PARLIAMENT OF THE REPUBLIC OF UGANDA

OFFICE OF THE
LEADER OF THE OPPOSITION

OPPOSITION RESPONSE TO THE NATIONAL BUDGET FRAMEWORK PAPER FY2017/18 – 2021/22

HON. AKOL ANTHONY
SHADOW MINISTER FOR FINANCE
PLANNING AND ECONOMIC DEVELOPMENT

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Table of Contents

1.0 Introduction

In accordance with Section 6E(2) and (4) of the Administration of Parliament (Amendment) Act, 2006, the Opposition in Parliament presents a Response to the National Budget Framework Paper FY2017/18 – 2021/22.

The Opposition Response to the National Budget Framework Paper FY2017/18 – 2021/22 makes observations regarding compliance to the Public Finance Management Act and Charter of Fiscal Responsibility, alignment to development policies particularly the Second National Development Plan and Sustainable Development Goals, enlists critical concerns and recommendations. The Opposition Response to National Budget Framework Paper is structured as follows:

Section 1: Introduction - provides legal provisions under which the Response to the National Budget Framework Paper is presented and the Economy overview.

Section 2: Content Compliance Assessment - undertaken according to benchmarks stipulated in Section 9(4) of the Public Finance Management Act 2015.

Section 3: Analysis of Certificate of Gender and Equity Responsiveness.

Section 4: Alignment to the Second National Development Plan - undertaken in line with Section 9(3) of the Public Finance Management Act 2015.

Section 5: Alignment to Sustainable Development Goals - undertaken in line with Parliament of Uganda Resolutions made on 22nd September 2016.

Section 6: Alternative Sector Proposals

1.1 Economy Overview

Growth of Uganda's economy is expected to slow down due to weather instability that has led to declining commodity production, brutality of security agencies adversely affecting investor confidence, poor absorption of loans, poor resource allocation and increasing reliance on PPPs that commit the nation to expensive services and products.

The share of foreign currency loans to total loans has almost doubled in the last five years. This indicates the rising demand for foreign currency loans, especially in the manufacturing and trade sectors. Enterprises which have borrowed in foreign currency are likely to face higher debt servicing costs because of exchange rate depreciation. [1]
The strengthening of the US dollar on the global market continues to affect the Uganda shilling through increased depreciation pressures. The depreciation of the shilling makes Uganda's exports cheaper on the global market. However, since the country imports more than it exports, the benefits from the shilling's depreciation are negated by the increased import bill.[2]

Nonetheless, government should be commended for progress made towards stocking of foreign reserves to 4.3 months of import cover and realizing a balance of payment surplus of USD 80.2 million in FY 2015/16 i.e. USD 433.0 million improvement from a deficit of USD 352.8 million recorded in FY 2014/15.

As a means of addressing development bottlenecks, scrutiny of the National Budget Framework Paper, which is a strategy document guiding the allocation of national cake, provides an opportunity of aligning the government policies to the prosperity aspirations of the Ugandan population.

2.0 Format and Content Compliance Assessment

A Format and Content Compliance Assessment was undertaken according to benchmarks stipulated in Section 9(4) of the Public Finance Management Act 2015.

[1] *Bank of Uganda, 2015. Financial Stability Report. Issue No. 7*
[2] *Bank of Uganda, 2015. Financial Stability Report. Issue No. 7*

Budget Framework Paper Structure	Indicators	Score (0-2)	Comment
Medium Term Macroeconomic Forecast	Average and year end gross domestic product	2	Adequate information
	Average and year end rate of Inflation	1	No average inflation
	Rate of employment and unemployment	1	No rate of employment
	Average and year end exchange rate	1	No year end exchange rate
	Interest rates	2	Adequate information
	Money Supply	0	No information
Statement on Medium Term Fiscal Framework in line with Charter of Fiscal Responsibility	Government fiscal balance	2	Adequate information
	Net Present Value of Public Debt	2	Adequate information

Budget Framework Paper Structure	Indicators	Score (0-2)	Comment
Medium Term Fiscal Forecast	Tax revenue	2	Adequate information
	Non Tax Revenue	2	Adequate information
	External Grants (towards Annual budget and Project)	2	Adequate information
	Petroleum Revenue	0	No information
	Current Expenditure	2	Adequate information
	Investment Expenditure	1	Not segregated from net lending
	Net Lending	1	Not segregated from investment expenditure
	Overall balance of govt	2	Adequate information
	External financing	2	Adequate information
	Domestic financing	2	Adequate information
	Petroleum Fund financing	0	No information
	Errors and Omissions	2	Adequate information
Compliance with Charter of Fiscal Responsibility	Consistency of fiscal targets with objectives	1	Rise in fiscal deficit

Budget Framework Paper Structure	Indicators	Score (0-2)	Comment
Statement of the resource for annual budget for the next financial year	Ceiling of govt expenditure	2	Adequate information
	Floor of government investments	0	No information
	Ceiling of total budget funding from Petroleum Revenue Holding A/c	0	No information
Statement of Policy Measures to meet fiscal targets	New expenditure policies	2	Adequate information
	New revenue policies	2	Adequate information
Medium Term Expenditure Framework	Vote expenditure projects	2	Adequate information
Fiscal Risk Statement	Alternate fiscal framework	0	No information
	Individual risk sources	2	Adequate information
	Fiscal risk impact	2	Adequate information
COMPLIANCE RATE (max score – 60)		**42**	**70%**

