. The macroeconomic five-year forecasts and underlying assumptions are provided in the Budget Framework Paper. The Budget Framework Paper also contains an explanation of the deviation from the Charter of Fiscal Responsibility, which has macroeconomic forecasts. The forecasts are sometimes discussed with the National Planning Authority, the Economic Policy Research Centre, and the Bank of Uganda. The IMF reviews the macro assumptions and model as part of their programme with Uganda. The Parliamentary Budget Office also reviews the forecasts and advises the legislature as per its mandate. Forecasts cover key macro indicators and are submitted as part of budget documentation.

Rating: B.

14.2 Fiscal forecasts

The 2020/21 Budget documents submitted to Parliament include the Medium-Term Fiscal Framework (MTFF) and the MTEF, as required by the PFMA, along with the Charter for Fiscal Responsibility. Medium-term projections by programme are also included. Medium-term forecasts are provided of the main fiscal indicators, including revenue by type, expenditure, budget balance, and underlying assumptions. They form part of the budget documentation sent to the legislature. The Budget Framework Paper provides an explanation of the deviation from the Charter of Fiscal Responsibility in terms of out-turn on selected indicators but does not provide a deviation of forecasts from the Charter of Fiscal Responsibility and previous forecasts.

Rating: B.

14.3 Macro-fiscal sensitivity analysis

MoFPED develops macro-fiscal sensitivity analysis, the results of which are published as part of budget documentation and also explicitly as part of the Fiscal Risk Statement. The Fiscal Risk Statement included in the National Budget Framework Paper summarizes the risks to GoU's fiscal objectives in terms of macroeconomic risks, budget sensitivity, risks related to public debt, and natural disasters. The sensitivity of the key fiscal forecasts to changes in real GDP growth, inflation, and the exchange rate is analysed. However, the scenarios are not detailed, published, or discussed in budget documents. Long-term fiscal sensitivity analysis is provided as part of debt sustainability assessments.

Rating: B.

PI-15 Fiscal strategy

This indicator assesses the capacity to develop and implement a clear fiscal strategy. It also measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals that support the achievement of the government's fiscal goals**.** The assessment for dimension 15.1 is based on the last three completed fiscal years, 2018/19, 2019/20 and 2020/21, and for dimensions 15.2 and 15.3, on the last completed fiscal year, 2020/21.

Scoring box PI-15 Fiscal strategy

Scoring method M2	2022	2016	Explanation
PI-15 Fiscal strategy	**B**	B	
15.1 Fiscal impact of policy proposals	D	D	Some partial impact analysis is done, mainly for tax policy proposals, but there is no evidence of impact analysis of expenditure proposals.
15.2 Fiscal strategy adoption	A	A	The annual fiscal strategy for 2020/21 is consistent with the 2016 Charter of Fiscal Responsibility. It includes performance against the annual targets, previous out-turns, and annotated five-year forecasts.
15.3 Reporting on fiscal outcomes	A	A	The semi-annual and annual reports on economic and fiscal performance have a detailed explanation of deviations from fiscal targets, along with strategies for debt sustainability.

15.1 Fiscal impact of policy proposals

The Budget Speech and the Budget Framework Paper identify key revenue and expenditure proposals. However, a holistic assessment of impact of the budget proposals is not done and was not done for FY2020/21. An assessment of the fiscal impact of some new policy revenue proposals and salaries is carried out as part of the Budget Speech and in the Budget Framework Paper. However, there is no evidence that this is done systematically for all policy proposals, despite the requirement that all policy proposals be accompanied by a certificate of financial implication before approval by Cabinet.

Rating: D.

15.2 Fiscal strategy adoption

Guided by section 5 of the PFMA, GoU published a Charter for Fiscal Responsibility for the period FY2021/22 to FY2025/26. The annual fiscal strategy for FY2020/21 was produced in line with the Charter of Fiscal Responsibility July 2016, which sets out medium-term fiscal objectives and targets. Both Charters of Fiscal Responsibility were approved by Parliament and are published on the MoFPED website. The annual strategy embedded in budget documentation includes both quantitative and qualitative targets, each with fiscal out-turns and forecasts for five years.

Rating: A.

15.3 Reporting on fiscal outcomes

As indicated in PI-9, GoU provides regular in-year and annual reporting of fiscal outcomes (both semi-annually and annually), consistent with the requirement of the PFMA. Budget performance reports are presented to Parliament and published on the MoFPED websites. They include the Annual Budget Performance report, the Annual Macroeconomic and Fiscal Performance Report, sector annual monitoring reports, the annual Debt Statistical Bulletin, and public debt portfolio analysis, with an analysis of progress against fiscal targets and explanations of deviations with potential remedial actions. Both the semi-annual and annual Macroeconomic and Fiscal Performance Reports demonstrate compliance with the Charter of Fiscal Responsibility. Key elements are included in the Budget Speech.

Rating: A.

PI-16 Medium-term perspective in expenditure

This indicator examines the extent to which expenditure budgets are developed for the medium term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. Assessment is based on, for dimensions 16.1, 16.2 and 16.3, the last budget submitted to the legislature, FY2020/21. For dimension 16.4, it is based on the last budget submitted to the legislature, FY2020/21, and the current budget for FY2021/22.

Scoring box PI-16 Medium-term perspective in expenditure budgeting

Scoring method M2	2022	2016	Explanation
PI-16 Medium-term perspective in expenditure budgeting	**C**	D+	
16.1 Medium-term expenditure estimates	A	A	The budget presents the MTEF, which includes expenditure for five financial years, allocated by administrative, economic and functional classification
16.2 Medium-term expenditure ceilings	C	D	Ceilings are only provided in the second budget call circular.

16.3 Alignment of strategic plans and medium-term budgets	D	D	Strategic plans are not based on budget constraints, and therefore there is little alignment with budgets.
16.4 Consistency of budgets with previous year estimates	D	D	There is no requirement to compare the second year of the previous MTEF with the current budget; consequently, this is never carried out comprehensively.

16.1 Medium-term expenditure estimates

As indicated in PI-4, budget expenditure is allocated according to administrative, economic, and functional classification and is presented in the MTEF. The main budget documentation (Background to the Budget, the Budget Speech, and Approved Estimates of Revenue and Expenditure) includes the MTEF, which provides the out-turn of the recently completed year, current year figures, and outer year figures for four years. It also broken down by recurrent and capital expenditure.

Rating: A.

16.2 Medium-term expenditure ceilings

The medium-term budget ceilings are contained in the budget call circular to MDAs. Two budget call circulars (BCC) are issued in a fiscal year. The first BCC provides preliminary budget estimates for the preparation of the National Budget Framework Paper in line with PFM Act. It also stipulates the budget calander as well as the budget strategy. The MDAs are provided with accurate total expenditure ceilings only after the second budget call circular that is issued to guide the revision of the budget framework paper and finalisation of the detailed budget estimates.

Rating: C.

16.3 Alignment of strategic plans and medium-term budgets

The National Planning Authority is required under section 13(7) of the PFMA to issue an annual certificate of compliance for the budget of the previous financial year to accompany the budget for the next financial year. In particular, section 13(6) requires the Budget Framework Paper and the budget to be aligned with the NDPs. Section 13(6) of the PFMA requires the budget to be consistent with the NDP, the Charter of Fiscal Responsibility, and the Budget Framework Paper. To implement section 13(6), section 13(7) of the PFMA requires a certificate of compliance to be issued by the National Planning Authority. The overall purpose of the certificate of compliance is to institutionalize alignment of the annual budgets with the national planning frameworks. The National Planning Authority's assessment of compliance of the 2020/21 Budget revealed unsatisfactory compliance, particularly at macroeconomic, programme, and local government level. Both MDAs and strategic direction compliance are assessed as moderately satisfactory. The strategies currently in place are not constrained by the MTEF, and hence are unconstrained wish lists.

Rating: D.

16.4 Consistency of budgets with previous year estimates

Although medium-term forecasts exist, in reality, the outer years are hardly complied with, and no explanation is given for changes from the previous MTEFs. The medium-term projections are not compared to the previous year's estimates. No explanations are provided for any changes or variances in expenditure estimates between financial years. Challenges remain in the medium-term budget projections in part because of resource constraints, and as reported by some stakeholders, political pressure.

Rating: D.

PI-17 Budget preparation process

This indicator measures the effectiveness of participation by relevant stakeholders in the budget preparation process, including the political leadership, and whether that participation is orderly and timely. For dimension 17.1 and 17.2, the assessment is based on the last budget submitted to the legislature, 2020/21. For dimension 17.3, it is based on the last three completed fiscal years, 2018/19, 2019/20 and 2020/21.

Scoring box PI-17 Budget preparation process

Scoring method M2	2022	2016	Explanation
PI-17 Budget preparation process	**A**	A	
17.1 Budget calendar	A	A	The second budget call circular presents accurate ceilings for both current and investment; it allows six weeks for the completion of estimates and is generally adhered to.
17.2 Guidance on budget preparation	A	A	The budget calendar for the 2020/21 budget process outlined ceilings to budget units, which were already approved by the legislature, for both Budget Call Circulars 1 and 2.
17.3 Budget submission to the legislature	A	A	The executive submitted the budget to the legislature at least two months before the start of the financial year in each of the last three years.

17.1 Budget calendar

A well-planned, well-executed budgeting process is vital for ensuring that the budget – as a policy statement that applies relative spending levels for a variety of programmes and activities (PI-16) – reflects the intended fiscal and sector policies of the government. The PFMA sets clear timelines for the major milestones in the budget calendar, as indicated in Error! Reference source not found.

. In line with section 11(b) of PFMA, two budget call circulars are issued. The first BCC provides preliminary budget estimates for the preparation of the National Budget Framework Paper in line with PFM Act. It also stipulates the budget calander as well as the budget strategy. The MDAs are provided with accurate total expenditure ceilings (both current and investment) only after the second budget call circular that is issued to guide the revision of the budget framework paper and finalisation of the detailed budget estimates**.** However, the second BCC still allows six weeks for the completion of estimates and these are generally adhered to. Overall, the budget calendar stipulated in the law is generally adhered to.

Rating: A.

Table 23: Key dates in 2020/21 budget calendar

Key step in budget process	Date per circular	Actual date
Provision of macro framework and resource envelope for the next financial year	August	The first budget call circular for 2020/21 was issued in September 2019, indicating the preliminary resource envelope, sector ceilings, local government indicative planning figures, and medium-term fiscal forecasts.
First budget call circular	August	The first budget call circular for 2020/21 was issued in September 2019 and allows MDAs more than six weeks to budget estimates presented in the national budget framework paper. The BCC allows at least six weeks from receipt of the budget circular.
Budget Strategy Paper	August	Uploaded on the website in September 2019, www.budget.go.ug and www.finance.go.ug
Budget consultations	August/September	National budget consultation: 12 September 2019 Local government consultations from 16 September 2019
Sector working group consultations	September–December	Preparation of sector budget framework papers and consolidation of draft National Budget Framework Paper was undertaken in quarter two of FY2019/20
Submission of sector budget framework papers of preceding financial year to MoFPED	By 15 November	27 November 2019. This is more than six weeks from the receipt of the Budget call circular on the 13th of September 2019.
Submission of the national Budget Framework Paper to Parliament	By 31 December	20 December 2019
Second budget call circular	January	Submitted on 14 February 2020
Inter-ministerial consultations	February	December 2019
Ministerial policy statements	15 March, as per section 13(13) of PFMA	Final Ministerial Statements to Parliament, 12 March 2020
Presentation of the annual budget and tax bills to Parliament	By 1 April	31 March 2020
Committees scrutinize the proposed annual budget	April -May	April 2020, as evidenced by the Parliamentary Budget Committee Report
Approval of Appropriation Bill	May	First paragraph of the Budget Execution Circular
Approval of the annual budget	By 31 May	In line with second budget call circular, approved by May 2020, following the third reading of the Appropriation Bill for FY2020/21 in April 2020
Presentation of the Budget Speech	By 15 June	11 June 2020
Issue the Budget Execution Circular	June	Budget Circulars FY2020/21 in June

Source: MoFPED

17.2 Guidance on budget preparation

The first budget call circular, issued on 13 September 2019, provided indicative guidance for the preparation of the budget for FY2020/21. It outlined the budget calendar, challenges faced in the previous year, and strategic and policy guidelines for the preparation of the budget, as well as budget strategy and strategic interventions**.** The second budget call circular outlined ceilings to budget units that had already been approved by the legislature in the National Budget Framework paper; it also reiterated the budget strategy and communicated the final resource envelopes available.

Rating: A.

17.3 Budget submission to the legislature

The dates for approval of the budget for the last three fiscal years are set out in Table 24. Under the PFMA, the National Budget Framework Papers have to be submitted by the first of April of each year (**Error! Reference source not found.**). This was adhered to, and the executive thereby fulfilled the elements of submitting the budget to the legislature at least two months before the start of the financial year in each of the last three years. The budget estimates are submitted to Parliament before the Budget Speech is read. All EAC countries present their Budget Speeches to Parliament on the same day and before 15 June every year.

Rating: A.

Table 24: Dates of submission and approval of the budget

	Budget estimates submitted to Parliament	Budget Speech and House of Representatives Approval	Appropriation Law Gazette
2018/19	21 April 2018	14 June 2018	21 June 2018
2019/20	21 April 2019	13 June 2019	30 June 2019
2020/21	9 April 2020	11 June 2020	27 June 2020

PI-18 Legislative scrutiny of budgets

This indicator assesses the nature and extent of legislative scrutiny of the annual budget. It considers the extent to which the legislature scrutinizes, debates, and approves the annual budget, including the extent to which the procedures for scrutiny are well established and respected and the existence of rules for in-year amendments to the budget without ex ante approval by the legislature.

The purpose of the Appropriation Bill is to approve expenditure from the Consolidated Fund. The assessment is based on, for dimensions 18.1, 18.2 and 18.4, the last completed fiscal year, 2020/21. For dimension 18.3, it is based on the budgets of the last three completed fiscal years, 2018/19, 2019/20 and 2020/21.

Scoring box PI-18 Legislative scrutiny of budgets

Scoring method M1	2022	2016	Explanation
PI-18 Legislative scrutiny of budgets	**C+**	D+	

18.1 Scope of budget scrutiny	A	A	The legislature's review covers fiscal policies, the MTFF, medium-term priorities, aggregates for the coming year, and details of expenditure and revenue.
18.2 Legislative procedures for budget scrutiny	A	A	The legislature approves its procedures to review budget proposals in advance of budget hearings; these are respected. Consultation with the public contributes to this score.
18.3 Timing of budget approval	A	D	The legislature approved the annual budget before the start of the year in each of the last three fiscal years.
18.4 Rules for budget adjustments by the executive	C	C	Clear rules exist, which may be adhered to in some instances OR they may allow administrative reallocation and even total expansion of expenditure.

18.1 Scope of budget scrutiny

The legislature scrutinizes the aggregate and detailed budget estimates for both revenues and expenditures. The details of expenditure, revenue, fiscal policies, and the wider MTFF and medium-term priorities are included in the budget documentation for FY2020/21. The Budget Committee considered the National Budget Framework Paper, which has to be approved by Parliament in accordance with section 9(8) of the PFMA. This scrutiny was informed by various sectoral committees, in accordance with the Parliamentary Rules of Procedure.

Rating: A.

18.2 Legislative procedures for budget scrutiny

The approved Parliamentary Rules of Procedure (both section 145, 2021 and 2016) provide for the scrutiny of the budget by the legislature. The approved rules then provide for basis for consideration of the Appropriation Bill and the supplementary budgets by the Budget Committee, supported by Sectoral Committees. The Budget Committee has to scrutinize the Budget Framework Paper and the reports under section 145(2) of the Rules and present a report to the House for approval by the first day of February of each year.

The budget process is also subject to multistakeholder technical oversight and consultations. The budget calendar provides for a platform of consultation with the public, including large national workshops and sub national where technical consultations conducted allowing for collation of public opinion. Civil society groups (mainly CSBAG and the Non-Governmental Organization Forum) are included in these, although evidence during the PEFA team's review suggested that not all civil society groups who had an interest in attending those workshops were able to gain access. There also appears to be scope for improving feedback from public and civil society consultations, which would enhance public involvement.

Rating: A.

18.3 Timing of budget approval

The dates for the approval of the budget in each of the assessed years are shown in **Error! Reference source not found.**.

Table 25: Timing of budget approval

Budget for FY	Name of the Bill	First reading	Second reading	Third reading
2020/21	Appropriation Bill 2020	30/03/2020	24/04/2020	24/04/2020
2019/20	Appropriation Bill 2019	28/03/2019	25/05/2019	06/06/2019
2018/19	Appropriation Bill 2018	29/03/2018	01/06/2018	01/06/2018

In the last three years, the legislature approved the budget before the start of the fiscal year. In two of the last three years, it approved the annual budget within one month of the start of the financial year. However, the second and third readings of the Appropriation Bill 2018 were compressed into a single day, on 1 May.

Rating: A.

18.4 Rules for budget adjustments by the Executive

The current Rules of the Parliament of Uganda are provided for under Article 94(1) of the Constitution and were adopted on 14 May 2021. All procedures for the scrutiny of the budget are set in Article 155 of the Constitution. The assessment is based on the 2016 Parliamentary Rules of Procedure.

Article 156 of the 1995 Constitution is the primary basis for supplementary appropriation. Clause (2) of Article 156 provides that:

> (2) If in respect of any financial year it is found - a) That the amount appropriated for any purpose under the Appropriation Act is insufficient or that a need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act; or b) That any monies have been expended for any purpose in excess of the amount appropriated for that purpose or for a purpose for which no amount has been appropriated by that Act, a supplementary estimate showing the sums required or spent shall be laid down before Parliament and in the case of excess expenditure, within four months after the money is spent.

Sections 20, 22 and 25 in Part III of the PFMA set out the rules for budget adjustments by the executive in terms of the reallocation of funds from a vote, virements, and supplementary budgets. The 2015 PFM (Amendment) Act tightened the rules, reducing the total amount by which a minister can authorize supplementary estimates over and above what is already approved by Parliament (from 10% for virements and 3% for the supplementary budget). The supplementary budget may not exceed 3% of the budget without parliamentary approval. The Public Finance Management Regulations 2016 further operationalized section 25 of the PFMA (as amended) by providing the procedure and responsibility centre of approval of supplementary expenditure below 3% of the total approved budget. Regulation 18(5) provides that:

> (5) Parliament may approve a supplementary appropriation or the Minister may approve a supplementary budget, as the case may be, where the supplementary expenditure is unabsorbable, unavoidable and unforeseeable.

However, the said provisions are over and above the contingency fund provisions. The procedures of Parliament provide for consideration of supplementary estimates where the Minister responsible for Finance shall, in accordance with Article 156(2) of the Constitution and section 25 of the PFMA, present before Parliament supplementary estimates on behalf of the president. Feedback from the Parliamentary Budget Committee indicates that MoFPED is taking advantage of the astronomical increase in the annual budget ceiling, which has provided more fiscal space for supplementary expenditure under the 3% window provided by the legal regime. The supplementary budget was 5%, 8% and 10.6% in 2018/19, 2019/20 and 2020/21 respectively.

Rating: C.

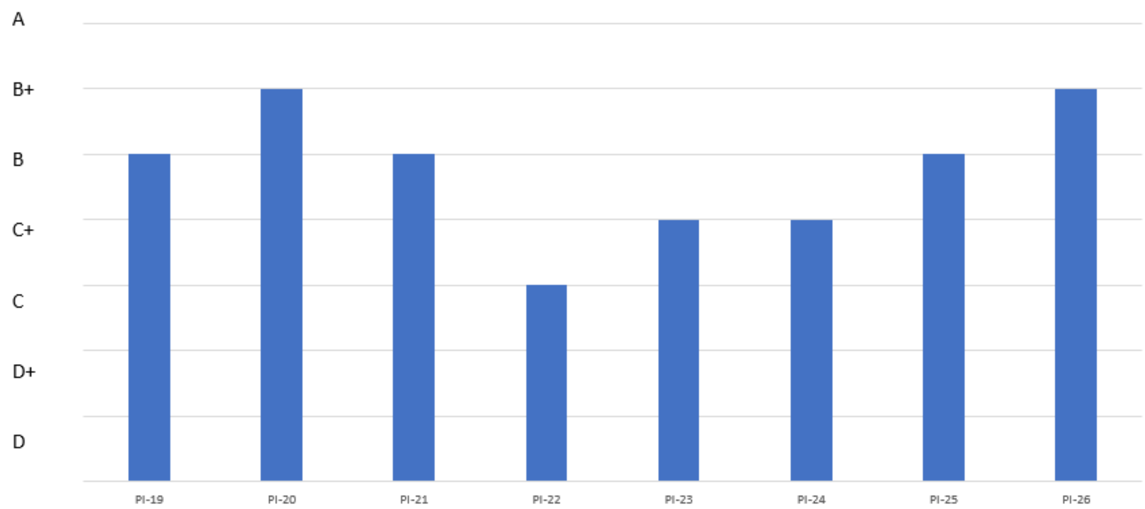
2.5 Pillar V: Predictability and control in budget execution

Pillar V assesses whether the budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.

The pillar has seven indicators, as shown in Figure 8:

- PI-19. Revenue administration
- PI-20. Accounting for revenue
- PI-21. Predictability of in-year resource allocation
- PI-22. Expenditure arrears
- PI-23. Payroll controls
- PI-24. Procurement management
- PI-25. Internal controls on non-salary expenditure
- PI-26. Internal audit

Figure 8: PEFA ratings for Pillar V, 2022



Budget execution remains weak. Internal audit and accounting for revenue have continued to improve. In-year resource allocations is performing generally well except for adjustments to budget allocations that are partly caused by poor revenue collections or projections. Expenditure arrears are still problematic because of poor projections and inadequate enforcement of PFM laws and regulations. Internal controls, payroll controls, procurement monitoring, and procurement management are holding steady but there is room for improvement. Accounting for revenue is performing well given the progress made in the collection and recording of revenues resulting from the opportunities offered by improved IFMS performance.

PI-19 Revenue administration

This indicator assesses the procedures used to collect and monitor central government revenues. It relates to the entities that administer central government revenues, which may include tax administration, customs administration, and the administration of social security contributions. It also covers agencies administering revenues from other significant sources, such as natural resources extraction. These may include public enterprises that operate as regulators and holding companies for government interests. The periods of assessment for 19.1 and 19.2 are at the time of assessment, and for 19.3 and 19.4 the last completed financial year, 2020/21.

Scoring box PI-19 Revenue administration

Scoring method M2	2022	2016	Explanation
PI-19 Revenue administration	**B**	B	There has been some improvement in risk management, but improvement is required in audit and investigations. The large number and values of aged arrears need urgent attention.
19.1 Rights and obligations for revenue measures (time of assessment)	A	A	Entities collecting most revenues use multiple channels to provide payers with easy access to comprehensive and up-to-date information on the main revenue obligation areas and on rights, including, as a minimum, redress processes and procedures.
19.2 Revenue risk management (time of assessment)	B	C	Entities collecting the majority of revenues use a structured and systematic approach for assessing and prioritizing compliance risks for some categories of revenue and, as a minimum, for their large revenue payers.
19.3 Revenue audit and investigations (2021)	C	C	Entities collecting the majority of government revenue undertake audits and fraud investigations using a compliance improvement plan and complete the majority of planned audits and investigations.
19.4 Revenue arrears monitoring (2021)	C	B	The stock of revenue arrears at the end of the last completed fiscal year is below 40% of the total revenue collection for the year and the revenue arrears older than 12 months are less than 75% of total revenue arrears for the year.

19.1 Rights and obligations for revenue measures

This dimension assesses the extent to which individuals and enterprises have access to information about their rights and obligations, and also to administrative procedures and processes that allow redress, such as a fair and independent body outside of the general legal system (ideally a 'tax court') that can consider appeals.

