

**OFFICE OF THE
LEADER OF THE OPPOSITION**

**A COMPENDIUM OF
ALTERNATIVE POLICY STATEMENTS
FOR FINANCIAL YEAR 2017/18**

Foreword

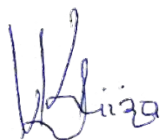
This publication is a compilation of the sector specific Alternative Ministerial Policy Statements for the Financial Year 2017/18 as prepared; laid on Table on the Floor of Parliament; and further discussed in the respective Sectoral Committees of Parliament. The presentation of these Alternative Ministerial Policy Statements has been done by the Opposition largely to enrich the policy formulation and development process and also offer alternatives to what the Government has presented.

The process of drawing these Policy Alternatives has been involving to the extent that the public stakeholders were consulted in the process so that the options put forward are anchored in the real aspirations of the people for whom they are being made. The policy options as espoused in this publication have equally been developed over a period of time through participation in Committee and Plenary proceedings, oversight visits and review of respective reports written, among others. In addition to laying the Alternative Ministerial Policy Statements on Table on the Floor of Parliament, the alternatives were discussed in the committees and a substantial number of policy proposals adopted and incorporated in the committee reports.

I applaud the Parliamentary Commission, Shadow Ministers, Staff in the office of the Leader of the Opposition, and our partners for the tremendous work toward putting together these Alternative views. This was despite the delay by a number of ministries and Departments in relaying the authentic copies of their Policy Statements. This was made worse by continued alterations of the initially submitted documents. Unlike the previous years, there has been an improved working relationship with the Committees and this has facilitated a smoother inclusion of relevant options regardless of the origin as long as the option in discussion was for the good of Ugandans.

We, as the Opposition in Parliament, remain steadfast in our unrelenting efforts to provide the best platform on which this country shall be effectively and efficiently governed.

Thank you.

A handwritten signature in blue ink, appearing to read 'W. Kiiza', with a stylized flourish at the end.

Winfred Kiiza (MP)

Leader of the Opposition

A general overview of the Alternative Policy Statements

For the purpose of this publication, the Shadow Ministries are grouped in sixteen (16) sectors.

The sixteen sectors as per this publication are as follows:

Chapter One: Agricultural Sector

The sector consists of Ministry of Agriculture, Animal Industry and Fisheries.

Chapter Two: Lands, Housing and Urban Development Sector

The sector consists of Ministry of Lands, Housing and Urban Development.

Chapter Three: Energy and Mineral Development Sector

The sector consists of Ministry of Energy and Mineral Development

Chapter Four: Works and Transport

The sector consists of Ministry of Works and Transport.

Chapter Five: Information and Communications Technology Sector

The sector consists of Ministry of Information and Communications Technology.

Chapter Six: Science, Technology and Innovation Sector

The sector consists of Ministry of Science, Technology and Innovation.

Chapter Seven: Tourism, Trade and Industry Sector

The sector consists of Ministry of Trade, Industry and Cooperatives and Ministry of Tourism, Wildlife and Antiquities.

Chapter Eight: Education Sector

The sector consists of Ministry of Education and Sports.

Chapter Nine: Health Sector

The sector consists of Ministry of Health.

Chapter Ten: Water and Environment Sector

The sector consists of Ministry of Water and Environment.

Chapter Eleven: Social Development Sector

The sector consists of Ministry of Gender, Labour and Social Development.

Chapter Twelve: Security Sector

The sector consists of Ministry of Defence and Veteran Affairs.

Chapter Thirteen: Justice, Law and Order Sector

The sector consists of Ministry of Justice and Constitutional Affairs; Ministry of Internal Affairs; and Uganda Human Rights Commission.

Chapter Fourteen: Public Sector Management

The sector consists of Ministry of Public Service; Ministry of Local Governments; Ministry of East African Affairs; and Office of the Prime Minister.

Chapter Fifteen: Accountability Sector

The sector consists of Ministry of Finance, Planning and Economic Development.

Chapter Eight: Public Administration Sector

The sector consists of Ministry of the Presidency; Kampala Capital City Authority; and Ministry of Foreign Affairs.

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List of Acronyms

CAO	Chief Administrative Officer
ESO	External Security Organisation
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
ISO	Internal Security Organisation
LG	Local Government
M&E	Monitoring and Evaluation
MPS	Ministerial Policy Statement
MoFPED	Ministry of Finance Planning and Economic Development
MoJCA	Ministry of Justice and Constitutional Affairs
RDC	Resident District Commissioner
DRDC	Deputy Resident District Commissioner
NRM	National Resistance Movement
DRDC	Deputy Resident District Commissioner
BFP	Budget Framework Paper
EOC	Equal Opportunities Commission
E & G	Equity and Gender
FY	Financial Year
GDP	Gross Domestic Product
MDAs	Ministries, Departments and Agencies
MEACA	Ministry of East African Community Affairs
MPS	Ministerial Policy Statement
SDP	Sector Development Plan
EAC	East African Community
NDP	National Development Plan
UEB	Uganda Electricity Board
UEDCL	Uganda Electricity Distribution Company Limited
UETCL	Uganda Electricity Transmission Company Limited
OPM	Office of the Prime Minister
USD	United States Dollar
UGX	Uganda Shilling

CHAPTER ONE: AGRICULTURE SECTOR

ALTERNATIVE POLICY STATEMENT AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES FOR FINANCIAL YEAR 2017/18

1.0 Background to the Alternative Policy Statement

Legal provisions

This Alternative Policy Statement on the Agricultural Sector is the official Opposition response to the Ministerial Policy Statement for the Financial Year 2017/2018 presented to Parliament by the Ministry of Agriculture, Animal Industry and Fisheries dated March 2017.

In line with section 6E (2) of the Administration of Parliament Act (2006), the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet Ministers. Within the same legal framework in Section 6E (4), the Shadow Minister is mandated to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister for Agriculture presents this Alternative Policy Statement for the Agricultural Sector.

State obligation to develop and transform the Agricultural Sector

The foundation of Uganda's agricultural policy is rooted in the 1995 Constitution (as amended). In this regard, Objective XI (ii) of the Constitution commands that the "State shall stimulate agricultural, industrial, technological and scientific development by adopting appropriate policies and enactment of enabling legislation." Objective XXII (a) of the Constitution further provides that the "State shall take appropriate steps to encourage people to grow and store food."

These noble constitutional objectives are further elaborated in the Uganda Vision 2040, which articulates the national vision as "A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years." The direct reference to "peasant" implies a clear recognition of the challenges our country faces as a peasant economy. Within the 2040 Vision period (2010-2040), the contribution of agriculture to GDP should have declined from the 2010 baseline of 22.4% to 10.2%. This change should be accompanied by a shift in the labour force engaged in agriculture from the 2010 baseline of 65.6% to 31%. Labour productivity (as measured in GDP per work should increase from the 2010 baseline of USD390 to USD6,790. Agriculture is projected to grow at an average rate of 5% per annum.

It is, therefore, important to observe that the mission to transform the Agriculture Sector is not a partisan issue. It is neither FDC, UPC, NRM, DP nor any other party. It represents an agreed

national consensus that any political party that forms Government and ignores the importance of this critical sector is out of touch with the aspirations of Ugandans.

The National Agricultural Policy Framework

The vision for the Agricultural Sector

A Ministerial Policy Statement is essentially a one-year work plan and spending plan on how Government will utilise the budget resources for the relevant financial year. The strategic goals of Government with regard to the Agricultural Sector are enshrined in our national constitution. The constitutional objectives are then further elaborated in a series of macro-policy instruments. Key of these macro-policy instruments includes the Uganda Vision 2040, the National Development Plan and the Agriculture Investment Plan.

The elaboration of the current national agricultural policy framework can be traced way back in 2013 when Government adopted the National Agricultural Policy (NAP). Under the NAP, Government envisions an agricultural sector that is competitive, profitable and sustainable with a mission to transform subsistence farming to sustainable commercial agriculture.

2.0 Sector Overview

The National Agriculture Policy (NAP) articulates fairly clear strategic and specific development objectives that ought to be pursued for the agricultural sector to make its contribution to the overall transformation of our economy and country. The Sector's overall strategic objective is to "promote food and nutrition security and household incomes through coordinated interventions that focus on enhancing sustainable agricultural productivity and value addition, providing employment opportunities, and promoting domestic and international trade. The NAP articulates six (6) specific objectives:

- i) Ensure household and national food and nutrition security for all Ugandans;
- ii) Increase incomes of farming households from crops, livestock, fisheries and other agricultural related activities;
- iii) Promote specialisation in strategic, profitable and viable enterprises and value addition through agro-zoning;
- iv) Promote domestic, regional and international trade in agricultural products;
- v) Ensure sustainable use and management of agricultural resources; and
- vi) Develop human resources for agricultural development.

This policy has since then evolved and has been modified and further elaborated through the NDP II process.

The medium-term transformation agenda for the Agricultural Sector

The National Development Plan and the Agriculture Sector Development Plan are the medium-instrument setting policy, programme and funding priorities for our country in our pursuit of developing and transforming the Agricultural Sector and our Nation's farming households. Both the NDP II and the Agriculture Sector Strategic Plan 2015-2020 recognises that the Agricultural Sector will continue to play a leading role in the economic development and social economic transformation of our country. In 2012/13, the Agricultural Sector accounted for 25.3% of our Nation's GDP employing 72% of the Nation's total labour force in both formal and informal employment.

The NDP II recognises that agriculture is the major source of raw materials for the manufacturing sector, a market for non-agriculture output and a source of surplus for investments. It is envisaged that through gender responsive mechanisation, commercialisation and provision of infrastructure to facilitate marketing, production and productivity will increase leading to increased competitiveness and profitability of the Sector. The logic of planning in the Sector is that as the commercialisation and mechanisation of agriculture picks pace, the human resource working in the Sector will transfer to the manufacturing and service sectors with better wages, thus accelerating the pace of economic growth and transformation (NDP II). In this regard, the Government commits to direct substantial investments towards i) enhancing transportation of agricultural products; ii) minimising post-harvest wastage and enhancing maintenance of quality; iii) increasing value-addition to agricultural products; iv) strengthening marketing and distribution; and v) undertaking institutional reforms.

The Strategic Development Plan for the 12

The Agriculture Sector under the leadership of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) has the overall mandate for the governance and development of our Nation's agriculture. The specific mandate of the Sector is to promote and support sustainable and market oriented agricultural production, food security and household incomes. In 2015, the Sector adopted a Sector Strategic Plan covering the period 2015-2020. The Agriculture Sector Strategic Plan 2015-2020 states that the vision of the Sector is "A competitive, profitable and sustainable sector". The mission of the Sector is: 'Transforming the sector from subsistence farming to commercial agriculture'. The overall goal of the sector is to achieve an average growth rate of 6% per annum of the five-year (5) plan period. The sector is to pursue the following strategic objectives or priorities in the pursuit of its goal and mission:

- i) To increase production and productivity of agricultural commodities and enterprises;
- ii) To increase access to critical farm inputs;

- iii) To improve access to markets and value addition and strengthen the quality of agricultural commodities; and
- iv) To strengthen the agricultural services institutions and the enabling environment.

It should be emphasised that put together, the national Constitution (1995), the Uganda Vision 2040 (2010), the second edition of the National Development Plan (2015) and the Agricultural Sector Strategic Plan (2015) represent an ambitious aspiration for the country in our effort to achieve a total transformation of the agricultural sector. However, the annual operational instruments of the sector, in particular the Ministerial Policy Statement demonstrate the incapacity of the incumbent Government to implement the fairly transformative ideas that it has been at the forefront of promulgating for more than three decades. This failure is best evidenced by the quality of the Ministerial Policy Statement and the spending priorities put forward by Government. Agriculture still remains among the least funded sectors of the economy with the proposed budget as per the Ministerial Policy Statement for 2017/18 being UGX793.03 billion, approval of this figure will indicate a deduction from UGX846.599 billion in 2016/17.

Statement outline

The Alternative Policy Statement is structured as follows:

Section 1: Background to the Alternative Policy Statement provides legal provisions under which the Shadow Minister of Agriculture presents the Alternative Policy Statement and the Sector overview.

Section 2: Situational Analysis of Ministerial Policy Statement highlights budget allocations, key outputs, gaps, linkages, opportunities and risks in the Sector.

Section 3: Alternative Policy Direction details alternative key focus areas and outputs.

Section 4: Conclusion summarises alternative policies.

Agricultural Sector Ministerial Policy Statement 2017/18

The 2017/18 Ministerial Policy Statement presents the sector's priorities for FY 2017/18 and the projected funding allocations. The policy statement and spending priorities are organized around 8 votes:

- I. Ministry of Agriculture, Animal Industry and Fisheries (Vote 010)
- II. Dairy Development Authority (Vote 121)
- III. National Animal Genetic Resources Centre and Data Bank (Vote 125)
- IV. National Agricultural Research Organisation (Vote 142)

- V. National Agricultural Advisory Services Secretariat (Vote 152)
- VI. Cotton Development Organisation (Vote 155)
- VII. Uganda Coffee Development Authority (Vote 160)
- VIII. Local Governments (Vote 850).

2.1 Budget Allocations to the Agricultural Sector

Table 1: Trend Sector Allocation to Agriculture FY2014/15-2017-18

Budget Allocation in Billion UGX		2014/15	2015/16	2016/17	2017/18 planned
	Wage	55.34	46.49	72.71	74.416
Recurrent	Non-wage	65.63	103.49	136.84	123.561
	Total Rec	120.97	149.98	209.55	197.977
	GOU	222.22	228.11	385.75	455.124
Development	Ext. Fin.	129.29	91.71	221.75	203.98
	Total Dev't	351.51	319.82	607.5	659.104
Total Budget(excl. Arrears, Taxes & AIA)		472.48	469.8	817.05	857.081
Arrears		0	0.74	0.66	
Taxes		5.22	3.9	0	1.555
AIA		24.37	26.17	28.86	32.55
Total Budget (incl. Arrears, Taxes & AIA)		502.07	500.61	846.57	891.186
National Budget		15829.71	23972.26	26360.44	29608.64
As a percentage of the National Budget		3.17%	2.09%	3.21%	3.01%

The Sector budget presented for FY2017/18 shows a slight increase by UGX36.746 billion from UGX854.4 billion in 2016/17 to UGX891.186 billion in 2017/18. Despite the consistent increase in the National Budget, percentage allocations to agriculture remain seemingly constant with an average of 2.9% since 2014/15. This is against the Maputo Declaration, where African states agreed to allocate at least 10% of their National Budget to Agriculture. It is also inconsistent with the policy narratives under the Vision 2040, the NDP II and the political declarations by the President and other political leaders about the importance of the Agricultural Sector in our Nation's pursuit of accelerated socio-economic transformation.

Table 2: Budget Allocation to the Agricultural Sector by Vote 2014/15 – 2017/18

Vote	2014/15	%	2015/16	%	2016/17	%	2017/18 MPS Budget	
010-Ministry of Agriculture , Animal and Fisheries	84.08	16.7%	130.57	26.1%	248.2	29.3 %	316.61	35.5%
152-NAADS Secretariat	160.7	32%	178.97	35.8%	318.61	37.6 %	315.703	35.4%
160-Uganda Coffee Development Authority	22.18	4.4%	43.79	8.7%	87.41	10.3 %	90.4	10.1%
142-NARO	157.48	31.4%	98.98	19.8%	114.14	13.5 %	89.968	10.1%
501-850 Local Governments	62.54	12.5%	30.53	6.1%	51.08	6%	51.617	5.8%
125-National Animal Genetic Res. Centre and Data Bank	4.05	0.8%	4.95	1%	13.14	1.6%	11.213	1.3%
155-Uganda Cotton Development Organisation	6	1.2%	7.78	1.6%	7.4	0.9%	8.688	1%
121-Dairy Development Authority	5.04	1%	5.04	1%	6.62	0.8%	6.987	0.8%
Total	502.07	100%	500.61	100%	846.6	100%	891.186	100%

Source: *A Report on Budget Allocations across Sectors in Uganda (Office of the Leader of the Opposition)*

The highly funded Votes under the Agricultural Sector are Ministry of Agriculture, Animal and Fisheries and NAADS Secretariat. Their planned budgets for 2017/18 is UGX316.61 billion (35.5%) and UGX315.7033 billion (35.4%) respectively. NARO has the sharpest declining trend with its percentage allocation reducing from 31% in 2014/15 to 10.1% in 2017/18. There is need for the Minister to provide a compelling explanation for the decline in funding for agricultural research given the crisis facing the Agricultural Sector.

2.2 Key outputs

The Ministerial Policy Statement for the Ministry of Agriculture, Animal Industry and Fisheries outlines nine (9) priorities for the Financial Year 2017/18. These are:

- i) Strengthening agricultural research;
- ii) Implementing a single spine agricultural extension system;
- iii) Strengthening farmer group formation and cohesion;
- iv) Value addition;
- v) Controlling pests, vectors and diseases;
- vi) Increasing access to critical farm inputs;
- vii) Agricultural mechanisation;
- viii) Water for production;

- ix) Fertilisers;
- x) Regulation and certification; and
- xi) Promoting sustainable fisheries

2.3 Compliance Assessment

Agricultural Sector compliance with NDP II and the Public Finance Management Act

In line with the Public Finance Act, 2015 under section 13(6) and 13(7), the National Planning Authority has assessed the consistency of the Annual Budget for FY 2016/17 with the National Development Plan, Charter for Fiscal Responsibility and the National Development Plan.

Overall, the Agricultural Sector is 58% compliant to NDP II which is substantially below the minimum target of 70%. In particular, the Sector is 61.0, 75.0, 60.0 and 47.0% compliant at sector planning, projects planning, budgeting instruments and budget performance levels of alignment to NDPII, respectively.

Of the 49 projects prioritised in NDPII PIP, 35 (71%) are in the MFPED PIP and receive funding. The remaining 14 (19%) projects are yet to be developed. However, two projects not prioritised by the NDPII are being funded: Multi-Sectoral Food Safety and Nutrition Project; NAADS – KCCA.

Table 4: Summary of Agriculture Sector MDA Compliance

MDA	Planning	PIP	Alignment		Budget performance	Overall Score
			BFP	AB		
Sector	61	75	62	59	47	58
MAAIF	25	76	66	66	0	39
NARO	50	87	82	82	60	70
NAGRC	25	100	86	87	50	65
NAADS	25	91	88	100	60	71
UCDA	100	100	88	88	50	80
DDA	75	50	88	100	40	71
CDO	75	67	100	88	50	73

Source: Certificate of Compliance, NPA 2017

Gender and Equity Compliance Certificate for FY 2017/18

Pursuant to Section 13(6) and 13(7) of the PFMA, the Equal Opportunities Commission conducted an assessment of the budget and its compliance to the National Development Plan, Charter of Fiscal Responsibility and the Budget Framework Paper. Overall, the Agriculture Sector had a very good performance score of 59.6%. NAADS, NAGRC&DB, UCDO, DDA and

NARO scored 62%, 61%, 60%, 55% and 50% respectively.

2.4 Emerging issues for the Agricultural Sector

Governance and coordination in the Sector

The Agricultural Sector has suffered from more than two decades of poor governance and lack of coordination. The spending priorities of the sector are spread across numerous votes with no clear coordination mechanism. For example, NAADS, Cotton Development Authority and Coffee Development Authority are all in one way or the other involved in distribution of inputs. The Ministry is also silent about the operations of Operation Wealth Creation, how it is linked to the different Votes and what it has achieved to date. If such coordination mechanism exists, then it is not apparent from the MPS or the achievements of the Sector outlined therein. The lack of coordination and the resultant potential duplication potentially explains the current failures within the Sector.

Reporting on tactical versus objective level achievements

The Sector's reporting is not aligned to the long and medium-term objectives set out in the Uganda Vision 2040 and the NDP II. The Ministerial Policy Statement contains reported achievements of a tactical nature and there is no attempt to present achievements consistent with the strategic vision, mission and objectives set on at the macro level.

Lack of ambition and Quantification of outputs

The Ministerial Policy Statement does not provide strategic or objective level achievements. The Uganda Vision 2040, the NDP II, the Agricultural Sector Strategic Plan and the National Agricultural Policy contain very specific and clear long and medium-term development objectives. However, the Honourable Minister and his team do not make any attempt to inform Ugandans the extent to which the Sector met its annual targets. The MPS demonstrates a clear lack of ambition in setting and meeting ambitious targets as a means of meeting the development targets articulated in these macro-policy instruments. For the majority of the Votes, the reporting of achievements is only at the level of supply of inputs and there is no clear indication on what the outputs were. What is the increase in the overall acreage of coffee or cotton or tea for example? Or how many jobs were created during the financial year? In which districts are we seeing progress or lack of progress? There are many other questions to ask.

Incomplete Assets Inventory

The Sector should be congratulated for providing a comprehensive list of the inventory of largely movable assets. However, the inventory is silent about the fixed assets particularly regarding to land and buildings that are held under the different Votes.

There is also no indication how a fleet of 265 vehicles under MAAIF headquarters add value to the attainment of the goals and objectives of the Sector. Additional information on the cost of procurement and maintenance of this fleet, as well as the vehicle fleets under the various Sector Votes should also be provided as part of the Sector's accountability.

The fate of NAGRIC Land at Nshala and Aswa Ranches

Recently, the Minister purported to allocate land in the two ranches under what looks like an elaborate scheme of officially sanctioned land grabbing. This scheme is both illegal and inconsistent with the set long and medium term goals of the Sector. The Minister has not even provided appropriate reference to how the land purportedly allocated enhance the goals and objectives of the Sector.

The functional relationship between Local Governments and the agriculture ministry and other Sector agencies

Vote 501-850 is stated as "Local Governments" in the table of contents to the MPS and then as "Local Government Agricultural Conditional Grants" in the substantive Vote description (page 141). The mission of this Vote is stated as "Transforming the Sector from subsistence farming to commercial agriculture." Very little or no narrative is provided in terms of substance regarding Vote function and performance targets. The statement of achievements is either un-related to the stated mission or simple statements dropped in the MPS by someone who seemed either tired or uninterested. The disinterest in the role of Local Governments is also evident in the fact that the allocation to this vote remains static in the immediate term.

Yet, it is inconceivable that our country will achieve accelerated full transformation of the Agricultural Sector without functional Local Governments being at the frontline. In this regard, the Sector must consider it top-heavy approach to agricultural development and consider investing in strengthening the Local Governments as the frontline entities for agricultural transformation. Achieving this shift will require self-less and unselfish leadership that sees shifting of funding and human resource capacity to Local Governments as a strategic approach to increase productivity, output and job creation.

Agricultural Sector financing

Mobilisation of affordable financing for agriculture has remained a consistent problem stated in every relevant policy statement of Government. We are aware that numerous schemes (both public and private) have been initiated and implemented over the last five (5) years and particularly in the FY2016/17. It is shocking that the MPS for the Agricultural Sector is silent on the status access to credit for actors in the Agricultural Sector. For example, does the Sector track how much funding is allocated to youth groups or women groups engaged in agricultural activities under the respective funds such as the Youth Livelihood Programme or the Women

Entrepreneurship Fund? Does the Minister have any proposal on how this problem can be fixed once and for all.

Responses to policy issues raised for the Agricultural Sector for the FY2016/2017

The responses provided in the MPS appear out dated and irrelevant to the questions raised. Particularly, the responses to the question on “agricultural policy issues” (page 152) are undated, inaccurate, unhelpful or misleading. One of the major challenges that the country is facing is the proliferation of multiple policy instruments that are rarely implemented or simply perpetuate lack of coordination.

According to the MPS, the sector is developing policies on: i) extension, ii) fertilizers, iii) irrigation, iv) seeds, v) mechanisation. The MPS acknowledges the existence of a framework agricultural policy (2013) but suggests that customised enterprise-based policies need to be developed. From the Uganda Vision 2040, Government developed the Agricultural Sector Policy, the NDP II, and the Agricultural Sector Strategic Plan. The areas mentioned are at the core of the accelerated transformation of the sector. Why didn't the Sector provide the necessary policy direction with regard to these strategic areas of intervention? The sector is putting too much focus on form rather than content and should instead focus on developing time-bound and output oriented action plans based on the existing policy frameworks.

The fate and status of the Plan for Modernization of Agriculture

The Minister should clarify on the fate of the Plan for Modernisation of Agriculture. Is the PMA still considered an operational plan of Government? How does it relate to emerging new policy and planning instruments? Was the plan terminated and hence replaced entirely with the new instruments? What is the status of its implementation.

Agriculture Sector Alignment to NDP II

Overall, the Agricultural Sector is 58% compliant to NDP II, which is substantially below the minimum target of 70%. In particular, the Sector is 61.0, 75.0, 60.0 and 47.0% compliant at sector planning, projects planning, budgeting instruments and budget performance levels of alignment to NDPII, respectively.

Description	Compliance (%)
Sector Planning	61
Project Planning	75
Budget Process Instruments	60
Budget Performance	47

Source: NPA Certificate of Compliance FY 2017/18

3.0 Alternative Policy Statements and spending priorities for FY2017/18

The Uganda Vision 2040 (GoU 2010), the National Agricultural Policy (GoU 2013) the NDP II (GoU 2015) present a coherent vision and strategic direction for our Nation's Agricultural Sector. However, the incumbent Government clearly has no clear strategy to implement this vision and accelerate the growth and attainment of the set development and policy objectives. The Government either lacks ambition or is comfortable with a business-as-usual scenario. Yet, the problems facing our country, including the peasant agriculture trap, the low productivity low output trap, the food insecurity trap among others requires a higher level of ambition coupled with a full commitment to implement plans and actions in a timely manner.

The accelerated transformation of our Nation's Agricultural Sector requires a new political leadership, a new mind-set and a purposeful bureaucratic leadership capable of shifting from the current business-as-usual scenario. This is necessary for the sector to pursue more ambitious and time-bound sector development objectives while at the same being more accountable to the Ugandan taxpayers. We, therefore, propose the following alternative policy focus and spending priorities for the FY2017/2018.

Reform the governance of the Agricultural Sector

There is need for major reform of the governance of the Agricultural Sector focusing on strengthening the role of Local Governments in implementing agricultural development programmes while strengthening the policy, coordination, oversight, standards setting and regulation role of central Government agencies. The governance of the Sector needs to be reformed to make it more dynamic and output focused. The Sector mandate scattered across multiple statutory agencies and quasi-administrative agencies such as 'Operation Wealth Creation', and very inconspicuous role of Local Governments would need to be reformed and a more visible system of vertical and horizontal responsibility and accountability established.

Establish a rewards-based competitive system for Local Governments

As a country, we must look at our Local Governments as our frontline agencies for the transformation of agriculture as envisaged under the NDP II. In this regard, it should be our priority to reward Local Governments that design and invest in programmes that deliver increased agricultural productivity and output, and job creating agricultural investments through public-private-partnerships. We propose to eliminate the proposed allocation of UGX50 billion for conditional grants and increasing the budget line to UGX100 billion for this rewards scheme. The scheme would support district agricultural programmes that require investments in the excess of UGX100 million and the capacity to create a minimum of 20 jobs per investment with the goal of creating at least 10,000 jobs in each of the participating Local Governments. The role of MAAIF and other Sector agencies should be to receive and process

funding applications, recommending funds disbursements to the respective local governments, as well as monitoring and oversight.

Establish a National Bank for Agricultural Transformation (NBAT)

The FY2017/2018 should be our opportunity to end the rhetoric about making affordable financing for agriculture available to small and medium to large-scale farmers. We reiterate our proposal to establish a National Bank for Agricultural Transformation. We are confident that such a bank would immediately solve one of the critical bottlenecks to enhancing agricultural transformation in the country by developing and deploying appropriate agricultural finance delivery instruments. The Bank would also be an appropriate vehicle for the implementation of the districts competitive agriculture productivity rewards scheme. This measure would be implemented with the purpose of creating at least 500,000 jobs per year and transiting at least a minimum of 250,000 households from peasant agriculture per year.

Establish a National Land Development Agency (NLDA) to facilitate public-private partnerships in agriculture

Government must take a central role in boosting agricultural productivity and output by promoting the utilisation of Government land. In the absence of such organisation, the 'vulture mentality' focused on grabbing of Government land has taken over as the official policy of the incumbent Government. We propose the establishment of a National Land Development Agency to champion the establishment of public-private-partnerships in the development of large-scale agricultural investment projects. The establishment of this agency and the actions undertaken under this measure would target to boost agricultural output based on specific projects and with the aim of creating at least 3,000 jobs per investment.

Establish partnership with religious institutions to develop agricultural mechanisation and commercialisation growth centres

This measure involves negotiating with religious institutions to bring at least 40,000 acres under mechanised farming. This would involve a tripartite partnership involving the religious institution contributing land, a private sector company providing operating capital and managerial expertise, and government providing public funding to cover the cost of equipment and establishment. These growth centres would become epi-centres for agricultural mechanisation serving mechanization needs for farmers within the area where the scheme is located. The goal of this measure would be to establish at least a minimum of 10 centres over the FY2017/18 and to create at least 100,000 jobs.

Specific Recommendations for Changes to the Medium Term Strategic Sector Plan and the Ministerial Policy Statement

1. Revive elected Local Councils and Cooperatives to establish a viable group formation environment for policy implementation. Almost all ministry initiatives are failing because of the absence of group formation. The military and veterans should prioritise support to group formation and leave seed distribution to be managed by a more commercially oriented partnership between cooperatives and a commercial state corporation. Use the group formation environment to:
 - Implement and enforce geographical crop zoning and crop intensification per area to concentrate knowledge accumulation, risk reduction and most importantly economies of scale. Implement a model in which peasant farmers own land separately but pool it for production of the same crops, pool their labour, plant, weed and harvest together, market together but share the proceeds individually.
 - Pool farmers into large units with which Government can deal on a commercial basis, a basis on which most support is in form of loans that enable Government funding to be affordable and sustainable via a revolving loan fund.
 - Set up a commercial Government agricultural corporation that supplies extension services, seeds, fertiliser, tractors and irrigation support to farmers on repayable loan basis. Government can seek the partnership of the new international fertilizer investors at Tororo, and an international player in seeds supply, to assist the management of the new corporation on a PPP basis.
 - To incentivise farmers to enter group formation, such support should be offered to cooperatives, not individual farmers. Loan-based support will enable farmers to learn to cost their inputs accurately, price viably and operate under pressure to repay the loans. The cooperatives environment will provide performance management pressure.
2. Set up a low-interest agricultural loan fund at Uganda Development Bank or a new agricultural bank, to support the liquidity needs of a wide area, mass-user loan based support model as outlined above.
3. Ministry funding should be refocused away from administration to liquidity for an agricultural loan fund and to the corporation managing inputs distribution.
4. Government performance targets must go beyond production and include fertilizer use per capita, high yield seeds use per capita, percentage coverage of cooperatives, percentage coverage of extension workers, tractors and irrigation.

5. The leadership at the Ministry needs to sign input and output based performance contracts with all players in the value chain, from loan finance to inputs distribution to cooperatives.
6. To establish irrigation technology training and set up an in-country training facility. The facility should be tasked to design the lowest cost models for valley dams, boreholes, power demand, power supply, water pumps, tubing and sprinklers.
7. A strong shift in focus be made towards investing in supporting farmer owned cooperatives to go into value addition processing with the support of the agricultural loan fund.
8. The other area requiring intense Government monitoring and enforcement is seed quality standards (both imported and local). We recommend legislation creating severe criminal sanctions (seven to 10 years in prison) for the importation or distribution of fake seeds.
9. Within the above framework of policy shift to a loan-based model, Government can afford a one-off spike in funding to the Agricultural Sector with the investment largely rotating through loan-repayment rather than going into grant support. On this basis, we propose a large increase in spend for the next financial year, taking sector share of national budget to 5%, followed by a phased increase in Sector spend to 10% over a five-year (5) period.

The following core growth centres of the sector could be considered as alternative proposals:

- Reviving district farm institutes, Uganda Seed Company and improvement of community seed banks to compliment the single spine extension service. These are critical in promoting modern technologies and varieties suitable for designated farming zones.
- Government should repossess and operate all existing Government storage facilities so as to boost food storage, reduce post-harvest losses, improve food distribution and facilitate industrialisation across the country. The facilities have a total storage capacity of 29,000 metric tonnes. At the moment, 7,000 metric tonnes in Nalukolongo are operated by the World Food Programme (5,000) and Premier Commodities (2,000), 5,000 metric tonnes in Bugolobi by Fine Spinners, 10,000 metric tonnes in Masese by Bulk Grain, 2,000 metric tonnes in Tororo by World Food Programme and 5,000 metric tonnes in Kyazanga by Aponye.
- Food insecurity in Uganda is not necessarily due to inadequate food production but rather poor distribution. As envisaged during the recent food scarcity, emphasis was placed on food distribution from areas of plenty to areas of scarcity which was an

effective approach. This should be complemented by establishing regional cold storage facilities.

- Stop supplying free inputs and credit particularly seed capital in SACCOs which keep farmers in a vicious cycle of dependence and borrowing respectively.

Operation Wealth Creation should be halted. The UPDF is engaged in facilitating production contrary to engaging in production activities as required under Section 7(d) of the Uganda Peoples' Defence Forces Act 2005. NAADS is engaged in planning and budget for distribution of modern farming inputs contrary to promotion of modern farming inputs as required under Section 6(b) of the NAADS Act 2001. The UPDF does not provide extension services to beneficiaries for they lack the requisite skills. As a consequence, emphasis is placed on quantity of distribution rather than focusing on output from the agricultural inputs given to farmers. Many farmers have since complained of poor selection of beneficiaries as well as low productivity of crops attributed to poor quality inputs and inadequate extension services. Besides OWC creates conflict of mandates among MDAs.

The UPDF is expected to ensure value addition and agricultural mechanisation yet this is a mandate of MAAIF. Furthermore, the UPDF is expected to promote cooperatives, post-harvest handling and marketing yet this is a mandate of Ministry of Trade, Industries and Cooperatives. Funds should be allocated to extension services that had funding gaps.

Summary of Alternatives

In conclusion the following will be undertaken:

1. Reforming the governance of the Agricultural Sector;
2. Establishing a rewards-based competitive system for Local Governments;
3. Establishing a National Bank for Agricultural Transformation (NBAT);
4. Establishing a National Land Development Agency (NLDA) to facilitate public-private partnerships in agriculture; and
5. Establishing partnership with religious institutions to develop agricultural mechanisation and commercialisation growth centres.

CHAPTER TWO: LANDS, HOUSING AND URBAN DEVELOPMENT SECTOR

ALTERNATIVE POLICY STATEMENT FOR LANDS, HOUSING AND URBAN DEVELOPMENT FOR FINANCIAL YEAR 2017/2018

1.0 Background to the Alternative Policy Statement

Legal Provisions

The authority to present this Alternative Policy Statement is derived from Section 6E (4) of the Administration of Parliament (Amendment) Act, 2006 which requires and empowers various Shadow Ministers to present alternative statements on the Floor of the House for consideration and possible implementation.

Section 6E (4) provides that, “The Leader of the Opposition shall study all policy statements of Government with his or her Shadow Ministers and attend committee deliberations on policy issues and give their party’s views and opinions and propose possible alternatives”.

This Alternative Policy Statement for the Lands, Housing and Urban Development (Lands Sector) is the official response to the Ministerial Policy Statement (MPS) for the Financial Year 2017/2018 presented to Parliament by the Minister for Lands, Housing and Urban Development dated March 2017. The MPS represents the Sector’s accountability for Parliament and the people of Uganda on the achievements for the FY2016/2017 as well as the spending priorities and budget projections for the FY2017/2018.

This Alternative Policy Statement is prepared and presented pursuant to Section 6E (2) which enjoin the Shadow Minister to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of this mandate, the Shadow Minister for Lands, Housing and Urban Development presents this Alternative Policy Statement for the Lands Sector for the consideration by the House.

Overview of the Sector

The Ministry of Lands Housing and Urban Development exercises its mandate over all matters regarding land, housing and urban development. The mandate of the ministry is stated as “To ensure rational and sustainable use, effective management of land and orderly development of urban and rural areas as well as safe, planned and adequate housing for social economic development.” According to the Ministerial Policy Statement, the Vision of the Ministry is to see a “Sustainable land use, land tenure security, affordable decent housing and organized urban development”.

The mandate of the Ministry and the Lands Sector as a whole is spelt out in the multiple policy

instruments promulgated by Government since the enactment of the 1995 Constitution. The key policy instruments include policies on land use and urban development.

However, it is important to emphasise that the constitutional mandate of the sector emanates from Chapter 15 of the Constitution which establishes the constitutional framework for the management of land and the environment.

2.0 Review of the Ministerial Policy Statement

The Lands Sector has two votes. Vote 012 covers the Ministry of Lands, Housing and Urban Development. Vote 156 is the Uganda Land Commission. The mission for Vote 012 is stated as “To ensure sustainable land management, planned urban and rural development and decent housing for all”. The mission for Vote 156 is stated as “To effectively hold and manage all Government land and property thereon and resolve historical land holding injustices”. Vote 012 makes no mention of the strategic objectives that guide its priorities and budget allocations. Vote 156 has six strategic objectives relating both to its internal capacity strengthening and its mandate.

Sector Budget Allocations

The sector is divided into lands and physical planning and housing and urban development. The ministry has two votes which are Ministry of Lands, Housing and Urban Development (MoLHUD) – Vote 012 and Uganda Land Commission (ULC) - Vote 156. The Lands, Housing and Urban Development vote is allocated the bigger share of the sector budget.

Table 1: Budget Allocations

	2016/2017					2017/2018					
Budget allocations in billions	Recurrent		Development			Recurrent		Development			
Vote	Wage	Non-wage	GoU	Ext. Fin	Total budget	Wage	Non-wage	GoU	Ext. Fin	Arrears	Total budget
012- MoLHUD	4.201	20.997	19.952	85.993	131.143	4.695	20.013	8.316	91.118	0.233	124.376
156- ULC	0.366	0.708	14.789	0	15.862	0.584	0.649	14.789	0	0.081	16.104

Source: Ministry of Lands, Housing and Urban Development MPS 2017/18

For Land, Housing and Urban Development (LHUD), up to UGX20.013 billion (16.1% of the vote budget) goes to non-wage and 3.8% will go to wage recurrent. Up to 80% of the vote budget goes to development financing (UGX8.316 billion (8.4%) from Government of Uganda and UGX91.118 billion (91.6%) from external funding.

For the Uganda Land Commission (ULC), UGX0.649 billion (3.6% of the vote budget) goes to non-wage and 3.6% will go to wage recurrent. Up to 92% of the Vote budget goes to development financing (UGX14.789 billion) from the Government of Uganda and no external funding.

The external financing to the Vote is from the International Development Association (IDA).

Million Uganda Shillings	2016/2017	2017/2018 projections
Uganda Support to Municipal Development Project (USMID)	14,149.55	33,490.04
Competitiveness and Enterprise Development Project (CEDP)	53,423.00	41,500.00
Albertine Region Sustainable Development Project	18,420.27	16,128.45
Total External Finance	85,992.83	91,118.49

Source: Lands, Housing and Urban Development MPS 2017

Lands, Housing and Urban Development Sector Allocation by Programmes (UGX Billions)

Vote	Programme	2016/17	2017/18
MoLHUD	Land, Administration and Management	71.14	59.596
MoLHUD	Physical Planning and Urban Development	51.971	55.746
MoLHUD	Housing	1.381	1.617
MoLHUD	Policy, Planning and Support Services	6.651	7.183
ULC	Finance, Administration, Planning and Support Services	0	0
ULC	Government Land Administration	15.862	16.022

Source: Ministry of Lands, Housing and Urban Development MPS 2017/18

Land, Administration and Management as well as Physical Planning and Urban Development are allocated the largest share of the Sector budget, UGX59.596 billion and UGX55.746 billion. Under physical planning and urban development, up to UGX 33.490 billion (60% of programme budget) is allocated to Uganda Support to Municipal Development Project (USMID).

3.0 Emerging Issues from the MPS

Format of Presentation

The Lands Sector MPS is presented in a very confusing format that is difficult to understand how the Sector seeks to contribute to the long and medium term development aspirations of the country as stipulated in the Uganda Vision 2040 and the second edition of the National Development Plan (NDP II).

A Shopping List of Actions

The Ministerial Policy Statement presents a shopping list of statements which shows no connection to the overall mission, vision and strategic objectives of the Lands Sector. More importantly, the actions are not properly related to the long and medium-term vision of the country. According to the Uganda Vision 2040, Government commits to pursue a planned urbanisation policy that will bring about better urban systems that enhance productivity, liveability and sustainability while releasing land for commercialisation of agriculture. According to NDP II, Government commits to ensure the full integration of the land function in national economic planning and development decision-making. The specific actions to be sustained over the medium-term include:

- i) Easing access to land for productive investment;
- ii) Sustaining progress towards the harmonisation of land sector institutions, policy, legal and regulatory framework for land management;
- iii) Modernisation of land services delivery;
- iv) Land information and valuation systems; and
- v) Supporting infrastructure for decision-making.

The Lands Sector MPS cannot pass the test of a short-term action plan without aligning the shopping list of the outlined activities and setting performance targets in relation to these medium-term strategic actions.

Alignment of Achievements with Ministry's Strategic Objectives

The strategic objectives of the Ministry as stated in the MPS have three key elements:

- i) Land tenure security
- ii) Orderly development
- iii) Adequate housing for all

Besides presenting the achievements of the ministry by its departments or Vote function, it is important that these achievements should be aligned with the strategic objectives. The accountability required by Parliament and Ugandan taxpayers is the extent to which activities financed during the financial year under review contributed towards the attainment of the objectives being pursued by the country in the long, medium and short-term.

Reported achievements show either lack of capacity or organization by the sector to achieve scale

In quite a number of cases, the MPS reports are undertaking certain actions in a few districts. For example, monitoring and supervision with regard to land management and administration was only conducted in 26 districts; or valuation compensation rates were only approved for 20 districts. The MPS do not provide any indication of what happened with other districts.

Confronting the Housing Crisis

The annual housing need for the country is estimated at 200,000 housing units of which 135,000 are needed in rural areas while 65,000 units are needed in urban areas. Based on the current construction estimates for reasonably good houses, the NDP II envisages a deficit of 135,000 houses nationally represented by 95,000 units and 45,000 units for rural and urban areas respectively. The NDP II further estimates that Uganda will need about 12.6 million new housing units over the next 30 years (2015-2035). This implies that 420,000 housing units will be required annually over the same period. There is no indication from the MPS that the ministry or the Lands Sector as a whole is paying attention to this potentially evolving crisis.

Preparation of the National Physical Development Plan

The NDP II identified the lack of a National Physical Development Plan as a key constraint to achieving our Nation's long and medium-term objectives. The MPS indicates that one of the priority actions of the ministry is to finalize the development of such a plan. However, there is no indication of where the process is, what needs to be done and what targets are envisaged in terms of accomplishments and timelines.

The Lands Sector MPS does not provide specific actions for confronting the challenges to land management outlined in the NDP II. According to the NDP II, the following challenges persist and would have to be addressed if the goals and development targets set out are to be realized:

- i) The increasing landlessness and land poverty as illustrated by the increasing numbers of people either encroaching on protected land or living in high risk and ecologically fragile areas;
- ii) Waste and abuse of Government and former public lands;
- iii) Under utilisation and scrambling of land owned by cultural and religious institutions;
- iv) Inadequate land administration services especially land dispute resolution, valuation and land use planning;
- v) Poorly functioning land sales and rental markets; and

- vi) Poor urban planning and proliferation of informal settlements and slums.

While some of the activities for the FY2017/2018 and the achievements for the FY2016/2017 relate to the strategies goals and challenges outlined in the NDPII, they are not presented in coherent and logical manner to demonstrate a clear sense of purpose and value-for-money.

4.0 Alternative Policy Proposals

Inventory of Land and Movable Assets

The Lands Sector holds or is the custodian of some of the most strategic land resources and assets in the country. The Ministry has the mandate for issuing land titles for any land in the country. The Uganda Land Commission is the current title-holder for all public and Government land. However, the two agencies do not provide any inventory of the lands and assets that they hold on behalf of Ugandan citizens and Ugandan taxpayers. A MPS for the Lands Sector cannot be considered complete without a comprehensive list of inventory of land and other physical assets and the custodianship of the two Votes.

Establish a Public Lands and Assets Trust Agency

Government agencies including the agencies under the Lands Sector hold any land in trust for the citizens of Uganda. Even land that is designated as Government land must be used for the benefit of Ugandans in accordance with the doctrine of public trust. On the contrary, the Ministry of Land, the Uganda Land Commission and other Government agencies have transformed themselves into real estate agencies responsible for brokering land transaction deals and facilitating the grabbing of public and Government land.

Any Government that claims to exercise the will of the people must focus on protecting key national assets including strategic land resources for the benefit of the present and future generations. In this regard, there is need to secure these assets by vesting them in a public trust entity whose primary mission is to secure these assets rather than appropriating and disposing them through corruption and influence peddling that has become the practice of the incumbent Government. Under this arrangement, the Public Lands Trust and Assets Agency would allocate user rights to any agency of Government but would not have mandate to trade in and dispose of such property without a decision of Parliament as the guarantor of public trust.

Establish a Judicial Commission of Inquiry into Land Grabbing

The Land Sector MPS is silent about the scourge of land grabbing and rampant land evictions across the country. The citizens of Uganda, especially the vulnerable sections of our society need a Government that cares and can protect them from predatory land transactions and associated practices. Given the scale of the problem of land grabbing, it is essential that a

Judicial Commission of Inquiry with a fairly broad mandate to inquire into the cases of land grabbing, injustice and overall governance of the Lands Sector. Consistent with the proposal, there is need to impose a moratorium on all forms of expropriation of public and Government land until the proposed commission completes its work and its report is made public.

In our view, the Justice Bamugemereire Commission has a very restricted mandate that does not cover the issues of equity and social justice that impact on the lives and livelihoods of Ugandan citizens. In any case, having been appointed by the President, there is likelihood that its findings and report will not be available to the public. This practice has made the Ugandan public lose confidence and trust in such inquiries.

Ensure that the District Land Tribunals are Functional Organs

According to the current legal and institutional governance system, Land Tribunals are the critical public sector institutions operating at the frontline of land resources governance in the country. However, Land Tribunals remain largely dysfunctional, underfunded and understaffed. The dysfunctionality of land tribunals is one of the major obstacles to smooth land transactions in the country and it must be addressed with sense of fierce urgency.

Restoring the citizens' trust in Government through a comprehensive land rights civic education and awareness programme.

Over the last decade, Government has been at the forefront of facilitating the grabbing of public land for public schools, public recreation areas and forest reserves among others. This conduct has resulted into a near total breakdown of trust in Government. There is need to urgently undertake confidence building measures to re-establish the trust between Government and citizens. The NDP and the National Land policy recognize the centrality of security of land tenure and land rights awareness to achieving our Nation's long and medium-term development goals and targets. Citizens' knowledge and awareness of their land rights is the first step to restoring citizens' confidence in Government as a neutral arbiter in or a guarantor of land transactions. The 2017/2018 budget must, therefore, provide for adequate funding for a comprehensive and sustained land rights civic education and land rights awareness programme.

Design and Implement a Future Cities Programme

We need to move away from a project approach to urban planning and development and design a comprehensive and urban development programme that set standards and reward urban areas whose leadership demonstrate capacity and capability to adhere to set national urban standards. The proliferation of unplanned urban settlements is an indictment on the failed urban policies that have been pursued by the incumbent Government. The policy of declaring trading centres and makeshift town into town councils and municipalities undermines

the development of planned settlements and accountability.

Consistent with the aspirations of Uganda Vision 2040 and NDP II, we must fast track the design and launch of a “Future Cities Programme as the cornerstone for planned urban development. The Future Cities Programme would be designed as a rewards-based programme focus on increasing equitable access to basic services including quality health services and sanitation, education, and access to water services. The programme will also be the cornerstone for reforming urban land policy and urban governance institutions with the goal of attaining efficiency, and increasing connectivity and mobility intra and inter- cities.

Gazette Land for Resettling Ethnic Minorities

Land should be gazetted for resettling ethnic minorities from protected areas so as to ensure ethnic preservation, improvement in the accessibility of health services, education and shelter and cultivation land.

To gazette land for resettling ethnic minorities from protected areas.

Mapping Customary Land and Directory of Stewards

All customary land in Uganda should be mapped and a directory of stewards generated so as 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.

To map and develop a directory of customary lands stewards.

Conclusion

Article 237 (1) of the Constitution of the Republic of Uganda states “Land in Uganda belongs to the citizens of Uganda and shall vest in them in accordance with the land tenure systems provided for this constitution.” In case of disagreements, a referendum is a solution as it gives people the rights on how their land issues can be handled.

The Ministry of Lands, Housing and Urban Development, should prove to the people of Uganda its success by a sense of physical infrastructure development at both rural and urban areas.

Inadequate funding to the sector should be addressed in order to help the sector meets its planned priorities.

CHAPTER THREE: ENERGY AND MINERAL DEVELOPMENT SECTOR

ALTERNATIVE POLICY STATEMENT FOR THE ENERGY AND MINERALS DEVELOPMENT FOR FINANCIAL YEAR 2017/2018

Executive Summary

The Energy and Minerals Development Sector is one of the key priorities for the Government as reflected in the Second National Development Plan (NDPII) and Vision 2040. The sector has always had a significant share of the national budget.

Mandate

The mandate of the Ministry of Energy and Minerals Development (MoEMD) is to ensure reliable, adequate and sustainable exploitation and utilisation of energy and mineral resources in Uganda.

Emerging issues

- Land acquisition for Government projects is taking a long time and a considerable budget;
- Inadequate counterpart funding for compensation, which delays disbursements by other funding partners;
- Procurement bottlenecks, including lengthy bidding processes that require no objection from the external financiers at each stage of execution;
- Low access of rural electrification, which stands at about 20.6%;
- Management of the Uganda Electricity Board (UEB) successor companies (for example UETCL, UEGE and UEDCL), which by law belong to the Ministry of Finance, Planning and Economic Development (MoFPED);
- High power tariffs, which are not attractive to the manufacturing sector;
- Illegal mining by artisanal miners;
- The oil price is currently very low, thus not attractive to investments in the Oil and Gas Sector;
- New institutions in the Oil and Gas Sector are still being put in place;
- Funding for the new institutions is a challenge; and

- Management of expectations created by the discovery of petroleum.

Alternative Policy Proposals

- Position Local Governments at the heart of our nation's energy policy;
- The design and execution of local content programmes will be highly decentralised to capacitate Local Governments in ensuring progress in implementing local content programmes;
- Make jobs creation a core outcome of any energy and minerals project to be financed and implemented;
- Empower Local Governments and communities to engage in mining projects; and
- Establish an advanced renewable energy training centre.

1.0 Background to the Alternative Ministerial Policy Statement

This Alternative Policy Statement for the Energy and Mineral Development Sector is the official response to the Ministerial Policy Statement for the Financial Year 2017/2018 presented to Parliament by the Minister of Energy and Minerals Development. The Ministerial Policy Statement is dated 15 March, 2017.

Consistent with Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006, the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet ministers. Section 6E (4) mandates the Shadow Minister to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister of Energy and Minerals presents this Alternative Policy Statement for the sector.

State obligation to develop and transform the Energy and Minerals Sector

Our Constitution obligates the "State to promote and implement energy policies that will ensure that people's basic needs and those of environmental preservation are met." Under the Sixth Schedule of the 1995 Constitution (as amended), energy policy is a responsibility of the Central Government. It is, therefore, in this regard that the annual statements and policy priorities of Government reflect the specific accomplishments and actions that are geared towards fulfilling this constitutional mandate.

The medium and long term vision for the Energy and Minerals Sector

The aspirations of Ugandans regarding the Energy and Minerals Sector are well articulated in the Uganda Vision 2040 and the second National Development Plan (2015-2020). According to Uganda Vision 2040, “Ugandans aspire to have access to clean, affordable and reliable energy sources to facilitate industrialisation.” Our nation’s target is to achieve energy generation capacity of 41,738MW, electricity per capita consumption of 3,668KWH and at 80% connectivity to the national grid. The five-year target (2015-2020) under the National Development Plan is to increase power generation capacity from the 2012 baseline of 825MW to 2,500MW by 2020.

The Energy and Minerals Policy Framework

Government has made a commendable job developing a comprehensive energy framework consistent with our nation’s long and medium term vision and plan. In 2002, Government promulgated the National Energy Policy. This was followed by the promulgation of the Renewable Energy Policy in 2007. In September 2014, Government launched the Sustainable Energy for All (SE4ALL) Action Agenda (2015), setting ambitious targets towards achieving sustainable energy for all by 2030. During the same year, Government adopted a renewable energy investment programme. These instruments provide a reasonable framework for confronting the energy challenges facing the country.

	National Energy Policy 2002	Renewable Energy Policy 2007	National Oil and Gas Policy 2008
Mission/Goal	To meet the energy needs of the Ugandan population for social and economic development in an environmentally-sustainable manner.	To increase the use of modern renewable energy, from the current 4% to 61% of the total energy consumption by the year 2017.	To use the country’s oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society.

	National Energy Policy 2002	Renewable Energy Policy 2007	National Oil and Gas Policy 2008
Objectives	<p>Objective 1 - To establish the availability, potential and demand of the various energy resources in the country</p> <p>Objective 2 - To increase access to modern affordable and reliable energy services as a contribution to poverty eradication</p> <p>Objective 3 - To improve energy governance and administration</p> <p>Objective 4 - To stimulate economic development</p>	<p>Objective 1 - Develop, implement, maintain and continuously improve the legal and institutional framework that responds to the prevailing conditions, in order to maintain interest in renewable energy investments.</p> <p>Objective 2 - Establish an appropriate financing and fiscal policy framework that will attract more investments in Renewable Energy Technologies.</p> <p>Objective 3 - Mainstream gender and poverty issues in renewable energy development strategies to improve the socio-economic wellbeing of women and the poor in general.</p> <p>Objective 4 - Disseminate information and raise public awareness on the benefits and opportunities of renewable energy technologies and build capacities in appropriate institutions.</p>	<p>Objective 1 - To ensure efficiency in licensing areas with the potential for oil and gas production in the country.</p> <p>Objective 2 - To establish and efficiently manage the country's oil and gas resource potential.</p> <p>Objective 3 - To efficiently produce the country's oil and gas resources.</p> <p>Objective 4 - To promote valuable utilisation of the country's oil and gas resources.</p>

	National Energy Policy 2002	Renewable Energy Policy 2007	National Oil and Gas Policy 2008
	Objective 5 - To manage energy-related environmental impacts	<p>Objective 5 - Promote research and development, technology transfer, international cooperation and adoption of standards in RETs.</p> <p>Objective 6 - Manage the biomass resource base in a sustainable manner.</p> <p>Objective 7 - Promote the use of biofuels.</p> <p>Objective 8 - Promote the conversion of municipal and industrial wastes to energy.</p>	<p>Objective 5 - To promote the development of suitable transport solutions, which give good value to the country's oil and gas resources.</p> <p>Objective 6 - To ensure collection of the right revenues and use them to create lasting value for the entire nation.</p> <p>Objective 7 - To ensure optimum national participation in oil and gas activities.</p> <p>Objective 8 - To support the development and maintenance of national skills and expertise.</p> <p>Objective 9 - To ensure that oil and gas activities are undertaken in a manner that conserves the environment and biodiversity.</p> <p>Objective 10 - To ensure mutually beneficial relationships between all stakeholders in the development of a desirable oil and gas sub-sector for the country.</p>

However, the incumbent Government clearly has no capacity to provide appropriate direction in the implementation of these progressive policies and programmes. As a result, our country is faced with a very unenviable situation with regard to energy. Most recent estimates show that only 14.88% of the population has access to the national grid.

Only 7% of the rural population has access to the national grid.

By implication, an estimated 618,000 households in urban areas and 4.85 million households in rural areas, out of a total of 7,416,343 households nationally as at 2014, don't have access to electricity. The plans of the Energy and Minerals Sector must be focused on how to dramatically change this situation and increase access to electricity to achieve both the NDP and Uganda Vision 2040 targets.

Overview of Vote and sector priorities

The 2017/18 Ministerial Policy Statement presents the sector's priorities for Financial Year 2017/18 and the projected funding allocations. The Sector budget is presented under Vote 017 as Ministry of Energy and Minerals Development. The mission of Vote 017 is stated as: "To ensure reliable, adequate and sustainable exploitation and utilisation of energy and mineral resources in Uganda.

The sector outlines three strategic priorities:

- a) To meet the energy needs of Uganda's population for social and economic development in an environmentally sustainable manner;
- b) To use the country's oil and gas resources to contribute to early achievement of poverty eradication and creating lasting value for society; and
- c) To develop the minerals sector for it to contribute significantly to sustainable national economic and social growth.

These strategic objectives are well aligned with the three sub-sectors that fall within the scope of the sector: energy, oil and gas, and minerals.

The Ministerial Policy Statement lists the following as the challenges for the sector:

- a) Land acquisition for Government projects is taking a long time and a considerable budget;
- b) Inadequate counterpart funding for compensation, which delays disbursements by other funding partners;
- c) Procurement bottlenecks including lengthy bidding processes that require no objection from the external financiers at each stage of execution;
- d) Low access of rural electrification, which stands at about 20.6%;

- e) Management of the Uganda Electricity Board (UEB) successor companies (for example UETCL, UEGCL and UEDCL), which by law belong to the Ministry of Finance, Planning and Economic Development;
- f) High power tariffs, which are not attractive to the manufacturing sector;
- g) Illegal mining by artisanal miners;
- h) The oil price is currently very low, thus not attractive to investments in the Oil and Gas Sector;
- i) New institutions in the Oil and Gas Sector are still being put in place;
- j) Funding for the new institutions is a challenge; and
- k) Management of expectations created by the discovery of petroleum.

Most of these challenges are merely administrative issues that a functioning ministry or Government should be able to address in a precise and timely manner. Land acquisition for energy, oil and minerals projects and associated compensation should be planned and budgeted for. It is inconceivable that these challenges were not identified at the time of formulating the energy policy in 2002, the renewable energy policy in 2007 or the oil and gas policy in 2008.

The Ministerial Policy Statement raises the issue of procurement and the associated lengthy bidding processes. Procurement is governed by national legislation or the protocols of lending institutions. At the time of negotiating funding, these procurement procedures are known. So the idea that these become bottlenecks to project implementation can only imply inefficiency and poor planning on the part of the mandated agencies.

The policy statement also raises the issue of ownership of the agencies responsible for energy generation, transmission and distribution. It suggests that UETCL, UEGCL and UEDCL belong to the MoFPED. We believe that this represents a profound misunderstanding of how Government functions. If the system of Government is working, it should not matter under what ministry or sector an agency falls. If the location of the agency is a problem, it is within the mandate of Government to correct it by taking the necessary policy, legislative or administrative action as the case may be.

Finally, the minister does not provide a roadmap on how the sector intends to address these challenges. It is not enough to point out what are considered challenges. What is important is to indicate the actions and the roadmap for addressing these challenges.

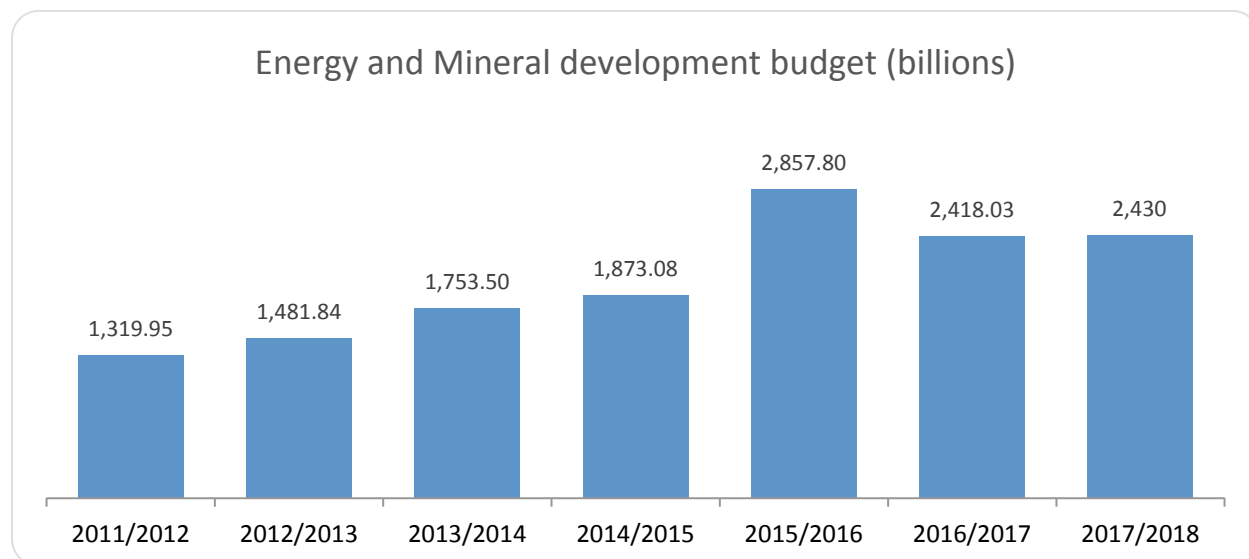
2.0 Sector budget and spending priorities for FY2017/18

The Energy and Minerals Sector has been allocated UGX2,430 billion for the Financial Year 2017/2018. The budget allocation to the sector has remained high (see Table 1 and Figure 1) owing to the commitment to increase energy production and develop our nation's petroleum and mineral resources.

Table 1: Trends in budget allocation to the energy and minerals sector (211-2017)			
Financial year	Energy and Mineral development budget (billions)	Total Budget (billions)	energy and mineral development as a % of the total budget
2011/2012	1,320.0	10,616.3	12.4
2012/2013	1,481.8	11,826.0	12.5
2013/2014	1,753.5	14,032.7	12.5
2014/2015	1,873.1	15,829.7	11.8
2015/2016	2,857.8	23,972.3	11.9
2016/2017	2,418.0	26,360.4	9.2
2017/2018	2,430.0	29,608.6	8.2

Source: Sector Budget Framework papers (2011/12-2017/18)

Figure 1: Trends in budget allocation to the energy and minerals sector (2011-2017)



At the moment, the biggest allocation of the budget goes to large hydropower projects with Karuma and Isimba taking the bulk of this investment. However, the minister provides no indication of how excess capacity will be utilised.

Emerging issues for the energy and minerals sector

Quality of the presentation of the Ministerial Policy Statement

The Energy and Minerals Sector is taking up a significant portion of the national budget as Government scales up investments in energy generation, petroleum exploration and production and minerals development. The prioritisation of the sector is commendable and should be encouraged and supported.

However, it is important that the sector presents its policy statement in a manner that makes it possible for Parliament to discharge its budget and oversight responsibilities. The policy statement lacks a comprehensive overview of the status of implementation of sector projects, the funds that were spent on each project for the previous financial year and the projected spending plans.

Recommendation

The Ministerial Policy Statement should provide a comprehensive accountability of the progress made towards achieving the objectives of the sector. It should state the medium term targets of the sector and indicate the achievements made towards meeting those targets given the funding allocations for the previous financial year while setting the targets for the new financial year. Report on project progress and implementation targets

It is commendable that the minister reported on a wide range of projects. However, while there is reported progress on several of these projects, there is no report on the expenditure position on these projects, how much additional funding is required and the projected completion dates. For example, while the Ministerial Policy Statement reports the progress of construction of Karuma and Isimba dams, it does not indicate the projected completion date of construction. It is important that the Ministerial Policy Statement provides more specific project-related information as an accountability obligation to Parliament and Ugandan taxpayers.

Recommendation

The Ministerial Policy Statement should contain specific details on major energy, Petroleum and minerals projects and the projected completion dates.

The Ministerial Policy Statement is silent on the core policy objectives and targets

The goals and objectives of the sector emphasise the need to provide affordable energy, increase access and connectivity to grid and off-grid facilities and create jobs. There is need for the sector to be more ambitious and specific on what it hopes to accomplish on several aspects of its mandates and targets. For example, what is the approximate distance of transmission lines that will be added to the transmission infrastructure over the financial year? How many

new households will be connected to the grid or how many households will be added on off-grid services? It is commendable that the sector is providing projections on the number of Ugandans that may be directly employed in the different subsectors. Such information can be enriched by providing baseline data as well as employment targets created in sectors supporting the energy, petroleum and mining sectors.

Recommendation

The Ministerial Policy Statement is a policy proposal, a budget proposal and an action plan for the financial year. It is important that very specific information and implementation targets be incorporated for the statement to pass as a true account of sector priorities and action plan for purposes of the budget.

There are no reports on the autonomous entities within the sector

The Ministerial Policy Statement is silent on key agencies within the sector. Parliament and Ugandan taxpayers are entitled to know the progress in the establishment of key sector agencies such as the National Petroleum Authority, the National Oil Company, the Uganda Energy Credit and Capitalisation Company (UECCC) and others that may fall under the mandate of the ministry and the sector.

The Ministry of Energy and Minerals Development can lead as an example in renewable energy installations

The Ministry of Energy and Minerals Development has its headquarters at Amber House in mid-town Kampala. Amber House is one of the most poorly lit buildings and all accounts suggest that it also suffers from constant power outages.

The Ministry of Energy and Minerals Development is the lead agency for renewable energy development and promotion. The ministry could also take the lead by installing solar panels on its headquarters building, thereby cut electricity costs while at the same time being an example for other Government agencies.

3.0 Alternative policy statements and spending priorities for FY2017/18

Energy, petroleum and minerals development are top priorities of Government as stipulated in Uganda Vision 2040 and the second National Development Plan. The three sub-sectors have the potential to transform our country by triggering accelerated industrial development, expanding economic opportunities for our people and creating jobs for our young people. The prioritisation of the sector by Government and the fact that Parliament continues to allocate a substantial percentage of the budget to the sector is commendable.

However, the fact that for over 54 years of independence, only an estimated 20.6% of our people is connected to the electricity grid is a clear testimony of the failed policies that we have pursued as country. This is more so with the incumbent Government, which has been in power for over three decades. In the absence of specific and time-bound targets for the coming financial year, the current Government is only trying to prove one point – that it is not ready for prime time. It is, therefore, my honour to present to Parliament our Alternative Policy Statement containing proposals to accelerate citizen access to energy, ensure transparency and accountability in the exploitation of petroleum resources and ensure accelerated minerals development.

Local Governments at the heart of our nation's energy policy

The current policy approach that vests all mandates, responsibilities and funding in the Central Government agencies is a wrong policy approach. The Central Government should only reserve the mandate of formulating and prescribing national energy policy. However, issues of energy access and local energy infrastructure development should be a shared responsibility with Local Governments. Local Governments should be capacitated to engage in planning and development of local electricity transmission infrastructure as well as mobilising people to ensure that they get close to the electricity grid.

Jobs

Our policy is to make job creation a core outcome of any energy and minerals project to be financed and implemented. Consequently, the mandated agencies must provide specific information and data on the number of jobs to be created along the project value chain. This would include embedding special provisions on job creation in procurement contracts. We see job creation as going beyond basic local content legislation and laws.

Local content

The design and execution of local content programmes will be highly decentralised to capacitate Local Governments in ensuring progress in implementing local content programmes. Our policy is not to lament about the lack of capacity by Local Governments but to create the necessary conditions and build appropriate capacity to make Local Governments central players in designing and delivering effective local content programmes.

Empowering Local Governments and communities to engage in mining projects

The policy of the incumbent Government in the minerals sub-subsector largely considers citizens as a problem. When it comes to mining projects, citizens are considered an inconvenience. They have to be evicted, their lands forcefully taken away and in case of compulsory acquisition of their lands, Government would want to pay compensation at its

leisure. We would pursue a policy that puts citizens and Local Governments at the centre of designing mining projects, ensuring full and equitable sharing of revenues from the resources and requiring any mining company to acquire a social licence to operate.

Establishing an advanced renewable energy training centre

Our country needs to establish and provide regional leadership in renewable energy. Establishing such leadership requires investment in establishing and running appropriate training institutions and programmes in renewable energy. As a matter of priority, Government should allocate funding and adopt the necessary partnerships – including PPP arrangements – to establish and operate an advanced renewable energy training centre.

CHAPTER FOUR: WORKS AND TRANSPORT SECTOR

ALTERNATIVE POLICY STATEMENT FOR THE WORKS AND TRANSPORT FOR FINANCIAL YEAR 2017/2018

1.0 Background

Alternative Policy Statement Legal Framework

In line with Section 6E (2) of the Administration of Parliament Act (2006), the Leader of the Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet Ministers. Within the same legal framework of Section 6E (4), the Shadow Minister is mandated to present an Alternative Policy Statement on the floor of the House for consideration and possible implementation. Pursuant of this section, the Shadow Minister for Works and Transport presents this Alternative Policy Statement.