Source: OLOP

2.1 Macroeconomic Forecast Analysis

Slow GDP Growth

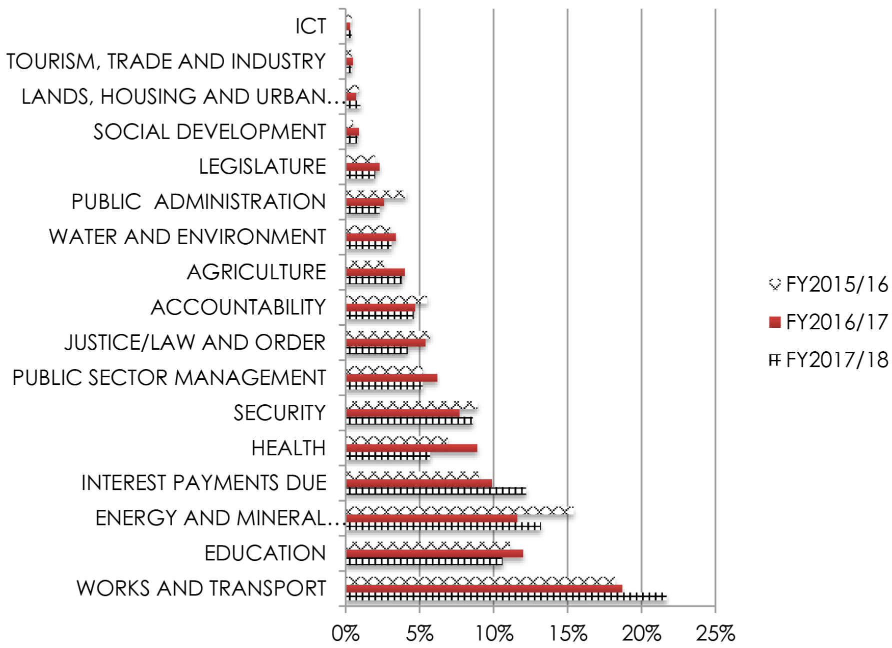
The growth of the economy in real times is projected at 5%[3] in FY2016/17 as compared to NDP II target of 5.9%. The slow growth is driven by prioritisation and

[3] *National Budget Framework Paper FY2017/18 – 2021/22, Pg. 8*

bulk financing of support sectors other than productive sectors. The mismatch of prioritisation has instead constrained Uganda's import substitution potential and positioned her as a transit country due to reduced cost of importation.

This is contrary to the budget theme for FY2017/18 of "Enhanced Productivity for Inclusive Growth and Job Creation". Agriculture that employs over 70% of population and tourism sectors are to be allocated 3.8% and 0.4% of the total National Budget in FY2017/18 as compared to 21.7% to be allocated to Works and Transport.

Investment in value chain improvement of agriculture and tourism would have a greater multiplier effect particularly in regard to ensuring massive production and gainful employment.



Employment

Job creation is one of the largest economic and social challenges facing Uganda, and a core theme of Vision 2040 and the first two National Development Plans. Despite Uganda's exceptional growth over the last two decades and large improvements in educational attainment, high population and labour force growth mean the majority of the labour force is still employed in low productivity activities, informal work, the agricultural sector and own-account or unpaid family work.[4]

Graduates lack adequate skills to match the prevailing job opportunities. This employment – skills mismatch cannot be addressed without introduction of a new appropriate curriculum. It is imperative to note that the National Budget Framework Paper highlights the need to sequence introduction of new curriculum. However, the President recently halted these efforts.

To address the mismatch of employment and skills, emphasis should be geared towards legislating and establishing National Internship and Apprenticeship Schemes.

2.2 Fiscal Forecast Analysis

Inadequate Resources for Service Delivery

The total resource envelope in FY 2017/18 is projected to rise by 18% from UGX 25.68 trillion in 2016/17 to UGX 30.23 trillion.[5] This translates to an increase of UGX 4.54 trillion.

It is worrying to note that only 50% (UGX 14.99 trillion) of the projected total revenue is available for service delivery while the other 50% is towards loan repayment, interests, arrears and domestic refinancing.

The main service delivery centres in Uganda are local governments which are part of Public Sector Management. Although there has been an increase in administrative centres particularly districts, municipalities and town councils, the

[4] *Ministry of Finance, Planning and Economic Development, 2015. Millennium Development Goals Report for Uganda 2015. Results, Reflections and the Way Forward*

[5] *National Budget Framework Paper FY2017/18 – 2021/22, Pg. 15*

budget for public sector management is projected to reduce by 8% from UGX 1.27 trillion in FY2016/17 to UGX 1.17 trillion in FY2017/18. [6] Therefore, it is apparent that there would be insufficient resources for running of local governments thereby adversely impacting on service delivery.

There is need to increase the allocations to Local Governments to match the increase in districts, municipalities and town councils so as to ensure improved service delivery.