The laws relating to revenues are available on the URA website (www.ura.go.ug). The main laws are the Income Tax/Inland Revenue Act 2015, the Value-Added Tax Statute, EAC and Customs Management. Laws pertaining to the National Social Security Fund are shared on the Fund's website.

URA shares information with the taxpayers (on the various taxes) through its website (www.ura.go.ug) and summarised in brochures which are handed out during tax education campaigns and stakeholder management. The various budget units that collect taxes and non-tax revenue also provide information on the revenue they collect on their websites. Furthermore, the taxpayers are provided information on redress processes and procedures which includes, private rulings, appeals and objections, and adjudication. Taxpayers are informed about the existence of the Tax Appeals Tribunal to handle their tax complaints. The tribunal provides information through its website (www.tat.go.ug) on its services and the redress it offers to tax payers that have disputes with URA.

Taxpayers are provided with up-to-date information which is frequently updated and regularly shared with the taxpayers and also shared on URA portal. Other avenues of dissemination include:

- Pre-budget and post budget engagements.
- Targeted audiences, Kampala City Traders Association, Uganda Manufacturers' Association
- Updated website.
- Print media
- Newspaper articles
- Webinars
- Radio/TV talk shows
- Door to door sensitization drives
- Social media

The net annual revenue collections by URA for FY 21/22 was UGX 21658 billion against a target of UGX 22,363 billion – a performance of 96.8%.
Rating: A.

19.2 Revenue risk management

This dimension assesses the extent to which a comprehensive, structured and systematic approach is used within the revenue entities for assessing and prioritizing compliance risks.

URA uses the Tax Administration Diagnostic Assessment Tool and its methodologies to assess and prioritize compliance risks. Compliance risk assessment and management are structured to handle the identification, assessment, ranking, and quantification of risks; mitigation of risks through compliance improvement plans; and monitoring and evaluation of compliance risk mitigation activities. The compliance risk assessments cover all tax heads: for domestic taxes it covers lage taxpayers and medium tax payers; and for customs it targets individual taxpayers.

URA has a weak taxpayer registration database, although steps are being taken to improve the database including identifying unregistered businesses and individuals. URA has developed and implemented a comprehensive compliance risk management system. The system is used for identification, assessment and quantification of compliance risks using a wide range of both internal and external data. The compliance risks cover all tax heads; taxpayer segments; and the four main compliance obligations: registration in tax systems; filing of tax registration; payment of taxes on time; and complete and accurate reporting of information in declarations. Additionally, URA has a compliance improvement plan which has been implemented since 2017. The plan is regularly reviewed and updated. Lastly, URA has put in place compliance mitigation strategies which are implemented, monitored and evaluated regularly by the Management Executive Committee.
Rating: B.

19.3 Revenue audit and investigations

This dimension assesses whether sufficient controls are in place to deter evasion and ensure that instances of non-compliance are revealed. URA has a tax audit programme and carries out several audits which include compliance audits; return examinations; refund audits; and compliance visits. It uses compliance audits visits and desk audits to expand the audit coverage and uses both direct and indirect audit methods. An annual audit and investigation plan is produced at the beginning of each financial year against which performance in measured.

As mentioned in 19.2 above, URA has developed and implemented a comprehensive compliance improvement plan, which it uses to verify the declarations made by the taxpayers. It undertakes large-scale automated crosschecking of data reported in tax returns with information from internal and external sources. This exercise is limited by the technological abilities within URA to screen large numbers of taxpayer records to detect discrepancies. URA is currently linking up its various sources of tax information in order to strengthen its audit and investigations systems.

Table 26: Shared Compliance Improvement Plan cases, per initiative, 2020/21

Compliance initiative	Planned	Actual	Completion (%)
Compliance advisory	8,794	6,413	73%
Comprehensive audit	369	167	45%
Issue audit	957	581	61%
Register maintenance	14,308	10,182	71%
Total	24,428	18,314	75%

Source: URA

Table 27: Advisories, per segment, 2020/21

Segmentation	Compliance advisory: Planned	Compliance advisory: Actual	Completion (%)
Large Taxpayers' Office	381	183	48%
Medium Taxpayers' Office	480	287	60%
Petroleum and Mining	23	22	96%
Public Sector Office	189	189	100%
Rental	1,071	479	45%
Small Taxpayers' Office	6,650	5,253	79%
Total	8,794	6,413	73%

Source: URA

Table 28: Segmentation in issue audits, 2020/21

Segmentation	Issue audit planned	Issue audits actual	Completion (%)
Large Taxpayers' Office	96	71	74%
Medium Taxpayers' Office	84	84	100%
Petroleum and mining	9	10	111%
Public Sector Office	18	11	61%
Small Taxpayers' Office	750	405	54%
Total	957	581	61%

Source: URA

URA has status reports on progress in the implementation of planned risk mitigation activities and audit and fraud investigations. Copies have been shared with the assessment team.

Rating: C.

19.4 Revenue arrears monitoring

This dimension assesses the extent of proper management of arrears within the revenue entities by focusing on the level and age of revenue arrears. URA monitors revenue arrears and has put in place a system to track their origin, value, causes and ages. The review of the arrears is carried out regularly.

The stock of tax arrears at URA has grown significantly over the years. This is mostly due to the limited focus on the filing of tax returns and the large number of estimated assessments that have been made. Additionally, the E-tax system automatically generates penalties and interest on penalties that are not clearly communicated to the taxpayers. As a result taxpayers are often not aware of their liability..The cumulative interest has compounded the outstanding debts. However, there is an improvement as the new ledger system has begun informing tax payers of their outstanding liability. Most of the tax arrears relate to old debt. The total arrears stock as at 30 June 2022 was UGX 4,682.89 billion against net revenue collections of UGX 21,658.01 which is 21.6%.

Rating: C.

Table 29: Tax arrears status by major tax types

Tax head	July 2021 – June 2022	July 2020 – June 2021
GPBT	79,262,563,475	32,564,134,577
Income tax	1,977,293,312,227	1,437,988,414,010
LED	140,005,054,658	177,102,897,658
PAYE	383,300,595,776	736,261,225,814
Rental income tax	96,391,410,878	98,797,412,031
Stamp duty	10,117,779,536	10,187,674,536
Value-added tax	1,478,906,103,039	1,465,300,348,928
Value-added tax on imported services	1,267,643,523	-
WHT	355,244,441,983	269,920,154,709
Total	4,521,788,905,095	4,228,122,262,262

Source: URA

Table 30: Tax arrears by age, 2020/21

Tax head	Above 12	Below 12	Total
GPBT	12,005,178,697	20,558,955,880	32,564,134,577
Income tax	984,879,749,438	453,108,664,572	1,437,988,414,010
LED	147,749,720,368	29,353,177,290	177,102,897,658
PAYE	209,182,953,442	527,078,272,372	736,261,225,814
Rental income tax	17,124,707,568	81,672,704,463	98,797,412,031
Stamp duty	10,072,085,849	115,588,687	10,187,674,536
Value-added tax	886,098,541,880	579,201,807,048	1,465,300,348,928
WHT	180,828,552,633	89,091,602,076	269,920,154,709

Total	**2,447,941,489,875**	**1,780,180,772,387**	**4,228,122,262,262**

Ongoing reforms

GoU has embarked on a Domestic Revenue Mobilisation Strategy, which aims to increase transparency in revenue policy formulation. It is intended to streamline, enhance, and deepen revenue policy and legislation as well as revenue administration. It aims to promote a whole of Government approach to increase revenue mobilisation. GoU revenue collections are well below expectations at about 12% of GDP, which is also much lower than that of Uganda's neighbours. The Domestic Revenue Mobilisation Strategy was launched in February 2020 and will be implemented over a five-year period. It is too early to gauge its success, but GOU is banking on it to revamp and uplift its revenue sector. The strategy is spearheaded by MoFPED and URA.

PI-20 Accounting for revenue

This indicator assesses procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling tax revenue accounts. It covers both tax and nontax revenues collected by the central government. The assessment period for the three dimensions is time of assessment.

Most revenues for central government have now been assigned for collection by URA, including taxes and non-tax revenue. For these, URA collects and identifies the source, then remits to the consolidated fund. Taxes are also collected by URA and forwarded to the consolidated fund at the Bank of Uganda. Funds from development partners are not classified as revenue and is treated differently.

Scoring box PI-20 Accounting for revenue

Scoring method M1	2022	2016	Explanation
PI-20 Accounting for revenue	**B+**	D+	There have been significant improvements following the centralization of most revenue collections at URA. Information on revenue collections is now readily available since the aggregation and centralization of revenue collections.
20.1 Information on revenue collections	B	D	A central agency obtains revenue data at least monthly from entities collecting most central government revenue. This information is broken down by revenue type and is consolidated into a report.
20.2 Transfer of revenue collections	B	B	Entities collecting most central government revenue transfer the collections to the Treasury and other designated agencies at least weekly.
20.3 Revenue accounts reconciliation	A	A	Entities collecting most central government revenue undertake complete reconciliation of assessments, collections, arrears, and transfers to Treasury and other designated agencies at least quarterly within four weeks of the end of quarter.

20.1 Information on revenue collections

This dimension assesses the extent to which a central ministry, i.e., MoFPED or a body with similar responsibilities, coordinates revenue administration activities and collects, accounts for, and reports timely information on collected revenue. Tax revenues are collected by URA. Almost all non-tax revenue is now collected through URA as well. URA reports the source of taxes and non-tax revenue and thereafter both tax and non-tax revenue are remitted to the Consolidated Fund held at Bank of Uganda.

URA shares the revenue collections report with MoFPED on a monthly and annual basis. URA availed samples of the two reports to the assessment team. The revenue collection reports contain details of collections per tax head. For NTR, the reports show details per MDA (source).

Rating: B.

20.2 Transfer of revenue collections

This dimension assesses the promptness of transfers to the Treasury or other designated agencies of revenue collected. The funds collected by URA are remitted to the Consolidated Fund at the Bank of Uganda daily. However, collections by commercial banks on behalf of URA are made after every two days. URA has shared evidence of the remittances with the assessment team.

Rating: B.

20.3 Revenue accounts reconciliation

This dimension assesses the extent to which aggregate amounts related to assessments/charges, collections, arrears, and transfers to (and receipts by) the Treasury or designated other agencies take place regularly and are reconciled in a timely manner. Reconciliations are done on a daily basis and transfers from commercial banks to Bank of Uganda is under the arrangement of T+2 which means that these transfers are made after every two days i.e., from commercial banks to the Bank of Uganda. Generally revenue collection reconciliations are done by MOFPED on a monthly basis but they can also be carried out anytime if required. Recent streamilining of revenue collections and reporting systems have eased the reconciliations. The consultants were availed a copy of a reconciled revenue report.

Rating: A.

PI-21 Predictability of in-year resource allocation

This indicator assesses the extent to which MoFPED is able to forecast cash commitments and requirements and to provide reliable information on the availability of funds to budgetary units for service delivery. The assessment period for 21.1 is at the time of assessment; for 21.2, 21.3 and 21.4, the period is 2021.

Scoring box PI-21 Predictability of in-year resource allocation

Scoring method M2	2022	2016	Explanation
PI-21 Predictability of in-year resource allocation	**B**	B	MoFPED's efforts to make in-year resource allocations reliable are hampered by the unpredictability of the availability of funds, which result in frequent adjustments.
21.1 Consolidation of cash balances	A	A	Cash balances still consolidated on a daily basis.

21.2 Cash forecasting and monitoring	B	B	Cash forecast prepared for fiscal year and updated quarterly
21.3 Information on commitment ceilings	B	B	Budgetary units are provided reliable information on commitment ceilings at least quarterly in advance.
21.4 Significance of in-year budget adjustments	C	C	Significant in-year budget adjustments to budget allocations are frequent and only partially transparent

21.1 Consolidation of cash balances

This dimension assesses the extent to which MoFPED, or a similar entity, can identify and consolidate cash balances as a basis for informing the release of funds. The consolidation is done on a daily basis.

The Treasury Single Account is maintained at the Bank of Uganda and is managed by the AGO. The individual treasury accounts maintained by the different votes have now been consolidated into a single account. More votes are being brought into the Treasury Single Account ambit, which has considerably strengthened its operation and effectiveness. All central government votes are already on the TSA.

Rating: A.

21.2 Cash forecasting and monitoring

This dimension assesses the extent to which budgetary unit commitments and cash flows are forecast and monitored by MoFPED. Effective cash flow planning, monitoring, and management by the Treasury facilitates the predictability of the availability of funds for budgetary units. Cash forecasting is done at the beginning of the fiscal year and is communicated to all the central government votes. There is a cashflow management committee that is headed by the Directorate of Economic Affairs and has membership of the Directorate of Budget, the AGO and the Directorate of Debt and Cash Management. The cash forecast is updated on a quarterly basis.

Rating: B.

21.3 Information on commitment ceilings

This dimension assesses the reliability of in-year information available to budgetary units on ceilings for expenditure commitment for specific periods. Predictability for budgetary units as to the availability of funds for commitment is necessary to facilitate planning of activities and procurement of inputs for effective service delivery and to avoid disruption of the implementation of these plans once they are under way. The central government budgetary units are availed information on commitment ceilings at least quarterly in advance by MoFPED. The information given is quite reliable.

Rating: B.

21.4 Significance of in year budget adjustments

This dimension assesses the frequency and transparency of adjustments to budget allocations. At the beginning of the fiscal year, MoFPED issues amounts to be allocated to the budget units and specifies these in the Budget Execution Circular. However, frequent adjustments are made to the in-year budget releases, as indicated in the quarterly reports. This is mainly attributed to shortfalls in revenue collections and external funding. Cuts are made to the actual allocations as a result. The transfers are partly transparent in that they are disclosed in the quarterly budget expenditure reports after the transfers have been made. The variance in expenditure for the three financial years was less than 15% as specified in PI-2 above.

Rating: C.

PI-22 Expenditure arrears

This indicator measures the extent to which there is a stock of arrears, and the extent to which the systemic problem is being brought under control and addressed. The assessment period for dimension 22.1 is the last three completed fiscal years (i.e., 2019, 2020 and 2021). Dimension 22.2 is rated at the time of assessment.

GoU has been trying to bring its domestic arrears under control because they have been growing over the years**.** A few years back a verification exercise was carried out by a consulting firm, and it was hoped that the growth of the arrears would be stemmed. In 2021 a domestic arrears strategy was produced. It is currently being implemented and it is hoped that it will bring the arrears under control. The strategy comprises efforts to: (i) create a reliable database of arrears; (ii) establish a payment plan; (iii) establish an oversight team; (iv) enforce accountability; (v) ensure budget realism; (vi) improve financial system control; and (vii) improve organizational budget planning. Additionally, the IFMS now has a provision of a facility to register any domestic arrears if they arise so that these are part of the financials and also form the basis for future budgeting and settlement for the same.

Scoring box PI-22 Expenditure arrears

Scoring method M1	2022	2016	Explanation
PI-22 Expenditure arrears	**C**	D+	There has been some improvement in bringing the expenditure arrears under control through efforts to clear the existing stock of arears and to monitor and manage creation of new ones.
22.1 Stock of expenditure arrears (2019, 2020, 2021)	C	D	The stock of expenditure arrears is no more than 10% of total expenditure in at least two of the last three completed fiscal years.
22.2 Expenditure arrears monitoring (time of assessment)	C	C	Data on the stock and composition of expenditure arrears is generated annually at the end of each fiscal year.

1. Final DPI Programme Annual Performance Report FY2020/21

22.1 Stock of expenditure arrears

This dimension assesses the extent to which there is a stock of arrears. The arrears are still a challenge, as shown in **Error! Reference source not found.**. They stem from several factors, including inadequate budgeting, weak commitment controls, a shortage of funds, spending outside the IFMS, and underbudgeting.[7] GoU expenditure arrears were FY 2018/19 UGX 3.34 trillion; FY 2019/20 UGX 3.83

[7] PFM Reform Strategy

trillion; and FY 2020/21 UGX 4.65 trillion. The domestic arrears make up about 9% of total GoU budget.[8]

Rating: C.

Table 31: Expenditure arrears category

Expense category	Amount (UGX billion)	% of total
Court awards	915.0	23
Other recurrent costs	797.0	20
Employee costs (pension & gratuity)	587.3	15
Taxes and other deductions	492.9	12
Development	408.9	10
Compensations	407.4	10
Contributions to international organizations	197.3	5
Utilities	130.3	3
Employee costs (salaries and allowances)	33.5	1
Rent	20.4	1
Amounts due to consolidated fund	20.3	1
Total	**4,101.3**	**100**

Source: MOFPED – Domestic Arrears Strategy

22.2 Expenditure arrears monitoring

This dimension assesses the extent to which any expenditure arrears are identified and monitored. GoU has carried out an exercise to identify the major categories of the arrears. These are made up of court awards; salaries shortfall; pension and gratuity payments; taxes and deductions; utilities and other recurrent expenditures; outstanding counterpart funding obligations; unpaid subscriptions to international organizations and professional memberships. The expenditure arrears totals are shown in the annual consolidated financial statements for GoU. Additionally the Office of the Internal Auditor General carries out an annual verification of expenditure arrears which is published. Steps have been taken to identify the causes behind the major categories and attempt to address the causes. The recently produced arrears strategy, if successfully implemented, is likely to bring the arrears under control.

Rating: C.

PI-23 Payroll controls

This indicator is concerned with the payroll for public servants only: how it is managed, how changes are handled, and how consistency with personnel records management is achieved. The assessment period for 23.1, 23.2 and 23.3 is at the time of assessment; for 23.4 the period is 2019, 2020 and 2021.

The GoU payroll consists of payroll for central government employees, covering salaries, pensions and gratuities. The details for the payrolls are shown in the tables below. The Ministry of Public Service

[8] Reports and Consolidated Financial Statements of Government of the Republic of Uganda.

coordinates the processing of GoU payroll, which as of 30 June 2022 comprises 344,410 active employees and 84,380 pensioners. Payroll management is decentralized and runs on the Integrated Personnel and Payroll System (IPPS) for 264 budgetary units (MDAs and local governments); 34 of the budgetary units run on both IPPS and the new Human Capital Management (HCM) system.

GoU payroll has been undergoing significant changes in recent years. A few years ago, payroll was decentralized from the Ministry of Public Service to the various budgetary units. This was followed by the automation of the payroll through the IPPS. In the last two years, the new HCM system has been introduced to replace IPPS. The new system is being introduced in a phased manner and is being run parallel to IPPS. Some budgetary units are still on IPPS, whilst the rest are operating the two systems side by side. These changes have come with challenges that are still affecting the payroll.

Table 32: Wage for active service payroll, June 2022

WAGE FOR ACTIVE SERVICE PAYROLL JUNE 2022 AGGREGATED BY PAY CODE CATEGORY					
	Pay Code	Total Number of Employees	Total Gross Pay	Total Deductions	Total Net Pay
1	Agricultural Extension Workers	3,690	6,697,562,286	2,008,394,195	4,689,168,091
2	Central Ministry Employees	16,452	26,900,656,010	6,376,200,210	20,524,455,800
3	Centralized Tertiary Employees	929	1,062,425,988	274,571,715	787,854,273
4	Chairpersons District Service Commission (DSC)	119	591,878,639	100,533,533	491,345,106
5	Decentralized Tertiary Employees	5,020	5,416,408,151	1,384,634,623	4,031,773,528
6	District Political Leaders	2,747	3,720,514,146	897,248,587	2,823,265,559
7	Government Agencies	3,973	13,135,751,473	4,199,977,822	8,935,773,651
8	Justices and Judges	81	1,824,235,400	-	1,824,235,400
9	Local Government Payroll	25,929	20,318,723,401	4,910,438,558	15,408,284,843
10	Primary Health Care Workers (PHC)	41,552	51,255,854,155	13,768,400,477	37,487,453,678
11	Primary School Employees	136,134	85,613,770,116	20,986,438,671	64,627,331,445
12	Public Universities	6,995	37,793,819,582	13,376,270,391	24,417,549,191
13	Secondary School Employees	33,943	37,048,462,316	9,564,459,462	27,484,002,854
14	Town Councils (Unconditional)	4,563	3,518,422,874	872,387,722	2,646,035,152
15	Uganda Police Force	49,562	27,843,138,091	5,672,014,798	22,171,123,293
16	Uganda Prisons Force	12,721	7,882,566,387	1,673,311,505	6,209,254,882
	Grand Total	**344,410**	**330,624,189,015**	**86,065,282,269**	**244,558,906,746**

Source: IPPS, 30 June 2022

Table 33: Pension payroll, June 2022

PENSION PAYROLL JUNE 2022 AGGREGATED BY PAY CODE CATEGORY		
Pay Code	Number of Beneficiaries	Total Pension
Pensioners - (Veterans) - UPDF	25,750	5,533,897,670
Pensioners - (Teachers) - PENTCH	24,908	9,983,123,472
Pensioners - (Traditional Civil Servants)- PENTRD	33,722	13,201,103,867
Grand Total	**84,380**	**28,718,125,009**

Source: IPPS, 30 June 2022

Scoring box PI-23 Payroll controls

Scoring method M1	2022	2016	Explanation
PI-23 Payroll controls	**C+**	C+	There have been some general improvements in payroll controls. The decentralization of the payroll has taken root and appears to be progressing well with minimal hiccups. The integration of payroll and personnel records is firming up after the recent introduction of HCM and building on the earlier successes by IPPS. Management of payroll changes and internal controls are promising. There is need for a comprehensive payroll audit to provide assurance that the recent improvements have deepened and are sustainable.
23.1 Integration of payroll and personnel records (time of assessment)	B	C	The payroll is supported by full documentation for all changes made to personnel records each month and checked against the previous month's payroll data. Staff hiring and promotion are controlled by a list of approved staff positions.
23.2 Management of payroll changes (time of assessment)	B	B	Personnel records and payroll are updated at least quarterly and changes to the payroll are strictly controlled to ensure no unauthorized changes take place..
23.3 Internal control of payroll (time of assessment)	B	C	Authority and basis for changes to personnel records and the payroll are clear and adequate to ensure high integrity of data.
23.4 Payroll audit (2019, 2020, 2021)	C	B	Partial payroll audits or staff surveys have been undertaken within the last three completed fiscal years. No evidence that an overall audit has been conducted covering all central government entities.

23.1 Integration of payroll and personnel records

This dimension assesses the degree of integration between personnel, payroll, and budget data. The payroll is decentralized and the accounting officer at the budgetary unit is responsible for the management of the payroll. The accounting officer is supported by the human resources department and internal audit in reconciling the payroll and personnel records. All budgetary units are on the IPPS platform. IPPS is being replaced by HCM and some of the budgetary units are running the two systems in parallel. It is intended that eventually HMC replaces IPPS. It has been noted that the integration between IPPS and IFMS run by the AGO has not been smooth. HCM promises to offer seamless integration with the IFMS and ought to remove the challenges that the integration of the IPPS and IFMS have faced.

The payroll and personnel records are reconciled each month at the beginning of the payroll processing cycle. All staff on the payroll are tracked back to the personnel records to ensure that there are no unauthorized staff changes. Staff changes are checked for validity. Staff hiring is subjected to coherence with annual establishment notice and budget availability. Similarly transfer to pension and gratuity payroll is supported by valid retirement requests. The assessment team has been availed copies of the staff reconciliations reports.

Rating: B.

23.2 Management of payroll changes

This dimension assesses the timeliness of changes to personnel and payroll data. Changes to the payroll are strictly controlled to ensure that no unauthorized changes take place. The decentralization of the payroll has taken root. Payroll processing starts at the budgetary unit where the human resources department produces the payroll in consultation with the various heads of department. The payroll is then passed on to the responsible officer who reviews it with the support of internal audit; this is then submitted to the accounting officer for approval before it is sent to the Ministry of Public Service for consolidation and onward submission to the AGO for processing. At the IFMS the payroll is finalized, and the staff remuneration is sent to their bank accounts. A payroll payment report is returned to the originating budgetary unit. There are checks at each of the above payroll processing stages to ensure that unauthorized changes are not made. Changes introduced at each of the stages are documented and checked for validity and appropriate authorization.