The Works and Transport Sector - Mandate, Vision and Strategy

Infrastructure development is one of the priority areas selected by the government to drive Uganda to middle income status because of its multiplier effect. The NDP II estimates that during its 5-year implementation period, the sector will receive the largest share of 18.7% of the costs geared towards improving the roads and transport network across the country.

The sector mandate includes are:

1. Plan, develop and maintain economic, efficient and effective transport infrastructure and services i.e. road, rail, water, air and the proposed pipeline; and
2. Manage public works and promote good standards in the construction industry.

The sector is a key player envisioned to strengthen the achievement of Uganda's macro-economic objectives through increased connectivity to major tourism, mineral, oil and gas facilities/sites. In addition, the sector is equally central in enhancing the physical internal and regional integration as well as improving the policy, legal, regulatory and institutional framework for the construction industry. Government has signalled prioritisation of the sector. However, it is important to note that seldom do sectors work in isolation. Spending has implications on the productivity of other sectors. Documentation on spill overs to other sectors like tourism, mineral, oil and gas facilities/sites and other productive areas ought to be documented to justify the colossal investments.

Government's commitment to the sector is not unwarranted. However, the sector has continued to receive a fraction of the allocated budgets. For instance, in the period between Fiscal Years 2008/2009 and 2010/2011, the releases averaged at 62.5% and in Fiscal Years 2011/2012 to 2015/16 at 78.4%.

The Sector Objectives include:

- i. Develop adequate, reliable and efficient multimodal transport network in the country;
- ii. Improve the human resource and institutional capacity of the sector to efficiently execute the planned interventions;
- iii. Improve the National Construction Industry; and
- iv. Increase safety of transport services.

Ministries, Departments and Agencies under the Sector

In 2008, Government undertook several public reforms resulting into public sector restructuring intended to strengthen Government delivery of public goods. Subsequently, the Ministry of Works and Transport (MoWT) underwent a change management process that resulted into a lean governance structure and a policy/regulatory mandate. The restructuring in the MoWT was meant to spin off and devolve the ministry's functions that were inconsistent with its role such as road construction and maintenance, road development, plant management, ferry services management and axle load control management. This process further resulted into the establishment of several executive agencies and departments including the Uganda National Roads Authority and the Uganda Road Fund among others. Each of the MDAs has an independent mandate although they complement each other to achieve the overall sector mandate. Table 1 below presents the MDAs under the Works and Transport Sector.

Table 1: Ministries, Departments and Agencies under the Works and Transport Sector

Sn	MDA	Mandate	Legal/Policy
1	Ministry of Works and Transport (MoWT) – Vote 016	Policy formulation, planning, regulation, setting standards, advocacy, monitoring and evaluation	Constitution of Uganda The National Construction Industry (NCI) Policy, 2010
2	Uganda National Roads Authority (UNRA) – Vote 113	Manage, maintain and develop the National Road Network	Uganda National Roads Authority Act, 2006 The Roads Act, 1964 and Access to Roads Act, 1964 National Transport Master Plan / Greater Kampala Metropolitan Area
3	Uganda Road Fund (URF) – Vote 118	To finance the routine and periodic maintenance of public roads Prepare and maintain the Annual Road Implementation Programme	Uganda Road Fund Act, 2008
4	Civil Aviation Authority	Exercises both regulatory and operational authority over Entebbe International Airport and the other airfields located around the country Monitors air safety regulations and standards management	CAA Act, (1991)
4	Uganda Railways Corporation (URC)	Regulation and oversight of the rail sub-sector Management of railway stock, assets and inland water ports	Uganda Railways Corporation Act, 1992
5	Transport Licensing Board (TLB)	Regulate public and private motor vehicles in accordance with the Transport and Road Safety Act	Transport and Road Safety Act, 1998
6	National Road Safety Council (NRSC)	Promotes road safety	Transport and Road Safety, Act 1998
7	Engineers Registration Board	Regulate and control engineers and their activities	Engineers' Registration Act, 1969
8	Uganda Institute of Professional Engineers (UIPE)	Promote the general advancement of science and practice of engineering and its applications	

Source: MoWT Strategic Plan 2011/12 – 2014/15

The MDAs under the sector undertake their mandates in line with the stated legal and policy frameworks highlighted in Table 1 above. In addition, each sector is obliged to develop a strategic or sector development plan which should be compliant with the objectives and aspirations of the National Development Plan. Of the MDAs under the sector, only two: CAA and URF have strategic plans.

However, the sector boasts of the National Transport Master Plan including a Transport Master Plan for Greater Kampala Metropolitan Area (NTMP/GKMA) which sets out a framework for development of the transport sector over the next 15 years (2008 - 2023). This Plan provides analysis and a realistic 15-year sector investment plan, also addressing the necessary management framework. It reflects the key role that transport plays in facilitating economic and social development. This plan has, however, not been aligned to the NDP II and therefore, quite difficult to correlate the development of the sector with the planned development outturn for the fiscal year as well as for the timeframe of the National Development Plan II.

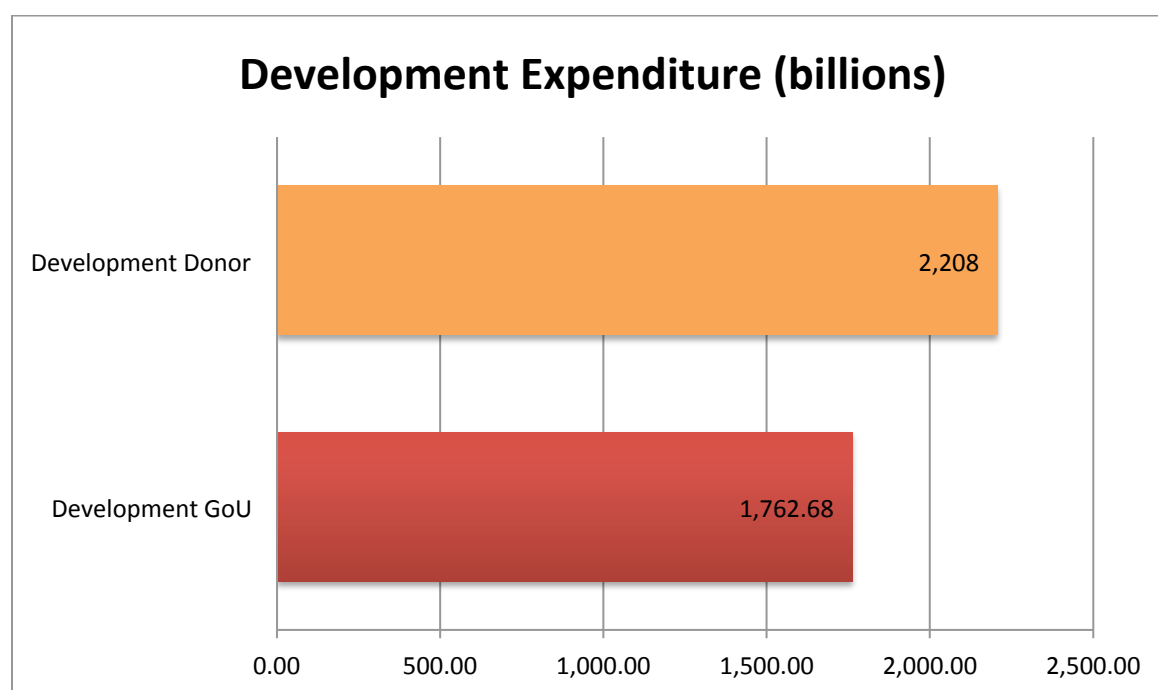
2.0 Situational Analysis of Ministry of Works and Transport Policy Statement

Under section 13 (13) of the Public Finance Management Act, 2015, every minister responsible for a vote is required to submit to Parliament, a Ministerial Policy Statement for the following fiscal year showing among others; the achievements of the vote for the previous year, the annual work plan, procurement and recruitment plans; a statement of actions taken by the vote to implement the recommendations of Parliament and the cash flow projections of the vote. In this respect, the MPS for MoWT was submitted to Parliament with the following highlights:

Cash Flow Projections

The projected MoWT sector funding for 2017/2018 excluding arrears is UGX4,534.51 billion. This amount includes Government of Uganda (GoU) funding to the tune of UGX2,326.41 billion (51.3%) and development partners will fund the remaining UGX2,208.10 billion (48.6%). In the previous Financial Year (2016/2017), the sector was allocated UGX3,478.198 billion. There has been, therefore, a nominal increase of UGX1,056.312 billion (30.3%), placing it as the highest funded sector for the Financial Year 2017/2018. The development expenditure budget for the sector is UGX3,970.78 billion (87.6%) while recurrent expenditure is UGX563.73 billion (12.4%).

Figure 1: Donor/GoU Respective Allocations to the Sector Development Budget



Source: MPS for Works and Transport 2017/18

Programmes under the Sector

The sector has prioritised the completion of on-going programmes with National Roads maintenance and construction highly prioritised.

Table 2: Priority Programmes for the Works and Transport Sector

Vote	Programme
MoWT	Transport Regulation
	Transport services and Infrastructure
	Construction Standards and Quality Assurance
	District, Urban and Community Access Roads
	Mechanical Engineering Services
	Policy Planning and Support Services
UNRA	National Roads Maintenance and Construction
URF	National and Districts Road Maintenance
LGs	District Urban and Community Access Roads

Source MPS for Works and Transport for FY2017/18

Sector Achievements and Priorities

The National Transport Master Plan 2008 - 2023 sets out a series of prospective developments that must be undertaken if the Works and Transport Sector is to contribute to Uganda's macroeconomic objectives. These developments include:

- Development of a long-term Transport Sector vision, and of sub-sectoral visions for individual modes;
- For the Roads sub-sector, development of:
 - I. A robust model for roads planning, development and management in the country (feeding into regional networks); and
 - II. A System of Principles for Public-Private Partnerships;
- For the Rail sub-sector, emphasis on:
 - I. Infrastructure up-grading through a wider gauge and track re-alignment;
 - II. A review of PPPs in the light of RVR experience; and
 - III. Definition of rail as a key provider of bulk transport;
- The Inland Water Transport Sub-sector may require Government action to revive socially essential services to remote islands and shorelines where the market may not necessarily fulfill the required role;
- For the Air Sub-sector, without a visionary Air Transport Master Plan for Uganda, may be less feasible for Entebbe International Airport (EIA) to be developed as an international hub.

Under the framework of both the NDP II and National Transport Master Plan, Works and Transport is presented as a key growth sector. This analysis is restricted to four critical priorities including:

- I. Complete the Standard Gauge Railway;
- II. Pave 2,205 kilometres of roads;
- III. Develop and execute a visionary air transport master plan for Uganda; and
- IV. Policy and Regulations.

Based on the above strategic priorities, we assess the cumulative achievement of the sector two years under the second National Development Plan.

a) The Standard Gauge Railway (SGR)

In 2013, the SGR was conceived under the auspices of the Northern Corridor Integration Projects (NCIP), through a Tripartite Agreement between Uganda, Kenya and Rwanda. The agreement involved the development and operation of a Standard Gauge Railway between Mombasa-Kampala-Kigali with branch lines to Kisumu (Kenya) and Pakwach/Gulu-Nimule (Uganda). The Republic of South Sudan acceded to the agreement in May 2014 extending the line to Juba. In March 2015, the Government of Uganda awarded the contract to China Harbour Engineering Company Limited (CHEC) to develop the Eastern and Northern routes (261 km) at a cost of USD2.3 billion. This means that the cost of constructing a kilometre of SGR in Uganda is USD8.8 million.

The recorded achievement is that the project has compensated 2,500 affected persons in the districts of Tororo, Butaleja, Namutumba, Luuka and partly Iganga covering a distance of 86 KMs. In February 2017, Kenya and Uganda agreed to a financing mechanism as well as timelines for the SGR construction of the Naivasha–Kampala section. 42 months will be required to have the project completed. In contrast, Kenya has already registered milestones with the Mombasa-Nairobi section 98% complete and commissioning expected in June 2017.

The estimated overall cost of the 1,724 KMs of the SGR is USD12.8 billion. This, however, is a speculative amount that will be reviewed following extensive feasibility studies. What is however known is that the Malaba–Kampala section of the SGR (261 kilometres) will cost a total of USD2.3 billion over a period of 42 months. These funds are expected to be sourced from the Chinese EXIM Bank and will make the SGR, Uganda's most ambitious and expensive construction project. Media reports, however, indicate that the government has staked oil revenues as guarantee for receiving the first batch of loan funds from the EXIM Bank of China. In 2017/2018, external financing of the budget has risen to over 25% even before the SGR loan comes on board. IMF's Debt Sustainability Index, however, indicates that Uganda remains at a minimal risk of debt distress.

Uganda's track record of managing large scale projects is characterised by corruption, technical glitches and unnecessary delays. This is worsened by the fact that the contractor - China Harbours and Engineering Company was directly procured with an unquestionable profile that indicates specialisation in channel dredging and harbour construction as opposed to SGR construction. Considering this, investment spending in the SGR project will make sense if Government adheres to a strict code of implementation and supervision to adhere to the set standards. Parliament and the Committee on Physical Planning and Infrastructure must take a keen interest in regular monitoring to ensure the construction adheres to the set standards.

b) Pave 2,205 Kilometres of roads

Under the NDP II period, Government has earmarked to upgrade strategic roads from the 3,795 kilometres to 6,000 kilometres. This, therefore, means that at least 441 kilometres of roads should be paved every year ahead of 2020. The MPS indicates that a total of 636.5 kilometres of roads were completed in FY2016/2017. While as the sector is progressing well in terms of the overarching target, there are underlying concerns as follows:

- Government has placed more efforts on developing national roads and less of the roads under the Local Governments. The policy shift by Government from contracting the road maintenance works in Local Governments (LGs) to force account since 2012 following the acquisition of a fleet of 1,425 pieces of new equipment through a USD100 million loan from China has not been very helpful. According to a Ministry of Finance Assessment, “the force account policy has been impeded by several constraints including incomplete sets of road equipment maintenance delivered to several LGs and failure by LGs to share the equipment as per the guidelines issued. Other challenges have related to weak institutional capacity of LGs and limited operational funds with only 0.5% of the sector funds going to LGs.
- The Works and Transport Sector stands to be the country’s pillar in generating employment if it adopts local content strategies throughout the construction and transport processes. According to the NDP II, local content policies will enhance the capacity of local labour, businesses and producers and directly contribute to employment and employability. Already the PPDA has issued guidelines to enhance local content in public procurement coming on the heels of the Buy Uganda Build Uganda policy adopted by Government in 2016. The MPS for works and transport does not explicitly state how it intends to increase local content in the Works and Transport sector. Within the entire sector, it is only the SGR Project that has come up with a local content strategy that provides for up to 40% of local content in supplies while out of every 10 employees, nine should be Ugandans and foreign skills should only be sourced if such skills cannot be found locally.

c) Construction Law/Policy

According to the NDP II the Works and Transport Sector faces several challenges that need to be overcome if it’s to strategically contribute to the realisation of national development objectives. Among the challenges are a weak legal, policy and institutional framework especially for railways and local construction sub-sectors. The absence of a construction law means that Government is not regulating the construction business.

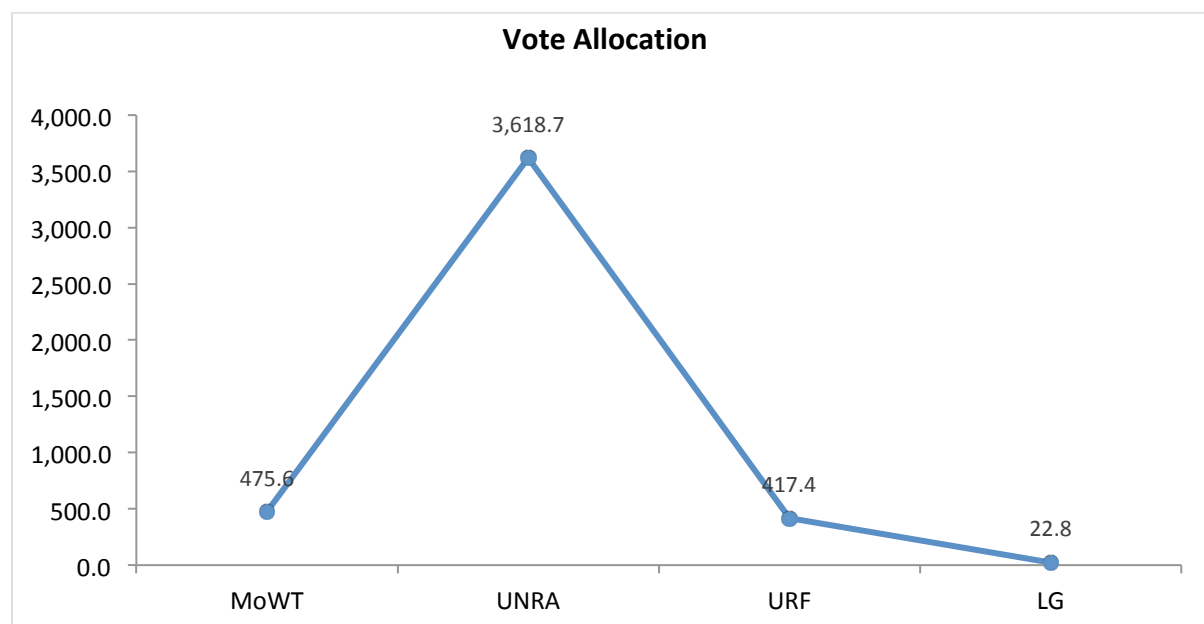
Allocations

The projected MoWT sector funding for Financial Year 2017/2018 excluding arrears is UGX4,534.51 billion. This amount includes Government of Uganda's (GoU) funding to the tune of UGX2,326.41 (51.3%) and development partners will fund the remaining UGX2,208.10 billion (48.6%). In the previous Fiscal Year (2016/2017), the sector was allocated UGX 3,478.198 billion. There has been, therefore, a nominal increase of UGX1,056.312 (30.3%), placing it as the highest funded sector for the FY 2017/2018. The development expenditure budget for the sector is UGX3,970.78 (87.6%) billion while recurrent expenditure is UGX563.73 (12.4%) billion.

Inter-Sectoral Allocations for Works and Transport

The major inter-sectoral allocation goes to UNRA with a total of UGX3,618.71 billion (79.8%) of the entire sector budget.

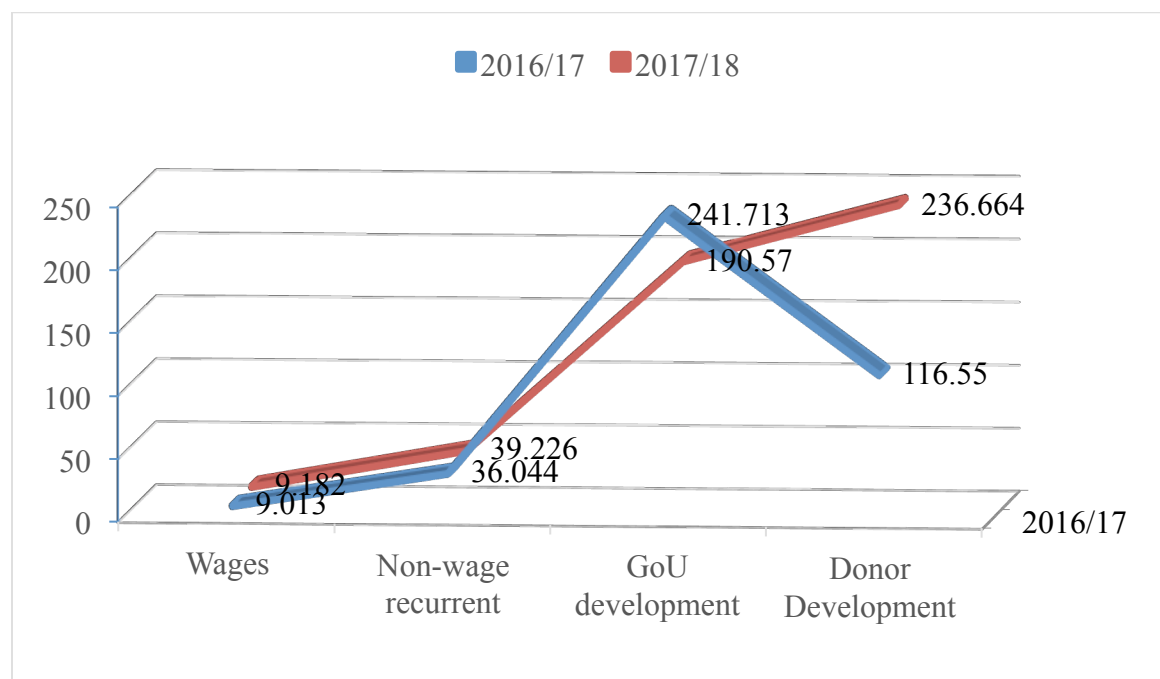
Figure 2: Inter-sectoral Allocations for Works and Transport Sector



Source: MPS for Works and Transport 2017/18

Works and Transport Sector is listed as a key source of growth under the NDP II. Five major programmes earmarked include the development of the Standard Gauge Railway, inland water transport and development and maintenance of roads to mining and agricultural producing areas as well as rehabilitation of Entebbe International Airport. The sector projections under the NDP II period (2015/2016 – 2019/2020) is UGX42,557.6 billion which ideally translates into UGX8,511.52 annual average allocations. With a total allocation of UGX4,534.51 billion for FY2017/2018, the sector allocation is at 53.2% of NDP II targets.

Figure 3: Development Vs Recurrent Expenditure Allocation for 2016/2017 – 2017/2018



Source: MPS for Works and Transport 2017/2018

Donor support to the sector has increased from UGX116.550 billion in FY2016/2017 to UGX2,208.10 billion in FY2017/2018 representing a 95% growth in support and a 49% share of the entire sector allocation (see figure 3 above). Almost the entire donor support to the sector equivalent to UGX1,971.542 billion (89%) has been allocated to UNRA.

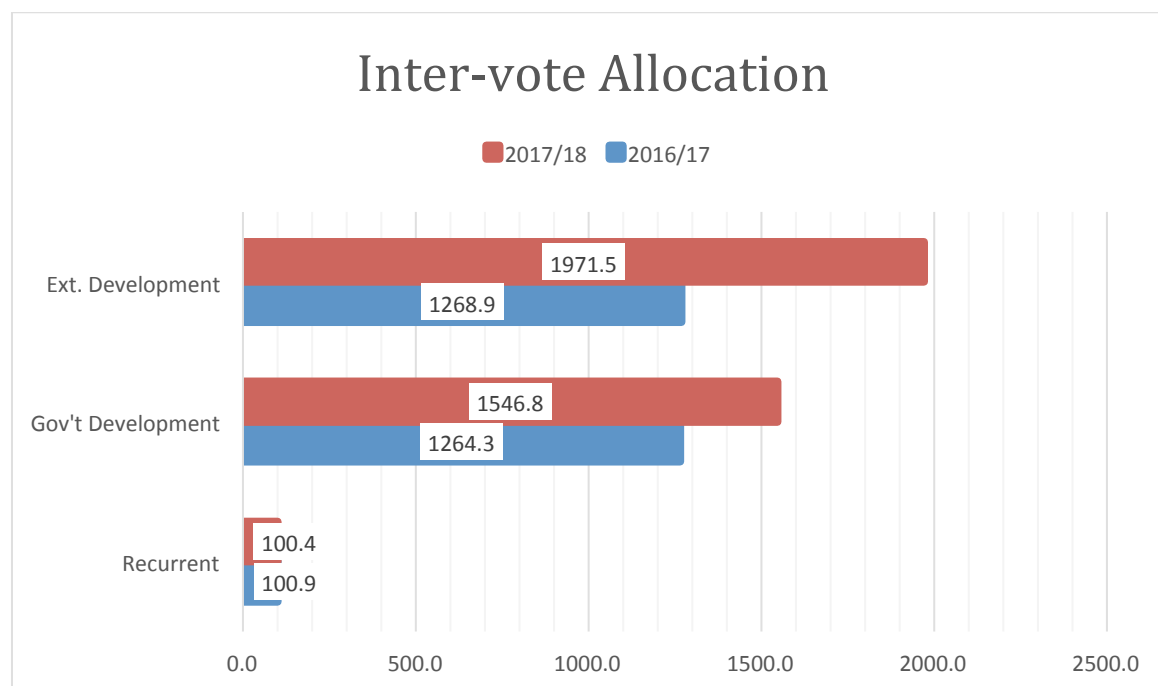
a) Ministry of Works and Transport

MoWT has been allocated UGX475.541 billion representing 10% of the entire sector allocation of which UGX238.977 billion is external funding to support the on-going expansion of Entebbe International Airport and the Standard Gauge Railway (SGR).

b) Uganda National Roads Authority (UNRA)

UNRA has been allocated UGX3,618 billion (excluding arrears) for the next fiscal year taking the lion's share of the Sector budget. In percentage share, UNRA allocations accounts for 79.8% of the Sector budget. This is a marked increase of UGX984 billion (27 %) from 2016/2017 allocation of UGX2,634 billion.

Figure 4: Recurrent Vs Development/GoU Vs External Financing to UNRA



Source: MPS for Works and Transport 2017/18

c) The Uganda Road Fund

URF has an approved strategic plan aligned to the NDPII objectives in content but not in terms of timeframe. The vote will receive UGX417.413 billion (9 %) with a slight decrease of UGX0.427 billion compared to FY2016/2017.

d) Local Governments

District Local Governments have been allocated UGX22.840 billion (0.5%) of the entire Sector budget.

Table 3: Programmes under the Sector

Vote	Programme	Allocation (billions)
MoWT	Transport Regulation	8.195
	Transport Services and Infrastructure	379.237
	Construction Standards and Quality Assurance	10.242
	District, Urban and Community Access Roads	16.35
	Mechanical Engineering Services	46.403
	Policy Planning and Support Services	15.465
UNRA	National Roads Maintenance and Construction	3618.716
URF	National and Districts Road Maintenance	417.413
LGs	District Urban and Community Access Roads	22.84

MPS' Compliance with the Public Finance Management Act (2015) and NDP II

Pursuant to Section 13(6) and 13(7) of the PFMA, the National Planning Authority assessed the projected the sector budget to establish the extent to which it complies with the objectives of the National Development Plan, Charter of Fiscal Responsibility and the Budget Framework Paper. The table below presents the details of the assessments.

Table 4: MDA Specific compliance performance under the sector

MDA	Planning	PIP	Alignment		Budget Performance	Total
MoWT	0	73	65	64	100	62.8
UNRA	0	68	89	78	39.3	52
URF	50	0	0	0	50	25
CAA	50	29	100	33	50	49.2
URC	0	*	*	*	75	22.5
LGs	N/A	N/A	N/A	N/A	N/A	N/A
Total	17	68	76	64	65	56.5

Source: National Planning Authority Assessment 2017/2018

* URF and URC have no assigned projects.

MPS compliance to the Gender and Equity Requirements

Gender and Equity Compliance Pursuant to Section 13(15) (g) (i) of the PFMA, the Minister laid an assessment of the overall compliance with the gender and equity requirements. For the year, the threshold of issuance of the Gender and Equity Certificate stands at 50%, the sector accordingly scored 66% for the Fiscal Year 2017/2018. The score represents an increase in performance by the sector at 58% (8-point increase) in 2016/2017.

3.0 Emerging Issues

- Uganda's track record of managing large scale projects under the Works and Transport Sector is characterised by corruption, technical glitches and unnecessary delays. According to the report by Parliament's Committee on Physical Planning and Infrastructure, the overall cost of the SGR and Entebbe Expressway projects have been highly billed in comparison to similar projects in Kenya and Ethiopia. This is likely to lead to loss of taxpayers' money and debt distress. The delays in projects implementation has spill over effects to the other sectors. Infrastructure longevity is important and ought to be taken seriously. Cracks, for example, in Karuma could imply continuity in investment in the dam affecting resources that would otherwise be used by other sectors.
- The policy shift by Government from contracting the road maintenance works in Local Governments to force account since 2012 following the acquisition of a fleet of 1,425 pieces

of new equipment through a USD100 million loan from China has not been very helpful due to capacity of LGs, failure to share equipment amongst themselves and incomplete equipment delivered to some LGs.

- c) Due to the Force Account Policy, the allocation of sector funds to the entire Local Government is only UGX22.84 billion representing only 0.5%. This is too meager to support works and transport operations of LGs including the expensive maintenance of equipment.
- d) The MPS for Works and Transport does not explicitly state how it intends to increase local content in the Works and Transport Sector. Within the entire sector, it is only the SGR project that has come up with a local content strategy that provides for up to 40% of local content in supplies while out of every 10 employees, nine should be Ugandans and foreign skills should only be sourced if such skills cannot be found locally. It is also important that the local content is improved beyond mere provision of labour to ensure long term skills are imparted in form of technical expertise.
- e) The policy and regulatory environment for Works and Transport is very weak. Though there exists a National Policy on Construction, the lack of a corresponding legal framework means that Government is thin on the ground and lacks a clear mandate to enforce standards, local content and reposition the sector to directly contribute to NDP II development objectives.
- f) Except for the Uganda Road Fund and Uganda Railways Corporation, all the other MDAs have no strategic plans which impede a clear analysis of how the sector is wholesomely contributing to the attainment of NDP II objectives. Specifically, the NDP II provides for the establishment of the National Transport Master Plan, the Greater Kampala Metropolitan Area and the Air Transport Master Vision. The MPS does explicitly refer to any process to have these critical processes initiated as a preliminary step to re-aligning the contribution of the sector to national development objectives.

4.0 Policy Alternatives

- a) Investment spending in the Works and Transport Sector will make sense if Government adheres to a strict code of implementation and supervision to ensure a construction regime that upholds quality and standards. Parliament and the Committee on Physical Planning and Infrastructure must be technically and financially strengthened to play its oversight function through systematic monitoring including on spot inspections to ensure the construction adheres to the set standards.
- b) Works and Transport is a strategic sector capable of generating employment and directly contributing to the attainment of NDP II objectives. To realise this, there is need for sector

specific local content framework that will ensure that 40% of procurements are reserved for Ugandan local ventures.

- c) As the Opposition, our policy to reposition the Sector as a generator of employment at scale is to upscale the public works programme specifically focusing on youth and women. Public works will be embedded in all procurement guidelines.
- d) As a standard in many countries, construction is regulated by semi-autonomous bodies to eliminate cases of shoddy work and uphold professionalism. Over the last 10 years, Uganda has witnessed several construction calamities as well as loss of public resources. We are for the establishment of a semi-autonomous executive body charged with regulating the construction industry.
- e) Our policy is to have a Sector budget amendment that gives at least 20% of the sector funds to Local Governments to enable them construct and maintain district roads that are critical to agriculture transformation and local economic development.
- f) The Uganda Road Fund whose mandate is to finance the routine and periodic maintenance of public roads as well as prepare and maintain annual road implementation programmes is a redundant body. Our policy is to consolidate planning and resource allocation as a function of the MoWT and have UNRA as well as Local Government deliver the sector road programmes.
- g) The mandate to regulate automobiles squarely lies with the MoWT. However, the ministry has concentrated on motor vehicles and disregarded the boda bodas that have become a menace to city mobility. Our policy is to have bicycle and motorcycle lanes incorporated in all new road designs for the city to ensure orderly flow of traffic. In addition, the boda boda industry is not regulated and its potential to directly contribute to revenue generation is not harnessed due to lack of a clear regulatory mechanism.
- h) Construction of weighbridges at source of weights such as mines. This is in a bid to curb evasions and ensure allowed weights on national roads. This policy proposal envisions that in the long run, damages made on the roads by heavy trucks shall be reduced. Money for damaged roads due to heavy trucks channeled to other sectors like health, education, etc.
- i) Securing road reserves for all roads in Uganda. This shall reduce the costs of compensation and damages to road edges. Most Local Government roads (Districts) have no road reserves.

CHAPTER FIVE: INFORMATION AND COMMUNICATIONS TECHNOLOGY SECTOR

ALTERNATIVE POLICY STATEMENT FOR INFORMATION AND COMMUNICATIONS TECHNOLOGY FOR FINANCIAL YEAR 2017/18

Executive Summary

The mandate of the Ministry of Information and Communications Technology (MoICT) is “to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy for the ICT Sector for sustainable, effective and efficient development; harnessing and utilisation of ICT in all spheres of life to enable the country achieve its development goals”. The ministry is also responsible for developing and/or reviewing policies, laws, regulations and standards to ensure a conducive environment for sustainable growth and development of the ICT Sector.

Emerging issues

- Significant difficulties in accessing broadband Internet connections;
- Poor quality services in the ICT Sector;
- Over-centralisation of Uganda Communications Commission (UCC) functions and services;
- Inadequate ICT-related research, innovation and development;
- Understaffing, inadequate supply of skilled labour and failure to retain highly skilled professionals;
- Insufficient appreciation of the potential of ICT in socio-economic transformation;
- Key sector priorities often ignored in the budget planning process;
- Lack of Legal framework for UICT;
- Lack of local content;
- Limited funding for the Sector;
- Cost of Internet is high;
- ICT usage is low;
- Failure to implement gender-sensitive programmes;
- Low absorption capacity of budget allocation;
- Low level of e-Government and limited interoperability of Government systems; and
- Failure to integrate key NDP projects within the sector budget.

Alternative Policy Proposals

- Fully funding the fiber-optic deployment across the country;
- Enforcing quality standards in the ICT Sector;
- Zonal decentralisation of UCC functions and services;

- Increasing budget allocation to the Sector;
- Fast tracking e-Government implementation;
- Immediately setting up ICT parks;
- Increasing funding for Research and Innovation;
- Subsidising ICT startup firms;
- Subsidising the cost of Internet;
- Setting up district and sub-county ICT centres;
- Establishing the UICT;
- Establishing an evaluating and certifying ICT framework for training programmes;
- Enforcing mandatory alignment of sector programmes to the NDPII;
- Publicising the benefits of embracing ICT services; and
- Establishing a high-level ICT skilling programme to support international ICT investment promotion.

1.0 Background to the Alternative Policy Statement

The authority to present this Alternative Policy Statement is derived from //Section 6E (4) //of the Administration of Parliament (Amendment) Act, 2006, which requires and empowers the Shadow ministers to present Alternative Policy Statements on the Floor of the House for consideration and possible implementation. //Section 6E (4)// provides that: “The Leader of the Opposition shall study all policy statements of Government with his or her Shadow Ministers and attend committee deliberations on policy issues and give their party’s views and opinions and propose possible alternatives.”

The ICT Sector

According to Uganda Vision 2040, ICT provides an opportunity to improve national productivity by making Government and business enterprises more efficient, effective and globally competitive. There is potential to improve availability of digital content and e-products, automation of Government processes and inter-agency connectivity, innovation, bridging the gap between industry and the academia and commercialisation of research and development.

Under NDPII, “The ICT Sector is envisaged to facilitate sustainable, effective and efficient development through harnessing and utilising ICT in all spheres of life. The NDPII identifies the following objectives and interventions for the ICT Sector:

- Increasing access to ICT infrastructure to facilitate exploitation of the development priorities;
- Enhancing the usage and application of ICT services in business and service delivery;
- Increasing job creation through ICT research and development;

- Increasing the stock of ICT-skilled and industry-ready workforce;
- Improving the information security system to be secure, reliable, resilient and capable of responding to cyber security threats; and
- Improving the legal and regulatory frameworks to respond to the industry needs.

The ICT Sector is composed of the telecommunications, postal, information technology (IT) and broadcasting subsectors. It is organised along three functional levels, namely: Policy; Regulatory, and; Service Provision. The Ministry of Information and Communications Technology (MoICT) heads and coordinates all the ICT Sector activities in collaboration with the regulatory bodies, namely: the Uganda Communications Commission (UCC), and; the National Information Technology Authority Uganda (NITA-U). At the service provision level, NITA-U is in charge of promoting e-Government and coordinating Information Security while UCC administers the Rural Communication Development Fund (RCDF). Other players at this level are the Ministries, Departments and Agencies (MDAs); Local Governments (LGs); Academia; and the Private Sector. As of 2015, the ICT Sector's contribution to GDP stood at 2.5% and UGX448.4 billion in tax revenue collections. The sector has the potential to transform this country through income generation, job creation, improved delivery of services and increased country's competitiveness, among others. This calls for increased public and private investment.

Mandate

The mandate of the Ministry of Information and Communications Technology is "to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy for the ICT Sector for sustainable, effective and efficient development; harnessing and utilisation of ICT in all spheres of life to enable the country achieve its development goals". The ministry is also responsible for developing and/or reviewing policies, laws, regulations and standards to ensure a conducive environment for sustainable growth and development of the ICT Sector.

Statement outline

The Alternative Policy Statement is outlined as follows:

- Background to Alternative Policy Statement presents the legal provisions, sector overview and statement outline;
- Situational analysis of Ministerial Policy Statement highlights the budget allocation, key outputs and gaps; linkages and opportunities; and risks;
- Alternative Policy Statement details alternative key focus areas and anticipated key outputs; and
- Conclusion gives a summary of the proposed alternatives.

2.0 Situational analysis of the Government Ministerial Policy Statement

Sector budget allocations

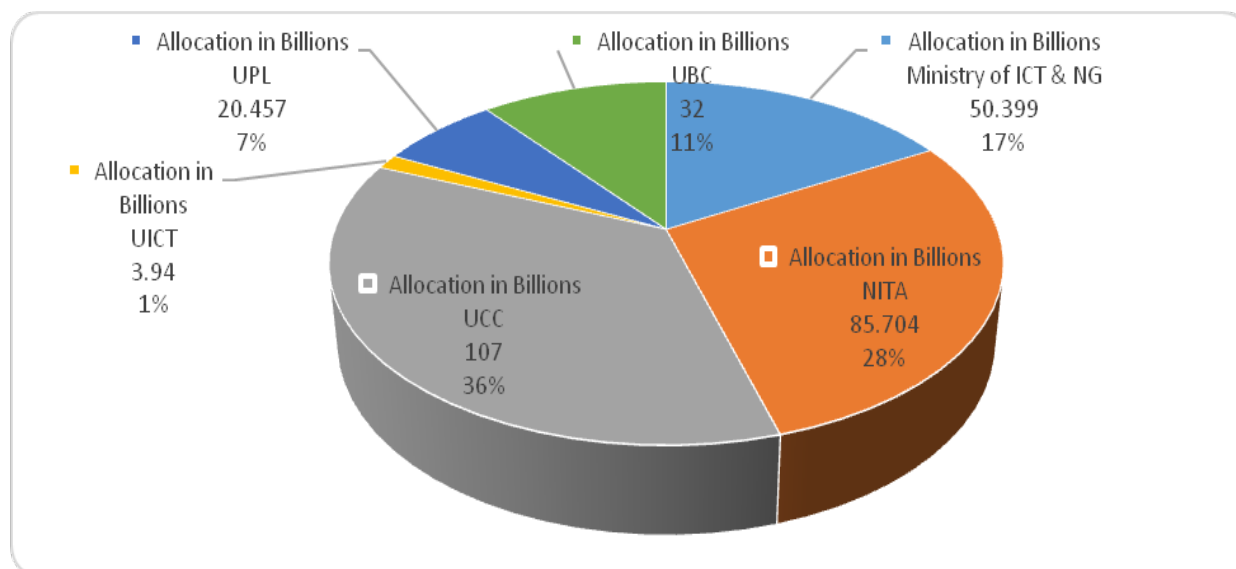
Table 1: Sector budget allocations for FY 2011/12-FY 2017/18

	Financial Year Allocations (Billion shillings)						
Sector	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
ICT	16.82	20.23	27.6	45.24	96.27	80	89.93
National Budget	10,616.31	11,825.96	14,032.69	15,829.71	23,972.26	26,360.44	29,608.64
% share of ICT sector of the National Budget	0.2	0.2	0.2	0.3	0.4	0.3	0.3

Source: *National Budget Framework papers*

The ICT Sector is among the least funded sectors with a percentage share of the National Budget less than 1%. The second National Development Plan and Vision 2040 clearly identify this key sector as a major foundation for transforming other sectors.

Figure 1: Inter-sectoral allocations for FY 2017/18 (billions)



Source: *MPS 2017/18*

The highest budget share to the sector goes to Uganda Communications Commission (UCC) - 36% followed by NITA (28%) and Ministry of ICT and National Guidance (17%).

Key sector outputs for FY 2017/2018

The following are the major goals for the ICT Sector during Financial Year 2017/2018

- Reviewing and development of policies, laws and regulations;
- Infrastructure management and e-Government interoperability policies, ICT manufacturing and assembling strategy, branding Uganda policy, National guidance policy, broadcasting policy, national postcode policy and addressing system and media laws and standards;
- Expanding access and utilisation of broadband infrastructure and services through the 3rd RCDF strategy and RCIP;
- Establishing core infrastructure for promoting ICT innovation and an ICT innovation hub at UICT;
- Strengthening the national ICT skills base through certification and ICT training institutions, including turning UICT into a centre of excellence;
- Undertaking programme management, M&E of ICT initiatives;
- Enhancing quality of service of communications services through compliance monitoring and enforcement;
- Enhancing ICT systems integration and rationalisation of ICT initiatives in Government;
- Deepening e-Government services through implementation of key projects under the RCIP;
- Enhancing citizen participation in Government programmes through effective communication, dissemination of the national ideology and operationalisation of the GCIC;
- Implementing the National Information Security Framework in Government to build capacity to respond to information security risks and incidents; and
- Implementing innovative postal services through roll-out and scale-up of mobile post box system and postal financial services.

3.0 Sector gaps

Significant difficulties in accessing broadband Internet connections

While a national fiber-optic grid is currently under construction, the lines have not reached the actual physical connection to public institutions, businesses and even homes. Most clients are forced to depend on costly and unreliable satellite Internet connectivity, even when they are near metropolitan areas because there is simply no other option. Thus, the biggest challenge

with Internet access is the last mile connections, especially outside urban areas where there are significant difficulties in accessing broadband Internet. Low levels of public investment in the ICT Sector and inadequate ICT complementary services such as extension of the national electricity grid. The connectivity of Local Governments to the National Backbone Infrastructure (NBI) is still low and there are inadequate ICT complementary services.

Poor quality services in the ICT Sector

Poor quality services continue to persist due to UCC's inability or lack of will to enforce ICT service standards as the sector regulator. Poor quality services include unstable networks, network outages, poor signal strength, poor voice quality, dropped calls, blocked calls, network inaccessibility and fleecing of clients by charging airtime for services they never got or for which they have not subscribed. UCC has failed to address and resolve effectively the complaints emanating from consumers regarding the poor quality of services by the private telecommunication service operators. Uganda has over eight mobile telephony networks which have made the market crowded and intensified competition, leading to a price war which has accelerated subscriber growth but also reduced the quality of service.

Over-centralisation of UCC functions and services

UCC is failing in its primary mandate as the statutory regulator of the ICT Sector because its locus of operations is confined in and around Kampala. Consequently, UCC's presence is largely unfelt in upcountry areas and its attempts to conduct awareness and sensitisation campaigns do not make a concrete impact throughout the country. UCC needs to closely monitor the many upcountry-based ICT service providers as well as the quality of services consumers pay for and receive. UCC also needs to provide information and advice to ICT private sector players and their consumers, as well as to receive complaints from consumers on the ground. UCC cannot effectively monitor and enforce ICT Sector laws and regulations when it has no points of service for upcountry areas. This is a ridicule of its mandate and a big disservice to Ugandans, considering that ICT service providers and consumers are spread out all over the country.

Inadequate ICT-related research, innovation and development

Whereas in Uganda the National Council for Science and Technology is mandated to coordinate and promote research in science and technology, research in the ICT Sector is not fully coordinated. This is attributed, partly, to lack of a well-defined policy and institutional framework for coordination of ICT research and its integration in the overall national research agenda.

Understaffing, inadequate supply of skilled labour and failure to retain highly skilled professionals

In the ICT ministry, only 30% of ICT professionals' positions are filled. There has not been a coordinated approach with regard to standards at various levels as well as specialised training to meet specific industry needs in terms of quantity and quality. The Sector is not capable of retaining high-skilled professionals due to poor remuneration packages.

Insufficient appreciation of the potential of ICT in socio-economic transformation

A big section of the population, including Ministries, Departments and Agencies and Local Governments have not fully appreciated the potential of ICT in socio-economic transformation of the country. This has affected the uptake of ICT in various categories of society and the country as a whole.

Key sector priorities are often ignored in the budget planning process

There is limited budgetary focus on operationalising the e-Government masterplan, albeit the presence of many parallel ICT projects. Implementation of ICT Parks has not been prioritised by the budget. There is, therefore, need to fast-track the establishment of the parks and the model regional incubation centres/hubs to support innovation and job creation. Planning, budgeting and expenditure outturn reporting for the Non-Tax Revenues within the UCC and Posta Uganda are weak and the expenditure outturns, in particular, are not consistent with the NDP II overall and sector objectives and interventions. There is no allocation for ICT research and innovation.

Lack of legal framework for UICT

The UICT requires legal independent status and increased funding to enhance its visibility as a regional centre of excellence, as planned under the NDP II.

Lack of local content

Most of the ICT content on the market today is not generated locally. Alfred Marshall¹ stated that 'development is from within', which clearly indicates that for the ICT Sector to develop, a big focus on increased generation of local content should be a priority.

Limited funding for the sector

ICT is one of the key primary growth sectors for Uganda's socio-economic transformation and development. Allocation of about 0.3% of the total National Budget is gross underfunding of

¹ **Alfred Marshall** (26 July 1842 – 13 July 1924) was one of the most influential economists of his time. His book, [*Principles of Economics*](#) (1890), was the dominant economic textbook in England for many years.

the vital ICT Sector that contributed 2.5% of the GDP in 2015. There is an urgent need to increase public investment in the ICT Sector so as to realise fully its high potential for increasing its contribution to the National GDP, employment, revenue and as an enabler of other sectors.

Cost of Internet is high

In Uganda Internet cost ranges between USD300 to USD600 for 1Mbps per month compared to USD80 and USD150 for 1Mbps per month in neighbouring countries. This is partly due to the high taxes charged as highlighted in the MPS for Financial Year 2017/18 and the dominance of the ICT Sector by the private sector, which aims at maximising profits.

ICT usage is low

This is caused by the lack of ICT infrastructure in rural areas, the high cost of Internet, lack of electricity in rural areas and the heavy taxes charged on ICT equipment by the current Government. The Government policy of increasing access, usage and application of ICT services is self-defeated by the high taxation regime on the ICT Sector.

Failure to implement gender-sensitive programmes

The equity and gender report clearly shows that resources allocated to gender and equity outputs were not utilised at all. Furthermore, the implementation of ICT initiatives for special interest groups is among the unfunded priorities for the Financial Year 2017/2018.

Low absorption capacity of budget allocation

According to the Certificate of Compliance for the sector, it was only able to absorb 16% of the total budget allocation. This means that the key priorities were never given attention, yet this is a key sector to lay a strong foundation for the growth of other sectors.

Limited interoperability of Government systems

Many Government systems operate in isolation of each other, thus creating duplication and improper usage of resources. Most processes are to a large extent paper-based, which increases delays and inefficiency.

Failure to integrate key NDP projects within the sector

These NDPII projects have not been integrated within the sector: Developing an integrated ICT Environment for Effective Service Delivery, and; implementation of the NBB infrastructure IV.

Sector opportunities and risks

Creation of employment opportunities and reducing the cost of doing business

The ICT Sector has the ability to empower citizens to create jobs and improve the business environment through proper data storage facilities, reduced time to make business decisions, and increased market penetration.

Facilitating inclusive growth within all sectors

The ICT Sector has the potential to transform key sectors such as trade and industry as well as agriculture through human capital development, increasing access to market information, operationalisation of e-Government and opening up inter-regional and international market access.

Opportunities for e-learning

ICT presents an interesting case of facilitating the creation of a knowledge-based economy whereby information can be openly shared between people in different geographical areas. This opportunity can help to improve the Education Sector through increased exposure to new knowledge at the different learning levels.

Lack of funds for implementing ICT Sector Strategic and Investment Plan (ICT-SIP)

The Sector Strategic Plan funding requirement for Financial Year 2017/18 is UGX261.10 billion although the budget allocation to the sector is only UGX89.93 billion, implying a funding gap of UGX171.17 billion. The sector will not be able to implement its key programmes.

Lack of ICT infrastructure

The sector lacks modern infrastructure to increase access to ICT services across the country. This affects the quality of services and increases the cost of ICT usage.

MPS compliance with the Public Finance Management Act (2015) and second National Development Plan (NDPII)

Pursuant to Section 13(6) and 13(7) of the Public Finance Management Act (2015), the National Planning Authority conducted an assessment of the budget and its compliance with the NDPII Charter of Fiscal Responsibility and the Budget Framework Paper. Overall, the ICT Sector was 51% compliant. A breakdown of the sector compliance is presented below:

Table 4: Social Development Sector Alignment to NDPII

Description	Compliance (%)
Sector planning	67
Project planning	60
Budget process instruments	66
Budget performance	16

Source: NPA Certificate of Compliance FY2017/18

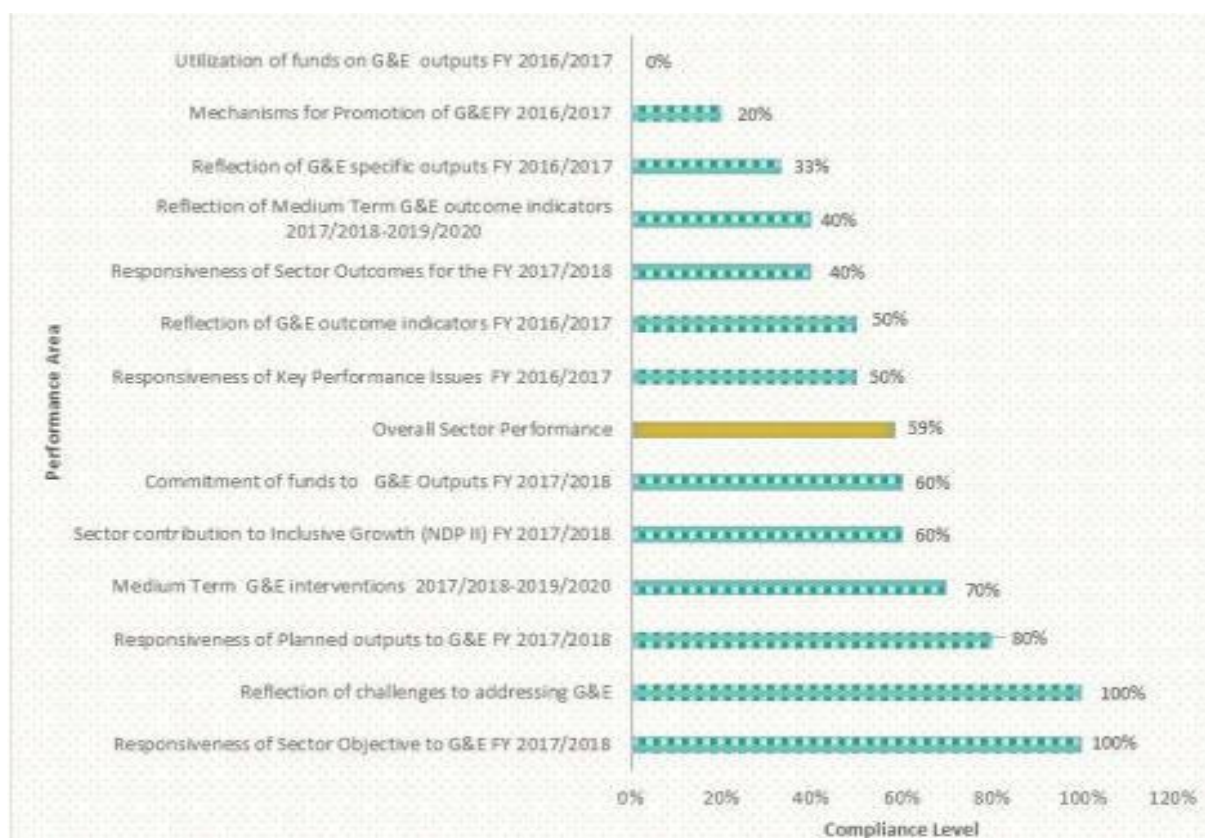
Despite prioritising a number of NDPII sector interventions, some priorities are still left out including:

- National Postal and Courier Services Masterplan to exploit opportunities in e-Government and e-commerce; and
- Transforming Uganda Institute for Information and Communications Technology (UICT) into an ICT centre of excellence.

Pursuant to Section 13(15) (g) (i) of the PFMA, the minister laid an assessment of the overall compliance with the gender and equity requirements. The compliance level of the Information and Communications Technology Sector with gender and equity requirements was 59% for Financial Year 2017/18, which is 10 percentage points more than that of Financial Year 2016/17 (49%). Out of the 13 performance areas that were assessed, the sector scored below 50% in five (5) of the areas. On the other hand, the sector scored 50% and above in eight of the performance areas.

The figure below shows a break-down of the assessment.

Figure 3: Gender and equity assessment for the ICT Sector



Source: EOC G&E Assessment of BFPs FY 2017/2018

4.0 Alternative Policy Proposals

a) As a Government we would – as a matter of urgency – fully fund the fiber-optic deployment across the country, targeting distribution up to the parish level over the next five years

This is crucial in enabling the country to enjoy the full potential of the ICT Sector. We in Opposition strongly believe that affordable Internet access is no longer a luxury as it enhances efficiencies at every level from the rural smallholder farmer to the large urban corporation and in the Public Service delivery in general, hence helping generate new ideas, innovation and better opportunities for all. The significant expansion of the national fiber-optic backbone using public investment will enable the regulator to help Ugandans secure lower call and data prices from telecom companies which have previously invested a lot of private capital in fiber-optic network development. Government funding should support a phased upgrade from 3G to 4G,

especially in urban areas, with citizens free to choose to buy 3G or 4G SIM cards.

b) We propose the establishment of a public-private partnership (PPP) company, inspired by the Rwanda Online model, to set up Internet-connected, manned and computer/bio-metric scanner and printer-equipped fee-charging service point kiosks at the sub-county level and below, where citizens can conveniently access e-Government services such as birth and death registration, national IDs, passports, driving permits, land titles etc. Citizens should pay an affordable fee for these services and should be able to return within seven working days to collect Government-issued documents and permits at their nearby location. Almost all Government services requiring a citizen to fill out an application form should be available at this service point. It is at this service point that any public servant who does not have independent computer access should file data upgrades for service delivery in education, health, water, agriculture, cooperatives performance, etc.

Government should use the above-proposed PPP company to buy cheap bandwidth on wholesale basis for several years' use ahead using competitive bidding and resell it to telecom companies at lower prices, which should then be passed on to consumers. This has been successfully implemented in Rwanda where data usage now stands at 35% of the country's population. Currently, telecom companies buy cheap and sell high.

In the medium term, the MoICT should adopt the "laptop per child" policy once textbooks and other basics cease to be in deficit in public schools. This would involve giving incentives to a low-cost producer to set up a laptop assembly plant in Uganda and give the investor a volume off-take guarantee. Children in affluent areas and towns should be required to take laptops and have their parents pay for them over a one to three-year period while children in poor urban and rural schools should receive laptops in form of Government grants.

Rwanda has so far distributed 600,000 laptops worth USD250 to school children whose population numbers three to four million. The laptop is owned by the student although there is a sharing programme inside the schools. The ministry should negotiate a tax-free status for ICT consumer hardware to support wide access on the basis of low cost.

With the above foundations in place, Uganda should set up a public-private partnership for a high-level ICT training centre to train high-capability software engineers and customer care personnel who can meet the standards of world class companies. This training should also strengthen national capacity for cyber security. Such companies should then be encouraged to set up large Software Research and Development Laboratories and Business Process Outsourcing facilities and parks, taking advantage of Ugandans' low labour cost and reasonably good English capabilities.

To create such possibilities, the minister should advise the President to set up an ICT Business Advisory Council made up of world class ICT CEOs, introduce Uganda to them and seek their support and advice to draw international ICT and venture capital players to the country. The MoICT should also set up a competitive grant fund for local software innovations that either break new technological ground or solve a national problem or create significant employment opportunities etc. A detailed set of criteria should be established.

g) Enforcement of quality standards in the ICT sector using public warnings, penalties & fines

Our Government would ensure that UCC has both the technical expertise and equipment to monitor the quality of ICT services throughout the country. The sector regulator, UCC, would be required to demonstrate commitment to enforce ICT service standards. ICT consumers would not continue being subjected to poor quality services such as poor voice quality, dropped calls, blocked calls, network outages, poor signal strength, network inaccessibility and being charged airtime for services they never got or for which they have not subscribed.

h) Zonal decentralisation of UCC functions and services.

Our Government would roll out the UCC's regulatory functions and technical services to cover all upcountry areas considering that ICT service providers and consumers are spread out all over the country. UCC would roll out its regulatory functions and technical services by zoning the country into operational areas and opening branch offices in the major towns in those operational zones. This will enable UCC to effectively monitor and regulate the ICT sector in the whole country.

i) Increased budget allocation to the sector

As a Government – and given the potential of the ICT sector to improve Public Service delivery and create employment opportunities for the unemployed youth – we would increase the ICT budget allocation from the current 0.3% to about 3% of the national budget. This is based on the fact that ICT has a significant effect on other sectors of the economy through increased job opportunities, creation of a knowledge-based economy, reducing market inefficiencies, connecting remote areas, improved decision making as well as reduced cost of doing business.

j) Fast track e-Government implementation

Our Government would fast-track the implementation of e-governance across Government MDAs. A lot of money is lost by using manual systems of operation. These make way for increased corruption, bureaucracy, poor monitoring of Government programmes, limited engagement with the public, which define the high level of inefficiency exhibited. Our Government would allocate adequate resources to this sector since the expected benefits are enormous and exceed the cost that would be invested in.

k) Increase funding for research and innovation

It would be a matter of priority for our Government to increase funding for research and innovation in the ICT Sector. The sector budget allocation to research and innovation would be increased to about 10% of the total sector budget allocation. To us in Opposition, research and innovation are the backbones of the sector's future since prevailing market needs require well-researched ideas to come up with matching innovations. This will increase revenue generated by the sector and also offer a big push for other sectors to grow.

l) Subsidise ICT start-up firms

Our Government would offer at least a two-year tax holiday for ICT start-up firms with clear monitoring and evaluation systems put in place to measure their contribution to the sector development and national development in general. This will provide an incentive for job creation, increased innovation and in the long run contribute to national development.

m) Establish the UICT

Our Government would urgently establish the Uganda Institute of Communication Technology as an independent institution and provide it sufficient funding so as to enhance its visibility as a regional centre of excellence.

n) Establishing, evaluating and certifying ICT framework for training programmes

Our Government would ensure that the curriculum developed meet the current market demands for ICT professionals and also form a basis for review and update of different course modules. The ICT Sector would be empowered to develop a criterion of evaluating and certifying training programmes taught by different academic institutions.

o) Enforce mandatory alignment of sector programmes to the NDP II

In our Government, it would be mandatory for every sector to align its programmes to the objectives and priority areas as set out in the NDP II as well as ensuring gender and equity requirements are enforced, leading to well-coordinated planning so as to avoid conflicting paths which may hinder the overall objective of achieving a middle income status by 2020.

p) Publicise the benefits of embracing ICT services

It would be of utmost importance in our Government to mobilise the general public as well as Government MDAs and Local Governments to use ICT to improve service delivery and enjoy the benefits that accrue from using the ICT services. This will stimulate demand for ICT services, which will transform a number of sectors, mainly agriculture, whereby farmers will easily have access to market information and connect to different markets.

CHAPTER SIX: SCIENCE, TECHNOLOGY AND INNOVATION SECTOR

ALTERNATIVE POLICY STATEMENT FOR SCIENCE, TECHNOLOGY AND INNOVATION FOR FINANCIAL YEAR 2017/18

1.0 Background to the Alternative Policy Statement

In line with Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006, the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet ministers. Within the same legal framework, under Section 6E (4), the Shadow minister is mandated to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister for Science, Technology and Innovation (STI) presents this Alternative Policy Statement for the STI Sector.

The Science, Technology and Innovation Sector

Up until Financial Year 2016/2017, STI was a sub-sector under the Education Sector, regulated and managed by the Ministry of Education, Science, Technology and Sports. As of Financial Year 2017/2018, STI will become a full sector, with its own ministry. The sector is responsible for the development, promotion, application and integration of science and technology into the national development processes.

Created in the 2016 Cabinet reshuffle, 2016/2017 was a year for the Ministry of Science, Technology and Innovation (MoSTI) to institute the structures required for the sector to take off. The achievements noted in the current ministerial policy statement for the Education Sector are:

- Operationalisation of the ministry staff structure;
- Securing of temporary accommodation for the ministry with the Permanent Secretary and a few staff in the Uganda National Council of Science and Technology (UNCST) Building in Ntinda, Kampala;
- Working with the Ministry of Finance, Planning and Economic Development to create a Vote (023) for the ministry and provision of supplementary funding to kick-start its operations;

- Working with MoFPED to create the Sector of Science, Technology and Innovation for purposes of policy guidance and planning;
- Preparing, submitting and securing approval of a Cabinet Memorandum on Principles for the amendment of the UNCST and Uganda Industrial Research Institute (UIRI) Acts in order to streamline their operations under the new STI Sector;
- Undertaking inter-institutional consultations with Government ministries and agencies in the STI ecosystems in United States, Rwanda, South Africa, Malaysia, India, Brazil and Kenya, among others, to learn best practices and enhance international collaboration and partnerships in STI for technology sourcing and transfer, which is one of the strategies for effective implementation of the NDP II interventions in STI; and
- Conducting consultations and advocacy meetings related to the National Biotechnology and Biosafety Bill, which was also successfully re-tabled before Parliament.

The NDP II stipulates the following objectives as the priorities for the STI sub-sector up to 2020:

- i) To enhance the integration of science and technology into the national development processes;
- ii) To increase transfer and adoption of technologies;
- iii) To enhance research and development in Uganda; and
- iv) To improve the STI legal and regulatory framework.

The NDP II seeks to increase Uganda's technology achievement index from 0.15 in the marginalised group to 0.21, placing Uganda in the dynamic adopters group and increase the Gross Domestic Expenditure on Research and Development (GERD) as a percentage of Gross Domestic Product from 0.5% to 1% by 2020. Such grand goals are still illusive since the sector has no National Science and Technology Policy or Strategic Development Plan to ensure implementation and adherence to sector plans, programmes, policies, guidelines and budgets for the attainment of the NDP II objectives.

In the medium term, the STI Sector plans to:

- Set up and institutionalise the STI infrastructure, including regional science and technology parks; innovation and technology transfer centres, and; other technology and business incubation facilities;
- Construct and operationalise appropriate national STI-related institutes;
- Establish the National Science, Technology, Engineering and Youth Innovation Service (STEYI);

- Support basic and applied research to STI information for both indigenous and imported technology; and
- Establish and operationalise Research and Product Development facility.

In the longer term, corresponding to the Vision 2040 timeline, the sector plans include:

- A Hi-tech ICT city and associated ICT infrastructure;
- Large irrigation schemes in different parts of the country;
- Nuclear power and hydro-power plants (Ayago, Isimba, Karuma, and Murchison Bay);
- Science and technology parks in each regional city;
- Pursue policies aimed at leapfrogging especially in the areas of science, technology, innovation and engineering; human resource development; public sector management, and; private sector development; and
- Develop and implement a national science, technology and engineering system that will help in initiating, importing, modifying and diffusing new technologies.

2.0 Analysis of the STI Sector Ministerial Policy Statement (MPS) FY2017/2018

Under the provisions of the Public Finance Management Act, 2015, every minister responsible for a Vote is required to submit to Parliament a Ministerial Policy Statement for the proceeding financial year showing, among others, the achievements of the Vote for the previous year; the annual work plan, procurement and recruitment plans; a statement of actions taken by the Vote to implement the recommendations of Parliament and the cash flow projections of the Vote. With the establishment of a full-fledged ministry for STI, the ministry will be required to present its own ministerial statement. The STI Sector MPS for Financial Year 2017/2018 is presented under the Education Sector.

Sector objectives for FY2017/2018

The STI Sector has dedicated 77% of its allocated budget towards the ministry institutional support and strengthening. Other priority expenditures will be to start the process to develop, analyse and ensure implementation and adherence to sector plans, programmes, policies, guidelines and budgets for the attainment of the Sector Strategic Objectives.

The priorities for the Financial Year 2017/2018 are:

- Policy and Regulation: To enhance standards for the development of STI through monitoring and evaluation as well as quality assurance;

- Research and Innovation: To increase research, innovations and emerging technologies through research promotion and development, technology development as well as international collaboration;
- Science Entrepreneurship: To increase human capital development in STI through technology enterprise development, STI infrastructure development and skills development; and
- General Administration and Planning: For institutional support.

Analysis of the FY 2017/2018 MPS priorities

- It is important to recognise that the separation of STI from the Education Sector was warranted. STI is critical to the development of the nation and, therefore, the sector development must be given due attention;
- This first STI Sector budget has allocated 77% of the total budget allocation to institutional strengthening and development. The priorities for Financial Year 2017/2018 are well aligned to institutional strengthening, which is needed as the sector becomes independent from the Education Sector; and
- Although STI already has Vision 2040 and NDP II targets as guiding parameters for sector development, it is imperative that the sector moves to develop a development plan that is aligned to the Vision 2040 and NDP II. The development plan will ensure that planning for the sector is properly coordinated and annual targets set. This must be a prioritised output in the first quarter of the financial year.

Sector cash flows

Table 1: STI Sector Allocations

Budget Allocation in UGX (billions)		2015/16	2016/17	2017/18 Projection
	Wage	0	0	2.027
Recurrent	Non-wage	0	0	10.031
	Total Recurrent	0	0	12.058
	GOU	0	0	40.795
Development	Ext. Fin.	0	0	0
	Total Development	0	0	40.795
Total Budget (excl. Arrears and Taxes)		0	0	52.852

With UGX52.852 billion allocation, the STI Sector will receive 2.1% of the total Ministry of Education & Sports Sector budget.

Sector Performance

The Sector performance during Financial Year 2016/2017 was mainly to set up structure for institutional functionality and, therefore, mainly administrative. The Sector, however, highlights a number of challenges that create bottlenecks for STI operations, as listed below.

- Lack of the required critical mass of scientists and the difficulty in retaining them in the Sector;
- Limited commercialisation of research results and utilisation of acquired patents;
- Insufficient physical and technological infrastructure;
- Expensive innovation infrastructure and inputs (R&D expenditures, training scientist and engineers, laboratory equipment, universities, public research institutions);
- Realising innovation outputs takes time (scholarly publications, patents, profits, economic growth, productivity, new products and commercialisation); and
- Fragmented national innovation system.

3.0 Key emerging issues

There have been other initiatives by Government, development partners and universities to create centres for science, technology and innovation. For instance, the Presidential Initiative on Science and Technology was started purposely to enhance the development of science and research in the country. The initiative works through various bodies, including the Uganda Industrial Research Institute (UIRI), the Uganda National Council of Science and Technology (UNCST), Makerere University Institute of Science and Technology/Food Science and the various research stations across the country². The initiative is already receiving funding from the Presidential Innovations Fund and is actualising the projects espoused by Vision 2040 and NDP II meant to be implemented by the Ministry of Science, Technology and Innovation. There must be deliberate efforts not to further duplicate activities in the Sector.

4.0 Alternative Proposals

Institute a highly technical agency responsible for STI

In spite of the soaring rhetoric, the Government has made half-hearted and largely ineffective attempts to channel investments in STI. Public funds have been invested in a series of presidential initiatives, but there are no similar commitments to invest in basic and applied research at the nation's higher institutions of learning. Strategic science and technology policy

² See <http://www.statehouse.go.ug/presidential-initiatives/science-and-technology>

institutions, including agricultural and industrial research centres, are largely under-funded, dilapidated and do not have the necessary research infrastructure. The STI field is driven by competition and clarity in terms of objectives and annual outputs as well as investments to drive knowledge transfer. The alternative proposal, therefore, is to institute a technical agency with representatives from different fields of science to drive innovation, without the political encumbrances that befall ministries in Uganda.

Allocate all monies for STI to the agency for STI

It is understood that establishing a technical agency responsible for STI might take time to become fully functional. The establishment of the Ministry of Science, Technology and Innovation will in the interim be a fair option for managing STI investments in the country. All the funds that are allocated for STI-related projects – through the President’s office – must be channelled to the Ministry of Science, Technology and Innovation. The ministry must ensure that there are clear guidelines that govern the operations of these funds. Allocation of funds to specific projects must be based on clear feasibility studies. Priority should be given to projects that promote innovations using local products, where Uganda has a comparative advantage. Injecting money in the manufacturing of Kiira cars was innovative, but it is not a project where Uganda can compete favourably in the global setting.