Decline in Donor Confidence

Budget support is projected to decline by 96% from UGX 926.6 billion in FY2016/17 to UGX 33.75 billion in FY2017/18. This is attributed to low donor confidence in government resulting from delayed implementation and management of projects as well as increased corruption. For instance, due to social and economic concerns, the World Bank suspended funding of US$ 90 million.[7]

Increased Domestic Borrowing

Commercial bank lending rates edged even higher in FY 2015/16 to an average of 24% relative to 21.6% in FY 2014/15. Lending interest rates remain elevated reflecting in part heightened risk aversion in banks caused by high levels of Non-Performing Loans (NPLs), large provisioning for bad loans, and structural rigidities, which have raised the costs of doing business in the financial system.[8] Whereas commercial banks' lending rates were fairly stable, they remained high due to the large fiscal deficit that gives the banks the option of investing in risk-free government securities.[9]

Although it is indicated that to rebound the economy in FY2017/18, government was to scale down domestic borrowing[10], to the contrary, it is projected to increase by 45% from UGX 5.32 trillion FY2016/17 to UGX 7.74 trillion in FY2017/18. Therefore

[6] *National Budget Framework Paper FY2017/18 – 2021/22, Pg. 26*

[7] *Ministry of Finance, Planning and Economic Development, 2016. Resolution of Parliament to approve the withdrawal of United States Dollars, Thirty Three Million (USD 33M) from the Petroleum Fund to the Consolidated Fund and provide Supplementary of equivalent amount to Uganda National Roads Authority (UNRA)*

[8] *Bank of Uganda, 2016. Annual Report FY2015/16*

[9] *Deloitte, 2016. Uganda Economic Outlook 2016 – The Story Behind the Numbers*

[10] *National Budget Framework Paper FY2017/18 – 2021/22, Pg. 17*

there is a contradiction in government's commitment towards revamping the economy.

Limited Commitment to Clearing Domestic Arrears

It is further worrying to note that local suppliers that compete for the same credit, so as to supply government, are not paid on time. As a consequence, the suppliers fail to repay their loan commitments thereby raising bad loans. This has constrained tax revenue growth and availability of disposable income to many Ugandans employed by the local suppliers.

Although government is commended for undertaking that arrears repayments will take the first call[11], it was not indicated how much has accrued as domestic arrears and remains outstanding. However, the Auditor General in his report for the year ended 30th June 2016 indicated that domestic arrears had continued to escalate at 62% from UGX 1.39 trillion in FY2013/14 to UGX 2.25 trillion[12] . Therefore, the UGX 110 billion projected to be cleared in FY2017/18 is unreasonably inadequate.

Apart from arrears to local suppliers, it is imperative to note that there are huge arrears accruing from court awards and Human Rights Tribunal awards. For instance the Auditor General in his report for the year ended 30th June 2016 indicated that outstanding amounts in court awards, compensations and other liabilities totalled to UGX 684 billion as of 30th June 2016. This is an increment of 1,166% from UGX 54 billion to UGX 684 billion over the last five years.

The National Budget Framework Paper should ideally indicate the total outstanding domestic arrears as a basis of making allocations for their clearance.

Accounting officers who have committed government beyond the funds appropriated for a given activity in flouting the Commitment Control System should be held responsible and personally accountable as required under Section 45(5) of the Public Finance Management Act.

Local suppliers should be paid in time so as to enable them meet their loan requirements, boost consumer demand and tax revenue growth.

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[11] *National Budget Framework Paper FY2017/18 – 2021/22, Pg. 15*

[12] *Office of the Auditor General, 2016. Annual Report of Auditor general for the Year ended 30th June 2016 – Central Government and Statutory Authorities*

Inadequate Safeguard of Petroleum Fund

For the resource envelope for the FY2017/18, the budget framework paper does not indicate any sources from the Petroleum Fund nor does it indicate the status of the Petroleum Fund and its expenditures. It also does not indicate the ceiling of the total budget funding from the Petroleum Holding Account. However, it is indicated that in FY2017/18, government will expedite the construction of oil roads and bridges with USD $33 million which is planned to be withdrawn from the Petroleum Fund.

Interestingly, in December 2016, given the shortfalls in URA collections and suspension of World Bank funding, government undertook a unique and irregular avenue of accessing the Petroleum Fund to raise the USD $33 million. Besides, no semi-annual and annual reports have been presented to Parliament as required under Section 61 of the Public Finance Management Act to give indication of how much the Fund has accumulated so as to inform decisions of apportioning its funds.

The Minister of Finance has violated Section 61(1)(b) of the Public Finance Management Act that demands that an annual report on the Petroleum Fund be tabled in Parliament by 31st December. As Uganda prepares to start oil production that is anticipated to generate revenue boom, there is need to set a fiscal rule enshrined within a law. The fiscal rule will set a multiyear numerical constraint on government finances hence governing oil revenue expenditure.

It is prudent to ascertain the status of the Petroleum Fund through the tabling in Parliament and publication of the annual report. Otherwise no funds should be withdrawn from the Fund for it has not been indicated as a source of revenue for the annual budget. An allocation formula of petroleum revenues from the Petroleum Fund to the petroleum revenue investment reserve needs to be set so as to ensure precision of how much is available for appropriation to the national budget i.e. infrastructure and development projects as articulated in Section 59(3) of the Public Finance Management Act (2015).There is also need to set long-term targets for the investment reserves. It is imperative to note that macroeconomic stability is a must target for it drives the economy .[13]

[13] *Hon. Winfred Kiiza, 2016. Response to the State of the Nation Address 2016*

Poor Loan Absorption

Majority of loans were approved over two years ago but their total disbursements have performed at a mere 28%[14] as of December 2015. This highlights poor absorption arising from inadequate preparation and funding of projects that are not a development priority. This leads to constraints to local spending and subdues growth especially in sectors with low absorption. There is also an increasing trend of acquiring non-concessional loans that are commercial in nature for projects with no immediate financial return or profit.