Payroll changes procedures are in place and the roles of the various officers in payroll processing is documented and enforced by the accounting officer with the support of human resources and internal audit departments.

Adjustment to the payroll (salary, pension, gratuity or other benefits) are captured, verified, approved and treated as part of the monthly payroll processing. Prior periods payrolls adjustments are not practiced.

Rating: B.

23.3 Internal control of payroll

This dimension assesses the controls that are applied to the making of changes to personnel and payroll data. Controls exist through the entire processing cycle. The roles and responsibilities of the various officers are segregated and assigned on role basis. The automation of the payroll processes through IPPS and HCM facilitates the assignment and enforcement of accessibility and ability to effect changes. The controls aim to prevent unauthorized transactions to payroll processing. The Ministry of Public Service has produced guidelines and procedures that specify the duties of the key officers that are involved in the processing of the payroll. These include human resources, audit, responsible officer, and accounting officer at budgetary units. The controls are further reinforced by similar controls at the Ministry of Public Service and the AGO. Changes to the payroll are restricted at all levels. The changes are checked, verified, authorized and documented for future reviews.

The controls have been effective so far. This has been aided by linking payroll and personnel records systems with biometric data systems at National Identification and Registration Authority. This has reduced chances of non-existent people finding their way onto the payroll and personnel records. Furthermore, a major nationwide audit of civil servants in 2015 helped in identifying non-existent staff. The subsequent addition of staff to the payroll has required that they are set against existent establishment positions. This has greatly improved the integrity of the payroll and personnel records. However, the on-going changes to the payroll including decentralization and introduction of new payroll processing systems require that staff, tools and financial capacity is constantly reviewed and supported to ensure continued smooth operation of the payroll. The introduction of HCM is promising but is still in its infant stages. It promises to be more effective than IPPS, but this will take a bit of time to gauge its success.

Rating: B.

23.4 Payroll audit

This dimension assesses the degree of integrity of the payroll. GoU occasionally carries out comprehensive audits. The Auditor General carried out a comprehensive audit of the central government payroll in 2015. A comprehensive audit of the payroll for local governments was carried out in 2020. The Auditor General and the Internal Auditor General routinely carry out audits of the budgetary units as part of their annual, quarterly or special audits, if requested. The routine internal and external audits cover the payroll as well. It is recognised that payroll is one of the major expenditures of government and is susceptible to fraud and falsification. It is also important that audit findings and recommendations regarding payroll are appreciated and implemented. There is evidence that some major recommendations from the audits have been implemented e.g., verification of public officers against the National Identification and Registration Authority register.

The decentralization and automation of the payroll has reduced the risk of fraud. It is still necessary to carry out audits especially in view of the recent changes in the payroll processing. Particularly it is necessary to audit the new systems especially HCM to get assurance that it is secure enough.

Rating: C.

PI-24 Procurement management

This indicator examines key aspects of procurement management. It focuses on transparency of arrangements, emphasis on open and competitive procedures, monitoring of procurement results, and access to appeal and redress arrangements. The assessment period for 24.1 to 24.4 is 2021.

Procurement in GoU is guided by the Public Procurement and Disposal of Public Assets Act 2003 and the supporting regulations. The Act was recently revised in 2021 making changes to procurement processes and vesting more powers to the accounting officer. Procurement is decentralized to the various procurement and disposal entities (PDEs). Each of these entities is headed by an accounting officer and has a procurement and disposal unit, which is responsible for the procurement and disposal of public assets in the entity. GOU has introduced e-GP in two phases. The first phase which covers most PDEs covers publishing advertisements and contract awards online. The second phase introduces the e-procurement system. The second phase commenced in July 2020 and will be rolled out to al PDEs in a phased manner. The AGO at the Ministry of Finance has a procurement policy department, which is mainly responsible for setting procurement policy. The Public Procurement and Disposal of Public Assets Authority (PPDA) is responsible for supervising the procurement and disposal of public assets. It also plays an advisory role through building capacity in the procurement and disposal entities. GoU set up a Procurement Appeals Tribunal to handle complaints from suppliers and contractors regarding the procurement and disposal of assets.

Scoring box PI-24 Procurement management

Scoring method M2	2022	2016	Explanation
PI-24 Procurement management	**C+**	C	There has been some improvement in procurement management in terms of transparency and availability of information. This is mainly attributed to the roll-out of e-GP which has started easing the generation, processing and dissemination of data and information. However, this improvement is not matched in the level of corruption and bad practices in procurement as evidenced by internal and external audits.
24.1 Procurement monitoring (2021)	C	D	Database is maintained and contracts data is complete and accurate for the majority of the entities. There are issues with the quality of the data for some entities.
24.2 Procurement methods (2021)	C	D	60% or more of total value of contracts.[9]
24.3 Public access to procurement information (2021)	B	B	At least four of the key procurement information elements are complete and reliable for government units representing most procurement operations and are made available to the public in a timely manner.
24.4 Procurement complaints management (2021)	B	B	The procurement complaint system meets criterion (1), and three of the other criteria.

24.1 Procurement monitoring

This dimension assesses the extent to which prudent monitoring and reporting systems are in place within government to ensure value for money and promote fiduciary integrity. PPDA maintains a database that has details of the contracts awarded, to whom they are awarded plus the values of the contract. The details are gathered from the monthly returns that the budgetary units submit to PPDA. There have been challenges regarding the completeness and accuracy of the data, but efforts are underway to improve the situation through verification of the data before it is posted onto the database. The introduction of e-GP is expected to facilitate the collection of data feeding into the database. Furthermore, PPDA is in the process of digitising the monthly reports submitted by the budgetary units.

Rating: C.

24.2 Procurement methods

This dimension analyses the percentage of the total value of contracts awarded with and without competition. The Public Procurement and Disposal of Public Assets Act specifies the circumstances under which non-competitive awards are made for the contracts. In the majority of the cases the legislation requirements are adhered to although the internal and external audit reports do point out instances of non-compliance with the legislation. The proportion of contracts subject to open competition was 72% in FY2020/21.

Rating: C.

[9] PPDA Annual Performance Report July 2020 – June 2021, Pg XVI

24.3 Public access to procurement information

This dimension reviews the level of public access to complete, reliable, and timely procurement information. PPDA has continued and expanded publishing and provision of procurement and disposal information to the public. This process has been simplified by the roll-out of e-GP. The information is posted on the PPDA website and in brochures and documents issued by PPDA.

- Legal and regulatory framework for procurement – the Public Procurement and Disposal of Public Assets Act and associated regulations are available on the PPDA website and copies can be obtained from the ministry or purchased in the government bookshop.
- Government procurement plans – are posted on the websites of the budgetary entities or posted on their notice boards. This has been made easier through e-GP.
- Bidding opportunities – are posted on the PPDA website, advertised in newspapers and displayed on notice boards of the budgetary entities.
- Contract awards (purpose, contract and value) – this information is posted on the websites of PPDA, budgetary units and on the notice boards of the budgetary units.
- Data on resolution of procurement complaints – the information is available on the website of the websites of Procurement Appeals Tribunal (pat.go.ug), PPDA and the budgetary entities.
- Annual procurement statistics – they are available in the PPDA Annual Performance Reports and on the PPDA website.

Rating: B.

24.4 Procurement complaints management

Complaints on procurement are handled initially by the procurement and disposal entity; if not resolved at that level, they are escalated to the Procurement Appeals Tribunal. Until recently when the Public Procurement and Disposal of Public Assets Act was revised, PPDA used to be an intermediate level in the resolution of the complaints. The revised Act has removed PPDA from the appeals process. PPDA used to carry out an administrative review of the complaint; however, this has now been dropped.

The amended PPDA Act 2011 provides for a procurement appeals tribunal to handle procurement disputes relating to bidders, and procurement and disposal entities. The tribunal is not involved in the procurement processes and operates in a transparent manner. It has a website that specifies its functions and the way it operates. Information on the rights and responsibilities of the aggrieved procurement suppliers are available on the website. Minimal administrative charges are levied on the appelants. The number of disputes handled by the Procurement Appeals Tribunal are published in its annual report and details are available on its websites (www.pat.go.ug). An aggrieved party not satisfied with the tribunal verdict can escalate the case to the courts of law.

Rating: B.

PI-25 Internal controls on non-salary expenditure

This indicator measures the effectiveness of general internal controls for non-salary expenditures. The assessment period for all three dimensions is at the time of assessment.

Internal controls in GoU have been an area of major concern. Laws, rules, regulations and procedure are in place, but their implementation continues to be a challenge as pointed out in both internal and external audit reports. This is further evidenced by the continuing unbudgeted for and excessive expenditure. However, there are efforts to address the problem by taking advantage of the facilities and controls available in the IFMS.

Scoring box PI-25 Internal controls on non-salary expenditure

Scoring method M2	2022	2016	Explanation
PI-25 Internal controls on non-salary expenditure	**B**	C+	There is significant improvement, as checking and enforcement of rules and procedures for payments are being strengthened, resulting in increased compliance at the budgetary units.
25.1 Segregation of duties	B	B	Segregation of duties is prescribed throughout the expenditure process. Responsibilities are clearly laid down for the key steps while further details may be needed in a few areas. .
25.2 Effectiveness of expenditure commitment controls	C	C	Expenditure commitment control procedures exist which provide full coverage and are generally effective. Traditional commitments like rent are still problematic.
25.3 Compliance with payment rules and procedures	B	C	Most payments are compliant with regular payment procedures.

25.1 Segregation of duties

This dimension assesses the existence of the segregation of duties, which is a fundamental element of internal control to prevent an employee or group of employees from being in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties. GoU's segregation of duties is embedded in its laws, regulations, instructions and procedures. The controls are well laid out and specified in the PFM manuals. The manuals are readily available to staff and are updated regularly. With increased automation of the PFM systems and processes, segregation of duties is specified in the user requirements and included in the design of systems and processes. Monitoring the effectiveness of the segregation of duties is conducted throughout the fiscal year through the Treasury Inspectorate and Policy Department and by the quality assurance unit of AGO.

Despite the efforts put into the segregation of duties, control of non-salary expenditure remains an area of concern.

Rating: B.

25.2 Effectiveness of expenditure commitment controls

This dimension assesses the effectiveness of expenditure commitment controls. Expenditure commitment controls aim to keep expenditure in line with what has been budgeted for and the availability of the necessary funds.

GoU commitment controls are part and parcel of the IFMS system that it operates. The IFMS is configured to prevent expenditure being processed and paid, unless it has been committed and there are sufficient funds. This effectively means that no payment will be permitted unless it passes the commitment test.

There have been instances where commitments and payments have been made outside of the IFMS. These occurrences are few and generally not material. There are also situations where traditional problematic commitments like rent are are not budgeted for yet they have to be paid. However, this would not be a serious issue if adequate funding is budgeted for them.

Rating: C.

25.3 Compliance with payment rules and procedures

This dimension assesses the extent of compliance with the payment control rules and procedures based on available evidence. Compliance with rules and procedures goes a long way in ensuring that there are effective internal controls of expenditure.

In GoU compliance with rules and procedures has been a perennial challenge. Good laws, regulations and processes that comply with good practices are in existence, but they are sometimes ignored. There are several examples of this. One example is mischarges where officers charge the wrong account. In this case one can, without adequate control, bypass the expenditure commitments controls if the type of expenditure is not verified. Non-compliance is practiced by a minority of the officials. The rules and procedures are ignored when it suits them but not all the time.

IFMS continues to support GOU in putting in place controls and facilities to strengthen and enhance adherence to payment rules and procedures. It is possible now to keep track of advances made and acquitted by various staff. An up-to-date list of unacquitted advances can be extracted from the IFMS and be used to recover the advances. This has not been possible in the past.

GoU has become more vigilant in trying to enforce compliance by carrying out regular reviews and sensitizing staff. The Treasury Inspection and Policy Department of the AGO has been carrying out the reviews. Accounting officers who are flouting the laws, regulations, and procedures have not been reappointed. As a result, non-compliance appears to be waning.

Rating: B.

PI-26 Internal audit

This indicator assesses the standards and procedures applied in internal audit. The period of assessment for 26.1 and 26.2 is at the time of assessment; 26.3 is 2021 and 26.4 is 2019, 2020 and 2021.

The PFMA 2015 prescribes the roles and responsibilities for internal audit in GoU. The internal audit function is headed by the Internal Auditor General at MoFPED, who reports to the Permanent Secretary and Secretary to the Treasury. There is an internal audit function in every central government budgetary unit. The internal audit department in the budgetary unit is headed by an internal auditor who administratively reports to the accounting officer at the budgetary unit. The internal auditor at the budgetary unit functionally reports to the Internal Auditor General. The Internal Auditor General sets internal audit standards, oversees the internal audit function throughout GoU, and is responsible for training and building the capacity of internal auditors.

The internal audit function in GoU, like elsewhere, is responsible for supporting the central government to achieve its mandate by ensuring that the necessary internal control systems are in place and are performing effectively.

The internal audit function in GoU has grown in strength over the years as its role in PFM has been recognized and appreciated. It has been provided with the necessary human, tools and finances to carry out its work.

Scoring box PI-26 Internal audit

Scoring method M1	2022	2016	Explanation
PI-26 Internal audit	**B+**	B+	There have been improvements in the internal audit function. The audit and inspection manual has been reviewed and updated. Quality assurance is being institutionalized and expanded although it is yet to get to international standards. Annual audits have been extended to all budgetary units and follow-up of internal audit recommendations are beginning to be taken seriously.
26.1 Coverage of internal audit (time of assessment)	A	A	Internal audit is operational for all central government entities.
26.2 Nature of audit and standards applied (time of assessment)	B	B	Internal audit activities are focused on evaluations of the adequacy and effectiveness of internal controls.
26.3 Implementation of internal audits and reporting (2021)	A	B	Annual audit programs exist. All programmed audits are completed, as evidenced by the distribution of their reports to the appropriate parties. .
26.4 Response to internal audits (2019, 2020, 2021)	B	B	Management provides a partial response to audit recommendations for most entities audited within twelve months of the report being produced.

26.1 Coverage of internal audit

This dimension assesses the extent to which government entities are subject to internal audit. Every budgetary unit of central government has an internal audit function, headed by an internal auditor who is supported by several internal audit staff. The extrabudgetary units are few and not very material to affect the assessments. The PFMA and the associated Financial Regulations govern the audit function, complemented by an Internal Audit and Inspection Manual and Treasury Accounting Instructions. Internal Audit applies the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors; the International Standards of Auditing issued by the International Standards and Assurance Services Board of the International Federation of Accountants; and the Internal Audit Guidelines set by the East and Southern African Association of Accountants General. Internal Audit applies the Internal Audit Charter, and the Code of Ethics for Internal Auditors/Inspectors issued by MoFPED. Internal audit personnel through continuous training aim to stay abreast of developments in the internal audit profession.

Rating: A.

26.2 Nature of audits and standards applied

Internal audit carries out financial, value for money and compliance audits. Most of the audits are routine like the annual and quarterly audits which are required by the PFMA. Other audits are special or ad hoc as may be requested for by the executive. Internal audit conducts the audits in compliance with the national and international audit standards. Internal audits are guided by the updated internal audit and standards manual. The manual specifies the audit program to be utilized by internal audit in order to confirm that a sound internal control structure is in place and internal controls are consistently applied. The manual further requires the assessment of the effectiveness of internal control systems. The conduct of the audit is subjected to supervision and quality assurance internally by the Internal Auditor General in the case of the internal audit departments at the budgetary units. Additionally, a quality assurance review is currently being undertaken by the national Institute of Internal Auditors. However, no fully fledged external quality assurance has been carried out as required by the Internal Auditing Standards Quality Assurance and Improvement Programme.

Rating: B.

26.3 Implementation of internal audits and reporting

This dimension assesses specific evidence of an effective internal audit (or systems monitoring) function as shown by the preparation of annual audit programmes and their actual implementation including the availability of internal audit reports. Internal audit prepares an annual workplan for each unit this plan is reviewed by the Internal Auditor General. Individual work plans are derived from the annual audit plan, The work plans are executed and finalized by producing an internal audit report. The Internal Auditor General reviews the reports. At the end of the fiscal year the Internal Auditor General consolidates all the budgetary entity reports and submits them to MoFPED and the Auditor General. The assessment team received evidence of the annual workplans and the associated reports both at the budgetary units and Internal Auditor General Office. The Internal Auditor General produces a consolidated annual internal audit report that indicates the internal audit programs that have been implemented and completed in the year.The report covers all the internal audits in GoU CG.

Rating: A.

26.4 Response to internal audit

This dimension assesses the extent to which action is taken by management on internal audit findings. Follow-up of internal audit findings have been of concern in GoU over the years. This has now started to change because of the existence of audit committees which follow up the audit findings and recommendations. Additionally, the Permanent Secretary and Secretary to the Treasury has started enforcing the directive that poor performing accounting officers should not be reappointed. All the internal audit programmes include a section that reviews the actions taken on the recommendations made in the previous audit. The above measures have ensured that accounting officers give serious attention to audit recommendations.

Rating: B.

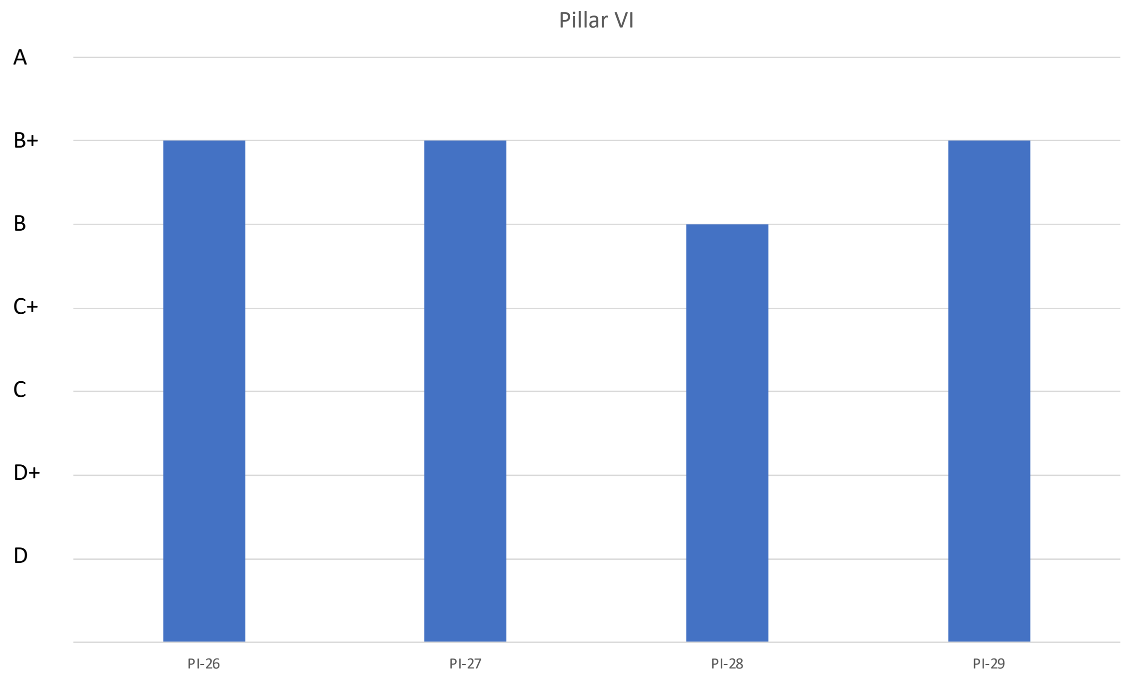
2.6 Pillar VI: Accounting and reporting

This pillar assesses whether accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.

The pillar has four indicators, as shown in Figure 9:

- PI-27. Financial data integrity
- PI-28. In-year budget reports
- PI-29. Annual financial reports

Figure 9: PEFA ratings for Pillar VI, 2022



Financial information and reporting continues to improve on the back of strengthened IFMS and progress being made by Treasury Single Account. Annual and in-year financial reports are produced on time and are of high standard. This should help other PFM activities by providing comprehensive, reliable and timely information to gauge the performance of the budgets. There are issues with clearing of advances to staff but this is not a major issue and reforms are underway to bring it under control.

PI-27 Financial data integrity

This indicator assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data. The period for all the four dimensions is at the time of assessment.

Reliable reporting of financial information requires constant checking and verification of the recording practices of accountants. This is an important part of internal control and a foundation for good information for management and for external reports that underpin aggregate fiscal discipline, strategic allocation of resources, and the efficiency of service delivery.

The continued automation of the PFM systems has improved operation and management of bank accounts and advance accounts. It has also improved the financial data integrity processes. Recently the IFMS has undergone a major upgrade which is likely to further improve the operation and management of advance accounts.

Scoring box PI-27 Financial data integrity

Scoring method M2	2022	2016	Explanation
PI-27 Financial data integrity	**B+**	B+	Performance of this indicator remained robust due to the automation of GoU PFM systems and the extension and consolidation of the Treasury Single Account to virtually all votes. Improvements to the management of advance accounts are ongoing and strengthened through the recent upgrade of the IFMS which has introduced a facility to capture, track and follow up uncleared advances.
27.1 Bank account reconciliation (time of assessment)	A	A	Bank reconciliation for all active central government bank accounts takes place at least weekly at aggregate and detailed levels, usually within one week from the end of each week.
27.2 Suspense accounts (time of assessment)	NA	A	There are no suspense accounts
27.3 Advance accounts (time of assessment)	C	D	Advances are cleared regulary by staff but some may not have been cleared by year end. Uncleared advances are followed up and cleared shortly after year end.
27.4 Financial data integrity processes (time of assessment)	A	A	Access and changes to records are restricted and recorded. There are several units that are in charge of verifying financial data integrity. The bodies are functioning effectively and there have been no data breaches.

27.1 Bank account reconciliation

This dimension assesses the regularity of bank reconciliation. There has been strengthening of bank account reconciliations as a result of the predominance of the Treasury Single Account, which has been extended to include all central government budgetary units. There are a few bank accounts that have not yet been brought under the Treasury Single Account but there are plans to transfer them shortly. The reconciliations are now being done daily, as confirmed by the AGO and the Bank of Uganda. Reconciliation differences are cleared within two days.

Rating: A.

27.2 Suspense accounts

This dimension assesses the extent to which suspense accounts, including sundry deposits/ liabilities, are reconciled on a regular basis and cleared in a timely way. Failure to clear suspense accounts can distort financial reports and provide an opportunity for fraudulent or corrupt behaviours.

GoU does not currently use suspense accounts: they were closed many years ago and none have been created since then. None will be opened now that virtually all bank accounts have been subsumed into the Treasury Single Account.

Rating: NA.

27.3 Advance accounts

This dimension assesses the extent to which advance accounts are reconciled and cleared. GoU operates advance accounts at budgetary units mostly for advances to staff to procure supplies where there may be no banks. The introduction of the e-cash system has significantly reduced the need for advances to staff. Staff who are granted advances are meant to retire and acquit the advances immediately. Some staff have not acquitted the advances on time. There have been difficulties in monitoring the advances to enforce timely acquittal. In the recent IFMS upgrade a facility has been installed which will record the advances granted and help track and send acquittal notices to the concerned staff. The facility will enable accounting officers to issue advances within budget limits, inquire or drilldown, retire the advance and generate reports related to advances. It is hoped that the facility will result in reduced outstanding advances. The facility became functional on 1 July 2022.

Rating: C.

27.4 Financial data integrity processes

This dimension assesses the extent to which processes support the delivery of financial information and focuses on data integrity defined as accuracy and completeness of data (ISO/IEC, International Standard, 2014).