Develop an investment strategy for STI

It has been noted that Uganda has no clear strategy for investment in STI and allocations of funds for STI are very ad hoc. The current MPS shows that planning for STI is not guided by any long term strategic planning, even at the Ministry of Education and Sports where STI was initially hosted. Therefore, the sector must ensure that for Financial Year 2017/2018, the funds allocated to institutional building must go to the development of a development plan and investment strategy to guide the sector and the agency that will be created to streamline investments in STI to harness Uganda’s capabilities for national development.

Create an STI Fund driven by competition to operationalise winning innovations

In countries where STI had led economic transformation, there is strong commitment to funding innovations from both the Government and the private sector. For Uganda as a developing country, strong commitment to fund STI is important to generate competition and innovation. Therefore, the alternative proposal is to create a fund for innovation through competition, where the winning innovation wins seed funding to operationalise the innovative idea. Idea/innovation proposals should cut across all fields of science and the criteria for the winning proposal must include the fact that the idea will benefit majority of Ugandans economically and must be able to sustain itself for at least five (5) years.

Operationalise the Innovation Fund

The Ministry of Science, Technology and Innovation is proposed to receive UGX50 billion as Innovation Fund in Financial Year 2017/2018. It should, however, be noted that the Innovation Fund has no supporting legal framework as required under Article 153(2)(a) of the Constitution of the Republic of Uganda and Section 29(2)(b) of the Public Finance Management Act, 2015. A legal framework for Sector funds should be developed for efficiency and effective implementation.

CHAPTER SEVEN: TOURISM, TRADE AND INDUSTRY SECTOR

ALTERNATIVE POLICY STATEMENT FOR TOURISM, WILDLIFE AND ANTIQUITIES FOR FINANCIAL YEAR 2017/18

Executive Summary

Emerging issues in the Ministerial Policy Statement

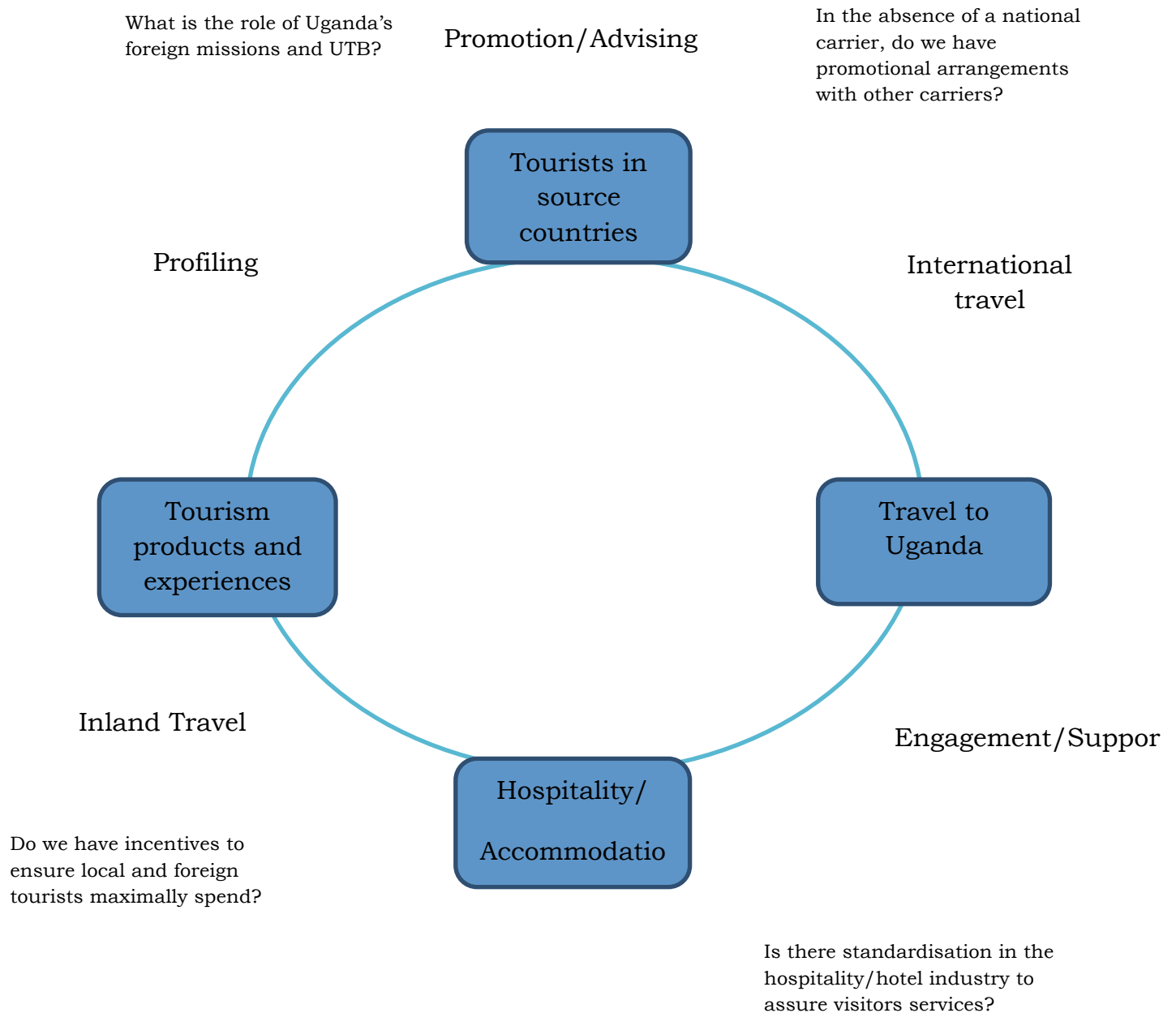
- a) The MPS report for the achievements of the Financial Year 2016/2017 is at output level and does not report the changes at outcome level. It is, thus, difficult to measure the direct contribution the Sector is making towards the achievement of the national development aspirations.
- b) In Financial Year 2017/18, the Tourism Sector remains one of the least-funded with the total allocation figure of UGX96.51 billion, representing 0.366% of the national budget.
- c) The tiny allocation to the sector is in total disregard of the centrality of the sector's contribution to the country's export earnings, estimated to be way above UGX7,270 billion, which is equivalent to 9% of the country's GDP.
- d) There is a slight increase in the budget allocation for the sector up from UGX96.51 billion in the current Financial Year to UGX99.341 billion (2.9%) (including arrears) in FY2017/2018. Unfortunately, the Sector continues to have a high level of unfunded and underfunded priorities, amounting to UGX106.63 billion.
- e) The Sector priorities of introducing a cable car system in the Ruwenzoris and the development of the source of the Nile are welcomed. Both will diversify the range of tourism products as well as improve the tourism experiences, hence more revenues.
- f) The sector is heavily reliant on other sectors to meet its development objectives, especially infrastructure (Works and Transport); power supply (Energy) and skills (Education). This has strong bearing on the sector's ability to meet its strategic goals.
- g) The robustness of the sector is a subject of the quality of skills and multiplicity of knowledge among the service providers across the entire Sector value chain. The delivery and realisation of this critical aspiration is unlikely to be met. Neither the Tourism Sector nor that of education has allocated the required resources for skilling in the Financial Year 2017/18.

- h) The two strategic tourism training institutions (HTTI in Jinja and the UWTI) were transferred to the Ministry of Education and Sports in 1998. It was erroneous for these two strategic institutions to be transferred to education, without a clear role of the tourism ministry.
- i) Despite the contribution of the Tourism Sector to GDP and the centrality of a skilled workforce, the two strategic skilling institutions (HTTI and UWTI) are classified under BTNET and lumped together with other non-strategic institutions, without any special considerations.
- j) Domestic and international tourism promotional interventions such as marketing collaterals, media tourism support activities, branding and engagement in international tourism-related activities constitute the largest share of underfunded interventions in Financial Year 2017/18. Again, the Sector has failed in this core area of promoting and attracting more tourists.
- k) Uganda boasts of a variety of wildlife species that are a main tourist attraction. However, numbers are plummeting because of poachers, diseases and invasive species that drive them away. Animals such as lions, rhinos, chimpanzees, African wild dog, Mountain Gorillas, Giant African Water Shrew, Moon Shrew (Endemic to Uganda) and Ruwenzori Otter Shrew – to mention but a few – are now endangered species.
- l) In 2016, the Sector piloted the standardisation of hotels and related services. The delayed rollout of the process throughout the country is hampering quality assurance in the hospitality sub-sector. Uganda and Burundi are the only EAC countries without recognised hotel assessors, a key feature to beginning region-wide hotel standardisation.
- m) Sector allocations are devoid of actualising the previous parliamentary resolution to have several aggressive local tourism promotions and incentives to attract more Ugandans and increase their awareness of the diverse nature of wildlife the country has to offer.

Alternative sector-specific proposals

The Tourism Sector priority setting and implementation makes sense if seen through a value chain approach. This is one sector that requires strong inter-sectoral linkages as well as public-private synergetic arrangements to meet its strategic aspirations. Workable policies and sectoral allocations make sense and produce more results if they are conceptualised through a chain approach.

Tourism Sector Value Chain Approach



Considering the value chain analysis in Figure 3 above, the following are our policy stand points:

- Uganda's foreign missions, especially those in critical source countries, must be given target tourist numbers to achieve in specific periods. Together with Uganda Tourism Board (UTB), they are critical players at the very first stage of the tourism value chain.
- Harness the local tourism potential to compliment the international tourism season that is short and largely dependent on several factors, including conditions in source countries. A

progressive policy is one that involves a balanced mix of local and international tourism promotions and incentives with an intention of having local tourists make tourism a complete all-year round intense activity.

- c) Our longstanding policy proposal is to incentivise local tourism by offering exclusive local tourist packages that are affordable so the sector can profit from increased demand all year round. Many Ugandans are flying to outside countries that offer cheaper services than Uganda.
- d) Without a national carrier, the Sector will not meet its strategic aspirations. It is more than essential that the country gets its planes back in the air. In the meantime, strategic collaborations with selected airlines, especially those plying major source countries, are critical if the sector is to boost tourist numbers. Reduced costs of air travel connected with incentives for accommodation and travel to final tourist destinations will incentivise those keen to visit. In addition, efforts to domesticate the East African airspace should be fast-tracked to encourage and attract tourists from within the East African Community.
- e) The Sector is lagging behind in as far as the use of modern technology is concerned. Our policy proposal is to institute public-private partnerships that will introduce virtual tourism centres in all hospitality/standardised hotels. The ability to produce innovative and affordable aerial videos and photographs is one of the primary reasons drones have created a stir in this industry.
- f) In addition, we propose to harness the use of modern technology to identify, monitor and protect wild and endangered species by use of microchips, drones, tags and scanners. We are proposing a public-private partnership involving researchers, biologists, ecologists, universities and conservationists to monitor animals in their natural habitats without being physically present with the animal.
- g) Furthermore, the use of modern technology will help the Government monitor animal movements as a preventive measure intended to solve the emerging animal-human conflicts as well as deter poachers who capitalise on the absence of rangers in game reserves and parks.
- h) Uganda has many indigenous breeds of wildlife that are now on the verge of extinction, which will have negative impacts on tourism in the country. To sustain the sector and diversify the experiences, our policy is to breed some of the animals facing extinction. This will facilitate biodiversity and save the species from extinction, provide insurance for future tourism and generate revenue from the sale of these animals to other countries.
- i) Uganda's current museum displays and exhibits ethnological, natural, historical and traditional life collections of Uganda's cultural heritage. However, Uganda has more to offer

than its history. A contemporary museum should be set up to display Uganda's history as it emerges.

1.0 Background to the Alternative Policy Statement

In line with Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006, the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet ministers. Within the same legal framework, under //Section 6E (4)//, the Shadow minister is mandated to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister of Tourism, Wildlife and Antiquities presents this Alternative Policy Statement for the Tourism Sector.

The Tourism Sector – Mandate, Vision and Strategy

The Tourism Sector is responsible for the management and regulation of activities related to the country's wildlife and cultural heritage conservation. The main sector is constituted of the Ministry of Tourism, Wildlife and Antiquities (MoTWA), the Uganda Wildlife Education Centre (UWEC), the Uganda Wildlife Authority (UWA) and the UTB. Programmes and interventions in the sector are aimed at developing and promoting tourism as well as conserving and preserving natural resources and cultural heritage. Through the Ministry of Tourism, Wildlife and Antiquities (MTWA), the state has committed to providing leadership that turns around the fortunes of the industry into an economic force in the nation by promoting Uganda as a highly competitive and preferred tourist destination. Sector operations and interventions are regulated by several policies and legal frameworks, including the Constitution of the Republic of Uganda (1995), Tourism Policy (2014), Tourism Act (2008), Uganda Wildlife Act (2000), and Historical Monuments Act (1967) as well as the Universities and other Tertiary Institutions Act (2001). All these policies and Acts mandate the Ministry of Tourism, Wildlife and Antiquities (MTWA) – in conjunction with the sector agencies – to set policy, oversee, monitor and coordinate the Tourism Sector development.

The sector currently designs and implements its interventions focusing on five core areas mainstreamed in the Tourism Sector Development Plan 2015/16 - 2019/20 (TSDP). The TSDP is built around the aspirations of the second National Development Plan and consistent with the Tourism Master Plan (2014/15 - 2024/25). The key sector interventions lie on the critical path of tourism development over the period 2015/16 – 2019/20. The sector interventions lie across five core areas, including marketing and promotion, human resource development, product development, natural and cultural resource conservation as well as tourism management and regulation.

Summary of the Ministerial Policy Statement

Under the provisions of the Public Finance Management Act, 2015, every minister responsible for a Vote is required to submit to Parliament a Ministerial Policy Statement for the proceeding financial year showing, among others: the achievements of the Vote for the previous year; the annual work plan, procurement and recruitment plans; a statement of actions taken by the Vote to implement the recommendations of Parliament and the cash flow projections of the Vote. The interventions of the sector are guided by the Tourism Sector Development Plan of 2015/16 - 2019/20.

In this respect, the MPS for the Tourism Sector was submitted to Parliament, highlighting the performance and plans for the following Institutions:

- a) Ministry of Tourism Wildlife and Antiquities (MoTWA);
- b) Uganda Tourism Board (UTB);
- c) Uganda Wildlife Authority (UWA);
- d) Uganda Wildlife Conservation Centre (UWEC);
- e) Uganda Hotel and Tourism Training Institute (UHTTI); and
- f) Uganda Wildlife Research and Training Institute (UWRTI)

Table 1: Programmes under the Sector

Vote	Programme
Vote 117 – Uganda Tourism Board	Tourism development
Vote 022 – Ministry of Tourism Wildlife and Antiquities	Tourism, wildlife conservation and museums general administration, policy and planning

Source: MPS FY2017/2018

2.0 Analysis of the Ministerial Policy Statement FY2017/18

Sector achievements, priorities and allocations

Achievements

The MPS reports several achievements in the Financial Year 2016/17. These achievements are at output level, including the enactment of legislation; inspection of conservation areas to oversee Government policy implementation; convening of sector-related events, and; processes initiated to diversify tourism products. However, the MPS does not report its achievements with evidence-based outcome indicators to clearly show how it is fulfilling its mandate of regulating and initiating programmes capable of transiting Uganda into an economic force based on its wildlife and heritage resources. There is a tendency throughout the MPS to focus on activities implemented and results at output level. A Ministerial Policy Statement should be indicating the sector's contribution towards the local economies and to the national development objectives. Specifically, the MPS should indicate the number of economic opportunities and jobs created at the regional and remote community levels and how this has diversified the livelihoods of the people. It is not enough to report the number of events officials in the sector have participated in (such as Miss Tourism and World Tourism Day). It is critical to report the number of visitors mobilised and ascertaining the monetary value of their stay in Uganda.

Priorities for Financial Year 2017/18

In the Financial Year 2017/18, the sector will focus on: strengthening the tourism policy environment; promoting and marketing Uganda as a high-value tourist destination; conserving and ensuring the sustainable utilisation of wildlife resources and enhancing tourism infrastructure and product development. These sector priorities rightly align with the Tourism Sector Development Plan (TSDP), under the five listed core priority areas:

- a) Tourism promotion and marketing;
- b) Tourism human resource capacity and development;
- c) Product development;
- d) Natural and cultural resource conservation; and
- e) Tourism management and regulation.

Some of the interesting sector priorities include the introduction of a cable car system in the Ruwenzoris. The cable car system will enhance the tourism experiences and equally work as a tourist attraction itself. In its attempts to diversify the tourism product range, the sector is in

the process of developing the Source of the Nile to international standards. While all these are commendable products, the MPS does not explain the additional value in terms of likely jobs and economic opportunities as well as potential for local economy development.

Sector Allocations

In respect to the sector projections in its development plan, evidence of allocations suggests a sustained gradual allocation over and above the five-year projections (see Table 2 and 3 above). For Financial Year 2017/18, the Tourism Sector Development Plan (TSDP) projected UGX16.9 billion yet the allocations in the Financial Year 2017/18 MPS indicates a total allocation of UGX27.256 billion. This is despite its overall contribution to the country's GDP, estimated at 9% (equivalent to UGX7,270 billion).

Table 2: Budget allocations to the sector 2014/15 – 2017/18 (billions)

Budget allocation (billions)		2014/15	2015/16	2016/17	2017/18 Projections
	Wage	2.49	3.19	3.64	3.808
Recurrent	Non-wage	12.42	18.28	18.77	17.456
	Total Rec	14.91	21.47	22.41	21.264
	GOU	3.32	9.32	6.32	5.992
Development	Ext. Fin.	0	0	0	0
	Total Dev't	3.32	9.32	6.32	5.992
Total Budget(excl. Arrears, Taxes & AIA)		18.23	30.79	28.73	27.256
Arrears		0	0	0	0.093
Taxes		0.35	0	0	
AIA		56.14	68.77	67.78	71.992
Total Budget (incl. Arrears, Taxes & AIA)		74.72	99.56	96.51	99.341
National Budget		15.829.71	23.972.26	26.360.44	29.608.64
As a %age of the National Budget		0.47%	0.42%	0.37%	0.34%

Source: A report on budget allocations across sectors in Uganda by OLOP (2017)

Analytical observations

It is evident that budget allocations to the Ministry of Tourism, Wildlife and Antiquities was high in the financial years 2014/2015 and 2015/16, denoted by UGX74.72 billion and UGX99.56 billion respectively. In the Financial Year 2016/2017, there was a drastic decline in budget allocation to UGX96.51 billion. In the Financial Year 2017/2018, funds worth UGX99.341 billion have been allocated to the Sector, representing a slight increase of UGX2.8 billion as tabulated

above. Allocations to the Tourism Sector as a percentage of the National Budget have been decreasing despite an increase in the total national budget (Resource Envelope) and this is unrealistic. For example, in Financial Year 2014/15, the overall budget was UGX15,829.7 billion and the sector had a 0.47% share. In Financial Year 2015/2016 – with a total National Budget of UGX23,972.26 billion – the Sector received only a 0.415% share. For the case of Financial Year 2016/2017, out of the national budget amounting to UGX26,360.44 billion, the Tourism Sector got 0.366%.

The Financial Year 2017/2018 has made the Tourism Sector experience a continued decline in its allocations to only 0.336% of the total National Budget of UGX 29,608.64 billion. This is a deviation from the National Objectives and Directive Principles of State Policy No. VIII as indicted in the Constitution of the Republic of Uganda. It reads, “Provision of adequate resources for organs of Government”. It adds, *‘The distribution of powers and functions as well as checks and balances provided for in the Constitution among various organs and institutions of Government shall be supported through the provision of adequate resources for their effective functioning at all levels.’*

Table 3: Approved and projected MTEF Development Expenditure (Billion shillings)

Institution	Approved							
	FY2012 /13	FY2013 /14	FY2014 /15	FY2015 /16	FY2016 /17	FY2017 /18	FY2018 /19	FY2019 /20
MTWA	2.2	3	3.5	8.8	8.8	9.6	13.6	19.4
UWA	9	10	22	3	5	6	7.6	9.5
UTB	0	0	0.5	0.6	1	1	1.3	1.7
UWEC	0.7	0.7	0.5	0.5	0.4	0.3	0.3	0.2
HTTI	0	0	0	0	0	0	0	0
UWRTI	0	0	0	0	0	0	0	0
Total GoU	11.9	13.6	26.6	12.9	15.2	16.9	22.8	30.8
External Financing	0	3.091	0.724	0	0	0	0	0
Total available	11.9	16.691	27.324	12.9	15.2	16.9	22.8	30.8

Source: Budget Framework Paper, 2013/14 – 2017/18 and Forecasts for 2018/19 – 2019/20

Table 4: The list of unfunded priorities for the Tourism Sector for Financial Year 2017/2018

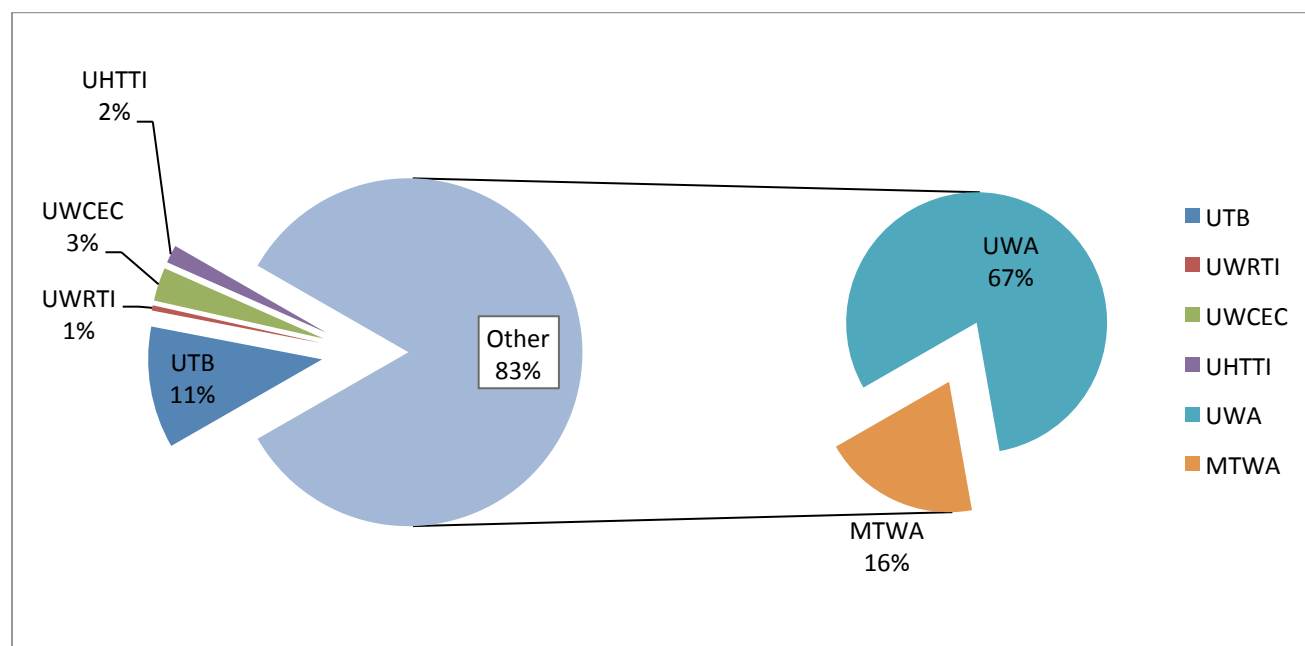
S/NO	ISSUES	FUNDING GAP IN BILLIONS
1	Inadequate wage provision.	0.55
2	Inadequate skills across the tourism value chain.	2.5
3	Staff capacity gap at UTB.	1
4	Inadequate research to inform tourism planning.	0.5
5	Domestic tourism promotion activities intensified.	1.8
6	Support the media to play an effective positive role in the promotion and marketing of tourism within the country and abroad.	4.87
7	Quality assurance framework implemented.	0.5
8	Increase and enhance the country's presence in the new source countries such as China. 4 PR firms deployed in SE Asia and Oceania (Japan, China, Australia, S. Korea) supported to intensify the marketing and promotional activities.	5
9	Marketing collaterals (in English, Germany, Chinese, French and Latin) developed and distributed.	2.3
10	Participation in international travel exhibitions intensified.	2.1
11	Develop a Uganda Tourism Brand and undertake branding.	0.9
12	Enhance commercial diplomacy to increase focus on tourism promotion and marketing by Uganda's mission abroad.	1.5
13	Helicopter to be used for aerial surveillance of the protested areas, animal counts, emergency rescue, de-herding problem animal.	7
14	Drones for aerial surveillance and intelligence information.	4.5
15	A feasibility study on electric fencing of Lake Mburo, Queen Elizabeth and Murchison Falls.	0.7
16	Valley dams for wildlife in water stressed areas.	2
17	Road unit (road equipment) to maintain the road network in the Savana parks and removal of invasive species.	6.3
18	UWSC to strengthen rescue and rehabilitate captive animals.	1
19	Infrastructure for Wildlife Research at UWRTI.	0.5
20	Automated revenue management at UWA.	2
21	Other implementation of wildlife policy.	1
22	Human/wildlife conflicts mitigated through interventions including beehives, chili and Mauritius thorns.	1
23	Boundary pillars along boundaries.	1
24	Development of Namugongo Master Plan.	2.78
25	Development of Namugongo Martyrs shrine.	29.03
26	Undertaking detailed feasibility studies for the establishment of a cable car.	4.2

S/NO	ISSUES	FUNDING GAP IN BILLIONS
27	Undertaking detailed feasibility studies for the establishment of canopy walk bridges in Kibale National Park and Bwindi.	1.8
28	27. A master plan for Namugongo Martyrs Shrine.	2.5
29	Undertaking area development plans for Kalagala and Itanda tourism sites under PPP arrangements.	0.8
30	Undertaking detailed feasibility studies for the high-level bridge at Murchison Falls.	0.2
31	Promoting water sport on lakes and rivers to attract tourists: A Master Plan for the Lake Victoria from Entebbe to Luzira drawn.	4
32	Mugaba Palace restored (Refurbishing the main building).	1
33	Expansion of the National Museum (The ministry has already secured designs and BOQs to the tune of UGX8.0 billion to construct more galleries and a theatre).	8
34	Supporting the Uganda Wildlife Education Centre to establish a marina and operationalise a tourism circuit on Lake Victoria as part of the domestic and international tourism development	1.5
	TOTAL	106.33

Analytical observation

1. There is a slight increase in the budget allocation for the sector up from UGX96.51 billion in the current Financial Year to UGX99.341 billion (2.9%) (Including arrears) in 2017/2018. Unfortunately, the sector continues to have elevated level of unfunded and underfunded priorities, amounting to UGX106.63 billion.
2. In the table for critical (unfunded and underfunded) priorities for the Financial Year 2017/2018 on issue NO.11 (Develop a Uganda Tourism Brand and undertake branding), UGX1 billion is required but only UGX0.1 billion has been allocated, leaving a balance of UGX0.9 billion. The allocation is very minimal for branding Uganda as a tourism destination.

Figure 1: Proposed inter-sectoral allocations (billion shillings)



Source: Tourism Sector MPS 2017/18

The UWA is projected to be allocated UGX66.49 billion, representing 66.9% of the total sector allocations. This indicates that UWA is the sector priority agency by the institution's projected allocation. In the last ten years, the Tourism Sector – particularly the wildlife businesses – have continued to show a consistent positive trend and contribution to Uganda's economy. In 2015 alone, tourism was recorded as Uganda's largest export service industry with a total contribution of UGX4,890 billion, equivalent to 23.5% of total exports.

The first critical observation emerging is that the tourism is heavily reliant on the efficiency and effectiveness of other sectors to meet its development objectives. An analysis of the prioritisation of Tourism Sector priorities within other sectors of Government presents a different picture. Tourism human resource capacity and development falls under the Ministry of Education and Sports, while natural and culture resource conservation is a responsibility of the National Environmental Management Authority as well as Ministry of Gender, Labour and Social Development.

Three (3) of the six (6) core sector challenges are the mandate of other sectors, including infrastructure (Works and Transport), limited and unreliable power supply (Energy) and skills gaps and low labour productivity (Education). The Tourism Sector Development Plan categorically mentions the "low level of tourism skills throughout the national tourism value chain at managerial, technical, operational and in key supporting functions both in Government and private sector". Unfortunately, the mandate to develop and deliver the tourism curriculum

lies with the Ministry of Education and Sports, with a very limited influence from the Tourism Sector.

The second observation is that the robustness of the sector is a subject of the quality of skills and multiplicity of knowledge among the service providers across the entire sector value chain. While human resource development is at the centre of the TSDP, the delivery and realisation of this critical aspiration is unlikely to be met. Neither the Tourism Sector nor that of education has allocated resources towards tourism-related human resource skilling.

Thirdly, we note the fact that two strategic tourism training institutions (HTTI in Jinja and the UWTI) are under the Ministry of Education and Sports, courtesy of a 1998 re-structuring report of Government ministries that recommended a harmonisation and rationalisation of the training functions and subsequently the transfer of departmental training institutions to the ministry in charge of education. The emerging conclusion is that it was erroneous for these two strategic institutions to be transferred to the Ministry of Education and Sports without a clear entry influence and oversight role of the tourism ministry. This is underpinned by evidence of planning and allocation within the education MPS, which indicates that the MoES is struggling to prioritise hotel and tourism training with unmet funding to the two specialised training institutions in the country.

Under the Ministry of Education and Sports, HTTI and UWTI are classified as BTVET institutions and bundled together with other less and non-strategic institutions without any special considerations despite being critical skills multiplier and enhancer institutions in the Tourism and Hospitality Sector, currently ranked as the country's largest service industry contributing 23.5% of total exports earnings. The country has only two public hotel and tourism training institutions, admitting an average annual enrolment of 300 students – all at diploma and certificate levels.

Government should forget about oil and gas and focus on fully tapping the country's tourism potential because this will catapult Uganda as a leading tourist destination with affirmative ramifications to its export earnings and Balance of Payment equilibrium. The rewards are monetary but equally sustainable and the dividends easily trickle down to communities, hence accelerating the country's socio-economic development aspirations. A MTWA and World Bank survey found out that "\$1 of expenditure by a foreign tourist generates – on average – \$2.5 of GDP compared to \$2.3 from the traditional exports. The total impact includes the indirect value added along the supply chain, plus the induced effects of households spending the wages generated."

Policy simulations show that attracting 100,000 additional leisure tourists to visit Uganda would add 11% to exports and 1.6% to GDP, (World Bank, 2013). The Uganda Tourism Board, a statutory body mandated to promote tourism locally and internationally is projected to receive

only 13% of the sector allocation, which is equivalent to UGX11.513 billion (USD3.1 million) for both its wage and non-wage expenditures. In the Financial Year 2017/18 projections, tourism promotion activities are the least-funded but also constitute the largest share of underfunded interventions. No wonder evidence from the economic and statistical analysis of tourism by MTWA and World Bank indicates that only 5% of all tourists who come to Uganda use the UTB website as their main source of information.

Service quality and integrity of tourism products are at the core of any competitive destination and, within the EAC, these remain problematic. Many primary tourism assets are expensive to access, poorly managed, and are in deteriorating conditions. Furthermore, service standards are particularly low in some EAC countries, often resulting in disappointing levels of visitors' satisfaction.

MPS compliance with the Public Finance Management Act (2015 and NDP II

Pursuant to Section 13(6) and 13(7) of the PFMA, the National Planning Authority assessed the projected sector budget and the extent to which it complies with the objectives of the National Development Plan II, Charter of Fiscal Responsibility and the Budget Framework Paper. As noted earlier, the Tourism Sector is one of the critical growth areas of the NDP II expected to drive Uganda to lower middle income status by 2020. Overall, the Tourism Sector compliance is presented below.

Table 4: Tourism Sector Alignment to the NDP II, BFP and CFR

Institutions under	Planning	Public Investment Planning	Alignment		Budget performance
The Tourism Sector			BFP AB		
Ministry Tourism, Wildlife and Antiquities	100	100	79	100	50
Uganda Tourism Board	75	100	100	100	
Hotel Tourism and Training Institute	0				
Uganda Wildlife Education Centre	100				
Uganda Wildlife Research Training Institute	0		100	100	

Source: NPA Certificate of Compliance FY2017/2018

As evidenced in Table 4 above, the Tourism Sector priorities in the MPS are clearly aligned to the NDP II (100%), BFP (79%) and CFR (100%). The sector MPS is explicit on how its proposed interventions relate to the sector broad vision and strategy embedded in the Sector Development Plan, which is well aligned to the NDP II development objectives.

MPS compliance to the gender and equity requirements

The sector compliance to the gender and equity requirements was undertaken by the Equal Opportunities Commission (EOC) which gives effect to the state's constitutional mandate to eliminate discrimination and inequalities through affirmative action with the intention of redressing imbalances which exist. The overall sector performance was good, scoring 68% with favourable comments regarding compliance to several strategic objectives and specification of gender and equity sensitive outputs. The only challenge was the limited highlight of progress on gender and equity specific outcome indicators for the Financial Year 2016/2017.

3.0 The Alternative policy shift

Strategic understanding of the sector

The first step that the Shadow Cabinet has undertaken is to recognise that unlike many service delivery-oriented Government sectors, tourism is a business – primarily a private sector business – driven by global demand and value chain partnerships. The second step was to deepen our knowledge of the sector by engaging entrepreneurs and managers of local Destination Management Companies (tour companies, hotels, lodges) to give us their strategic understanding of the opportunities and obstacles to the growth of Uganda's Tourism Sector.

The Opportunity – What Uganda has to offer

While Uganda occupies only 0.02% of the world's land mass, Uganda is richly endowed with:

- A. 53.9% of the world's gorillas and a large primate population in our tropical rain forests in Mgahinga, Bwindi and Kibale. In Kibale, we have 13 primate species and over 1,400 chimpanzees in a 795-square kilometre area, one of the highest volumes and concentrations of primates in the world.
- B. Grassland parks containing the "Big Five": lions, elephants, leopards, rhinos and buffaloes (Kidepo, Murchison and Zuiira Ranch/Nakasongola).
- C. The Ruwenzori Mountain block is Africa's highest, a top hiking adventure opportunity, one of the top 15 in the world. It is crossed by the Equator, yet has a permanent snow cap and offers great scenic views of mountains, lakes and snow.
- D. The River Nile and its source, plus lakes Victoria, Albert, Edward and George. We have great scenic views and almost all-year rafting opportunities.
- E. At Murchison, tourists can see the entire River Nile gush powerfully through a canyon only six (6) metres wide, but 32 metres deep.

- F. The cruise potential of the Albert Nile from Murchison to Nimule is 222km, with access to the Aswa, Ajai and East Madi game reserves where elephants can be seen.
- G. While North America has only 930 bird species (but earns USD100 billion from bird-watchers), Uganda has 1,056 bird species in possibly the highest bird concentration per kilometre globally.
- H. Uganda has something everywhere: from our great weather to Mount Kadama in Karamoja (which is the same shape and size as South Africa's Table Mountain but higher by 130 metres and overlooks the Pian Upe Game Reserve) to the traditions of the Iki tribe, Kidepo Park (the least man-disturbed park in Africa), Fort Patiko (the former slave route camp in Gulu), Ssesse Islands (84 isles including 10 of the most hidden islands in the world), Kasubi Tombs and the rich history of Buganda and Busoga, the potential of Lake Victoria and its hundreds of miles of beaches as well as the seven (7) Bahai Temples in the Africa. This list is by no means exhaustive.

What are we getting from this potential?

- A. While Kenya records 6.3 million arrivals at Nairobi airport alone and 8.8 million arrivals annually per year from all its airports, Entebbe receives only 1.3 million arrivals per annum. Entebbe's volume compares with Mombasa Airport.
- B. Nairobi has 28 big shopping malls, supported by dozens of restaurants and accommodation facilities which are always busy, while Uganda's few and smaller malls are seeing many businesses closing.
- C. Kenya receives 59,000 Ugandan tourists a year, with embarrassingly less than half of that number coming to Uganda from Kenya.
- D. While Uganda does not have a national carrier, Kenya Airways has recently announced the introduction of direct flights from Nairobi to New York and many other source destinations.
- E. Uganda was East Africa's No. 1 tourist destination until the Idi Amin military coup in 1971 and the three decades we lost to insecurity thereafter. Kenya's now famed tourism manpower resource base was built up using exiled Ugandans. Kenya is using Kenya Airways to block foreign tourists from adding Uganda to their Kenyan holidays and ring-fence them from discovering the richness of our tourism potential by making the air mile on the Nairobi-Entebbe-Nairobi route the most expensive in the world. While a tourist flying from Zurich to Amsterdam will pay USD200 for a 1.5-hour trip, that tourist would need to spend USD500-600 for a one hour return trip from Nairobi to Entebbe and back. The Entebbe route alone earns Kenya Airways USD300 million a year.

- F. While our big Table Mountain – Mt Kadama in Nakapiripirit – is unheard of outside Karamoja, the lower altitude Table Mountain in South Africa is a huge global attraction.
- G. While Uganda has the Source of the Nile and the untapped potential of Lake Victoria – the world’s largest fresh water lake – and we earn just USD1.4 billion in tourism a year from 1.4 million arrivals, Egypt markets the Nile and the Mediterranean coastline plus other attractions and attracts 900,000 arrivals a month.
- H. While we could compete strongly with South Africa, we receive only 1.4 million arrivals at Entebbe, yet South Africa receives 50 million arrivals a year. Tanzania’s Kilimanjaro Airport alone is getting four million arrivals a year.
- I. Uganda is losing its share of African tourism to Kenya, South Africa, Rwanda, Tanzania, Botswana, Egypt, Morocco and Tunisia. We are spending in the range of USD2 million annually on tourism marketing and publicity and competing with countries spending USD25-78 million a year. Most of the budget of the Uganda Tourism Board goes to wages and other administrative/non-promotional cost centres.
- J. We have the bulk of the world’s Mountain Gorillas but Rwanda has drawn away the bulk of the gorilla tourists with such innovations as new-born baby gorilla naming ceremonies. Rwanda’s gorilla tourism demand is growing so sharply that they have recently increased the price of gorilla permits to USD1,500.
- K. As a result of the huge demand for Kenya beds, lodges in the Maasai Mara National Park have 4,600 beds while all of Uganda’s parks and game reserves have only 1,300 beds due to low demand. Kenya has 80% of East Africa’s hotel rooms.

What’s holding back Ugandan tourism?

- A. Feedback from sector entrepreneurs says this is a private-sector led industry but one that is extremely dependent on Government support for take-off, growth and sustainability. The Government has done well to split the Ministry of Tourism, Wildlife and Antiquities from that of trade and industry for sector focus and has tarmacked many of the tourist roads (Kampala to Kabale, Kampala to Hoima/Masindi and is working on Hoima-Kyenjojo). It now takes two-and-a-half hours to get to Murchison Falls from Kampala. However, Government has failed to man its institutions with strong marketing management manpower and is struggling to market and promote Uganda’s potential.
- B. We do not only have low supply of beds, flights and other vital hardware inputs, but we have also substantially failed to implement the demand-side software push in Western and Asian consumer markets and we do not really have a strategy worth talking about. Tourists

we need do not know about Uganda and we have no strategic relationships with the huge value-chain players in Western and Asian tour and travel agencies

- C. Tourists are put off if connecting flights to any destination require more than a three-hour waiting period in transit. Uganda has no national airline carrier and few direct flights to any of the destinations that would generate our supply of tourists.
- D. We have no local capacity to train the 3,000-person core of senior, middle-ranking or junior staff for the tourist industry. The big jobs are largely occupied by Kenyans and Indians. Most of the training institutions are struggling to deliver due to inadequate funding.
- E. Tourists would usually prefer to fly to inland destinations if affordable and Government has rehabilitated several inland air strips but because of the low demand and volumes, our inland flights are extremely expensive. A flight from Entebbe to Kihhihi to see the gorillas costs USD480 with Aero Link (Air Kenya).
- F. We have no vision or strategy for the development of conference tourism despite our strategic location.
- G. With all our potential, Uganda's tourist industry has only created 230,000 direct jobs and another 310,000 indirect jobs. This is despite the globally researched fact that every tourist visiting and spending at least USD1,000 creates one job. If we could triple the arrivals to four million visitors in the short term, we would create another 400,000 jobs by 2020.
- H. While our marketing efforts are led by technocrats, we compete with countries like Kenya whose president personally travels to Germany to pitch his country to the three largest tour and travel agencies in the world, and to stand up in person for Kenya's exhibition sites.

4.0 The alternative approach

- A. Create a better resourced Uganda Tourism Authority (UTA) to replace the Uganda Tourism Board. Staff it with top-notch marketing professionals, capable of operating competitively on the world tourism market. Task the authority to develop a broad sector strategy that seeks to market the potential, build the value chain relationships, grow the demand, build the travel infrastructure, build the human skills base and supply the beds and conference facilities.
- B. The President needs to appoint a strong executive to head UTA, a CEO he can give the kind of access, funding and authority now seen at UNRA and KCCA. The President needs to adopt this sector as a presidential project with a priority equal to his passion for investors in manufacturing.

- C. We need ambitious growth targets of at least four million arrivals by 2020, up from the current 1.4 million, with a more aggressive growth curve across 2021-2026. The immediate next step is to build Government's institutional capacity: knowledge, attitudes, passion and resources.
- D. Government needs to invest in tourism like a businessman sitting in an international value chain that is extremely demand-driven. The investment in tourism publicity and marketing needs to go up from USD2 million to at worst USD10 million a year with the budget growing annually for at least 10 years.
- E. Uganda currently retains three international public relations firms who have had a positive impact but a modest one compared to that of Kenya which retains 18 such PR firms. Uganda's PR firms currently do public relations only and have won us global tourist magazine accolades: most friendly people, etc. However, Egypt and other rivals are investing heavily in international television repeat advertising, pitching direct to consumers. We need a much wider and heavier footprint both at the trade intermediary and consumer levels.
- F. Uganda also needs to decide on a targeting strategy: low-end/high-volume vs high-end/modest volume vs mid-end/medium volume. Given our very low start-off point and the scarcity of investment resources for marketing and PR, a national carrier/lack of cheap direct flights, beds and conference facilities, skilled manpower and other requirements, it would not be viable for Uganda to target the high-volume low-end market in the short to medium term. Our most viable strategy would be to start with the low-volume/ high-end spenders in Germany, the U.K., the Americas, Japan, South Korea and Australia as well as Kenya. We can then target higher volume segments as we build capacity and vital facilities in adequate volumes.
- G. To build short to long term relationships and demand, we need to pitch to the three largest trade marketing operators in the world: Tui, Meier and Thomas Cook, all of whom are based in Germany. To get a sense of the scale of these companies, Meier's Frankfurt headquarters occupies seven buildings the size of Workers House in Kampala and the company is traded on most of the world's big stock exchanges. These companies do not only promote destinations and book tour and travel for tourists, but they also often provide chartered flights to carry them directly and affordably to their destinations without inconvenient stopovers. None of these big three operators market Uganda. Why? We have not engaged them. While a private Ugandan tour operator has tried to reach their doorsteps as a private individual, he was competing with the presidents of Kenya and Botswana. We need to pitch at presidential level, the top executives of the big tour operators in Europe, America, Asia and Australia and invest aggressively in publicity and television, internet and magazine/

brochure marketing and exhibitions. Uganda's exhibition stands at events like the ITB have been pitifully modest.

- H. Getting huge tour operators like Thomas Cook to come here would require them to see us scale up our PR and marketing budgets and footprint. But other measures will be necessary such as waiver of landing fees for their charter flights as well as joint country and tour operator planning for consumer marketing with Uganda carrying the cost. We need to tell them our potential, build the relationships and introduce our local Destination Management Companies (hotels, lodges, museum, and park operator among others). We also need to pitch international airlines to fly directly to Entebbe, and/or to offer convenient transit connections.
- I. With an investment of USD50-100 million over the next five (5) years, Uganda could draw in over USD20 billion in tourist spend across that period. There would be a commensurate growth in employment (drivers, tour guides, hotel and lodge staff/waiters, cooks, laundry and housekeeping, game rangers among others) with the potential being one million direct jobs and a commensurate growth in jobs and tax revenue from forward linkages to suppliers of fuel, food, brochures, and everything else consumed by the tourist industry. Research by the United Nations shows that every USD1,000 tourist spends creates one job in the destination country. Botswana and Namibia are implementing the kind of strategy recommended here and all their rooms and beds are fully booked a year in advance. Their challenge is to increase room and bed supply. Excluding investment in a national airline carrier, tourism is a low-cost, high-yield, quick-win GDP-growing investment for Uganda. This is an industry with massive potential to employ young people.
- J. To keep our local destinations competitive, Government should zero-rate hotels and tour and travel companies for Value Added Tax. The gain will be in corporation tax and jobs.
- K. While there are many understandable doubts about the need for and viability of a national airline carrier, Uganda needs its own airlines to break Kenya's ring-fencing of East African visitors and most of all to offer direct long-distance flights to tourists from the target countries. A new national airline would have a different strategy from the old Uganda Airlines, which principally carried trade importers to a few destinations in Europe. Government should recruit experienced airline executives to help us plan and set up an airline whose principal purpose is to help stimulate the tourism market for an inland country with immense potential, but no reputation. We would need to joint-market Uganda and its airline to build passenger volumes on viable tourist routes.
- L. Alongside the above initiatives, Uganda needs to position itself as a tourism conference destination. Lake Victoria and its beach, scenic and cruise potential is a viable building block we should pitch to experienced large international conference facility investors from

countries such as China and India. Uganda would need to draw in other investors to build adjacent beach hotels. Most importantly, Uganda needs to start spending on membership and promotion in international conference and speaker bureaus which often determine conference venues. The joint marketing of our Game Parks, mountain and scenic adventure potential, alongside conferences, offers great possibilities.

M. Making all this happen requires a strong presidential commitment to the development of this sector.

Summary of alternative policies

- A. Establish Uganda Tourism Authority to replace Uganda Tourism Board.
- B. Appoint a strong executive to head UTA.
- C. Invest highly in tourism publicity and marketing from the current USD2m to USD10m per year
- D. Build Government institutions' capacity in terms of knowledge, attitudes, passion and resources towards the Tourism Sector.
- E. Strong presidential commitment to the development of the sector.
- F. Fast-track the National Airlines.
- G. To keep our local destinations competitive, Government should zero-rate hotels, tour and travel companies for Value Added Tax. The gain will be in corporation tax as well as jobs.
- H. Uganda positioning itself as a tourism destination country.

Expected outcomes

- A. Uganda Tourism Authority established.
- B. Strong executive appointed to head the Uganda Tourism Authority.
- C. High investments by Government in tourism publicity and marketing.
- D. Development of the sector based on strong presidential commitments.
- E. Uganda placed as a strong destination country through extensive marketing.
- F. Government institutions' capacity built in terms of knowledge, attitudes, passion and resources towards the Tourism Sector.
- G. Uganda National Airlines fast-tracked.

Conclusion

There is need to be mindful of the environment, biodiversity, cultural and landscape qualities that constitute the highest percentage of tourism products which can improve the quality of life of Ugandans if well managed. The bulk of tourism is still nature-dependent. The environment is a risk gift, which should be preserved for the future but also as the extraordinary driving force for expanding tourism.

Given that the NDPII Financial Year 2015/2016 to Financial Year 2019/2020 prioritises investment in five areas with the greatest multiplier effect on the economy and tourism is the second in hierarchy, commendable efforts in terms of funding needs to be added to the Sector.

ALTERNATIVE POLICY STATEMENT FOR TRADE, INDUSTRY AND COOPERATIVES SECTOR FOR FINANCIAL YEAR 2017/18

Executive Summary

The Ministry of Trade, Industry and Cooperatives formulates, reviews and supports policies, strategies, plans and programmes that promote and ensure expansion and diversification of trade, cooperatives, environmentally-sustainable industrialisation, appropriate technology development and transfer to generate wealth for poverty eradication and benefit the country socially and economically.

Specifically, this ministry is charged with:

- Increasing the share of manufactured goods and services in total exports.
- Improving private sector competitiveness.
- Increasing market access for Uganda's goods and services in regional and international markets.
- Improving the stock and quality of trade infrastructure.
- Promoting the formation and growth of cooperatives.
- Enhancing the capacity of cooperatives to compete in domestic, regional and international markets.
- Increasing the diversity in type and range of enterprises undertaken by cooperatives.

The emerging issues are:

- Limited funding for the Sector
- Low budget absorption capacity
- Failure to revitalise the cooperatives
- Lack of a competent governing body for the ministry
- A number of subventions lack strategic plans and Vote status

- Decline in export earnings
- Existence of cumbersome non-tariff barriers
- Lack of access to affordable credit facilities
- Existence of a large informal sector
- There is no focus in harnessing areas of comparative advantage
- Uganda is a dumping ground for fake goods
- Uganda National Bureau of Standards (UNBS) lacks modern labs
- Poor infrastructure
- Environmental degradation and pollution
- High taxes
- The high cost of electricity
- Inadequate skilled labour
- Lack of local content
- Lack of protectionism for local industries
- Lack of incentives for local investors
- Useless law on profit-repatriation
- Foreign exchange fluctuations
- Industrial parks are vacant and not well distributed
- Landlords still charge rent in foreign currency

Alternative policy proposals

- Increase budget allocation to the sector
- Enforcement and amendment of laws
- Revitalise cooperatives by full funding
- Formulation of a Regional Industrial Park plan
- Reduce the number of Votes
- Establishment of a Trade and Industry Bank
- Establishment of an advisory department within the ministry
- Awareness campaigns
- Collecting and studying feedback
- Engaging development partners
- Regional infrastructure development plan
- Subsidies for local investors
- Widen tax base
- Subsidise the cost of electricity
- Promotion of agro-processing firms
- Pursue areas of comparative advantage

- Investment in human capital development
- Promotion of green technology

1.0 Background to the Alternative Policy Statement

In line with Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006, the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet ministers. Within the same legal framework, under Section 6E (4), the Shadow Minister is mandated to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister of Trade, Industry and Cooperatives presents this alternative policy statement.

The Trade, Industry and Cooperatives Sector

The key ministry for this subsector is the Ministry of Trade, Industry and Cooperatives (MoTIC) with agencies that include: Uganda Export Promotion Board; Uganda Free Zones Authority; Uganda Development Corporation; Uganda Industrial Research Institute; Uganda Bureau of Standards; and Management Training and Advisory Centre. Under Trade, Industry and Cooperatives Sector, the NDPII outlines seven strategic objectives in line with Vision 2040, which are intended to be the main budget drivers over the planned period. These are:

- Increase the share of manufactured goods and services in total exports;
- Improve private sector competitiveness;
- Increase market access for Uganda's goods and services in regional and international markets;
- Improve the stock and quality of trade infrastructure;
- Promote the formation and growth of cooperatives;
- Enhance the capacity of cooperatives to compete in domestic, regional and international markets; and
- Increase the diversity in type and range of enterprises undertaken by cooperatives.

Mandate

The mandate of the ministry is to formulate, review and support policies, strategies, plans and programmes that promote and ensure expansion and diversification of trade, cooperatives, environmentally sustainable industrialisation, appropriate technology development and transfer to generate wealth for poverty eradication and benefit the country socially and economically.

Statement outline

The Alternative Policy Statement is outlined as follows:

- Background to Alternative Policy Statement presents the legal provisions, sector overview and statement outline;
- Situational analysis of Ministerial Policy Statement highlights the budget allocation, key outputs and gaps; linkages and opportunities, and; risks;
- Alternative Policy Proposals details alternatives key focus areas and anticipated key outputs; and
- Conclusion gives a summary of the proposed alternatives.

2.0 Situational analysis of the Government Ministerial Policy Statement

Sector Budget Allocations

The Trade, Industry and Cooperatives sub-sector falls under the Tourism, Trade and Industry Sector.

Table 1: Sector Budget Allocations for FY2011/12- FY2017/18

Financial year allocations (billion shillings)							
Sector	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Tourism Trade & Industry	60.62	80.91	64.21	128.07	158.52	188.79	110.34
National Budget	10,616.3 1	11,825.9 6	14,032.6 9	15,829.7 1	23,972.2 6	26,360.4 4	29,608.6 4
Sector % share of National Budget	0.6	0.7	0.5	0.8	0.7	0.7	0.4

Source: Sector Budget Framework Papers

The sector share of the national budget has remained quite low – below 1%.

Figure 1: Showing inter-sectoral budget allocation for the FY 2017/18 (billion)

Source: MPS 2017/18

The biggest proportion of the Trade, Industry and Cooperatives sub-sector budget was allocated to UNBS (31%), whereas the Uganda Warehouse Receipt System Authority received the smallest allocation (1%).

Table 2: Budget financing for the Sector Development Plan

Strategic objectives	2015/16	2016/2017	2017/2018	2018/2019	2019/2020	Total
Trade Development	33.483	98.18	101.12	70.31	69.56	372.653
Industrial Development	159.82	195.435	234.53	237.405	249.435	1076.63
Cooperative Development	10.931	14.106	13.156	12.546	12.926	63.665
Senior Administration and Management	26.261	28.11	19.908	19.728	18.492	112.499
Total	230.495	335.831	368.714	339.989	350.413	1625.44

Source: SDP (FY 2015/16-2019/2020)

The budget allocation to the sector for Financial Year 2017/18 is UGX110.344 billion as compared to the estimated cost for the plan for Financial Year 2017/18, valued at UGX368.714 billion. This clearly indicates that there is a budget financing deficit of UGX258.37 billion.

Key sector outputs for FY 2017/18

The following are the key sector outputs for Trade, Industry and Cooperatives

- Creating a policy and regulatory environment for trade that enhances wealth creation;
- Implementing the National Development Export Strategy to increase exports and selected priority products;
- Promoting local content and domestic trade through the “Buy Uganda Build Uganda” implementation strategy;
- The Uganda Warehouse Receipt System Authority shall sensitise and train 800 stakeholders on WRS cooperative business management and entrepreneurship;
- Establishing various agro-processing facilities across the country to promote value addition to the NDPII priority crops and products including cotton, coffee, tea, maize, rice, cassava, beans, fish, beef, milk, citrus and bananas; and
- Developing an MSME online digital registry based on existing information within Government organs to support synergies and coordination of Government interventions, including the classification of enterprises to extend customised support for the various clusters formed.

Sector gaps

Limited funding for the sector

The ministry's share of the total National Budget is 0.39% only, which is quite low given the fact that the sector is the engine for industrialisation and economic development in the long run. The strategic plan for the ministry has a funding gap of UGX78.45 billion for Financial Year 2017/18. The size of the commercial services conditional grant is still small to cause real impact in the Local Governments.

The revitalisation of Uganda Development Corporation (UDC) has continued to be hampered by inadequate budget allocations to support key NDPII priority areas including industrial development, increased adoption of efficient production and manufacturing technologies. Furthermore, Government funding does not show any commitment to revive cooperatives as only UGX3.672 billion was allocated. This is insufficient for the ministry to achieve its desired objective.

Failure to revitalise the cooperatives

Cooperatives' revival is one of the central components in the second National Development Plan (NDPII) but the current Government has failed to prioritise and allocate sufficient funds for revitalisation of cooperatives as a key sector of the economy that would drastically transform the Agricultural Sector.

Low budget absorption capacity

The Sector budget absorption rate for Financial Year 2016/2017 was 30%. This affected the implementation of key projects that would transform the sector.

Lack of a competent governing body for the ministry

There has been a delay in appointing a governing board or council to oversee all other agencies under the ministry. The boards of the other agencies have continued to oversee their operations on behalf of the ministry.

A number of subventions lack strategic plans and Vote status

Subventions within the sector such as the Uganda Development Corporation have huge annual budgets but do not have strategic plans. The lack of Vote status undermines effective planning, budgeting and implementation.

Decline in export earnings

Uganda mainly exports semi-processed and raw agricultural products, which are subject to price fluctuations. On top of this, Uganda's main export destination in the region – South Sudan

– has been having a war, which wrecked the economy. According to the *Daily Monitor* newspaper of 14 July 2016, Uganda was losing about UGX3 billion per day due to the South Sudan conflict. Consequently, for the 12 months from May 2015 to May 2016, Uganda's exports to South Sudan had declined by 31% from USD423.6 million (about UGX1.4 trillion) to USD290.8 million (about UGX981 billion).

Existence of cumbersome non-tariff barriers

There still exists non-tariff barriers (NTBs) such as customs documentation and administrative procedures, immigration procedures, quality inspection procedures and transiting procedures which are cumbersome, unstandardised and costly. The EAC has developed an online forum on which traders can report complaints regarding NTBs, which are then drawn to the attention of the relevant authorities. While this system shows awareness of the problems posed by NTBs, it is problematic in at least two ways: first, it fails to capture and address the experiences of traders who do not report problems and those who are deterred from trading by NTBs, and second, it offers only a case-by-case approach to tackling NTBs rather than a structural approach. It relies on resolving individual complaints, thereby removing the onus of eradicating the root causes of NTBs from governments and regulatory bodies.

Lack of access to affordable credit facilities

The interest rates charged on loans by commercial banks are quite high. This limits the possibility by the business community to access credit for business expansion and recovering from financial crisis. The banking industry is operated as an open market where forces of demand and supply determine the interest rate. In Kenya, the government pegged the interest rate not to exceed four percentage points from the central bank interest rate, which in turn increased demand for credit.

Existence of a large informal sector

This sector employs majority of the Ugandans. Many individuals run businesses that are not registered, have no permanent location and have no financial records. The Government loses a lot of revenue from this sector since there is no trace of business activity. Economies that have developed more are those that have shifted a large portion of the informal sector into the formal sector.

There is no focus on harnessing areas of comparative advantage

When countries specialise in producing the goods in which they have a comparative advantage, they maximise their combined output and allocate their resources more efficiently. Kamlaj (2013), reveals that Kenya has comparative advantage in 778 product lines, Tanzania has comparative advantage in 471 product lines and Uganda has comparative advantage in 437

product lines. However, EAC member states continue to produce similar products even in cases where some countries incur higher production costs as compared to the others. This limits consumer welfare generated from the consumption of a variety of products.

Uganda is a dumping ground for fake goods

Uganda has become a home for sub-standard goods, mainly from Asia - China, India and Japan. This puts the health of the citizens at risk and damages the environment. The concerned authorities are infested with corruption, lack of technical expertise and political pressure. The Uganda National Bureau of Standards (UNBS) lacks resources and manpower necessary to effectively cover the whole country.

Uganda National Bureau of Standards (UNBS) lacks modern labs

UNBS – the agency in charge of product standard development, monitoring and enforcement – doesn't have modern laboratories to execute its roles. Local manufacturers have to wait for quite some long time to obtain product standard certificates, which makes the cost of doing business in Uganda high and business less profitable.

Poor infrastructure

Modern infrastructure is a key driver for economic growth and development by opening up access to remote areas, expanding markets, reducing the cost of transport, promoting post-harvest storage plan, stimulating industrialisation and trade. Uganda mainly relies on road transport to move goods within and across the region, which is costly due to the long time spent on bad roads. The delays experienced on the way increase the cost of doing business, reduce consumer welfare and inflation due to scarcity of goods in some areas. On top of that, there is uneven distribution of infrastructure in the country with a high level of concentration in urban areas, thus leaving the rural areas behind. The Government has delayed to construct state-of-the-art border markets to facilitate the high level of trade activities between Uganda and its neighbouring states, hence missing out on collecting a significant amount of revenue.

Environmental degradation and pollution

Many swamps and forests are being cut down to establish industries. On top of this, the industries continue to pollute the environment – air, land and water – with wastes that could cause serious health and environmental damages. However, many industries still remain unchecked.

High taxes

Traders and manufacturers suffer from the high taxation policy of the regime. High taxes reduce trade activities, increase business operation costs which increase the prices of goods in the economy.

The high cost of electricity

Access to affordable and steady supply of electricity is a very fundamental input for the growth of industrialisation and trade. The high cost of power increases the cost of production, which affects market prices. Furthermore, power blackouts halt production processes, which lead to products scarcity, thus stimulating inflation.

Inadequate skilled labour

The education system continues to produce individuals who are job creators and possess skills that do not match the current job requirements. The labour market is in need of problem solvers with the ability to apply modern technology and approaches to work.

Lack of local content

Most of the goods on the Ugandan market are imported, which explains why the country has continued to maintain a Balance of Payment deficit position. On top of this, many of the imported goods are sub-standard – yet quite expensive – which reduces consumer welfare, endangers the health of the citizens and damages the environment. Worse still, the Government has not done much to promote the consumption of locally-produced goods.

Lack of protectionism for local Industries

There is no clear policy in place to protect local industries from unfair outside competition. Uganda continues to import high-cost goods that could be made locally at a lower cost. This fuels imported-inflation, reduces consumer welfare and acts as a disincentive to local industries.

Lack of incentives for local investors

The Government tends to focus so much on foreign investors at the expense of the local investors. Foreign investors are given free land and tax holidays to conduct business. However, these investors go ahead to exploit labour in some cases and produce similar goods to those of the local investors. Local investors automatically run out of business since they receive no incentives of this kind, which leads to higher operation costs.

Ineffective law on profit repatriation

The Government's law on profit-repatriation for foreign firms allows them to repatriate 100%

of their profits. These profits are in foreign currency such as dollars and pounds which mean that foreign exchange outflow from the economy increases, thereby worsening the Balance of Payment problem for the country.

Foreign exchange fluctuations

The Shilling has been depreciating against the major foreign currencies such as dollar and pound. This distorts our BOP position by making imports quite expensive compared to the exports.

Industrial parks are vacant and not well distributed

Most of the industrial parks are centered in urban areas, which leave the rural areas lagging behind. This causes regional inequalities and stimulates rural-urban migration.

Landlords still charge rent in foreign currency

Many landlords, mostly in urban areas, continue to charge rent in dollars instead of local currency as proposed by the Government. Tenants suffer greatly when the dollar appreciates against the Shilling since they have to use more Shillings to purchase foreign currency. The real estate market is not well regulated, which gives room for exploitation of consumers.

3.0 Sector opportunities and risks

3.1 Sector opportunities

Infrastructure development

The EAC is implementing key infrastructure development projects such as the Standard Gauge Railway, which will reduce the time and cost of moving goods from the coast to Uganda. This will increase business activities, open up remote areas, increase market penetration which will create more employment opportunities and facilitate the growth of trade and agriculture.

Comparative advantage in trade

Different countries in the EAC have different natural resource endowments which can allow each to specialise in production of goods and services where they incur the least costs as compared to the rest. This increases variety, reduces resource wastage and improves product quality.

Increasing population growth

The increasing population of the EAC presents a big opportunity for increased market for the goods and services produced within the region.

Agro-processing industries

EAC predominantly relies on the Agricultural Sector, although raw or semi-processed agro products are exported. This attracts low export earnings, which are very vulnerable to market price fluctuations.

Sector risks

High level of taxes

The tax rates charged on businesses are relatively high, which acts as a disincentive to upcoming entrepreneurs and local industries.

Poor standard of goods on market

The poor quality goods on markets endanger the local industries and the health of the citizens.

Slow implementation of the climate change policy

The EAC has not been able to fast-track the implementation of the climate change policy, which presents a danger to the most prominent industry – agriculture – that employs over 50% of the population.

Political instability in South Sudan

The war in South Sudan has reduced the volume of business activities in the region and also put more pressure on member countries due to the high number of refugees.

Foreign exchange fluctuations

The local currencies are always depreciating against the foreign currencies, which makes the prices of imports expensive.

3.2 MPS compliance with the Public Finance Management Act (2015) and second National Development Plan (NDPII)

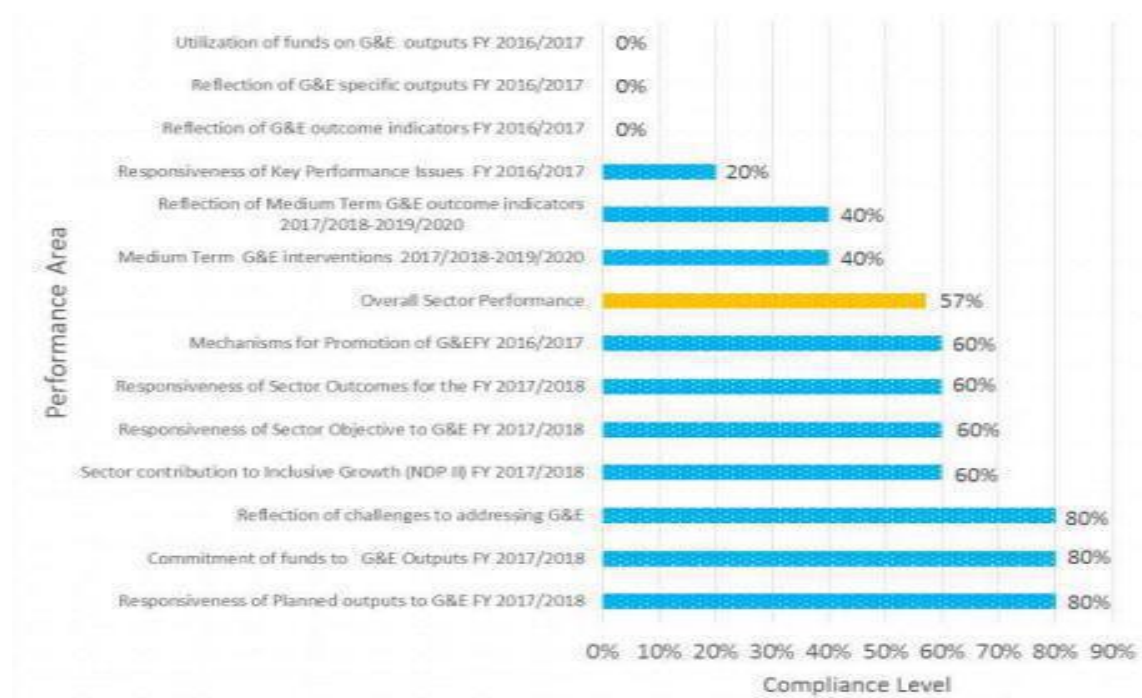
Pursuant to Section 13(6) and 13(7) of the Public Finance Management Act (PFMA), the National Planning Authority conducted an assessment of the budget and its compliance to the NDPII Charter of Fiscal Responsibility and the Budget Framework Paper. Overall, the Trade, Industry and Tourism Sector was 53% compliant. A breakdown of the sector compliance is presented below:

Table 4: Sector Alignment to NDP II

Description	Compliance (%)
Sector planning	56
Project planning	46
Budget process instruments	73
Budget performance	30

Source: NPA Certificate of Compliance FY2017/18

Pursuant to Section 13(15) (g) (i) of the PFMA, the minister laid an assessment of the overall compliance with the gender and equity requirements. The compliance level of the Trade, Industry and Tourism Sector with gender and equity requirements was 57%, compared to Financial Year 2016/17 (33%). Out of the 13 performance areas that were assessed, the sector scored below 50% in six (6) of the areas and scored 50% and above in seven of the performance areas. The figure below shows a break-down of the assessment.

Figure 3: Gender and Equity Assessment for the Trade, Industry and Tourism Sector

Source: EOC G&E Assessment of BFPs FY 2017/2018

4.0 Alternative Policy Proposals

Increase budget allocation to the sector

Our Government would increase budget allocation to the sector from the current 0.39% to 3% of the national budget. This would help key agencies to execute their duties effectively and efficiently and also implement key activities outline in the strategic plan for the ministry.

Enforcement and amendment of laws

Our Government would design a framework to empower the concerned institutions to enforce the law and implement key policies/laws to transform the sector. Our Government would also amend the law on profit repatriation to ensure that multinational firms reinvest at least 35% of their profits into the economy to create more jobs. The anti-dumping law would be amended to introduce sufficient provisions to protect the local market.

Revitalise the cooperatives by full funding

Cooperatives revival is one of the central components in the NDPII. As the Opposition, we would revive the Cooperative Bank – and through this bank – allocate sufficient funds for revitalisation of cooperatives as a key sector of the economy that would drastically transform the Agricultural Sector

Formulation of a Regional Industrial Park plan

Our Government would come up with a regional industrial park plan to ensure that industries are evenly distributed across the country, while putting in mind the different natural endowments of each region. This will enable such industries to enjoy economies of scale and create more employment opportunities, which is in line with the goals of NDPII and Vision 2040.

Establishment of a Trade and Industry Bank

We would establish a Trade and Industry Bank with branches in every region and district to extend credit services to the people. This bank would have departments dedicated to cooperatives and advisory services. The bank would advance to traders and cooperatives low interest loans that would enable them to expand their businesses, asset financing and recover from financial crisis.

Establishment of an advisory department within the ministry

Our Government would establish an advisory department within the ministry to offer technical advice to traders and manufacturers plus any potential investors. This department would organise trainings across the country to equip individuals with skills to improve business

operations and inform them about any new technology in the market.

Awareness campaigns

We would launch intensive and extensive public awareness campaigns to inform the public about the benefits of registering businesses, the available business opportunities within the country and the East African Community, the strategic priorities and prospects of the ministry.

Collecting feedback

Our Government would invest in establishing a modern framework empowered by the latest technology for monitoring and evaluation of key activities within the sector. This would be an avenue of dissecting the sector's problems, collecting feedback from individuals and firms and a basis for formulation and review of policies to improve the business environment.