In FY2017/18, non-concessional loans are projected to rise by 132% from the projected outrun of US$ 592.3 million to US$ 1,376 million. There will be a drop in concessional loans by 26% from US$ 706.8 million to US$ 522.1 million in FY2017/18.

No new loan request should be approved for any MDA whose total absorption of loans is less than 50%. This will curb poor preparations and funding of non-priority development projects.

[14] *Hon. Kasaija Matia, 2016. Report on Public Debt (Domestic and External Loans), Guarantees and other Financial Liabilities and Grants for Financial Year 2015/16*

Table 1: Loan Performance by Sector

SECTOR	LOAN COMMITTED (US$ m)	AMOUNT DISBURSED (US$ m)	PERFO-MANCE (%)
Transport	1299.58	506.25	39%
Education	231.48	40.88	18%
Energy	3132.41	533.29	17%
Health	272.02	145.58	53%
Agriculture	291.06	119.66	41%
Water	667.02	145.08	22%
Public Sector Management	717.09	361.347	50%
Lands, Housing and Urban Development	150	71.76	48%
ICT	90.39	4.62	5%
TOTAL	**6851.05**	**1928.467**	**28%**

Source: Sustainable Development Report 2015 & OLOP Computations

Inadequate Scrutiny of PPPs

Non-traditional access of development financing through PPPs has raised risks pertaining to profitability assurance clauses, escalating costs and affordability of services. This has been envisaged particularly in UMEME and Bujagali dam contracts. This is attributed to non-disclosure and confidentiality provisions that limit public scrutiny. A similar trend is being expected in Kampala-Entebbe Express highway, Isimba and Karuma dams. This too subdues growth for it makes affordability and accessibility of services expensive.

It is imperative to note that the Auditor General has not audited all PPP contracts as required under Section 30(1) of the Public Private Partnership Act 2015.

All PPP projects in Uganda should be audited annually by the Auditor General as required under Section 30(1) of the Public Private Partnership Act 2015.

Government Borrowing from Pension Funds

The intention of government to liberalise the pension funds purposely to raise money to fund long term investments is of great concern. Pension funds are meant to guarantee the future of the contributors and not necessarily long term investments of Government. Therefore, it is not prudent for government to highlight pension funds as its alternative long term financing source[15]. Besides, government is proven to be poor at debt repayment.

Government's presumed assumption that the Funds are redundant is misconceived. The intention of the contributors has never been to complement funding of government but to secure their future retirement.

If the custodians of the pension funds are to consider lending, let them consider lending the owners not government.

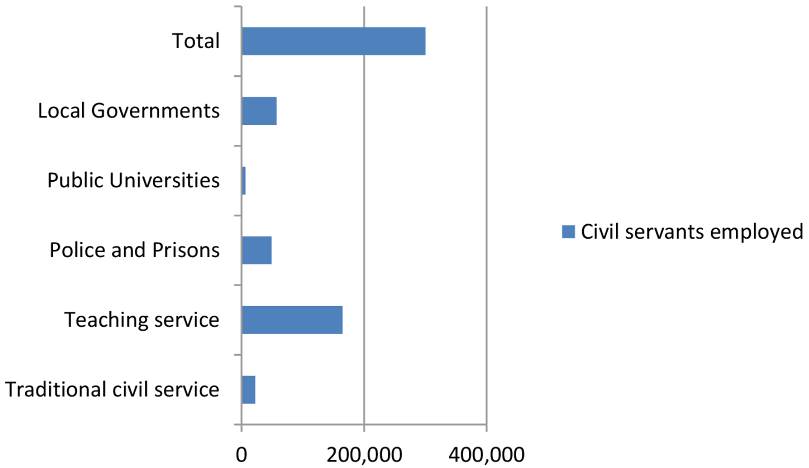
Civil Servants Arrears

The Government is the country's highest employer. Employment in the civil service is composed of persons employed in the traditional civil service, the teaching service (primary and secondary), police, prisons, public universities and the staff in Local Governments. The average size of the civil service in 2015 was 300,372 persons[16]. However, government has struggled to pay civil servants who are demanding for arrears for salaries, allowances and pension. This translates to less tax collection particularly PAYE and VAT due to little disposable income.

[15] *National Budget Framework Paper FY2017/18 – 2021/22, Pg. 10*

[16] *Uganda Bureau of Statistics, 2016. Statistical Abstract 2016*

Money should be allocated to civil servants arrears by 50% in the FY2017/18.



Source: OLOP

2.3 Inconsistency with the Charter of Fiscal Responsibility

The Charter of Fiscal responsibility sets targets of reducing the fiscal balance to a deficit of no greater than 3% of GDP and maintaining public debt in net present value terms below 50% of GDP by 2020/21.

It should be noted that the Ministry of Finance is expected to publish the Charter of Fiscal Responsibility within one month after approval by Parliament in accordance with Section 5(2) of the Public Finance Management Act. The Charter was approved on 22nd December 2016. However, the Budget Framework Paper was realised before the publishing of the Charter. Therefore it is difficult to determine whether the Budget Framework Paper is consistent or inconsistent with the Charter.