GoU has in-built controls in its IFMS and procedural manuals to minimise the risk of accessing and altering data and information. The controls are monitored to get assurance that they are functioning effectively. At the AGO there is a quality assurance unit whose primary responsibility is to ensure data integrity. The AGO also has a Treasury Inspection and Policy Department to supplement the quality assurance efforts. Transfer of data between the AGO and the Bank of Uganda is safeguarded by end-to-end encryption. The budgetary units have internal audit departments that review and advise on the data integrity and control environment. The Auditor General plays a similar role. These efforts appear to be effective, as no data breaches have been experienced recently.

Rating: A.

PI-28 In-year budget reports

This indicator assesses the comprehensiveness, accuracy, and timeliness of information on budget execution. In-year budget reports must be consistent with budget coverage and classifications to allow monitoring of budget performance and, if necessary, timely use of corrective measures. The assessment for all the three dimensions is FY2021**.**

In-year budget reports play an important role in ensuring that the budget is being executed in accordance with the approved budget in terms of operations, timing and funding. To be able to do this the budget reports must be comprehensive, accurate and timely. The reports should as much as possible be in the same format and content as the approved budget. In GoU in-year budget reports are received from the budgetary entities and are consolidated at MoFPED and then provided to management.

Scoring box PI-28 In-year budget reports

Scoring method M1	2022	2016	Explanation
PI-28 In-year budget reports	**B**	C+	There is some improvement based on timing and regularity of production of the in-year budget reports.
28.1 Coverage and comparability of reports (2021)	B	B	Coverage and classification of data allow direct comparison to the original budget with partial aggregation.
28.2 Timing of in-year budget reports (2021)	B	C	Budget execution reports are prepared quarterly and issued within four weeks from the end of each quarter.
28.3 Accuracy of in-year budget reports (2021)	B	B	There may be concerns regarding data accuracy. Data issues are highlighted in the report and the data is consistent and useful for analysis of budget execution. An analysis of the budget execution is provided on at least a half-yearly basis. Expenditure is captured at least at payment stage.

28.1 Coverage and comparability of reports

This dimension assesses the extent to which information is presented in in-year reports and in a form that is easily comparable to the original budget (i.e., with the same coverage, basis of accounting, and presentation). GoU through MoFPED and the AGO prepare in year reports consistent with the frequency and coverage stipulated in the PFMA 2015. As reported in PI-4, budget documentation including in year reports are consistent with international standards (GFS 2014). This allows for comparability with the originally approved budget. The out-turns for revenue, expenditure, and financing are in accordance with the 2014 GFS manual and are produced on a monthly basis. Reports on the Performance of the Economy and on Revenue Performance are also produced monthly. Quarterly reports include Budget Performance Reports by Vote, the Current State of the Economy, and a Quarterly Report on Expenditure Limits. Overall revenue reports provide domestic revenue performance consistent with GFS 2014 is reported against appropriated targets. Actual expenditure against targets on an economic classification basis is not detailed in the in-year reports. Additionally, the information on extra budgetary units appears to be missing.

Rating: B.

28.2 Timing of in-year budget reports

This dimension assesses whether in-year budget reports are submitted in a timely manner and accompanied, in accordance with the calendar laid out in the PFMA 2015, by an analysis and commentary on budget execution. The in-year budget reports are produced on quarterly and semi-annually and are posted on the MoFPED website. The reports are issued within four weeks of the end of the quarter.

Rating: B.

28.3 Accuracy of in-year budget reports

This dimension assesses the accuracy of the information submitted in in-year budget reports, including whether expenditure for both the commitment and the payment stage is provided. This is important for monitoring budget implementation and utilization of funds released. The IFMS is used to produce the in-year budget reports. The reports are fairly accurate. Expenditures are at least captured at the payment stage. The budget execution reports are produced quarterly and the budget performance report are produced semi-annualy. The IMF Fiscal Transperancy Report of 2016 evaluated the in-year reports as good[10]. However, owing to the comprehensiveness gaps in 28-1, their accuracy completeness is presented in the in-year reports. The reports are posted on the MOFPED website.

Rating: B.

PI-29 Annual financial reports

This indicator assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. The assessment period for 29.1 and 29.2 is FY2021, and for 29.3 it is the 2019, 2020 and 2021 financial years.

Scoring box PI-29 Annual financial reports

Scoring method M1	2022	2016	Explanation
PI-29 Annual financial reports	**B+**	B+	Production of financial reports remains robust and is improving with time. However, different bases of accounting in producing the financial reports remain problematic, but it is hoped that this will be addressed with time as GoU moves towards full accrual accounting.
29.1 Completeness of annual financial reports (2021)	A	B	Financial reports for budgetary central government are prepared annually and are comparable with the approved budget. They contain full information on revenue, expenditure, financial and tangible assets, liabilities, guarantees, and long-term obligations, and are supported by a reconciled cash flow statement.
29.2 Submission of the reports for external audits (depends)	A	A	Financial reports for budgetary central government are submitted for external audit within three months of the end of the fiscal year.
29.3 Accounting standards (2019, 2020, 2021)	B	B	Accounting standards applied to all financial reports are consistent with the country's legal framework. The majority of international standards have been incorporated into the national standards. The standards used in preparing annual financial reports are disclosed.

29.1 Completeness of annual financial reports

This dimension assesses the completeness of financial reports. GoU produces annual financial statements that are based on modified accrual basis of accounting. The annual financial statements include revenues, expenditure, assets, liabilities, guarantees and long-term obligations. GoU produces annual financial statements for the central government, local governments, and public corporations and state enterprises. There are separate reports for the three entities, but they are bound together

[10] Uganda Fiscal Transperancy Evaluation May 2017.

and submitted for audit. The reports show the actual against the budgeted revenues and expenditures.

The central government financial statements include:

- Government ministries, departments and agencies (MDAs)
- Government business entities
- Local governments (transfers to local governments are expensed)
- Projects expenditure

The financial statements are produced in accordance with GoU's legal and regulatory framework based on the PFMA 2015. They conform with the generally accepted accounting practices and are based on the international accounting standards. The financial statements have schedules for financial and non-financial assets, and liabilities including debt, guarantees and long-term obligations. They also contain a reconciled cash flow statement. The financial statements are comprehensive and well prepared in terms of format and content.

Rating: A.

29.2 Submission of the reports for external audits

This dimension assesses the timeliness of submission of reconciled year-end financial reports for external audit as a key indicator of the effectiveness of the accounting and financial reporting system. The dates for submission of the financial statements for audit is specified in the PFMA 2015. It is three months after the end of the fiscal year. The AGO has been meeting this requirement.

The budgetary entities are given two months after the end of the fiscal year to submit their financial statements to the AGO for consolidation. The budgetary entities have generally submitted their financial statements on time. The AGO has one month to consolidate the financial statements and submit them for audit. The AGO has always submitted the financial statements on time for audit. The statements were submitted for audit on these dates: FY ended 30 June 2019 on 30 September 2019; FY ended 30 June 2020 on 29 September 2020; and FY ended 2021 on 28 September 2021. The IFMS and Treasury Single Account have enabled the budgetary units and the AGO to produce the financial statements on time.

Rating: A.

29.3 Accounting standards

This dimension assesses the extent to which annual financial reports are understandable to the intended users and contribute to accountability and transparency. GoU financial statements are produced in accordance with the national legal and regulatory framework as specified in the Finance Management Act 2015. The national accounting standards are generally based on the international public sector accounting standards (IPSAS). The standards used to produce the accounts are disclosed. The financial statements conform with the generally accepted accounting practices and are based on the IPSAS. The financial statements are easy to understand and use. The external audit by the Auditor General has not disputed the use of the national standards or IPSAS.

There are issues with the consolidation of the accounts of some municipalities (local governments) and government business enterprises that produce financial statements based on accrual basis of accounting. The discrepancy in the basis of accounting makes the consolidation difficult. The number of entities affected by this discrepancy are small in number and totality of the funds involved is not large. With time as progress is made to move to accrual accounting this issue will be resolved.

Rating: B.

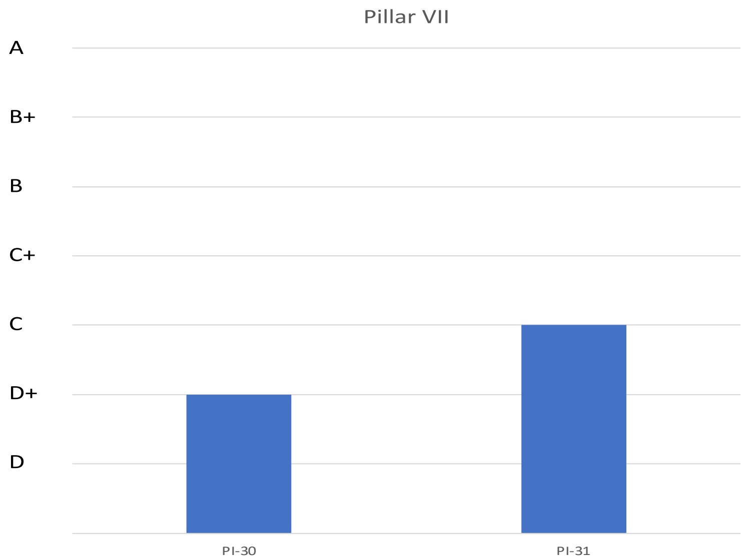
2.7 Pillar VII: External scrutiny and audit

This pillar assesses whether public finances are independently reviewed, and there is external follow-up on the implementation of recommendations for improvement by the executive.

The pillar has two indicators, as shown in Figure 10:

- PI-30. External audit
- PI-31. Legislative scrutiny of audit reports.

Figure 10: PEFA ratings for Pillar VII, 2022



External scrutiny and audit still have issues and are not performing to the expected level. External audit is using modern audit techniques and the Auditor General is independent but follow up of audit recommendations remains poor. Without timely and comprehensive implementation of the audit recommendations PFM improvements may stagnate. Parliament is struggling with the weight of unfinished work in terms of backlog of reports to scrutinize. Failure to scrutinize work promptly means that errors and mistakes may continue and government programmes will not be achieved and service delivery may suffer.

PI-30 External audit

This indicator examines the characteristics of external audit. Reliable and extensive external audit is an essential requirement for ensuring accountability and creating transparency in the use of public funds. The period of assessment for 30.1, 30.2 and 30.3 is FY2019, 2020 and 2021; for 30.4, it is at the time of assessment.

The audit of public funds in Uganda is carried out by the Auditor General, based on the National Audit Act 2008. The audits comply with the standards of the International Organization of Supreme Audit Institutions.

Scoring box PI-30 External audit

Scoring method M1	2022	2016	Explanation
PI-30 External audit	**D+**	D+	Independence of external audit and conduct of the audits remain strong but vigilance in the follow up of findings and recommendations is lacking. Implementation of the tracking system is a promising initiative.
30.1 Audit coverage and standards (2019, 2020, 2021)	A	A	Financial reports including revenue, expenditure, assets, and liabilities of all central government entities have been audited using the International Standards of Supreme Audit Institutions or consistent national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant material issues and systemic and control risks.
30.2 Submission of audit reports to legislature (2019, 2020, 2021)	B	B	Audit reports were submitted to the legislature within nine months from receipt of the financial reports by the OAG for the last three completed fiscal years.
30.3 External audit follow-up (2019, 2020, 2021)	D	D	Follow up is slow.
30.4 Supreme audit institution independence	A	A	The OAG operates independently from the executive with respect to procedures for appointment and removal of the Head, the planning of audit engagements, arrangements for publicizing reports, and the approval and execution of its budget. This independence is assured by law. The OAG has unrestricted and timely access to records, documentation and information.

30.1 Audit coverage and standards

This dimension assesses key elements of external audit in terms of the scope and coverage of audit, as well as adherence to auditing standards. In the three fiscal years undergoing assessment audit has covered central government, state enterprises and local governments. The audit is carried out by staff of the Auditor General or by auditors commissioned and supervised by the Auditor General.

The audits carried out as required by National Audit Act 2008 section 13(b) Include the following: financial audits, value for money, engineering, information systems, special/forensic audits, gender and environment audits, classified expenditure, government investments, procurement audits and treasury memoranda. The PFMA S51 provides that the Auditor General at the end of each fiscal year to carry out audit of public accounts which include central government, local governments and public corporations and state enterprises. In addition to annual audits the Auditor General may carry out special audits as requested by the Executive or the Legislature.

Table 34: Audits conducted, 2018/19 to 2020/21

Fiscal year	Category of entities	Number of central gov. entities	Number audited	% audited
2018/19	MDAs	114	114	100
	Commissions, state authorities and state enterprises	120	114	95
2019/20	MDAs	124	124	100

	Commissions, state authorities and state enterprises	116	96	83
2020/21	MDAs	170	170	100
	Commissions, state authorities and state enterprises	95	121	127

The Auditor General conducts the audits in in accordance with the International Standards of Supreme Audit Institutions and relevant ethical requirements. The audit reports by the Auditor General are in accordance with the PFMA 2015 are tabled before Parliament.

Rating: A.

30.2 Submission of audit reports to legislature

This dimension assesses the timeliness of submission of the audit report(s) on budget execution to the legislature, or those charged with governance of the audited entity, as a key element in ensuring timely accountability of the executive to the legislature and the public.

Table 35: Financial statement dates, 2018/19 to 2020/21

Fiscal year covered by the report	Date when annual financial statements received by OAG	Date when audited annual financial statement submitted to legislature
2020/21	28 September 2021	31 December 2021
2019/20	29 September 2020	26 February 2021
2018/19	27 September 2019	31 December 2019

The audited accounts were submitted to the legislature within six months as provided for by the PFMA 2015 in the three fiscal years.

Rating: C.

30.3 External audit follow-up

This dimension assesses the extent to which effective and timely follow-up on external audit recommendations or observations is undertaken by the executive or audited entity. The Executive, through the Permanent Secretary and Secretary to the Treasury, has sensitized accounting officers about the need to follow up and respond to issues raised by the Auditor General. This has been reinforced by sanctions introduced through the PFMA 2015, where accounting officers would not be reappointed if they received adverse internal or external audit reports. The OAG has introduced a mechanism to track the implementation of audit recommendations. All this awareness is likely to elicit positive responses from accounting officers relating to audit queries and issues. The measures have been recently introduced and have not yet generated a positive response by the Executive.

Rating: D.

30.4 Supreme audit institution independence

This dimension assesses the independence of the OAG from the executive. The independence of the Auditor General is embedded in the Constitution and in the National Audit Act 2008. The independence of the Auditor General is real and is practiced in accordance with the laws of Uganda which are consistent with INTOSAI requirements.

Rating: A.

PI-31 Legislative scrutiny of audit reports

This indicator focuses on legislative scrutiny of the audited financial reports of central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf. The legislature plays an important role in the transparency and accountability of public funds by participating in the approval of the strategy and budget; reviewing budget execution reports; and reviewing the audited financial statements. To be able to do its oversight role Parliament should be provided with accurate, comprehensive audited accounts and reports; it should have the capacity to be able exercise the oversight role and its recommendations and findings must be made in a timely manner and should be implemented by the executive. The assessment periods for all four dimensions are the FY2019, 2020 and 2021.

Parliament has in the last few years improved its operations as a result of the support and resources that have been provided to it. However, progress in exercising its mandate has been hampered by the backlog of reports submitted to it by the Auditor General but which have not been scrutinized. The development partners, OAG and MoFPED have provided support, but much remains to be done.

Parliament operates through legislative committees which it tasks to examine issues arising out of the audited reports. The examination involves meeting the accounting officers of the budgetary units and discussing issues of interest raised in the audit reports. After completion of its investigations the committee produces a report which is presented to the plenary session of Parliament where it is debated and thereafter the budgetary units are requested to respond to the issues raised by Parliament. The OAG and the AGO give support to Parliament as it carries out its investigations.

Scoring box PI-31 Legislative scrutiny of audit reports

Scoring method M2	2022	2016	Explanation
PI-31 Legislative scrutiny of audit reports	**C**	**C**	There has been a slight improvement in performance, especially in follow-up of recommendations and putting in place a tracking system. However, Parliament is still beset by backlogs of audit reports that have not been scrutinized.
31.1 Timing of audit report scrutiny (2019, 2020, 2021)	D	D	Parliament has backlog of reports to scrutinize.
31.2 Hearings on audit reporting (2019, 2020, 2021)	C	C	In-depth hearings on key findings of audit reports take place occasionally covering a few audited entities
31.3 Recommendations on audit by the legislature (2019, 2020, 2021)	C	C	The legislature issues recommendations on actions to be implemented by the executive and follows up on their implementation. Has a tracking system.
31.4 Transparency of legislative scrutiny of audit reports (2019, 2020, 2021)	B	B	Hearings are conducted in public with a few exceptions (e.g., for national security or similar sensitive discussions). Committee reports are provided to the full chamber of the legislature and published on an official website or by any other means easily accessible to the public.

31.1 Timing of audit report scrutiny

This dimension assesses the timeliness of the legislature's scrutiny, which is a key factor in the effectiveness of the accountability function. Scrutiny needs to be done on a timely basis if corrective action is to be effectively carried out. When scrutiny is delayed, some staff will have moved on and situations may have changed. In that environment it becomes difficult to get proper explanations and to provide workable suggestions and solutions. Parliament is aware of this shortcoming and has devised means to try and overcome it. One method that has been used by Parliament is to deal with the critical or serious cases first rather than scrutinizing the entire audited report for a financial year. The selective examination of parts of the audit reports has not been successful mainly because there are many reports and the technical and financial capacities of the committees have been lacking as well. In 2021 Parliament decided to adopt the audit reports without debate for all the financial years that had not been covered up to June 2020. MoFPED was then requested to produce Treasury Memoranda for the affected years. The Auditor General would then audit the Treasury Memoranda. This was done to clear the backlog of reports that had not been scrutinised. It is too early to tell whether this move has been effective or whether the backlogs will start building up again.

Rating: D.

31.2 Hearings on audit reporting

This dimension assesses the extent to which hearings on key findings of the OAG take place. The legislative committees of Parliament include the following: the PAC, which examines the audited reports of the central government; the Committee on Commissions, Statutory Authorities and State Enterprises; and the Local Governments Public Accounts Committee. The legislative committees hold public hearings where the concerned budgetary units are invited to discuss queries and issues relating to their entities. Staff of the Auditor General are invited to attend the hearings and provide clarification on some issues. The meetings are open, and journalists attend most of the meetings. The assessment team has seen copies of publications of Business Transacted by Parliament for the periods:

- 3rd Session of Parliament, 6 June 2018 to 31 May 2019
- 4th Session of Parliament, 6 June 2019 to 6 June 2020
- 5th Session of Parliament, 4 June 2010 to 1 April 2021

The publications give details of the sittings and hearings that took place in the specified periods.

Rating: C.

31.3 Recommendations on audit by the legislature

This dimension assesses the extent to which the legislature issues recommendations and follows up on their implementation. Parliament's recommendations have not had much impact on the operation of the PFM systems because they are made many years after the events have happened and some of them may have been overtaken by events. Additionally, Parliament does not have statutory powers to have its recommendations implemented. Public hearings may help because of the negative exposure that is provided to the errant accounting officers. On a more positive note, Parliament is in the process of implementing a tracking system to monitor whether its recommendations have been acted upon. This is being done jointly with the OAG.

Rating: C.

31.4 Transparency of legislative scrutiny of audit reports

This dimension assesses the transparency of the scrutiny function in terms of public access. The scrutiny is carried out by the parliamentary sessional committees which meet with the auditees. The committee reports are later presented to the plenary session of parliament. The committee meetings are most of the times open to the public and are telecast on TV and broadcast on radios. The committees sometimes invite various organizations so that they can brief it on certain issues of interest. The organizations are from a wide range of institutions and includes civil society organisations (CSOs). Participation by the public of the plenary sessions is limited but occasionally these telecast and broadcast live. Parliament also has a website where its reports including Hansard are posted. The website is open to the public. The telecasts and broadcasts are made in the major local languages for ease of understanding by the general public.

Rating: B.

3 Overall analysis of PFM systems

This section presents an integrated analysis and overall conclusions on the performance of PFM in Uganda. In particular, it assesses how the PFM performance across the seven pillars affects the government's ability to deliver the intended fiscal and budgetary outcomes and identifies the main weaknesses of PFM to be addressed.

3.1 PFM strengths and weaknesses

The main findings of the assessment are focused on whether GoU has appropriate systems in place to support the achievement of the three main fiscal outcomes, namely aggregate fiscal discipline, strategic allocation of resources, and efficiency in the use of resources for service delivery.

In the assessment, 18 of the 31 indicators score either **A** or **B**, implying performance considered above or at good practice. Eleven score **C** or **C+**, which suggests basic alignment with international PFM standards, while only two indicators suggest weak performance (i.e., were rated **D** or **D+**).

GoU's PFM system continues to develop and shows significant improvements since the previous assessment in 2016. These include the following:

- GoU has continued to strengthen macroeconomic and fiscal policy formulation that informs strategic planning and budget formulation. Key stakeholders actively participate in policy formulation and it is well documented and disseminated.
- GoU revenue administration and management continues to improve. Virtually all GoU revenues are now collected by URA. The revenue handling, safeguard and reporting is strengthening riding on the back of strengthened IFMS operations and upgrades.
- Improvements in budget formulation have been made to identify the outputs, outcomes, and targets in the programme/subprogramme annual budget preparation. The budget classification system has been reviewed and streamlined facilitating budget planning, implementation and monitoring. IFMS enables production of timely, comprehensive and reliable reports that are useful in monitoring budget performance.
- MoFPED produces budget documentation that are shared with keystakeholders in a timely maner. The documents are posted on its websites.
- MoFPED produces and submits documentation on macroeconomic and fiscal policies, strategic plans and budget on time to Parliament. This facilitates Parliament to have the potential to fulfil its oversight mandate to hold the executive accountable.
- Financial reporting continues to improve and to be sustained by a robust IFMS. Comprehensive, timely and reliable statutory and management reports are produced enabling GoU and parliament to fulfil their mandates to control and manage public funds and resources.
- The key elements of PFM system are well established given their relatively good performance. The systems can form the basis of sustaining the achievements made so far and support future system reforms and improvements.

This is an essentially sound PFM system, which has been strengthened in most aspects since the previous assessment by for example providing comprehensive and reliable fiscal information to the Ugandan citizens.