Engaging development partners

The Ministry of Trade, Industry and Cooperatives will receive only UGX8.828 billion from external financing sources for Financial Year 2017/2018. There is an opportunity of outsourcing more funds to fund the Strategic Development Plan.

Our Government would engage all potential development agencies and donor countries to ensure that adequate funds are secured to close the budget deficit. On top of this, we would design and implement monitoring systems within the ministry using modern technology to ensure that there is an efficient and effective means of resource utilisation, accountability and transparency.

Regional infrastructure development plan

Our Government would design an infrastructure development masterplan for the whole country at regional level. This would take into consideration the infrastructural needs of each region so as to reduce inequality. The infrastructure plan would focus on reducing the cost of doing business by establishing state-of-the-art roads and railway transport, modern warehouse facilities, hospitals, electricity, water and other social services. Our Government would secure and commit adequate resources to this agenda through public-private partnerships, engaging donors and budget allocations from tax revenue. On top of that, our Government would construct state-of-the-art border markets to facilitate the high level of trade activities experienced in such places.

Subsidies for local investors

We would offer subsidies to local investors with businesses that would employ a minimum of 100 people. These subsidies would be in form of a two-year tax holiday, a lease for land in Government industrial parks and free advisory services in the desired areas of expertise.

Widen tax base

Our Government would consider a different approach of raising more tax revenue by widening the tax base, instead of increasing the tax rates as the current regime is doing. The incumbent Government does not put into consideration the fact that the standard of living is high and the level of economic activities is low. We would design a national programme to create awareness about the beauty of registering businesses, the available market opportunities to exploit and also invest in modern technology to ensure that business registration, certificate payments and any other documentation is done online. On top of this, we would establish a service centre to handle complaints and any form of assistance to the public.

Subsidise the cost of electricity

As the Government, we would subsidise the cost of electricity for industrial production so as to reduce production costs and keep product prices relatively low. On top of this, we would ensure that there is a steady power supply in the country through construction of more dams and investing in other power sources such solar and nuclear energy.

Promotion of agro-processing firms

Uganda mainly exports raw and semi-processed agricultural products, which attract low prices on the regional and international markets. The Agricultural Sector is the backbone of Uganda's economy which employs more than 56% of the population. As a Government, we would focus on transforming the sector by establishing agro-processing industries in all regions to add value to the agricultural products. Value addition will improve the country's export earnings, stabilise the foreign exchange market, and increase Government revenue and incomes of farmers.

Pursue areas of comparative advantage

As a Government, we should appreciate the fact that member states of EAC have different natural endowments such as natural resources, soil types and weather. Each country should be encouraged to carry out production and trade in areas where they incur the least opportunity cost as compared to the rest. This will avail a variety of goods and services on the market, increase welfare accrued from consumption since the costs of production are low. Policies to support this noble cause should be formulated and implemented immediately.

Investment in human capital development

We would invest heavily in human capital development by establishing state-of-the-art technical schools with well-equipped labs, high speed internet and modern infrastructure at sub-regional levels to equip citizens with skills that match market needs in different fields such as agriculture, manufacturing, Information and Communication Technology as well as oil and gas, among others. Our main goal would be to create more problem solvers and job creators.

Promotion of green technology

Green technology is the best alternative to creating a clean environment, while using sustainable energy and resources. This approach involves using sustainable energy such as solar, use of modern technology in production processes that emit no or less carbon gas and solid waste. Our Government would develop and implement policies to promote the use of green technology in manufacturing and trade. All green technology equipment would be exempted from tax.

Conclusion

The Trade, Industry and Cooperatives sub-sector has a potential of transforming the Ugandan economy by stimulating inter-sectoral linkages if efforts are made to address the current gaps and risks, while capitalising on the available opportunities.

The proposed alternative policies include:

- Increasing budget allocation to the sector;
- Enforcement and amendment of laws;
- Revitalising cooperatives by full funding;
- Formulation of a Regional Industrial Park Plan;
- Reducing the number of Votes
- Establishment of a Trade and Industry Bank;
- Establishment of an advisory department within the ministry;
- Awareness campaigns;
- Collecting and studying feedback
- Engaging development partners;
- Regional infrastructure development plan;
- Subsidising local investors;
- Widening the tax base;
- Subsidising the cost of electricity;
- Promotion of agro-processing firms;
- Pursuing areas of comparative advantage;
- Investment in human capital development; and
- Promotion of green technology.

The expected outcomes from the Alternative Policy Statement include:

- Increased budget allocation and fundraising to finance key sector projects;
- Reduced cost of doing business and increased volume of trade activities;

- Increased export earnings and tax revenue;
- Increased investment in human capital development;
- Increased infrastructure development;
- Increased access to credit facilities;
- Increased level of job creation;
- Increased income and welfare of the citizens;
- Improved technology and production efficiency; and
- Improved coordination and implementation of laws, policies and programmes.

CHAPTER EIGHT: EDUCATION SECTOR

ALTERNATIVE POLICY STATEMENT FOR EDUCATION AND SPORTS FOR FINANCIAL YEAR 2017/18

1.0 Background to the ALTERNATIVE POLICY STATEMENT

In line with Section 6E (2) of the Administration of Parliament Act (2006), the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet Ministers. Within the same legal framework in Section 6E, (4) the Shadow Minister is mandated to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister for Education and Sports presents this Alternative Policy Statement for the Education Sector.

The Education Sector

The Education Sector is responsible for the delivery of equitable, relevant, and quality education for all. The Sector comprises of seven (7) sub-sectors; pre-primary and primary education; secondary education; Business, Technical, Vocational, Education and Training (BTVET); Teacher Instructor Education and Training; Higher Education; Science Technology and Innovation³; and Physical Education and Sports. The strategic objectives of the Sector are to⁴;

- i) Ensure universal and equitable access to quality basic education for all children through early childhood care and development (ECD) up to eight (8) years, Universal Primary Education for children between six (6) and 12 years, and education for the disadvantaged groups from six (6) to 18 years;
- ii) Improve the quality of education at primary education ensuring pass rates in literacy and numeracy, and post-primary education by ensuring attainment of targets in English, Mathematics, Science and Information Technology;
- iii) Ensure equal access by gender, district, and special needs at all levels of education; and
- iv) Build capacity of districts by helping education managers acquire and improve their knowledge, skills, and attitudes to be able to plan, monitor, account, and perform managerial functions.

³ With effect from 2017/18 the science, technology, and innovation sub-sector will be a full-fledged ministry.

⁴<http://www.education.go.ug/data/smenu/1/Mission%20and%20Objectives%20.html>

Until 2015, the Sector development was guided by the Revised Education Sector Strategic Investment Plan 2007-2015. Currently, the sector does not have a Development Plan that is aligned to the national development goals and objectives enshrined in the second National Development Plan (NDP II). The National Planning Authority requires all Ministries, Departments and Agencies of Government to have Development Plans (DPs) which clearly articulate Sector development priorities over the NDP term.

The failure of the Education Sector to develop a development plan since 2015 is tantamount to failure in the political and technical leadership of the Sector, resulting into ad hoc planning and often leads to misappropriation of resources to non-priorities.

Education Sector Priorities

Education and Sports

The Constitution guarantees the rights of Ugandans to education. The right to education is also stipulated in other global commitments such as the Education for All (EFA) goals of 2000 and the 2030 Sustainable Development Goal 4 (SDG 4) that commits countries to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Overall, the policy discourse for the Education Sector draws from the 1992 Government White Paper on Education (GWPE). The Vision 2040 and the NDP II provide the focus of the Education Sector. The NDP II specifically stipulates the following three objectives as the priorities for the period up to 2020.

- i) Achieve equitable access to relevant and quality education and training;
- ii) Ensure delivery of relevant and quality education and training;
- iii) Enhance efficiency and effectiveness of the education and sports service delivery levels at all levels.

Science, Technology and Innovation (STI)

The National Council of Science and Technology provides the required policy and regulatory framework for the STI sub-sector. The sub-sector is responsible for the development, promotion, application and integration of science and technology into the national development processes.

The NDP II stipulates the following objectives as the priorities for the STI sub-sector up to 2020;

- i) Enhance the integration of science and technology into the national development processes;
- ii) Increase transfer and adoption of technologies;

- iii) Enhance research and development in Uganda; and
- iv) Improve the STI legal and regulatory framework.

Skills Development

The BTVET Strategic Plan 2011-2020 entitled, “Skilling Uganda” presents the priorities for the sub-sector. The sub-sector aims to create employable skills and competences relevant in the labour market by ensuring that Ugandans and enterprises acquire the skills they need to raise productivity and income. The key priorities are;

- i) Increasing equitable access to appropriate skills at all levels;
- ii) Improving the quality and relevancy of skills development; and
- iii) Enhancing efficiency and effectiveness in skills delivery.

The Education Sector Ministerial Policy Statement (MPS) 2017/18

Under the provisions of the Public Finance Management Act (2015), every minister responsible for a Vote is required to submit to Parliament, a Ministerial Policy Statement for the proceeding financial year showing among others; the achievements of the Vote for the previous year; the annual work plan, procurement and recruitment plans; a statement of actions taken by the Vote to implement the recommendations of Parliament and the cash flow projections of the Vote.

The principal Government agency for this Sector is the Ministry of Education and Sports. The Sector comprises of 15 Votes: the Ministry of Education and Sports; the Ministry of Science, Technology and Innovation; the Education Service Commission; the National Curriculum Development Centre; Uganda Management Institute; Uganda National Examinations Board; Busitema University; Muni University; Lira University; Kabale University; Mbarara University; Kyambogo University; Gulu University; Makerere University; and the Local Governments.

Sector objectives for 2017/18

The Education Sector global outcomes are: increasing and improving equitable access to quality education at all levels; improving the quality and relevancy of education; and improving effectiveness and efficiency in the delivery of education services. The policy statement for FY2017/18 proposes the following priorities under each of the sub-sectors.

- i) Pre-primary and primary education
 - Scale up rehabilitation of some primary schools in deplorable state;
 - Continue procurement of instructional materials;

- Undertake community engagement on key policy issues such as school feeding;
- Commence the construction of primary schools in parishes without under the global partnership education; and
- Improve governance in primary schools through training and sensitisation of School Management Committees (SMCs).

ii) Secondary education

- Kick start construction of secondary schools in sub counties without any;
- Recruit science teachers;
- Induct newly appointed Boards of Governor (BOG) on their roles and responsibilities; and
- Carry out support supervision and monitor USE and non-USE Government aided and USE implementing private schools.

iii) Higher education

- Pay subvention to Higher Education Students' Financing Board (HESFB) for 4,400 beneficiaries;
- Complete construction, rehabilitation and expansion of facilities in six (6) public institutions and construct a classroom and hostel block at Uganda Petroleum Institute Kigumba;
- Constitute a task force under Gulu University to plan the establishment of an agricultural college in Karamoja;
- Carry out industrial attachment;
- Carry out an academic audit;
- Conduct research seminars and training;
- Make publications;
- Prepare and present research proposals for approval and funding;
- Procure vehicles and equipment; and
- Start new academic programs in three new universities (Lira, Kabale, and Soroti).

iv) Skills Development

- Scale up of non-formal skills training;
- Facilitate examination bodies (UBTEB, UNMEB, UAHEB);
- Develop 120 sets of UVQF assessment materials;
- Inspect and accredit assessment centres;
- Conduct four (4) regional labour market scans;
- Conduct continuous assessments of 22,000 student nurses and midwives and candidates in 46 institutions for 24 academic programmes examined; and
- Conduct training for 360 trainees in various CBET activities in Nakawa VTI.

v) Quality and Standards

- Continue with rehabilitation of facilities in PTCs;
- Continue inspection activities and measuring learning achievement in Government primary schools;
- Monitor schools/institutions compliance to planning;
- Rollout Inspection Information System;
- Set and moderate sets of PLE, UCE and UACE examination papers;
- Set braille examinations for the blind and large print for candidates with low vision;
- Print result slips and certificates for UCE and UACE; and
- Produce six (6) research reports.

vi) Physical Education and Sports

- Continue with civil works at the National High Altitude Training Centre;
- Finalise the designs for John Akii Bua Stadium and kick start civil works and provide support to national teams;
- Support 32 sports centres of excellence; and
- Enhance teaching of Physical Education in schools.

2.0 Analysis of the Financial Year 2017/18 MPS Priorities

The most glaring failure of the Education Sector in its priority allocation for FY2017/18 is the lack of a Sector Development Plan. In essence, the development plan would articulate five-year (5) priorities from which the MPS would draw annualised priorities, in alignment to the national development goals and the objectives of the Vision 2040. Without a development plan, the Sector is planning in ad hoc which lead to ineffective resource allocation. As a result, the Education Sector has appropriated funds to activities that are routine and administrative in nature, which cannot deliver a quality and equitable education system.

The Sector priorities presented for 2017/18 demonstrate a Government failure to adequately plan and deliver a quality and equitable education system. The priorities are not game-changing to turn around a failing education system, but rather are routine and administrative in nature. For example, sensitisation and training of communities are not activities that will jumpstart learning at pre-primary and primary levels.

At higher education level, academic audits, research proposals, and making publications are not supposed to be sector-wide priorities, but rather inherent outputs that arise out of state-of-the-art higher education systems. These are products that are supported by innovation and pursuit of excellence.

Each institution of higher learning must have systems in place to generate research outputs to compete nationally and internationally. Unfortunately, the current state and quality of higher institutions of learning and the privatisation and monetisation of education have not engendered an innovative spirit to support excellence.

The Government has moved to construct primary schools in parishes without any, and secondary schools in sub counties without any. This is a costly venture and the Government has not tabled the cost of this venture and yet has moved to abolish the public-private-partnership. For example, for FY2017/18, 12 secondary schools are expected to be constructed at a cost of UGX8.8 billion, and yet the level of need is enormous. The school mapping exercise identified over 615 sub counties to have Government secondary schools, of which 312 sub counties have no form of secondary school, and 228 sub-counties have a private/community secondary schools. 75 sub-counties are served by the PPP participating schools. The fault in this approach is the **'politicisation' of education** in Uganda; running an efficient and effective system requires interplay of numerous actors, not political favours and pledges.

The Sector continues to be dogged by high levels of un-funded priorities and there is no effort in the current prioritisation to address these unfunded priorities. For example, the scheme of service requires UGX14.4 billion to promote teachers. The presidential pledges since FY2008/2009 are unfunded to a tune of UGX10.5 billion. The skilling Uganda programme is

unfunded to a level of UGX10 billion. Capitation grants in primary schools and teacher training institutions suffer deficits from year to year. This level of un-funding for key priorities within the Sector demonstrates a failure to plan for the critical parts of the education system including the quality of teaching and the amount of money that directly goes into the classroom.

One of the key priorities for FY2017/18 is the financing of the loan scheme for students at the higher education level that requires up to UGX5.4 billion. As a relatively new programme, this loan scheme should have been implemented in a business manner that allows sustainability. Further, the failure of government to commit sufficient resources to this scheme is a manifestation of failed prioritization and ad hoc planning.

Sector Cash Flows

Table 1: Education Sector Allocations

Budget Allocation in UGX Billions		2016/17	2017/18 Projection
	Wage	1378.63	1,455.86
Recurrent	Non-wage	482	476.16
	Total Recurrent	1860.63	1932.02
	GOU	191.26	153.27
Development	Ext. Fin.	396.92	388.96
	Total Development	588.18	676.235
Total Budget (<i>excl. Arrears and Taxes</i>)		2448.81	2474.25

The Sector budget presented for FY2017/18 shows a slight increase by UGX26.58 billion to UGX2,474.24 billion. Up to UGX1,455.86 billion (59% of the sector budget) goes to wage and 19% will go to non-wage recurrent. Only 22% of the budget goes to development financing (UGX 153.27 billion (6%) from the Government of Uganda and UGX388.96 billion (16%) from external funding. The Education Sector budget constitutes only 11.25% of the total national budget representing a slight decline of 0.73 percentage points.

Table 2: Trends in Education Allocation

Year	Billions (UGX)		Education as a % of the total budget	Arrears
	Education Budget	Total Budget		
2011/12	1,610.82	10,616.31	15.1	0
2012/13	1,807.94	11,825.96	15.2	0.14
2013/14	2,013.31	14,032.69	14.2	0
2014/15	2,303.04	15,829.71	14.5	0.38
2015/16	2,321.24	23,972.26	9.6	0.64
2016/17	2,745.76	26,360.44	10.4	5.22
2017/18	2,474.24	29,608.64		

Sector Performance

The Sector achievements presented in the FY2017/18 Ministerial Policy Statements do not present performance according to specific indicators that directly contribute to sector strategic objectives. The Education Sector performance over the past few years has been sub-par towards the achievement of the Sector goal to deliver quality and efficient education system. For example, in FY 2015/16 performance declined on a number of indicators as shown in the table below. Survival rate to Primary Seven, literacy and numeracy rates at Primary Three level and performance index at advanced level. In the same period 2015, the UWEZO assessment on literacy and numeracy showed that all the bottom 20 districts are in the northern and eastern regions while the top 20 performing districts were in the western and central districts.

Table 3: Sector Performance

Level	Indicators	FY 2014/15	FY 2015/16
Primary	Enrolment	8,772,655	8,264,317
	Survival rate to grade five	60.6%	59.9%
	Survival rate to grade seven	33.1%	30.1%
	P.7 Completion rate	72%	61.6%
	Literacy rate at P3	64.2%	60.2%
	Literacy rate at P6	38.3%	51.9%
	Numeracy rate at P3	72.7%	71.7%
	Numeracy rate at P6	39.4%	52.6%
Secondary	Enrolment	1,391,250	1,284,008
	Completion rate Senior 4	35.8%	36.2%
	Performance Index at O'Level	42.2%	43%
	Performance Index at A 'level	59%	56%

Source: *The Education and Sports Sector Annual Performance Report 2015/16*

Sector Compliance with National Budget

In line with the Public Finance Act, 2015 under Section 13(6) and 13(7), the National Planning Authority has assessed the consistency of the Annual Budget for FY2016/17 with the National Development Plan, Charter for Fiscal Responsibility and the National Development plan.

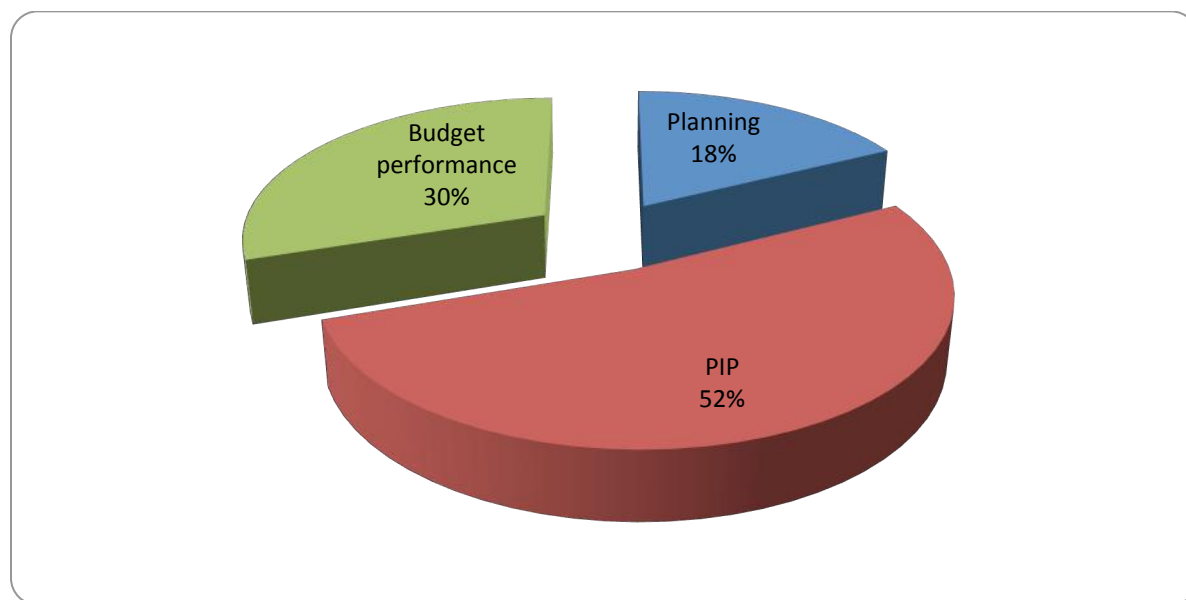
Overall, the Education Sector compliance to the NDP II has improved to 61%, an improvement from the previous year performance at 49.4%⁵.

The sector performance fails in planning processes due to absence of development plans of sector MDAs, scoring 31%. The Sector scores highly on projects alignment to the NDP II project at 91.6%, although there are still recurring projects that are not in the NDP II investment plan.

⁵ National Planning Authority, Certificate of Compliance 2016/17

The National Planning Authority also notes that the Sector fails to adequately address key NDP priority areas including Early Childhood Development (ECD), school feeding, skills development and employability, and sports related interventions.

Figure 1: Education Sector Compliance



Source: *Certificate of Compliance 2017*

3.0 Key Emerging Issues

- i) There has been an increase in UPE and USE enrolment numbers. However, completion and survival to the highest grade of each level has not improved much over the years. For example, survival to Primary Seven has remained low at 30%, while completion of Senior Four has stagnated at 36%. This bleak picture of the system reflects failure of Government to put into place measures to enhance retention in schools.
- ii) Teacher/trainer recruitment and retention at all levels of education remains a top challenge in the Sector with numerous staffing gaps.
- iii) The level of unfunded liabilities in the sector is a ticking time bomb especially on key activities. UPE Capitation Grant has a funding gap of UGX3,000 per pupil: the anticipated increase of capitation grant from UGX7,000 to UGX10,000 has not been effected, according to the current MPS. Other funding gaps are highlighted in the table below. These funding gaps no doubt continue to affect the delivery of quality education.

Table 4: Highlighted Sector Funding Gaps (UGX)

Activity	Amount
Construction of 100 primary schools	49.19 billion
Construction of 20 secondary schools	9.48 billion
Grant aiding of 100 primary schools	4.67 billion
Grant aiding of 100 secondary schools	28.39 billion
Rehabilitation of primary schools	5.0 billion
Recruitment of 2,000 science teacher s	18 billion
Staffing levels in public universities	10 billion
Arrears	10 billion
Task force for establishing agricultural college in Karamoja	0.5 billion
Staff recruitment at the Centre	0.45 billion

iv) Skilling Uganda is a key parameter of delivering a skilled work force that is competitive and promotes national development. The priorities for FY2017/18 under skills development will not deliver this competitive work force. For example, under BTVET, Nakawa VTI has not been allocated any money; skills development project 1338 in the MPS does not have specific outputs on construction and rehabilitation of learning facilities, yet money is allocated to purchase of motor vehicles and ad hoc unregulated programmes dubbed presidential initiatives on skilling the young which cannot address the skilling gaps effectively.

v) A significant proportion of the Education budget remains at the centre to finance mainly recurrent expenditures. Specifically, the Department of Policy and Planning at the Ministry does not itemize the activities they will be undertaking with the money; their target is absorption of resources at 99.5%. This presents a loop hole for misappropriation of resources.

vi) A school feeding programme that was proposed in 2012 is not yet implemented. The cost of the feeding programme was estimated at UGX2.5 trillion. The programme failed to acquire a certificate of financial implications from the Ministry of Finance, Planning and Economic Development.

vii) In developing a new Medium Term Sector Development Plan, the Minister needs to establish the centrality of key performance data in Ministry knowledge and supervision. In 2013, the World Bank designed a simple set of Education Service Delivery Indicators and carried out a national survey of 400 primary schools to establish a knowledge base of Sector performance based on:

- a. What teachers know about the subjects they teach, principally English, Maths and Pedagogy/ capacity to pass on knowledge (ability);
- b. What teachers do (presence and effort); and

c. What teachers have to work with (inputs).

The key results can be summarised as follows:

What Teachers Know:

Minimum Knowledge: 19%

Test Score (English, Maths and Pedagogy) 46%

What Teachers Do (Effort)

Absence from School Rate: 27%

Absence from Classroom Rate: 57%

Time Spent Teaching Per Day 2 hours, 55 minutes only

What Teachers Have To Work With (Availability of Inputs)

Number of Students Per Textbook 12

Equipment Availability 94%

Infrastructure Availability 60%

Service Delivery Indicators for Uganda – Highlights

The Service Delivery Indicators for Uganda are based on surveys of about 400 primary schools and nearly 5,300 teachers and health providers. The indicators provide evidence that basic inputs and infrastructure—with the notable exception of textbooks—are largely available at schools. But they also show that attention needs to be paid to the level of knowledge and effort among providers. Importantly, they uncover large regional inequalities in service delivery.

What service providers know

There are significant gaps in provider knowledge among both public and private providers in education.

– Less than one (1) in five (5) (19%) of public school teachers showed mastery of the curriculum they teach. This gets worse with the teaching and management of the thematic curriculum at lower levels of primary school. Years of education and level of teacher training were positively correlated with higher teacher scores.

The Northern region and rural areas consistently and significantly lagged behind the other regions and urban areas in measures of knowledge and competence of providers.

What service providers do

The problem of low provider effort is largely a reflection of suboptimal management of human

resources. This is evidenced by the findings that:

– More than one (1) out of four (4) (27%) of teachers in public schools were not at work. Of those who were in school, about one (1) in three (3) (30%) were not teaching. The result is 40% of public school classrooms with no teacher teaching.

By extrapolation, the average public Primary 4 pupil in the North received only 50 actual days of teaching time during the school year, about 90 days fewer than his/her counterpart in Kampala.

What service providers have to work with

Schools have some of the basic inputs and equipment to function properly, but serious challenges remain. No textbooks were used by students in 86% of the classes in public schools.

While the observed use of textbooks by students in public schools was very low at 14%, public schools - contrary to expectations - actually fared better than private schools, where the use was virtually non-existent at 3%.

viii) Lastly, what are the employment prospects for the young people we are educating? The Ministry of Education and Sports needs to mine the data and plan for the end-state of our young citizens. A 2017 national survey by researchers Kiranda, Walter and Mugisha reports that:

- a. 700,000 new entrants seek jobs in the Ugandan job market every year.
- b. Only 12,000 jobs are advertised annually.
- c. One million new babies are born annually.
- d. We therefore need at least one million new jobs a year.
- e. The Service Sector accounts for 50% of GDP but employs only 500,000 people.
- f. Bank assets for example, account for 25% of GDP but the sector employs only 10,000 people.
- g. Every 1% increase in GDP in Uganda creates only 400 jobs while the global standard is 10,000 jobs.
- h. 90% of businesses in Uganda employ less than four (4) people.
- i. The URA database has only 964,000 Ugandans in formal employment paying PAYE tax. Only 500,000 of these earn more than UGX410,000 a month.
- j. In Ghana, the average business firm is now five (5) times larger than it was at establishment. In Uganda, it is, on average, only twice the inception size.

- k. 50% of Ugandans in business attempt to become entrepreneurs only because of failure to find employment, not because there is business opportunity.
- l. Uganda has the world's second highest rating for new business attempts (31.3%) of the population but we also have one of the highest business mortality rates in the world (approximately 75%).
- m. 13% of adult Ugandans are under-employed.
- n. Youth unemployment stands at 83%.

4.0 Alternative Proposals

The alternative policy proposals presented here are aimed at revamping the Education Sector and education system to deliver quality and equitable education for national development. The first step must be for the Minister to develop a Medium Term Education Sector Development Plan. The minimum building blocks should be compulsory school attendance, teacher training, teacher knowledge and pedagogy, teacher presence in the school and the classroom, teachers teaching, education relevance and vocational training, student retention, infrastructure and text book availability, high literacy and numeracy and scientific knowledge, student feeding, teacher housing, teacher welfare, parent and community contribution, a higher education student loan scheme, a metrics-driven approach to tougher ministry supervision, performance contracts with incentives and sanctions, and a wide stakeholder consultative process to establish a better chance for young Ugandans to find employment or to employ themselves.

Development of a Quality Teaching Force

The Education Sector must prioritise the development of a quality teaching force because “no education system is better than the quality of their teachers”. The goal is to invest in building a teaching force that is not only confident and motivated, but first and foremost has knowledge of the subjects taught and has the pedagogical ability to transfer that knowledge to students. If only 19% of teachers have a strong knowledge base of the subjects they teach and only 46% could pass tests in those subjects, the Minister needs to plan and budget seriously for teacher training. This programme must be implemented hand-in-hand with a textbooks availability programme that seeks to multiply availability by a factor of four (4) (i.e. three (3) students per textbook).

On welfare the alternative proposal is to re-allocate UGX25 billion to the teachers' SACCO as a seed fund to enable teachers to borrow and capitalise small enterprises for their spouses and families and/ or build or acquire houses.

Implement a Publicly Funded School Feeding Programme

The Government of Uganda has failed to implement a school feeding programme, citing lack of resources and proposing sensitisation of the communities and parents about the policy prescriptions. The alternative proposal is to implement a school feeding programme for primary and secondary school children supported by local agricultural production and involvement of parents and communities but funded by Government. Local production will not only increase agricultural production, but also create new jobs. The Education Sector must source for opportunities to partner with the Agricultural Sector and the Ministry of Agriculture, Animal Industry and Fisheries to achieve this.

Financing for Higher Education

The funding available for higher education in Uganda is inadequate which leaves a large number of students in higher institutions of learning in an uncertain situation. The alternative proposal is that the Ministry of Finance, Planning and Economic Development should revoke the funds from State House amounting to UGX20 billion for state house scholarship to boost the Higher Education Student's Loan Scheme. In the event that re-voting these funds is not possible, the finance ministry must earmark these funds for higher education.

Given the competing priorities for funding in the Sector, it is important that focus and prioritisation should be given to lower levels for example Early Childhood Education, primary, and secondary. Financing education at higher levels should focus on high return investments such as funding research and development to spur innovation.

It is time for Government to accept the reality that it cannot fund free quality education 100%. The Sector Development Plan needs to work out what parents and communities can be reasonably expected to contribute to the education of their children, such as a partial contribution towards the cost of uniforms, shoes, books and school feeding, as well as labour for building teachers' houses; while Government funding leans to infrastructure, teacher training and salaries, books, equipment, chalk, roofing sheets and cement for teachers' houses among others.

Scale Up Rehabilitation of Classrooms and Construction of New Schools

Out of the 293 schools that had been planned for rehabilitation in 2016/17, only 55 schools had done procurement by December 2016. At this rate, the level of need for schools and classrooms across the country will not be met. The alternative proposal, therefore, is to scale up rehabilitation and construction of new schools to 100 primary schools and 100 secondary schools. The funds allocated to purchase of motor vehicles and other non-wage recurrent should be re-allocated to development of schools. It would be prudent for the Ministry to

prioritise the completion and rehabilitation of infrastructure for existing schools and classrooms before building new ones. Again, there should be community partnership. Let Government provide iron sheets and cement while communities provide labour and some of the other materials.

Centres of Excellence in Skills Development

There is urgent need to revamp the BTVET sector to refocus them to producing the kind of skill sets that match market demands. The system requires intensive capital developments to match those in the developed world with international standards and certification. The Education Sector presents a new project under African Centres of Excellence amounting to UGX17.238 billion. This money has no specific outputs under higher education.

The alternative proposal therefore is to allocate this money to establishing and equipping five (5) regional centres of excellence for BTVET each with a capacity intake of 1,000 students per year. These centres of excellence should be equipped with modern gadgets that support ICT uptake and adoption in the BTVET sector.

This structured intervention should not be outcompeted by the Presidential initiative on skilling the girl-child and similar programmes. The Presidential Initiative Programme should be stopped and resources directed to the Regional Centres of Excellence in Skills Development.

Strengthen Policy Leadership for Education

Currently, the Education Sector draws from the 1992 Government White Paper on Education for policy direction. This paper has served its purpose and there is need to revise The Education Sector priorities to match the changing times. There is, therefore, need to strengthen policy leadership in the Sector based on a thorough review of the whole education system.

The alternative proposal is to institute a Sector Review Commission to reform the whole Sector for a transformative effect on the social, economic, and political landscape of education in Uganda. This commission should be able to prescribe big policy programmatic idea with a clear implementation strategy that ensures systematic accountability for failure at each education level.

Thematic Curriculum

The introduction of the thematic curriculum was a policy shift that was not backed by evidence. It is inconceivable that children can be instructed in their mother language for the first four (4) years of primary education, which years are the formative years and they are expected to catch up in upper primary with English as the medium of communication. This situation is made worse by; shortage of trained teachers for the thematic training; lack of instructional materials

and text books in local languages, and failure to choose a common language especially in the cosmopolitan areas.

The alternative policy proposed is to abolish the thematic curriculum policy and have English as the medium of instruction in all schools at all levels.

CHAPTER NINE: HEALTH SECTOR

ALTERNATIVE POLICY STATEMENT FOR HEALTH FOR FINANCIAL YEAR 2017/18

1.0 Background to the Alternative Policy Statement

In line with section 6E (2) of the Administration of Parliament Act (2006), the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of cabinet ministers. Within the same legal framework (6E, 4) the Shadow Minister is mandated to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister for Health presents this Alternative Policy Statement for the Health Sector.

The Health Sector

The goal of the Health Sector is to reduce morbidity and mortality as a contribution to poverty reduction as well as economic and social development of the people of Uganda⁶. Working towards the attainment of this goal, the health sector is currently implementing the Health Sector Development Plan (HSDP) 2015/16 – 2019/20. The HSDP seeks to implement the sector objectives as set out in the Vision 2040, the second National Health Policy (NHP), 2010 and second National Development Plan (NDP II), in line with the right to health espoused in the Constitution of the Republic of Uganda. The 2017/18 Ministerial Policy Statement presents the sector's priorities for FY 2017/18 and the projected funding allocations, which should be aligned to the HSDP.

The alignment of the health sector ministerial policy statement for 2017/18 to the overall health sector policy focus is of utmost important. The MPS should highlight the sector's 10-year and five-year (5) priorities as enshrined in the second National Health Policy and the HSDP.

Policy stewardship

The Constitution guarantees the rights of Ugandans to access high quality health care services

⁶<http://www.health.go.ug/about-us/moh-mandate>

and a right to a healthy and safe environment. This is the highest level of health policy discourse in Uganda that also guarantees equity for all, respect for health aspects of cultures and traditions, and accountability in the management of the national health system.

The second National Health Policy was developed in 2010 and was aimed at health promotion, disease prevention, early diagnosis and treatment of diseases. The policy was informed by the National Development Plan (NDP) for the period 2010/11-2014/15, the 1995 Constitution of the Republic of Uganda and the new global dynamics. It specifically prioritises the effective delivery of the Uganda National Minimum Health Care Package (UNMHCP)⁷, more efficient use of available health resources, strengthening public-private-partnerships for health and strengthening of health systems. Consequently, the policy informs the Health Sector Development Plan 2015/16 - 2019/20 aimed at achieving Uganda Vision 2040.

Vision and Mission

The Health Sector vision, according to the National Health Policy, is “a healthy and productive population that contributes to economic growth and national development” with a mission “to facilitate the attainment of a good standard of health by all people of Uganda in order to promote a healthy and productive life”.

The policy thrust of the Sector for 10 years focuses on:

- Health promotion and education (HPE) to contain the growing burden of Non-Communicable Diseases;
- Disease prevention for cost effectiveness;
- Improving early diagnosis and treatment through improved access to health services and awareness among communities;
- Strengthening district health systems in line with decentralisation;
- Re-conceptualising and organising supervision and monitoring, including clinical supervision of health workers at all levels of the Government health systems;
- Improving the collection and utilisation of data for evidence-based decision making at all levels;
- Establishing a functional integration between the public and private sectors in healthcare delivery, training and research; and

⁷ The UNMHCP consists of the most cost-effective priority health care interventions and services addressing the high disease burden that are acceptable and affordable under four clusters; health promotion, disease prevention and community health initiatives, including epidemic and disaster preparedness and response; maternal and child health; prevention and control of communicable diseases; and prevention and control of Non-Communicable Diseases.

- Improving the quality and quantity of health workers production.

The Health Policy is operationalised through the HSDPs and the annual Ministerial Policy Statements. The sections that follow assess the alignment of the current HSDP and the 2017/18 MPS to the National Health Policy.

The Health Sector Development Plan (HSDP) 2014/15-2019/20

The HSDP operationalises the national development goals in health as stipulated in the Vision 2040 and the second National Development Plan (NDP II). The goal of the HSDP is to “accelerate movement towards Universal Health Coverage with essential health and related services needed for promotion of a healthy and productive life” through strengthening the national health systems, disease prevention, mitigation, and control, health education, education, and promotion, and curative services, palliative services, and health infrastructure development. The specific objectives are;

- I. Contributing to the production of a healthy human capital for wealth creation through provision of equitable, safe and sustainable health services;
- II. Addressing the key determinants of health through strengthening inter-sectoral collaboration and partnerships;
- III. Increasing financial risk protection of households against impoverishment due to health expenditures; and
- IV. Enhancing the health sector competitiveness in the region and globally.

The HSDP prioritises investment in seven health systems:

- Strengthening health governance and partnerships – coordination, legislation and regulation, and sector competitiveness;
- Service delivery systems – health service package, referral system/ambulance service, community health services, and supervision and quality of care;
- Health information – harmonised and coordinated national health information system covering routine HMIS, surveillance, vital statistics, research and innovative e-health systems;
- Health financing – introducing reforms for revenue generation, risk pooling, strategic purchasing of services, improving public financial management system, procumbent system, and the governance and regulatory system for the National Health Insurance Scheme;

- Health products and technologies – ensuring availability, accessibility, affordability, and appropriate use of essential medicines of appropriate quality, safety, and efficacy at all times;
- Health workforce – enhancing effectiveness and efficiency in health workforce development, improving equity in distribution and utilisation of health workers, improving workforce performance and strengthening public-private-partnerships in development and utilisation of health workforce, and establishing supportive HRH policy environment; and
- Health infrastructure – consolidating existing facilities to function effectively and required ICT and related infrastructure. Functionalising HCIIIs in all sub counties and piloting the establishment of community hospitals.

The HSDP has a financing gap of 54% over the plan period. A significant gap exists in the wage bill (USD25.32 billion), health products and technologies (USD18.25 billion), and health infrastructure development (USD1.28 billion).

The Health Sector Ministerial Policy Statement (MPS) 2017/18

Under the provisions of the Public Finance Management Act (2015), every minister responsible for a Vote is required to submit to Parliament, a Ministerial Policy Statement for the proceeding financial year showing among others; the achievements of the Vote for the previous year; the annual work plan, procurement and recruitment plans; a statement of actions taken by the Vote to implement the recommendations of Parliament and the cash flow projections of the Vote.

The principal Government agency under Health Sector is the Ministry of Health, and comprises of 24 votes; the Ministry of Health, Uganda Cancer Institute, Uganda Heart Institute, Uganda AIDS Commission, National Medical Stores, Health Service Commission, Uganda Blood Transfusion Services, Mulago Hospital Complex, Butabika Hospital, 13 Regional Referral Hospitals, China-Uganda Friendship Referral Hospital, Uganda Virus Research Institute and Local Governments.

Sector objectives for 2017/18

The Health Sector policy statement 2017/18 has been designed to achieve a number of Sector outcomes;

- I. Scale up public health interventions to address the high burden of preventable diseases in the country;

- II. Improve the reproductive, maternal, neonatal, child and adolescent services to reduce mortality and morbidity, and improve health status;
- III. Mobilise resources for recruitment and incentives (human resources attraction, motivation, retention, training and development);
- IV. Infrastructure development – construction, rehabilitation and remodelling focusing mainly on HCIIIs, HCIVs, and districts with special needs e.g. islands, difficult to reach, large areas, large populations and social demographic peculiarities;
- V. Mobilisation of additional resources for medicines and health supplies especially laboratory supplies, reagents, and blood collection services;
- VI. Strengthen support supervision to the Local Governments and regulatory authorities and professional councils in the Health Sector.

2.0 Analysis of the FY 2017/18 MPS

Although these priorities are aligned to the HSDP, the MPS does not define how Government intends to mobilise additional resources to fund the minimum health care package. In fact, for FY 2017/18, the Health Sector faces significant budget cuts arising from donor cuts. The reliance on external financing from development partners – 47.2% in 2016/17 for example – poses a high risk of unsustainable financing.

Further, the Vision 2040 and NDP II health priorities of adopting a national universal health insurance system are not given priority in FY 2017/18. Within the East African Community, with the exception of Southern Sudan, Uganda is the only country without a National Health Insurance Scheme and out of pocket expenditures on health care continue to rise. Findings from the 2013/14 National Health Accounts Expenditure Tracking shows that per capita health expenditure stands at USD56, or 40% out of pocket expenditure compared to the maximum recommendation of 15% according to the World Health Organisation. Although the Sector developed a Health Insurance Bill (2016)⁸ which aimed to improve financing health care through mandatory contributions of monthly salary deductions by both employers and employees, the Bill has been awaiting consideration by Parliament; there does not seem to be indications of fast tracking its finalisation, approval and implementation.

While the Sector commits to improve human resources, there is no particular mention of how exactly they tend to reward, remunerate, compensate and incentivise the health work force to seek and retain employment in Uganda. Uganda continues to face brain drain in the medical field as qualified cadres seek employment outside Uganda. Additionally, while the HSDP calls for scaling up of production of priority health professionals such as cardiologists, oncologists,

⁸ MoFPED Budget Speech 2016/2017

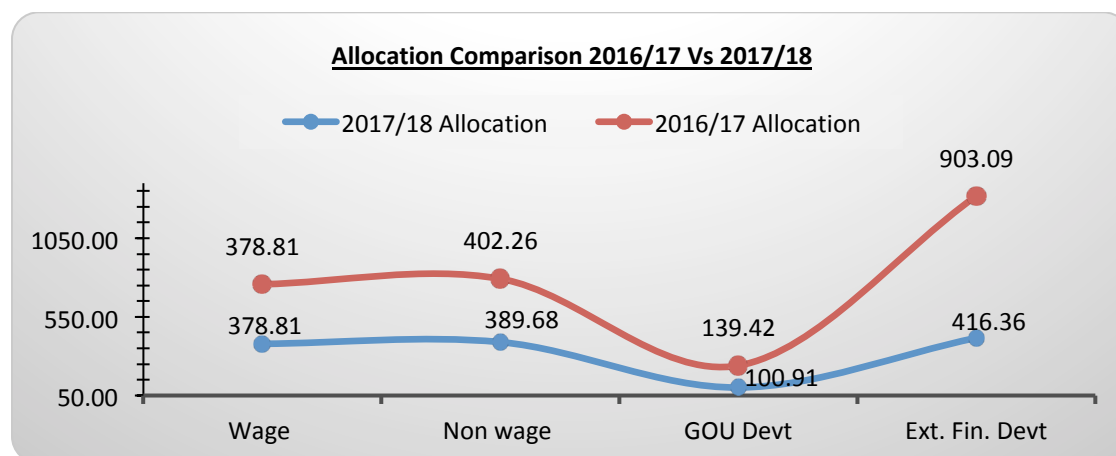
neurologists, nephrologists and others, the sector has not reported on these targets and neither have they prioritised interventions targeted to this.

While the Sector prioritises integration between the public and private sectors in health care delivery, training and research to enhance competitiveness, this is ignored in the current MPS. There are no indications that those sectors will be engaging in public-private-partnerships.

Sector Cash Flows

The Sector budget presented for FY2017/18 shows a decline in budgetary allocations with a significant reduction in development expenditures arising from donor funding cuts in development expenditures (see Figure below). External financing for development has reduced by 54% from the previous year's allocation.

Figure 1: Allocation Comparison 2016/17 v. 2017/18



The Sector priorities presented in the 2017/18 MPS are well aligned to the Sector and national development objectives. However, the budget cuts that the Sector faces in the coming financial year present enormous challenges to the achievement of these goals. For example, the Sector requires more than UGX1 trillion to fund or scale up interventions along the priority areas for 2017/18.

The Health Sector Budget is skewed towards recurrent expenditures, wage and non-wage for majority of the Votes. The table below shows FY2017/18 allocations by Vote within the Sector. The centre (Ministry of Health) retains the biggest proportion of the Sector budget at 36% followed by Local Government grants at 26% and the National Medical Stores (NMS) at 19%. The regional referral hospitals combined receive a meagre 7% of the total health budget. This explains the breakdown of service delivery at a decentralised level.

The National Medical Stores as a Vote is a curious case because it has no wage allocations for the year. As a central agency with a mandate to procure, store, and distribute medicines in the

whole country, failure to facilitate agency staff would lead to a break-down in the chain for medicines supply.

Table 1: FY2017/18 Allocations by Vote (UGX Billions)

Vote	Recurrent		Devt			
	Wage	Non-Wage	Gou	Ext Fin	Total	Proportion
014-Ministry of Health	9.0	44.2	29.7	385.485	468.3	36.4%
107-Uganda AIDS Commission	1.3	5.9	0.1		7.3	0.6%
114-Uganda Cancer Institute	2.3	1.8	10.4	30.87	45.4	3.5%
115-Uganda Heart Institute	2.8	4.5	4.5	0	11.8	0.9%
116-National Medical Stores	0.0	238.0	0		238.0	18.5%
134-Health Service Commission	1.2	3.1	0.3	0	4.5	0.4%
151-Uganda Blood Transfusion Services (UBTS)	2.7	5.8	0.4	0	8.9	0.7%
161-Mulago Hospital Complex	22.7	16.7	22.0	0	61.4	4.8%
162-Butabika Hospital	3.8	5.3	1.8	0	10.9	0.9%
Uganda Virus Research Institute	1.0	0.5	0.0	0	1.4	0.1%
163-176 Regional Referral Hospitals	48.1	16.9	21.3	0	86.3	6.7%
501-580-Local Government	280.4	45.9	9.5	0	335.7	26.1%
122-KCCA	3.5	1.3	0.9	0	5.8	0.5%
Total	378.8	389.7	100.9	416.4	1285.8	

The trends in Health Sector financing present a disturbing picture; the projected financing for FY 2017/18 present the least proportion of the health budget as a percentage of the total national budget at 4.3%. This is significantly below the 15% global recommendation of the Abuja Declaration on health financing.

Table 2: Trends in Health Sector Allocations

Year	Billions (UGX)				Health as % of total budget
	Health Budget	Growth	Total Government Budget	Growth	
2010/11	660		7,377		8.9
2011/12	799	21%	9,630	31%	8.3
2012/13	829	4%	10,711	11%	7.7
2013/14	1,128	36%	13,065	22%	8.6
2014/15	1,281	14%	14,986	15%	8.5
2015/16	1,271	-1%	18,311	22%	6.9
2016/17	1,828	30%	26,400	44%	6.9
2017/18	1,281.432		29,608		4.3

Source: MOFPED

The Government of Uganda is not only failing to meet the global financing targets on proportion of the health sector financing out of the national budget, but on other global commitments as well. According to the annual health sector report (2015/16), per capita health expenditure stood at an average of USD56, this fell short of the five-year (5) Health Sector Development Plan (HSDP) recommended minimum of USD73 per capita in the year 2015/16. The World Health Organisation recommended minimum level of per capita spending is USD60.

Table 3: Per Capita Public Health Expenditures

Year	Total (UGX Billions)	Per capita public health exp (UGX)	Per capita public health exp (USD)	GoU health expenditure as % of total Government expenditure
2010/11	660	20,765	9.4	8.9
2011/12	799.11	25,142	10.29	8.3
2012/13	852.2	23,756	9	7.8
2013/14	1,127.48	32,214	10	8.7
2014/15	1,281.14	37,130	13.5	8.5
2015/16	1,270.80	36,830	11	6.4

Source: Annual Health Sector Performance Report 2015/16

During the same period (2015/2016), the total public health financing represented 17% of the total health expenditure, against the HSDP recommended 41%. The private sector including the households contributes 42% of the total health expenditure. Important to note is that the country still has 40% out of pocket expenditure which is still high compared to the World Health Organisation recommended 20% if households are not to be pushed into impoverishment.

Table 4: Alignment of BFP 2016/17 Financing to NDP II Public Costing

	Wage	Non-wage	Devt	Total
NDP II	520	357	1,069	1,946
BFP 2016/17	330.916	388.552	667.266	1,407.79

Source: National Budget Framework Paper FY 2016/17

NDP II forecast spending for the Financial Year 2016/17 budget fell short of the public costing by UGX401.734 billion (26.64%). Whereas such a costing gap affects the sector performance in achieving the medium term objectives, the budget estimates for the Financial Year 2017/18 seem to be falling short already. The implication is that Sector priorities as projected in the NDP II are not being financed to par.

Sector Performance

These national development goals are operationalised through the HSDP goals as already mentioned. The Sector goals and priorities are properly aligned to the national development goals for health as stipulated in the Vision 2040 and the NDP II. However, alignment in terms of policy goals and targets has not translated into effective performance: there are still gaps.

The 2017/18 MPS highlights the major challenges in the health sector including;

- Inadequate funding to scale up public health interventions to address the high burden of preventable diseases, primary health care services, and human resources;
- Infrastructural developments still pending; 93 sub counties have no Government health facility at all; and
- Inadequate supply of health supplies especially lab supplies and reagents.

Notwithstanding the challenges above, for FY2016/17, the Sector recorded a number of achievements across the overall Sector objectives;

- Improvement in infant mortality rate to 43/1,000 in 2016 from 54/1,000 live births in 2011 (UDHS, UBOS, 2016);
- Reduction in under five mortality rate to 131/1000 live births (UDHS, UBOS, 2016);
- Maternal mortality rate stands at 336/100,000 in 2016, a reduction from 438/100,000 in 2011;
- Infant Mortality Rate has declined from 54 deaths per 1000 live births in 2011 to 43 deaths per 1000 live births in 2016. (UHDS-UBOS 2016);
- Increased ART sites, coverage increased from 56% to 63%; EMTCT- new infections dropped;
- Malaria prevalence reduced from 42% to 19%; developed malaria reduction strategy 2015-2020;
- TB treatment success has improved from 76% in 2015 to 80% in 2016;
- Staffing increased from 69% to 71%;
- Expansion and rehabilitation of Mulago hospital complex;
- Newly installed facility at the Uganda Heart Institute; and
- Expansion of the Uganda Cancer Institute;

Even with these achievements, the Sector performance is still weak according to the National Planning Authority assessment of compliance⁹. This weak performance is attributed to inadequate addressing of determinants of health, health promotion, disease prevention and Health Sector financing.

The obvious failure in the Health Sector is the unrealised objective of establishing national universal health coverage as out of pocket expenditures on health care continue to rise unmitigated, with poor quality health care services across health centres in the country.

Further, it is apparent from the financing model for the Health Sector where a significant proportion of the funds are retained at the centre does not offer solutions to the bottle necks that hamper health care service delivery at the service delivery units in Local Governments.

In fact, it is almost apparent that the private sector and civil society contributions account for much of the improvements in national health outcomes. Yet, the Sector has not captured these initiatives. It should be required of the Sector to itemise what projects in health are outside the official Government financing, and their contributions be fully attributed.

Sector Compliance with National Budget

In line with the Public Finance Act, 2015 under Section 13(6) and 13(7), the National Planning Authority has assessed the consistency of the Annual Budget for FY 2016/17 with the National Development Plan, Charter for Fiscal Responsibility and the National Development Plan.

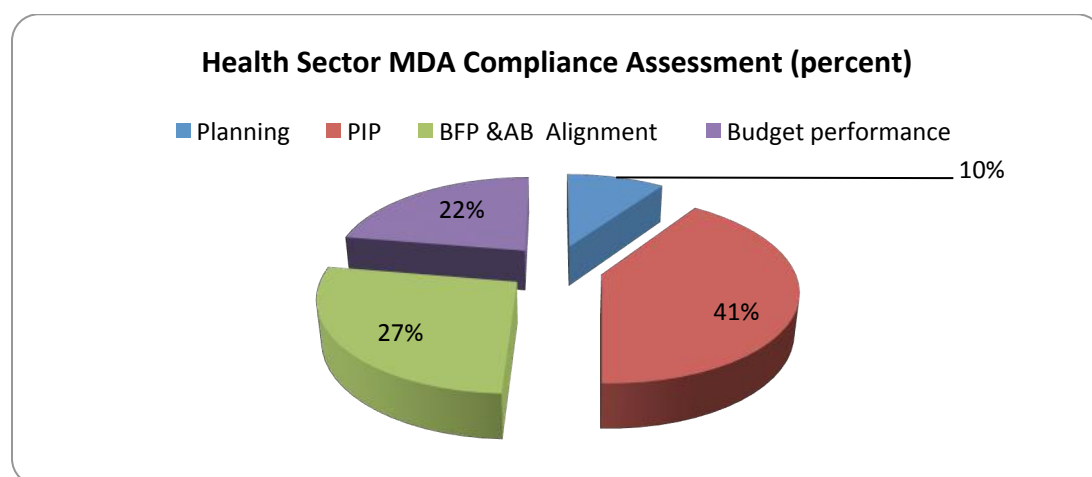
Overall, the Sector performance declined by three percentage points from 53.8 the previous year assessment to 51% in the current year assessment.

In regard to existence and alignment of planning frameworks to the NDP II, the Sector is 21% compliant. The Sector scored 88.5 percent compliance at project level assessment. Of the 46 sector projects in the NDP II PIP, 43 are included in the MFPED PIP.

Only three (3) out of the 23 Ministries, Departments and Agencies under the Sector have approved and aligned strategic plans. The rest of the MDAs either have no plans or have draft plans that are not aligned to the NDP II. The implication of this failure to plan consistently with the national level planning frameworks is that national goals are not properly mainstreamed to a level of implementation.

⁹ National Planning Authority, Certificate of Compliance 2017

Figure 2: Health Sector Compliance



Source: Certificate of Compliance 2017

On alignment to the National Budget and the NDP II, the Health Sector is 58.5% compliant. This weak performance is attributed to the inadequate addressing of the determinants of health, health promotion and disease prevention and Health Sector financing.

3.0 Key Emerging Issues

i) The Sector struggles with unfunded priorities. For example, at the centre alone, there is a gap of over UGX1 trillion in funding gaps (see table below). This does not include funding gaps in other votes; for example, the Uganda Cancer Institute and Mulago National Referral Hospital require specialised machinery and equipment, which has no budget for FY2017/18. The biggest unfunded priorities are contained within the UNMHCP under scaling up health promotion and education, interventions for communicable and Non-Communicable Diseases and provision of essential medicines and health supplies. This is a clear indicator of the Government's failure to prioritise health services provision, and is in essence dereliction and abuse of Ugandans' constitutional rights to health.

Table 5: Funding Gaps by Priority

Priority	Funding Gap (UGX)
Scaling up health promotion and education	5 billion
Interventions for communicable and Non-Communicable Diseases	275 billion
Introduction of Community Health Extension Workers	30 billion
Operation for health facilities (primary health care)	35 billion
Rehabilitation of HCIVs and upgrading HCIIIs to HCIVs	164.6 billion

Priority	Funding Gap (UGX)
Upgrade of HCIs to HCIIIs and construction of HCIIIs in 93 sub-counties	247 billion
Essential medicines and health supplies	100 billion
National Health Laboratory Services	3 billion
Health Management Information Systems	3 billion
Contribution to international health organisations and EAC	2 billion
Health workers' uniforms	9 billion
Start-up capital for the National Health Insurance scheme	5 billion
Hepatitis B interventions for remaining districts (currently in 39)	200.6 billion
Total:	1,079.2 billion

Source: 2017/18 MPS

ii) Human resource gaps continue to stifle service delivery in the Health Sector. The level of human resources required for FY2017/18 as highlighted in the MPS under all the Votes requires significant financial resources. For example, the Ministry of Health requires an additional UGX129,100,508; the Uganda Cancer Institute requires an additional UGX447,014,084; and the Uganda Heart Institute requires an additional UGX120,448,757, to mention a few.

iii) Service delivery in the Health Sector is still greatly lacking. For example, there are noted gaps in the delivery of health services¹⁰:

- The physical access to health facilities i.e. the proportion of the population living within five (5) kilometres of the health facility stands at 72%. Further, most of these facilities are inadequately equipped to handle even first aid and first line of treatment of common and simple diseases.
- There are old and dilapidated health facilities, and there are limited improvements in facility infrastructure.
- At present, only five (5) Regional Referral Hospitals (RRHs) - (Mbarara, Mubende, Masaka, China Uganda Friendship Hospital (CUFH) - Naguru and Lira) have Accident & Emergency Units, with construction ongoing in a further three (Kabale, Hoima and Moroto).
- Only three (3) General Hospitals (GHs) (Tororo, Masafu and Bududa) have Accident & Emergency Units while eight (8) more are under construction (Entebbe, Mityana, Nakaseke, Iganga, Kiryandongo, Anaka, Nebbi and Moyo).

¹⁰ HSDP 2014/15 -2019/20

- Only three (3) RRHs have intensive care units (Jinja, Mbarara and Lira) though these are not fully functional due to lack of health workers trained in intensive care.
- Only 66% of HC IVs have anaesthesia services available; critical care/ intensive care services are available in only 37.4% of the hospitals, hospice and palliative care services are being offered in only 4.8% of the hospitals.
- A number of hospitals lack functional basic equipment. For example adult weighing scales, otoscopes, ophthalmoscopes, ECG machines, cardiac monitors, defibrillators, ventilators and ambubags. Oxygen cylinders or functioning central oxygen supply are available at 57% of the RRHs, 41% of the GHs, 33% of the specialty hospitals and 13% of HC IVs. Ultrasound services were available in only 46.9% of the health facilities surveyed.
- Only 37% of the health facilities had a budget line item for routine maintenance and repair of medical equipment. Schedules for maintenance of any medical equipment were observed in 13.4% of the facilities surveyed according to the Draft Report Hospital and HC IV Census 2015.
- Infrastructure investments were not well coordinated, limiting their full potential as a result. There is lack of a comprehensive picture of the availability and functionality of critical medical equipment, and transport facilities hampering adequate planning in this area. Facilities may have equipment, but no space, or staff adequately trained for their use. There are also still major inequities in availability of facilities, ranging from a low of 0.4 facilities per 10,000 populations (Yumbe District) to a high of 8.4 facilities per 10,000 populations (Kampala District).
- The few health facilities providing specialized diagnostics, treatment and care (e.g. Cancer Institute, Uganda Heart Institute, and Mulago National Referral Hospital) are overloaded, and therefore, incapable of meeting the growing demand for specialised health care and diagnostics. Diagnostic equipment are lacking in most referral facilities. This leads to inappropriate diagnosis, treatment and wastage of medicines.
- Some of the old equipment is obsolete technology that is hazardous to health workers and patients.

iv)The centre does not pay attention to support supervision within the decentralised framework of health care provision. For example, under output 080103 support supervision provided to Local Government and referral hospitals budget has been cut for FY2017/18, UGX182 billion,

yet there is a target of support supervision to referral hospitals and Local Governments¹¹

v) It is apparent that the Government and the Health Sector have not prioritised the key deliverable for the Vision 2040, of a National Health Insurance Scheme which requires UGX5 billion for start-up. In addition, output 084904 Health Sector reforms including financing and national health accounts budget has been cut to the tune of UGX298 billion.

vi) The Ministry of Health cannot establish a profitable value-for-money relationship without embracing a strong data metrics based system for monitoring the relationship between inputs and outputs. There are three (3) simple internationally recommended benchmarks:

- a. What do health workers know (knowledge)
- b. What do health workers do (presence at work/effort)
- c. What do health workers have to work with (infrastructure, products and technology)

The 2013 World Bank Service Delivery Indicators Research Report summarises the findings against these benchmarks as follows:

What Public Health Service Providers Know (Ability):

Diagnostic Accuracy: 56% (national average, compared to 70% urban)

Adherence to Clinical Guidelines: 48% (national average, compared to 61% urban)

Management of Maternal Complications: 19% (national average, compared to 18% urban)

What Providers Do (Effort):

Absence From Facility: 52% (national average, compared to 52% urban)

What Providers Have To Work With:

Drug Availability 40% (national average, compared to 46% urban)

Equipment Availability 78% (national average, compared to 88% urban)

Infrastructure Availability 48% (national average, compared to 74% urban)

Service Delivery Indicators for Uganda – Highlights

The Service Delivery Indicators for Uganda are based on surveys of about 400 primary schools and 400 health facilities, and nearly 5,300 teachers and health providers. The indicators provide evidence that basic inputs and infrastructure—with the notable exception of textbooks and drugs—are largely available at schools and health facilities. But they also show that attention

¹¹ National BFP 2017/18-2021/22

needs to be paid to the level of knowledge and effort among providers. Importantly, they uncover large regional inequalities in service delivery.

What service providers know

There are significant gaps in provider knowledge among both public and private providers in health as well as education.

– Only 35% of public health providers could correctly diagnose at least four (4) out of five (5) very common conditions (like diarrhoea with dehydration and malaria with anaemia). In health centres that only offer outpatient services (HC2), half (49%) of the providers could not identify more than one of these conditions. Worryingly, public providers followed only one (1) out of five (5) (20%) of the correct actions needed to manage maternal and neonatal complications.

The Northern region and rural areas consistently and significantly lagged behind the other regions and urban areas in measures of knowledge and competence of providers.

What service providers do;

The problem of low provider effort is largely a reflection of suboptimal management of human resources. This is evidenced by the findings that: – More than half (52%) of public health providers were not present in the facility. 60% of this absence was approved, and hence potentially within management's power to influence.

What service providers have to work with;

Health facilities have some of the basic inputs and equipment to function properly, but serious challenges remain. Only 44% of the public health facilities had all six (6) of Uganda's essential drugs. The adequate availability of priority drugs for mothers and children remains a challenge with only 39% and 23% respectively available in public facilities. Within the public sector, rural health facilities had poorer equipment and infrastructure; however, the availability of tracer drugs was higher in rural facilities.

4.0 Alternative Proposals

The alternative policy proposals presented here are aimed at accelerating Uganda's attainment of the Sector vision of a healthy and productive population that contributes to economic growth and national development.

1) Tax Revenues for Financing Health

Health budget allocation is still below the global target of 15% as by the Abuja Declaration. The current level of need calls for increased funding to the Health Sector. The Sector must develop and implement a health financing strategy that mitigates the burden on households for out of

pocket expenditures and provides for risk pooling and financial risk protection to address equity and sustainability in financing healthcare. Therefore, the proposal is to institute taxes on goods and services that pose threats to health;

a) Goods such as tobacco products and alcohol, should be taxed an extra 3% that goes to financing health.

b) Environmental polluters such as industries and factories should be taxed 1% of their total annual revenues to fund health services.

c) Petrol should be taxed an extra 3% to fund health services.

d) Government should supply roofing sheets and cement for health worker housing while communities should be mobilised to provide labour.

The cost of non-wage recurrent expenditures at the centre for example in fuel, purchase of motor vehicles is enormous. Currently, there is a big unfunded gap in the UNMHCP which automatically implies that the health services will continue to lag behind. To fund for the components of the UNMHCP, the alternative proposal is to institute a freeze on purchase of vehicles for noncore programmes for the Ministry and projects and reallocate these funds.

2) Functional Governance Systems

Uganda's health system cannot function without reform in the governance structures. The alternative proposal is to institute e-governance systems in the Sector to align health systems institutional functionality to achieve greater systems accountability, leadership, and effective governance in health services delivery. Priority should be given to management systems, health referral systems, medicines and other medical supplies channels, data generation and management systems, as well as inter-institution and inter-sector coordination.

The Ministry of Health should seek support from the World Bank and the Ministry of ICT to develop a strong data metrics based system for monitoring the relationship between inputs and outputs using the internationally recommended Service Delivery Indicator benchmarks:

- a. What do health workers know (knowledge);
- b. What do health workers do (presence at work/ effort); and
- c. What do health workers have to work with (infrastructure, products and technology).

The Minister should update the 2013 World Bank Service Delivery Indicators Research Report and present the findings to Parliament.

The Minister should set and monitor performance benchmarks for health workers and create

career sanctions for poor performance as well as a performance bonus system for high performers, funded by a contribution from the National Health Insurance Scheme.

Further, 52% of health workers are absent and over 60% of this absence is officially approved: workshops, burials, weddings and leave among others. The Minister should draw up new regulations and sanctions governing absence from work with a target of 10%, not 60%.

Supervisors in hospitals and health centres must face serious career risk sanctions if they cannot manage health worker presence and drug availability. The Minister should seek the support of the Police and Internal Security Organisation to strengthen enforcement. The Minister should introduce performance contracts for supervisors and health workers at all levels.

The Minister needs to aggressively attack and dismantle the prevalent culture in the Ministry which prioritises workshops, retreats and per diem as well as the generation of paperwork at the expense of service delivery.

3) Managing the quality and quantity of Health service access

It is not enough to spread structures across the country as Health Centre IIs and IIIs without corresponding resources for appropriate staffing and equipment with medicines. The Government continually focuses on establishing structures for hosting health centres at every parish and every sub county but never appropriates resources to stock these centres.

This means that even when we talk of the recommended five (5) kilometre distance to access a health facility, what the population accesses are white elephants incapable of delivering the requisite services. This is indeed expected to worsen with the cut in the budget allocation for the Health Sector in the FY2017/2018.

Our alternative proposal is that for now, resources should be consolidated into Health Centre IVs where sufficient equipment shall be installed, relevant personnel deployed and specialised treatment offered. This will guarantee adequate services despite the distance covered. One would rather travel a longer distance and access the much needed service than travel a shorter distance and receive no service at all.

4) Financing the National Health Insurance Scheme

It is impossible for the Government to provide completely free quality healthcare to Ugandans and achieve NDP goals in the context of our current economic circumstances. Ugandans must contribute to healthcare funding. The Insurance Bill (2012/2016) proposed a statutory deduction on employees and employers to fund the National Health Insurance Scheme. This however, would burden those in formal employment who already pay income tax (Pay As You

Earn) and other statutory deductions. The alternative proposal to finance national health insurance is to integrate healthcare delivery with the National ID card and require all adult ID card holders to pay a minimum of UGX20,000 a year into the National Health Insurance Scheme and in addition pay 15% of hospital bills while Government pays 85% of bills and continues to carry at least 65% of the cost of public healthcare.

The Minister should collaborate with the Ministries of Finance, Internal Affairs, Defence and Local Government to design a method of identifying the most vulnerable and impoverished citizens for whom government should pay the national health insurance contribution. Citizens who neglect to pay their national health insurance contributions should be treated but should pay a higher cost-recovery rate.

The Ministry of Health should consider the National Social Security Fund as a possible low-cost management partner for the National Health Insurance Scheme and the Minister should fast-track discussions with NSSF. Funds from the NHIS should be channelled as much as possible into topping up the remuneration and welfare of health workers and in ensuring drug availability and funding a performance bonus scheme. Infrastructure, basic salaries, most drugs and training should continue to be funded by Government.

5) Attraction, Retention and Training of Health Care Cadres

It is imperative to prioritise investment in the healthcare workforce especially at the health facility level and invest in motivating and retaining staff with non-pecuniary benefits such as professional development and instituting a competitive salary scale. It is also important to provide support supervision to staff for motivation and ensuring that quality service standards are maintained. Therefore, the budget line for support supervision to Local Governments and referral hospitals should be reinstated.

The World Bank report has identified very serious knowledge gaps in the public healthcare workforce. The Minister needs to develop and budget for a training plan and to monitor and report its outputs to Parliament.

6) Emergency Ambulance and Rescue Services

The Government must establish a nation-wide emergency ambulance for air, road and water rescue services that will be accessible by every citizen and offer specialised services for especially women, mothers and accident victims. The current practice of marking of particular spots on highways as 'black spots' is defeatist and must be taken a step further. Many accident victims have lost their lives out of negligence, poor rescue means and lack of accident emergency centres.

The policy alternative shall include establishment of Accident and Emergency Units at identified hospitals on all major highways and procurement of ambulances for emergency rescue on land, water and air. Investment shall also be made in the communications network for emergencies to allow for easy information flow and rescue.

CHAPTER TEN: WATER AND ENVIRONMENT SECTOR

ALTERNATIVE POLICY STATEMENT FOR WATER AND ENVIRONMENT FOR FINANCIAL YEAR 2017/18

1.0 Sector Overview

The Water and Environment sector is mandated to promote and ensure rational and sustainable utilization, development and effective management of water and environment resources for socio-economic development of Uganda. The water sub-sector is designed to offer strategic support to other sectors in the grand plan to transform the country to middle income status. The sector is essential to hydro-power development, agricultural and industrial development, production and productivity, tourism development and mitigation of climate and climate change effects.