In line with Section 5(2) of the Public Finance Management Act, the Ministry of Finance should publish the Charter of Fiscal Responsibility before 22nd of January 2017.

3.0 Certificate of Gender and Equity Responsiveness

Section 9(6) of the Public Finance Management Act requires the Minister to issue a certificate certifying that the Budget Framework Paper is gender and equity responsive as well as specifying measures undertaken to equalise opportunities for women, men, persons with disabilities and other marginalised groups.

However, the certificate issued on 21st December 2016 fell short of the following:

a) It indicates the rate of gender and equity responsiveness as 57%. However, it does not elaborate why the rating is very low;
b) The Certificate does not show specific interventions to address gender and equity responsiveness in the FY2017/18;
c) It does not explicitly indicate the number of marginalised locations and people as well as the extent at which their inequities are to be addressed in the FY2017/18;
d) It does not indicate the cost of interventions to ensure equity amongst marginalised groups and locations in FY2017/18; and
e) It does not indicate the extent to which the inequalities are to be reduced in the FY2017/18.

4.0 Alignment to Second National Development Plan

Section 9(3) of the Public Finance Management Act 2015 requires that for each financial year, the Budget Framework Paper shall be consistent with the National Development Plan.

Emphasis was placed on tracking the inclusion of targets in the Second National Development Plan 2015/16 – 2019/20 into the National Budget Framework Paper FY2017/18 – 2021/22. The details of the NDP II measurable and defined targets are given in Appendix 1 of this Response to the National Budget Framework Paper.

Following the alignment assessment, the following were observed and need to be addressed:

1) NDP II provides 39 core projects but not all of them are budgeted for[17]. The details of the NDP II core projects are provided in Appendix 2.

   Ministries, Departments and Agencies (MDAs) should ensure that core projects indicated in the NDP II are tracked under their sectors irrespective of funding.

[17] *National Planning Authority, 2016. The Certificate of Compliance for the Annual Budget FY2015/16*

2) Not all sectors have sector development plans which are expected to be aligned to NDP II. In FY2015/16, only 4 out of 17 sectors had approved sector plans aligned to NDP II[18] in terms of focus and time frame.

   Funds should be availed within this financial year to facilitate development of sector plans.

3) NDP II is estimated at approximately UGX 196.7 trillion of which UGX 113.7 trillion is government funding (58%) and UGX 83.0 trillion (42%) is private sector contribution. Therefore, Public Private Partnerships (PPPs) are critical in financing the NDP II. Although the Section 2 of the Public Private Partnership Act 2015 indicates eligible projects, sectors have not developed PPP frameworks or inventories to unlock potential and attract investors.

   Sectors should develop PPP frameworks or inventories in line with NDP objectives so as to guide potential investors.

4) In the Medium Term Sector Plans and Expenditures, sectors do not explicitly provide progress on implementation of all their NDP targets.

   In addition to the narrative on contributions to NDP, all sectors should provide implementation progress of their measurable targets articulated in the NDP II.

[18] *Parliament of Uganda, 2016. Report of the Budget Committee on the Certificates of Compliance for the Annual Budget FY2015/16*

5) NDP II provides for mainstreaming of gender, HIV/AIDS, environment, nutrition, climate change, human rights, social protection and child welfare in government programmes and projects during its implementation, monitoring and evaluation. However, it also indicated lack of clear indicators for tracking effective programme or project designs hence making it difficult to assess the impact attributable to mainstreaming efforts[19].

   The National Planning Authority, in consultation with relevant lead agencies, should develop mainstreaming indicators so as to ensure accurate impact attribution. This would also be essential in addressing misunderstanding amongst sectors when being assessed on similar aspects particularly gender and equity responsiveness.

6) Targets on foreign import cover and public debt ceilings are non-stretching and non-progressive. For instance, instead of setting higher targets as regards import cover, the NDP II sets 4.5 months, far lower when compared to NDP I target of 5.7 months. As regards Net Present Value of public debt, NDP I set a target of 26% as compared to NDP II average of 50%.

5.0 Alignment to Sustainable Development Goals

Whereas the SDGs are universal in nature, their implementation is expected to take into account different national realities, capacities and levels of development and to respect national policies and priorities. This is what localization of the SDGs is about. This is also the point where Uganda's National Development Plans and Budget Strategies come into play. A quick mapping of the 17 SDGs with their 169 associated targets against Uganda's current official statistics framework shows that Uganda presently reports against 15% (26 targets) of the SDG targets[20].

[19] *Second National Development Plan 2015/16 – 2019/20*

[20] *Ministry of Finance, Planning and Economic Development, 2015. Sustainable Development Report – Uganda's Aspiration for Middle-Income Status: Strategies for Sustainable Land Use and Management 2015*

Sustainable Development Goal (SDG)	Official No. of Targets	Targets with exist-ing related National indicators	Percentage Alignment
Goal 1. End poverty in all its forms everywhere	07	02	29%
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	08	03	38%
Goal 3. Ensure healthy lives and promote well-being for all at all ages	13	04	31%
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	10	02	20%
Goal 5. Achieve gender equality and empower all women and girls	09	02	22%
Goal 6. Ensure availability and sustainable management of water and sanitation for all	08	03	38%
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	05	01	20%
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	12	03	25%

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	08	02	25%
Goal 10. Reduce inequality within and among countries	10	03	30%
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable	10	00	0%
Goal 12. Ensure sustainable consumption and production patterns	11	00	0%
Goal 13. Take urgent action to combat climate change and its impacts	05	00	0%
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	10	00	0%
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	12	01	8%

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	12	00	0%
Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	19	00	0%
Total	**169**	**26**	**15%**

Source: Sustainable Development Report 2015 & OLOP Computations

On 22nd September 2016, Parliament made resolutions among which the Minister of Finance, Planning and Economic Development was required to present together with the annual budget estimates how SDGs have been integrated in the annual budget estimates. It is therefore crucial that Budget Framework Paper, which is the foundation of the annual budget, is aligned with both the National Development Plan and SDGs targets.