While several of the weaknesses identified in the 2016 report have been successfully addressed, some remain, including:

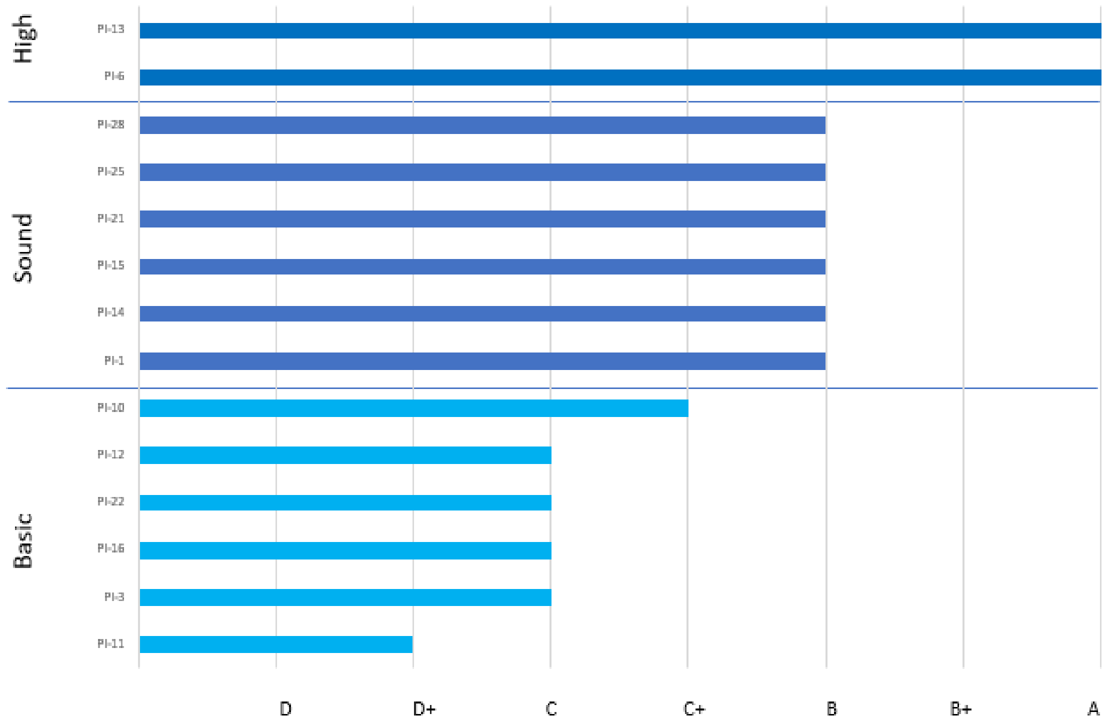
- Policy formulation, although generally strong, does not directly take into account the previous years actual performance against what had been budgeted. The comparison of actual against budgeted figures would benefit realistic budgeting.
- Revenue forecasting has generally been poor because the outurn falls short of what had been anticipated. Poor revenue forecasting negates the credibility of the budget.
- Project investment management does not conform with good practices. Project appraisal and selection does not ensure value for money although steps are being taken to correct this anomaly.
- Public assets performance is not actively reported and monitored contributing to less than maximum utilization of assets. Reforms in asset management have commenced but are yet to have a visible impact.
- Internal controls regulatory framework is in place and adequate but its enforcement is poor resulting in excessive expenditure and sometimes malpractices. GoU has been slow to sanction non-compliance with the laws and regulations although there have been recent occasions where errant accounting officers have been exposed.
- Annual budget estimates have sometimes not been realistic resulting in understatement of expenditures. This is one of the sources of expenditure arrears and the cause for supplementary expenditure. In-year budget allocations are partly caused by unrealistic budget estimates.
- Poor performance at the service delivery units on some occasions is caused by not receiving the funding that had been approved in the budget. The timing and quantity of the funds received is unpredictable. Tracking of the funds received by the budgetary units is problematic.
- Medium term expenditure budgeting has been unrealistic. The future projections are not realistic and are not adhered to. It has turned into a formality that does not help planning and budgeting.
- Parliament is doing commendable work but is hampered by insufficient technical support for reviewing and scrutinizing the medium-term budget expenditure, annual budget plan and execution.
- The recommendations of the Auditor General are sometimes not followed and implemented although a new tracking system for the implementation of the recommendations is being installed.
- Improvements have been registered in procurement but some malpractices persist.

Aggregate fiscal discipline

Overall, while fiscal discipline has improved, there remains a concern that both spending and revenue collection are not realistic and implemented as passed in the budget (Figure 11 below). The expenditure out-turn indicated good performance (PI-1, rated **B** and PI-2, rated **C+**). However, expenditure arrears remain challenged by a lack of both a proper definition for arrears aligned with international standards and an effective expenditure monitoring process (PI-22, rated **C**, an improvement from 2016). Still, monitoring 'lower' subnational levels of government has improved (PI-7, now **B+**).

The government prepares and monitors the budget based on all three possible classifications (PI-4, rated **A**), and the Budget Strategy Paper has improved in the way expected outcomes and outputs are defined (PI-8, rated **C+**). Although the Public Investment Management System is still at an early stage (PI-11, rated **D+**) and asset management needs further improvement (PI-12, rated **C**), internal controls on non-salary expenditure appear to be generally effective, as are expenditure controls and compliance with payment rules and procedures, which have improved (PI-25, rated **B**).

Figure 11: Aggregate fiscal discipline, 2022

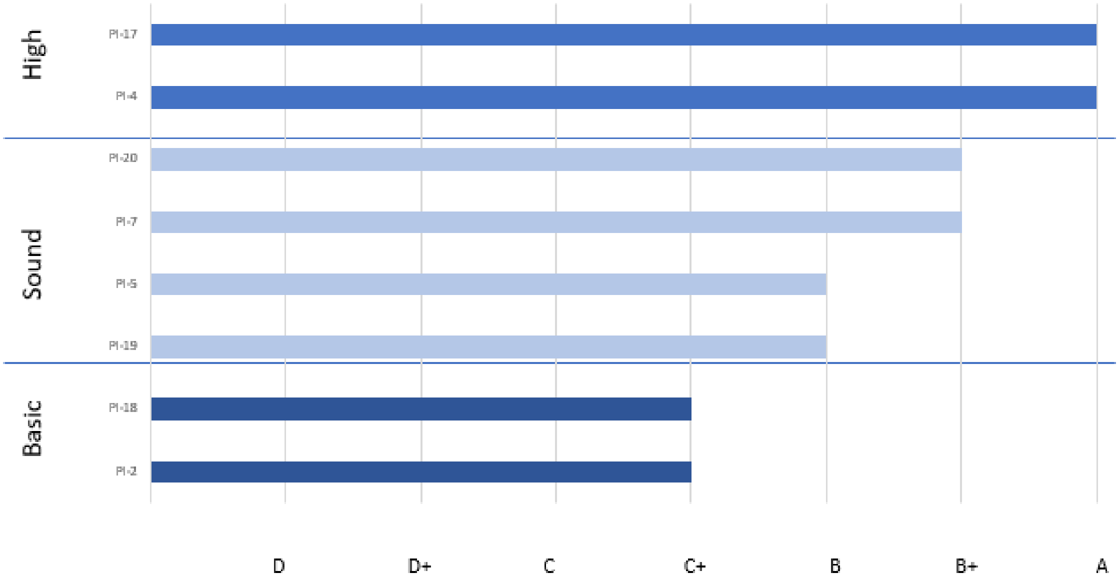


Strategic allocation of resources

The strengths previously noted with the comprehensiveness of the budget documentation and its classification (PI-5 rated **B** and PI-4 rated **A**) remain (Figure 12), and there have been improvements in the implementation and reliability of the information in the Budget Call Circulars and the indicative planning figures provided to local governments ahead of the preparation and finalization of their budget estimates (PI-17, rated **A**). In addition, transparency to the public is excellent, due to the extensive availability of fiscal information (PI-9, rated **A**).

Timing for budget preparation is very important, as MoFPED requires enough time to consolidate the budget and align it with the Medium-Term Expenditure Framework. The parliamentary review focuses mainly on details of revenue and expenditure included in the budget proposals, perhaps at the expense of more strategic discussions on policy and budget expenditure into the medium term (PIs-18 rated **C+** and PI-31 rated **C**).

Figure 12: Strategic allocation of resources, 2022



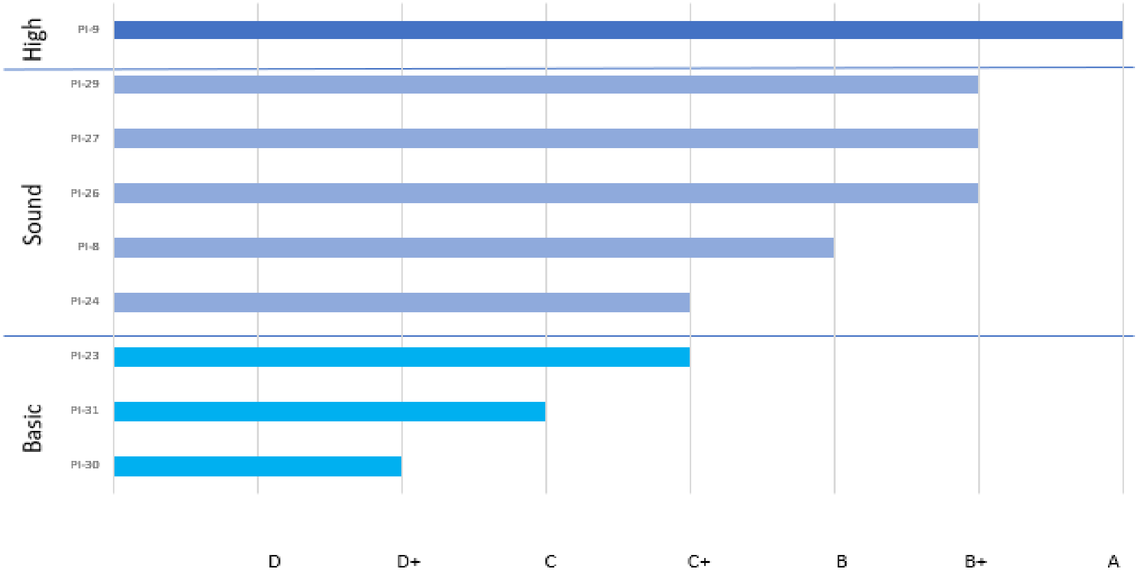
Efficiency in use of resources for service delivery

The level of predictability in funds available to MDAs during budget execution is good (Figure 13) and appears reasonable to support efficient service delivery (PI-21.2, rated B). This is also the case for subnational entities (PI-7.2, rated A). The performance monitoring and evaluation system for service delivery appears to be largely effective (PI-8, rated C+), except for one aspect (PI-8.3), which perhaps also relates to the weak performance of public asset management (PI-12, rated C). Scrutiny of medium-term budget expenditure (PI-16, rated C) appears to face challenges stemming from the limited period allowed for this process to ensure that checks and balances are in place and effective.

Contracts awarded through competitive methods in the last completed financial year accounted for approximately 60% of the total value of all contracts; this means the majority of procurement is conducted using competitive methods (PI-24, rated C+). This may be contrasted with expenditure arrears (PI-22, rated C) and could raise questions whether current practices contribute to achieving good value for money on national expenditure.

Aspects of the systems of internal control (PI-23.4 and PI-25.2 both rated C; PI-25.3, rated B and PI-26, rated B+ overall) supported by effective and orderly reviews by the legislature (PI-31, rated C) and the high level of transparency to the public (PI-9, rated A) combine to promote efficiency in the use of public resources.

Figure 13: Efficient service delivery, 2022



3.2 Effectiveness of the internal control framework

An effective internal control system plays a vital role in addressing risks and providing reasonable assurance that all GoU financial operations meet the four control objectives: (i) operations are executed in an orderly, ethical, economical, efficient, and effective manner; (ii) accountability obligations are fulfilled; (iii) applicable laws and regulations are complied with; and (iv) resources are safeguarded against loss, misuse and damage. Key features of the internal control framework are set out below; full details are provided in Annex 2.

Control environment

The effectiveness of internal control appears to be reasonable and enforcement mechanisms exist in line ministries but are not always implemented. Overall, the public administration benefits from a performance management culture and has mechanisms for the appraisal of government officials. The skills of public servants have been upgraded and allow the operation of a performance budgeting system, which requires a higher level of both analytical skills and understanding of public policy than typically demanded of budget officers. GoU has developed a national programme to reform civil servant management and improve public services at both national and subnational level.

Work has been undertaken to enhance the management of fiscal risks to help government weather the impact of unexpected internal developments and external pressures (e.g., from the Covid-19 pandemic). Further work in this area will help to ensure that budget managers are protected from swings in resource availability, contribute to effective service delivery, and help the government to maintain budget credibility.

The establishment of a performance-informed budgeting framework has been successful and has led to increased devolution of budgetary powers and responsibilities to managers of programmes and activities; increased transparency and improved reporting on programme performance; capacity building for PFM-related skills; and development of human resource management processes that reinforce accountability through individual objective setting and performance reporting linked to policy or programme objectives and results. This required a number of interconnected reforms, which have been successfully implemented.

The implementation of programme budgeting was a critically transformative step, as it required a delegated authority and flexibility for budget entities to ensure performance is achieved as planned. MoFPED periodically reviews the budget entity functions. Programme budgeting is still facing teething problems which GoU is aware of and would be eventually addressed.

Risk assessment

Although the PEFA assessment reveals a strong overall PFM system, several risks and weaknesses are noted, as follows:

- The medium-term budget framework was introduced to strengthen budget–policy linkages. However, some line ministries have not adhered to the expenditure ceiling. The connection between the programmatic structure and the allocation and costs of specific investment decisions in the budget remains weak (PI-16, rated **C**).
- Public investment control lacks regulations, and economic analyses are not conducted (PI-11, rated **D+).**
- Vouchers may be split to avoid the prescribed procurement method; in addition, procurement plans are subject to change, which may suggest limited credibility (PI-24 (i & ii), both rated **C**).
- Asset management data are not fully consolidated, and the Auditor General observed that some entities were late in submitting annual inventory list and inventory books to MoFPED (PI-12, rated **C**).

Control activities

Internal control rules and procedures have been strengthened over several years and have resulted in improvements to budget preparation and execution, financial management and accounting, procurement, internal and external audit, monitoring and evaluation. The rollout of the financial management information system to line ministries has further improved fiscal and budget management, as well as transparency. Control processes have been streamlined, and the system has improved control in budget implementation. GoU uses bank accounts and transfer orders to pay suppliers and civil servants' salaries. Commitment control applies to all payments made from the Treasury Single Account. Actual expenditure incurred is in line with approved budget allocations and does not exceed committed amounts and projected available cash resources.

Information and communication

There is good use of the internet throughout government, as well as by citizens – who are able to access all fiscal information (within PEFA timelines); rated **A** in PI-9.

Monitoring

The positive aspects of monitoring and evaluation include budget execution, oversight of subnational governments, and performance evaluation for service delivery, which are rated A and B respectively.

However, monitoring of contingent fiscal risks, payroll audits, and investment project selection are rated **D**, while investment project monitoring, state property management, the management of revenue and expenditure arrears, and procurement monitoring are all rated **C**.

3.3 Performance changes since the 2016 PEFA assessment

Since the 2016 PEFA assessment, GoU has made considerable progress in improving PFM practices. A comparison of the scores from the 2016 and 2022 assessments shows that 13 of the 31 indicators improved overall (PIs 2, 5, 6, 7, 11, 12, 16, 18, 20, 22, 24, 25, and 28), and only two deteriorated (PI-1 and PI-3). These changes are summarized in Figure 14 by indicator and Figure 15 by pillar; the details are provided in Annex 1. As noted, these improvements reflect a number of PFM reforms undertaken by GoU to strengthen accountability and transparency in the management of public resources.

In terms of *PI*, budget reliability, average performance deteriorated, because of the relative decline in revenue and aggregate expenditure out-turns; this can be ascribed to global shocks, such as the Covid-19 pandemic. *Pillar II*, transparency, saw a significant improvement, based on better budget documentation, fewer operations outside government reports, and better management of transfers to subnational government. The next two pillars saw moderate improvement: *Pillar III*, asset and liability management, was strengthened through better management of public investment. *Pillar IV*, policy-based budgeting, benefitted from improvements in macro-fiscal sensitivity analysis, better adherence to medium-term ceilings, and more effective legislative oversight (the timing of budget approval). *Pillar V*, predictability in budget execution, also improved significantly, particularly from the centralization of recording of revenue collection, stronger procurement management, and better control of non-salary expenditure. *Pillar VI*, accounting, improved because of better monitoring of budgets during the year. The final pillar, external scrutiny and audit, did not improve between the two assessments.

Figure 14: Comparison of ratings, 2016 and 2022

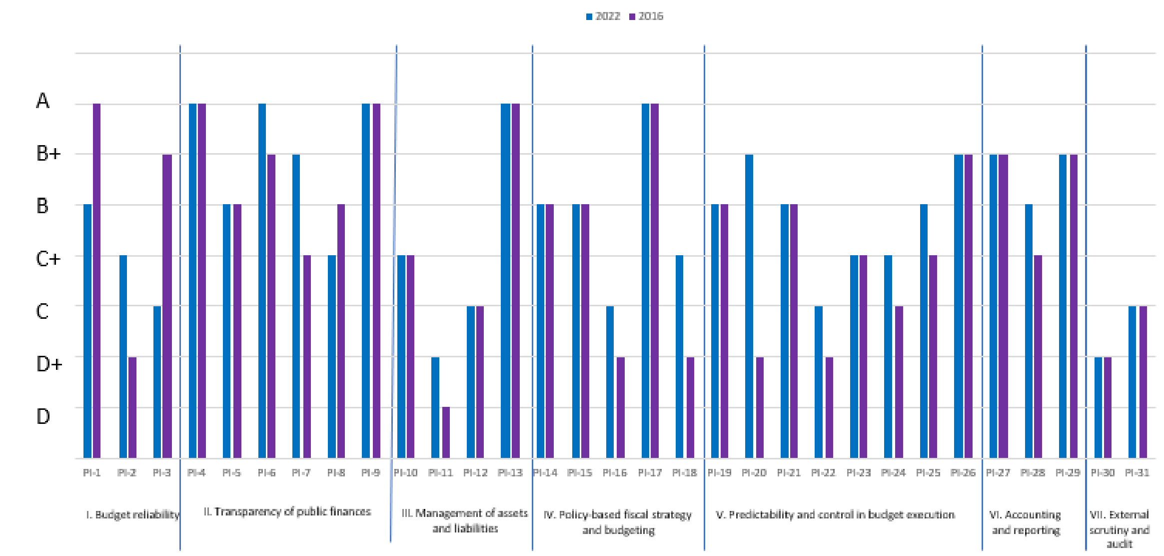
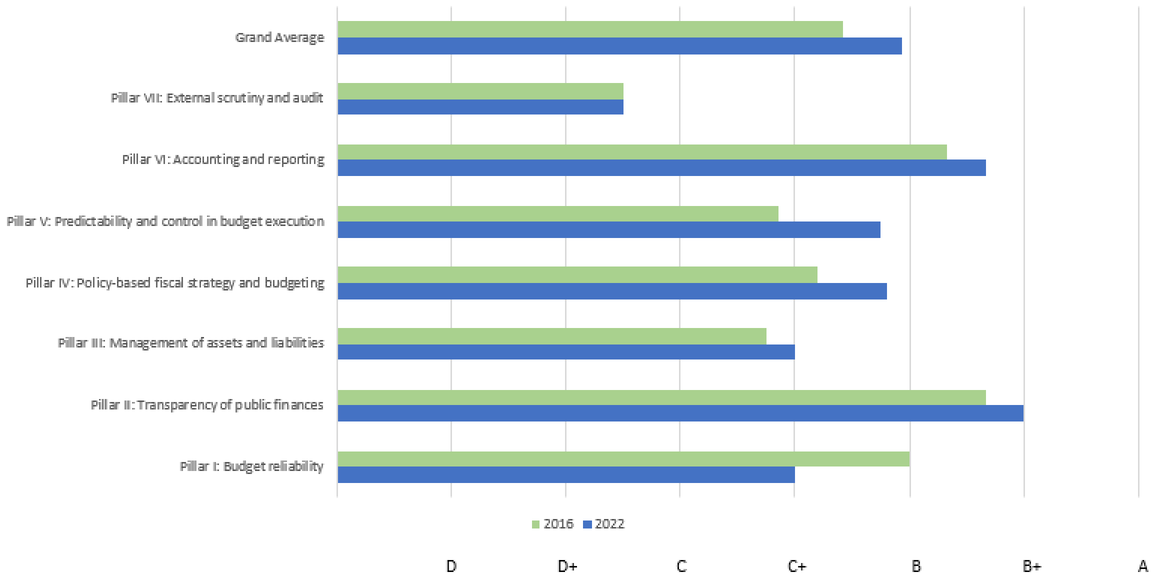


Figure 15: Performance by pillar, 2016 and 2022



Between 2016 and 2022, *aggregate fiscal discipline* improved only slightly overall. A range of broader improvements in aspects such as internal control, in-year budget reforms, asset management, control of expenditure arrears, and public investment management were offset by significant declines in aggregate expenditure and revenue out-turns, in part because of the Covid-19 pandemic and the resulting economic disruption. *Efficient use of resources* also improved, driven by stronger procurement management. The most significant improvement was seen in the *strategic allocation of resources*, with budget documentation, transparency and timing of transfers to subnational government, revenue accounting, and legislative budget scrutiny all being strengthened.

Annex 1: Performance indicator summary

This annex provides a summary table of the performance at indicator and dimension level for the 2022 assessment, compared with scores from the 2016 assessment, which used the same methodology.

Uganda			2022 assessment		2016 assessment	
Pillar	Indicator/Dimension		Score	Requirements met	Score	Explanation of change
I. Budget reliability	PI-1	Aggregate expenditure out-turn	B	From 90% to 110% of approved expenditure in all 3 years.	A	Decline, caused by Covid-19 and lower disbursements on externally funded projects.
	PI-2	Expenditure composition out-turn	C+		D+	Improvement.
		(i) Expenditure composition out-turn by function	C	Variance by programme, administrative or functional classification >10% but <15% in at least 2 of the 3 years.	C	No change.
		(ii) Expenditure composition out-turn by economic type	C	Variance by economic classification >10% but <15% in 2 of the last 3 years.	D	Improvement, as variance in expenditure composition by economic classification was reduced to less than 15% in 2 of the last 3 years.
		(iii) Expenditure from contingency reserves	A	Actual expenditure on contingency vote averaged <3% of original budget in all 3 years. Contingency reserve 0.5% of annual budget.	A	No change.
	PI-3	Revenue out-turn	C		B+	Decline.
		(i) Aggregate revenue out-turn	D	Actual revenue <92% of budgeted revenue in at least 2 of the last 3 years	B	The major deviation came in FY2019/20, due to the impact of Covid-19 on domestic demand and imports. There were delays in implementing tax revenue measures (such as higher excise duty on fuel and a withholding tax on insurance and advertising agents) and some reforms, including the Electronic Fiscal Receipting and Invoicing System and the rental income tax solution.
		(ii) Revenue composition out-turn	B	Variance <10% in 2 of the last 3 years.	A	Decline, as above

Uganda			2022 assessment		2016 assessment	
Pillar	**Indicator/Dimension**		**Score**	**Requirements met**	**Score**	**Explanation of change**
II. Transparency of public finances	PI-4	Budget classification	A	2021 and 2016 Charts of Accounts cover all budgeting, budget execution, reporting and accounting codes. Budget formulation, execution, and reporting based on every level of administrative, economic, and functional classification using GFS or comparable classification. Programme budgets established and in use.	A	No change.
	PI-5	Budget documentation	B	Parliament provided with comprehensive documentation on at least 10 elements, including all core elements	B	Improvement: more elements included in budget documents.
	PI-6	Central government operations outside financial reports	A	All revenues of budgetary and extrabudgetary units collected through URA. All revenues and expenditures of extrabudgetary units reported in GoU financial reports. Financial reports submitted to AGO and Auditor General within 2 months of fiscal year end.	B+	Improvement.
		(i) Expenditure outside financial reports	A	Expenditure outside government financial reports <1% of total budgetary central government expenditure.	B	Improvement, as all expenditure incurred by extrabudgetary units now recorded in GoU financial reports.
		(ii) Revenue outside financial reports	A	Revenue outside government financial reports <1% of total budgetary central government revenue.	B	Improvement: University students now pay fees directly to URA, which remits collections to the Consolidated Fund at the Bank of Uganda. All revenues collected by budgetary and extrabudgetary units are reported in GoU financial statements.
		(iii) Financial reports of extra-budgetary units	A	Detailed financial reports of all extrabudgetary units submitted to government annually within 3 months of fiscal year end.	A	No change.
	PI-7	Transfers to subnational governments	B+	Improvements in implementation and reliability of information in budget call circulars and indicative planning figures provided to local governments for preparation and finalization of budget estimates.	C+	Improvement.