National Planning Authority reports that the sector has a draft SDP (2015/16-2019/20) that is aligned to the NDPII but not yet approved. However, the sector in the MPS commits to undertake the following strategic actions;

- Accelerate provision of water for production through the development of multi-purpose bulk water storage and supply systems;
- Increase water supply coverage in both rural and urban areas focusing on at least a safe water source per village;
- Promote improved sanitation services in both rural and urban areas;
- Improve water resources management to ensure adequate quantity and quality for various uses; and
- Promotion of sustainable use of the environment and natural resources and wetlands through restoration and to maintain the hitherto degraded eco-systems as well as undertaking massive nationwide tree planting and afforestation.

2.0 Situational Analysis of the Ministerial Policy Statement (MPS)

Under the provisions of the Public Finance Management Act (2015), every minister responsible for a vote is required to submit to parliament, a Ministerial Policy Statement for the proceeding financial year showing among others; the achievements of the vote for the previous year; the annual work plan, procurement and recruitment plans; a statement of actions taken by the vote to implement the recommendations of parliament and the cash flow projections of the vote. In respect of the above, the MPS for the water and environment sector was submitted to Parliament highlighting the performance and plans for the following Institutions;

Ministries Departments and Agencies under the Sector

- Vote 019 - Ministry of Water And Environment (MoWE)
- Vote 0150 - National Environment Management Authority (NEMA)
- Vote 0157- National Forestry Authority (NFA)
- Vote 0302- Uganda National Meteorological Authority (UNMA)

MDAs Receiving Conditional grants

- Votes 501-850 – Local Governments (LGs)
- Vote 0122 – Kampala Capital City authority (KCCA)

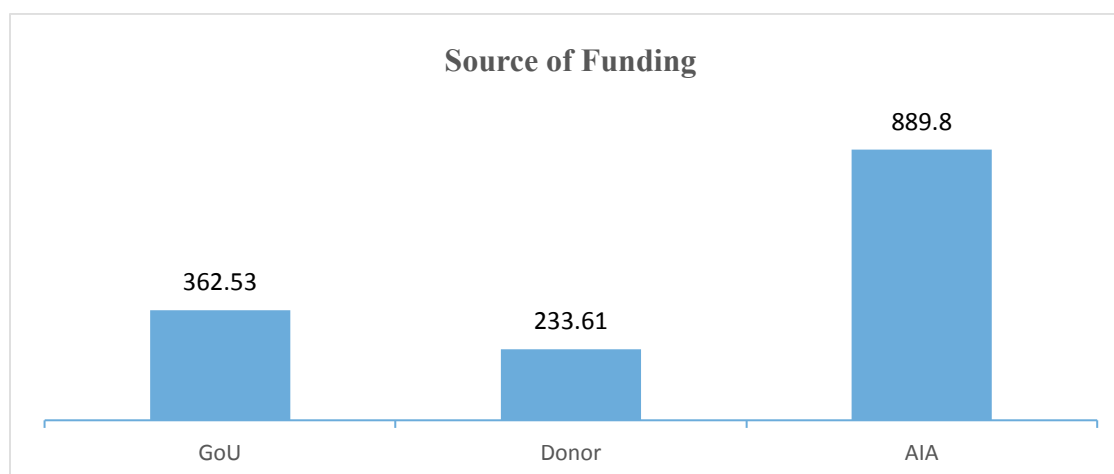
Others

- National Water and Sewerage Corporation (NWSC)

Sector Allocation

For the FY2017/18, the projected allocation to the sector is UGX: 1485.67 billion inclusive of Appropriation in Aid (AIA). NWSC will fund its entire budget in AIA which is UGX: 889.80 billion (96.5%) of the entire AIA, while NEMA, NFA and UNMA will receive UGX: 11.39 billion (1.2%), UGX: 17.24 billion (1.9%) and UGX: 2.20 billion (0.24%) respectively. The sector budget is representative of 5.1% of the total national budget of UGX: 28,990.61 billion. The MPS does not explicitly report the performance of the financial year ending, 2016/17, specifically the performance of National Water and Sewerage Corporation. Thus it is difficult to analyse the variances in allocations for the entire sector and the corresponding ramifications. That notwithstanding, the other votes (MoWE, NEMA, NFA, UNMA and LGs), under the sector received UGX: 683.683 billion in the financial year 2016/17.

Figure 1: Sources of funding under the sector (billions)



Source: MPS for the Water and Environment Sector for FY2017/18

GoU – Government of Uganda

AIA – Appropriation in Aid, which is the amount of money generated by MDAs and authorised to be spend by the same MDA.

Table 1: Programmes under the sector

MDA	Programme
Ministry of Water and Environment	<ul style="list-style-type: none"> ○ Rural Water Supply and Sanitation Programme ○ Urban water supply and Sanitation Programme ○ Water for Production programme ○ Under Water resources Management Programme ○ Natural Resources Management Programme ○ Weather, Climate and Climate Change programme ○ Policy, Planning and Support services
NEMA	Environmental management
NFA	Forestry Management
LGs	<ul style="list-style-type: none"> ○ Rural Water Supply and Sanitation Programme ○ Urban water supply and Sanitation Programme ○ Natural Resources Management Programme
NWSC	Urban water supply and Sanitation Programme

Source: MPS for the Water and Environment Sector for FY2017/18

Summary of Vote Allocations

The **Ministry of water and Environment** will receive in 2017/18, UGX: 493.513 billion (33.2%) of the sector budget.) to fund the programmes under the vote. This is a UGX: 59.23 billion (12%) decrease from the 2016/17 allocation of UGX: 552.743 billion.

The **National Environment Management Authority** allocation totals to UGX: 19.509 billion (1.3%) of the sector budget in 2017/18. This is representative of a UGX: 0.544 billion (2.7%) decrease in funding from the 2016/17 allocation of UGX: 20.053 billion.

The **National Forestry Authority** for 2017/18 will receive UGX: 24.657 billion (1.6%) of the sector allocation. The allocation is also a UGX: 3.856 billion (13.5%) decrease from the 2016/17 allocation of UGX: 28.513 billion.

The **Uganda National Meteorological Authority** is projected to be allocated UGX: 29.597 billion for 2017/18, a UGX: 6.9 (30.8%) billion increase from 2016/17 allocation of UGX: 22.612 billion. The 2017/18 allocation is representative of 1.9% of the sector budget.

Local Governments receive conditional grants under the sector. For 2017/18, the various local governments will receive UGX: 59.380, a UGX: 0.382 billion (0.6%) decrease from the 2016/17 allocation of UGX: 59.380 billion. The 2017/18, allocation is representative of 3.9% of the sector allocation.

The **National Water and Sewerage Corporation** will fund its entire budget from AIA. For the financial year, the projected AIA will collect a total to UGX: 892.761 billion.

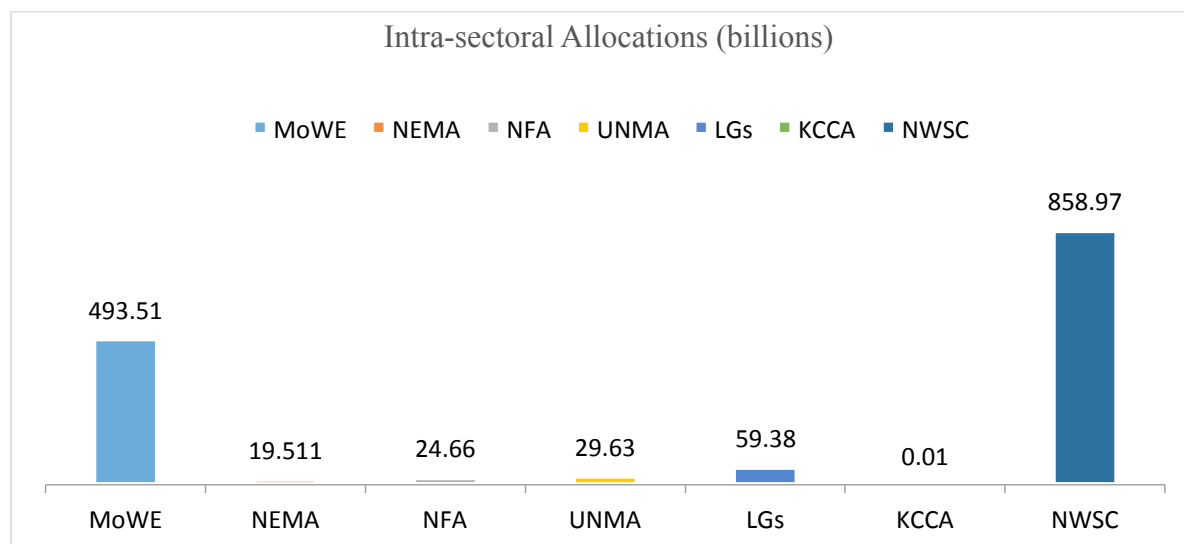
Table 2: Sources of Revenue under NWSC

Source	Amount (billions)	Percentage (%)
Financial Services	33.140	3.7
Donor funds- Foreign Governments	402.6	45
Transfers from Treasury	25.981	2.9
Utilities	397.7	44.5
Other fees and Charges	33.340	3.7

Source: MPS for the Water and Environment Sector for FY2017/18

Of the revenue collected, NWSC intends to spend UGX: 884.956 billion, the largest of the sector allocation. It has been noted that the amounts of funding to the corporation vary, i.e. the amount that feeds into the total allocation at the beginning of the statement is UGX: 858.97 billion and in the subsequent deadline it is UGX: 884.956. The corporation is projected to receive UGX: 892.761 billion in revenue and spend UGX: 884.956 billion, with a market surplus of UGX: 7.805 billion. There is no indication of what the surplus revenue will be used for.

Figure 2: Inter-Sectoral Allocations for FY2017/18 Summarised



Source: MPS for the Water and Environment Sector for FY2017/18

Priorities for FY2017/18

- The major sector priority is increase access to safe water in rural areas from the current 65% to 79% within a radius of 1km and in urban areas from the current 77% to 100% by ensuring each village has a safe water source; increasing sanitation and hygiene levels in rural and sewage in urban areas to 95%; increasing the functionality of water supply systems and promote catchment based integrated water resources management.
- To increase the provision of water for production facilities and increasing the functionality and utilization of water for production from the current 27.8MCM to 38MCM by 2019/20.
- To protect, restore and maintain the integrity of fragile ecosystems by increase of national forest cover from 10% to 15% through massive tree planting of 100-200 million trees annually throughout the country
- To increase national wetland coverage from 10.9% to 12%
- Increase automation of climate monitoring network to 40% and increase the country's resilience to the impacts of climate change impacts.

Table 3: Unfunded priorities under the Sector

Item	UGX (billions)
Water for Production	65
Rural Water Supply	103
Urban water supply	135
Water resources Management	50
Environment and Natural Resources	60
MoWE headquarters	4
Support to NEMA	32.45
Support to NFA	20.2
National Meteorological training school and radar (taxes)	20.67
NWSC	264.6

Source: MPS for the Water and Environment Sector for FY2017/18

Sector Achievements/Outputs

The MPS presents three specific outcomes and related indicators that will guide the sector in assessing its contribution to overall national objectives. These are;

- a) Increased and equitable access to safe water and sanitation facilities for rural, urban and water for production uses for men and women
- b) Increased availability of good quality and adequate water resources to support socioeconomic transformation for men and women and
- c) Improved weather, climate and climate change management, protection and restoration of environment and natural resources.

Some of the major sector achievements (all at output level) include;

- Construction of Bukwo Gravity scheme
- Finalised construction of piped water systems in 7 small towns
- 22 designs of piped water systems have been completed
- Accomplished the construction of Andibo dam in Nebbi district and construction of several valley tanks underway in 11 districts.
- Environmental regulation through review and approval of environmental impact assessments
- 239Km of boundaries were resurveyed and marked with concrete pillars
- 312 hectares of new tree plantations
- NFA is maintaining 2,279 hectares of forests

MPS Compliance with the PFMA Act (2015) and NDP II

The water and environment sector is strategic to the attainment of NDP II overall targets. The MPS indicates implementation of several programmes on enforcing compliance with environmental and natural resources policies, legislation and standards. In line with Section 13(6) and 13(7) of the PFMA, the National Planning Authority conducted an assessment of the budget and its compliance to the National Development Plan, Charter of Fiscal Responsibility and the Budget Framework Paper. Overall, water and environment performed at 52% specifically the sector compliance is presented below;

Table 4: Sector Compliance Scores

Description	Compliance (%)
Sector Planning	54
Projects Planning	54
Budget process Instruments	72
Budget Performance	22

Source: NPA Certificate of Compliance FY2017/18

NPA reports that, of the five MDAs in the sector, only National Environment Management Authority (NEMA) has an approved strategic plan that is aligned in both content and timeframe. National Water and Sewerage Corporation (NWSC) has an approved strategic plan aligned to the NDPII in terms of content but not in time frame (2016-2021). National Forest Authority (NFA) has a draft strategic plan that is aligned to the NDPII in both content and timeframe but not approved. Uganda National Meteorological Authority (UNMA) does not have a strategic plan.

MPS Compliance with the Gender and Equity Requirements

Pursuant to Section 13(15) (g) (i) of the PFMA, the Minister laid an assessment of the overall compliance with the gender and equity requirements. For the year, the threshold of issuance of the gender and equity certificate stands at 50%, the sector accordingly scored 60% for the financial year 2017/18. The score represents an increase in performance from 58% (201 point increase) in 2016/17

3.0 Emerging Issues

- a) The NDP II earmarks the need to invest in water for production infrastructure to boost commercial agriculture and industrial activities by constructing large and small scale water schemes for irrigation, livestock and rural industries, while increasing cumulative storage

from 27.8 to 55 Million cubic meters. While this is clearly included in the sector priorities, there is no indication of what progress has been made, considering its centrality to enhancing the livelihoods of men and women.

- b) While the MPS clearly articulates the anticipated outcomes and related indicators, the presentation of achievements is at result level (outputs) without any deliberate efforts to indicate the progress towards the stated outcomes. For instance, while one of the sector priorities is to increase access to safe water in rural and urban areas from 65% to 79% within a radius of 1Km and from 77% to 100% respectively the presentation of the results focusing water points constructed and number of towns connected with a piped water system is not sufficient to show the progress towards the 79% and 100% targets.
- c) In 2016, the country faced a prolonged drought which resulted in famine in several districts in the country. The MPS is presented in a generic format without any specific interventions designed to respond to incidences of climate change and climate variability. This is despite the fact that the country is a signatory to the United Nations Framework on Climate Change and has submitted its Intended Nationally Determined Contribution (INDC) as required. The following has been observed;
 - To implement the country's INDC adaption measures, there is need for an effective national coordination mechanism that brings together the relevant agencies responsible for agriculture, lands, infrastructure, energy, and health and disaster risk management. Evidence on the ground indicates that there exists a Ministerial Policy committee on environment established in 1996. Its work contribution to environment remains obscure.
 - For mitigation, Uganda is set to focus on implementation of a series of policies and measures in the energy supply, forestry and wetland sectors. The MPS is silent on which policies require review/ or enactment to prepare the country for climate change and variability mitigation.
 - As set out in the National Climate Change Policy and its costed implementation Strategy, national funds should cover approximately 30% of incremental costs of the activities in the next 15 years, with 70% assumed to originate from international sources. It's difficult to underline the amount let alone percentage of allocated funds to climate change mitigation and adaptation on the F2017/18 MPS

4.0 Policy Alternatives

- a) Water for production interventions should be shifted from Agriculture to the water and environment sector. There is a current existing contention about whether it's the Ministry of Agriculture, Animal industry and Fisheries or Ministry of Water and Environment that

should provide lead roles in this very critical intervention. Basing on the policy framework and infrastructure already existent under the MoWE, it is logical that it handles water investments.

- b) Our policy regarding the overall delivery of services in the water and environment sector is to increasingly devolve authority and responsibility to local governments. Districts should be central in preparing ordinances and bylaws as well as have the required funds to implement and enforce decisions and regulations related to forestry and water for production and environmental conservation. It's difficult for the Ministry of Water and Environment to effectively monitor and maintain water facilities, wetlands and forests without an active role of local governments.
- c) On Environment, our policy is to fully integrate environmental issues into policies and programmes. The statutory provision for a Ministerial Committee on Environment is meant to provide a central coordinating mechanism to ensure that the 1992 Rio Declaration on Environment and Development and as enshrined within SDG 6 (Clean Water and Sanitation), SDG 7 (Clean and Affordable Energy) and SDG 13 (Climate Action) is honoured and implemented. An environmental certificate of compliance issued by NEMA for all sectors is proposed as a prerequisite for sector budget approval.
- d) The NEMA as main statutory body for environmental conservation should reconsider the preparation and publishing of the 'State of Environment Report' for Uganda last issued out in 2014. The report is critical to giving strategic directions to stakeholders involved in environmental management and conservation. We also propose the creation of an integrated water and environment data collection framework and a quarterly public report.
- e) Compared to a number of other ministries assessed by the Shadow Cabinet, the Ministry of Water and Environment has its objectives set against measurable outcomes. This is commendable. Agencies under the ministries have received a lot of donor support over the years to build technical capacity. But the Shs 755 billion funding gap severely undermines the ability of the ministry to deliver against its objectives. It is proposed that this ministry receives 100% of its funding deficit in the next 2 financial years to ensure that the minister can implement set targets in water for production and rural and urban community use, growth in forest and wetland cover and automation of the climate monitoring network. The MPS should be amended to reflect this phased funding while detailing revised implementation plans per sub sector.

- f) Ugandan agriculture and food security are being very severely affected by climate change and drought. Current water for production plans seem to be heavily skewed to high gradient areas in Elgon and Rwenzori. The minister needs to amend the MPS to provide for a serious water for production and water security plan for lowland/ basin areas of Uganda, from north to south between the two rift valleys.

Conclusion

As opposition, the Ministerial Policy Statement is an accountability document to show sector performance at outcome level and its tangible contribution to the national development targets and not just an outline of activities undertaken in the sector as its now. The presentation of sector achievements at based reporting is critical to appreciating its overall contribution to the national objectives. The sector is essentially very important to achieve sustained environmental outcomes i.e. Uganda's ecosystem functions, biodiversity, water quality and water resource health and our proposals are an initial step to achieve this. It's imperative that the government prioritises the sector for better development outcomes.

CHAPTER ELEVEN: SOCIAL DEVELOPMENT SECTOR

ALTERNATIVE POLICY STATEMENT FOR GENDER, LABOUR AND SOCIAL DEVELOPMENT FOR FINANCIAL YEAR 2017/18

1.0 Sector Overview

The Social Development Sector (SDS) was established in 2001 as part of the overall Government of Uganda Sector Wide Approach (SWAP) to planning and programming. Social Development is a strategic sector at the center of implementing critical Constitutional provisions including welfare and maintenance of the aged, gender mainstreaming, disability, youth and children empowerment as well as promotion and preservation of cultural values and practices. The sector is mandated to empower communities and harness their full potentials through skills development, labour productivity and cultural growth.

The interventions of the sector are guided by the Social Development Sector Plan (SDSP) 2015/16 – 2019/20. The SDS approach to programming is to promote community level actions that reduce poverty and facilitate a favorable environment for other sectors to effectively deliver services to all sections of the population. The Social Development Sector (SDS) is therefore critical to contributing to an equal society where the potentials of all sections of society including the vulnerable are unfettered and nurtured as a means to national social and economic development.

The mandate of the SDS is to mobilize and empower communities to harness their potential while, protecting the rights of vulnerable population groups. The Sector promotes issues of labour productivity and employment, social protection, gender equality & equity, human rights, culture and empowerment. Overall, the Sector aims to achieve a better standard of living, equity and social cohesion. The Sector is responsible for the protection and promotion of the rights of the vulnerable population, addressing gender inequalities, ensuring cultural growth, labour and employment as well as community mobilization and empowerment. Therefore, the Sector plays a fundamental role in creating demand for social services and laying a foundation for other sectors to improve their outcomes.

This policy statement is therefore an outlay of the sector allocations, priorities and proposed alternatives to improve the performance and drive social economic development

Situation Analysis of the Social Development Ministerial Policy Statement (MPS)

Under the provisions of the Public Finance Management Act (2015), every minister responsible for a vote is required to submit to parliament, a Ministerial Policy Statement for the proceeding financial year showing among others; the achievements of the vote for the previous year; the annual work plan, procurement and recruitment plans; a statement of actions taken by the vote to implement the recommendations of parliament and the cash flow projections of the vote. In this respect, the MPS for the Social Development Sector was submitted to Parliament with the following highlights;

The Sector Strategic Direction

The sector has listed up seven priorities in the SDP for the period 2015/16 – 2020/21 as follows;

- a) Expanding social protection services to vulnerable groups
- b) Development of non-formal employable skills
- c) Promotion of descent employment opportunities
- d) Promotion of economic empowerment of women and youth
- e) Promotion of culture and creative industries for development
- f) Strengthening the national response to orphans and other vulnerable children and
- g) Strengthening coordination, monitoring and evaluation and management information systems.

The MPS presents a list of 27 activities without a clear categorization that correlates to the SDP priorities. Without a clear activity alignment to SDP priorities it's difficult for the sector to measure the MPS performance contribution to not only the SDP priorities but also to the broad national development goals.

There are discrepancies in the financial projections as presented in the SDP 2015/16 – 2020/21 and the MPS 2017/18. In light of table 1 below, the SDS total financing projections show a total of UGX: 486.63 billion, of which government is required to contribute UGX: 200.516 as required to run sectoral interventions. In comparison, the money allocated by government for FY 2017/18 is only UGX: 172.74 billion leaving an MTEF funding gap of UGX: 27.771 (15.4 percent).

Table 1: The SDS 5-year (2015/16 – 2019/21) Financing Projections

Description	FY	FY	FY	FY	FY	Total	Percentage
	2015/16	2016/17	2017/18	2018/19	2019/20		(%)
Cost of the Plan	224.27	492.04	486.63	494.98	506.84	2204.76	100%
GOU (MTEF)	89.564	192.794	200.516	227.847	268.02	978.741	44.39%
Off budget	83.828	105.286	101.206	99.856	95.786	485.962	22.04%
Others (JLOS)	1	1	1	1	1	5	0.23%
Funds available	174.392	299.08	302.722	328.703	364.806	1469.703	66.66%
Funding gap	49.88	192.96	183.91	166.28	142.03	735.06	33.34%
Funding gap %	22.24%	39.22%	37.79%	33.59%	28.02%	33.34%	
Total cost	224.27	492.04	486.63	494.98	506.84	2204.76	100.00%

Source: SDP 2015/16 – 2020/21

Cash Flow Projections

The principle government agency under the sector is Ministry of Gender, Labour and Social Development (MoGLSD) with a total of four votes including;

- a) Vote 018 - Ministry of Gender, Labour and Social Development
- b) Vote 124 - Equal Opportunities Commission
- c) Vote 122 - Kampala Capital City Authority (KCCA) and
- d) Vote 501-850 - Districts and Municipalities

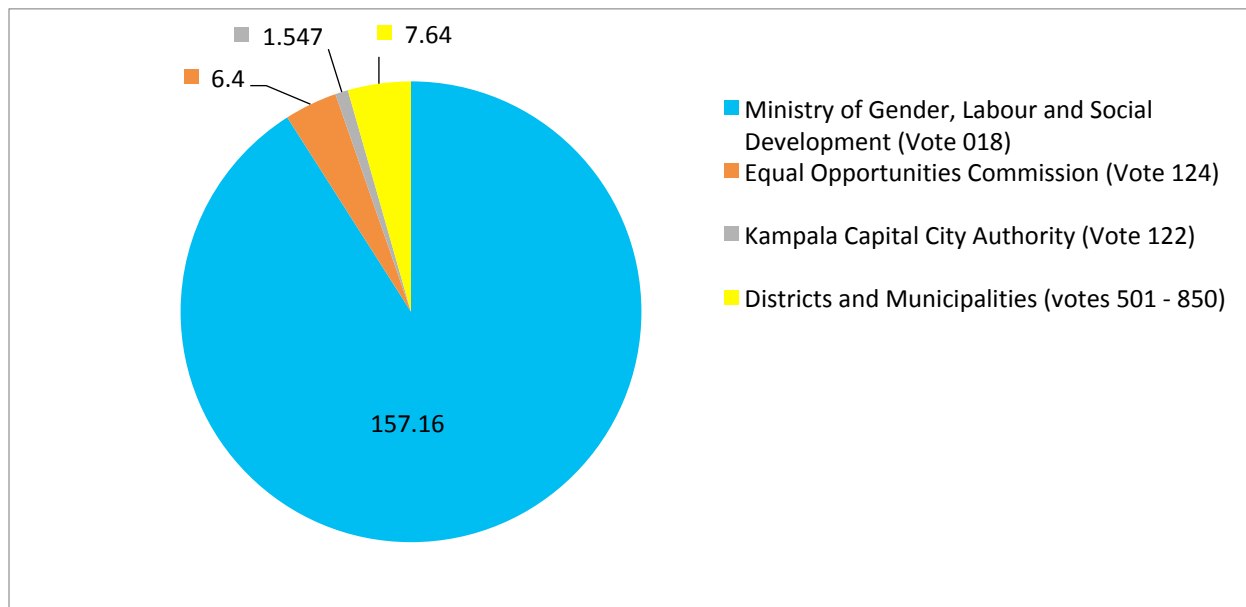
Table 2: Budget Allocation to the Social Development Sector 2014/15 – 2017/18

Vote	2014/15	%	2015/16	%	2016/17	%	2017/18	%
018-Gender, Labour & Social Development	62.79	83.21%	79.6	85.25%	178.34	91.70%	157.16	90.98%
124-EOC	3.32	4.40%	4.26	4.56%	6.69	3.44%	6.401	3.71%
Local Governments	7.14	9.46%	7.14	7.65%	7.64	3.93%	7.64	4.42%
122-KCCA	2.21	2.93%	2.37	2.54%	1.82	0.94%	1.547	0.90%
Total	75.46	100%	93.37	100%	194.49	100%	172.748	100%

In the Medium Term Economic Framework (MTEF) for FY2017/18, the Social Development Sector has been allocated a total of UGX: 172.74 billion representing 0.58% out of the national resource envelop of UGX: 29.608.640 showing a decrease of UGX: 21.74 billion in nominal values and 14% over FY2016/17. During the FY2016/17, the Sector approved budget was UGX: 194.49 billion out of that amount, MGLSD was allocated UGX: 178.34 billion. Gender, Labour and Social Development, is one of the poorly funded sectors of the economy. It is third after Tourism Trade and Industry and ICT. The very small Budget was further reduced from 194.49bn

(0.74%) in 2016/17 to 172.75bn (0.58%) in 2017/18.

Figure 1: Inter-sectoral allocations (billions)



Source: MPS 2017/18

Programmes under the Sector

Table 3: Programmes under each sector vote

Vote	Programmes
Vote 018: Ministry of Gender, Labour and Social Development	a) Community Mobilization and Empowerment b) Mainstreaming Gender & Rights c) Promotion of Labour, Productivity and Employment d) Social Protection for the Vulnerable Groups; and e) General Administration, Policy, Planning and Support Services.
Vote 124: Equal Opportunities Commission (EOC)	Promotion of Equal Opportunities and Redressing Imbalance
Vote 122: Kampala Capital City Authority (KCCA)	Community and Local Development
Vote 501-850 Local Governments (district and Municipalities)	Community Mobilization and Local Development

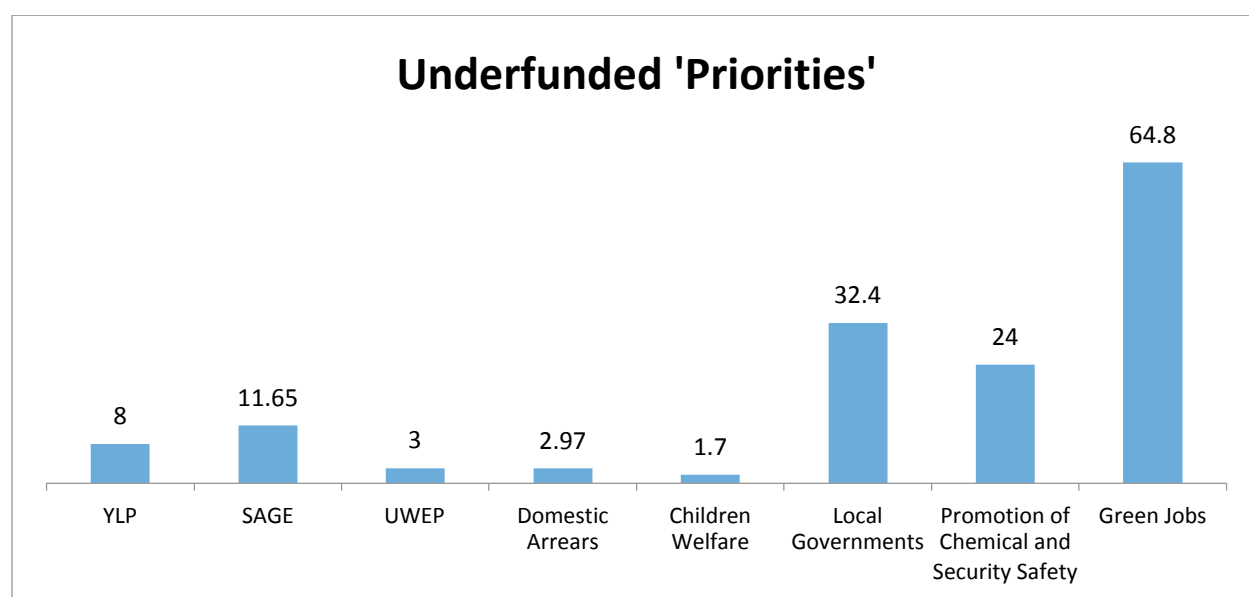
Source: MPS 2017/18

Sector Priorities and Allocations

The main sector priorities by virtue of allocations are the Youth Livelihood Programme (YLP) – UGX: 60.6 billion, Social Assistance Grants for the Elderly (SAGE) – UGX: 18.5 billion, and Uganda Women Entrepreneurship Programme (UWEP) – UGX: 39.3 billion

There are a total of eight underfunded 'priorities' presented in the MPS 2017/18 with a combined total amount of UGX: 148.479 billion with the biggest two being Green jobs (UGX 64.8) and Local Governments (UGX; 32.4).

Figure 2: Social Development Sector Underfunded 'Priorities' for FY 2017/18 in (billions)



Source: MPS 2017/18

The sector approach to delivering its programming is through community level action. However, Local Government remains highly underfunded.

The MPS 2017/18 presents a list of seven unfunded 'priorities' worth UGX: 114 billion with the biggest two being purchase of office accommodation for the Ministry of Gender, Labour and Social Development (UGX: 64 billion) and readiness support to social development institutions (UGX: 18 billion).

Table 4: Unfunded priorities in the MPS 2017/18

Unfunded 'Priority	Amount (billion)
Purchase of office accommodation	64
Hosting JAMAFEST	6
Hosting Common Wealth Youth Ministers Meeting	6
Readiness Support to Social Development Institutions (RESUSODI)	18
Strengthening Culture and Creative Industry (STRECCI)	9
Minimum Wages Board and Medical Arbitration board	3
Certificate of Gender & Equity	8
Total (unfunded)	114

Source: MPS 2017/18

In view of the allocative funds framework, the ceiling for the Social Development Sector is UGX: 172.74 billion for FY2017/18 with several underfunded and unfunded interventions amounting to UGX: 148.479 billion and UGX: 114 billion respectively. In total (funded, unfunded and underfunded) sector projection is UGX: 435.26 which are below the SDP financing projections of UGX: 486.63 billion by UGX: 51.37 billion. The total funding deficit for the sector is UGX: 284.26 billion. The MPS however does not indicate what implications this shortfall in funding may cause to the overall realization of the sector objectives.

2.0 Analysis of the MPS

Major Sector Priorities, outputs and Allocations

Major Sector outputs

The analysis of sector output is restricted to the major programmes implemented by the ministry and these include the Program for Expanding Social Protection, the Youth Livelihood Programme and the Uganda Women Entrepreneurship Programme. These programmes are at the core of the mandate of the sector with a bulk of its allocation earmarked to be spent in implementing these programmes. In 2016/17 a total of UGX 129.2 billion was allocated to these programmes representing 72% of the MoGLSD's budget and 67% of the entire sector budget.

For financial year 2017/18, the total projected expenditure on these programmes totals to UGX: 122.3 billion, constituting a whopping 80.7% of the total budget allocated to the MoGLSD and 73.8% of the entire sector budget.

a) The program for Expanding Social Protection II (ESP) including a component of Social Assistance Grants for Empowerment (SAGE) Programme

The Programme for Expanding Social Protection is a well-recognized 'safety net' instrument embedded in the ILO Social Security Convention No 102. The ESP in Uganda has two specific objectives; (i) to develop the National Social Protection Policy and (ii) to pilot the Social Assistance Grants for Empowerment (SAGE). In 2015, government approved the National Social Protection Policy which articulates the vision and the role of social protection in national development and facilitates establishment of a social protection system in Uganda.

The SAGE grants in Uganda are paid to older persons (60+ Karamoja sub region and 65+ elsewhere) and labour constrained vulnerable households such as those headed by older people, people with disabilities, orphans and widows and child headed households. Under the Memorandum of Understanding between government and development partners ESP is supposed to roll out to a total of 55 districts in the next 5 years (2015 – 2020) with the following commitments;

- Government to allocate as a share of its contribution UGX: 149 billion in the next 5 years 2015 – 2020 (annually UGX: 29.8 billion).
- MoGLSD to establish targeting and registration systems to enable SAGE grants delivery to 179,255 beneficiaries in 55 districts.
- MoGLSD to undertake orientation and training of local governments to effectively manage implementation and monitoring of SAGE; and - Monitor implementation of the SAGE Programme in 40 districts.

The MPS reports that the empowerment grant has been received by 143,367 (57,829 male and 85,538 female) Senior Citizens Grant beneficiaries in the 35 districts covering 477 sub counties with each receiving UGX 25,000.

For the FY 2016/17, the ESP Programme paid a total of 45,307 beneficiaries (with GOU funds). Of these 36,259 beneficiaries were paid up to December 2016, 5,245 paid up to January 2017 while 3,803 were paid up to February 2017. The funds amounting to UGX: 6.871 billion were paid in grants in the FY2016/17 and out of the total amount received in the year, UGX: 4.013 billion was released in the third quarter.

Going forward, SAGE requires approximately UGX: 10.554 billion to pay a total of 56,974

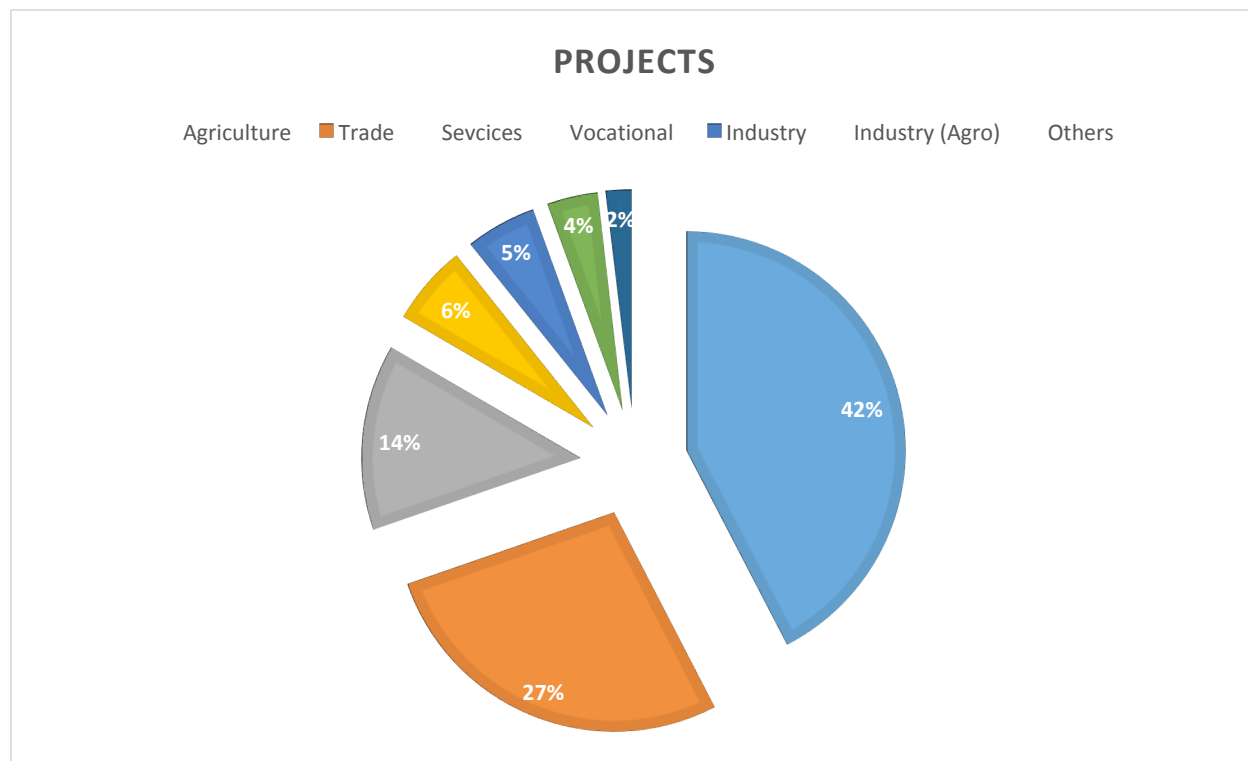
(45,307 being existing beneficiaries and 11,667 are newly targeted beneficiaries) up to June 2017. The 11,667 beneficiaries from the five (5) districts which came on board this year have not been paid at all and some beneficiaries are demanding payments for 4 – 6 months in arrears. This is because government is failing to honour its financial obligations. The projected allocation in FY2017/18 is UGX: 18.5 billion which is less by UGX: 11.3 billion committed by government as its annual contribution to the programme.

The ESP and in particular the Senior Citizens Grant is poorly designed because it does not adhere to the principle of equity as outlined in the ILO Social Security Convention No 102 and Uganda's Social Protection Policy. It's important that a reliable social protection programme is fair to the extent that it provides benefits to different vulnerable groups across the geographical locations in a country. The SAGE programme in Uganda is limited to older persons (60+ Karamoja sub region and 65+ elsewhere) with benefits of UGX: 25,000 (USD 6.8) per month and currently running in 40 districts out of 117 districts.

b) The Youth Livelihood Programme (YLP)

The Youth Livelihood Programme (YLP) covers all the 117 Districts of Uganda (including Kampala Capital City Authority). Cabinet and Parliament approved budget of UGX: 265 billion (Approx. US\$. 100 million) for the first 5 years of implementation 2013-14 to 2017-18. Government is supposed to annually allocate at least UGX: 53 billion. The Programme provides support in form of revolving funds for skills development projects and Income Generating Activities (IGAs) initiated by youth groups. By the end of March 2017, a total of 9,438 projects reaching out to 119,857 youth benefited (65,576 (55%) male and 54,281 (45%) female).

Figure 3: Categorization of projects under the YLP



According to the MoGLSD, the revolving funds repayment has commenced with a total of UGX: 8.923 billion repaid by 5,136 youth groups. The recoveries are improving every month with weekly repayment of over UGX: 0.200 billion.

For the financial year 2016/17 YLP received an allocation of UGX: 24.6 billion and by December 2016, UGX: 11.2 billion had been spent. The allocations to the programme in FY2017/18 are projected to increase to UGX: 60.6 billion indicating a UGX: 36 billion increments and a UGX: 7 billion over and above the annual government commitment.

The Youth Livelihood Programme (YLP) is a 'Government of Uganda financed programme designed as one of the interventions of Government in response to the high unemployment rate and poverty among the youth in the country' (MoGLSD 2012). With the UGX: 256 billion programme in its final year of implementation, government is not on record regarding the number of descent jobs created and how many young men and women have transitioned from poverty. The failure by the MoGLSD MPS for FY2017/18 to provide for an impact study to enable actors learning of what is working and not working, is in itself an indictment of the tangible outcomes of the programme beyond disbursements of money.

Uganda continues to face high levels of youth unemployment and underemployment with no

noticeable difference over the last five years (World Bank Study 2016). Statistics on employment and poverty are stark contrast including the 2014 Census report that indicates that '58 percent of Uganda's population between the productive age of 14 and 64 (approximately 10.4 million) remains unemployed.

While as public sector youth livelihood programming is critical, given the country's demographic structure and economic characteristics, the design of the current YLP is flawed and its theory of change (community demand driven) though appropriate has been hijacked by opportunistic political actors making the programme bedeviled by instances of corruption and failure to pay back. In fact young people are getting a raw deal with the much anticipated YLP benefits remaining rhetoric.

c) Uganda Women Entrepreneurship Programme (UWEP)

The Uganda Women Entrepreneurship Programme (UWEP) comes in as a lifeline initiative by the Government of Uganda to not only improve women's access to financial services but also equip them with skills for enterprise growth, value addition and marketing of their products and services. UWEP is intended to improve access to financial services by women and equipping them with entrepreneurship skills, value addition and marketing of their products and services. The Programme is implemented under three components; (i) capacity building and skills development (ii) women enterprise fund for projects, and (iii) institutional support. The first phase of implementing the Programme commenced in FY 2015/16 in 19 districts and KCCA and to be rolled throughout the country in FY 2016/17.

Despite the fact that a national rollout of UWEP is expected in FY2017/18, the allocations to the sector have been slashed from UGX: 43 billion in FY 2016/17 to UGX: 39 billion in FY2017/18. The likely implication is that the MoGLSD will not, as planned, roll out the programme to benefit women from other parts of the country.

In FY2016/17, a total of 349 women groups (4619 women) were supported with funds worth UGX 1.47 billion. The Ministry also updated the UWEP Communication Strategy to include advocacy, oriented 471 LCV Chairpersons, Mayors, Town Clerks, CAOs, DCDOs oriented on UWEP in six (6) centres of Gulu, Kampala, Hoima, Mbarara, Mbale and Soroti and held Planning and review meetings for 60 people that UWEP Focal Point DCDOs, MGLSD staff and Technical Support Unit members undertook field visit to get baseline information from field work.

The lack of programme learning from the inherent design and delivery challenges of the YLP has not helped to improve on the concept for the Uganda Women's Enterprise Programme. The UWEP carries a similar theory of change (community demand driven) with grants appropriated to groups of women through the local government systems. This type of programme eventually

gets hijacked by opportunistic political actors resulting into similar traps of corruption and failure to repay the money advanced.

d) The Equal Opportunities Commission

The Equal Opportunities Commission was established to effect Article 32 (3) and (4) of the constitution of Uganda. The Commission works to eliminate discrimination and marginalization against any individual or groups of persons through taking affirmative action to redress imbalances and promote equal opportunities for all in all spheres of life. EoC in 2016/17 was allocated UGX: 6.6 billion to carry out its mandate, some of the reported achievements realized include;

- Sensitization of Fifty 50 MDAs and 14 LGs the Gender and Equity Certificate requirements for compliance in 14 districts.
- Carried out at least 80% investigations of the total complaints and petitions received by the Commission in 7 districts
- Assessment of 16 sectoral budget framework papers for Gender and Equity compliance.
- Undertook Gender &Equity training of 50 MDAs planners.
- Phase III of the assessment of MPSs on compliance with gender and equity compliance was concluded and the final report compiled.
- Final audit on compliance of; health services, operation wealth creation programme and the recruitment of local government workers in 5 districts was conducted.

The projected allocation for 2017/18 is UGX: 6.4 billion, the monies allocated will fund the following priorities;

- Promotion of Gender and Equity
- Redressing imbalances and promoting equal opportunities for all
- Promotion of equal opportunities and redressing imbalances

With a reduction in funding, the EoC will not be able to set up regional centers to extend their services to all regions of the country and thereby fail to correctly and extensively undertake their mandate of receiving investigating, assessing, hearing and determining complaints related to discrimination and marginalization.

MPS compliance with the Public Finance Management Act (2015) and NDP II

Pursuant to Section 13(6) and 13(7) of the PFMA, the National Planning Authority conducted an assessment of the budget and its compliance to the National Development Plan, Charter of Fiscal Responsibility and the Budget Framework Paper. Overall, the Social Development Sector

scored 57.8%. Specifically the sector compliance is presented below;

Table 5: Social Development Sector Alignment to NDP II

Description	Compliance (%)
Sector Planning	50
Project Planning	53.8
Budget process Instruments	72.3
Budget Performance	45

Source: NPA Certificate of Compliance FY2017/18

Despite prioritizing a number of NDPII sector interventions, some prioritizes are still left out including;

- Development of a national sexual harassment policy
- Elimination of child marriages
- Increasing participation of youth in economic and social activities within EAC region and
- Development of a modern cultural center

MPS Compliance with the Gender and Equity Requirements

Pursuant to Section 13(15) (g) (i) of the PFMA, the Minister laid an assessment of the overall compliance with the gender and equity requirements. For the year, the threshold of issuance of the gender and equity certificate stands at 50%, the sector accordingly scored 91% emerging as the most compliant sector for the financial year 2017/18. However, in comparison with the previous financial year, there was a noted decline from 98% (a 7% point decline).

3.0 Emerging Policy Issues in the MPS

- a) This MPS is not clearly structured to enable a clear appreciation of how the Sector is contributing to the overall national goals. The reporting standard prescribed by the PFMA is programme based something the MPS for the sector does not represent. A clear example is a tendency to focus on results at output level as opposed to results at outcome level.
- b) The Social Development Sector remains one of the least funded with the total allocative figure of UGX: 172.94 billion representing 0.58 percent of the national budget. This allocation is in total disregard to the centrality of its interventions aimed at economic and social inclusion as well as empowerment of most vulnerable groups in society. The sector is responsible for programming for children (58 percent of Uganda's population); the youth

(21 percent of Uganda's population) and the elderly (6 percent of Uganda's population) notwithstanding the disabled and women.

- c) Notwithstanding being one of the least funded sectors, its budget for FY2017/18 has been reduced from UGX: 192.76 in 2016/17 to UGX: 172.74 in 2017/18. The budget cut amounting to UGX: 21.74 billion will affect both the Youth Livelihood Programme and the Credit for Women Enterprises. These are signature government programmes intended to alleviate poverty and ensure economic inclusion of youth and women.
- d) The projections for FY2017/18 as presented in the 5-year SDP financing forecasts present a funding shortfall of UGX: 51.37 billion. The MPS 2017/18 does not indicate how the SDS will realise the funding shortfall to raise the projected UGX: 486.63 billion required to fulfil its development and recurrent aspirations.
- e) Sector funds are concentrated at the national level with UGX: 1557.911 billion (95 percent) remaining at the centre and only 5 percent going to Local Government units. MoGLSD's approach is to deliver its services through a decentralized approach. While the centre will provide the policy guidelines, the Local Governments will play a key role in implementation.
- f) The MPS presents a list of 27 activities without a clear categorization that correlates to the SDP priorities. Without a clear activity alignment to SDP priorities it's difficult for the sector to measure the MPS performance contribution to not only the SDP priorities but also to the broad national development goals.
- g) Under the Expanding Social Programme, the 11,667 beneficiaries from the five (5) districts which came on board this year have not been paid at all and some beneficiaries are demanding payments for 4 – 6 months in arrears. Government is failing to honour its financial obligations to the Senior Citizens Grant programme. The projected allocation in FY2017/18 is UGX: 18.5 billion which is less by UGX: 11.3 billion committed by government as its annual contribution to the programme. The failure by government to honour its financial commitments to the senior citizens' grant means that the programme cannot reach out to all deserving old people across the country. This is inequity and injustice and against the principles of the ILO Social Security Convention No 102 and the National Social Protection Policy.
- h) The design of the current YLP is flawed and its theory of change (community demand driven) though appropriate has been hijacked by opportunistic political actors making the programme bedeviled by instances of corruption and failure to pay back. In addition, there is no mention in the MPS that the Youth Livelihood Programme is in its final year of operation. This analysis finds out that YLP resources have been allocated to unrelated

activities such as (i) support Transparency and Accountability Agencies in implementation of Programme activities (ii) operations funds disbursed to facilitate the National Youth Council in the implementation of its programme activities and purchase of 10 Orthopedic Office Chairs. In light of the fact that this is the final year of YLP, the MPS should be giving a direction of what is likely to happen including aspects related to programme evaluation and re-design.

- i) Despite the fact that a national rollout of UWEP is expected in FY2017/18, the allocations to the sector have been slashed from UGX: 43 billion in FY 2016/17 to UGX: 39 billion in FY2017/18. The likely implication is that the MoGLSD will not, as promised roll out the programme to benefit women from the remaining 100 districts of the country.
- j) With a reduction in funding, the EoC will not be able to set up regional centers to extend their services to all regions of the country and thereby fail to correctly and extensively undertake their mandate of receiving investigating, assessing, hearing and determining complaints related to discrimination and marginalization. In addition the Certificate of Gender and equity compliance is an unfunded priority under the commission to the tune of UGX: 8 billion. However, Ministry of Finance issues the certificate upon the advice of the Commission according to the PFMA. It's therefore duplication of roles by the commission.

4.0 Alternative Policy Proposals

- a) The Social Development Sector is heavy and over stretched, our policy is to have it restructured as follows;
 - Ministry of Finance Planning and Economic Development should disburse funding directly to the Agencies/Councils under MGLSD i.e. Youth, Women and Disability to enable them design and implement their activities in a timely manner. The subventions got from MGLSD tend to delay and consequently derail respective agencies activities.
 - The National Library is not receiving due attention under the MGLSD. It would be well placed under the Ministry of Information and National Guidance because their mandate and interventions are related.
 - The Industrial Courts should be under the jurisdiction of the Ministry of justice and constitutional affairs whose mandate is to provide legal advice and legal services as well as supporting the machinery that provides the legal framework for good governance.
- b) Our policy proposal for both YLP and UWEP is to convert them into broad based entrepreneurship grants to fund start-ups and firm expansions. Such redesigned entrepreneurship programme will be required to generate jobs for youth and women and

not necessarily give out money. As broad based entrepreneurship grants, they will be able to generate enterprises that are opportunity driven and hence sustainable.

- c) Our policy proposal for the senior citizens grant is to increase the age threshold from the current 60 to +75 to enable the available funds reach the targeted category across the country. At the current threshold, only a few districts have benefitted from the program due to shortage/limited funding, however, once re-adjusted, the residual funds can be made available to scale out the program across the country.
- d) In our view, the department of Labour under MGLSD has no business with employment generation; its mandate is to regulate labour relations and promote descent employment for Ugandans. To enhance a smooth transition from school to the world of work, as well as enable work based learning and skilling, we will establish and run a National Service Scheme that provides internship and apprenticeship for a one-year mandatory placement for all students graduating from tertiary institutions. This is a preferable approach to job creation as opposed to the green jobs and fair labour Market programmes that the Ministry is proposing.
- e) While we acknowledge the benefits and advantages of migration and externalization of labor, it's important that government does not run externalization programmes but rather set the policy and regulatory environment that strengthens the activity. We also acknowledge that labor externalization has given rise to the global problem of human trafficking and incidents of abuse of foreign workers, MGLSD can maintain its oversight role and as a focal entity on the rights of those externalized. This is in a bid to promote objective scrutiny by government because it is hard for government to provide oversight on itself. Embassies are supposed to provide citizens abroad with consular services as well as a valuable layer of protection. Therefore, we pray that at each embassy, there is a labour office to oversee such relations.

Conclusion

As opposition, the Ministerial Policy Statement is an accountability document to show sector performance at outcome level and its tangible contribution to the national development targets and not just an outline of activities undertaken in the sector as its now. Therefore the sector should embark on programme based reporting as opposed to the non-comprehensive format it's currently in. The social development sector plays a pivotal role in Uganda's socio-economic development by strategically complementing the other sectors in terms of human capital development as well as promoting inclusivity in the development agenda

CHAPTER TWELVE: SECURITY SECTOR

ALTERNATIVE POLICY STATEMENT FOR DEFENCE AND VETERAN AFFAIRS FOR FINANCIAL YEAR 2017/18

1.0 Background to the Alternative Policy Statement

The Ministry of Defence and Veteran Affairs (MoDVA) has the mandate to promote security as well as national defence to create a conducive environment for sustainable socio-economic transformation. Vision 2040 re-emphasises this mandate and identifies “peace”, “security” and “defence” as a fundamental tool for development that must be strengthened. The focus of the sector is to support and facilitate the Uganda People’s Defence Forces (UPDF) established by Article 208 of the Constitution in carrying out its constitutional mandate, which includes:

- i. To preserve and defend the sovereignty and territorial integrity of Uganda;
- ii. To co-operate with civil authority in emergency situations and in case of natural disasters;
- iii. To foster harmony and understanding between the defence forces and civilians; and
- iv. To engage in productive activities for the development of Uganda.

The MoDVA in turn supports the UPDF in fulfilment of its mission through providing political and strategic policy guidance, budget management, procurement and disposal, internal audit as well as accountability of the appropriated resources. The sector also derives its mandate from the Defence Policy as well as the UPDF Act.

The sector has performed relatively well in ensuring peace and harmony within the Ugandan borders and in conflict-ridden areas within the African continent such as Somalia. However, we have noticed with concern that while the force is intended to be non-partisan, it has been effectively inducted into the political space and unfortunately serving on the right side of the House. In addition, the Government has continuously deployed soldiers to various countries without prior approval of the Parliament. We also noticed with concern the human rights violations of a multitude of rights holders in the Rwenzori region perpetuated by the UPDF.

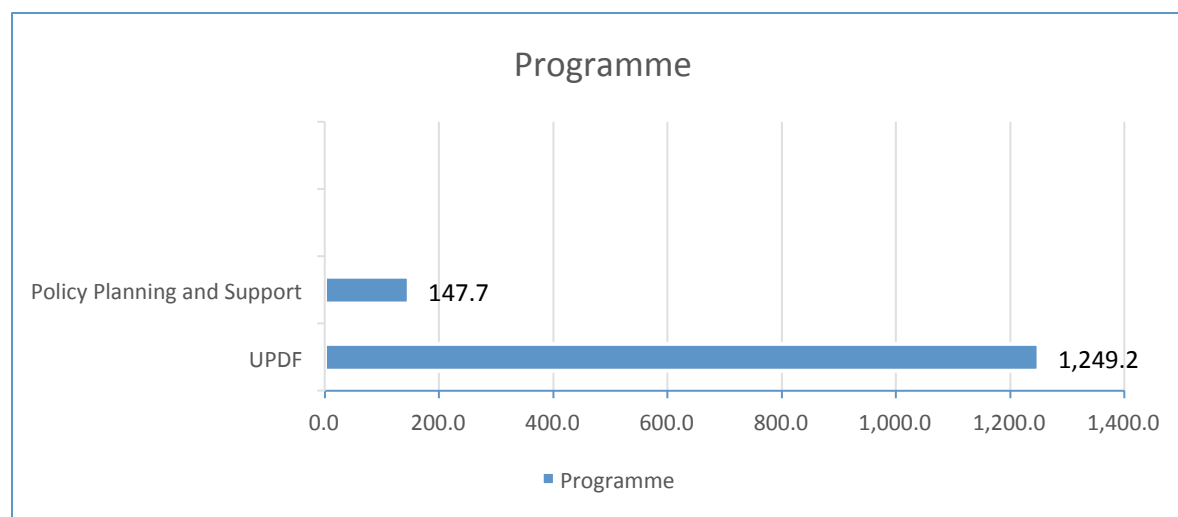
Last but not least, the involvement of the UPDF in various Government lead projects such as the Operation Wealth Creation to now the recent move to fight against corruption. In our view, it is a deliberate move on the part of the Government to militarise the Ugandan economy.

2.0 Analysis of Policy Statement of Ministry of Defence and Veteran Affairs

The Ministry has a proposed allocation of UGX1,378.979 billion (excluding arrears) for Financial Year 2017/2018. In 2016/17 the sector had an approved allocation of UGX1,492.377 billion, indicative of a nominal decrease of UGX113.398 billion and a 7.59% decrease in absolute terms. The Government of Uganda will contribute UGX1,023.932 billion (74.2%) while external funding will constitute UGX353.547 billion (25.6%). The ministry is also projected to generate UGX1.500 billion in AIA¹² and also receive arrears provisions of UGX17.922 billion, bringing the total projected allocation of UGX1,396.901 billion for the ministry.

Figure 1: Inter-Vote allocations

The Vote allocation will fund two major programmes: (i) National Defence (UPDF) and (ii) Policy, Planning and Support Services.

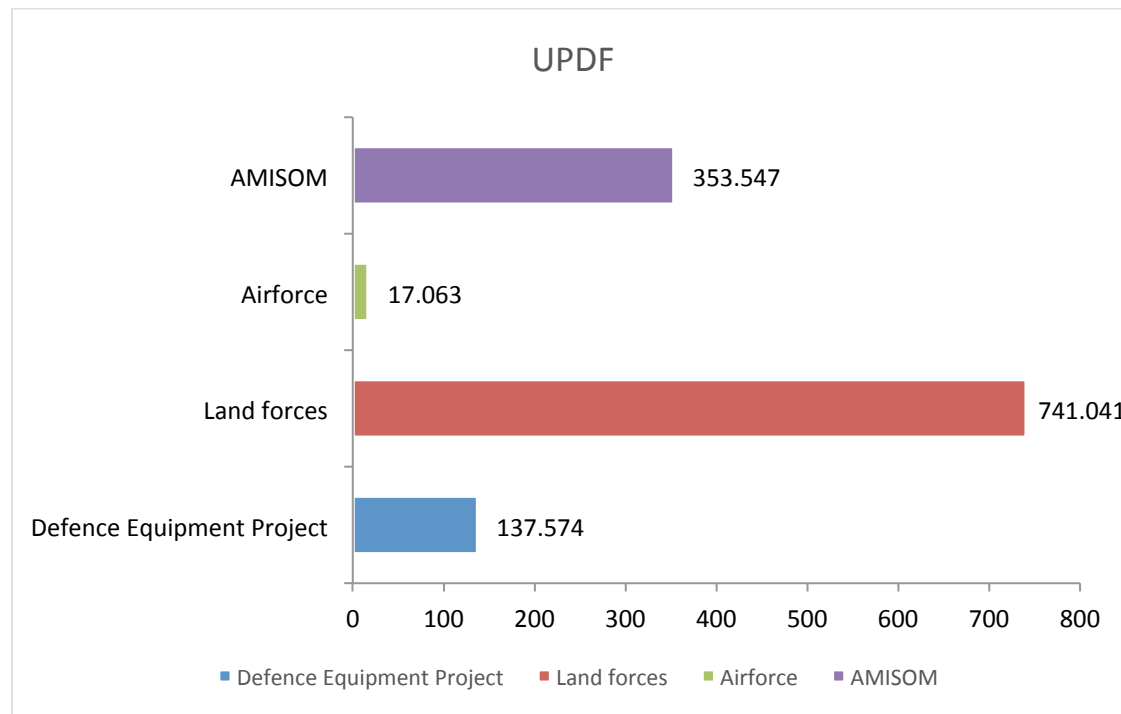


Source: Ministry of Defence and Veteran Affairs Ministerial Policy Statement FY2017/18

¹² Appropriation In Aid

Figure 2: Budget allocation within the UPDF (UGX Billions)

National Security under the UPDF will receive the biggest chunk, 90.5% of the budget under MoDVA to the tune of UGX1, 249.225 billion.



Source: Ministry of Defence and Veteran Affairs Ministerial Policy Statement FY2017/18

- The AMISOM budget is fully funded by external partners
- The Land Forces take the lion's share of the UPDF budget

Priorities of the sector

The Constitution of Uganda and the NDPII makes the Defence and Security Sector central to the wellbeing of Ugandans and the attainment of national development objectives. Overall priorities of the sector include: improving the capability of defence and security forces; strengthening internal and external security, and; enhancing the quality and strength of defence infrastructure, among others. The implementation of these priorities is intended to cater for a dynamic security environment particularly in the strategic areas of border security, internal security and civil emergency response, in order to respond to emerging threats. In addition, the sector is required to develop and implement human capital development programmes while incorporating equity in terms of gender, ethnicity and geographical location in a bid to attract, develop and retain the best personnel to deliver the defence mandate.

The Financial Year 2017/18 Ministerial Policy Statement lists a number of priorities, including:

- a) Deployment of the UPDF will continue to be undertaken appropriately both within operational and non-operational areas on assignment as determined by command. There will be consolidation of systems of selection and deployment in External Missions;
- b) Enhancing defence infrastructure, including health and sanitation, accommodation, training and office facilities in line with the Defence Strategic Infrastructure Investment Plan (DSIIP II). Key outputs include: Airforce core infrastructure in Nakasongola and Entebbe, the Military Referral Hospital at Mbuya, completion of Joint Operations Centres (JOCs) at Mbuya and Bombo, Messes for rank and file at strategic, services and formation levels as well as the kick-starting of the construction of the 30,000 housing units and completion of Kaweweta Training school; and
- c) Enhancing production for wealth creation where the UPDF will contribute to sustainable wealth creation, creation of gainful employment and inclusive growth through participating in and distributing agricultural inputs and also use its land to engage in agricultural activities.

Unfunded Priorities

Table 1: List of unfunded priorities in the Defence and Security Sector

Priority	Amount (billions)
Enhancement of salaries of lower cadres	UGX 43.797
Procurement of clothing and footwear and unpaid bills	UGX 84.495
Food	UGX 66.
Fuel	UGX 24.3
Referrals to private hospitals	UGX 4.3
Maintenance of the UPDF fleet	UGX 19.093
Construction of the Military Referral hospital	UGX 90
Pension and gratuity	UGX 357.9

Source: Ministry of Defence and Veteran Affairs Ministerial Policy Statement FY2017/18

Achievements/ outputs under the ministry

It is difficult to establish the achievements outside those provided under the ministry. This is majorly because many reports are treated as classified. While we appreciate the sensitivity of the activities of the defence forces, it is imperative that Members of Parliament are involved in various decisions. This is in the interest of the constituents served as well as for accountability and to provide checks and balances.

This notwithstanding, some of the achievements include:

- a) The UPDF has contributed to the peace and stability of Ugandans, including the protection of their lives and property;
- b) UPDF remained in Somalia under the AMISOM umbrella where it has been successfully operating alongside other countries. These operations have consequently kept the Al-Shabaab terrorists at bay; and
- c) Vaccination of the troops against Tetanus, meningitis, yellow fever and Hepatitis B.

MPS compliance with the PFMA Act (2015) and NDP II

In line with Section 13(6) and 13(7) of the PFMA, the National Planning Authority (NPA) conducted an assessment of the sector budget and its compliance with the National Development Plan, Charter of Fiscal Responsibility and the Budget Framework Paper. The authority reported that the sector is 49% complaint.

Table 2: Sector Compliance Scores

Description	Compliance (%)
Sector Planning	25
Projects Planning	17
Budget process Instruments	76
Budget Performance	40

Source: NPA Certificate of Compliance FY2017/18

The compliance scores of the ministry are deplorable and coded “Unsatisfactory” (0-49%). The ministry is also operating without a strategic plan. It is, therefore, difficult to measure the achievements or output indicators against those of the NDPII.

MPS compliance with the gender and equity requirements

Pursuant to Section 13(15) (g) (i) of the PFMA, the minister laid an assessment of the overall compliance with the gender and equity requirements. For the year, the threshold of issuance of the Gender and Equity Certificate stands at 50%. The sector accordingly scored 50% for the Financial Year 2017/18, the performance barely made it past the required threshold. The performance is also indicative of a 30% decrease from the 2016/17 score of 80%.

3.0 Emerging issues

- a) The retired military officers and ex-servicemen usually suffer *from poverty*; trauma and incurable diseases contracted during the period of their service and find it very difficult to deal with post-traumatic stress. The situation is complicated and the ministry has not made the strides in fixing the dilemma. After a long service to this country, gallant Ugandans – on their retirement – cannot afford to pay for their medical bills.
- b) In 2004, the Ministry of Defence conducted a review and produced a White Paper on how the Government would tackle the challenges to transform, modernise and professionalise the defence forces. One of the recommended actions was that “Uganda’s strategic military requirement should be a small, affordable, well-equipped and trained force, consisting of approximately 48,000 soldiers, backed by adequate combat support and a reserve force.” The defence sector continues to hide under the confidentiality clauses to significantly spend off budget with available military budget data becoming scarce and unreliable. There are cost overruns through supplementary requests with annual spending effectively exceeding the cap. In Financial Year 2016/17, the Ministry of Defence and Veteran Affairs requested for UGX60 billion to cater for shortfalls in recurrent and classified expenditure.
- c) The UPDF continues to be a closed institution with information on key actions not available for public scrutiny. A significant portion of the resources are classified and off budget. There are no official and clear justifications for some of the foreign missions (South Sudan, Burundi and Central African Republic, among others). Even when the justifications are clear such as for Somalia, there are no accountability mechanisms for mission funding and expenditures.
- d) For the last couple of years, the sector has spent billions of money to capacitate the National Enterprise Corporation (NEC). NEC was established by an Act of Parliament as the commercial arm of the UPDF. Our analysis notes that the institution remains unprofitable partly because commercial and money-generating entities where the UPDF is involved are not undertaken by NEC. Such ventures include the Operation Wealth Creation and the improvement to the national independence grounds, which was done by the Engineering

Brigade. Most of the NEC activities such as NEC Construction and Engineering and Luweero Industries, among others, are performing below even.

- e) In Financial Year 2013/2014, Parliament's Committee of Defence and Internal Affairs recommended that NEC needs to be capitalised with an annual subvention of UGX4 billion for four (4) years to be able to break even. In the policy statement laid before Parliament, NEC has not been provided for, contrary to a statutory obligation under Section 13 (11) of the PFMA (2015). It is unclear whether the institution is still running and what it is currently engaged in. In all instances, there is a clear legal and regulatory framework for NEC or the UPDF to engage in national development projects.
- f) AMISOM is solely funded by external support, which is problematic. The war in Somalia strategically affects Uganda both socially and economically and leaving it at the mercy of foreign interests is an oversight on the part of the Government of Uganda. As seen in budget allocation for the year, there is a budget reduction of UGX121.675 billion from external funders.
- g) Pension and gratuity arrears for the ministry stand at UGX357.9 billion, which is detrimental to the wellbeing of the retired gallant soldiers who served to protect this country.
- h) The NDPII lists the establishment of a National Defence College (NDC) and Institute for Security Studies (ISS) as an integral part of the defence framework of Uganda but the two projects remain unfunded and there is no conceptual framework, let alone timelines for their realisation.
- i) The issue of classified expenditure mentioned above has led to skepticism around the supplementary budgets brought to Parliament. Absence of knowledge on the 'classified' expenditure warrants that these expenditures are not subject to the scrutiny by Parliament and other stakeholders, contrary to Section 25 of the PFMA (2015).

4.0 Alternative Policy Proposals

- a) The ministry requires a human military resource policy that shall describe the process of managing people by performing the essential functions of planning, organising, directing, and supervising effective procedures necessary in administration and operation of personnel management. The policy should determine the linking of accession, retention, and promotion targets to army requirements as measured against the military manning programmes.
- b) There is a need to have retirement and ex-servicemen medicare policy that is a publically-funded scheme for retired and ex-servicemen and their eligible official

dependents for outpatient and in-patient treatment services covering the officers and men and women from the day of retirement until death.

- c) Policy on foreign deployment of troops: The Government is constantly engaged in providing military assistance to regional missions for an effective response to terrorism, humanity and all types of emergencies for regional stability. This calls for having a pre-planned and coordinated response from the emergency services, civil authorities and where appropriate with clear terms and conditions of the operation and authorisation of Parliament. This calls for a foreign deployment of troop's policy in Uganda.
- d) Despite a clear constitutional mandate, the Defence and Security Sector has no comprehensive strategic framework to guide its local and international operations. It is critical that the operations of UPDF, especially in foreign missions, are backed by a clear strategic framework that clearly informs its compliance with the national development aspirations embedded in the NDPIL.
- e) The UPDF has been an instrument of Uganda's foreign peace and military missions across the Great Lakes region. The deployment of the UPDF in missions, specifically in Somalia, South Sudan and Democratic Republic of Congo, has been a unilateral decision by the President with Parliament only retrospectively approving – and where necessary – allocating resources. In addition, the deployments are not grounded in an official foreign policy framework. As Opposition, our policy proposition is to engage in foreign missions with a clearly defined foreign policy framework that streamlines the approval, resource allocation and protects our men and women in uniform.
- f) Uganda is now host to over one million refugees, mainly from Congo, South Sudan and Burundi with more streaming in every day. While we applaud the hospitality of the Government, it is important that the security dimension of refugees is taken into consideration. The UPDF and security institutions should play a central role in the screening of refugees to ensure that wrong elements don't come into the country and antagonise the peace within and across the neighbouring countries.
- g) We are opposed to the continued stay of the UPDF in a multiparty Parliament. An amendment to the Presidential and Parliamentary Act to abolish the UPDF representation in Parliament is long overdue. As seen in the last two Parliaments, UPDF MPs sit on the side of the ruling NRM and on numerous occasions they have voted in favour of NRM propositions. This is against the Constitution and the UPDF Act that entails UPDF as nonpartisan.
- h) The UPDF deployment to engage in national development projects such as Operation Wealth Creation is unconstitutional because they don't only lack the requisite capacity

but there is also no legal and regulatory framework to ensure checks and balances. Their deployment in national development projects jeopardises the operational efficiency of the force.