In the short term, stretching targets and commitments need to be made in regard to:

a) Electoral reforms;
b) Corruption control and recovery of public resources
c) Skills – employment alignment
d) Reduction of post-harvest losses
e) Control of narcotic drugs and alcohol abuse
f) Preservation of genetic diversity of seeds, plants and animals
g) Promotion of nutrition especially amongst children
h) Extension services
i) Improvement of disaster preparedness
j) Environmental conservation
k) Setting of minimum wage

6.0 Alternative Sector Proposals

In this FY2017/18, the following alternative interventions should be undertaken to spur the economy and ensure equity for sustainable development of Uganda.

Sector	Proposal	Justification
Works and Transport	Establish weighbridges at source of weights such as mines	This will curb evasions and ensure allowable weights on national roads.
	Procure updated weighbridge software	To automatically track repetitive offenders as it is undertaken in Kenya.
	Enforce single axle penalties	To reduce excess loading and axle point load damage on the roads.
	Secure road reserves for all roads in Uganda	To reduce costs of compensation and damage to road edges.
	Developing of a compensation policy	To address disparities in compensation procedures and ensuring fair compensation.
Education	Eliminate award of diplomas from universities	To reduce competition between degree awarding institutions and non-degree awarding institutions. This would also reduce congestion at degree awarding institutions.
	Establish private and government school fees guidelines	To control escalating disparities in schools fees structures of private schools and improve affordability of quality education.
	Establish learning centres of special needs children at every sub-county	To ensure equity in accessing education by special needs children.
	Abolish the government Policy of automatic promotion in UPE and USE institutions	To ensure effective progress learning.

Energy and Mineral Development	Establish mining cooperatives	Essential in ensuring compliance, occupational safety, capacity building, market access and boosting of mining standards in pursuit of economic and social development.
	Stock fuel reserves in Nakasongola and Jinja to full capacity	As Kenya nears its general elections, there is need to increase stock of fuel in the fuel reserves.
	Establishing a register of national content companies	Develop a compendium of Ugandan companies that have entered into joint venture with foreign companies supplying oil companies in Uganda as provided for in Section 125(2) of the Petroleum (Exploration, Development and Production) Act, 2013.
	Decentralizing Electricity Dispute Tribunal to district level.	Electricity District Dispute Committees would make it easier to receive and address public concerns regarding electricity supply and consumption in line with Section 13 of the Electricity Act.
	Installing Prepaid electricity meters in all Ministries, Departments and Agencies.	To abate the perennial electricity arrears in Ministry, Departments and Agencies.
	Exempting Liquefied Petroleum Gas from VAT and Import tax.	This would make it affordable and result in fall in charcoal demand by 0.5 million tonnes by the year 2040 and result into a wood saving of 4.5 million tonnes.
	Developing an investment profile of oil revenues.	Profiles infrastructure and development projects eligible for financing by petroleum revenue as provided for under Section 59(3) of the Public Finance Management Act 2015.

Health	Establish a National Health Insurance Scheme Develope a Nutrition law	To improve access and affordability of health services. To operationalize the Uganda Food and Nutrition Policy (2003) and establish national nutrition zoning so as to ensure that appropriate nutrition programmes are geared towards deficient communities.
Security	Deploying career Defence Attachés to Uganda's Missions abroad. Construct Regional Military Referral Hospitals. Establish an autonomous Police Ombudsman. Establishing a legal, policy and institutional framework for Crime Preventers	Facilitate execution of multiple tasks in regard to national security of Uganda and complement the work by Uganda's Ministry of Foreign Affairs. To address unique medical needs of the military across Uganda. Improving handling of external police complaints and ensure openness and transparency in the investigation of complaints made by the public relating to police conduct, omissions and actions. To legitimize operations of crime preventers and ensure performance monitoring mechanism.

Public Sector Management	Establish a Salary Review Commission	To deal with issues relating to salary discrepancies and control selective awards across the service
	Increase allocations to District Service Commissions for recruitment of staff and restructuring of Local Governments	To Improve functionality of local governments
	Establishing a Code of Conduct for Ugandan migrant workers and recruitment agencies	To ease monitoring and oversight over compliance standards to warrant issuance and revocation of licenses.
	Restrict the Office of the Prime Minister from implementation of government programmes and projects	Ensure effective and efficient coordination and implementation of government policies across Ministries, Departments and other public institutions as per Article 108A (2) (a) of the Constitution
	Establishing a Public Lands and Assets Trust Agency	To manage all public land and assets.
	Increase the allocations to Local Governments to match the increase in Districts, Municipalities and Town Councils	To improve service delivery
	Document the foreign policy of Uganda	To articulate national interests and safeguard them while improving cooperation with international partners for sustainable development
	Missions abroad should develop customized national packages	To showcase and promote investment, trade and tourism in Uganda.