Uganda			2022 assessment		2016 assessment	
Pillar	**Indicator/Dimension**		**Score**	**Requirements met**	**Score**	**Explanation of change**
		(i) System for allocating transfers	B	Horizontal allocation of most transfers to subnational governments determined by transparent, rule-based systems.	D	Improvement in transfer systems as indicative planning figures are well known and do not change much.
		(ii) Timeliness of information on transfers	A	Process by which subnational governments receive information on annual transfers managed through regular budget calendar (generally adhered to). Provides clear, detailed information and allows at least 6 weeks for budget planning.	A	Improvements in the implementation and reliability of information in budget call circulars and indicative planning figures provided to subnational governments ahead of the preparation and finalization of their budget estimates.
	PI-8	Performance information for service delivery	C+	Minimal decline in performance information for service delivery.	B	Decline.
		(i) Performance plans for service delivery	B	Information published annually on policy/programme objectives, key performance indicators, outputs, and outcomes for most ministries, disaggregated by programme or function.	B	No change
		(ii) Performance achieved for service delivery	B	For most ministries, information published annually on quantity of outputs produced or outcomes achieved.	B	Budgets now include key performance indicators for planned outputs and outcomes for its budgetary units.
		(iii) Resources received by service delivery units	D	Performance less than required for a C score.	D	No change
		(iv) Performance evaluation for service delivery	B	Independent evaluations of efficiency and effectiveness of service delivery published for most ministries at least once in last 3 years.	A	Decline in performance evaluations carried out by the Auditor General.
	PI-9	Public access to information	A	GoU makes available to public 9 elements, including all 5 basic elements, in specified time frames.	A	No change

Uganda			2022 assessment		2016 assessment	
Pillar	Indicator/Dimension		Score	Requirements met	Score	Explanation of change
III. Management of assets and liabilities	PI-10	Fiscal risk reporting	C+	No significant changes in fiscal reporting.	C+	No change
		(i) Monitoring of public corporations	C	Most public corporations and state enterprises submit financial reports within stipulated times, but performance not assessed.	C	No change
		(ii) Monitoring of subnational government	A	Audited annual financial statements for all subnational governments published within 9 months of year end. Consolidated report on their financial position published at least annually.	A	No change
		(iii) Contingent liabilities and other fiscal risks	D	Contingencies risks not generally reliably estimated or provided for.	D	No change
	PI-11	Public investment management	D+		D	Improvement.
		(i) Economic analysis of investment proposals	C	About 37% of projects undergo economic analysis but no evidence of major projects undergoing feasibility study. Value of projects undergoing feasibility studies relatively low at about 25%	D	Improvement: Only 15% of projects in the Public Investment Programme were underpinned by a cost-benefit analysis in 2018/19.
		(ii) Investment project selection	D	Development Committee adopted criteria for selection of projects from FY2022/23. Seemingly no evidence used in assessment years.	D	No change
		(iii) Investment project costing	D	No recurrent costs in budget documentation, but total capital costs and forthcoming year costs in Public Investment Plan in budget.	D	Improvement: more details included in the Public Investment Programme.
		(iv) Investment project monitoring	C	Projects monitored but no standard rules and procedures followed.	C	No change
	PI-12	Public asset management	C	Improvements in public asset management due to formulation of asset management framework and guidelines (awaiting approval). Asset registers updated.	C	No change

Uganda			2022 assessment		2016 assessment	
Pillar	Indicator/Dimension		Score	Requirements met	Score	Explanation of change
				However, limited information on performance of financial and nonfinancial assets.		
		(i) Financial asset monitoring	C	GoU register of holdings in major categories of financial assets but information on performance not published.	C	No change
		(ii) Nonfinancial asset monitoring	C	GoU register of fixed assets and partial information on their usage and age. Information not published.	C	No change
		(iii) Transparency of asset disposal	C	Procedures and rules for transfer or disposal of nonfinancial assets established. Information on transfers and disposals included in budget documents and financial or other reports.	C	No change.
	PI-13	Debt management	A		A	No change
		(i) Recording and reporting of debt and guarantees	A	Data on domestic debt updated monthly, and external debt and guaranteed debt figures updated quarterly: published quarterly.	A	No change
		(ii) Approval of debt and guarantees	A	PFMA stipulates respective authority, purpose, and modes of disbursement of loans. Authority to raise money by loan and issue guarantees vests solely in Minister. All debt and guarantees approved by legislature on annual and ad hoc basis.	A	No change
		(iii) Debt management strategy	A	Five-year Debt Management Strategy, updated annually, covers existing and projected debt, target interest rate ranges, refinancing and foreign currency risks. Annual reports to legislature on adherence to debt management objectives. Annual plan consistent with Debt Management Strategy.	A	No change

Uganda			2022 assessment		2016 assessment	
Pillar	Indicator/Dimension		Score	Requirements met	Score	Explanation of change
IV. Policy-based fiscal strategy and budgeting	PI-14	Macroeconomic and fiscal forecasting	B		B	No change
		(i) Macroeconomic forecasts	B	Five-year forecasts of key macro indicators (updated annually) submitted in budget documentation. However, assumptions cover only a few indicators of growth and inflation. Independent review of model and results only implicitly done as part of IMF engagement.	B	No change
		(ii) Fiscal forecasts	B	Medium-term forecasts for main fiscal indicators (e.g., revenue by type, expenditure, budget balance, and underlying assumptions) part of budget documentation sent to legislature. No explanation of deviations between previous forecasts and actual fiscal out-turns.	B	No change
		(iii) Macro-fiscal sensitivity analysis	B	MoFPED macro-fiscal sensitivity analysis published in budget documentation and the Fiscal Risk Statement. However, scenarios not detailed, published or discussed in budget documents.	C	Improvement, as results of the macro-fiscal sensitivity analysis are published as part of budget documentation and as part of the Fiscal Risk Statement.
	PI-15	Fiscal strategy	B		B	No change
		(i) Fiscal impact of policy proposals	D	Some partial impact analysis for tax policy proposals but no evidence of impact analysis of expenditure proposals.	D	No change
		(ii) Fiscal strategy adoption	A	Annual fiscal strategy for 2020/21 consistent with 2016 Charter of Fiscal Responsibility. Includes performance against annual targets, previous out-turns, and annotated five-year forecasts.	A	No change
		(iii) Reporting on fiscal outcomes	A	Semi-annual and annual reports on economic and fiscal performance have detailed explanation of deviation from fiscal targets, along with strategies for debt sustainability.	A	No change
	PI-16	Medium-term perspective in	C		D+	Improvement

Uganda			2022 assessment		2016 assessment	
Pillar	Indicator/Dimension		Score	Requirements met	Score	Explanation of change
		expenditure budgeting				
		(i) Medium-term expenditure estimates	A	Budget presents MTEF, with expenditures for 5 financial years allocated by administrative, economic and functional classification.	A	No change
		(ii) Medium-term expenditure ceilings	C	Ceilings only provided at the second budget call circular.	D	Improvement, as ceilings are now provided in the first budget call circular
		(iii) Alignment of strategic plans and medium-term budgets	D	Strategic plans not based in budget constraints; therefore, alignment with budgets limited.	D	No change
		(iv) Consistency of budgets with previous year estimates	D	No requirement to compare second year of previous MTEF with current budget; consequently, this is never done comprehensively.	D	No change
	PI-17	Budget preparation process	A		A	No change
		(i) Budget calendar	A	Circular 2 has accurate ceilings for current and investment, allows 6 weeks for completion of estimates, and is generally adhered to.	A	No change
		(ii) Guidance on budget preparation	A	Budget calendar for 2020/21 outlined ceilings to budget units, already approved by legislature, for both Circulars 1 and 2.	A	No change
		(iii) Budget submission to the legislature	A	Executive submitted budget to legislature at least 2 months before the start of the financial year in each of the last 3 years.	A	No change
	PI-18	Legislative scrutiny of budgets	C+		D+	Improvement
		(i) Scope of budget scrutiny	A	Legislative review covers fiscal policy, MTFF, medium-term priorities, aggregates for coming year, and details of expenditure and revenue.	A	No change

Uganda			2022 assessment		2016 assessment	
Pillar	Indicator/Dimension		Score	Requirements met	Score	Explanation of change
		(ii) Legislative procedures for budget scrutiny	A	Legislature approves procedures to review budget proposals in advance of budget hearings. Consultation with public.	A	No change
		(iii) Timing of budget approval	A	Legislature approved annual budget before start of year in each of the last 3 fiscal years.	D	Improvement, due to a change Parliamentary procedure.
		(iv) Rules for budget adjustments by the executive	C	Clear rules, but not always followed OR may allow administrative reallocation and even total expansion of expenditure.	C	No change
V. Predictability and control in budget execution	PI-19	Revenue administration	B	Some improvement in risk management, but more needed in audit and investigations. Large number and values of aged arrears need urgent attention.	B	No change
		(i) Rights and obligations for revenue measures	A	Entities collecting most revenues use multiple channels to give payers easy access to comprehensive and up-to-date information on the main revenue obligation areas and on rights, including at least redress processes and procedures.	A	No change
		(ii) Revenue risk management	B	Entities collecting most revenues use structured and systematic approach for assessing and prioritizing compliance risks for some categories of revenue and, as a minimum, for large revenue payers.	C	Improvement: URA has developed and implemented a comprehensive compliance risk management system and a compliance improvement plan since 2017. These are monitored and evaluated regularly by the Management Executive Committee.
		(iii) Revenue audit and investigation	C	Entities collecting most government revenue undertake audits and fraud investigations using compliance improvement plan; most planned audits and investigations completed.	C	No change
		(iv) Revenue arrears monitoring	C	Revenue arrears at fiscal year end <40% of total annual revenue; revenue arrears >12 months are <75% of total annual arrears.	B	Decline, as the stock of arrears has grown significantly, due to a limited focus on the filing of tax returns and the large number of estimated assessments that have been made (however, most of the arrears relate to old debt).

Uganda			2022 assessment		2016 assessment	
Pillar	**Indicator/Dimension**		**Score**	**Requirements met**	**Score**	**Explanation of change**
	PI-20	Accounting for revenues	B+	Significant improvement from centralization of most collections at URA. Information on revenue collection now readily available.	D+	Improvement
		(i) Information on revenue collections	B	Central agency obtains revenue data at least monthly from entities collecting most central government revenue. Information broken down by revenue type and consolidated into report.	D	There have been significant improvements following the centralization of most revenue collections at URA: information is readily available.
		(ii) Transfer of revenue collections	B	Entities collecting most central government revenue transfer collections to Treasury and designated agencies at least weekly.	B	No change
		(iii) Revenue accounts reconciliation	A	Entities collecting most central government revenue undertake complete reconciliation of assessments, collections, arrears, and transfers to Treasury and other designated agencies at least quarterly within 4 weeks of the end of quarter.	A	No change
	PI-21	Predictability of in-year resource allocation	B	Efforts to make in-year resource allocations reliable hampered by unpredictable availability of funds; adjustments frequent.	B	No change
		(i) Consolidation of cash balances	A	Cash balances still consolidated on a daily basis.	A	No change
		(ii) Cash forecasting and monitoring	B	Cash forecast prepared for fiscal year and updated quarterly.	B	No change
		(iii) Information on commitment ceilings	B	Budgetary units provided reliable information on commitment ceilings at least quarterly, in advance.	B	No change
		(iv) Significance of in-year budget adjustments	C	Significant in-year budget adjustments to budget allocations frequent and only partially transparent	C	No change

Uganda			2022 assessment		2016 assessment	
Pillar	**Indicator/Dimension**		**Score**	**Requirements met**	**Score**	**Explanation of change**
	PI-22	Expenditure arrears	C	Some improvement in controlling expenditure arrears through efforts to clear existing arears and manage creation of new ones.	D+	Improvement
		(i) Stock of expenditure arrears	C	Stock of expenditure arrears no more than 10% of total expenditure in at least 2 of the 3 three completed fiscal years.	D	Improvement, although arrears stem from inadequate budgeting; weak controls; shortage of funds; and spending outside the IFMS.
		(ii) Expenditure arrears monitoring	C	Data on stock and composition of expenditure arrears generated annually at the end of each fiscal year	C	No change
	PI-23	Payroll controls	C+	General improvements: payroll being decentralized with minimal hiccups; integration of payroll and personnel records strengthened by introduction of HCM and building on IPPS. Management of payroll changes and internal controls promising. Comprehensive payroll audit needed to ensure recent improvements sustainable.	C+	No change
		(i) Integration of payroll and personnel records	B	Payroll supported by full documentation for all changes to personnel records each month, checked against the previous month's payroll data. List of approved positions for staff hiring and promotion.	C	Improvement, due to the integration of payroll and personnel records after the recent introduction of HCM: also building on earlier successes by IPPS.
		(ii) Management of payroll changes	B	Personnel records and payroll updated at least quarterly and require few retroactive adjustments.	B	No change
		(iii) Internal control of payroll	B	Authority and basis for changes to personnel records and payroll clear and adequate to ensure integrity of data.	C	Improvement, due to linking payroll and personnel records with biometric data systems at National Identification and Registration Authority.
		(iv) Payroll audit	C	Partial payroll audits or staff surveys undertaken in the last 3 years. No evidence of overall audit of all central government entities.	B	Decline, as no complete audit undertaken during period under review.
		Procurement	C+	Some improvement in transparency and availability of information, as roll-out of e-GP eased generation, processing and dissemination of data.	C	Improvement, due to implementation of e-GP

Uganda			2022 assessment		2016 assessment	
Pillar	**Indicator/Dimension**		**Score**	**Requirements met**	**Score**	**Explanation of change**
	PI-24	(i) Procurement monitoring	C	Database maintained, contracts data complete and accurate for most entities. Data quality issues for some entities.	D	Improvement, although challenges remain re: completeness and accuracy of the data.
		(ii) Procurement methods	C	60% or more of total value of contracts.	D	Improvement: more competition.
		(iii) Public access to procurement information	B	At least 4 key procurement information elements complete and reliable for units representing most procurement operations; made available to public in timely manner.	B	Improvement: greater public access to procurement operations.
		(iv) Procurement complaints management	B	Complaints system meets criterion (1),and 3 other criteria.	B	Improvement: all criteria now met.
	PI-25	Internal controls on non-salary expenditure	B	Significant improvement: enforcement of rules and procedures for payments strengthened, resulting in increased compliance.	C+	Improvement
		(i) Segregation of duties	B	Segregation of duties prescribed throughout expenditure process. Responsibilities clearly laid down for most key steps, but further details needed in a few areas.	B	No change
		(ii) Effectiveness of expenditure commitment controls	C	Control procedures provide partial coverage and are partially effective. Historical commitments (e.g., rent) still problematic.	C	No change
		(iii) Compliance with payment rules and procedures	B	Most payments compliant with regular payment procedures. Most exceptions properly authorized and justified.	C	Improvement in exceptions being authorized.
	PI-26	Internal audit effectiveness	B+	Improvements in internal audit function: Audit and inspection manual reviewed and updated; quality assurance expanded (but yet to meet international standards); annual audits extended to all budgetary units; and follow-up of recommendations improving.	B+	No change

Uganda			2022 assessment		2016 assessment	
Pillar	Indicator/Dimension		Score	Requirements met	Score	Explanation of change
		(i) Coverage of internal audit	A	Internal audit operational for all central government entities.	A	No change
		(ii) Nature of audits and standards applied	B	Internal audit activities focus on evaluating adequacy and effectiveness of internal controls. Quality assurance process in place in internal audit function, and audit activities meet professional standards, including focus on high-risk areas.	B	No change
		(iii) Implementation of internal audits and reporting	A	Annual audit programmes. Most programmed audits completed, and reports distributed to appropriate parties.	B	Improvement in completion of programme of planned audits.
		(iv) Response to internal audits	B	Partial response to audit recommendations for most entities within 12 months of audit report being produced.	B	No change
VI. Accounting and reporting	PI-27	Financial data integrity	B+	Robust due to automation of PFM systems and consolidation of Treasury Single Account to virtually all votes. Ongoing improvements to management of advance accounts strengthened through IFMS upgrade, with facility to track uncleared advances.	B+	No change
		(i) Bank account reconciliation	A	Bank reconciliation for all active central government accounts at least weekly (at aggregate and detailed levels), usually within a week from the end of each week.	A	No change
		(ii) Suspense accounts	NA	No suspense accounts	A	No change
		(iii) Advance accounts	C	Reconciliation of advance accounts annually, within 2 months of year end. Advance accounts frequently be cleared with delay.	D	Improvements in timing requirements.
		(iv) Financial data integrity processes	A	Access and changes to records restricted and audit trail created. Operational body in charge of verifying financial data integrity.	A	No change

Uganda			2022 assessment		2016 assessment	
Pillar	Indicator/Dimension		Score	Requirements met	Score	Explanation of change
	PI-28	In-year budget reports	B	Some improvement in timing and regularity of in-year reports.	C+	Improvements
		(i) Coverage and comparability of reports	B	Coverage and classification of data allow direct comparison with original budget with partial aggregation. Expenditures from transfers to de-concentrated central government units included.	B	No change
		(ii) Timing of in-year budget reports	B	Budget execution reports prepared quarterly and issued within four weeks from end of quarter.	C	Improvement in regularity of production and timing of reports.
		(iii) Accuracy of in-year budget reports	B	Concerns re data accuracy, but data consistent and useful. Data issues highlighted in report. Analysis of budget execution provided at least half-yearly. Expenditure captured at least at payment stage.	B	No change
	PI-29	Annual financial reports	B+	Financial reports robust and improving. However, different bases of accounting (may be solved in move to full accrual accounting).	B+	No change
		(i) Completeness of annual financial reports	A	Financial reports for budgetary central government prepared annually, comparable with approved budget. Full information on revenue, expenditure, assets, liabilities, guarantees, and long-term obligations, and supported by reconciled cash flow statement.	B	Improvement, as reports for budgetary central government are comparable with the approved budget and contain full information on revenue, expenditure, assets, liabilities, guarantees, and long-term obligations, and are supported by a reconciled cash flow statement.
		(ii) Submission of reports for external audit	A	Financial reports for budgetary central government submitted for external audit within 3 months of fiscal year end.	A	No change
		(iii) Accounting standards	B	Accounting standards applied to all financial reports consistent with legal framework and most international standards (with variations disclosed and gaps explained). Standards used for annual financial reports disclosed.	B	No change

Uganda			2022 assessment		2016 assessment	
Pillar	Indicator/Dimension		Score	Requirements met	Score	Explanation of change
VII. External scrutiny and audit	PI-30	External audit	D+	Independence of external audit and conduct of audits strong but more vigilance needed in following up findings. Implementation of tracking system is promising.	D+	No change
		(i) Audit coverage and standards	A	Audits used International Standards of Supreme Audit Institutions or consistent national standards in the last 3 years. Audits highlight relevant material issues and systemic and control risks.	A	No change
		(ii) Submission of audit reports to the legislature	B	Audit reports submitted to legislature within 9 months from OAG receipt of financial reports for the last 3 years.	B	No change
		(iii) External audit follow-up	D	Follow-up slow.	D	No change
		(iv) Supreme Audit Institution independence	A	OAG independent from executive in appointment/removal of Head, planning of audits, publicizing reports, and budget, as assured by law. Unrestricted and timely access to information.	A	No change
	PI-31	Legislative scrutiny of audit reports	C	Slight improvements in following up recommendations and tracking system. Backlog of audit reports for parliamentary scrutiny.	C	No change
		(i) Timing of audit report scrutiny	D	Parliament has backlog of reports to scrutinize.	D	No change
		(ii) Hearings on audit findings	C	Occasional in-depth hearings on key audit findings, covering a few audited entities or only involving MoFPED officials.	C	No change
		(iii) Recommendations on audit by the legislature	C	Legislature recommends to executive actions to be implemented and follows up on implementation. Tracking system.	C	No change

Uganda		2022 assessment		2016 assessment	
Pillar	Indicator/Dimension	Score	Requirements met	Score	Explanation of change
	(iv) Transparency of legislative scrutiny of audit reports	B	Hearings conducted in public with few exceptions (e.g., national security). Committee reports provided to legislature and published on official website or other easily accessible means.	B	No change

Annex 2: Internal control framework

Internal control components and elements	Summary of observations
Control environment	• All financial aspects are managed and controlled by the Constitution (1995, as amended in 2018), the PFMA 2015 (as amended), and its associated Regulations 2016 and are overseen by the Auditor General in terms of the National Audit Act 2008. • The effectiveness of internal control seems high, and enforcement mechanisms in line ministries are effective. The internal audit function is well established, is operational in each arm of GoU, and operates in an effective manner. • MoFPED is the authorized body for PFM rules and regulations and centralizes most control functions over the key phases of the PFM cycle.
The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organisation	• Overall, the public administration benefits from a performance management culture and has mechanisms for performance appraisal of government officials. All line ministries have a human resources management function. • The public sector culture places a strong emphasis on disciplinary procedures for those few caught by-passing the system. • The introduction of programme budgeting and the Budget Strategy Paper has changed the approach to performance, as institutions have to deliver on outputs and are held accountable for their results. Reforms in line ministries and institutions and changes in administrative structure to be consistent with programme structure have been crucial to ensure the effective implementation of performance budgeting.
Commitment to competence	MoFPED is a good example of commitment to competence and has an incentive and promotion regime to recognize technically competent staff. The skills of public servants have been upgraded and allow the operation of a performance budgeting system, which requires more analytical skills and understanding of public policy than typically demanded of budget officers.
The 'tone at the top' (i.e., management's philosophy and operating style)	• As for any country, the 'tone at the top' varies from one entity to another in Uganda. In MoFPED, there is a positive approach to implementing the PFM reform programme and an understanding of the importance of internal controls, as evidenced by the adjustment of the organizational structure to respond to recommendations on financial management and accounting, procurement, asset management and performance. In other entities, the adherence to the internal control principles may vary, depending on the degree of delegation of responsibilities. • The establishment of a performance-informed budgeting framework (which includes performance-based management, measurement of programme results, performance accountability, transparent reporting, and a performance auditing framework) has been successful and led to increased devolution of budgetary powers and responsibilities to managers; increased transparency and improved reporting on programme performance; capacity building for PFM-related skills; and development of human resource management processes that reinforce accountability through individual objective setting and performance reporting linked to policy/programme objectives and results. This required various interconnected reforms, which have been successfully implemented.

Organisational structure	• GoU institutions have their own structures that are adopted by law or regulations; however, there may be a need to review the functions of line ministries to ensure they have enough staff to implement their mandates. • The implementation of programme budgeting was a critically transformative step, as it required a delegated authority and flexibility for budget entities to ensure performance is achieved as planned. MoFPED periodically reviews the budget entity functions.
Human resource policies and practices	GoU has developed a national programme to reform civil servant management and improve public services at both national and subnational level. Merit has been an increasingly predominant factor in appointments and promotion. Growing numbers of young, competent candidates have been recruited and given senior positions in government. GoU is also implementing new policies to empower subnational authorities to manage their own staff toward improve service delivery. Human resource management in the civil service is developing, so that that civil servants can be made accountable for performance, in particular: • Job descriptions/ToR are prepared for line ministries. • There is a formalized appraisal/performance system. • Low levels of absenteeism etc. indicate that motivation is high.
Risk assessment	
Risk identification	While the PEFA assessment reveals a strong overall PFM system, several risks and weaknesses are noted, as follows: • The medium-term budget framework was introduced to strengthen budget–policy linkages. However, some line ministries have not adhered to the expenditure ceiling. The connection between the programmatic structure and the allocation and costs of specific investment decisions in the budget remains weak (PI-16, rated **C**). • Public investment control lacks regulations, and economic analyses are not conducted (PI-11, rated **D+).** • Vouchers may be split to avoid the prescribed procurement method; in addition, procurement plans are subject to change, which may suggest limited credibility (PI-24 (i & ii), both rated **C**). • Asset management data are not fully consolidated, and the Auditor General observed that some entities were late in submitting annual inventory list and inventory books to the MoFPED (PI-12, rated **C**).
Risk assessment (significance and likelihood)	There is a regular risk assessment; see risk identification (2.1 above)
Risk evaluation	There is a formal and consistent approach to risk in PFM systems, as illustrated in PI-19 (Tax and Customs systems); risk is evaluated.
Risk appetite assessment	Work has been undertaken to enhance the management of fiscal risks to help government weather the impact of unexpected internal developments and external pressures (e.g., from the Covid-19 pandemic). Further work in this area will help to ensure that budget managers are protected from swings in resource availability, contribute to effective service delivery, and help the government to maintain budget credibility.
Responses to risk (transfer, tolerance, treatment or termination)	GoU is committed to enhancing its PFM system. Each risk has been identified, and the core PFM reform strategy (REAP) contains plans to address each area.