CHAPTER THIRTEEN: JUSTICE, LAW AND ORDER SECTOR

ALTERNATIVE POLICY STATEMENT FOR JUSTICE AND CONSTITUTIONAL AFFAIRS FOR FINANCIAL YEAR 2017/18

1.0 Background

The JLOS Sector is responsible for the administration of justice and promotion of the rule of law and good governance in Uganda, through the implementation of law reforms, improving the regulatory environment for doing business, increasing disposal of cases, expanding and de-concentrating service points and strengthening processes to address corruption and human rights violations. Through a sector-wide approach, the Sector brings together state and non-state actors who play complementary roles in planning, budgeting, programme implementation, monitoring and evaluation. The state institutions responsible for administering justice, maintaining law and order and promoting the observance of human rights include:

- Ministry of Justice and Constitutional Affairs (MoJCA);
- Judiciary;
- Centre for Arbitration and Dispute Resolution (CADER);
- Directorate of Citizenship and Immigration Control (DCIC);
- Directorate of Public Prosecutions (DPP);
- Judicial Service Commission (JSC);
- Law Development Centre (LDC);
- Ministry of Gender, Labour and Social Development (MoGLSD) – Gender, Justice for Children, Labour and Probation Functions;
- Ministry of Internal Affairs (MIA);
- Ministry of Local Government (MoLG) – Local Council Courts; Tax Appeals Tribunal;
- Uganda Human Rights Commission (UHRC);

- Uganda Law Reform Commission (ULRC);
- Uganda Law Society (ULS);
- Uganda Police Force (UPF);
- Uganda Prisons Service (UPS); and
- Uganda Registration Services Bureau (URSB).

This analysis is restricted to the Ministry of Justice and Constitutional Affairs, the Judiciary, the Electoral Commission, the Uganda Law Reform Commission, Uganda Human Rights Commission, the Directorate of Public Prosecution, the Uganda Registration Services Bureau, the Judicial Services Commission and the Law Development Centre. The remaining sub-sectors, including the Ministry of Gender, Labour and Social Development, the Ministry of Internal Affairs, Uganda Prisons Service and Uganda Police Force, are analysed independently.

While the Sector does not have an approved Strategic Development Plan, the NDPII lists the following strategic objectives, which are intended to be the main budget drivers for the sector over the period between FY2015/16 to 2019/20:

- To improve policy, legislative and regulatory framework;
- To enhance access to JLOS services particularly for vulnerable persons; and
- To promote accountability and the observance of human rights.

The above objectives will be achieved using the following indicators:

- Public confidence in JLOS services increasing from 35% in 2014 to 50% in 2020;
- Public satisfaction in JLOS service delivery increasing from 60% in 2012/13 to 75% in 2020; and
- Case disposal rate increasing from 42.7% in 2013/14 to 60% in 2020.

2.0 Analysis of Ministerial Policy Statement

Under the provisions of the Public Finance Management Act, 2015, every minister responsible for a Vote is required to submit to Parliament, a Ministerial Policy Statement for the proceeding financial year showing, among others, the achievements of the Vote for the previous year. In light of the stipulated provision, the MPS for the Justice, Law and Order Sector was laid highlighting the annual work plans, procurement and recruitment plans, statements of action taken to implement the previous recommendations of Parliament and the cash flow projections of the following Ministries, Departments and Agencies (MDAs):

- Ministry of Justice and Constitutional Affairs (MoJCA), which is the lead ministry under the sector (Vote 007);
- The Electoral Commission (Vote 102);
- Uganda Law Reform Commission (Vote 105);
- Uganda Human Rights Commission (Vote 106);
- The Judiciary (Vote 101);
- The Law Development Centre (LDC) (Vote 109);
- The Uganda Registration Services Bureau (Vote 119);
- Director of Public Prosecutions (DPP) (Vote 133); and
- The Judicial Service Commission (JSC) (Vote 148).

Priorities for FY2017/18

Since 2000, the JLOS has been undergoing structural and process reforms through a sector-wide approach to purposely “address the systemic weaknesses in the justice system that were compounded by lack of a clear policy framework for all the justice agencies to deliver quality justice efficiently and effectively”¹³. The sector has been undergoing reform to enable Ugandans realise the rights and freedoms enshrined in the Constitution. By discharging this duty, the Justice, Law and Order Sector is responding to the following sectoral objectives:

- a) To improve the legal, policy and regulatory environment that is conducive for doing business to create wealth and employment;
- b) To enhance access to JLOS services particularly for vulnerable persons, with emphasis on access to justice (civil) including the development of a gender strategy and an increasing focus on justice for children and land justice;
- c) To prioritise the development of a comprehensive transitional justice policy and legal framework covering formal justice, traditional justice mechanisms, truth telling, reparations as well as reconciliation and reintegration; and
- d) To promote human rights in order to ensure accountability, inclusive growth and competitiveness in Uganda and fight corruption in order to strengthen Uganda’s competitiveness for wealth creation and inclusive growth.

¹³Second JLOS Investment Plan, <http://www.jlos.go.ug/index.php/joomla/sip-ii>

Table 3: Priorities for JLOS as presented in the Ministerial Policy Statements

Institution	Priorities
MoJCA	○ Harmonisation of administrative service delivery standards
	○ Strengthening the independence of JLOS institutions
	○ Improving the enforcement of laws
	○ Enacting traditional justice policy to strengthen informal justice
	○ Increasing JLOS participation in regional and international integration processes
	○ Enhancing access to JLOS services, particularly for the vulnerable persons
	○ Improving infrastructure in terms of availability, functionality and access of sector service points, particularly for the vulnerable people
	○ Decentralising ministry offices by inception of and operationalisation of Fort Portal and Masaka regional offices
ULRC	○ Ensuring a culture of respect and promotion of human rights for offenders, the public and victims of legal and human rights infractions
	○ Enhancing human rights awareness and instilling measures to reduce human rights violations by state agencies
EC	
Judiciary	○ Expanding the plea bargaining, ADR mechanisms, service de-concentration and adaption of targets by judicial officers at all levels
	○ Enhancing the capacity of judicial officers, State Attorneys and other JLOS officers
	○ Strengthening measures to reduce incidences of corruption
	○ Instituting measures to reduce backlog across all court circuits
LDC	No clear priorities were presented beyond the annual outputs.
DPP	○ Continuous capacity enhancement of State Attorneys in specialised areas such as contracts negotiations, legislative drafting and oil and gas.
URSB	○ Improving the 'doing business' trade environment through multifaceted and targeted strategies of promoting innovation, inclusive growth and reduction of informal sector

Source: The Third JLOS Strategic Investment Plan (SIP III)2012/13-2016/17: ODPP Policy Statement for F2017/18: The Judiciary Policy Statement for F2017/18: URSB Policy Statement for F2017/18: MoJCA Policy Statement for F2017/18 and LDC Policy Statement for F2017/18

Sector achievements

The sector has over the past 15 years implemented three sector investment plans which have culminated into a more developed system approach to evidence-based budgeting with increased coordination, communication and cooperation in public service delivery and development assistance in the sector. The sector has also redefined the commercial and criminal justice system, which is now the basis of reforms in other African countries, according to the 3rd JLOS Investment Plan 2012/13 - 2016/17. The following are some of the achievements:

- a) Sector institutions – especially the ULRC and the MoJCA – are involved in legal reform and drafting of legislation for presentation to Parliament. In Financial Year 2016/17, MoJCA drafted six (6) Bills, 46 Statutory Instruments, 10 Legal Notices and three Ordinances. In addition, seven (7) Acts were published.
- b) The sector has continued to increase the quantity and quality of its human resources through recruitments and training across all the agencies, thereby enhancing its performance as follow:
 - The Uganda Police Force recruited and trained 500 cadets and 3,500 Police constables;
 - The Uganda Prisons Service recruited and trained 1,250 prison warders and wardresses
 - DPP recruited 90 State Attorneys;
 - Currently, one (1) Police officer serves 863 people against the UN recommended ratio of 1:500;
 - MoJCA was able to review 2,278 contracts and Memorandums of Association as well as respond to 194 legal opinions;
 - The Attorney-General won 14 cases in the reporting period, saving the Government liabilities to the tune of UGX28.335 billion;
 - Disposal of 173 civil cases, five constitutional cases, 190 criminal cases and 22 election petitions by the Court of Appeal; and
 - Disposal of 61,242 cases: 2,471 at Chief Magistrates' Courts; 22,065 at Grade I Magistrates' Court; and 3,570 at Grade II Magistrates Courts.
- c) According to the JLOS annual performance report 2014/15, the sector boasts of a complete chain of JLOS service points operating from own building in over 53% of the districts.
- d) The Judiciary is commended for introducing the plea bargain rules in Financial Year 2016/2017 and initiating the processes. The plea bargain is a positive step towards

enhancing the efficiency of the criminal justice system and will go a long way in facilitating a reduction in case backlog, decongestion of prisons and reducing Government expenditure in the JLOS.

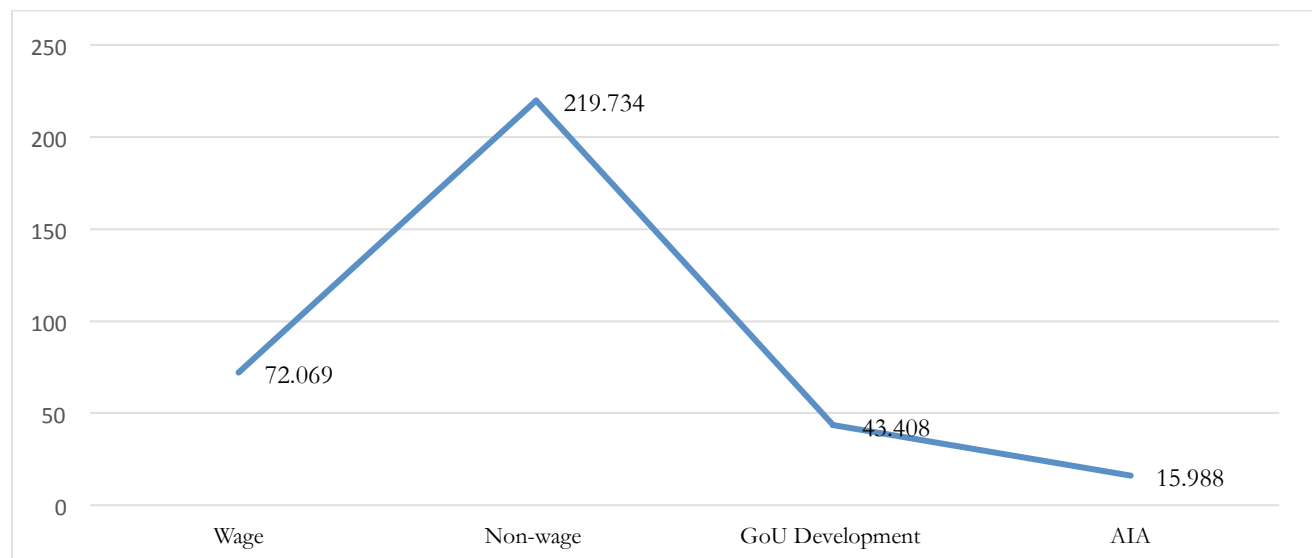
- e) URSB was able to register 9,661 new companies, 7,544 business names, 18,878 legal documents, 517 debentures, 175 chattels, 36 resolutions in liquidation, 587 civil marriages, 5,064 marriage returns from FBOs and districts, 154 single status, 572 foreign trademark renewals and 29 copyrights.

Sector allocation

The proposed allocation for the Justice, Law and Order Sector for the Financial Year 2017/18 is UGX354.8 billion (inclusive of arrears). The budget will be funded both by Government of Uganda MTEF allocations and Appropriation in Aid¹⁴ which translates into UGX335.211 billion and UGX15.988 billion respectively.

The figure for 2017/18 represents 1.2% of the total national annual budget of UGX28,990.61 billion. The figure is also a 3% increase from the 2016/17 allocation of UGX339.014 billion (inclusive of arrears). The allocation for 2017/18 includes arrears to the tune of UGX3.601 billion spread out across MoJCA, the Judiciary, EC and UHRC. In the Financial Year 2016/17, the sector budgeted for arrears to the tune of UGX 8.225 billion for the Judiciary, indicative of a UGX 4.624 billion decrease of arrears in nominal terms.

Figure 1: JLOS Allocations (billions)



Source: MPS for Justice and Constitutional Affairs for FY2017/18

¹⁴Appropriation in Aid, which is the amount of money generated by MDAs and authorised to be spent by the same MDA.

Table 2: Programmes under the sector

Vote	Programme
Ministry of Justice and Constitutional Affairs	○ Legislation and legal services
	○ Administration of estates/property of the deceased
	○ Regulation of legal profession
	○ Access to justice and accountability
	○ Court awards (Statutory)
	○ Legislative drafting
	○ Civil litigation
	○ Legal and advisory services
	○ General administration, policy and planning
Judiciary	Judicial services
Electoral Commission	○ Management of elections
	○ Harmonisation of political party activities
Law Reform Commission	○ Reform and revision of laws
	○ General administration and planning
	○ Legal reform
Uganda Human Rights Commission	Protection and promotion of human rights
Law Development Centre	Legal training
Uganda Registration Services Bureau	○ Lawful registration services
	○ General administration, planning, policy and support services
	○ Uganda Registration Services Bureau
Office of the Director of Public Prosecutions	○ General administration and support services
	○ Inspection and quality assurance services
	○ Criminal prosecution services
Judicial Service Commission	○ Recruitment and discipline of judicial officers
	○ Public legal awareness and judicial education
	○ Complaints management and advisory services

Vote	Programme
	<ul style="list-style-type: none"> ○ Administration and support services ○ Recruitment, discipline, research and civic education

Source: MPS for Justice and Constitutional Affairs for FY2017/18

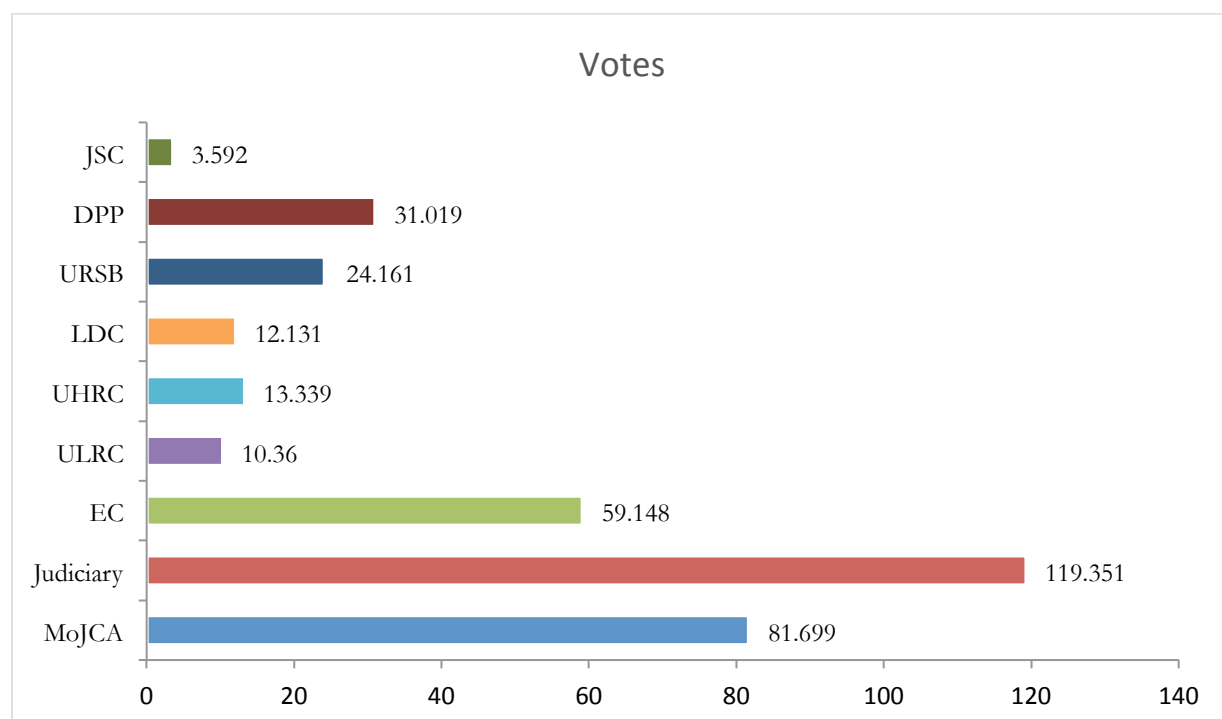
Summary of Vote allocations

- a) The **Ministry of Justice and Constitutional Affairs** will receive UGX81.125 billion for the Financial Year 2018/17, which translates into 22.8% of the sector budget. The allocation is also a 5.1% decline from 2016/17 allocation of UGX85.501 billion.
- b) The **Judiciary** will receive UGX116.595 billion for 2017/18, a slight increase of 0.03% from the 2016/17 allocation of UGX116.550 billion. The allocation represents 32.8% of the sector budget.
- c) The **Electoral Commission** will receive the UGX59.079 billion for 2017/18, which represents 16.6% of the overall sectoral budget. The allocation is a 36.1% increase from the 2016/17 approved budget of UGX43.385 billion.
- d) The increase in the Vote budget is realised in both the programmes therein: management of elections and harmonisation of political party activities. The former had an increased budget from UGX42.885 billion to UGX48.698 billion (13.5%) across the financial years. The latter realised an increase from UGX0.500 billion to UGX10.450 billion (1,990%) across the two financial years.
- e) The **Law Reform Commission** will receive UGX10.360 billion, which represents 2.9% of the complete sector budget for Financial Year 2017/18. The proposed budget also represents a 0.038% increase from the 2016/17 approved allocation of UGX10.356 billion.
- f) The **Uganda Human Rights Commission** will receive UGX13.137 billion for financial year 2017/18. This is a 4.8% decrease from the 2016/17 approved budget of UGX13.802 billion. The 2017/18 allocation is representative of 3.7% of the total sector budget.
- g) The **Law Development Centre** has a proposed allocation of UGX12.131 billion, which is a 4.7% increase from UGX11.581 billion for Financial Year 2016/17. The allocation represents 3.4% of the proposed total sector budget. LDC will fund part of its budget with AIA of UGX5.3 billion from course fees
- h) The **Uganda Registration Services Bureau** will receive UGX24.161 billion in 2017/18, which is a 63% increase from the 2016/17 approved budget of UGX14.821 billion. The allocation

represents 6.9% of the total proposed budget. Of the allocation, UGX10.688 billion is AIA to promote compliance and increase access to registration services.

- i) The **Office of the Director of Public Prosecutions** will receive UGX31.019 billion for the Financial Year 2017/2018. The allocation represents a 39.9% increase from the 2016/17 allocation of UGX31.418 billion. The allocation is 8.7% of the entire sector budget.
- j) The **Judicial Service Commission** will receive UGX3.592 billion. It represents 1% of the entire sector budget. It is also representative of a 6.4% increase from the approved budget of Financial Year 2016/2017 of UGX3.375 billion.

Figure 2: Inter-Sectoral Allocations (billions)



Source: MPS for Justice and Constitutional Affairs for FY2017/18

MPS compliance with the PFMA Act (2015) and NDP II

In line with Section 13(6) and 13(7) of the PFMA, the National Planning Authority (NPA) conducted an assessment of the sector budget and its compliance with the National Development Plan, Charter of Fiscal Responsibility and the Budget Framework Paper. The report noted that the JLOS Sector had a draft strategic plan that was aligned in terms of priorities and timeline, but not approved. However, the sector performed at 70% for Financial Year 2017/18, and in detail, the sector performed as follows:

Table 3: Sector Compliance Scores

Description	Compliance (%)
Sector planning	54
Projects planning	85
Budget process instruments	85
Budget performance	57

Source: NPA Certificate of Compliance FY2017/18

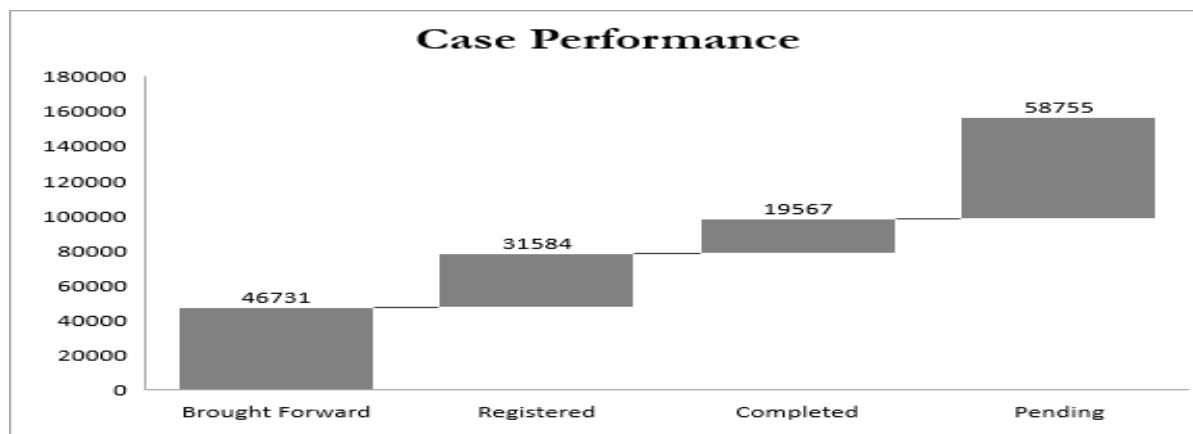
Under the sector, the Judiciary, ULRC, JSC and UHRC have draft development plans that are aligned with the NDPII, but are not yet approved while URSB has a working draft that has not yet been availed to NPA for assessment. On a sad note, however, the DPP, MoJCA and LDC do not have development plans, which in turn affect the way work is done under the Votes.

MPS compliance with the gender and equity requirements

Pursuant to Section 13(15) (g) (i) of the PFMA, the minister laid an assessment of the overall compliance with the gender and equity requirements. For the year, the threshold of issuance of the Gender and Equity Certificate stands at 50%. The sector accordingly scored 63% for the Financial Year 2017/18.

3.0 Emerging issues

- a) Despite some commendable progress to clear case backlog through initiatives such as plea bargain and judicial officer performance management, the number of unresolved cases continues to grow with a cumulative case backlog of 58,755 in the High Court alone as at the end of Financial Year 2016/17.

Figure 3: Performance of the High Court Divisions and Circuits for the Year 2016

Source: Performance of the High Court of Uganda Report (2017)

- b) Over the last one year, there have been increasing cases of torture in the country with a less-than-desired response from key institutions under JLOS¹⁵. The UHRC in its 19th Annual Report indicates that “torture is being used as a means to justice and as an investigative technique to extract confessions and information from suspects of crime in order to secure easy convictions”. Torture remains the most recorded human rights violation in Uganda with the police accounting for a majority of the incidents, according to the UHRC (2017) report. This is despite the existence of a comprehensive legal framework that prohibits torture, implying serious challenges to enforcing the laws.
- c) The Judiciary is gravely affected by corruption, leading to obstruction of justice and case backlog. The Uganda Law Society, a key non-state actor active in the JLOS, has on several occasions petitioned Parliament to institute a commission of inquiry into the malaise and failures in the Judiciary and legal profession generally.
- d) Some of the JLOS sectors, particularly LDC, DDP and MoJCA have not clearly articulated their priorities and intended outcomes and how they are linked to the achievement of national development objectives. Without clearly articulated and approved strategic plans, it is challenging to defend why the state should continue to support their activities.
- e) Most of the JLOS services points – save for policing – are largely located in urban centres and at district headquarters with limited or not presence at sub country levels, where the majority of Ugandans live. This leads to obstruction of justice and impedes the realisation of key sector objectives such as reaching out to the vulnerable members of society.
 - a. The Police has continued to detain suspects beyond the legally mandated 48 hours. The JLOS is lagging behind in enforcing the procedural safeguards for arrest and detention. “Most pre-trial detainees are victims of arbitrary arrests and do not enjoy the rights that accrue to them during their arrest and detention,” according to Karugonjo (2012). For the last five (5) years, detention beyond 48 hours has repeatedly appeared among the top issues in UHRC reports pinning security agencies for denying persons the right to liberty through detention beyond the prescribed period before being charged.
- f) The JLOS is experiencing a high staff turnover due to poor remuneration as a result of the low wage bill of UGX72.069 billion. For the Financial Year 2017/18, the wage provision for filling vacant posts at MoJCA to the tune of UGX1.5 billion remains unfunded.

a) ¹⁵According to the Human Rights Watch Report (2017), persons charged in the murder of Police commander Andrew Kaweesi had visible injuries during their court appearance. The report further states that ‘defendants complained in court of being tortured while under Nalufenya Police’.

- g) The contingent liability of the Government against uncompleted civil matters (on-going cases) is currently estimated at UGX4.2 trillion. The amount notwithstanding, the liability trend has been increasing over the years. Over a period of three years, it grew from UGX249 billion in 2012/13 to UGX865 billion as at the end of Financial Year 2015/16.
- h) Delay in enacting the Administration of Judiciary Bill to operationalise the mandate and independence of the Judiciary is affecting the transition to a self-sustaining and efficient Judiciary system in the country.

4.0 Alternative Policy Proposals

- a) With over 58,755 pending cases, it is critical that mechanisms for Alternative Dispute Resolution are fast-tracked to reduce case backlog as well as enhance efficiency of the justice system. According to the JLOS baseline survey 2012, public confidence in Alternative Dispute Resolution (ADR) is at 80% but only 26% of the cases in courts and tribunals are resolved through ADR.
- b) LDC should develop and implement strategies that enable the centre to fund 100% of its annual budget because there is no clear justification why Government should continue funding the centre. To allow this transition, part of the current Government subventions to the Law Development Centre should be converted to a state scholarship for a selected number of best candidates using the pre-entry exams.
- c) To enhance access to JLOS services, the sector must fast-track efforts to de-concentrate operations and infrastructure from the urban and district headquarters to sub counties. This is the only way of enhancing access to JLOS services, particularly for vulnerable persons.
- d) The JLOS needs to increase its investments in public consultations on all proposed laws as a means of easing enforcement of such laws.
- e) There is need to fast-track the rationalisation of magisterial areas and recruitment of more Grade I Magistrates to replace Grade II Magistrates that are being phased out so that a vacuum is not created by their departure. Such a vacuum may lead to people resorting to shortcuts such as mob justice to achieve their own mode of justice.
- f) Local council leadership was instrumental in the adjudication of justice for minor cases and directly supported the delivery of justice. As Government undertakes to conduct LC I and II elections, the JLOS needs to develop a framework for a local justice system to both capacitate the new local leaders as well as provide guidelines.
- g) As Opposition, our proposal is to restructure how the Uganda Human Rights Commission is constituted and structured. Selection of commissioners should be done by the Judicial Services Commission and a list of seven candidates sent to Parliament for approval. This will

give it mandate to adjudicate and objectively scrutinise Government agencies, which is critical in the promotion of human rights in the country.

- h) The Parliament Committee on Human Rights should be considered an accountability committee and as such headed by the Opposition in Parliament to ensure that its oversight operations are not compromised by Government partisan interests.

ALTERNATIVE POLICY STATEMENT FOR INTERNAL AFFAIRS FOR FINANCIAL YEAR 2017/18

Executive Summary

The Ministry of Internal Affairs (MoIA) is mandated to: Keep peace, law and order; Provide forensic and scientific analytical testing and services; Ensure safe custody, humane treatment and rehabilitation of offenders; Regulate and facilitate movement of people in and out of the country; Implement the Amnesty Act, 2000; Implement the Community Service Programme as an alternative sentence under the criminal justice system; Coordinate and address the proliferation of illicit small arms and light weapons, and; Register and monitor Non-Governmental Organisations.

Emerging Issues

- Lack of a comprehensive Sector Development Plan and Strategic Development Plans.
- Huge underfunded priorities;
- Uganda Police Force filled with criminals and law abusers;
- Understaffed and powerless PSU;
- Absence of an independent and transparent reward, promotion and deployment system;
- Crime Preventers increasing crime and failing community policing;
- Overcrowding of facilities used for holding suspects, prisoners and illegal immigrants;
- Prisoners at a risk of starving due to food shortage;
- Acute shortage of accommodation for staff in Uganda Police Force (UPF) and Uganda Prisons Service (UPS);
- Poor health services in UPS;
- Porous borders;
- Failure to operationalise the Prevention of Trafficking in Persons Act (PTIP) Act, 2009;
- Constraining staffing gaps in MoIA and the subordinate institutions;

- Attack on the press freedom and human rights of journalists;
- Prison farms still practice rainfall-fed agriculture; and
- Lack of automated systems.

Alternative Proposals

- Introduce a national service scheme targeting all able-bodied Ugandans;
- Establish border control system;
- Establish a national institute for security studies;
- Establish food production unit in UPS to produce all food required in the prisons;
- Develop private-public partnerships (PPP) to manage prison farms;
- Develop private-public partnerships to develop and manage police and prisons officers' accommodation; and
- Improve the welfare of the armed forces, police, prisons and intelligence personnel, with special emphasis on salaries, housing, healthcare, dependents' education.

1.0 Background to the Alternative Policy Statement

The authority to present this Alternative Policy Statement is derived from Section 6E (4) of the Administration of Parliament (Amendment) Act, 2006, which requires and empowers Shadow Ministers to present Alternative Policy Statements on the Floor of the House for consideration and possible implementation. Section 6E (2) states that: "The Leader of Opposition (LOP) shall under subsection (1), in consultation with his or her party leadership appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet Ministers." Section 6E (4) provides that: "The Leader of the Opposition shall study all policy statements of Government with his or her Shadow ministers and attend committee deliberations on policy issues and give their party's views and opinions and propose possible alternatives."

Ministry of Internal Affairs

The Ministry of Internal Affairs is a member of Justice Law and Order Sector. The ministry is the overseer of a number of Government bodies, which include Uganda Police Force, Uganda Prisons Service and the National Citizenship and Immigration Control, Government Analytical Laboratory, National Identification and Registration Authority. The ministry has a long term mission to ensure and maintain internal security, peace and stability. This entails ensuring that law and order is maintained, citizens and foreigners' residences and movements are well facilitated and to oversee Uganda's internal security.

Mandate

The Ministry of Internal affairs is mandated to:

- Keep peace, law and order;
- Provide forensic and scientific analytical testing and services;
- Ensure safe custody, humane treatment and rehabilitation of offenders;
- Regulate and facilitate movement of people in and out of the country;
- Implement the Amnesty Act, 2000;
- Implement the Community Service Programme as an alternative sentence under the criminal justice system;
- Coordinate and address the proliferation of illicit small arms and light weapons; and
- Register and monitor Non-Governmental Organisations (NGOs).

2.0 Situational analysis of the Government Ministerial Policy Statement

Sector budget allocations

The Ministry of Internal Affairs is under the Public Sector Management Sector.

Table 1: Sector Budget Allocations for Financial Year 2011/2012 – Financial Year 2017/2018

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Ministry of Internal Affairs	11.07	13.38	14.76	11.423
Public Sector Management	1,265.32	1,017.60	1,384.42	1,173.53
% share of Ministry of Internal Affairs of Public Sector Management budget	0.9	1.3	1.1	1

Source: Sector Budget Framework papers

Ministry of Internal Affairs' share of the Sector budget over time has been minimal (below 2%).

Key sector outputs for Financial Year 2017/2018

The following are the major goals for the Ministry of Internal Affairs during the Financial Year 2017/2018:

- The ministry will revise and popularise the law on firearms, develop regulations for the revised Firearms Act and new guidelines for registration and issuance of NGO permits;
- Undertake development of the community policing doctrine, UPF client charter, Civil Registration and Vital Statistics Policy, and policy on poison information management as well as amend the Citizenship and Immigration Control Act, Cap 66;
- Finalise Government Chemist Agency Bill to regulate forensic services, management and

control of the industrial and consumer chemicals;

- Provide overall strategic and operational direction to ensure and assure service quality and efficient as well as effective delivery of the services. Focus will be placed on re-engineering service delivery processes and procedures; workflows and standards setting; improving financial management and timely accountability; procurement coordination, human resource management; improvement of internal security; strengthening the monitoring and evaluation of ministry programmes, and; guiding the institutional capacity development, growth and maturity of the ministry institutions;
- The ministry will investigate and submit to the Directorate of Public Prosecutions (DPP) 40,000 violent crimes cases; roll out neighbourhood watch and Popular Vigilance Model of Community Policing to 1,376 sub-counties;
- Manage 11,055 Civil Society Organisations (CSOs) and issue 50,000 passports, three million national IDs and eight million NINs. Reduce escape rate from 8.0 to 7.8 per 1,000 held prisoners, and rate of recidivism from 20% to 19%. Register 30,000 resident aliens, 200,000 births, 50,000 deaths and 10,000 Adoption Orders. It is planned to demobilise 250 reporters, resettle 200 reporters, construct border posts and an immigration training school;
- The ministry will upgrade and deploy E-Visa permit and citizenship application system to 10 missions and five (5) borders;
- Complete construction of a regional forensic laboratory at Gulu and acquire Genetic Analyzer, Gas Chromatograph Mass Spectrometer and Laminar Air Flow Bench;
- The ministry will continue to empower its institutions on human rights observance and accountability;
- Improve staff accommodation by constructing 1,020 housing units at Naguru Police Barracks, 130 housing units at Luzira and Ibuga prisons as well as four immigration housing units;
- Increase prisons holding capacity by 600 prisoners and reduce mortality rate among prisoners from 0.75/1000 to 0.7/1,000 prisoners;
- 200 NGOs will be monitored for compliance; and
- Commercial and consumer products will be verified for public health and trade.

3.0 Sector gaps

Lack of a comprehensive Sector Development Plan and Strategic Development Plans

The JLOS has a draft Sector Development Plan that is aligned to the NDP in terms of priorities and timelines. However, efforts to examine the plan to establishing the sector objectives and financing projections were unsuccessful due to lack of an approved development plan. The Ministry of Internal Affairs has a working draft of strategic plan which is yet to be submitted to National Planning Authority (NPA) for assessment and alignment to the NDPII. The other

institutions under the MoIA – apart from Uganda Police Force – lack approved strategic plans. They include; Directorate of Citizenship and Immigration Control, the Directorate of Government Analytical Laboratory and Uganda Prisons Service. The absence of approved development plans challenges the monitoring and evaluation of Government-funded programmes. It also hinders effort to measure progress towards achieving the overall sector goals and the oversight function of Parliament.

Huge underfunded priorities

The Ministry of Internal Affairs and the institutions it supervises have 58 underfunded 'priorities' amounting to UGX1,063.702 billion. These are not areas of priority to the current Government yet they limit the sector from achieving its strategic objectives. Majority of these un-prioritised areas for funding constitute majorly development expenditures that are neglected in preference for consumptive expenses. A case in point is the continued underfunding to staff housing projects in the Uganda Police Force of UGX59.5 billion and Uganda Prison Service of UGX40 billion, which has caused unbearable suffering to the men and women in uniform, forcing many to rent accommodation at extra cost yet their pay is meagre.

Uganda Police Force filled with criminals and law abusers

Uganda Police Force today under Gen. Kale Kayihura is a Police force of majorly unprofessional men and women who are comfortable working with known criminals. The majority of the Crime Preventers who work alongside the police officers are of questionable characters and behaviours. The Police force today is known for intimidating witnesses and at worse even killing them.

The Criminal Intelligence and Investigations Directorate (CIID) has bowed to the criminals, instead of arresting suspects; they arrest the citizens who volunteer information. The citizenry now fears to report crime to police or even volunteer vital information. The police chief, in order to avoid answering questions on his tactics and capacity to fight crime, engages knee-jerk and diversionary reactions such as displaying suspected criminals before the media.

Today, the Police as an institution ranks high in terms of corruption and many other behaviours that are unsuitable of a police officer. These behaviours include murder, torture, extortion, negligence, neglect of duty, drunkenness and laziness. Such behaviours are what describe the police today and this is caused by lack of internal controls and measures to ensure effective operation of policing duties. Under the prevailing environment, it is not surprising that the crime rate is increasing across the country.

Understaffed and powerless PSU

The Police Professional Standards Unit (PSU) is presently understaffed, underfunded, powerless and pathetically reactive. It is undermined by nepotism, tribalism, “god fathers” (protection of suspects by high ranking officers). PSU officers are rank-tied and investigating outranking officers is a major problem. This leaves officers to act with impunity because 70% of abnormal action is not investigated, majority of Ugandans don’t even know where and how to make a complaint against a Police officer. In any institution, whenever there is no certainty of punishment, employees will weigh the chances of being caught in abnormal action and they will not be deterred from committing an offence. This is what is happening in the Uganda Police Force under Gen. Kale Kayihura, where he and many officers are abusing the law with impunity.

Absence of an independent and transparent reward, promotion and deployment system

The UPF continues to be marred with complaints of favouritism in relation to who gets promoted, how often and why. The country has witnessed officers that are out-rightly brutal human rights abusers being promoted in the aftermath of exhibiting brutality on the citizenry. Currently, the lack of a clear framework on promotions and transfers has demoralised many officers of the UPF, hence the non-productivity which is leading to increasing breakdown of law and order management in the country.

To date, it is not clear what criterion is used for promotion and transfers in the UPF and UPS. However, it is clear that promotion and transfers are not based on experience, disciplinary record, professionalism – and at least – not good character which the Constitution recognises as being at the forefront for one to qualify for promotion and deployment.

A transparent reward system is critical in attracting, recruiting, training and retaining efficient and dedicated officers. As a country, we have many police officers with a wealth of experience but are sidelined in preference for cadre-oriented officers.

Crime Preventers increasing crime and failing community policing

The safety of our community is a shared responsibility and crime prevention is everybody’s business. Crime affects all of us; it can endanger our personal safety, damage public and private property, create fear and lower our quality of life. Police and community partnerships create an opportunity to work together to improve the safety of our community, hence community policing. Police does this by sharing information about neighbourhood crime issues and discussing ideas and tips on how to solve and prevent them.

Community policing is about proactive rather than reactive approaches to addressing public safety concerns. The regular police officer tries to dissolve into the communities where they mingle and understand community safety and security concerns. For this to be successful, the

communities must trust the officers. They must look at them as partners in fighting crime, not as persecutors. Crime Preventers working with police today are not trusted by the communities and they are not seen as partners in fighting crime, but rather as partners in promoting crime.

When the relationship between the police and the communities is not good, the police officer cannot succeed in preventing crime. A police officer engaged in community policing must have the techniques of collecting and analysing information about their localities. However, the Crime Preventers lack the techniques, hence they cannot substitute the trained police officers. In community policing, we need neither sticks nor guns. Imagine an armed Crime Preventer in a slum whose majority inhabitants – including himself – are unemployed and depend on snatching people's handbags and breaking into people's houses for items to sell? Is the gun useful to the community here? As Opposition, we are certain that a starving but armed Crime Preventer would use the gun for his own survival. Would the community trust an unemployed but armed Crime Preventer? Community policing relies on trust and good relationship. Is it surprising that a police dog follows the footsteps of burglary suspects up to police posts?

The Uganda Police Force should draw knowledge from the *Nyumba Kumi* (10 households) concept, which Dr Apollo Milton Obote borrowed from Tanzania. Chairmen of *Nyumba Kumi* were never armed. Every 10 households had a leader who would generally know all people under his jurisdiction. The chairmen would be informed whenever a visitor came around and how long they were expected to stay (a kind of know-your-neighbour approach). Under these circumstances, it was difficult to hide criminals or fugitives as there was a record of everyone in the community. This concept of *Nyumba Kumi* cannot be used as an explanation for the crime preventers. To have a specific group called “crime preventers” who are not trusted by the community – but are armed to the teeth – to do a job that every citizen can and should do clearly defeats the idea of community policing. Community policing doesn’t require having a section of a community being armed – and more so when they are unemployed – and expected to curb crime.

Overcrowding of facilities used for holding suspects, prisoners and illegal immigrants

As a country, the existing facilities for holding suspects, prisoners and immigrant are insufficient and very poor in standards. The holding capacity of many of the facilities has been exceeded. For example, the current prisons carrying capacity is for 16,612 prisoners and at a projected daily average of 57,336 inmates, holding capacity will be exceeded by 40,724 inmates, with occupancy level at 345%. This overcrowding amounts to violation of the inmates and prisoners’ right to quality detention centres with sufficient utilities.

Prisoners at a risk of starving due to food shortage

In the Financial Year 2017/2018 UGX28.419 billion has been allocated for feeding 57,336 prisoners. Therefore, this means the current Government has allocated each prisoner UGX1,358 for feeding per day, which is far below the Government rate of UGX3,000 per day. If we took the unit cost of UGX3,000 for all meals per day for 57,336 prisoners, it would amount to UGX62.783 billion, hence a shortfall at UGX34.364 billion. In addition, in the Financial Year 2016/2017 the UPS has outstanding arrears of UGX19.518 billion and in the Financial Year 2017/2018 they have been allocated UGX4.85 billion. Therefore, pending arrears for Financial Year 2016/2017 amount to UGX14.668 billion.

In the Financial Year 2017/2018, the UPS expects to get food worth UGX18 billion from the prison farms. If we deduct this from the shortfall of UGX34.364 billion, we are left with an overall shortfall of UGX16.364 billion and in the Financial Year 2017/2018, we shall have pending arrears carried from Financial Year 2016/2017 amounting to UGX14.668 billion. However, it should be noted that the budget allocation is UGX28.419 billion. If we deduct the arrears carried forward, UPS has only UGX13.751 billion for feeding prisoners in Financial Year 2017/2018. This can feed prisoners for 81 days only out of the 365 days in the Financial Year 2017/2018. This means that for the Financial Year 2017/2018, the current Government has not allocated funds to feed prisoners for over 284 days and, therefore, their right to food and the right to life is under threat.

Acute shortage of accommodation for staff in UPF and UPS

The UPF and UPS are currently facing staff accommodation challenges which impact the provision of quality services by both the UPF and the UPS. The UPF and UPS require suitable and sustainable living accommodation in the form of family barracks for its staff to be able to perform their mandated functions. Most of the police and prison barracks are in poor condition and limited in number compared to the staff who should be accommodated. Multiple families are housed in shared accommodation and have to share related facilities.

Poor health services in UPS

The UPS continues to experience increase in numbers of prisoners. The provision of health services to the prisoner is a duty of the Government. However, the current Government has failed to provide quality healthcare to the imprisoned citizens.

For instance, the HIV/AIDS service coverage is limited to only 15% of health units in UPS and the staffing levels are very low, with only 218 out of 436 posts filled¹⁶.

¹⁶ MPS Internal Affairs FY2017/18

Porous borders

There are 52 gazetted border points along 2,729 kilometres and are operationalised through a cluster approach. In the Financial Year 2016/2017, 35 immigration border posts remained operational and in the Financial Year 2017/2018, still only those 35 operational borders will be maintained. This has left 17 gazetted border posts unmanned, compromising security and revenue generation.

Failure to operationalise the PTIP Act 2009

The challenge of human trafficking is becoming rampant in Uganda and occasioning a lot of negative consequences to our youth. The Government has to operationalise the PTIP Act, 2009 since it was enacted. Where there is a no operationalised law, evil thrives, exploitation is rife, and corruption is accommodated in entirety. It is even worse where the non-operationalisation of the law directly affects lives of young men and women on whose shoulders the future of this country squarely rests.

Constraining staffing gaps in MoIA and the subordinate institutions

The staff across the Ministry of Internal Affairs headquarters and the subordinate institutions such as the DCIC, UPF, UPS, DGAL and NIRA are constrained and overstretched by the heavy workload. The huge manpower gaps has greatly compromised the capacity of the Ministry of Internal Affairs to maintain staff deployment to acceptable levels with some staff working more than 12 hours per day. High staff attrition rate due to poor working conditions has also affected service delivery. Unless recruitment is done, staff will suffer long hours of work and service delivery will be compromised.

Attack on the press freedom and human rights of journalists

Uganda Police Force leads in violating the human rights of journalists. In 2016, the police accounted for 83 cases, including of assault of journalists, malicious detention for hours in police cells, blocking access to news scenes, confiscation of working tools, among others. Of the 135 cases documented and analysed in 2016 by Human Rights Network for Journalists-Uganda (HRNJ-Uganda), at least 14 of the cases were from *Daily Monitor*, followed by *New Vision* (11), *NBS TV* (9), *Bukedde TV* (8) and *NTV* (7). Human Rights Network for Journalists-Uganda is a network of human rights journalists working towards enhancing the promotion, protection and respect of human rights in the country.

In the report by HRNJ-Uganda, 10 media houses suffered 73 of the 135 violations; eight were against free-lance journalists, while 54 violations were spread among 36 media houses with most registering one violation on average. Other cases of violation of journalists' rights were by the community (24), employers eight (8), MPs five (5), and Judiciary three (3). The attacks on

journalists prior and following the 2016 polls also saw Uganda drop by 10 places on the 2017 World Press Freedom Index. Uganda stood at 102 the year before, but dropped to 112, with an index score of 35.94.

Prison farms still practice rainfall-fed agriculture

Prison farms currently generate Non-Tax Revenue (NTR) and in the Financial Year 2017/2018 they are projected to provide food worth UGX18 billion, yet they are still dependent on rainfall. This implies they are susceptible to drought and erratic weather that affects productivity drastically. The potential of the prison farms has not been fully exploited and as a result, prisoners risk starving due to significant budget shortfalls of over UGX34 billion yet prison farms are producing below capacity.

Lack of automated systems

Inter-connectivity of border operations e-immigration system is not automated. Therefore, activities between borders and between the headquarters, the National Security and Identification System and the borders cannot be viewed in real time. Telecommunication infrastructure is also non-existent.

Risks and Opportunities

a) Opportunities

Operationalisation of e-Government

The plan to launch an e-Government system will help to increase operational efficiency by reducing bureaucracy, corruption and improve transparency.

b) Risks

Underfunding

The Ministry of Internal Affairs and the agencies it supervises have unfunded priorities that sum up to a tune of over UGX1 trillion. This could limit the progress of key programmes.

Lack of a Sector Development Plan

The sector does not have a development plan which could shape its programmes and direction to pursue in line with the second National Development Plan (NDPII). This could be a big risk for the sector and the nation as a whole since programmes being implemented could have little or no impact on the growth of the nation.

Corruption

The ministry and its organs are filled with corrupt officials who may fail to promote national interests due to the big desire of pursuing personal interest.

Low levels of remuneration

Civil servants, mostly those in security organs of Government, are paid peanuts which could partly be the reason behind the increased corruption levels and criminals within those agencies. This could spark insecurity in the country.

Poor public perception about security organs

The public considers security organs such as the police as irrelevant and corrupt when it comes to enforcement of the law. Key investigations are compromised since police officers side with the criminals who have money since they can offer some money.

MPS compliance with the Public Finance Management Act, 2015

In accordance with Section 13(6) and Section 13(7) of the PFMA, the NPA conducted an assessment of the budget and its compliance with the National Development Plan, Charter of Fiscal Responsibility and the Budget Framework Paper. The sector has a draft Sector Development Plan that is aligned to the NDP II in terms of priorities and timelines. Nonetheless, out of the 13 Institutions/Votes, only one (1) – the Uganda Police Force – has an approved and aligned development plan. Overall, the JLOS scored 70%. Specifically, the sector compliance is presented below:

Table 3: JLOS Alignment to NDP II

Description	Compliance (%)
Sector Planning	54
Project Planning	85
Budget Process Instruments	85
Budget Performance	57

Source: NPA Certificate of Compliance FY2017/18

Gender and Equity Compliance

In accordance with Article 32(3) of the 1995 Constitution of the Republic of Uganda (as amended), sections (14) and (15) of the Equal Opportunities Commission Act, 2007, Section 13 (15)(g) (i) and (ii) of the Public Finance Management Act, 2015 and sub section 4.1 of the NDP II (2015/2016-2019/2020), the Equal Opportunities Commission assessed Ministerial Policy Statements (Financial Year 2017/2018) for compliance with Gender and Equity. As provided for in Section 13 (15) (g) (i) and (ii) of the Public Finance Management Act, 2015, overall the

Ministry of Internal Affairs compliance for the Financial Year 2017/2018 is 66%, up from 46% in the Financial Year 2016/2017.

4.0 Alternative Policy Proposal

- Introduce national service targeting all able-bodied Ugandans;
- Establish border control system;
- Establish a national institute for security studies;
- Establish food production unit in UPS to produce all food required in the prisons;
- Develop private-public partnerships to manage prison farms;
- Develop private-public partnerships to develop and manage police and prisons officers' accommodation; and
- Improve the welfare of the armed forces, police, prisons and intelligence personnel, with special emphasis on salaries, housing, healthcare, dependents' education, and pensions and the minimum salary of the lowest paid officer should be UGX650,000.

Conclusion

The Ministry of Internal affairs has a big role to contribute to national growth. The proposed alternative policies include:

- Introducing national service targeting all able-bodied Ugandans;
- Establishing a border control system;
- Establishing a national institute for security studies;
- Establishing food production unit in UPS to produce all food required in the prisons;
- Developing Private-Public Partnerships to manage prisons farms;
- Developing private-public partnerships to develop and manage police and prisons officers' accommodation; and
- Improving the welfare of the armed forces, police, prisons and intelligence personnel, with special emphasis on salaries, housing, healthcare, dependents' education and pensions and the minimum salary of the lowest paid officer should be UGX650,000.

The expected outcomes from the Alternative Policy Statement include:

- Increased level of professionalism and motivation among all officers;
- Increased transparency, efficiency and effectiveness of operations of all agencies;
- All border points managed effectively and secured;
- Improved living standards of officers and prisoners;
- Increased observance and respect of human rights;
- Increased food production from the prisons farms;
- Sufficient and decent accommodation provided to police and prisons officers; and
- A society empowered to collaborate with security agencies to fight crimes.

ALTERNATIVE POLICY STATEMENT FOR HUMAN RIGHTS SECTOR FOR FINANCIAL YEAR 2017/2018

1.0 Background to the Alternative Policy Statement

In line with Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006, the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet ministers. Within the same legal framework, under Section 6E (4), the Shadow Minister is mandated to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of the above, the Shadow minister in charge of human rights presents this Alternative Policy Statement for the Uganda Human Rights Commission.

The Uganda Human Rights Commission

The Uganda Human Rights Commission (UHRC) was established by the 1995 Constitution of the Republic of Uganda under the provision of Article 51(1) to promote human rights and freedoms in the country. The functions and powers of the UHRC were operationalised under the Uganda Human Rights Commission Act, 1997. The mission of the UHRC is to protect and promote fundamental human rights and freedoms in Uganda for sustainable development.

The UHRC falls under the Justice, Law and Order Sector (JLOS). UHRC contributes directly and indirectly to the attainment of the national development objectives, through the promotion and protection of human rights as guaranteed by the Constitution, under Chapter Four. The core functions of the UHRC, as provided for by the Constitution, are:

- To investigate, at its own initiative or on a complaint made by any person or group of persons, against the violation of any human right;
- To visit jails, prisons and places of detention or related facilities with a view to assessing and inspecting conditions of the inmates and make recommendations;
- To establish a continuing programme of research, education and information to enhance respect of human rights;
- To recommend to Parliament effective measures to promote human rights, including provision of compensation to victims of violations of human rights or their families;
- To create and sustain within society the awareness of the provisions of this Constitution as the fundamental law of the people of Uganda;
- To educate and encourage the public to defend this Constitution at all times against all forms of abuse and violation;

- To formulate, implement and oversee programmes intended to inculcate in the citizens of Uganda awareness of their civic responsibilities and an appreciation of their rights and obligations as a free people;
- To monitor the Government's compliance with international treaty and convention obligations on human rights; and
- To perform such other functions as may be provided by law.

UHRC development priorities

UHRC draws its core mandate from the Constitution, but operationally follows alignment to the JLOS Sector. Through a collectivisation of institutional mandates JLOS assumes – and through the Sector Development Plan – it seeks to discharge the country's obligation to respect, protect and fulfill universally accepted human rights standards. The overall goal of the JLOS Sector is to promote the rule of law. UHRC contributes to the attainment of this goal through the promotion of the observance of human rights and institutional and individual accountability in JLOS institutions¹⁷ as a sustainable response to raise public confidence in JLOS services.

UHRC strategic priorities for the medium term are to operationalise its mission through:

- Reduced incidences of violations of abuses of human rights;
- Adequately informed and empowered citizenry to participate in governance;
- Enhanced focus on economic, social and cultural rights; and
- Improved state compliance with international, regional and national human rights obligations and a strengthened UHRC systems and institutional accountability.

Alignment with Vision 2040 and NDP II

The UHRC core roles directly and indirectly contribute to the attainment of Vision 2040 and the second National Development Plan (NDP II) objectives. The Commission contributes through promoting the human rights-based approach to programming and development by providing for strengthening the traditions and institutions that protect human rights in the country, making the populace aware of the Constitution and their rights and obligations therein.

The NDP II stipulates the strategies for JLOS under the respective UHRC priority area of promoting accountability and observance of human rights as:

¹⁷ The JLOS institutions are: Ministry of Justice and Constitutional Affairs; Ministry of Internal Affairs; Ministry of Gender, Labour and Social Development; Ministry of Local Government (LC courts); Office of the Director of Public Prosecutions; Judicial Service Commission; Uganda Law Reform Commission; Uganda Police Force; Uganda Prisons Service; Directorate of Citizenship and Immigration Control; Uganda Registration Services Bureau; Tax Appeals Tribunal; Law Development Centre; National Identification and Registration Authority; and Uganda Law Society.

- Developing and implementing measures to promote human rights observance in JLOS institutions;
- Introducing and enforcing measures to ensure external and internal JLOS accountability;
- Adopting and implementing anti-corruption measures; and
- Introducing and enforcing measures to ensure accountability in transitional justice.

UHRC core activities for 2017/2018

UHRC's core activities are drawn from its core functions under Article 52(1) of the Constitution and they include the following:

- Resolving human rights complaints through the UHRC tribunal, conciliation and meditation;
- Visiting jails, prisons and all other places of detention;
- Human rights education and awareness, research, documentation, constitutional education and civic education;
- Monitoring compliance with international, regional and national human rights instruments;
- Compilation and production of the annual report on the state of human rights in the country and other periodic and ad hoc human rights reports; and
- Carrying out human rights advocacy and issue statements on thematic human rights issues to the responsible authorities and the public in general.

The UHRC is currently in the fifth year of the implementation of the Strategic Investment Plan (SIP) 2012/13 - 2016/17, which UHRC claims was aligned to the NDPII but does not have a properly aligned development plan. The work plan for Financial Year 2017/2018 presents the following outputs:

- i) Complaints management mechanism;
- ii) Formulation and enactment of human rights compliant laws;
- iii) Monitoring and reporting mechanisms;
- iv) Civic education and human rights awareness;
- v) Civic engagement with stakeholders;
- vi) Promotion of respect for human rights by business enterprises;
- vii) Monitoring of respect for the right to health;
- viii) Human rights implications on oil and gas extraction;
- ix) Staff capacity development;

- x) Inspection and audit of financial records, organisational development and technical backstopping;
- xi) Promoting visibility of UHRC services; and
- xii) Effective planning, budgeting, coordination, execution, monitoring and evaluation.

2.0 Analysis of the MPS Financial Year 2017/18

The first glaring failure by the UHRC is the inability to complete the Ministerial Policy Statement that was submitted to Parliament for consideration. The UHRC MPS does not follow the standard format for a MPS. Furthermore, there is no section that presents the priorities for Financial Year 2017/2018. What is presented, instead, are the core activities of the Uganda Human Rights Commission (on Page 4), with no specific outputs or targets for the year. The outcomes, outputs, annual budget and three months' work plan presented under section 6.0 – with reference to appendix 1 – is a budget projection for DGF for Financial Year 2017/2018.

Although the UHRC has taken steps to align their SIP to the NDP II, there is no published document that shows the new priority areas and activities as aligned to the NDP II. This gap in planning implies that UHRC is not well grounded in its strategic focus to contribute to the objectives of national development.

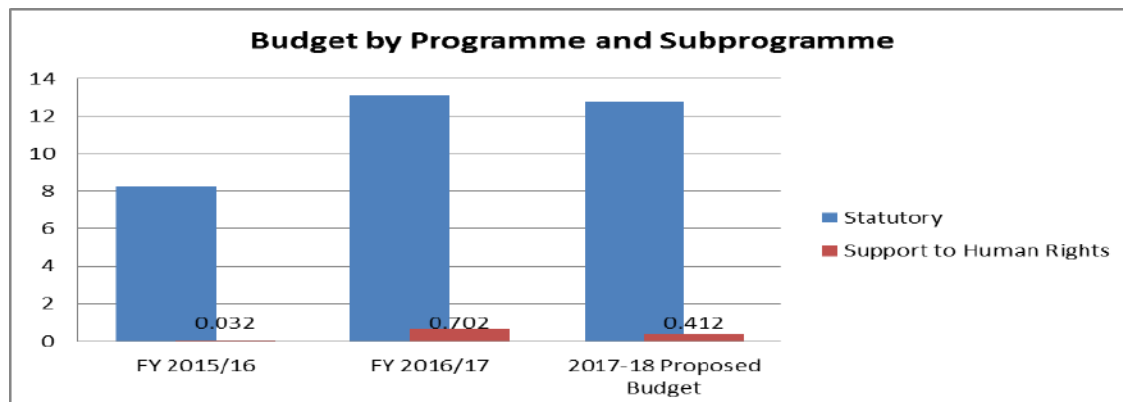
Table 1: UHRC Allocations

Budget Allocation in UGX (billions)	2015/16	2016/17	2017/18 Projections	
	Wage	3.837	5.591	5.591
Recurrent				
	Non-wage	4.409	7.509	7.134
	GOU	0.032	0.702	0.412
Development				
	Ext. Fin.	0	0	0
GoU Total	8.278	13.802	13.137	
Total GoU+Ext Fin (MTEF	8.278	13.802	13.137	
Arrears	0	0	0	
Total Budget	8.278	13.802	13.137	
A.I.A Total	N/A	N/A	N/A	
Grand Total	8.278	13.802	13.137	
Total Vote Budget Excluding Arrears	8.278	13.802	13.137	

UHRC faces a reduction in the non-wage allocation of UGX367 million following communication from the Permanent Secretary/Secretary to Treasury (PS/ST) in March 2017 to cut non-wage

items by 10%. The total estimated budget for all UHRC activities for Financial Year 2017/2018 is UGX36.622 billion, while the Government of Uganda funds in the MTEF amount to UGX13.1 billion. This creates a funding shortfall of UGX23.522 billion. With the arrears from 2015/16 and 2016/17, the total shortfall equals UGX28 billion.

Figure 1: Budget by Programme



The allocations for UHRC are mainly statutory with very little funds committed for support to human rights activities. The MPS does not detail what is funded under statutory allocations but often times it includes wages and other non-wage recurrent costs.

The commission has a huge funding gap for Financial Year 2017/2018, mainly on core activities on promotion of human rights and increased physical access to UHRC services (see table below). The level of un-funded activities, currently at 61%, is a symptom of a national discourse that does not prioritise the promotion and protection of human rights, yet these rights are constitutionally guaranteed.

Table 2: Funding Gap in Financial Year 2017/2018

Item Description	Government Allocation	Required Allocation	Funding Gap
Non-wage	7,134,231,450	13,062,783,286	5,928,551,836
Core Activities – Protection and Promotion of Human Rights Activities			
Sustained civic education and human rights awareness	0	1,802,741,200	1,802,741,200
Hardware and software for human rights information system	0	400,000,000	400,000,000
Building capacity of security agents	0	800,000,000	800,000,000
Inspection of places of detention	0	500,000,000	500,000,000
Enhanced focus on economic, social, and cultural rights	0	1,999,983,500	1,999,983,500
Reduction of cases backlog	0	2,526,800,000	2,526,800,000

Item Description	Government Allocation	Required Allocation	Funding Gap
Review of bills	0	40,000,000	40,000,000
Preparation of 20 th annual report on the state of human rights in the country	0	200,000,000	200,000,000
Increased physical access to UHRC services			
Construction of Gulu & Masaka regional offices	0	1,600,000,000	1,600,000,000
Operational expenditure for the new Lira & Kabale regional offices	0	1,575,457,919	1,575,457,919
Procurement of two (2) vehicles for the two new regional offices	0	320,000,000	320,000,000
Procurement of furniture and fittings, equipment and machinery for the two new regional offices	0	282,540,000	282,540,000
Procurement of 10 double cabin pick-up trucks for 10 regional offices	0	1,600,000,000	1,600,000,000
Salary required for the expanded staff structure			
Salary required for the expanded structure and enhancement	0	3,610,000,000	3,610,000,000

Sector performance

The performance of UHRC over the past few years does not portend well for the state of human rights in Uganda. As at June 2015, the number of reported incidences of torture, cruel and inhuman treatment had increased to 40.6 from 33 in 2014 as a percentage of all reported human rights violations. Victims of child rights abuses in 2014 also increased to 21,317 from 20,807 in 2013. Mob deaths had also increased as well as incidences of domestic violence deaths¹⁸. In mid-2017, the media and Parliament exposed a sharp spike in horrifying incidents of police torture, principally of detainees at Nalufenya Police Station in Jinja.

For Financial Year 2016/2017, UHRC registered some achievements on the following outputs. Out of the total 322 complaints received, 77 cases were concluded in the tribunal, 38 cases were successfully mediated. A total of 345 detention facilities inspected, and 579 media programmes were conducted.

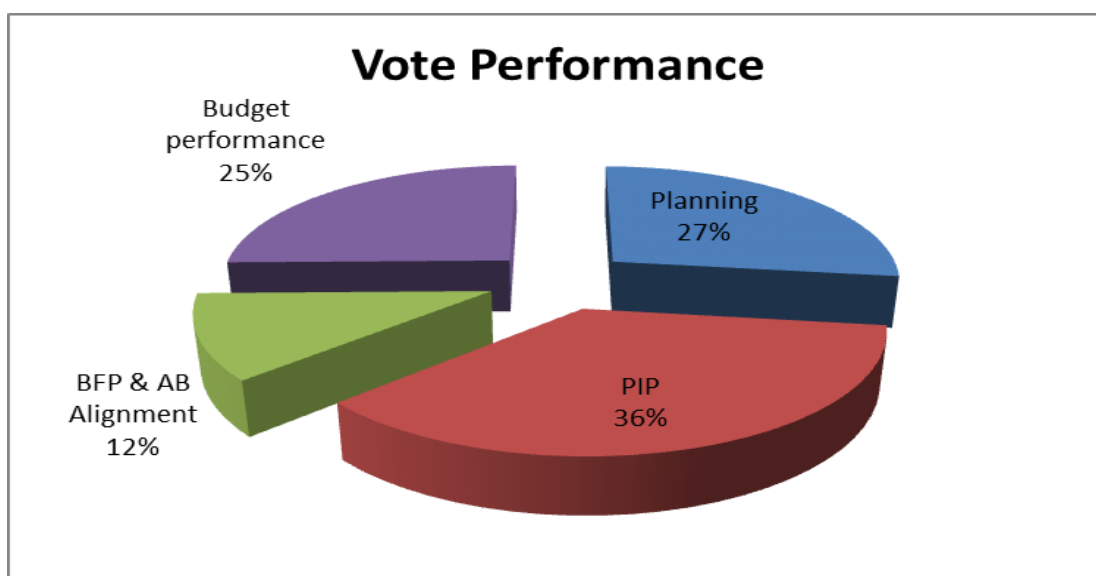
The performance of UHRC was dogged by a number of challenges reported during the Financial Year 2016/17, including:

¹⁸ For details see UHRC and Police Annual Crime Reports.

- Underfunding of the commission by Government to support its mandated core programmes;
- Understaffing of the commission both at head and regional offices, currently at 38% of the proposed staff structure;
- Lack of transport facilitation both at regional and head office to facilitate movement of human rights officers; and
- Increasing rental expenditure for regional, field and head office premises.

Compliance with National Budget

Figure 2: UHRC performance



According to the National Planning Authority, Certificate of Compliance for the annual budget Financial Year 2016/2017, UHRC performed poorly on all the assessed components; planning, public investment plan, budget performance, and alignment to the national budget framework paper and the annual budget. UHRC is faulted by the National Planning Authority in this assessment for maintaining a huge recurrent appropriation instead of focusing on key strategic/development issues in the human rights field. Failure to focus on these strategic issues for development automatically leads to a deterioration of the state of human rights in the country as evidenced by increasing violations. Further, UHRC failed the compliance test on a number of parameters in compliance with non-discrimination and reducing inequalities against any individual or group of persons as assessed by the Equal Opportunities Commission (see Table 3).

Table 3: Vote specific assessment results by assessment area FY 2017/2018

Component	Score
Vote contribution to the SDP from a G&E perspective	100%
Responsiveness of Vote objective to G&E FY 2017/2018	100%
Responsiveness of Vote programme outcomes to G&E for the FY 2017/2018	100%
Responsiveness of key performance issues to G&E FY 2016/2017	40%
Reflection of performance on G&E outcome indicators for FY 2016/2017	0%
Reflection of performance on G&E specific outputs for FY 2016/2017	67%
Reflection of funds utilised on G&E outputs FY 2016/2017	0%
Reflection of mechanisms for promotion of G&E FY 2016/2017	0%
Medium term G&E interventions 2017/2018-2019/2020	60%
Reflection of medium term G&E outcome indicators 2017/2018-2019/2020	60%
Responsiveness of planned outputs to G&E FY 2017/2018	40%
Commitment of funds to G&E outputs FY 2017/2018	40%
Reflection of challenges to addressing G&E	80%
Vote Average	53%

Source: *Assessment Report On Compliance of Ministerial Policy Statements with Gender and Equity Requirements Financial Year 2017/2018*

3.0 Key Emerging Issues

Institute functional procedures for adjudication

Uganda is weak in delivering justice to victims of human rights abuses. In fact, some human rights issues are out rightly rejected. There is need to link the commission's tribunals and mediation processes to judicial processes in the country and effectively fund these processes in order to deliver justice.

Lack of legal framework for human rights defenders

Although the Constitution guarantees the protection of human rights for Uganda, there are no clear policy guidelines and regulations. The awareness levels for people's rights are low as is the civic awareness about the Constitution. The commission must come up with clear policy for

each sector which must be mainstreamed in the planning and programming.

Lack of Funding for UHRC activities

The current UHRC level of un-funded activities for UHRC is alarming at 61%. What this implies is that the commission has no capacity to implement activities that are aligned to the goal of the agency and the sector as whole.

Abuse of authority by armed forces

According to Uganda 2016 Human Rights Report, security forces on 26 November 2016 were reported to have killed women and children who were on the palace compound during the armed forces raid on King Charles Mumbere's royal palace in Kasese District. Several dead bodies were found with bound hands, possibly indicating victims had submitted to arrest before being killed. This murder is a result of abuse of authority against the people they were supposed to protect.

Torture and other cruel, inhuman or degrading treatment or punishment

From January to June 2016, the African Centre for Treatment and Rehabilitation of Torture Victims registered 856 allegations of torture by the Police, the Flying Squad (a Uganda Police Force unit assigned to violent crimes), special investigations units of Police, and the Uganda Peoples' Defence Force. These violations of human rights by armed forces against non-violent citizens are against the spirit of constitutional democracy.

Acting with impunity

On the 12th and 13th July 2016, the media broadcast videos of police, soldiers and plainclothes security operatives using sticks to beat unarmed supporters of the main Opposition leader, Col. Dr Kizza Besigye, as his car passed on a Kampala street. They also beat motorcycle (boda boda) riders who appeared uninvolved in Dr Besigye's procession. In one instance, a Police truck veered onto a sidewalk to hit – from behind – a man waving at Dr Besigye's passing vehicle. Although there were reported arrests of Police officers, fair trial still awaits as no case is reported in the courts of law.

Oppression of the media

In 2016, there were media reports of violence and harassment against journalists. It was reported that, on May 24, Hon. Abraham James Byandala, then Minister Without Portfolio, punched a journalist in the abdomen as she was covering a court case in which the minister was charged with corruption. The journalist filed a complaint against the minister, but subsequently withdrew it under security threat. Security forces also arbitrarily arrested journalists. For example, local media reported that on 27 February 2016, the Police arrested Eriasa Sserunjogi

and Abubaker Lubowa, both journalists working for *Daily Monitor*. They were covering the Besigye house arrest.

The Police detained the two journalists at Kasangati Police Station for several hours before releasing them without a charge. This action is contrary to Article 40 and Article 29 of the Constitution that guarantee freedom of every Ugandan to practice his or her profession and to carry on any lawful occupation, trade or business and rights to freedom of speech and expression, which shall include that of the press and the media.