Justice, Law and Order	Establish a Constitutional Review Commission	Government commitment made during the consideration of constitutional amendments in 2015.
	Decentralize court awards to affected ministries	To improve vigilance and preparation of ministries so as to win court cases as well as ensuring court awards are charged from affected ministry's vote.
	Construction of prisons within 10 kilometers distance to courts	To ensure timely delivery of prisoners to court and reduce on transportation expenditure.
	Developing regulations on political party funding	Guide the accountability of public funds allocated to political parties.
	Lowering the minimum age for election to all positions in Local Government to 18 years	To allow youth to compete for any political position in the Local Government system.
	Translation of the Constitution into local languages	Article 4(a) of the Constitution of the Republic of Uganda stipulates that the Constitution shall be translated into Uganda languages. It is now 21 years since the Constitution was promulgated and its translation into Ugandan languages is deficient.

Account-ability	Judicial review to settle the disparity in understanding what translates to the approved budget.	This is essential in determining the amount eligible for supplementary expenditures.
	Establish an authentic financial macroeconomic framework forecasting module for projecting tax and revenue estimates.	The Ministry of Finance lacks a comprehensive macroeconomic model for financial frameworks thus forecasting and projections for tax revenues are prone to being underestimated or overestimated, which adversely affects budget projection and execution.
	Halt appropriation of funds to the Presidential Initiative on Banana Industrial Development (PIBID) until its legal status is provided.	The legal status of the PIBID and its Board and Management Committee is debatable since its decision making instrument expired in March 2015.

Agriculture	Establish Agriculture Price Stabilization and Buffer Stocking Fund	Widen the scope of the price stabilization and buffer stocking from only cotton, so as to cover market-oriented commodities as provided in the 2004 zoning strategy by MAAIF.
	Exempt seeds, feeds, fertilisers, and pesticides from VAT	Means of boosting agricultural production
	Establish an Agricultural Development Bank	To facilitate agricultural entrepreneurship, food security and industrialization
	Developing a Community Seed Improvement Programme	To improve the quality of indigenous seed varieties which are the most used in Uganda
	Reviving District Farm Institutes	Epicentres for training small scale farmers in modern farming skills and enterprises
	Undertaking Uganda Census of Agriculture	To provide information on agricultural production, establish trends in the sector and to provide benchmarks on sector development planning
Water and Environment	Establish a conditional grant for District Environmental Inspection	To improve environmental monitoring in Local Governments as resolved by Parliament when considering the report on sand mining in Uganda
	Develop a Payment for Ecosystems Services (PES) law	To improve environmental financing and conservation for sustainable development,

Public Administra-tion	Exempt the film industry from taxes Amend the Minerals (Prohibition of Exportation) Act to make sand a restricted export in Uganda	To attract foreign skills and develop creative arts in Uganda To restrict sand to domestic demand and develop the country's capacity in its value addition.
Tourism, Trade and Industry	Establish SMEs fund for tourism Developing a comprehensive law on Sugar A moratorium placed on allocating investors free land	To improve access to tourism business financing and creation of employment opportunities To operationalize the National Sugar Policy To ensure competition by investors who would pay for the land suitable for their proposed projects as well as curbing the growing trend where land allocated to investors is not developed or has been transferred to another investor without the approval of Government.

Social Development	The Social Assistance Grant for Empowerment (SAGE) should be enrolled to all districts.	To ensure equity in support of the elderly across the country.
	Establish a National Internship and Apprenticeship Scheme	To address employment, skills and experience mismatch in Uganda.
	Establish community days	They create a positive attitude towards work, enhances social cohesion and strengthens community participation or inclusion in ensuring and maintaining development.
	Establish regional children's rehabilitation centres in Karamoja, Bunyoro and West Nile	To improve access to rehabilitation programmes for children.
	Establish day care/play centers in prison zones for mothers who have been arrested with their babies and committed to jail.	To improve communication and socialisation skills of children living with their imprisoned mothers
	Directive for compulsory free airtime on private radio and television stations to government	To popularise government programmes and projects as a means to enhancing transparency and accountability
	Amend Section 27 of the Succession Act to provide for female intestate in the distribution of property of intestate deceased persons	To ensure equity, accessibility to resources and boost the development potential of women

Lands, Housing and Urban Dev't	Increase funding and operationalization of the Land Fund	Essential in improving implementation readiness of infrastructure projects by acquiring a stock of land in advance after adequate compensation before seeking loans
	Developing of a compensation policy	To address disparities in compensation procedures and ensuring fair compensation
	Operationalize Land Tribunals	To provide redress for people or organizations that might feel aggrieved in land matters
	Gazetting land for resettling ethnic minorities from protected areas	To ensure ethnic preservation, improvement in the accessibility of health services, education, shelter and cultivation land.
	Mapping and developing a directory of customary land stewards	To ensure security of tenure, avoid land related disputes between neighbours, families, clans and tribes, provide documentary proof of land rights and ensure smooth transfer of land rights.
ICT	Ensure all secondary schools have access to computers	To eliminate digital learning inequalities and equip students with computer skills relevant to the growing digital economy
	Set a tourism promotion quota of local content in television broadcasts	To showcase Uganda's inland tourism potential as a means of attracting Ugandans to visit tourist sites and build local tourism