Control activities	Internal control rules and procedures have been strengthened over several years and have resulted in improvements to: • budget preparation and execution, • financial management and accounting, • procurement, • internal and external audit, • monitoring and evaluation. The rollout of the financial management information system to line ministries has further improved fiscal and budget management, as well as transparency. Control processes have been streamlined, and the system has improved control in budget implementation. GoU uses bank accounts and transfer orders to pay suppliers and civil servants' salaries.
Authorization and approval procedure	• All agencies apply the rules and regulations developed by MoFPED throughout budget cycle. • Financial data integrity processes are rated **A** in 27.4. Access and changes to records are restricted and recorded and result in an audit trail. • Recording and reporting of debt and guarantees are rated **A** in 13.1. Domestic and foreign debt and guaranteed debt records are complete, accurate, and updated quarterly. Most information is reconciled quarterly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced at least annually. • Approval of debt and guarantees are rated **A** in 13.2. By law, all loans or guarantees are to be undertaken by MoFPED. The legislature approves a ceiling for domestic and foreign debt with the budget law. • The effectiveness of expenditure commitment controls is rated **C** in 25.2. • Commitment control applies to all payments made from the Treasury Single Account. Actual expenditure incurred is in line with approved budget allocations and does not exceed committed amounts and projected available cash resources. • Management of payroll changes is rated **B** in 23.2. Personnel records are updated at least quarterly, with many retroactive changes. • Compliance with payroll payment rules and procedures is rated **B** in 23.3. Budget institutions have clear and detailed rules and procedures for making changes to staff information and payroll, which include signatures of authorized persons, but comprehensive audit and audit trails are lacking.
Segregation of duties (authorizing, processing, recording, reviewing)	Segregation of duties is rated **B** in 25.1: these are prescribed throughout the expenditure process, with responsibilities laid down for most key steps. Systematic and consistent definition of rules, regulations and responsibilities are still needed (although sub-decrees are to be further revised to make the roles of financial controllers and public accountants clearer).
Controls over access to resources and records	• Compliance with payment rules and procedures is rated **B** in 25.3 – an improvement from the previous assessment – which suggests that the stricter procedures for expenditure authorization have been effective. • The Auditor General's reports show that basic controls relating to payments are usually complied with, and exceptions duly justified. • Financial data integrity processes are rated **A** in 27.4. Financial data is kept in an electronic system in which access and changes to records and data are restricted and recorded by controlled passwords that reflect the prescribed segregation duties.

Verifications	• Accuracy of in-year budget reports is rated **B** in 28.3. Monthly budget execution reports include expenditure at the payment stage, with limited concerns around comprehensiveness, due to the number of 'system transactions' recorded at de-concentrated units. • A statement on budget execution is provided quarterly. • Auditor General reports show that some mandates do not include sufficient supporting documents (PI-25, rated **B**). However, GoU has become more vigilant in trying to enforce compliance by carrying out regular reviews and sensitizing staff. The Treasury Inspection and Policy Department has been carrying out reviews, and accounting officers who have not adhered to the regulations and procedures have not been reappointed.
Reconciliations	• Bank account reconciliations are rated **A** in 27.1. The Treasury Single Account is in place and reconciled on a monthly basis. • Suspense accounts are no longer in use but were previously reconciled and cleared each month; ratedN **NA** in 27.2.
Reviews of operating performance	Revenue audit and investigations are rated **C** in 19.3; only partial payroll audits have been undertaken (PI-23.4, rated **C**).
Reviews of operations, processes and activities	There has been some improvement in procurement monitoring (24.1, rated **C**) by MoFPED (which is responsible for procurement monitoring and evaluation and publishes an annual report). Currently, the procurement database for monitoring and reporting is in place at the central level, but the information is not consolidated to provide a holistic picture of whether the system delivers value for money for GoU.
Supervision (assigning, reviewing and approving, guidance and training)	Human resource capacity and motivational development were identified as pillars to support sustained progress in reforms. Activity planning for each pillar addressed not just technical developments but also human resource, organizational, and motivational developments appropriate to that platform.
Information and communication	There is good use of the internet throughout GoU, as well as by citizens – who are able to access all fiscal information (within PEFA timelines); rated **A** in PI-9.
Monitoring	
Ongoing monitoring	• Budget classification is rated **A**, and programme classification is now implemented. There is full compliance with COFOG/GFS. • Budget execution reports are prepared quarterly and issued within four weeks of the end of each quarter. • Assessing service delivery is rated **B** in 8.4. • Monitoring of subnational governments is rated **A** in 10.2. • Contingent liabilities and other fiscal risks are rated **D** in 10.3. No comprehensive report on contingent liabilities and other fiscal risks was prepared for any of the three fiscal years. • Investment project monitoring is rated **C** in 11.4. The total cost and physical progress of major investment projects are monitored by the implementing unit, but not in any systematic way. Information on implementation of major investment projects is prepared annually but is not published. • State property management is rated **C**, although the latest asset management framework and guidelines have not yet been implemented. • Revenue arears on tax and non-tax is rated **C** in 19.4. • Expenditure arrears monitoring is rated **C** in 22.2.

	• Partial audits of payroll have been conducted by the Auditor General (PI-23.4, rated **C**). • Integration of payroll control and human resource management is rated **B** in 23.1 and **B** 23.2. • Procurement monitoring is rated **C** in 24.1. There is a need to develop the public procurement system. • Advances are cleared for both recurrent and capital expenditure (27.3); rated **C**.
Evaluations	While performance evaluation for service delivery is rated **B** in 8.4, investment project selection is rated **D** in 11.2. Before their inclusion in the budget, new (major) investment projects are now being prioritized by a central entity, with standard selection criteria.
Management responses	Response to internal audits is rated **B** in 26.4. In most departments, management provides a response to audit recommendations within a reasonable timescale.

Annex 3A: Critical documents reviewed

- The Constitution of the Republic of Uganda 1995, as amended to 2018
- The Public Finance and Management Act 2015 (as amended)
- The Public Finance and Management Regulations 2016
- The Local Government Act 1997 (as amended)
- The National Audit Act 2008
- The Public Procurement and Disposal of Public Assets Act 2003 as amended
- The Uganda Third National Development Plan (NDP III)
- The Public Expenditure and Financial Accountability (PEFA) Assessment of 2016
- The Uganda PFM Reform Strategy (FY2018/19 –FY2022/23)
- The Annual REAP Reports
- REAP Work plan, Progress reports and Operational Manuals
- Uganda Government Annual Performance Reports
- Local Government Annual Performance Reports
- The Consolidated Annual Financial Statements of Government
- Chart of Accounts and Classification
- Charter of Fiscal Responsibility
- Annual Inspection Reports
- The Auditor General's Reports
- The Treasury Memorandum reports
- The PPDA Compliance Reports
- Development Committee Guidelines
- Public Investment Management Manuals
- Internal Audit Manual
- The Budget Speech & related Call circulars
- Appropriation Bills
- National Budget Framework Papers
- Rules of Procedure of Parliament
- The Budget Monitoring and Accountability Unit study reports
- The Annual Consolidated Internal Audit reports
- Uganda Fiscal Transparency Evaluation Report, 2016, IMF
- Strengthening Public Investment Management in Uganda, A Diagnostics Study, Aug 2016, World Bank & MoFPED
- Uganda Fourth National Integrity Survey, July 2020, PPDA
- Uganda Country Policy and Institutional Assessment 2013/14 – 2014/15, March 2017, EPRC
- Uganda's Public Finance Management Compliance Index for FY2019/20, CSBAG
- Development Finance Assessment of Uganda, 25 September 2019, UNDP
- Uganda Debt Management Performance Assessment, March 2018, World Bank-MEFMI-UNCTAD
- Uganda Open Budget Survey 2019, International Budget Partnership
- REAP Midterm Review Report, 2021
- Report on the tax policy-making process in Uganda, March 2020, UK Aid
- Joint Development Partner-GoU PFM Reform Annual Monitoring Reports

- Financing of Local Governments in Uganda Through Central Government Grants and Local Government Revenues (OAG), December 2016
- Annual Report on UGIFT for FY2020/21
- Good Practice when undertaking a Repeat Assessment and Guidance for Assessment Planners and Assessors, PEFA Secretariat
- Any other relevant report and guidance notes

Additional reference documents on gender

- Uganda Gender Policy 2007
- National Equal Opportunities Policy, July 2006
- Gender and Equity Budgeting Status Report on High-impact Performance Indicators, Sept 2021
- Gender and Equity Budgeting ME Framework, August-2021
- EOC-Strategic-plan, 2021 to 2025
- Gender Issues in Uganda, UBOS, March 2019
- Status Report: Gender and Equity Responsive Planning and Budgeting Performance Indicators, September 2021, EOC
- Uganda National Household Survey 2019/20. Kampala: 2021, Uganda Bureau of Statistics.
- Implementation of Gender and Equity Budgeting in the Public Finance Management Act, 2015: A Review of Progress, October 2021, UN Women
- Issues Paper on Gender and Equity Issues for consideration under the NDP III
- Ministerial Policy Statements gender and equity assessment Reports 2018/19, 2019/20, 2020/21, 2021/22.
- National Budget Framework Paper gender and equity assessment Reports 2018/19, 2019/20, 2020/21, 2021/22. EOC
- Sector/Programme Budget Framework Paper gender and equity assessment Reports 2018/19, 2019/20, 2020/21, 2021/22, EOC
- Budget Out-turn: Gender equality and women empowerment for 2019/20, 2020/21, EOC
- Gender and Equity Compliance tracking studies 2018/19, 2019/20, 2021/22. EOC
- Local Government Budget Framework Paper gender and equity assessment Reports 2018/19, 2019/20, 2021/22. EOC
- Annual Reports on the State of Equal Opportunities in Uganda, 2018/19, 2019/20, 2020/21, EOC

Additional reference documents on climate

- National Climate Change Policy April 2015 final
- National Climate Change Act 2021 (1)
- National Environment Act, 19 May 1995
- Standard National Climate Change Booklet, 2018
- National Climate Change Mainstreaming Guidelines
- The Uganda Green Growth Development Strategy 2017/18 – 2030/31
- MoWE (2015) Uganda’s First Nationally Determined Contribution
- MoWE (2007) Climate Change – Uganda National Adaptation Programme of Action (NAPA)
- Climate Change Issues Paper

- Climate Change Budget Tagging Reference Manual May 2018
- Uganda-Country-Climate-Action-Reports-2016
- MoWE Ministerial Policy Statement (MPS) FY2020/21
- The Water and Environment Sector Performance Report (SPR) FY2019/20

Annex 3B: Reports and departments consulted

Indicator	Data sources
1. Aggregate expenditure out-turn	Directorate of Budget, MoFPED Annual Budget Documents 2018/19 – 2020/21
2. Expenditure composition out-turn	Directorate of Budget, MoFPED Annual Budget Documents 2018/19 – 2020/21
3. Revenue out-turn	Macro Department Revenue Reports 2018/19 – 2020/21 URA annual data book FY2020/21
4. Budget classification	Chart of Accounts Manual 2016 and 2022 Annual Financial Statements 2018/19 – 2020/21 Approved Budget Estimates 2018/19 – 2020/21 Budget Speeches 2018/19 – 2020/21 In-year budget execution reports to Internal Monitoring Committee 2018/19 – 2020/21 Directorate of Budget
5. Budget documentation	Approved Budget Estimates 2018/19 – 2020/21 Approved Budget Speech 2018/19 – 2020/21 Medium-term Debt Management Strategies 2018/19 – 2020/21 Annual Public Debt, Grants, Guarantees and other liabilities reports 2018/19 – 2020/21 Annual Fiscal Risk Statements Annual Tax expenditure reports Directorate of Budget
6. Central government operations outside financial reports	Public Sector Accounts – Accountant General's Office (AGO) Consolidated Financial Statements 2019, 2020 and 2021 Office of the Auditor General (OAG) BOU Development Partners Reports and Consolidated Financial Statements of the Government of the Republic of Uganda (2019, 2020 and 2021)
7. Transfers to subnational governments	Local Government Finance Commission Constitution of the Republic of Uganda Development Partners
8. Performance information for service delivery	OAG Directorate of Budget CSBAG
9. Public access to fiscal information	Directorate of Budget CSBAG Financial Statements 2020/21 Approved Budget Estimates 2020/21 Budget Speech 2020/21 In-year Budget Execution Reports 2020/21 Auditor General's reports Charter of Fiscal Responsibility, 2021
10. Fiscal risk reporting	Public Sector Accounts – AGO

11. Public investment management	CSBAG Development Partners Development Committee Guidelines Development Committee reports MoFPED PAP statistics Project-Selection-Criteria-May-2021 Strengthening Public Investment Management in Uganda, 2016 Public-Investment-Manual-for-Project-Preparation-and-Appraisal Annual Budget Estimates MoFPED, PAP and National Planning Authority
12. Public asset management	Annual Financial Statements Treasury Services and Asset Management (AGO) Development Partners GoU Asset Management Framework and Guidelines
13. Debt management	Medium-term Debt Management Strategies (2018/19 – 2020/21) Charter of Fiscal Responsibility, 2021 Quarterly Economic Performance Reports Annual Public Debt, Grants, guarantees and other liabilities reports Debt legislation PFMA Directorate of Debt and Cash Management
14. Macroeconomic and fiscal forecasting	Budget Estimates 2015/16 Budget Speech 2015/16 Medium-term Debt Management Strategy NDP II Directorate of Economic Affairs
15. Fiscal strategy	Budget Estimates 2020/21 Budget Speech 2020/21 Budget strategy 2020/21 Directorate of Economic Affairs National Planning Authority Annual Fiscal Risk Statements
16. Medium-term perspective in expenditure budgeting	Budget Circular for 2020/21 budget process – including calendar Budget Estimates 2020/21 Budget Speech 2020/21 NDP III Directorate of Budget
17. Budget preparation process	Civil Society Budget Advisory Group (CSBAG) Private Sector Foundation of Uganda (PSFU) Budget Circulars for 2020/21 budget process – including calendar Approved Budget Estimates 2020/21 Approved Budget Speech 2015/16 NDP III Directorate of Budget

18. Legislative scrutiny of budgets	Development Partners Appropriated budget documents Budget committee reports Parliament Team Parliamentary Rules of Procedure
19. Revenue administration	Uganda Revenue Authority (URA) Bank of Uganda (BOU) Development Partners Tax Administration Diagnostic Assessment Tool, March 2019 Guidance on Execution of Compliance Improvement Plan – URA 2021/22 Compliance Improvement Plan Regional Report – URA
20. Accounting for revenue	URA BOU Development Partners Public Sector Accounts AGO Annual Revenue Performance Report – URA Transfers to UCF – URA
21. Predictability of in-year resource allocation	Public Sector Accounts AGO Directorate of Budget Development Partners Report of the Auditor General to Parliament for the Financial Year Ended 30 June (2019, 2020 and 2021)
22. Expenditure arrears	CSBAG PSFU Development Partners Report of the Auditor General to Parliament for the Financial Year Ended 30 June (2019, 2020 and 2021) Strategy to Clear and Prevent Domestic Arrears Domestic Arrears Stock Verification Report 2019
23. Payroll controls	Ministry of Public Service Directorate of Financial Management Services (AGO) MDAs OA Guidelines on Human Resource Management in the Public Service HCM Project Overview
24. Procurement management	Department of Procurement Policy (AGO) PPDA team MDAs CSBAG PSFU Development Partners PPDA Annual Performance Reports (2019, 2020 and 202 Public Procurement and Disposal of Public Assets Act
25. Internal controls on non-salary expenditure	Directorate of Financial Management Services (AGO) Treasury Inspectorate & Policy Department (AGO) Internal Auditor Genera OAG Development Partners

26. Internal audit	Internal Auditor General MDAs Annual Consolidated Internal Audit Report for the Year Ended 30 June (2019, 2020 and 2021) Government of Uganda Internal Audit and Inspection Manual
27. Financial data integrity	Directorate of Financial Management Services (AGO) BOU OAG Internal Auditor General MDAs Directorate of Treasury Services and Asset Management Development Partners Report of the Auditor General to Parliament for the Financial Year Ended 30 June (2019, 2020 and 2021) Annual Consolidated Internal Audit Report for the Year Ended 30 June (2019, 2020 and 2021)
28. In-year budget reports	Directorate of Budget Development Partners URA Annual revenue Performance Report – URA 2021/22 Quarterly Report – URA Budget Execution Reports
29. Annual financial reports	Public Sector Accounts (AGO) OAG CSBAG Reports and Consolidated Financial Statements of the Government of the Republic of Uganda (2019, 2020 and 2021)
30. External audit	OAG Development Partners Report of the Auditor General to Parliament for the Financial Year Ended 30 June (2019, 2020 and 2021) National Audit Act 2008 PFMA 2015
31. Legislative scrutiny of audit reports	Parliament OAG Development Partners Parliamentary Commission Annual Report for FY2019/20 Business Transacted Reports Hansard Extracts

Annex 3C: List of people interviewed

Name of Attendees	Title/Institution
Adam Babale	Ag. Commission Secretary and Director LG revenues and Research
Agnes Kisembo	Programme Specialist
Agnes Nabwire Asobola	Uganda Revenue Authority – Official
Aiden David Rujumba	Commissioner Accounts- MoFPED
Ainea Muheki	Ministry of Agriculture Animal Industry and Fisheries- Official
Albert A Musisi	Commissioner/MACRO, MoFPED
Allan CSBAG	Graduate Trainee Economist CSBAG
Amarni Shariff	Senior Accountant
Andrea Muhesi	Accountant - MoFPED
Angela Nakafeero	Commissioner Gender- MGLSD
Angela Nansubuga	Gender Officer - MGLSD
Angella Rwabutomize Matsiko	MoFPED-Macro - Office
Anthony Mugeere	Research Fellow
Apire John Paul	Assistant head of Gender
ASIIMWE AMBROSE	Head of Internal Audit
Atwebembeire Dez	Head of HR
Bakirese Billbest	PPDA- Official
Belinda Annette Komuntale	PFM Advisor REAP Coordinator –KFW
Bisase	Director Corporate Strategy, Parliament
Brian Kanzira	Senior Economist
Calyst Ndyomugabi-PAP	Principal Economist
Carol Namagembe	Program Manager CSBAG
Caroline Namukwaya	Economist/MACRO
Catherine Mayanja Nassaka	Manager - NPA
Chris Irama	Commissioner Payroll MoPS
Christine Kataike	Head of Research
Daniel Eriku Ibaga	VNG-International
Daphine Kanshabe	Ministry of Health – official
Davis Vuningoma	MACRO- Office
Diana Baziwe	Programme specialist – Ireland
Dumisani Masilela	IMF-East Africa
E Bichetero	Uganda Revenue Authority- Official
Eden Asiimwe	Uganda Revenue Authority-Official
Einar Fogh	GIZ- Representative
Elsie Kahunde	Graduate Trainee Economist CSBAG
Emmanuel Kimbowa	Ag. Head of Procurement
Erukwaine Godfrey	Head of Procurement
Fahad Mawanda	Ministry of Health- Official
Felix Kazahura	USAID- Governance specialist
Flavia Nasobora	MACRO- Office
Florence Nakalanzi	Economist/MACRO
Godfrey Ssemugooma	Director of Financial Management Services
Harriet Naluzze	Assistant Commissioner/ TIPD - MoFPED
Henry Karoro	Prinicipal Economist
Irene Nafungo	Ag. Commissioner Compliance- EOC
James Muhindo	Public Financial Management Development Partners
James Ogwang	Local Government Finance Commission - Official
Jean Bageya	Local Government Finance Commission - Official
Joanita Lunkuse Jaggwe	Office of the Prime Minister

Joel Muhinda	MACRO- Office MoFPED
John Kauta	Head of Planning
Johnson Gumisiriza	Principal Financial Analyst
Jonah Atuha	MACRO – Office MoFPED
Josephine Apajo	Official – EOC
Josephine Watera	Assistant Director Monitoring and Evaluation
Joyce Ngaiza	British High commission
Judith Kemigisa	MoFPED - Directorate of Economic Affairs- Macro
Julie Njuba	Uganda Revenue Authority- Official
June Nyakahuma	MoFPED – Macro Office
Justine Ayebare	Principal Economist
Justine namubiru	Senior Research Officer
Kasamba Alex Ofoyuru	Head Procurement
kasule Robert Sebunya	Office of the Prime Minister
Kayenga Irene	Office of the Prime Minister
Kiggundu sulaiman	Head of Budget Department
Libert Baluku	Senior Accountant/ Treasury Services, MoFPED
Macklean	Senior Economist MoFPED
Margaret Kakande	Head of BMAU - MoFPED
Marion Atukunda	Uganda Revenue Authority - Official
Maurice Manano Opar	Senior Accountant
Michael Okwakol	Assistant Commissioner/ Treasury Inspectorate and Policy Department
Milly Kaddu	MoFPED – Macro Office
Miriam Tibaaga	Accountant
Mugisha James	Official – EOC
Mukasa Abdul	Principal Accountant/ Treasury Inspectorate and Policy Department
Mukunda Julius	Executive Director CSBAG
Musiime Annet	Assistant Commissioner Internal Audit
NABUKALU CISSY	Ag Head of HR
Nakonde Matrida	Intern - MoFPED
Nangoku Alice	Assistant Commissioner Internal Audit, MoFPED
Nathan Otutu	Assistant Commissioner M & E
Nick Roberts	PFM Reform Advisor
Norman Rugumya	Office of the Prime Minister- Official
Nsamba Mubarak	Ag. Commissioner Treasury Services, AGO
Patrick LUMALA	Manager
Patrick Olowo	NPA Manager
PatrickMagezi	Director Finance - USAID
Peter Ndawula	PFM Development Partners-Official
Phiona Ninsiima	Accountant – MoFPED
Pius Akankwasa	OPM-Official
Polly Mugisha	Head of Programme management support UNDP-Uganda
Priscilla Asiimire	Local Government Finance Commission- Official
Priscilla Kisakye	Economist – Macro Office, MoFPED
Rasul T Adigah	Internal Audit
Regis Nalweyiso	Assistant Commissioner Accounts – MAAIF
Richard Kalule	PPDA- Official
Richard Kariisa	Commissioner Corporate Services
Robert Otala	Financial Specialist, MoFPED
Robert Ssaka	Project Manager Human Capital Development System - MoPS
Ronald Mugober	CSBAG
Rubangakene Patrick	Economist, CSBAG
Salome Anyoti	Head of Gender in Parliament
Samson Budeyo	Senior Accountant/Treasury Inspectorate and Policy Department

Semwogerere Robert	Accounting Officer – EOC
Sheena Namitaala	Manager – URA
Sophie Nampewo	Senior Economist – CSBAG
Sseremba Mark	Assistant Commissioner HR – MAAIF
Stanley Kabyemera	Uganda Revenue Authority- Official
Susan Ainyo	Economist – MoFPED
Sylvia Nanyonjo	Parliament Official
Timothy Lubanga	OPM - Commissioner Monitoring and Evaluation
Turinawe Doreen Tina	Head of Human Resource
Turya Emmanuel	OPM
Vicent Operemo	NPA Manager
Vicky Marcelina	Local Government Finance Commission - Official
Victor Mukasa	Economist – MoPFED
Walidi Magumba	Economist – MoPFED
Yasin Mayanja	Economist – MoPFED

Annex 4: Dimension PI-1 and PI-2 calculations

Calculation Sheet for PFM Performance Indicators PI-1, PI-2.1 and PI-2.3
Step 1: Enter the three fiscal years used for assessment in table 1.
Step 2: Enter budget and actual expenditure data for each of the three years in tables 2, 3, and 4 respectively.
Step 3: Enter contingency data for each of the three years in tables 2, 3, and 4 respectively.
Step 4: Read the results for each of the three years for each indicator in table 5.
Step 5: Refer to the scoring tables for indicators PI-1 and PI-2 respectively in the Performance Measurement Framework in order to decide the score for each indicator.