Land grabbing

Land grabbing and the attendant displacement of large numbers of people, often using very brutal means, became so rampant in the Financial Year 2016/17. Land conflicts have arisen between ordinary citizens, Government and investors following the allocation of land to some investors, with reports of people being evicted from their homes and land without due pay or compensation. The situation has intensified as the locals have even lost trust in anybody on matters of land and now they have resorted to doing whatever is in their means to the extent of undressing before anybody in order to protect their land.

Deterioration of human rights cases

The state of human rights in Uganda is continuously deteriorating, the most recent case being the torture and inhumane treatment of people in the Nalufenya detention facility as reported in the media. Suspects have been flogged, some have been dipped in a drum full of water with even further allegations of their noses, mouths and private parts stuffed with pepper¹⁹. Although police has been changing the names of brutal units, their tactics of torture remain the same. At first they called it “Operation Wembley” in Clement Hill, then “Violent Crimes Crack Unit” in Kireka, then “Rapid Response Unit”, also in Kireka and now the “Flying Squad”, in Nalufenya.

Recommendations

- Parliament should institute an ad hoc committee to investigate the excessive use of force and incidents of torture by the security forces. This will facilitate the prosecution of the perpetrators of torture and hold accountable state security agents and members of the Police and army who have committed human rights abuses as well as ensure adequate compensation for victims;

¹⁹ <https://www.independent.co.ug/nalufenya-innocents-tortured-confess> as accessed on 26th July 2017

- Establish without delay a national prevention mechanism against torture, allowing non-governmental organisations and the Uganda Human Rights Commission to have access to detention centres;
- Assure full respect of freedom of association and peaceful assembly and punish all excessive use of force by security officers against peaceful demonstrators; and
- Ratify the Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment.

4.0 Alternative Proposals

The alternative policy proposals presented here are aimed at promoting and protecting human rights for national development and harmony in the Ugandan society.

Zero tolerance on torture

The civility of any society depends largely on how those in power treat their subjects. The continued deterioration of the human rights situation in Uganda warrants a strong and assertive agency to investigate, condemn and adopt an independent and zero tolerance stand on abuse of human rights and torture. Unfortunately, the ineffectiveness of the commission in aggressively combating torture seems to suggest capture by the State that is committing human rights abuses.

- Money should be allocated to activities that promote zero tolerance on torture and to support and rehabilitate victims who have been tortured at the hands of the State;
- Specifically to operationalise the policy of zero tolerance on torture, introduce the doctrine of “Senior Command Responsibility” where the “command responsibility” is an omission mode of individual criminal liability: the superior is responsible for crimes committed by his subordinates and for failing to prevent or punish the human rights offenders;
- Strengthen the capacity of human rights defenders and national human rights institutions with more funding and enacting the human rights defenders law that will protect human rights organisations and human rights whistleblowers against State harassment; and
- Train justice and security sector personnel on human rights norms and practices.

CHAPTER FOURTEEN: PUBLIC SECTOR MANAGEMENT

ALTERNATIVE POLICY STATEMENT FOR PUBLIC SERVICE FOR FINANCIAL YEAR 2017/18

Executive Summary

The authority to present this Alternative Policy Statement is derived from Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006, which requires and empowers various Shadow Ministers to present Alternative Statements on the floor of the House for consideration and possible implementation.

Section 6E (4) provides that, “The Leader of the Opposition shall study all policy statements of government with his or her Shadow ministers and attend committee deliberations on policy issues and give their party’s views and opinions and propose possible alternatives”.

Mandate of Ministry of Public Service

The Ministry of Public Service has an overall responsibility for the management and administration of the Public Service as provided for in the Public Service Act 2008. The specific mandate of the Ministry is to develop, manage and administer human resource policies, management systems, procedures and structures for the Public Service. In implementing its mandate, the Ministry of Public Service supervises the Public Delivery Systems and Procedures as they relate to Human Resources, in the Service Delivery Sectors and the Local Governments, which are the actual points of public service delivery. Ministry of Public Service works hand in hand with the Public Service Commission (PSC)

Emerging Issues

- Limited Financing to implement the Strategic Plan
- Reporting format on achievements not aligned to the strategic Objectives
- A big Government standing in the way of opportunities for majority of Ugandans. High levels of corruption, incompetence and slow, inefficient, non-accountable bureaucracy
- Outside the Defense and Security sectors where effectiveness is driven by the military command culture, Uganda’s civil service seems increasingly unable to serve the public and deliver except where the implementation of projects is largely outsourced to private sector contractors, which is common in infrastructure and energy.
- Disproportionately high administrative cost, relative to service delivery cost. In addition to a high wage bill, the public service has a negative addiction to vehicles, workshops, seminars, travel and other per diem generating activities.

- Low output, poor outcomes and very unsatisfactory performance indicators in many ministries, with health, education and agriculture occupying very high visibility status. PSC fails to produce annual Reports to Parliament
- Failure to fully automated Government operating systems (mainly manual procedures)
- Failure to address the acute Public Service staffing Gaps in Ministries, local government, and other agencies.
- High cost of Government fleet
- Gross discrepancies in the Public Service pay levels
- Poor remuneration and low motivation (the pretense to pay and the pretense to work) at a time when policy makers are aggressively emphasizing the need to keep the public wage bill low to fund power generation and transport infrastructure.
- Incompetent district service commissions
- Negative public service reputation
- No positive or negative incentives for improved performance and no effective performance monitoring and management systems
- A civil service culture that promotes, protects and rewards adherence to bureaucratic procedure in direct opposition to results.
- General disconnect between the attitudes, values and competences of public servants from NDP priorities
- It is procedurally, culturally and legally very difficult to prove and act on a dismissable offense by a Ugandan civil servant.
- At the highest level of Executive Branch supervision, Ministers are selected largely from elected Members of Parliament, many of whom have delivered constituencies to the ruling party, but have no subject matter, policy depth or management capabilities to supervise the sectors they are appointed to oversee. There is no effective performance management system for Ministers and it is politically difficult to remove them from office. The poor results culture therefore has no political pressure point for its resolution. The Prime Minister chairs Cabinet and supervises Ministers but cannot sack or transfer them for poor performance.
- In virtually all sectors of government there now exists an entrenched decentralization of the above problems in local government structures to whom very substantial percentages of the national budget are allocated while central government lacks the ability to whip the performance of elected local governments.

Alternative Policy Proposals

- Restructure Government and Re-organize Public Service in terms of roles and responsibilities, culture, performance incentives and outcomes, value and reputation.
- Automate and modernize business processes and performance management systems of the entire Government
- Establish Graduate National Service Scheme,
- Amend the Constitution to provide for the establishment of the National Salaries Review Commission.
- Abolish use of government vehicles and establish a vehicle hire purchase scheme for public servants.

Expected Outcomes

- A small effective and efficient, patriotic and performance-oriented and trustworthy, respected public service that is less costly to tax payers and is focused on delivery against NDP priorities.
- Huge savings from the reduction of a bloated government
- Reduction in Red tape, cost of Public services and corruption
- Supplement to human resource shortfall hence lowering the existing staffing gaps
- Young people equipped with skills, experience and chance to be retained in Public service
- Unjustifiable pay differentials in public service eliminated
- Huge savings from cutting wastage on government fleet in vehicle maintenance costs, fuel costs and other forms of wastage

1.0 Background to the Alternative Ministerial Policy Statement

Public Service in modern times is very crucial to socio- economic development and regulation of services²⁰. Under the three directorates of Research and Development; Human Resource Development; and Efficiency and Quality Control, the Ministry of Public Service (MoPS) is supposed to develop, manage and administer human resource policies, management systems and procedures for the Public Service.

In executing its duties, the Ministry of Public Service works hand in hand with the Public Service Commission (PSC) whose constitutional mandate is to advise the President in performing his or her functions under article 172 of the constitution; appoint, promote and exercise disciplinary

²⁰ From policy to Result -Based Implementation: towards Improving Public Service management using the Uganda experience: Mawazo: The Journal of The faculties of Arts and social Sciences Makerere University; Vol. 9 Feb 2010 pg 41

control over persons holding office; guide and coordinate District Service Commissions (DSC); and hear grievances among others.²¹

Mandate

The Ministry of Public Service has an overall responsibility for the management and administration of the Public Service as provided for in the Public Service Act 2008. The specific mandate of the Ministry is to develop, manage and administer human resource policies, management systems, procedures and structures for the Public Service. In implementing its mandate, the Ministry of Public Service supervises the Public Delivery Systems and Procedures as they relate to Human Resources, in the Service Delivery Sectors and the Local Governments, which are the actual points of public service delivery.

This mandate has hitherto been implemented through seven core functions; Human Resource Management, Management Systems and Structures, Public Service Inspection, Public Service Pensions (Statutory), Public Service Pensions (Reform); and Policy, planning and Support Services.

The Public Service Commission, on the other hand is a Complementary Statutory Body under the Ministry but with institutional autonomy, performs the function of advising the President, processing Appointments, Confirmations and Promotions in Public Service and disciplinary control over Public Officers; among others. Its mission is to provide Government with competent human resources for effective Public Service delivery. The Public Service has four strategic objectives that listed below;

- Enhancing performance culture
- Strengthening structures and systems
- Facilitating attraction and retention of competent work force
- Improved operation efficiency and effectiveness of the Ministry

Summary of the MPS

Under the Public Finance Management Act (2015), the Minister and the heads of the other votes are required by the 15th March to submit to Parliament the policy statement for the proceeding financial year, for the Ministries or the votes, as the case may be. This policy statement shall contain among others the achievements of the vote for the previous year; the annual and three months' work plans and outcome, the objectives, outputs, targets and performance indicators for the work plans and outcomes; the annual procurement plan for the vote; the annual recruitment plan of the vote; a statement of the actions taken by the vote to

²¹ Art. 166 (a),(b),(c),(d),(e) and(f) of the Constitution of the Republic of Uganda; 1995: pg 109

implement the recommendations of Parliament in respect to the report of the Auditor General of the proceeding financial year; the cash flow projections of the vote;. In this respect, the MPS for Public Service and Public Service Commission was submitted to Parliament with the following highlights.

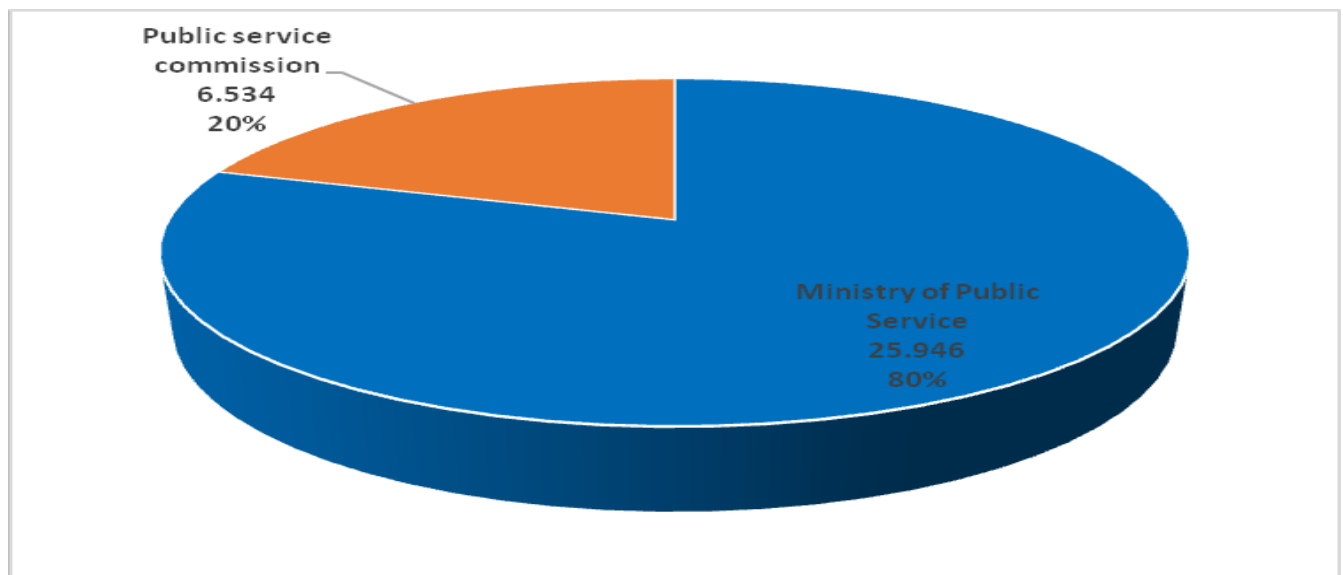
Cash Flow Projections

The principle government agency under the sector is Ministry of Public service with a total of two votes including;

- e) Vote 005 - Ministry of Public Service
- f) Vote 146– Public Service commission

In the Medium Term Economic Framework (MTEF) for FY2017/18, the Ministry of Public Service was allocated Uganda Shillings (UGX) 25.946 billion whereas the Public service commission was allocated UGX 6.534 billion representing a reduction of UGX 5.170 billion and 0.180 billion respectively compared to Financial Year (FY) 2016/17.

Figure 1: Budget allocations for the FY 2017/18 by Vote (billions)



Source: MPS 2017/18

Table 1: Programmes under each sector vote

Vote	Programmes
Vote005: Ministry of Public Service	a) Inspection and Quality Assurance b) Management services c) Human Resource Management d) Management systems and structures e) Public service inspection f) Public service pensions (Statutory) g) Public service pensions reforms h) Policy, planning and support services
Vote 146: Public Service commission	a) Public Service selection and Recruitment

Source: MPS 2017/18

2.0 Analysis of the Ministerial Policy Statement

Major Sector Priorities, Achievements and Allocations

Sector Priorities and Allocations

The Sector Development Plan (SDP) for the period 2015/16-2019/2020 focuses on three key elements; *People, Systems and the Client*. These encompass the three outcome areas that are consistent with the Uganda Vision 2040 aspirations, NDP II and PSM sector Priorities, which once implemented should reposition and reorient the public Service towards service delivery excellence. All this is expected to be supported by a value system that prioritizes integrity, professionalism, loyalty, diligence and client focus.

Key Priorities for Ministry of Public Service and Public Service Commission (FY 2017/18)

MPS FY 2017/18 has highlighted the eleven (11) Key priorities that include:

- Improving efficiency and effectiveness in management of active and pension payroll.
- Strengthening human resource management and development policy framework.
- Improving efficiency and effectiveness of service delivery systems and structures.
- Harmonizing the inspection function by promoting joint inspections using the zonal approach as directed by the President.
- Enhancing staff productivity through developing and delivering tailor made courses for public servants to enhance service delivery, improving efficiency and effectiveness of performance management systems and lobbying for competitive pay structures.
- Improving efficiency of records and information management systems

- Enforcing development of gender and equity sensitive client charters and institutionalization of feedback mechanisms.
- Establishing one stop centers for enhancing government service delivery.
- Automating the recruitment system.
- Capacity building for District Service Commission.
- Expediting graduate recruitments.

The MoPS lists eleven priorities that are not aligned to the strategic Objectives of its Strategic Plan. This hinders monitoring and evaluation of the strategic plan implementation annually. To us as Opposition, for the purpose of accountability and transparency key priorities for each financial year should be aligned to the sector objectives in order to ascertain annually progress towards achieving enhanced Human Capital development and how much government has strengthened mechanisms for quality, effective and efficient service delivery.

Strategic Development Plan Financing

The projected cost to implement the Strategic Development Plan FY2015/16- FY 2019/20 is estimated at UGX 437.737 billion whereas the available funds for the 5 year plan is UGX 114.114 billion which indicates a funding gap of UGX 323.623 billion.

Table.2 Showing Cost of funding Strategic Development Plan

Source	Financial Year (UGX millions)					Total
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	
Required Budget	-	109,997	118,846	109,039	99,855	437,737
GoU excluding Wage		25,856	24,727	27,601	30,361	108,545
NTR	-	1,200	1,320	1,452	1,597	5,569
Donor	-	-	-	-	-	-
Sub-total		27,056	26,047	29,053	31,958	114,114
Funding gap	-	82,941	92,799	79,986	67,897	323,623

Source: MoPs Strategic Plan FY2015/16-FY2019/20

The Ministry proposes the following strategies for enhancing resource mobilisation to close the funding gap;

- Lobbying Ministry of Finance, Planning and Economic Development to enhance the Budget allocation to the Ministry through the MTEF;
- Engaging potential and current Development Partners for budget support.

- Enhance collection of Non Tax Revenue by the Civil Service College through developing new training programmes, improving on the existing training facilities,
- Exploring private public partnerships

Table 3. shows the expected funding from the above resource mobilisation strategies

Source	Projected Funding (Million)				Total
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	
GoU- MTEF increment	66,353	64,959	47,992	40,738	194,174
Development Partners	16,588	23,200	11,998	10,185	48,543
PPP			15,997	13,579	68,871
NTR	-	4,640	3,999	3,395	12,034
Total	82,941	92,799	79,986	67,897	323,622

Analysis of the Strategic Plans find there is a huge variation in the financing projections of the Strategic Plan and the MPs. The Development Plan in the FY 2017/18, required budget is Ushs. 118.846 Billion, while the MPS FY2017/18 allocation is Ushs 25.946 billion. To implement the Strategic Plan FY 2017/18, the Ministry of Public Service has a funding deficit of Ushs.92.9 billion. This funding deficit means that the objectives of the Plan for the FY2017/18 shall not be realized. If the annual targets of the Plan if not achieve it has a direct negative impact on the realization of the Public Sector goals of Enhancing Human Capital development and Strengthening mechanisms for quality, effective and efficient service delivery as enshrined in the NDP II. This will in itself defeats the aspiration of Vision 2040 to see a transformed Ugandan Society from a Peasant to a Modern and Prosperous country with 30 years. The MoPS projected outcomes of a having highly skilled work force; Productive, cost effective and affordable public service and Client satisfaction shall remain mere dreams.

Major Public Service sector Achievements

The analysis of sector achievements is restricted to the major programmes implemented by the ministry of public service; Inspection and Quality Assurance, Management Services, Human Resource Management, Management Systems and Structures, Public Service Pensions (Statutory), Public Service Pensions Reform and Policy, Planning and Support services and those programmes implemented by the Public service commission; Public Service Selection and Recruitment.

a) Major achievements for Ministry of Public Service (FY 2016/17)

- Construction of the National Records Centre and Archives building was completed.

- The restructuring of the Education sector was completed. The exercise covered the Ministry of Education and Sports (MoES), eleven institutions affiliated to MoES and 179 business, Technical Vocational Education and Training (BTVET) institutions.
- Pension census was successfully carried out to verify pensioners across all votes.
- Staff structures were developed for the 23 newly elected Local Governments (LGs) and 4 ministries (Ministry of Information and Communication Technology, National Guidance, Science Technology and Innovations, Defense and Veterans Affairs and Kampala Capital City Authority (KCCA) and Metropolitan Affairs).
- Staff structures for Local Government were reviewed.
- Cabinet memorandum and implementation guidelines on staff structures for service Uganda centers were prepared and submitted to the Ministry of Finance, Planning and Economic Development.
- Job evaluation report for 6 Public Universities (Gulu, Lira, Muni, Busitema, Kabale and Kyambogo) was produced.
- 32 Local Governments were inspected for compliancy with service delivery standards.
- Facilitated post and pre-retirement training programmes for 1,543 staff.
- Payroll manages in all votes including the 23 new votes, were trained on pension processing and management.
- Processing of pension and gratuity was fully decentralized in the Ministry of defense.
- Integrated Personnel and Payroll System (IPPS) was rolled out to 27 new votes increasing the number of votes to 145 representing 67% IPPS coverage.
- 1,321 public officers were trained at the Civil service College
- First drafts of the following documents were produced; fleet management policy, dress and appearance code, Alternative pay salaries and Allowance (Specified Officers) Act, Human Resource Planning Framework, Core competencies and the descriptors, National Policy on Capacity Building for the Uganda Public Service,, Guidelines on managing e-learning in the Public Service.

b) Major achievements for the Public Service Commission (FY 2016/17)

- 25 District Service Commissions (DSCs) with capacity gaps monitored and technical guidance offered.
- 29 appeals received and concluded.
- 32 selection instruments developed (12 aptitude, 20 competence tests).
- 46 tests were administered, 2,533 applicants tested, 352 were successful.
- 214 members of DSCs were approved.
- 9 DSCs' secretaries were mentored (Kole, Rukungiri, Buyende, Masaka, Kiboga, Butambala, Gomba & Amuru)

- 769 appointments concluded including 9 permanent secretaries.

Sector compliance with the Public Finance Management Act (PFMA) 2015

In accordance to Section 13(6) and 13(7) of the PFMA, the NPA conducted an assessment of the budget and its compliance to the National Development Plan, Charter of Fiscal Responsibility and the Budget Framework Paper. Overall, the Public Sector Management scored 52.7%. Specifically the sector compliance is presented below;

Table 4: Public Sector Management Alignment to NDP II

Description	Compliance (%)
Sector Planning	48.0
Project Planning	100.0
Budget process Instruments	53.0
Budget Performance	37.1

Source: NPA Certificate of Compliance FY2017/18

3.0 Emerging Issues in the MPS

The Ministry of Public Service supervises the public service delivery systems as they relate to human resources and management in the service delivery sectors. To move Uganda into a middle income country by 2020 and to achieve the objectives of Vision 2040, it requires a major shift in the way the public service conducts business. Public Officers need to do extraordinary, be conscious of putting the people first, be innovative and critically steer public institutions to greater heights than what is currently being done.

In pursuit of the Section 6E (4) of the Administration of Parliament Act,(Amendment) Act, 2006, as Opposition we have studied the MPS FY2017/18 and therefore point out the following emerging issues;

a) Limited Financing to implement the Strategic Plan

The Development Plan for the Ministry of Public Service in the FY 2017/18, required budget is Ushs. 118.846 Billion, while the MPS FY2017/18 allocation is Ushs 25.946 billion. To implement the Strategic Plan FY 2017/18, the Ministry of Public Service has a funding deficit of Ushs.92.9 billion. This funding deficit means that the objectives of the Plan for the FY2017/18 shall not be realized. If the annual targets of the Plan are not achieved it has a direct negative impact on the realization of the Public Sector goals in the NDPII of Enhancing Human Capital development and Strengthening mechanisms for quality, effective and efficient service delivery.

b) Reporting format on achievements not aligned to the strategic Objectives

The reporting format of the MPS on the key achievement of the Ministry is a matter of great concern to us as opposition and the citizens of Uganda. For the purpose of transparency and accountability rather than telling performance in terms of the Department we should be told in terms of the strategic objectives and outcome levels.

c) A big Government standing in the way of opportunities for majority of Ugandans

The current government has failed to restructure and reduced the size of government rather it continues to expand the size of government and hence increasing the cost of Public Administration. A huge government caused by the patronage politics has distorted and undermined Public Service delivery. The big government is characterized of a breakdown of Public Institutions; there is poor remuneration in the Public Service sector; a bloated local government structure; there is duplication of roles and responsibilities amongst MDAs and great inefficiency in the Public service administration budgets especially for central government spending Agencies .

d) PSC fails to produce annual Reports to Parliament

We have a Public Service Commission that has failed on accountability to Parliament. The

Constitution of the Republic of Uganda, under article 166(3) mandates the Public Service Commission to make a report to Parliament in respect of each year, on the performance of its functions. In analysis of the Public Service Commission's past achievements, planned and projected outputs the Report to Parliament remains unmentioned anywhere in the MPS. This is in total disregard of the law of the land and a major hindrance of Parliament undertaking its oversight functions in regard to the Public Service.

e) Failure to fully automated Government operating systems (mainly manual procedures)

The Current Government has failed to automate Government Operating systems. Public Service delivery remains largely under the grip of cumbersome systems that increases the cost of Public Services. In the MPS FY 2017/18 the Current Government targets to reduce the cumbersome systems by 10% and in the consequent FY years 2018/19 reduced by 20% and in the FY 2019/20 reduced by 40%. This is evidence of the current Government's failure to fully have automated Government operating systems and interconnect them. The Public Service Commission still conducts manual recruitment exercises due to lack of automated operating systems. Government should appreciate the benefits of automating operating systems to improve service delivery. Yet highly performing organizations are facilitated by automated and interlinked operating systems to make quick decisions to the satisfaction of their customers. This allows passing work smoothly and quickly between different people involved in delivering a service thereby facilitating giving quick feedback. Information technology also provides opportunities for self-service which greatly reduces cost of accessing service. Officers are also able to work away from station using Information technology.

f) Failure to address the acute Public Service staffing Gaps in Ministries, local government, and other agencies.

The significance of sufficient labour force to satisfactory perform the set out task cannot be over emphasized. However the Government of the day runs on a Public service with acute staffing levels in MDAs and LGs which is disheartening. Currently according to research findings, there is a huge staffing gap of over 32000 positions in the Public Service²², this huge staffing gaps remains a threat to the Ministry of Public Service and Public Service Commission achieving the anticipants development targets. It creates heavy work overload on the few existing staff, limits the ability of the Public entities to effectively deliver and achieve their mandate. There is also a risk that optimum output is not achieved, which may affect the quality of service delivery.

²² <http://www.monitor.co.ug/News/National/32000-government-jobs-unoccupied/688334-2713438-jte2g9/index.html>

g) High cost of Government fleet

In Uganda most government official are using government vehicles bought by tax payers' money. There is evident misuse of government fleet in both management and disposal, for instance Public Vehicles are used for private gains at the expense of the tax payers. Government expenditure on fuel, oils and maintenance of its fleet has continued to increase from year to year against the limited public resource envelope. This high cost on Government fleet is unsustainable agreed that the public service is ever expanding.

h) Gross discrepancies in the Public Service pay levels

Besides Public Service pay being low, it is apparent that there are gross discrepancies in the pay levels across traditional public service Ministries, Departments and Agencies. This is a serious de-motivator for the public servant in the traditional public service institutions. The argument advanced for this discrepancy is that selective pay is necessary for certain categories of staff in particular institutions. However, it should be noted that the efficacy of institutions such as the Auditor General or the Judiciary depend on the entire Civil Service Infrastructure. For example, the efficiency and effectiveness of Prosecutors (Judicial Officers) depend on the Police who carry out investigations yet, the latter are poorly paid. It is therefore not surprising that the police officers have been reported among the highly corrupt public servants

i) Incompetent district service commissions

The NRM Government has failed to have in place competent Service Commissions particularly, the District Service Commissions to address the tasks they are mandated to undertake. To date in some districts, the DSCs are nonexistent, not fully constituted or non-functional and also since decentralization has been misconstrued to mean localization, most DSC in every District are composed of local residents which has led to preference of recruitment of "the sons and daughters of the soil" regardless of the required competences. It's not surprising that many vacancies in the LGs remain vacant and drastically affecting the quality of Service Delivery.

4.0 Alternative Policy Proposals

a) Restructure Government and Re-organize Public Service in terms of roles and responsibilities

Our Government would undertake a comprehensive restructuring of Public Sector to remove mandate overlap, create efficiency and cut down the cost of Public Administration. We would also reduce the size of Cabinet to 21 Ministers and strength offices of Permanent Secretaries, Directors and Commissioners, merge the office of the RDC and the CAO to strength it to ensure effective coordination of central and Local Government development and Service delivery programmes and we would reduce the number of Presidential Advisors to not more than ten (10) Advisors and limit the number of Presidential Assistants since the bulk of the work

presidential advisors claim to do is the same work done by the mainstream ministry personnel. Reducing the size of government would eliminate wastage of valuable tax Payers money that we would invest in social services delivery and human development.

b) Automate business processes of the entire Government system.

Our Government would establish adequate ICT infrastructure across the country to interconnect the Public Service operating systems. Make availability of broadband network across the country a critical component to achieve greater adoption of online multimedia and Internet-based applications for better service delivery. For instance a Specialist in the medical professional based at Mulago National Referral would be in position to guide an operation on a patient in Karamoja without necessitating driving the patient to the National Referral Hospital. Automated business processes will reduce red tape, the cost of doing business and the cost of Public Service and reduces corruption

c) Establish Graduate National Service Scheme,

Our Government would make it mandatory for every fresh graduate to offer national service in the Public Service and Private institutions in line with their field of study for one (1) year as government provides an intern allowance. Upon completing the one year national service the fresh graduate would be issued with a certificate that should be a mandatory requirement for any fresh graduate who wants to join Public and Private sector employment. This will supplement human resource short falls to cover the existing staffing gaps in Public service; it will also give the young people opportunity to acquire skills, experience and chance to be retained in Public service upon excelling during the year of National Service.

d) Amend the Constitution to provide for the establishment of the National Salaries Review Commission.

Our Government would expedite the Constitutional Amendment to establish the National Salaries Review Commission. This Commission would be charged with the duty to address the issue of distortions in pay among all public institutions by establishing a framework for setting pay across the wider public service; eliminating unjustified pay differentials within the public service; monitor remuneration levels across the service and ensure that the set guidelines are complied with. To us as Opposition, It is critical that the Public Service Structure of remuneration is administered on the principle of “Equal pay for work of Equal Value”.

e) Abolish use of government vehicles and establish a vehicle hire purchase scheme for public servants.

The current Government continues to waste a lot of tax payers’ money on a huge government fleet this is in terms of actual vehicle purchase, maintenance costs, fuel costs and other forms of wastage. Our Government would rationalize the use of government vehicles by cutting

down on the vehicle fleet and restricting the level of officials that will be provided with official vehicles and establish vehicle hire purchase schemes for Public Servants. This measure will contribute to saving the tax payers from inflated vehicle maintenance costs, fuel costs and other forms of wastage.

f. Strategic Outcomes Overhaul

- I. Implement a large scale independent performance review and generational change in recruitment across all ranks of the public service and local government equivalents.
- II. Organise a culture change programme in liaison with the National Planning Authority and the President's Office.
- III. Introduce NDP-oriented performance targets and performance delivery targets and contracts for all ranks of public servants. Government should retain the services of international management consulting firms to bring a degree of private sector experience as well as the experience of other countries into the detailed planning of a new performance management system.
- IV. Reform regulations to make it easier to suspend and dismiss civil servants.
- V. The World Bank estimates that 10%+ of total government budget is lost to corruption. Given its inability to increase salaries substantially in the short term, government should flip the reality and set aside 6-10% of total government budget as performance bonus for civil servants who are independently verified to have achieved and exceeded set performance targets.
- VI. Regulations and laws must be changed to create criminal liability for a wide range of performance offenses that go beyond financial misappropriation and corruption. It must be made both bonus-rewarding and jail-risky to hold public office and manage public funds. This system can be rolled out from the senior levels downwards and a mechanism for giving the centre a performance lever over district officials must be included. Prison terms for corruption, failure to account and misappropriation should be made heavy, with provisions for asset seizures.
- VII. The Minister should consult experts and structure more robust systems for public complaints, whistle-blowing and senior level responsiveness.
- VIII. The Minister should work with National Planning Authority and support the creation of a strong Performance Management Unit in the Office of the Prime Minister with high-calibre personnel and robust systems for quarterly and half-yearly performance reviews against NDP goals and lower level government plans with presentations to the President at least once a year. The Ministry should adopt the simple traffic lights system commonly used in the private sector: Green for target substantially achieved; Amber/ Yellow for risk

of non-achievement; and Red for substantially behind target, failed or projected to fail – with reasons and remedial measures. It is out of this process that civil servants should earn bonus pay or dismissal or dismissal and jail time.

- ix. The Minister should recommend to the President and Cabinet, the separation of Cabinet from Parliament to enable the President to raise the calibre of Ministers, who should then be subject to performance contracts and more vulnerable to dismissal for non-performance.
- x. The Ministry of Public Service should support the Speaker of Parliament in designing a performance review framework against which parliamentary committees can assess the performance of all ministries, departments, agencies and local governments and there should be a link between budget growth and agency performance.
- xi. All the above measures should be cascaded down to local governments with the central government retaining both the carrot and the stick.
- xii. The Minister should design a framework for publicly recognizing and appreciating high performing public servants and shaming poor performers – in addition to bonus pay and risk of dismissal or jail.

ALTERNATIVE POLICY STATEMENT FOR LOCAL GOVERNMENTS FOR FINANCIAL YEAR 2017/18

1.0 Background

The fundamental legal basis for local governments and the rationale for their existence is stipulated in the National Objectives and Directive Principles of State Policy enshrined in our Nation's Constitution. In this regard, the Constitution provides thus: "The State shall be based on democratic principles which empower and encourage the active participation of all citizens at all levels in their own governance. The Constitution further provides that "The State shall be guided by the principles of decentralization and devolution of governmental functions and powers to the people at appropriate levels where they can best manage and direct their own affairs."

These core principles are given life in Chapter 11 of the constitution. The Constitution prescribes a set of principles that shall apply to the local government system established under this chapter. These principles are set out here below.

(2) The following principles shall apply to the local government system—

- (a) The system shall be such as to ensure that functions, powers and responsibilities are devolved and transferred from the Government to local government units in a coordinated manner;
 - (b) Decentralization shall be a principle applying to all levels of local government and, in particular, from higher to lower local government units to ensure peoples' participation and democratic control in decision making;
 - (c) The system shall be such as to ensure the full realization of democratic governance at all local government levels;
 - (d) There shall be established for each local government unit a sound financial base with reliable sources of revenue;
 - (e) Appropriate measures shall be taken to enable local government units to plan, initiate and execute policies in respect of all matters affecting the people within their jurisdictions;
 - (f) Persons in the service of local government shall be employed by the local governments; and
 - (g) The local governments shall oversee the performance of persons employed by the Government to provide services in their areas and to monitor the provision of Government services or the implementation of projects in their areas.
- (3) The system of local government shall be based on democratically elected councils on the basis of universal adult suffrage in accordance with article 181(4) of this Constitution.

Source: Constitution of the Republic of Uganda 1995 (As amended)

It is therefore important to recognize that strong and functional local governments and the policy of decentralization are not simply matters of public policy but a constitutional commitment. When Government fails to honor the promise of the Constitution, it constitutes a breach of both the constitution and of the public trust.

Uganda's long and medium-term vision and the role of local governments

The Uganda Vision 2040 envisages a central role for local governments. Government commits itself to "continuously review and change the architecture of Government service delivery system to enable Government act as a unit and delivery public services that are responsive to the needs of the people and cognizant of the global dynamics." Consistent with this policy direction, Government commits to adopt a "business approach" in the implementation of Uganda Vision 2040. In this regard, it is envisaged that the local government service delivery

system will be reviewed and restructured for better service delivery and wealth creation. The Government also makes clear commitment to “strengthening the devolution of power to local governments by increasing their tax base so that local communities depend less on central government actions and more on their own initiatives and organizational capacity. Under the Uganda Vision 2040, Government commits itself to “re-orient local governments from being mere service delivery vehicles to agents of wealth creation and local economic development of their localities.

Consistent with the Constitution and the Uganda Vision 2040, the second edition of the National Development Plan (NDP II) states, among other things, that the “country will focus on strengthening the devolved power to local governments by increasing their tax base so that local communities depend less on central Government actions and more on their own initiatives and organizational capacity.” Restating the commitment under the Vision 2040, Government declares that it will “re-orient local governments from being mere service delivery vehicles to agents of wealth creation and local economic development initiatives.

2.0 Situational Analysis of the Ministerial Policy Statement

The mandate and strategic vision of the local government sector

The mandate of the Ministry of Local Government is to “guide, harmonize, mentor and advocate for all local governments in support of government’s vision of bringing about socio-economic transformation of the country.” The vision of the local government sector is encapsulated in the vision of the Ministry of Local Government (MoLG). The ministry’s vision is stated as “an effective and efficient local government system that provides quality, equitable and sustainable services to the population.” The ministry’s vision is to coordinate and support local governments in a bid to provide efficient and sustainable services, improve the welfare of the people and eradicate poverty.

Local Government Budget allocations

The principal government agency under sector is the Ministry of Local Government (MoLG). The sector comprises of 12 vote functions: the Ministry of Local Government (MoLG); Education; Public Sector Management; Health; Water and Environment; Agriculture; Social Development; the Local Government Finance Commission (LGFC); Accountability; Land, Housing and Urban Development; and Tourism, Trade and Industry.

Table 1: Local Government sector budget allocations

Budget Allocation in Billion Ushs		2016/17		2017/18	
		MoLG	LGFC	MoLG	LGFC
Recurrent	Wage	6.621	1.119	6.898	1.119
	Non wage	11.9	3.493	9.723	3.973
	Total Recurrent	18.521	4.612	16.621	5.092
Development	GOU	18.59	0.572	15.837	0.572
	Ext. Fin.	198.579	0.000	235.974	0.000
	Total Development	217.169	0.572	251.811	0.572
Total Budget (excl. Arrears and Taxes)		235.744	5.183	268.431	5.663
Arrears		0.832	0.00	2.61	0.000
Total Budget		236.576	5.183	271.042	5.663

Source: Ministry of Local Government MPS 2017/18

For the Ministry of Local Government, up to UGX 9.723 billion (0.32 percent of the sector budget) goes to non-wage and 0.23 percent will go to wage recurrent. 8.4 percent of the budget goes to development financing (UGX 15.837 billion (6.3 percent) from government of Uganda and UGX 235.974 billion (93.7 percent) from external funding.

For the Local Government Financial Commission, up to UGX 3.973 billion (0.13 percent of the sector budget) goes to non-wage and 0.04 percent will go to wage recurrent. 0.02 percent of the sector budget goes to development financing (UGX 0.572 billion) from government of Uganda and no allocation from external funding.

Table 2: Trend of allocations in the sector by vote (UGX Billions)

Vote	2013/14	2014/15	2015/16	2016/17	2017/18 Projection
011-MoLG	200.2	220.19	137.01	236.576	271.042
147-Local Government Finance Commission	3.98	4.53	5.28	5.183	5.66
501-850 Local Governments	2,009.13	2,346.20	2,361.39	2,699.31	2,730.09
Total	2,213.31	2,570.92	2,503.68	2,941.07	3,006.79

The sector budget presented for FY2017/18 shows a slight increase by UGX 65.727 billion from UGX 2,941.065 billion in 2016/17 to UGX 3,006.792 billion in 2017/18. The Local Government

sector budget constitutes only 10.15 percent of the total national budget representing a slight decline of 1.01 percentage points.

Table 3: Budget Allocation to the Local Government Sector by Vote 2014/15 – 2017/18 (UGX billion)

VOTE	2014/15	%	2015/16	%	2016/17	%	2017/18	%
501-850 Education	1384.82	53.8%	1292.17	51.6%	1384.91	48.8%	1384.906	51.1%
501-850 Public Sector Mgt	397.02	15.4%	524.96	21.0%	732.25	25.8%	555.487	20.5%
501-850 Health	327.38	12.7%	319.16	12.7%	337.56	11.9%	335.706	12.4%
011-MoLG	223.7	8.7%	137.01	5.5%	236.57	8.3%	285.658	10.5%
501-850-Water and Environment	67.73	2.6%	68.23	2.7%	59.76	2.1%	59.762	2.2%
501-850 Agriculture	62.54	2.4%	30.53	1.2%	51.08	1.8%	51.077	1.9%
501-850 Works and Transport	26.07	1.0%	35.57	1.4%	22.84	0.8%	22.84	0.8%
501-850 Social Development	7.14	0.3%	7.14	0.3%	7.64	0.3%	7.64	0.3%
147-Local Govt Fin. Commission	4.57	0.2%	5.28	0.2%	5.18	0.2%	4.994	0.2%
501-850 Accountabilty	15.24	0.6%	15.24	0.6%		0.0%		0.0%
501-850 Tourism, Trade and Industry								
501-850 Land, Housing and Urban Development	58.18	2.3%	68.42	2.7%		0.0%		0.0%
Total	2574.4	100%	2503.7	100 %	2837.8	100%	2708.1	100%

Source: Office of the Leader of Opposition

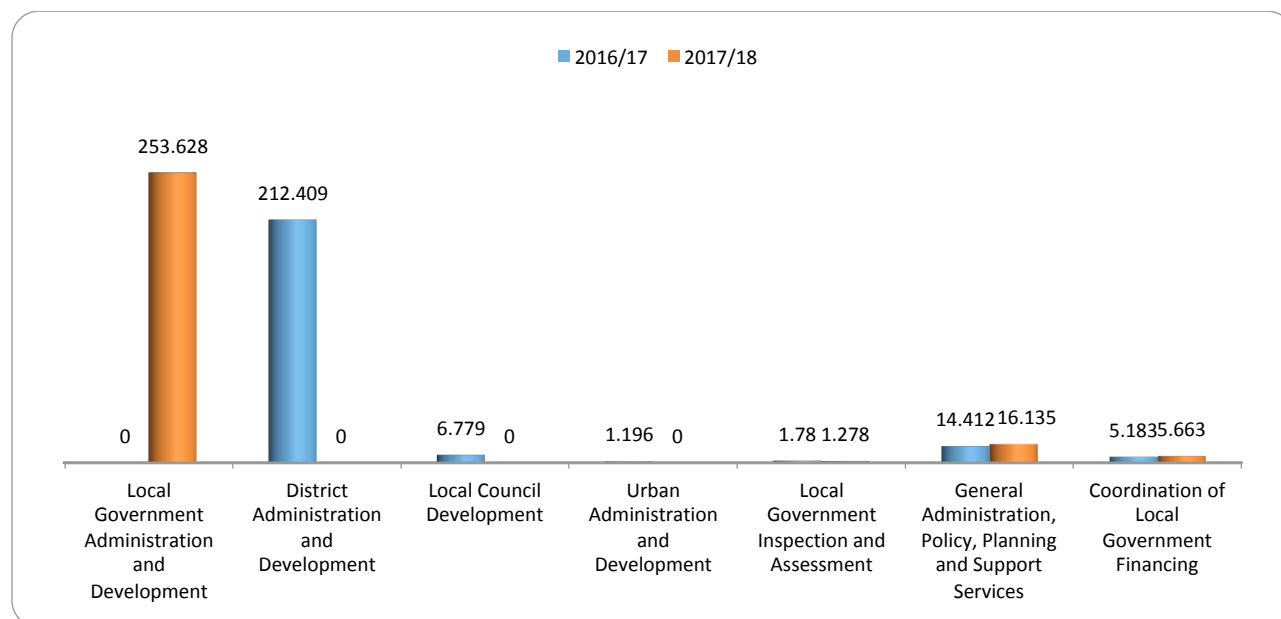
The highest percentage of the budget under local government goes to education and 2017/18 projections indicate that education will take 51% of the budget the sector. This is partly because payment of salaries for secondary and primary teachers is done at Local Government level. The Trend of Percentage budget allocations to Education from 2014/15 to 2016/17 was declining, however, it is projected to increase to over 50% in 2017/18 from 48.8% in 2016/17. Votes such as Health, Ministry of Local Government, Water and Environment plus Agriculture will have an increase in the percentage allocations

Table 4: Local Government sector allocation by programmes (UGX Billions)

Vote	Programme	2016/17	2017/18
MoLG	Local Government Administration and Development	0.000	253.628
MoLG	District Administration and Development	212.409	0.000
MoLG	Local Council Development	6.779	0.000
MoLG	Urban Administration and Development	1.196	0.000
MoLG	Local Government Inspection and Assessment	1.78	1.278
MoLG	General Administration, Policy, Planning and Support Services	14.412	16.135
LGFC	Coordination of Local Government Financing	5.183	5.663

Source: Ministry of Local Government MPS 2017/18

Majority of the programmes under the Ministry of Local Government have not been allocated funds in the 2017/18 budget allocations. Local Government Administration and Development programme is allocated the biggest share of the sector budget (UGX 253.628 billion)

Figure 1: Ministry of Local Government Budget by Programme

Local Government sector compliance

In line with the Public Finance Act, 2015 under section 13(6) and 13(7), the National Planning Authority has assessed the consistency of the Annual Budget for FY 2016/17 with the National Development Plan, Charter for Fiscal Responsibility and the National Development plan.

Overall, the Local Governments are 51.8 percent compliant to the NDP II. This score is a weighted aggregate of Planning and Budgeting processes which are 71.4 percent and 22.4 percent aligned, respectively.

It was not possible to assess LG budget performance for FY2016/17 because reconciled release and expenditure outturn data were not readily available.

MDA/Vote	Overall score (Percentage)
Planning	71.4
BFP and AB alignment to NDP II	22.4
Total	51.8

Source: Certificate of Compliance, NPA 2017

Gender and Equity compliance certificate for FY 2017/18

The sector compliance to the gender and equity requirements was undertaken by the Equal Opportunities Commission (EOC) which gives effect to the State's constitutional mandate to eliminate discrimination and inequalities through affirmative action with the intention of redressing imbalances which exist. The Ministry of Local Government and Local Government Finance Commission performance was fair scoring 50 and 53 percent respectively.

3.0 Emerging policy and other issues

During the process of preparing this alternative policy statement, we have had the opportunity to review other sector ministerial policy statements to understand how they address issues of local government. In the majority of cases, we have been deeply disappointed by the quality of those MPs. We therefore congratulate the minister and his team for presenting a MPS that is more clear and concise compared to many others that we have had the opportunity to review. This section of the APS presents the emerging issues that should be addressed for any meaningful actions aimed at empowering our people and our local government system.

Performance reporting and medium term plans

We have stated in the preceding sections that people of Uganda are unanimous with regard to the nature and character of local government system they bargained for under the 1995 constitution (as amended). This bargain has been consistently elaborated in the long and medium term development frameworks, in particular the Uganda Vision 2040 and the NDP II.

The Ministry sets out the following five strategic objectives, which are fairly consistent with the stated long and medium term vision of the country.

- i) Promote democratic governance, transparency and accountability in local governments;
- ii) Ensure that local governments deliver quality services to the population in an efficient and effective manner.
- iii) Ensure compliance with and adhere to statutory requirements, national standards and policies by local governments.
- iv) Build capacity of local governments councils, relevant to and necessary for efficient and effective service delivery.
- v) Facilitate realization of government's poverty reduction initiatives among people and improve wellbeing.

While these are clear objectives, the output performance report presented in the Ministerial Policy Statement is silent on any accomplishments towards these objectives. It should be emphasized that reporting on general activities by individual departments does not in anyway amount to accountability to Ugandan taxpayers and Parliament which appropriates funds for this Vote.

Progress on parliament recommendations

We acknowledge the efforts of the Minister and the sector to provide a detailed report on the recommendations previously raised by parliament. However, many of the responses read like a 'surrender declaration'. For example, Parliament recommended that Government pronounce itself on the timeline for LCI and LCII elections. The ministry talks about creating and enabling legal framework. This does not amount to a response to the issue of timeline as raised by the parliamentary committee. While the Committee recommended the provision of a criteria for upgrading town councils, the ministry reports of phasing of such upgrades and is silent on the criteria. The ministry talks of engaging ministry of finance on funding for unfunded priorities or exploring possibilities of this and that. It doesn't give the impression of a government that is in charge.

Emerging policy issues to be addressed in FY2017/18

The identification of the emerging policy issues does not reflect a full understanding and commitment to the long and medium term vision of Government rooted in the constitutional commitment to devolve power, responsibility and resources to the local governments. It is our view that any issues identified should be organized around the declared mission, vision and strategic objectives of the sector. For example, is the absence of parish chiefs the problem? Shouldn't we be outlining the essential elements of the local governments system and designing interventions on how the entire system works?

4.0 Alternative policy proposals

The approach by the incumbent government towards local governments constitute a fundamental breach of the compact enshrined in Chapter 15 of the Constitution – the commitment to establish and support functional local governments through which Ugandans can determine how they are governed. Today, local governments operate like mere agents of central governments. They are underfunded, understaffed, and local leaders attest to the evidence of being powerless. The local government sector must be continuously focused on how to devolve power and ensure that local governments are real governments and not mere service delivery agents of government.

Our approach to developing our local government system in accordance with our constitution needs to change and be more revolutionary rather than half-hearted commitments and administrative engineering of local governments that remain the cornerstone of the incumbent government. The following alternative policy proposals will be pursued.

Local economic development

With the policy commitment set out in Uganda Vision 2040 and NDP II, we only need political commitment to build local government systems with the capacity to revolutionize local economies and enable us achieve our national development targets. In 2014, the incumbent government promulgated a local economic development policy with the noble vision of working towards a vibrant and competitive private sector-led economy for poverty reduction, wealth creation and prosperity. Yet, the sector MPS is silent on the specific actions and investments to translate these policy ideas into actionable programmes beyond discrete projects. Our policy approach is to make local governments the frontline units of service delivery by ensuring that they have adequate financial resources to recruit and retain quality personnel, develop and deploy appropriate ICT infrastructure and build systems of accountability between them and the local people.

Financing for local governments

The incumbent government has been flip flopping with regard to allocating appropriate discretionary funding to local governments. Even with the current financial year, the Ministry of Local Government appears unclear on what to expect. In fact, the majority of the challenges identified in the sector MPS are all related to financing. How is it possible this the House can allow a situation where local governments receives only 12% of the total national budget as is the case for the FY2016/17. Our approach would be to allocate not less than 40% of the overall national budget to local governments through a series production, output and service delivery enhancing instruments.

Ministries to demonstrate how they are delivering their mandates through local governments

It is unacceptable that ministries look at local governments mere agents for implementing ministry or central government activities. We must change the power relations in favor of citizens and local leaders. This implies that any design of production and service delivery programmes would have to demonstrate how the local governments will be the main actors in the action. While the applicable funds would be designated for the particular sector, such funds would be disbursed directly to the local governments. The mandate of the sector ministry would be restricted to supporting the design of the interventions, ensuring coordination across districts, quality assurance and monitoring.

The ONE BILLION CHALLENGE versus all solutions come from Kampala approach

The incumbent government operates with this mentality that all solutions come from Kampala. Kampala distributes cows, distributes seeds, distributes money for the youth and for women. Kampala builds houses for local chiefs and traditional leaders, Kampala builds schools and everything else. Kampala builds roads and local bridges. Kampala organizes our village elections. And then Kampala tells us power belongs to the people. Kampala is able to do all these things because its controls the money, the power and everything.

Our approach is to shift the centre of action from Kampala to the sub-county level. The Sub-county will be the most functional unit of government with the necessary quality personnel and with specific output targets in terms of production and service delivery. To achieve this, we will introduce a ONE BILLION CHALLENGE to be accessed by every sub-county that comes up with a verifiable plan to increase productivity, output and quality in the delivery of public services. The role on ministries would be restricted to policy development, policy and administrative oversight, monitoring and evaluation and accountability monitoring.

Elections of LCI and LCII

There is clearly no rationale or logic in requiring that LCI elections be conducted by the Independent Electoral Commission. If a district local government cannot be entrusted with organizing LCI and LCII elections within its jurisdiction, then it has no basis for being referred to as a local government. Our approach would be to ensure that the regular elections of LCI and LCII would be managed by district local governments, while within a period of 2 years, we will have built the necessary capacity and organizational infrastructure for district local governments to conduct and manage election of LCII councils. In this framework, the national Independent Electoral Commission's role would be restricted to providing election guidelines and providing general oversight regarding the conduct of the elections.

Cost of transport for local leaders should be part of the respective local governments' budgets

The current practice of buying vehicles and bicycles for local political leaders only perpetuates disempowerment and patronage. As Government, we should have the courage to trust the institutions that we have built over time. A district local government should have the power to buy bicycles for its local council leaders. A district council should have resources to buy a vehicle for its chairperson. The role of the ministry should be restricted to coordinating procurement, oversight and accountability monitoring. That way, we are building the systems of vertical and horizontal accountability.

ALTERNATIVE POLICY STATEMENT FOR EAST AFRICAN AFFAIRS FOR FINANCIAL YEAR 2017/2018

Executive Summary

The mandate of MEACA is to Coordinate national input into the implementation of the EAC Customs Union, Common Market, Monetary Union, and the forthcoming Political Federation and coordinate the harmonisation of EAC Sector based activities, policies, projects and programmes. It is also mandated to liaise with the Public and Private Sectors, Non-Governmental Organisations, Civil Society and other stakeholders on EAC matters. It is mandated to maintain and enhance linkages between EAC organs, institutions, and Uganda ministries and institutions.

The Emerging Issues

- Arrears are quite high (UGX31.324 billion)
- Lack of a foreign policy on East African Community Affairs
- Understaffing in the ministry
- Underfunding of the ministry
- Swahili language has not been embraced by Ugandans
- Failure to Harmonise rules of origin of EAC member states against other countries
- Lack of a Strategic Plan aligned to the NDP II
- Failure to implement the issuance of Electronic-EAC passports
- There is no focus in harnessing areas of comparative advantage
- Political instability in the Region
- There's lack of a refugee emergency management plan
- Foreign Exchange fluctuations affecting remittances
- Slow pace by MDAs in harmonisation of national laws/policies to conform to the EAC legal framework
- Weak EAC institutions
- Existence of cumbersome Non-Tariff Barriers
- Poor Infrastructure
- Limited private sector engagement and citizen awareness
- EAC has become a dumping ground
- Non-Implementation of the EAC Food security policy
- Failure to amplify the climate change issues

Alternative Policy Proposals

- Align ministry strategic plan to the NDP II
- Formulate a foreign policy on the East African Community Affairs
- Engaging development partners

- Pursue areas of comparative advantage
- Establish a regional Infrastructure Coordination Agency
- Enforcement of the anti-dumping law
- Promotion of Swahili Language
- Investment in human capital development
- Increased Government commitment to the EAC agreements
- Promoting regional peace and security
- Implementation of EAC food security policy
- Implementation of the EAC climate change policy
- Mainstreaming regional integration
- Building the capacity to harmonise EAC laws and policies
- Intensifying public awareness on EAC integration

1.0 Background to the Alternative Policy Statement

The authority to present this Alternative Policy Statement is derived from Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006, which requires and empowers various Shadow Ministers to present Alternative Statements on the Floor of the House for consideration and possible implementation.

Section 6E (4) provides that, “The Leader of the Opposition shall study all policy statements of Government with his or her Shadow Ministers and attend committee deliberations on policy issues and give their party’s views and opinions and propose possible alternatives”.

The East African Community

The Heads of State of Kenya, Uganda and Tanzania signed the Permanent Tripartite Commission (PTC) for East Africa on 30 November, 1993. Kenya, Uganda and Tanzania agreed to sign the East African Community (EAC) Treaty on 22 January, 1999, starting with the Memorandum of Understanding (MoU) on Foreign policy coordination, adoption of zero tariffs, implementation of COMESA’s 80% tariff reduction, setting up of a mechanism to deal with terrorism and postponement of admitting Rwanda and Burundi. The EAC integration process has been progressing through a four-step process which is embodied in the following protocols:

- 1) The Customs Union Protocol, which came into effect in 2005, allows East Africa to operate as a free trade area where partner States reduce or eliminate taxes on goods

originating from their countries and have a common tariff on goods imported from outside the participating countries.

- 2) The Common Market Protocol, which came into effect on 1 July, 2010, provides the region with a single economic space within which business and labour will operate in order to stimulate investment. The common market serves to provide freedom of movement of the factors of production (capital and labour) and goods and services and the rights of establishment and residence. This should enable greater productive efficiency, higher levels of domestic and foreign investment, increased employment and growth of intra-regional trade and extra-regional trade.
- 3) The Monetary Union Protocol, which was ratified by the Heads of State of the member countries on 30 November, 2013. The Monetary Union, which is not yet in force but is expected to come into force in 10 years, would serve to transform the East African economy to operate with a common currency. This is expected to enhance the efficiency and performance of the Customs Union and the Common Market.
- 4) The Political Federation Protocol, which will be the last stage of EAC integration whereby the EAC Partner States shall arrange to have a Regional Political Union and harmonised operations. This will be fulfilled after the creation of a Single Policy Centre.

Mandate

The mandate of MEACA is to:

- Coordinate national input into the implementation of the EAC Customs Union, Common Market, Monetary Union and the forthcoming Political Federation;
- Coordinate the harmonisation of EAC Sector based activities, policies, projects and programmes;
- Liaise with the Public and Private Sectors, Non-Governmental Organisations, Civil Society and other stakeholders on EAC matters;
- Maintain and enhance linkages between EAC Organs, Institutions and Uganda Ministries and Institutions.

The Functions of MEACA include:

- Ensuring coordinated national inputs into the implementation of the EAC Customs Union and the forthcoming Monetary Union and Political Federation;
- Coordinating the harmonisation of EAC sectoral activities, policies, projects and programmes;
- Liaising with the Public and Private Sectors, Non-Governmental Organisations, Civil

Society and other stakeholders on EAC matters;

- Maintaining and enhancing linkages between EAC Organs, Institutions and Uganda Ministries and Institutions.

2.0 Situational Analysis of the Government Ministerial Policy Statement

2.1 Sector Budget Allocations

The Ministry of East African Community Affairs falls under the Public Sector Management.

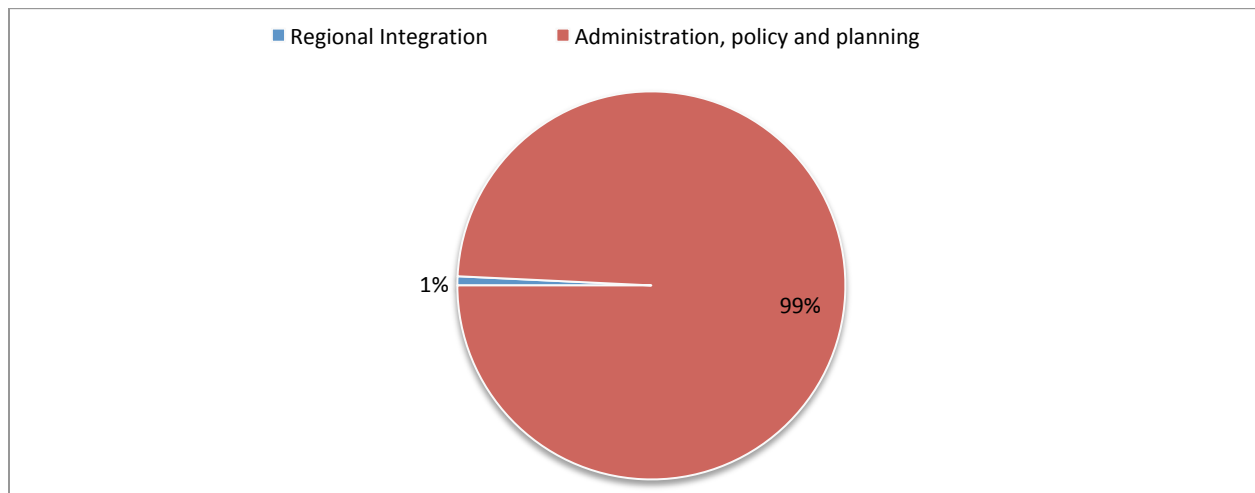
Table 1: Sector Budget Allocations for FY2011/2012-FY2017/2018

	Allocation (billion shillings)				
	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018
MEACA	19.325	23.522	24.409	26.297	60.894
Public Management Sector Allocation	1,186.96	1,265.32	1,017.60	1,384.42	1,173.53
Percentage share of MEACA to the Public Sector Management budget	1.6	1.9	2.4	1.9	5.2
National Budget	14,032.69	15,829.71	23,972.26	26,360.44	29,608.64
MEACA percentage share of the National Budget	0.1	0.1	0.1	0.1	0.2

Source: Sector Budget Framework papers

The budget allocation to the MEACA has been slightly increasing over time from 1.6% share of Public Sector Management budget in Financial Year 2013/2014 to 5.2% in Financial Year 2017/2018.

Figure 1: Budget Allocation to the Ministry of East African Community Affairs for FY 2017/2018 (Billion Shillings)



Source: MPS FY2017/2018

The Ministry of East African Community Affairs has two programmes for the FY2017/18; Regional Integration and Administration, policy and planning. Majority of the resources will be allocated to the administration, policy and planning programme.

3.0 Sector Gaps

Arrears are quite high

The Ministry of East African Community Affairs has a total budget allocation of UGX60.894 billion, of which UGX31.342 billion is for paying arrears which amount to over 51% of the total budget allocation.

Lack of a foreign policy on East African Community Affairs

As a country, to date, we do not have a foreign policy that would guide on engagements in the East African Community Affairs. This makes it hard for the country to have a clear strategic direction and objectives to pursue in the East African Community and the rest of the world.

Understaffing in the ministry

The Ministry of East African Community Affairs is currently operating on a staffing level of 40% (31 of 77 filled). This implies that there is a huge staffing gap of about 60% (46 of 77 unfilled). This limits productivity and ability to meet targeted outcomes due to overstretched limited staff.

Underfunding of the ministry

Due to underfunding, the ministry has failed to implement the national communication strategy and filling vacant positions has been delayed since 2015.

Swahili language has not been embraced by Ugandans

Swahili is the common acceptable language to the East African Community. However, in Uganda, many perceive Swahili as a language for soldiers and it is negatively perceived by the citizens. Its teaching in schools is optional and there is lack of a clear curriculum and teacher to teach the language hence promoting Swahili remains a challenge.

Failure to harmonise rules of origin of EAC member States against other countries

Harmonisation of the rules of origin of EAC members against other countries remains complicated as long as EAC member countries belong to different blocs. Members of the various groupings must maintain border posts to enforce rules of origin meant to prevent preferential trade from entering the countries that are not party to the agreement.

The preferential treatment granted to third parties reduces the expanded market that the EAC is supposed to offer regional industries. This further breeds conflict in jurisdiction and policies resulting in legal uncertainties where more than one agreement applies. It is impossible for a country to apply two different Common External Tariffs (CETs) and be a member of two custom unions with this in addition being costly since they are mandated to pay membership fees.

In addition, this spaghetti-like membership structure in which EAC member States intertwine and interweave themselves in different regional organisations creates intractable political and economic relationships that make regional integration difficult to pursue.

Lack of a strategic plan aligned to the NDP II

A strategic plan is a management tool indicating the strategic objectives, interventions and indicators. The absence of a strategic plan that is aligned to the NDP II in terms of timeframe and objectives makes it difficult to evaluate and monitor the performance of the Ministry of East African Community Affairs.

Failure to implement the issuance of electronic-EAC passports

Uganda has failed on its commitment to commence issuance of new international EA-electronic passports not later than April, 2017. The EA e-passport is expected to boost free movement of people across the region in line with the implementation of the common market protocol. It remains a non-priority for the current Government contrary to the 35th EAC Council of Minister's Report.

There is no focus in harnessing areas of comparative advantage

When countries specialise in producing the goods in which they have a comparative advantage, they maximise their combined output and allocate their resources more efficiently. Kamlaj (2013) reveals that Kenya has comparative advantage in 778 product lines, Tanzania has comparative advantage in 471 product lines and Uganda has comparative advantage in 437 product lines. However, EAC member states continue to produce similar products even in cases where some countries incur higher production costs as compared to the others. This limits consumer welfare generated from the consumption of a variety of products.

Political instability in the Region

The recent war in South Sudan has wrecked Uganda's economy. According to the *Daily Monitor* newspaper; July 14th, 2016, Uganda lost about UGX3 billion per day due to the South Sudan conflict. Consequently, for the 12 months from May 2015 to May 2016, Uganda's exports to South Sudan had declined by 31% from USD423.6 million (about UGX1.4 trillion) to USD290.8 million (about UGX981 billion).

The absence of a national policy for pastoralist economies marginalizes this group compelling them to turn to illegal activities that cause instability in the region. Cattle rustling is clearly an economic activity for some population categories along the Uganda and Kenya borders. The cross border nature of the raids complicate redress mechanisms as collaboration with neighboring countries have to be strengthened.

There is lack of a refugee emergency management plan

Uganda has received a lot of refugees from South Sudan due to the recent war despite of the fact that there is no refugee emergency plan for the EAC. This has stretched the country economically since there are limited or no funds to cater for the refugees, increased security pressure and also the recent food crisis in the country. Member States have not shown any commitment towards this very sensitive issue.

Foreign exchange fluctuations affecting remittances

The Ministry of East African Community Affairs is appropriated in Uganda shillings yet EAC remittances are made in foreign exchange (dollars). Any fluctuations upwards affect the available resources. The MPS allocation continues to ignore fluctuations in foreign exchange hence affecting commitments to the EAC.

Slow pace by MDAs in harmonisation of national laws/policies to conform to EAC legal framework

The Ministry of East African Community Affairs has failed to present Bills to Parliament for

legislation to ensure that there is a smooth and faster attainment of EAC integration. The Ministry has failed to meet the deadline of December 2015 given by the EAC Council of Ministers to complete the harmonisation process.

Weak EAC institutions

These institutions fail to enforce sanctions against member States who fail to implement agreements. This is due to the fact that member states lack political, social and economic commitments to the agreements signed.

Existence of cumbersome Non-Tariff Barriers (NTBs)

The existence of non-tariff barriers like customs documentation and administrative procedures, immigration procedures, quality inspection procedures and transiting procedures that are cumbersome, unstandardised, and costly. The EAC has developed an online forum on which traders can report complaints regarding NTBs which are then drawn to the attention of the relevant authorities.

While this system shows awareness of the problems posed by NTBs, it is problematic in at least two ways. First, it fails to capture and address the experiences of traders who do not report problems and those who are deterred from trading by NTBs.

Second, it offers only a case-by-case approach to tackling NTBs rather than a structural approach. It relies on resolving individual complaints, thereby removing the onus of eradicating the root causes of NTBs from Governments and regulatory bodies.

Poor infrastructure

EAC integration is a key driver for economic prosperity for Uganda as envisioned in the NDP II and Vision 2040. However, poor infrastructure remains a challenge to trade within the EAC. The lack of rail transportation and bad roads make the transportation process slow and expensive, which defeats the purpose of free trade.

Limited private sector engagement and citizen awareness

Private Sector plays an integral part in terms of economic growth and partner States have a responsibility of providing a business enabling environment. While the EAC does recognize the role of the Private Sector, little has been achieved supporting the Private Sector as NTBs and poor infrastructure continue to hamper and increase the cost of doing business. There is also inadequate anchoring in civil society in the integration process. The civil society, to some extent, is viewed as the 'eyes' of the people which is not correct most times. An integration that is too strongly focused on a 'small elite' has a shaky foundation because it ignores the majority of population. The lack of opportunities for participation by the majority, the absence of

transparency and poor accountability threaten to undermine the originally strong support for the EAC integration process.

EAC has become a dumping ground

The East African Community has become a home for sub-standard goods mainly from Asia: China, India and Japan. This puts the health of the citizens at risk and damages the environment. The concerned authorities are infiltrated with corruption, lack of technical expertise and political pressure.

Non-implementation of the EAC Food Security Policy

The food production levels have been declining despite the ever increasing population. This is due to the ever fluctuating weather conditions which have affected planting seasons, the discovery of new pests and diseases. Failure of the EAC to implement the food security policy has led to food prices inflation, low income levels of farmers and starvation in the region.

Failure to amplify the climate change issues

The region has been experiencing higher temperatures and prolonged dry seasons with little or no rainfall. There has also been a discovery of new pests and diseases. Many people in the EAC are still ignorant about climate change yet it has tremendously affected the biggest sector; agriculture.

3.1 Sector Opportunities and Risks

3.1.1 Sector Opportunities

Infrastructure development

The EAC is implementing key infrastructure development projects like the Standard Gauge Railway which will reduce the time and cost of moving goods from the coast to Uganda. This will increase business activities, open up remote areas, increase market penetration which will create more employment opportunities and facilitate the growth of trade and agriculture.

Comparative advantage in trade

Different countries in the EAC have different natural resource endowments which can allow each to specialise in production of goods and services where they incur the least costs as compared to the rest. This increases variety, reduces resource wastage and improves product quality.

Increasing population growth

The increasing population of the EAC presents a big opportunity for increased market for the

goods and services produced within the region.

3.1.2 Risks

Slow implementation of the climate change policy

The EAC has not been able to fast track the implementation of the climate change policy which presents a danger to the most prominent industry; agriculture that employs over 50% of the population.

Political instability in Sudan

The war in Sudan has reduced the volume of business activities in the region and also put more pressure on member countries due to the high number of refugees.

High unemployment levels

The region experiences high levels of unemployment mostly among the youth who are responsible for contributing to the growth of the region. This can spark social conflicts which can in turn become war.