APPENDIX 1: NDP II Targets

Aspect	NDP II Baseline	NDP II Target
Ceiling of headline inflation		8%
Ceiling of fiscal deficit of GDP including grants		3%
Ceiling of Public Debt of GDP in NPV		50%
Economic Growth Rate	5.2%	6.2%
Tax to GDP Ratio	12.7%	16%
Contracts audited and rated as satisfactory	28.5%	60%
Clean Audits	34.3%	70%
Corruption Reduction	34.9%	60%
Reserve Cover of Import		4.5 months
Core inflation maintenance		5%
Government funding		UGX 113.7 trillion
Private Sector Contribution		UGX 83 trillion
Upgrade National Roads	3,795 Km	6,000 Km
Per Capita Electricity Consumption	80 Kwh	588 Kwh
Agricultural Exports	USD 1.3 billion	USD 4 billion
Labour force in Subsistence Production	6 million	3 million
Tourism Contribution to GDP	9%	15%
Average Share of Mining in Total GDP	0.4%	0.5%
Wetland Ecosystem coverage	10.9%	12%

Aspect	NDP II Baseline	NDP II Target
Forest Cover	14%	18%
Automation of Climate Monitoring Network	10%	40%
Implementation of National Climate Change Policy and Implementation Strategy		20%
Environmental Compliance	70%	90%
Exports as percentage of GDP	12.9%	16.5%
Industry Contribution as percentage of GDP	20.6%	24.5%
Access to electricity		30%
Electricity Consumption Per Capita		578 Kwh
Cumulative Storage of Water for Production	27.8 Million Cubic Metres	55 Million Cubic Metres
ICT contribution to Government Revenue	8.1%	10%
Employment in ICT Sector	1 million	3 Million
Deliveries in Health Facilities	41%	64%
Maternal Deaths in Health Facilities	148/100,000	119/100,000
Under 5 death in Health Facilities	18/1,000	16/1,000
Outpatient Attendance (Malaria)	12,224,100	2,600,000
New HIV Infections (Adults)	140,908	42,272
HIV Related Deaths	52,777	21,497

Aspect	NDP II Baseline	NDP II Target
TB Treatment Success Rate	80%	90%
Population Accessing Health Insurance	1%	6%
Completion Rate of P.7	70.3%	83%
Net Secondary Completion Rate	36%	50%
Water Supply Coverage (Rural Areas)	65%	79%
Water Supply Coverage (Urban Areas)	77%	95%
Sewerage Coverage in Towns (>15,000 people)		30%
Housing Units	6.2 million	7.8 million
Public Confidence in JLOS	35%	50%
Public Satisfaction in JLOS Service Delivery	60%	75%
Case Disposal Rate	42.7%	60%
Vulnerable People Accessing Social Protection Interventions	1 million	3 million
Women Accessing Economic Empowerment Initiatives	12%	30%
Decent Work Coverage	40%	70%
Adult Literacy Rate	73%	80%
Rate of Discrimination and Marginalization		4%

Aspect	NDP II Baseline	NDP II Target
Community Participation in Development	50%	70%
Core projects Implementation		39

APPENDIX 2: NDP II Core Projects

Agriculture Priority Area

1. Agriculture Cluster Development Project (ACDP)
2. Markets & Agriculture Trade Improvement Project (MATIP II)
3. Farm Income Enhancement and Forest Conservation II
4. Storage Infrastructure
5. Phosphate Industry in Tororo

Tourism Development Priority Area

1.Tourism Marketing and Product Development Project (Namugongo, Kagulu Hills and Source of the Nile)

Minerals, Oil and Gas Priority Area

1. Hoima Oil Refinery
2. Oil-related infrastructure projects
3. Albertine region airport
4. Albertine region roads
5. Other oil-related support infrastructure
6. Mineral Development for strategic minerals
7. Development of Iron Ore and Steel Industry

Infrastructure Development Priority Area

a) Energy

1. Karuma hydro power plant;
2. Isimba hydro power plant;
3. Industrial substations;
4. Ayago hydro power plant;
5. Grid Extension in North-East, Central, Lira and Buvuma Islands;
6. Masaka-Mbarara Transmission Line;
7. Kabale-Mirama Transmission Line;
8. Grid Extensions including those for Region Power Pool

b) Transport

1. Standard Gauge Railway;
2. The Entebbe Airport Rehabilitation;
3. Kampala-Jinja highway;
4. Kibuye-Busega-Nabingo;
5. Kampala Southern By-pass;
6. Kampala-Bombo Express Highway;
7. Upgrading of Kapchorwa-Suam Road;
8. Kampala-Mpigi Expressway;
9. Rwekunye-Apac-Lira-Kitgum-Musingo Road;
10. Road Construction Equipment

Human Capital Development Priority Area

a) Health

1. Renovation of 25 Selected General Hospitals
2. Mass Treatment of Malaria for Prevention

b) Education and Sports

1. Comprehensive Skills Development Programme

c) Social Development

1. Uganda Women Entrepreneurship Programme (UWEP)
2. Youth livelihood Programme (YLP)

Economic Management and Accountability

a) Strengthening Effective Mobilization, Management and Accounting for the Use of Public Resources (SEMMA)

b) Revitalisation of UDC and Recapitalisation of UDB

ICT

ICT National Backbone Project

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P.O. BOX 7178, KAMPALA
TEL: +256 414 377 142
www.parliament.go.ug