Table 1: Fiscal years for assessment

Year 1 =	2018/19
Year 2 =	2019/20
Year 3 =	2020/21

PI-1, PI-2.1 and PI-2.3 calculations

Table 2: Data for year 2018/19

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
01 Agriculture	687.7791261	631.1832209	723.6	-92.5	92.5	12.8%
02 Lands, Housing and Urban Development	90.63643939	116.381471	95.4	21.0	21.0	22.0%
03 Energy and Mineral Development	609.8576279	683.2951553	641.7	41.6	41.6	6.5%
04 Works and Transport	2797.744587	3079.670446	2,943.6	136.1	136.1	4.6%
05 Information and Communication Technology	66.85109511	59.84486556	70.3	-10.5	10.5	14.9%
06 Trade and Industry	126.6280817	122.5420209	133.2	-10.7	10.7	8.0%
07 Education	2500.393763	2552.463537	2,630.7	-78.3	78.3	3.0%
08 Health	1246.951944	1267.100916	1,312.0	-44.9	44.9	3.4%
09 Water and Environment	440.6788469	430.878187	463.7	-32.8	32.8	7.1%
10 Social Development	196.5755313	183.2650064	206.8	-23.6	23.6	11.4%
11 Security	1775.426791	2166.261776	1,868.0	298.3	298.3	16.0%
12 Justice, Law and Order	1415.051791	1562.269592	1,488.8	73.4	73.4	4.9%
13 Public Sector Management	1071.985199	1066.659467	1,127.9	-61.2	61.2	5.4%
14 Accountability	1117.73896	1259.407092	1,176.0	83.4	83.4	7.1%
15 Legislature	497.801367	568.05628	523.8	44.3	44.3	8.5%
16 Public Administration	635.4882955	853.9787845	668.6	185.4	185.4	27.7%
17 Science and Technology	69.63207656	59.76463332	73.3	-13.5	13.5	18.4%
18 Tourism	33.00531957	31.68217301	34.7	-3.0	3.0	8.8%
19						
20			0.0	0.0	0.0	#DIV/0!
21 (= sum of rest)	6165.347592	6116.708159	6,527.6	-410.9	410.9	6.3%

allocated expenditure	21545.57443	22811.41278	22,811.4	0.0	1,648.7	
interests	2514.307148	2502.770267				
contingency	62.07	37.4				
total expenditure	24121.95158	25351.58305				
overall (PI-1) variance						94.9%
composition (PI-2) variance						7.2%
contingency share of budget						0.16%

Table 3: Data for year 2019/20

Administrative or functional head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
01 Agriculture	721	641	674.6	-33.9	33.9	5%
02 Lands, Housing and Urban Development	104	95	97.1	-2.1	2.1	2%
03 Energy and Mineral Development	781	475	730.4	-255.5	255.5	35%
04 Works and Transport	3,380	3,191	3,163.0	28.0	28.0	1%
05 Information and Communication Technology	104	100	97.3	3.1	3.1	3%
06 Trade and Industry	196	165	183.2	-17.9	17.9	10%
07 Education	3,082	3,019	2,884.4	134.9	134.9	5%
08 Health	1,479	1,594	1,383.8	210.6	210.6	15%
09 Water and Environment	582	466	544.8	-78.7	78.7	14%
10 Social Development	175	147	163.5	-16.0	16.0	10%
11 Security	3,294	4,186	3,082.4	1,103.8	1,103.8	36%
12 Justice, Law and Order	1,663	1,718	1,556.5	162.0	162.0	10%
13 Public Sector Management	1,633	1,380	1,527.8	-147.6	147.6	10%
14 Accountability	1,602	1,401	1,499.1	-97.9	97.9	7%
15 Legislature	688	635	643.6	-8.4	8.4	1%
16 Public Administration	1,034	1,273	967.9	304.7	304.7	31%
17 Science and Technology	103	194	96.8	97.2	97.2	100%
18 Tourism	194	172	181.3	-9.2	9.2	5%
19						
20			0.0	0.0	0.0	#DIV/0!
21 (= sum of rest)	7085.161007	5530.219861	6,700.7	-1,170.5	1,170.5	17%
allocated expenditure	27898.62789	26384.76311	26,384.8	0.0	3,818.9	
interests	3,236	2,751				
contingency	62.07	61.3				
total expenditure	31196.61708	29197.27954				
overall (PI-1) variance						93.6%
composition (PI-2) variance						14.5%
contingency share of budget						0.20%

Table 4: Data for year 2020/21

Administrative or functional head	Budget	Actual	Adjusted	Deviation	Absolute deviation	Percent

			budget			
01 Agriculture	769	873	805.8	67.5	67.5	8.4%
02 Lands, Housing and Urban Development	123	135	128.9	5.8	5.8	4.5%
03 Energy and Mineral Development	600	535	628.1	-93.4	93.4	14.9%
04 Works and Transport	3,410	3,486	3,570.9	-84.8	84.8	2.4%
05 Information and Communication Technology	88	79	92.3	-13.3	13.3	14.4%
06 Trade and Industry	155	280	162.4	117.8	117.8	7.3%
07 Education	3,477	3,449	3,641.4	-192.1	192.1	5.3%
08 Health	1,594	1,868	1,668.9	198.6	198.6	11.9%
09 Water and Environment	654	616	684.6	-68.8	68.8	10.1%
10 Social Development	175	155	183.0	-28.5	28.5	15.6%
11 Security	4,294	5,414	4,497.0	916.7	916.7	20.4%
12 Justice, Law and Order	1,963	1,954	2,056.1	-101.9	101.9	5.0%
13 Public Sector Management	379	336	397.2	-61.6	61.6	15.5%
14 Accountability	1,892	2,710	1,981.2	728.5	728.5	36.7%
15 Legislature	673	590	704.7	-114.7	114.7	16.3%
16 Public Administration	1,351	1,894	1,414.8	479.3	479.2930898	33.9%
17 Science and Technology	143	163	150.1	12.8	12.84358339	8.6%
18 Tourism	198	128	207.2	-78.8	78.78289084	38.0%
19						
20			0.0	0.0	0.0	#DIV/0!
21 (= sum of rest)	8714.903978	7891.800295	9,256.4	-1,364.6	1,364.6	15%
allocated expenditure	30,651.40	32,555.84	32,555.8	0.0	4,748.8	
interests	4,050	3,788				
contingency	62	55				
total expenditure	34,763	36,399				
overall (PI-1) variance						95.3%
composition (PI-2) variance						14.6%
contingency share of budget						0.16%

Table 5: Results matrix

	For PI-1	For PI-2.1	For PI-2.3
Year	Total exp. deviation	Composition variance	Contingency share
2018/19	94.9%	7.2%	0.2%
2019/20	93.6%	14.5%	
2020/21	95.3%	14.6%	

PI-2.2 calculations

Table 2: Data for year 2018/19

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Employee costs	3,497.1	3,586.4	3,758.1	-171.7	171.7	4.6%
Use of goods and services	3,412.1	4,155.7	3,666.8	488.9	488.9	13.3%
Consumption of fixed assets	0.0	0.0	0.0	0.0	0.0	#DIV/0!
Interest payable	2,514.3	2,502.8	2,701.9	-199.2	199.2	7.4%
Grants	1,611.2	1,628.3	1,731.5	-103.1	103.1	6.0%
Social benefits	0.7	0.7	0.8	-0.1	0.1	9.4%
Other expenses	357.5	370.4	384.2	-13.7	13.7	3.6%
Tax refunds	10.3	9.9	11.1	-1.2	1.2	10.6%
Non-financial assets	3,180.3	3,531.8	3,417.7	114.1	114.1	3.3%
Financial assets	9,476.3	9,528.1	10,183.5	-655.4	655.4	6.4%
Total expenditure	24,059.9	25,314.2	25,314.2	0.0	1,502.7	
overall variance						93.1%
composition variance						6.8%

Table 3: Data for year 2019/20

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Employee costs	4270.947	4313.763	4,589.7	-275.9	275.9	6.0%
Use of goods and services	3794.701	3889.959	4,077.9	-187.9	187.9	4.6%
Consumption of fixed assets	0	0	0.0	0.0	0.0	#DIV/0!
Interest payable	3235.919	2751.216	3,477.4	-726.2	726.2	20.9%
Grants	2118.7	1860.248	2,276.8	-416.6	416.6	18.3%
Social benefits	0.734832	0.714849	0.8	-0.1	0.1	9.5%
Other expenses	675.5444	577.586	726.0	-148.4	148.4	20.4%
Tax refunds	16.4792	13.53207	17.7	-4.2	4.2	23.6%
Non-financial assets	6096.878	6448.083	6,551.9	-103.8	103.8	1.6%
Financial assets	10924.64	9280.878	11,739.9	-2,459.0	2,459.0	20.9%

Total expenditure	31134.55	29135.98	33458.0534	-4322.073861	4322.073861	
overall variance						106.9%
composition variance						12.9%

Table 4: Data for year 2020/21

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Employee costs	4505.706	4409.883	4,842.0	-432.1	432.1	8.9%
Use of goods and services	4321.332	4905.017	4,643.8	261.2	261.2	5.6%
Consumption of fixed assets	0	0	0.0	0.0	0.0	#DIV/0!
Interest payable	4049.729	3787.738	4,352.0	-564.2	564.2	13.0%
Grants	2614.062	3336.214	2,809.1	527.1	527.1	18.8%
Social benefits	1.085206	0.982649	1.2	-0.2	0.2	15.7%
Other expenses	510.6237	502.5655	548.7	-46.2	46.2	8.4%
Tax refunds	16.45421	16.03171	17.7	-1.7	1.7	9.3%
Non-financial assets	7186.911	8345.63	7,723.3	622.4	622.4	8.1%
Financial assets	12970.94	12130	13,938.9	-1,808.9	1,808.9	13.0%
Total expenditure	36176.84	37434.06	38876.64374	-1442.582618	4263.853884	
overall variance						96.6%
composition variance						11.0%

Table 5: Results matrix

Year	Total expenditure deviation	Composition variance
2018/19	93.1%	6.8%
2019/20	106.9%	12.9%
2020/21	96.6%	11.0%

Annex 5: Dimension PI-3 calculations

Calculation Sheet for Revenue composition out-turn
Step 1: Enter the three fiscal years used for assessment in table 1.
Step 2: Enter budget and actual revenue data for each of the three years in tables 2, 3, and 4.
Step 3: Read the results for each of the three years for each indicator in table 5.

Table 1: Fiscal years for assessment

Year 1 =	2018/19
Year 2 =	2019/20
Year 3 =	2020/21

Table 2: Data for year 2018/19

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute dev	Percent
Tax revenues						
Taxes on income, profit and capital gains	2392.4	2585.2	2,366.2	219.0	219.0	9.3%
Taxes on payroll and workforce	2662.7	2811.3	2,633.5	177.8	177.8	6.8%
Taxes on property	120.4	115.2	119.1	-3.9	3.9	3.3%
Taxes on goods and services	3944.4	3871.5	3,901.2	-29.7	29.7	0.8%
Taxes on international trade and transactions	6875.1	6884.0	6,799.6	84.3	84.3	1.2%
Other taxes						
Social contributions						
Social security contributions			0.0	0.0	0.0	#DIV/0!
Other social contributions			0.0	0.0	0.0	#DIV/0!
Grants						
Grants from foreign governments			0.0	0.0	0.0	#DIV/0!
Grants from international organizations			0.0	0.0	0.0	#DIV/0!
Grants from other government units			0.0	0.0	0.0	#DIV/0!
Other revenue						
Property income			0.0	0.0	0.0	#DIV/0!
Sales of goods and services			0.0	0.0	0.0	#DIV/0!
Fines, penalties and forfeits			0.0	0.0	0.0	#DIV/0!
Transfers not elsewhere classified			0.0	0.0	0.0	#DIV/0!
Premiums, fees, and claims related to nonlife insurance and standardized guarantee schemes			0.0	0.0	0.0	#DIV/0!
Sum of rest	1540.3	1075.8	1,523.4	-447.6	447.6	29.4%
Total revenue	17535.37	17342.99	17,343.0	0.0	962.2	
overall variance						98.9%
composition variance						5.5%

Table 3: Data for year 2019/20

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Tax revenues						
Taxes on income, profit and capital gains	2958.943	2735.107	2,509.9	225.2	225.2	9.0%
Taxes on payroll and workforce	3234.739	3039.833	2,743.9	296.0	296.0	10.8%
Taxes on property	320.9978	103.6869	272.3	-168.6	168.6	61.9%
Taxes on goods and services	4979.118	3874.668	4,223.5	-348.9	348.9	8.3%
Taxes on international trade and transactions	7666.842	6446.596	6,503.4	-56.8	56.8	0.9%
Other taxes						
Social contributions						
Social security contributions			0.0	0.0	0.0	#DIV/0!
Other social contributions			0.0	0.0	0.0	#DIV/0!
Grants						
Grants from foreign governments			0.0	0.0	0.0	#DIV/0!
Grants from international organizations			0.0	0.0	0.0	#DIV/0!
Grants from other government units			0.0	0.0	0.0	#DIV/0!
Other revenue						
Property income			0.0	0.0	0.0	#DIV/0!
Sales of goods and services			0.0	0.0	0.0	#DIV/0!
Fines, penalties and forfeits			0.0	0.0	0.0	#DIV/0!
Transfers not elsewhere classified			0.0	0.0	0.0	#DIV/0!
Premiums, fees, and claims related to nonlife insurance and standardized guarantee schemes			0.0	0.0	0.0	#DIV/0!
Sum of rest	1659.429	1460.743	1,407.6	53.1	53.1	3.8%
Total revenue	20820.07	17660.63	17,660.6	0.0	1,148.6	
overall variance						84.8%
composition variance						6.5%

Table 4: Data for year 2020/21

Economic head	Budget	Actual	Adjusted budget	Deviation	Absolute deviation	Percent
Tax revenues						
Taxes on income, profit and capital gains	3783.846	3393.012	3,404.6	-11.6	11.6	0.3%
Taxes on payroll and workforce	3424.654	3109.142	3,081.4	27.8	27.8	0.9%
Taxes on property	285.5661	117.2427	256.9	-139.7	139.7	54.4%
Taxes on goods and services	5028.625	4472.902	4,524.6	-51.7	51.7	1.1%
Taxes on international trade and transactions	8001.346	7505.863	7,199.3	306.5	306.5	4.3%
Other taxes	1687.497	1387.015	1,518.4	-131.3	131.3	8.6%
Social contributions						
Social security contributions	0	0	0.0	0.0	0.0	#DIV/0!
Other social contributions	0	0	0.0	0.0	0.0	#DIV/0!
Grants						
Grants from foreign governments	0	0	0.0	0.0	0.0	#DIV/0!
Grants from international organizations	0	0	0.0	0.0	0.0	#DIV/0!
Grants from other government units	0	0	0.0	0.0	0.0	#DIV/0!
Other revenue						
Property income	0	0	0.0	0.0	0.0	#DIV/0!
Sales of goods and services	0	0	0.0	0.0	0.0	#DIV/0!
Fines, penalties and forfeits	0	0	0.0	0.0	0.0	#DIV/0!
Transfers not elsewhere classified	0	0	0.0	0.0	0.0	#DIV/0!

Premiums, fees, and claims related to nonlife insurance and standardized guarantee schemes	0	0	0.0	0.0	0.0	#DIV/0!
Sum of rest	1687.497	1387.015	1,518.4	-131.3	131.3	8.6%
Total revenue	22211.53	19985.18	19,985.2	0.0	668.6	
overall variance						90.0%
composition variance						3.3%

Table 5: Results matrix

Year	Total revenue deviation	Composition variance
2018/19	98.9%	5.5%
2019/20	84.8%	6.5%
2020/21	90.0%	3.3%

Annex 6: Grants

Table 36: Grants by type, 2020/21 and 2021/22 (UGX billion)

Grants	2020/21	2021/22	Change
Unconditional Grants			
Urban Unconditional Grants	95.1	121.7	26.6
Urban Unconditional Grant - Wage	64.7	91.2	26.5
o/w Municipal UCG - Wage	31.0	54.7	23.7
o/w Town UCG - Wage	33.7	36.6	2.8
Urban Unconditional Grant - Non Wage Recurrent	30.4	30.5	0.1
o/w Urban UCG - NWR Municipality	5.4	5.4	0.0
o/w Urban UCG - NWR Town	12.4	12.4	0.0
o/w IFMIS Urban	1.2	1.2	-
o/w Boards & Commissions Urban	0.2	0.2	0.0
o/w Ex-Gratia Urban	4.2	4.3	0.1
o/w Payroll Printing Municipalities	0.1	0.1	-
o/w Urban UCG - NWR Division	5.4	5.4	0.0
o/w Honoraria for Municipal LLG Councillors	0.9	0.9	(0.0)
o/w Pbs Recurrent Costs Municipality	0.6	0.6	-
District Unconditional Grants	317.7	327.0	9.3
District Unconditional Grant - Wage	220.9	229.9	9.0
o/w District UCG - Wage	220.9	229.9	9.0
District Unconditional Grant - Non Wage Recurrent	96.8	97.1	0.3
o/w District UCG - NWR District	37.7	37.7	0.0
o/w District UCG - NWR Subcounty	20.0	20.0	0.0
o/w IPPS District	0.3	0.3	-
o/w IFMIS District	4.2	4.2	-
o/w Boards & Commissions District	3.4	3.4	(0.0)
o/w Ex-Gratia District	18.0	18.4	0.3
o/w Payroll Printing District	1.2	1.2	(0.0)
o/w Honoraria for District LLG Councillors	9.3	9.3	(0.0)
o/w PBS Recurrent Costs District	2.7	2.7	-
Discretionary Development Equalisation Grants			
Urban Discretionary Development Equalisation Grant	366.4	324.4	(42.0)
o/w Municipal DDEG (USMID)	347.2	305.2	(42.0)
o/w Municipal DDEG (non USMID)	4.1	4.1	(0.0)
o/w Town DDEG	6.0	6.0	(0.0)
o/w Division DDEG (Non USMID)	3.4	3.4	(0.0)
o/w Division DDEG (USMID)	5.7	5.7	0.0
District Discretionary Development Equalisation Grant	186.1	191.3	5.2

o/w Rural DDEG - Local Government Grant	15.6	43.7	28.1
o/w District DDEG - Local Government Grant	6.5	18.1	11.7
o/w Subcounty DDEG - Local Government Grant	9.1	25.6	16.4
o/w PRDP	92.9	72.1	(20.8)
o/w Subcounty PRDP (DDEG)	54.3	42.2	(12.2)
o/w District PRDP (DDEG)	38.5	29.9	(8.6)
o/w LRDP	13.4	24.8	11.4
o/w Subcounty LRDP (DDEG)	7.8	14.5	6.6
o/w District LRDP (DDEG)	5.6	10.3	4.7
o/w USMID Refugee Hosting Districts	64.2	50.7	(13.4)
01 Production and Marketing			
Production and Marketing - Wage Conditional Grant	77.3	80.5	3.2
Production and Marketing - Non Wage Recurrent Conditional Grant	33.8	198.4	164.7
o/w Agricultural Extension - Non Wage Recurrent	29.5	29.5	(0.0)
o/w Production - Non-Wage Recurrent	4.3	4.3	0.0
o/w Parish model Grant	-	164.7	164.7
Production and Marketing Development Grant	15.3	77.2	61.9
o/w Production - Development	5.5	5.5	0.0
o/w Agriculture Extension - Development	6.7	6.7	0.0
o/w Micro Scale Irrigation - Development	3.0	47.1	44.1
o/w Parish model development	-	17.8	17.8
Transitional Development - Production and Marketing Ad Hoc	0.6	0.6	0.1
04 Works and Transport			
Works and Transport - Development Conditional Grant (RTI)	10.9	10.9	-
Transitional Development - Works Ad Hoc	13.9	22.8	9.0
06 Trade and Industry			
Trade and Industry - Non Wage Conditional Grant	2.2	2.2	0.0
07 Education			
Education - Wage Recurrent Conditional Grant	1,421.1	1,529.1	108.0
o/w Primary Education - Wage	978.1	1,031.6	53.5
o/w Secondary Education - Wage	376.7	430.8	54.1
o/w Skills Development - Wage	66.3	66.6	0.3
Education - Non Wage Recurrent Conditional Grant	334.6	340.9	6.3
o/w Primary Education - Non Wage Recurrent	154.8	159.0	4.1
o/w Secondary Education - Non Wage Recurrent	140.1	146.4	6.3
o/w Skills Development - Non Wage Recurrent	35.0	35.0	(0.0)
o/w SNE Education - Non Wage Recurrent	0.6	0.6	0.0
Transitional Development - Education Ad Hoc	6.0	1.8	(4.2)
Education - Development Conditional Grant	182.4	176.9	(5.5)
o/w Education Development - UGIFT Seed Secondary Schools	106.4	124.9	18.5
o/w Education Development - Formerly SFG	52.0	52.0	(0.0)

o/w support others UGIFT	24.0	-	(24.0)
08 Health			
Health - Wage Conditional Grant	452.2	500.1	48.0
Health - Non Wage Conditional Grant	85.9	95.9	10.0
o/w Primary Health Care - Non Wage Recurrent (Government)	55.9	49.3	(6.7)
o/w Primary Health Care - Non Wage Recurrent (PNFP)	-	3.8	3.8
o/w Primary Healthcare - Hospital Non-Wage Recurrent (Government)	30.0	21.6	(8.4)
o/w Primary Healthcare - Hospital Non-Wage Recurrent (PNFP)	-	11.9	11.9
o/w Primary Healthcare - DHO allocation	9.6	9.4	(0.2)
Transitional Development - Health	2.6	6.4	3.8
Transitional Development - Health Ad Hoc	7.0	6.4	(0.6)
Health - Development Conditional Grant	77.5	132.4	54.9
o/w Health Development - Facility upgrades	55.1	88.6	33.5
o/w Health Development - Formula and performance part	22.4	43.8	21.4
09 Water & Environment			
Water and Environment - Non Wage Recurrent Conditional Grant	13.0	13.0	0.0
o/w Rural Water & Sanitation - Non Wage Recurrent	10.0	10.0	0.0
o/w Natural Resources & Environment - Non Wage Recurrent	3.0	3.0	0.0
Support Services Grant - Urban Water	2.5	2.5	-
Water and Environment - Development Conditional Grant	77.0	77.0	(0.0)
Transitional Development - Water	2.4	2.8	0.4
Transitional Development Grant - Sanitation (Water & Environment)	2.0	2.0	0.0
Transitional Development - Water Ad Hoc	0.4	0.8	0.4
10 Social Development			
Social Development Services - Non Wage Recurrent Conditional Grant	7.6	7.8	0.1
o/w Social Development - Non Wage Recurrent	7.6	7.6	(0.0)
o/w Community Mobilisation ad hoc grant	-	0.1	0.1
13 Public Sector Management			
Pension	161.4	171.0	9.6
Pension and Gratuity Arrears	15.1	35.2	20.2
Gratuity	185.5	147.7	(37.8)
Salary Arrears	3.4	10.4	7.0
Transitional Development - PSM Ad Hoc	11.0	15.2	4.2
Total Grants	4,167.3	4,623.1	455.8
Total Wage Grants	2,236.2	2,430.8	194.6
Total Non-Wage Recurrent Grants	972.2	1,152.6	180.5
Total Development Grants	959.0	1,039.7	80.8

Annex 7: Climate responsive PFM

The PEFA Climate Assessment has been submitted as a separate document.

Annex 8: Gender responsive PFM

The PEFA Gender Assessment has been submitted as a separate document.