3.2 MPS compliance with the Public Finance Management Act, 2015

Pursuant to Section 13(6) and 13(7) of the Public Finance Management Act, PFMA, the National Planning Authority conducted an assessment of the budget and its compliance to the NDP II Charter of Fiscal Responsibility and the Budget Framework Paper. Overall, the Public Sector Management was 52.7% compliant. A breakdown of the Sector compliance is presented below:

Table 2: Public Management Sector Alignment to NDP II

Description	Compliance (%)
Sector Planning	48
Project Planning	100
Budget process Instruments	53.1
Budget Performance	37.1

Source: NPA Certificate of Compliance FY2017/2018

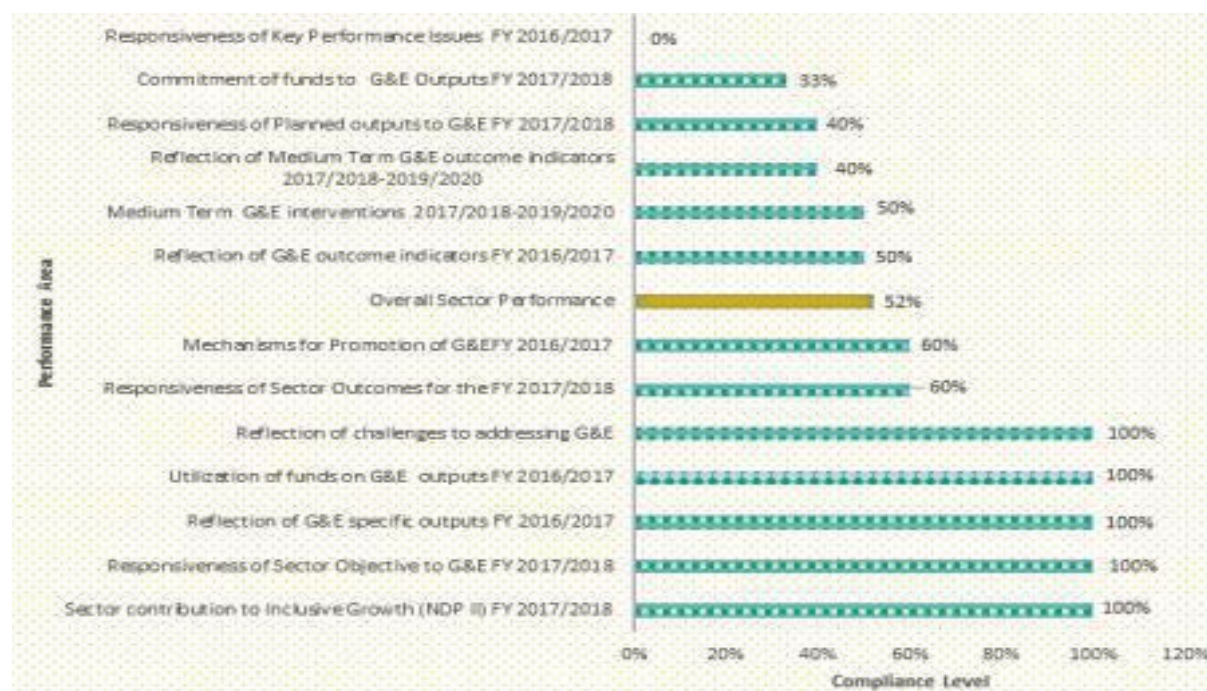
In particular, the Ministry of East African Community Affairs performance is summarized in the table below.

Table 3: Ministry of East African Community Affairs Alignment to NDP II

Description	Compliance (%)
Sector Planning	50
Project Planning	100
Budget process Instruments	60
Budget Performance	100

Source: NPA Certificate of Compliance FY2017/18

Pursuant to Section 13(15) (g) (i) of the PFMA, the minister laid an assessment of the overall compliance with the gender and equity requirements. The compliance level of the Public Management Sector with Gender and Equity requirements was 52%. Out of the 13 performance areas that were assessed, the sector scored below 50% in four of the areas. On a positive note, the sector scored 100% compliance in five of the performance areas.

Figure 2: Showing gender assessment results for the Public Management Sector

Source: EOC G&E Assessment of BFPs FY 2017/2018

4.0 Alternative Policy Proposals

Align Ministry Strategic Plan to the NDP II

The strategic plan should be aligned to the NDP II in terms of timeframe and objectives to enable monitoring and evaluation of the Ministry activities to achieve the NDP II aspirations and vision 2040 goals.

Formulate a foreign policy on the East African Community Affairs

A foreign policy on the East African Community affairs will enable the country to follow a clear strategic direction with well-defined objectives to pursue its interests in the EAC while engaging with member states and a basis for negotiations with the rest of the world.

Engaging development partners

The Ministry of East African Affairs has not received any external financing for the FY 2017/2018. There is an opportunity of outsourcing more funds to pursue developmental projects by engaging development partners like the World Bank, IMF and donor nations like the USA and UK. This can be eased if the ministry has a development plan and increased transparency and accountability.

Pursue areas of Comparative Advantage

As a Government, we should appreciate the fact that member States have different natural endowments like natural resources, soil types and weather. Each country should be encouraged to carry out production and trade in areas where they incur the least opportunity cost as compared to the rest. This will avail a variety of goods and services on the market, increase welfare accrued from consumption since the costs of production are low. Policies to support this noble cause should be formulated and implemented immediately.

Establish a regional Infrastructure Coordination Agency

We would establish a regional agency for infrastructure development to fast track and coordinate regional infrastructure projects. Our Government would also commit resources and all kinds of support to ensure effective and timely implementation of the projects.

Enforcement of the anti-dumping law

Our Government would enforce the anti-dumping law by emphasizing the observance of product standards among importers and charging heavy fines and sanctions like removal of importing and trade licenses from firms which fail to adhere to the laid out rules and regulations. This will protect the health of the citizens, the environment and also the local firms.

Promotion of Swahili Language

Our Government would put in place incentives to promote the Swahili language by making it compulsory in primary, Ordinary Level and the University, offering scholarships to students who want to pursue degrees in education with a bias in Swahili and setting up language centers at district level to offer free training for the Swahili language. The public should also be engaged through outreach programmes, newspaper adverts, television and radio shows and the social media to enable them appreciate the need to learn and embrace Swahili.

Investment in human capital development

We would invest heavily in human capital development by establishing state of the art technical schools with well-equipped laboratories, high speed internet and modern infrastructure at sub-regional levels to equip citizens with skills that match EAC market needs in different fields like Agriculture, Information Technology and Tourism. We would push for the introduction of students exchange programme in the EAC so as to enable students gain exposure and appreciate the different skills, working environments and cultures of the East African Community.

Observe and implement EAC agreements

Our Government would perceive economic integration as a strategy for economic survival. We would show full commitment to the signed agreements both financially and politically to ensure that the EAC soars higher. The benefits of this approach include: improved infrastructure, improved business environment, increased employment opportunities and welfare of member States.

Implementation of EAC food security policy

Our Government would harmonise the EAC food security policy into national policies and laws and allocate adequate funding to ensure effective and timely implementation. Government food storage facilities would be set up across the country to buy up the surplus output from farmers during bumper harvests so as to stabilise prices during times of scarcity.

This would keep food prices inflation in control, provide stable market and prices to farmers, and improve consumer welfare.

Implementation of the EAC climate change policy

Our Government would design a national climate financing proposal that would be used to engage external development partners while soliciting for funds. We would use a participatory approach that puts the citizens at the center of policy formulation and implementation to

ensure that they are fully aware of the causes, effects and ways of dealing with climate change effects. Behavioural change approach would also enable such interventions to be sustainable.

Mainstreaming regional integration

We would mainstream regional agenda across and in line with Government processes and structures where we would require that strategies, plans and budgets of all relevant ministries and agencies take fully into account the opportunities, risks and rights pertaining to Uganda's membership of the EAC.

Building the capacity to harmonise EAC laws and policies

Our Government would set up technical committees for different sectors to ensure that the laws and policies of the EAC are harmonised into national laws and policies. These committees would be well facilitated to carry out their work and run independently from any form of political influence so as to deliver high quality and non-biased results.

Intensifying public awareness on EAC integration

We would launch intensive and extensive public awareness campaigns to fast-track the EAC integration process, focusing on the key achievements of Uganda's EAC membership, the available opportunities, on-going projects and address questions and concerns of Ugandan stakeholders on EAC Integration. The strategic priorities and future benefits would also be highlighted.

Developing an EAC mainstreaming compliance checklist or framework for ministries, departments and agencies

This will help the ministry in ensuring faster realization of the EAC integration objectives and implementation of the National Policy on EAC integration.

To Develop an EAC mainstreaming compliance checklist or framework for MDAs. (Proposal)

Improving the quality of Uganda's human capital stock to enable it to be competitive in the EAC region

This can be through harmonising the higher education curriculum to align it with demands of the regional labour markets.

Conclusion

The EAC has a potential of growing to greater heights if efforts are made to address the current gaps and risks while capitalising on the available opportunities.

The proposed alternative policies include:

- Align ministry's strategic plan to the NDP II
- Formulate a foreign policy on the East African Community Affairs
- Engaging development partners
- Pursue areas of comparative advantage
- Establish a regional Infrastructure Coordination Agency
- Enforcement of the anti-dumping law
- Promotion of Swahili language
- Investment in human capital development
- Increased Government commitment to the EAC agreements
- Promoting regional peace and security
- Implementation of EAC food security policy
- Implementation of the EAC climate change policy
- Mainstreaming regional integration
- Building the capacity to harmonise EAC Laws and policies
- Intensifying Public Awareness on EAC integration

The expected outcomes from the alternative policy statement include:

- Improved Planning with proper alignment of the ministry's strategic plan to the second NDP
- Formulated foreign policy on the East African Community Affairs
- Increased funding for various programmes through developing strong partnerships with the public and donors
- Reduced cost of doing business and increased variety of goods and services produced.
- Improved coordination and implementation of regional agreements, laws, policies and programmes
- Improved regional infrastructure

ALTERNATIVE POLICY STATEMENT FOR SPECIAL REGIONS FOR FINANCIAL YEAR 2017/2018

1.0 Background to the Alternative Policy Statement

In line with Section 6E(2) of the Administration of Parliament Act, 2006, the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet Ministers. Within the same legal framework of Section 6E (4), the Shadow Minister is mandated to present an Alternative Policy Statement on the floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister for special regions presents this Alternative Policy Statement.

The Special Regions/Programmes

The management and programming for the special regions in Uganda currently falls under the Office of the Prime Minister (OPM) which has a mandate for the coordination and implementation of Government policies across ministries, departments and agencies (MDAs).

Among the core functions of the OPM is the coordination and monitoring of the implementation of special Government programmes for Northern Uganda, Luweero-Rwenzori, Karamoja, Bunyoro and Teso. These regions have been granted special region status because of contextual factors that warrant special intervention to attain regional balanced development. The preponderant factor for the justification for special region status, however, seems to be political.

The introduction of special programmes began with the appointment of a minister in charge of Luweero Triangle to head the Luweero Development Programme and restore the economy and infrastructure of the region which had been badly damaged during the 1980s liberation war. This was quickly followed by the establishment of similar programmes in the North targeting reconstruction following the LRA conflict, the insurgency in Teso and the cattle rustling in Karamoja²³.

Policy Stewardship

The Uganda Constitution under Article 32 provides for affirmative action in favour of marginalised groups on the basis of gender, age, disability or any other created by history, tradition or custom for the purpose of redressing imbalances which exist against them. The attainment of balanced and equitable development is a constitutional obligation: balance

²³ See the second National Development Plan 201/15-2019/20 pg. 76

between rural and urban as well as putting in place special measures in favour of the least developed regions. The Vision 2040 recognises that for development to be inclusive, broad-based or pro-poor, the country must undertake deliberate efforts to attain deliberate focused efforts aimed at achieving sustainable improvements in employment and living standards through exploiting opportunities these areas have to offer and strengthening the fundamentals for economic transformation.

Objectives of the special programmes

The major objective for the introduction of special programmes and other area-targeted interventions is to reduce income poverty and improve the socio-economic indicators for those regions. However, these regions continue to have poor socio-economic indicators and the significant investments in special programmes have not yielded transformative effects²⁴.

The programmes implemented in these regions are referred to as pacification and development programmes. The core functions of the programmes are:

1. Promote peace dialogue aimed at resolving conflict in Northern Uganda;
2. Effective coordination of implementation of Government funded projects and activities;
3. Ensure the fulfilment of presidential pledges to war victims and general rehabilitation of the war affected areas;
4. Coordinate jointly with other key actors for all the special development recovery programmes;
5. Undertake monitoring/supervision of Government programmes and activities of special development recovery programmes.

Luweero-Rwenzori Development Programme (LRDP)

The objectives of LRDP are:

- To redress the socio-economic effects of the National Resistance Movement (NRM) liberation war (1981-86) and Allied Democratic Front (ADF) insurgency (1996-2003);
- To reduce the number of people living below the poverty line by 2015;
- To coordinate the payment of war debts and pay one-off gratuity to civilian veterans in the Luweero Triangle Region.

²⁴ See the second National Development Plan

Karamoja Integrated Development Programme (KIDP)

KIDP presents an attempt by Government of Uganda to integrate development interventions, conflict management and peace building. The objectives of KIDP are:

- To contribute to human security and promote conditions for recovery and development in Karamoja; and
- To harmonise the various development interventions by Government, bilateral and multi-lateral development partners, international and national NGOs and CBOs.

Teso Development

The objective of the programme is to initiate, design, coordinate, collaborate and implement special programmes for Teso Region.

Bunyoro Development

The objective of the programme is to initiate, design, coordinate and implement special programmes and projects for Bunyoro region.

Dry Lands Integrated Development Project (DIDP)

- The overall goal of the project is to contribute to increased income and reduced poverty among the pastoral populations in Uganda;
- The development objective of the project is to strengthen the livelihood and reduce vulnerability of pastoralist and agro-pastoralist in the Karamoja Region of Northern Uganda.

Northern Uganda Social Action Fund (NUSAF III)

The objectives of NUSAF are:

- To provide effective household income support to build resilience of the poor and the vulnerable households in Northern Uganda;
- To enhance transparency and accountability in public service delivery in Northern Uganda;
- To strengthen institutional capacity to implement, monitor and evaluate the project at different levels.

Post-war Recovery Development Programme (PRDP) and Presidential Pledges

The objective of this programme is to design, coordinate and implement special programmes and projects for the troubled disadvantaged areas of Northern Uganda and Karamoja.

Observations on Special Regions

As has been noted, despite the significant levels of monetary investment that have been sunk into the programmes for the special regions, the regions continue to lag behind on several development indicators including health, education, poverty, nutrition and infrastructure development.

While these programmes may be well intended for balancing regional development, their poor performance and the embezzlement scandals that have dogged these programmes is in essence an indicator that Government has failed to effectively deliver balanced and sustainable national development.

One of the significant failures inherent in these special regions programmes is the political capture of the interests behind the commissioning of the special projects, yet there is not enough justification grounded in policy for the ascription of these regions as special regions.

The OPM which is responsible for the implementation of these programmes does not have either the capacity or the mandate to implement Government programmes. Their mandate is to coordinate implementation and undertake monitoring and evaluation. These projects, therefore, should be implemented as special programmes in the respective mother sectors.

In fact, the NDP II notes thus: “all the social service delivery and social protection components of the special programmes will be mainstreamed into the relevant MDAs and Local Governments to ensure greater involvement of all key stakeholders in determining the quantity, quality and location of the social services investments in the disadvantaged regions.”

Special Programmes Priorities for 2017/2018

Under the programme for Management of Special Programmes, the priorities for FY 2017/2018 as presented in the Office of the Prime Minister’s Ministerial Policy Statement are as follows:

1. Northern Uganda

i) Post-war Recovery and Presidential Pledges

- **Livelihood enhancement:**

- I. Procure and distribute 18,600 cattle to West Nile, Lango, Teso and Acholi;

- II. Provide 100 micro projects and religious institutions with start-up funds;
 - III. Procure and distribute 15,000 hand hoes for Northern Uganda;
 - IV. Procure and distribute 5,000 iron sheets for Northern Uganda;
 - V. Construct housing units for selected beneficiaries.
 - Support to cultural institutions:
 - I. Commence construction works for the Chief's complex;
 - II. Commence construction works for the Alur Kingdom Palace;
 - Support Northern Uganda Youth Development Centre to target youth training focusing on market opportunities for employment and income generation;
 - Pay VAT on civil works funded under the Development Initiative for Northern Uganda (DINU);
 - Coordinate 20 inter-district and intra-district coordination meetings at national and regional level; and
 - Hold eight sector meetings to review Local Government PRDP work plans.
- ii) NUSAF 3
- Support livelihood enhancement:
 - I. 622 improved household income support programmes sub-projects (469 agriculture, 11 fisheries, 70 forestry, 65 livestock, and seven (7) trade)
 - II. 188 labour intensive public works sub-projects;
 - III. 179 disaster risk financing sub-projects;
 - Strengthen the MIS/single registry in the Ministry of Gender, Labour and Social Development for harmonisation of direct income support in the social protection sector;
 - Procure 21 motor vehicles and 57 motorcycles.
- iii) Development Initiative for Northern Uganda (DINU)
- Increase production of diversified food:
 - I. Linkages of farmers' organisations with extension services;

- II. Increase the use of appropriate crop mixes and agro-silvo pastoral systems and practices;
- III. Facilitate access to key inputs and output markets;
- IV. Train farmer groups and other small market operators;
- V. Increase the availability of water for production by constructing strategic water reservoirs;
 - Improve transport infrastructure;
 - Commencement of the construction of a logistic hub to be used by local processors of agricultural products, regional, and manufacturers in Gulu
 - Strengthen capacity, gender, responsive good governance; and
 - Strengthen capacity of local governments to deliver services to communities;

2) Karamoja

i) Government of Uganda funded programmes

Support productive infrastructure through construction of:

- I. 10 parish valley tanks in Kotido, Moroto, and Nakapiripirit;
- II. Four (4) dormitories in Karamoja districts and eight kitchen blocks for education infrastructure;
- III. Irrigation water provided to seven (7) progressive farmers in Karamoja;
- IV. 10 cattle crushes in Kaabong, Kotido and Abim;
- V. Karamoja regional residential buildings.

Support to livelihood enhancement:

- I. Procure and distribute 1,200 heifers to women, youth and vulnerable groups;
- II. Procure and distribute 1,400 oxen to farmers;
- III. Support 50 micro projects in Karamoja;
- IV. Produce 500MT of maize grain for school feeding programme for primary schools in Karamoja;

- V. Procure and distribute 50 ox-ploughs to farmers in Karamoja;
- VI. Procure and distribute 500 hybrid goats to farmers in Karamoja;
- VII. Payment of VAT on civil works funded under European Union development programme; and
- VIII. Hold 20 coordination and monitoring meetings.

ii) Dry lands integrated development project

Enhance productivity of dry land agriculture and livestock:

- I. 100 hectares of land irrigated;
- II. Construct one small scale irrigation scheme;
- III. Construct four farmers training and administration centres;
- IV. Support 300 vulnerable houses with agricultural supplies;
- V. Establish three milk collection centres equipped with cold storage facilities.

Build rural and market infrastructure:

- I. Construct seven parish level valley tanks;
- II. Maintain 100 kilometres of roads;
- III. Construct eight sub-surface dams; and
- IV. Construct five roof catchment systems for schools and solar systems.

Improve access to basic social services:

- I. Provide two community ambulances;
- II. Establish five (5) mobile clinics;
- III. Build 20 additional rooms for health clinics and health centres;
- IV. Build five staff houses for health workers and equipment;
- V. Construct and rehabilitate 10 latrines for health centres;
- VI. Construct and equip 15 blocks of education infrastructure;
- VII. Establish eight mobile primary schools; and

VIII. Establish 10 school feeding centres.

3) Luweero-Rwenzori

- Pay a one-off gratuity to 12,100 veterans;
- Support to livelihood enhancement:
 - I. Procure and distribute 5,000 spray pumps;
 - II. Procure and distribute 20,000 hand hoes;
 - III. 50 micro projects to enhance household incomes for youth, women, veterans and PWDs;
 - IV. Establish parish cooperative associations model in 30 parishes;
 - V. Procure and distribute 10,000 iron sheets;
 - VI. Hold 20 coordination and monitoring meetings.

4) Bunyoro

Support to livelihood enhancement:

- I. Procure and distribute 10,000 hand hoes;
- II. 100 micro projects from all districts in Bunyoro;
- III. Five crop nurseries.

Hold four consultative meetings with the public and private stakeholders;

Undertake 12 political monitoring and supervision missions;

Conduct benchmarking visits.

5) Teso

Support to livelihood enhancement

- I. Procure and distribute 8,550 iron sheets;
- II. Procure and distribute 15,000 hand hoes;
- III. Procure and distribute 400 ox-ploughs;
- IV. 100 micro projects from all districts in Teso.

Conduct PRDP performance monitoring in Teso sub-region;

Hold two policy committee meetings and consultative meetings.

2.0 Analysis of the FY 2017/2018 MPS

The activities presented as priorities for the five special regions under the jurisdiction of the OPM duplicate activities that are undertaken under main sectors such as education, health and agriculture. In fact, the OPM approach to implement activities in the special regions contravenes the mandate of “OPM to coordinate the implementation of affirmative action programmes in disadvantaged regions”. OPM is not able to coordinate and monitor programmes they are implementing. The Ministerial Policy Statement is not clear on the criteria for distributing procured items such as oxen, hoes, cows and iron sheets. The units responsible for each of the special regions have not presented the level of need and the basis for direct procurement of these items, as opposed to initiating activities that improve the economic livelihoods of the people so they can afford their own items such as hoes. The priority activities proposed do not reflect strategic planning and developmental considerations that would transform these regions. It is inconceivable that procurement and distribution of hoes will dramatically transform the region in terms of agriculture output both for consumption to stem food insecurity especially in Karamoja and for marketing to earn income. There is no way the OPM can effectively coordinate implementation of Government programmes and conduct monitoring and evaluation when they are implementing. OPM is advised to relinquish activities to other sectors that have the technical capacity to manage them. More importantly, this constitutes more holistic planning for development. The sectors should be able to plan for development for these special regions based on data available.

Cash Flows for Special Regions

The special programmes under the special regions take the largest share of the OPM budget with the average percentage share over the last four years being 78%. The allocation for FY2017/2018 makes a projection to further increase to UGX179.699 billion (84% share of the total OPM Budget, Table 2).

Table 1: Special Regions Budget Allocations 2017/2018

Budget Allocation in Billion UGX		2014/2015	2015/2016	2016/2017	2017/2018 Projections
	Wage	0.39	0.39	0.4	0.399
Recurrent	Non-wage	28.51	28.28	39.1	32.933
	Total Rec	28.9	28.67	39.5	33.332
	GOU	60	54.55	53.21	52.513
Development	Ext. Fin.	60.83	20.46	60.81	93.854
	Total Dev't	120.83	75.01	114.02	146.367
Total Budget(excl. Arrears, Taxes)		149.73	103.68	153.52	179.699
Arrears		0	0	0	
Taxes		0	0	0	
Total Budget (incl. Arrears, Taxes)		149.73	103.68	153.52	179.699

Source: National BFP

Table 2: Allocation by Vote function under office of the Prime Minister

Vote Function	Budget Allocation/ Percentage Share by Vote Function							
	2014/15		2015/16		2016/17		2017/18	
1301-Policy Coordination, Monitoring and Evaluation	14.39	7.49%	14.41	9.77%	18.93	9.83%	12.806	6.01%
1302-Disaster Preparedness, Management and Refugees	20.87	10.86%	20.53	13.92%	12.57	6.52%	12.271	5.76%
1303-Management of Special Programmes	149.73	77.92%	103.68	70.29%	153.52	79.68%	179.699	84.29%
1349-Administration and Support Services	7.16	3.73%	8.89	6.03%	7.64	3.97%	8.41	3.94%

The Office of the Prime Minister has a number of unfunded priorities totalling to UGX126.04 Billion for which funding has not been provided for in the Financial Year 2017/2018. Of this unfunded liability, up to UGX87 billion is money required for implementation of activities in the special regions. The unfunded priorities are likely to increase if the President's directive to establish Government affirmative action programmes for Busoga, West Nile, Island Communities and Ankole-Kigezi districts (Ntungamo, Kabale and Kisoro) affected by the Rwanda war respectively is implemented.

Table 3: Special Regions Unfunded Priorities FY 2017/2018

Description	Budget (UGX Billions)
Emergency relief food and NFI	15
Implementation of LRDP	35
Implementation of Teso Development Plan	12
Implementation of the Bunyoro Integrated Affirmative Development Plan	10
Implementation of the Busoga Development Plan	10
Ankole-Kigezi districts affected by the Rwandan war	5
Total	87

Table 4: Budget by Sub Programme

Programme	Billions (UGX)	
	FY 2016/17	2017/18 Projections
Recurrent sub Programmes		
Northern Uganda Rehabilitation	1.54	0.828
Luweero-Rwenzori Triangle	37.26	37.51
Karamoja HQs	0.45	16.575
Teso Affairs	0.12	1.856
Bunyoro Affairs	0.13	0.89
Development Projects		
Support to LRDP	3.49	0
Post-war Recovery, and Presidential Pledges	29.57	40.49
Karamoja Integrated Development Programme(KIDP)	16.04	0
Support to Teso Development	1.93	0
Support to Bunyoro Development	0.82	0
Drylands Integrated Development Project	35.45	15.102
1380 Northern Uganda Social Action Fund (NUSAF) III	26.71	151.857

The KIDP project which started on 01/07/2015 and is supposed to last up to 30/06/2020 has not received any allocations in the 2017/2018 budget projection as shown in Table 4 above.

A number of other projects such as LRDP, Karamoja Integrated Development Programme (KIDP), Support to Teso Development and Support to Bunyoro Development have not been allocated money in the budget for FY2017/2018 and yet there are activities prioritized as shown in the previous section. It is not clear from the OPM MPS whether these programmes have been closed out or whether the problem is funding un-availability.

Special Regions Performance

The special regions performance over the past year is highlighted to have achieved the following by OPM:

- Paid 4,789 civilian veterans a one off gratuity “Akasiimo” (UGX12billion);
- Procured and distributed 4,650 cattle (heifers and bulls) under the Restocking Programme for the four sub-regions of Acholi, Lango, West Nile and Teso;
- Supported various community driven enterprises to enhance household income in Northern Uganda, Karamoja and Luweero-Rwenzori sub-regions;
- Supported various community infrastructure development interventions under NUSAF III, Drylands Integrated Development Project, Karamoja Integrated Development Plan, PRDP II and LRDP; and
- Procured and distributed 576 animals in Karamoja sub-region for livelihood enhancement.

The achievements noted by OPM under the special regions are only outputs and process. For example, procuring 576 animals in Karamoja or supporting community driven enterprises to enhance household incomes does not tell anything about the actual impact on the livelihoods situations of the targeted populations. The units of OPM responsible for special regions should be made to account for tangible and substantive performance for each other. This should be relatively easy to establish since OPM monitors performance of Government programmes.

The performance under specific programmes was also lacklustre according to the semi-annual budget monitoring report for 2016/2017. For example:

- Karamoja Integrated Development Programme (KIDP) was at 26.8% performance because there was lack of evidence at field level on implementation of planned outputs such as procuring oxen in Karamoja; project achievements were not in line with the planned outputs. For example, instead of constructing five cattle crushes in Karamoja,

funds were used to pay contractor M/s BMK for construction of girls dormitory and kitchens²⁵;

- Post War Recovery and Presidential Pledges project was at 22.1% and achievements were not in line with the planned outputs. The highest expenditure was on reallocation of the funds without authority from MFPED under the restocking output to pay debts of oxen purchased in FY2015/2016²⁶; and
- Support to Luweero-Rwenzori Development Programme (LRDP) was at 46.6% where funds for micro projects sent to district accounts had not reached the beneficiaries for actual implementation of planned outputs; Nalutuntu Health Centre III was completed however output was not planned for this FY2016/17²⁷.

3.0 Key Emerging Issues

The main issue with the special regions programming is that there is no strategic plan/direction to guide the development of annual and quarterly work plans. This leads to ad hoc and uncoordinated planning and duplication of activities.

OPM has not published the criteria for the procurement and distribution of project inputs which makes it difficult to assess the equity and quality in access by intended beneficiaries. Further, the lack of specific regional data on a number of indicators makes planning and coordination of planned activities difficult.

A significant number of special regions programmes are funded by donor programmes that are outside the MTEF planning. This creates loopholes and channels for misappropriation of funds as has been noted in the past. For example, the UGX6 billion allocated to purchase of vehicles under NUSAF III when OPM already has a wide fleet of cars is tantamount to wastage of funds.

The programmes under special regions do not have enough justification grounded in policy but rather are political/presidential directives which are another illustration of ad hoc pronouncements that have hindered effective planning and governance of public resources.

4.0 Alternative Proposals

The alternative policy proposal presented here is aimed at strengthening Uganda's public management for efficiency and effectiveness in the management of public funds and service delivery.

The alternative proposal under special regions is to scrap these programmes and instead direct

²⁵ Semi- Annual Budget Monitoring Report(2016-17), published March 2017

²⁶ *ibid*

²⁷ *ibid*

all affirmative action programming and funds to the mother sectors in the next five (5) years.

The mother sectors should plan for special affirmative action programming for areas in most need under the sector mission and objectives. The NDP II already recommended that “all the social service delivery and social protection components of the special programmes will be mainstreamed into the relevant MDAs and Local Governments to ensure greater involvement of all key stakeholders in determining the quantity, quality and location of the social services investments in the disadvantaged regions.”

No new special regions should be created but rather respective sector ministries should pay special attention to disadvantaged regions for programme implementation.

ALTERNATIVE POLICY STATEMENT FOR DISASTER MANAGEMENT, RELIEF AND REHABILITATION FOR FY 2017/2018

1.0 Background to the Alternative Policy Statement

In line with Section 6E (2) of the Administration of Parliament Act, 2006, the Leader of the Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet Ministers. Within the same legal framework of Section 6E (4), the Shadow Minister is mandated to present an Alternative Policy Statement on the floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister for Disaster Management, Relief and Rehabilitation presents this Alternative Policy Statement.

The Disaster Management, Relief and Rehabilitation in Uganda

Uganda is affected by a wide range of disasters both natural and man-made that adversely affect vulnerable populations across the country and cause death, suffering, loss of property, productive capacity and livelihoods. Hazards in Uganda are in five broad categories²⁸:

- I. Geological hazards including earthquakes and volcanic eruptions;
- II. Hydro-meteorological hazards including floods, flood induced landslides, mudflows and drought;
- III. Technological hazards including chemical/industrial accidents, fires, major building collapse, air and road accidents;

²⁸ See 2008 UN Disaster Assessment and Coordination disaster response preparedness mission report.

- IV. Biological hazards including epidemics, epizootics, pest attacks and water hyacinth; and
- V. Conflict related consequences including internally displaced persons, refugees, cattle rustling and night commuters.

Drought and its effects such as famine and displacement have affected the largest number of people in Uganda over the years.

The Office of the Prime Minister has the mandate to coordinate and manage disaster preparedness and planning response activities. The Department for Disaster Preparedness and Refugees Management is directly responsible for disaster relief, risk reduction and management activities. However, the unit is unable to ably fulfil its responsibilities owing to inadequate technical, operational, human and financial resource capacities. There appears to be a lack of proper coordination of key players within the disaster and humanitarian work. Additionally, there does not appear to be a well-defined common triggering mechanism for receiving and managing international disaster response assistance in a timely and efficient manner²⁹.

Policy stewardship

The Constitution under Objective XXIII and Article 249 provides for ending intolerable and persistent loss of life, suffering and disruption of economic activities by disasters resulting from the lack of preparedness and patchy uncoordinated responses.

The National Policy for Disaster Preparedness and Management of 2011 provides for a comprehensive disaster risk management approach that comprises of vulnerability assessment, mitigation, preparedness, response and recovery.

Every year, Ugandans are afflicted by disasters of different forms and in different magnitudes arising from natural and human-induced hazards. The major identified disasters arise from droughts, epidemics, landslides, earthquakes, floods, food insecurity and famine, internal displacement and refugee migrations. Despite an understanding of risk hazards for disaster and repeated occurrences in Uganda, risk reduction, increased disaster response capacities and disaster management continue to pose a national challenge³⁰.

Goal and Mission

The overall policy goal for disaster preparedness and management is to reduce vulnerability levels, risk mitigation and disaster prevention, preparedness, effective response and recovery in a manner that integrates disaster risk management with development planning and programming.

²⁹ Ibid

³⁰ 2011 National Policy for Disaster Preparedness and Management

The mission is to create an effective framework through which disaster preparedness and management is entrenched in all aspects of development process, focusing on saving lives, livelihoods and the country's resources.

The main policy thrust is to make disaster preparedness and management an integral part of the development process:

- Establish disaster preparedness and management institutions at national and local government levels;
- Equip disaster preparedness and management institutions and ensure that the country is prepared at all times to cope with and manage disasters;
- Integrate disaster preparedness and management into development processes at all levels;
- Promote research and technology in disaster risk reduction;
- Generate and disseminate information on early warning for disasters and hazard trend analysis;
- Promote public, private, partnerships in disaster preparedness and management; and
- Create timely, coordinated and effective emergency responses at national, district and lower local governments.

Disaster Preparedness and Management in the NDP II 2014/2015-2019/2020

The Department of Disaster Preparedness and Management in OPM does not have a medium term (five-year) specific strategic plan or action plan from which it draws its annual work plans and priorities. The second National Development Plan (NDP II) 2014/2015 – 2019/2020 provides guidance on the medium term priorities for disaster preparedness and management.

The NDP II recognises the need for an early warning system and disaster preparedness plans to build resilience capacities in order to mitigate the impact of natural disasters on infrastructure and productivity. Under the public sector management, the NDP II proposes the following priority objectives:

- i) Coordinate the development of capacities for mitigation, preparedness and response to natural and human induced disasters:
 - Develop disaster risk profile and vulnerability map of the Country;
 - Coordinate the development and implementation of disaster mitigation and preparedness plans in all Local Governments;

- Coordinate regular disaster vulnerability assessment at community level, hazard forecasting and dissemination of early warning messages;
 - Resettle landless communities and victims of disasters;
 - Coordinate timely responses to disasters and emergencies;
 - Provide food and non-food relief to disaster victims;
 - Coordinate other state and non-state actors in fulfilling their mandates towards disaster issues;
 - Develop and implement humanitarian interventions and Support livelihoods of disaster.
- ii) Enhance national response capacity to refugee emergency management:
- Formulate and implement a National Refugee Policy;
 - Develop and implement a Refugee Settlement Transformative Agenda;
 - Develop and implement contingency plan for refugee emergencies;
 - Review domestic laws governing refugees;
 - Develop and implement projects and programs for refugees and refugee hosting areas; and
 - Receive and grant asylum to refugees in accordance with national, regional and international covenants.

The 2017/2018 OPM ministerial policy statement presents the following four actions under the midterm plans for disaster preparedness and refugees management.

- 1) Resettlement of people living at risk of landslides and other IDPs across the country;
- 2) Establishing a national disaster monitoring and early warning and reporting system covering all disaster prone-areas;
- 3) Completion of construction for two national food and non-food commodities stores at Namanve; and
- 4) Implementation of Settlement Transformation Agenda for both refugees and host communities in line with NDP II.

The Disaster Management, Relief and Rehabilitation (DMRR) Priorities

Under the provisions of the Public Finance Management Act, 2015, every minister responsible for a Vote is required to submit to Parliament, a Ministerial Policy Statement for the proceeding financial year showing among others; the achievements of the Vote for the previous year, the annual work plan, procurement and recruitment plans; a statement of actions taken by the Vote to implement the recommendations of Parliament and the cash flow projections of the vote.

Disaster Risk Reduction and Management (DRRM) is broadly involved with building resilience of communities to mitigate the impact of disasters arising from actions that might be political, technical, social or economic in nature³¹. DRRM involves the systematic development and application of policies, strategies and practices to minimise vulnerabilities and disaster risks in order to avoid or limit the adverse impacts of hazards on lives and livelihoods of the people and socio-economic developments in the country.

The main objective of disaster preparedness is to ensure that in times of disaster, appropriate administrative, legislative and technical measures including procedures and resources are in place to assist those afflicted by the disaster and enable them to cope. The adverse effects of a hazard must be minimised through precautionary measures and ensure timely, appropriate and efficient organisation and delivery of emergency relief services³².

DRRM Priorities for 2017/18

Under the Department of Disaster Preparedness, Management and Refugees, the priorities for FY 2017/2018 as presented in the Office of the Prime Minister's Ministerial Policy Statement are as follows:

i) Disaster Preparedness and Management

- Carry out feasibility study on food security and drought resilience in Karamoja;
- 2,000 metric tonnes of relief food and 5,000 assorted non-food commodities procured and distributed;
- Carry out five (5) risk, hazard and vulnerability assessment profiling and mapping in 50 of the most disaster prone districts;
- Carry out two (2) food security assessment and quarterly monitoring of crop conditions country-wide;

³¹ The Uganda Parliamentary Forum on Disaster Risk Reduction, 2013-2017

³² 201 National Policy for Disaster Preparedness and Management

- Resettle 300 households of the Ndorobo sub-community of the Sabiny in Sebei sub-region;
- Resettle 500 households of people living at the risk of landslides in Bugisu sub-region;
- Construct wall fence and gate around the four acres of OPM land in Namanve; and
- Make contribution to the Uganda Red Cross Society.

ii) Refugees Management

- Implement the Settlement Transformation Agenda for both refugees and host communities with a focus on:
 - i) Construction of 20 staff houses in five (5) primary schools in Kiryandongo, Hoima, Kyegegwa, Kamwenge and Isingiro districts;
 - ii) Rehabilitation of 10 primary school blocks one per district in Kiryandongo, Hoima, Kyegegwa, Kamwenge and Isingiro districts;
 - iii) Supply 2,000,000 tree seedlings to refugees and host communities in the districts of Arua, Yumbe, Adjumani, Isingiro and Kamwenge;
 - iv) Organize 100 farmers into farmers' groups to undertake fish farming, 1,000 farmers supported with apiary in Kamwenge, Kyegegwa, Hoima and Kiryandongo districts;
 - v) Supply 1,000 farmers with grafted fruit seedlings in Arua, Yumbe, Isingiro, Kamwenge and Kyegegwa districts;
 - vi) Supply five primary schools with clean water to improve their sanitation and hygiene.
- Settle 30,000 new refugees on land;
- Carry out systematic survey in refugee settlements; and
- Carry out 24 refugee eligibility committee sessions.

2.0 Analysis of the FY2017/2018 MPS

Disaster Preparedness and Management

The current priorities under disaster preparedness are piece-meal activities that do not derive from any specific, coordinated disaster management plan. In fact, the absence of a clear disaster risk profile and vulnerability map of the country and a disaster mitigation and preparedness plan at the central level and the Local Governments is the major failure of the OPM in planning for disaster management in the country.

The Policy for Disaster Preparedness and Management clearly articulates the functions of the OPM Department of Relief, Disaster Preparedness and Management to among other things develop a national preparedness and contingency plan to be updated regularly and to produce a national state of disaster report once a year not later than 30th February³³. The department has failed to develop a contingency plan and the last state of disaster report was produced in 2008 under the auspices of the UN Disaster Assessment Coordination as a status report on Uganda's preparedness to meet the obligations of the Hyogo Framework on Disaster Reduction. The implication of these policy failures is that disaster management is not accorded due importance even with the level of havoc that disasters cause when they strike.

It is well documented in Uganda that there are certain natural disasters that are recurring every year and therefore, should warrant due attention from the department responsible. For example, over the years, extended droughts have caused famine in several districts in the Teso and Karamoja regions and floods are standard for example in Kasese District. The priorities presented for FY2017/2018 do not reflect specific interventions that will be undertaken to counter these recurring disasters. While feasibility studies and risk assessment are important for planning, they are not going to fix the crises that are already happening and are projected to happen.

There is an emerging new crisis of the infestation of crops by the armyworm which could lead to severe famine. Armyworm has been reported in more than 60 districts in Uganda and field reports indicate that maize fields have been widely infested in some areas. Crop damage has also been observed in high-production areas. Based on field visits and key informant information, Famine Early Warning Systems Network (FEWS NET) estimates that first season maize production could be nearly 40% below average as a result of the combined impact of the armyworm damage and below average rainfall.

Although in the medium term, the department has prioritised establishing a national disaster monitoring and early warning and reporting system covering all disaster prone-areas, this outcome has not been prioritised for the current financial year. Yet, under performance targets, it is expected that 80% of the monitoring and early warning and reporting system will be functional.

Refugee Management

The FY2017/2018 priorities are silent on how Uganda is currently managing and will continue to manage the current refugee crisis in Northern Uganda. In fact, the United Nations High Commission for Refugees notes that "Uganda is currently at breaking point" with the influx of

³³ See the National Policy for Disaster Preparedness and Management page 35-36 for functions of OPM Department of Relief, Disaster, Preparedness, and Management.

refugees from South Sudan. As of April 30, 2017, there were 920,621 refugees and asylum seekers from South Sudan in Uganda, registered and awaiting registration³⁴. Therefore, settling 3,000 refugees in FY2017/2018 is an indication that Government is either oblivious of the refugee situation or deliberately ignores the refugee burden. The situation on the ground in the West Nile districts of Yumbe, Arua, Adjumani, Koboko and others is that the refugee crisis has stressed the social services and placed an incredible burden on the Local Government and humanitarian actors handling this crisis. This crisis has been on-going since 2016.

The specific priorities under the Settlement Transformation Agenda are activities that fall directly in the mandate of the education, agriculture and water and environment sectors. These specific activities should be left in the preserve of those sectors as they are specifically mandated to deliver on them. While acknowledging the need to beef up social services in the specific sectors with an unusual refugee situation, there should be a specific emergency fund extended to the specific sectors for those activities to avoid duplication of activities and to enhance coordinated planning and implementation of Government programmes.

The Settlement Transformative Agenda should be holistic in approach involving how refugees will be assimilated into communities and which communities will be hosts as well as options for livelihoods for refugee communities. The burden of hosting refugees should be spread and not concentrated in communities at points of entry. The agenda should also highlight collaboration with non-state actors and international agencies on the management of refugees and what roles each actor plays.

Cash Flows for Disaster Preparedness and Management

The budget for the Disaster Preparedness and Management for FY2017/2018 shows a 2% reduction in funds compared to the previous Financial Year 2016/2017.

³⁴<http://data.unhcr.org/SouthSudan/country.php?id=229>

Table 1: Budget Allocations to Rehabilitation, Relief and Disaster Preparedness

Budget Allocation in Billion UGX		2014/2015	2015/2016	2016/2017	2017/2018 Projections
	Wage	0.41	0.41	0.56	0.558
Recurrent	Non-wage	7.24	7.11	7	6.705
	Total Rec	7.65	7.52	7.56	7.263
	GOU	13.22	13.01	5.01	5.008
Development	Ext. Fin.	0	0	0	0
	Total Dev't	13.22	13.01	5.01	5.008
Total Budget (<i>excl. Arrears, Taxes & AIA</i>)		20.87	20.53	12.57	12.271
Arrears		0	0	0	
Taxes		0	0	0	
Total Budget (<i>incl. Arrears, Taxes</i>)		20.87	20.53	12.57	12.271

By comparison within the OPM Vote (Table 2), disaster preparedness and management only receives a meagre 5.76% of the total Vote budget.

For FY2017/2018, disaster management has a shortfall under two priorities; emergency relief food and non-food items up to UGX15 billion and the resettlement of Ndorobo, Bugisu landslide survivors requires UGX35 billion.

Sector Performance

The Department for Disaster Preparedness and Refugee Management notes four major achievements for the past year:

- Procured and distributed 970 tonnes of relief food and 2,300 assorted NFIs;
- Produced risk and hazard mapping in 10 districts;
- Received and resettled 90, 882 new refugees in conformity to international laws; and
- Demarcated 18,176 Plots for settling new refugees.

Table 2: Allocation by Vote function under Office of the Prime Minister

Vote Function	Budget Allocation/ Percentage Share by Vote Function							
	2014/2015		2015/2016		2016/2017		2017/2018	
1301-Policy Coordination, Monitoring and Evaluation	14.39	7.49%	14.41	9.77%	18.93	9.83%	12.806	6.01%
1302-Disaster Preparedness, Management and Refugees	20.87	10.86%	20.53	13.92%	12.57	6.52%	12.271	5.76%
1303-Management of Special Programmes	149.73	77.92%	103.68	70.29%	153.52	79.68%	179.699	84.29%
1349-Administration and Support Services	7.16	3.73%	8.89	6.03%	7.64	3.97%	8.41	3.94%
Total	192.15	100.00%	147.51	100.00%	192.66	100.00%	213.186	100.00%

3.0 Key Emerging Issues

1. The Public Financial and Management Act, 2015 establishes a contingency fund of which 15% is to cater for disasters. According to the OPM response to the inquiries from Parliament, this fund has never been allocated resources by the Ministry of Finance, Planning and Economic Development. The inadequate budgetary resources to the department responsible for disaster and relief severely affect the response rate in critical times.
2. The National Policy for Disaster Preparedness and Management requires the department in charge of disaster and relief to formulate national and district standard operating procedures for disaster mitigation as well as implement the institutional framework from the centre up to lower Local Government for disaster preparedness and response. These frameworks, however, do not seem to get any attention in budgetary allocations and annual plans of the department. This directly affects the preparedness and the response rates.

This is partly because of the submerged nature the department finds itself in. It is important that the bargaining voice for the department is consolidated into a recognized and independent planning entity.

3. Affirmative action programmes under special regions in the OPM are allocated 84% of the total OPM budget and yet, the impact of these programs over time has been questioned and misallocations of the funds meant for these programmes have been noted in the OPM corruption scandals. With the level of refugee burden currently in the country, some of the funds under special programs should be allocated to cover up the gap in funding for disaster preparedness and relief.
4. It is not clear from the planned activities and outputs what amounts of money are allocated to specific activities. For example, under Programme 1302 Disaster Preparedness and Refugees Management; Output 04 Relief to disaster Victims, a total of UGX1.990 billion was allocated to two activities:
 - i) 1,000 metric tonnes of relief food and 2,000 assorted non-food commodities procured; and
 - ii) Contribution made to the Uganda Red Cross Society.

It is not clear from this itemisation how much money is allocated to which specific activity. This creates loopholes in accounting for this money because it allows for misuse across activity lines. There are some outputs under the department which have up to six activities with no specificity in allocation.

5. The Department for Disaster Preparedness and Management does not seem to prioritize information and data collection on proneness, magnitude of effects and frequency and recurrence in certain areas. Inadequate information results into poor planning and deters improvement towards best practices as well as fast and adequate response when disaster strikes.
6. The level of havoc that disasters wreck on communities is partly a result of weak disaster management capabilities within communities and Government institutions that are responsible for immediate response. The OPM has no human resource capacity for first response and neither does the Uganda Red Cross which has had internal problems over the last few years. Additionally, there has not been enough sensitization especially on disaster management and coping mechanisms which increases vulnerability. The Department responsible for disaster preparedness and management does not seem to prioritize mitigation practices.
7. There are unexplained significant increments in budget lines. For example, the gratuity

for OPM staff has increased from UGX177 million in FY2016/2017 to UGX736 million in FY2017/2018 and the funding for long term consultancy services increased from UGX173 million to UGX1.727 billion and shifted to external financing from Government of Uganda funding. The Accounting Officer should present justification for this increase to Parliament.

4.0 Alternative Proposals

The alternative policy proposals presented here are aimed at strengthening Uganda's disaster, relief, rehabilitation and response mechanisms for effective management. The Policy already set the agenda for disaster management that contributes to stability in communities and promotes livelihoods for economic growth and national development.

Restructure the Institutional Set Up for Managing Disaster

The Department for Disaster Preparedness and Management nested in the OPM does not allow for dynamic planning and the level of empowerment the department requires. The policy sets up a hierarchical institutional framework for management of disaster management from the Central Government level to the community level. In this structure, district and sub-county Disaster Management Committees have significant roles to play.

The coordination of these structures, however, requires strong, independent institutions at the centre. The alternative proposal, therefore, is to establish a full-fledged Ministry for Disaster Management, Relief and Rehabilitation. The Ministry would have departments dedicated to early warning systems, data management for planning and continued monitoring for disaster risks among others.

Effective Collaboration for First Response

The scale, frequency and complexity of disasters pose critical challenges to formal and informal structures for first response when disaster strikes. The levels of human, financial and logistical resources required for first response are enormous and require meticulous planning. The Uganda Red Cross Society, as an agency responsible for first response, must be strengthened to mobilise human resource for first responders and effective logistical distribution channels for food and non-food items at very short notice. This kind of mobilisation requires collaboration with local actors on the ground, international humanitarian actors and communities in disaster-prone areas. The alternative proposal is to increase funding to Uganda Red Cross Society to strengthen its logistical capabilities and management systems for first response.

Inter-sector Collaboration for Disaster Management and Recovery

The nature of both natural and human-induced disaster is multi-dimensional, involving different levels of vulnerability for different categories of people including children, elderly, disabled, chronically sick, women, et cetera. The multi-dimensionality requires strong inter-sector collaboration mechanisms to deliver services at different levels, during the crisis and post crisis during recovery. As it is currently, OPM works independently during the crisis and during recovery building schools, roads, distributing food and non-food items, distributing agricultural inputs and implementing livelihoods programs. Not only is this a very unsustainable way of managing crisis, it is also inefficient; leading to duplication of duties in Government programmes.

There is no reason why OPM should be building schools and constructing roads when there are specific sector agencies that are responsible for these activities. At best, OPM role should be to identify disaster prone areas and the level of need in these areas. The alternative proposal is to constitute an inter-sector collaboration framework for disaster management and recovery that comprises of representatives from key sectors, the private sector and civil society.

Under this framework, the lead disaster management agency would ensure that planning for disaster management and recovery is holistic and roles and responsibilities of each actor are clearly stipulated. The agency responsible for disaster preparedness and refugees then should concentrate on providing immediate relief services and defer capital development such as construction of roads and schools to respective agencies.

Contingency Funding

The OPM notes that there is inadequate funding for disaster management and recovery. Adequate funding is required to institute early detection systems for different types of disasters, institute risk reduction mechanisms and manage disaster during and after. While the PFMA Act establishes a contingency fund from which disasters are funded, this fund has not been operational.

For this financial year, the OPM has allocated UGX7.78 billion for purchase of vehicles under NUSAF III and administration and support services. With the current level of under-funding for disaster relief and management priorities, the alternative proposal is to re-allocate these funds for motor vehicles to disaster management. Additionally, it is proposed that Parliament ensures that the contingency funds for disaster are allocated every year before other allocations are done as a prerequisite for approving the annual budget.

Further, Parliament should not entertain Supplementary Bills of Appropriations before disaster management funding.

Designing Integrated disaster risk financing strategies that will enable the sector increase financial response capacity in the aftermath of disasters and reduce their economic and fiscal burden. Risk transfer instruments such as insurance will reduce the sectors budget volatility when responding to a disaster.

Food Stock for Emergencies

Government should construct silos for storing food stocks to use in times of disaster. Government Prison Farms should be concentrated on to produce food at cheaper costs to be stocked into these storage facilities. Additionally, the ministry responsible for disaster management and relief should use the Contingency Fund to procure food stocks at harvest time when the prices are relatively lower to be stored and used to feed vulnerable populations and refugees in times of disaster.

Effectively Deal with Recurring Disasters

It has become common practice for regular occurrences to be defined as disasters and emergencies. In some areas, it is now known that in a given month, river banks will burst and or mud slides will occur. Government must develop a process of permanently addressing these types of disasters. Disasters that are predictable should be planned for and addressed in advance and thus cease to be disasters and/emergencies.

Conclusion

The proposed alternatives include:

- Fully fund the fibre-optic deployment across the country;
- Enforce Quality standards in the ICT Sector;
- Zonal decentralisation of UCC Functions and Services;
- Increase budget allocation to the Sector;
- Fast track e-government implementation;
- Immediately set up ICT parks;
- Increase funding for Research and Innovation;
- Subsidies ICT startup firms;
- Subsidise the cost of internet;
- Set up district and sub county ICT centres;

- Establish the UICT;
- Establish an evaluating and certifying ICT framework for training programmes;
- Enforce Mandatory Alignment of sector programmes to the NDP II;
- Publicise the benefits of embracing ICT Services; and
- Establish a high-level ICT Skilling Programme to support international ICT investment promotion.

Our alternative strategy is based on the following hierarchy of objectives and outcomes:

- Grow the size of the ICT Sector in Uganda by significantly expanding distribution, access, affordability and usage;
- A significant leap in E-Government designed to make Government operations more efficient but also to support greater customer convenience in service delivery;
- A significant leap in the skilling of Ugandans in access to computers at school and graduate levels to support international investment promotion;
- Turning ICT into a much bigger player in the economy especially in the area of employment; and
- To use regulatory power to expand the production and broadcast of local entertainment, education and information content in Ugandan radio and television with a view to project our national production capabilities while significantly increasing employment.

CHAPTER FIFTEEN: ACCOUNTABILITY SECTOR

ALTERNATIVE POLICY STATEMENT FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT FOR FINANCIAL YEAR 2017/18

Executive Summary

Rt. Hon Speaker, in line with Section 6E(2) and (4) of the Administration of Parliament (Amendment) Act, 2006, I present on behalf of the Opposition in Parliament the Alternative Policy Statement articulating the Alternative Policy directions for the Ministry of Finance, Planning and Economic Development for the Financial Year 2017/2018.

Government Budget Allocation for the Financial Year 2017/2018

In the Financial Year 2017/2018, UGX.473.145 bn has been allocated to the Ministry of Finance, Planning and Economic Development (including arrears, taxes and NTR) out of which UGX.6.3 bn is for Wages; UGX.123.627 bn is for Non-Wage recurrent expenditure; UGX.184.361 bn is by Government of Uganda and UGX.155.508bn will be external financing respectively.

However, this Alternative Policy Statement seeks to address emerging issues such as the:

- i. Low tax to GDP ratio;
- ii. Exchange rate depreciation;
- iii. Weaknesses in Fiscal Policy;
- iv. Slowdown in Private Sector Credit;
- v. Non-Compliance with the PFMA, 2015 as amended;
- vi. Unclear criteria of tax exemptions;
- vii. High Public Debt;
- viii. Underfunding and non-release of budgeted funds;
- ix. Undue Supplementary Requests.

In addition, it highlights issues such as inadequate funding, failure to implement recommendations of Parliament which leads to high level budget indiscipline, Corruption tendencies by civil servants which are very unethical and risky for the Ministry.

Furthermore, it seeks to bring to your attention the linkages and opportunities for the sector like:

- i. Implementing the Programme Based Budgeting (successful stakeholder orientation of stakeholders in MDAs.
- ii. Continuous vigilance of the Civil Society on accountability, budget, scrutiny in the utilization of public resources and governance issues.
- iii. Finally the key Alternative Policies include:
- iv. An expanded tax base;
- v. Tax regime streamlined;
- vi. Reducing the size of Government;
- vii. Revenues from minerals, oils and other natural resources effectively utilized;
- viii. Replenishing the Contingencies Fund;
- ix. Reinforcing Supplementary Budget Discipline;
- x. A much more transparent process for granting tax exemptions;
- xi. Fast Tracking the IFMS;
- xii. Merging UIA with the Uganda Free Zones Authority and giving it a vote status under the trade sector;
- xiii. Self sustainability of the Parastatals or government Enterprises.
- xiv. Reinforce strict adherence to the PFMA;
- xv. Capacities of MDAs developed on budgeting and planning.

Expected Key Outcomes

- 1. Tax base expanded;
- 2. Streamlined tax regime;
- 3. Revenues from minerals, oils and other natural resources effectively utilized;
- 4. Government size reduced;
- 5. IFMS fast tracked;
- 6. Contingencies Fund Replenished;
- 7. Supplementary budgets discipline adhered to;
- 8. Funds provided and international organizations paid accordingly;
- 9. Reinforce strict adherence to the PFMA;
- 10. Self sustainability of government parastatals reinforced;
- 11. UIA and UFZA merged and granted a vote status in the trade sector;

12. Capacities of MDAs developed on budgeting and planning.

1.0 BACKGROUND TO THE ALTERNATIVE POLICY STATEMENT

In accordance with Section 6E (2) and (4) of the Administration of Parliament (Amendment) Act, 2006, this Alternative Policy Statement for the Presidency articulates policy directions of the Opposition in Parliament.

Sector Overview

The Government of Uganda (GoU)'s Vision 2040 is to be *"A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 Years"*. It is envisaged that the country will advance to the upper middle income segment and reach a per capita of US \$9,500 by 2040.³⁵

The Ministry of Finance, Planning and Economic Development (MoFPED) envisions formulating sound economic policies, maximizing revenue mobilization (internal and external), ensuring efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development".³⁶ This links directly to the fourth objective of the NDP II which is to strengthen mechanisms for quality effective service delivery with a thematic goal of *"Strengthening the Country's Competitiveness for Sustainable Wealth Creation, Employment and Inclusive Growth"* and attaining a middle income status by 2020, an average growth rate of 6.3% and a per capita income of USD 1,039.³⁷

Recently Uganda's economy failed to raise sufficient food for the population and has not produced enough exports and raw materials for the struggling manufacturing sector. Furthermore it has not generated sufficient revenues, tax or otherwise, as a result revenue of UGX. 6,022.36 bn was realised against a target of Ugx. 6,259.13bn in the half year of the FY 2016/2017. The reduction in net revenue performance is attributed to the deficit of UGX.206.58 bn registered in international trade collections.

The Budget Committee report on the NBFP FY 2017/2018 observed that the economy has faced a number of shocks including global environment, regional uncertainty, lower international commodity prices, climate change effects and deceleration in the execution of public infrastructure investment that have slowed down economic growth below the NDP II proposed levels. The economy grew by 4.8% during the FY 2015/2016 and is projected to grow by 5% in

³⁵ Gou Vision 2040 Pg. Xviii &Xiv NPA

³⁶ <http://www.finance.go.ug>

³⁷ National Development Plan II 2015/16-2019/2020.

the FY 2016/2017, which is lower than the targets envisaged under the NDP II of 5.8% and 5.5% respectively.³⁸

There have been budget cuts during the first half of the FY 2016/2017, this has greatly impacted negatively on implementation of the budget for a number of MDAs and has also led to undue supplementary funding. Additionally, there is low budget absorption by some MDAs and some institutions lack capacity in planning and budgeting leading to poor alignment of the budget to development priorities. There is also poor alignment of aid to national priorities and low absorptive capacity affecting project implementation and management.³⁹

Nonetheless, there is a challenge of limited IFMS coverage and slow migration of LGs from tier 2 system to tier one. There is also a challenge of interconnectedness of the automated government systems.

2.0 Situational Analysis of the Government Ministerial Policy Statement

Sector Medium Term Policy Objectives

This basically looks at the vote's previous budget performance and the proposed budget for the FY 2017/2018; it also highlights the attendant policies, programs and issues for further probing by relevant stakeholders. The drivers of the budget are outcome targeted as guided by programme based budgeting and these are carefully undertaken through intermediary outputs that are measured at the end of the FY thus there are critical undertakings that must be realised to obtain an output of an intervention that the budget addresses and these are the action plan inputs for the execution of the objectives.

Budget Allocations

Table 1: Highlights of the Finance Ministry Annual Budget Allocations Trend in (Bn Ugx)

Financial Year	Total National Budget	Allocation to the Finance Ministry	% of Total National Budget
2014/15	15,829.71	281.509	1.80%
2015/16	23,927.26	580.500	2.42%
2016/17	26,360.44	414.092	1.57%
2017/18	29,608.64	473.145	1.59%

Source: Approved Budget Estimates FY 2014/15, 2016/17 and the MPS for the FY (2016/2017-2017/2018) for the MoFPED 2017/2018.

Budgetary provisions to the Ministry has increased to UGX.473.145 bn from UGX.414.092 bn in

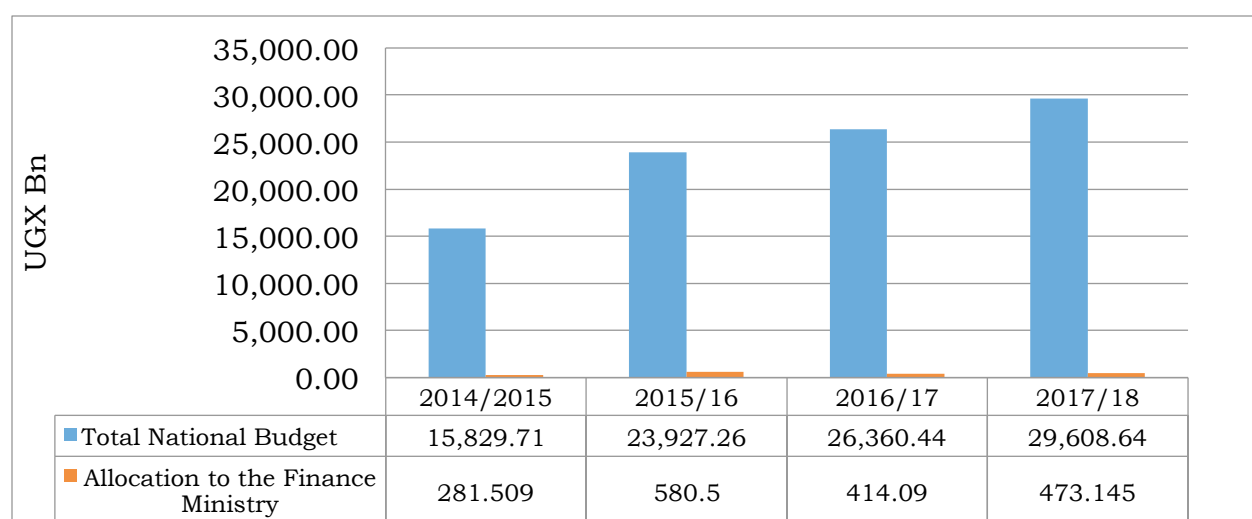
³⁸ Budget Committee Report on the National Budget Framework Paper, FY 2017/2018.

³⁹ Ministerial Policy Statement for the FY 2017/2018.

the FY 2016/2017 to FY 2017/2018 hence an increase of UGX.59.055 bn on account of restructuring the ministry and establishing the deficit financing & cash management directorate and upgrading microfinance vote function to financial sector development which takes an amount of UGX.5.15 bn and UGX.148.455 bn respectively.

Allocations to the Ministry of Finance, Planning and Economic Development in comparison to the resource envelope/total national budget is very minimal as shown in the table below, in the FY 2014/15 the overall budget was UGX.15.829.71 trillion but the Ministry only received UGX.281.508 bn and hence a 1.8% share of the entire budget. In the FY 2015/2016, there was an increase in allocations to the Ministry at UGX.580.5 bn (2.42%) out of a total budget of UGX.23.927.26 trillion. For the case of the FY 2016/2017 allocations declined by UGX.166.41bn and thus a 1.57% share of the national budget. In the financial year 2017/2018, proposed budget allocations to the ministry is worth UGX.473.145 bn out of the national budget of UGX.29.608.64 trillion and thus is represented by only 1.59% share of the national budget.

Figure 1. A graphical impression of budget trend allocations to the Ministry of Finance, Planning



and Economic Development from FY 2014/2015 to 2017/2018

Table 2: The Ministry of Finance, Planning and Economic Development sector allocation by source and category classification (Ugx. Billions)

Budget Allocation in Billion Ugx		2015/16 (Year 1)	2016/17 (Year 2)	2017/18 (Year 3)	Year2/Year 1%Change in Budget Allocation	Year 3/Year 2%Change in Budget Allocation
	Wage	4.357	4.270	6.300	-1.99%	47.5%
Recurrent						
	Non-Wage	110.360	114.494	123.627	3.75%	7.98%
	Total Rec	114.717	118.764	129.927	3.53%	9.40%
As a% of the Total Budget		19.76%	28.68%	27.46%		
Development	GOU	366.311	184.942	184.361	49.51%	-0.31%
	Ext. Fin.	94.671	99.128	155.508	4.7%	56.9%
	Total Dev't	460.982	284.07	339.869	-38.37%	19.64%
As a % of the Total Budget to the Finance Ministry		79.4%	68.6%	72.3%		
Total Budget(excl. Arrears, Taxes & NTR)		575.699	402.834	469.796	-30.0%	16.62%
Arrears		0.000	11.259	3.349	0	-70.02%
Taxes		0.000	0	0	0	0
NTR		4.800	0	0	-100	0
Total Budget (incl. Arrears, Taxes & NTR)		580.498	414.092	473.145	-28.67%	14.26%

Source: MPS (MoFPED), FY 2015/16, 2016/2017 2017/2018. (Including arrears, taxes and AIA) and OLOP Computations

Observation

During the Financial Year 2015/2016, the Ministry of Finance, Planning and Economic Development was allocated UGX.580.498 bn (including arrears taxes and NTR) out of which UGX.4.357 bn was for Wages and UGX.110.360 bn was for Non-Wage recurrent expenditure. The Government of Uganda and Donor Development budgets were UGX.366.311 bn and UGX.94.671 bn respectively.

In the Financial Year 2016/2017, UGX.414.092 was allocated to the Ministry of Finance, Planning and Economic Development (including arrears, taxes and NTR) out of which UGX.4.270 bn is for Wages; UGX.114.494 bn is for Non-Wage recurrent expenditure; UGX.184.942 bn is for GoU Domestic Development and UGX.99.128 bn is for external financing.

In the Financial Year 2017/2018, UGX.473.145 bn has been allocated to the Ministry of Finance, Planning and Economic Development (including arrears, taxes and NTR) out of which UGX.6.3 bn is for Wages; UGX.123.627 bn is for Non-Wage recurrent expenditure; UGX.184.361 bn is by Government of Uganda and UGX.155.508 bn will be external financing respectively.

Allocations to recurrent expenditure has increased by 6.87% (UGX.126.927 bn) in the financial year 2017/2018 up from 3.52% (UGX.118.764 bn) in the financial year 2016/2017. Budgetary allocations to development expenditure was high in the financial year 2015/16 at UGX.460.982 bn (79.4%) of the total budget, there was a reduction in allocations to development expenditure by 38.37%. In the financial year 2017/2018, allocations increased by UGX.55.899 bn (19.60%)

Payments for arrears reduced from the FY 2016/2017 to FY 2017/2018 by 70% as shown in the table above. Non tax revenue received funds worth UGX.4.8 bn for only in the Financial Year 2015/2016, in the Financial Year 2016/2017 and 2017/2018, non tax revenues have not been budgeted for and there is no explanation for this cause.

Table 3: Highlights for the Ministry of Finance, Planning and Economic Development Intra sector Budget Allocations Analysis for the FY 2016/17 and 2017/2018 (Bn Ugx)

S/N	Vote Function	Approved Budget (FY 2016/17)	Proposed Budget Estimates (FY 2017/18)	% Relative Change	% Share of Budget 2017/2018
1.	Macroeconomic Policy Management	91.675	13.638	-85.1%	3%
2.	Budget Preparation, Execution and Monitoring.	19.985	23.728	18.7%	5%
3.	Public Financial Management	87.459	90.658	3.66%	19%

S/N	Vote Function	Approved Budget (FY 2016/17)	Proposed Budget Estimates (FY 2017/18)	% Relative Change	% Share of Budget 2017/2018
4.	Development Policy Research	36.182	-	0	0%
5.	Investment and Private Sector Promotion	53.397	-	0	0%
6.	Microfinance	44.519	-	0	0%
7.	Deficit Financing & Cash Management	0.000	5.151	0	10%
8.	Financial Sector Development	0.000	148.455	0	31%
9.	Development Policy and Investment Promotion	0.000	122.099	0	26%
10.	Policy, Planning & Support Services	80.875	66.066	-18.3%	15%
	Total	414.092	473.143	81.04%	100%

Source: Ministerial Policy Statement (MoFPED) for the FY 2016/2017, 2017/2018 and OLOP Computations.

Observation

The Ministry deserves our appreciation for restructuring and establishing the Directorate of Debt and Cash management to provide policy guidance on the issuance and management of all government debt and cash as well as development and implementation of debt policies.

There is a decline in allocations to Macroeconomic Policy Management up from UGX. 91.675 bn to UGX.13.638 bn representing a high decline by 85.1% and only receiving 3% share of the budget. Development Policy and Investment Promotion, Financial Sector Development and Public Financial Management have taken the largest share of the budget worth amounts UGX.122.009bn (26%), UGX.148.455 (26%), UGX. 90.658 bn (19%) respectively.

Development Policy Research & Monitoring, Investment and Private Sector Promotion and Microfinance never received any funds and there was no explanation given for this move. There is a decline in allocations to Policy, Planning and Support from UGX.80.875 bn to UGX.66.066 bn representing an 18.3% decline.

However, no baseline information has been provided in regards to the programme outcome indicators or performance measurement indicators. This constrains a comprehensive analysis of trends in budget allocations against key result areas as demonstrated by outcome indicators.

Table 4: Highlights for the Institutions in the Accountability Sector for the FY 2016/17 and 2017/2018. (Bn Ugx)

Institution	Approved Budget FY 2016/17 (Y1)	Proposed Budget Estimates FY 2017/18 (Y2)	Y2/Y1% Change in budget allocation	% Share of Budget Allocation
1.MoFPED (008)	414.092	473.145	14.20%	48.1%
2.FIA (108)	7.45	8.284	11.19	0.84%
3.NPA (129)	22.53	21.132	-6.20%	2.14%
4.OAG (131)	51.491	48.984	-4.86%	4.98%
5.URA(141)	254.06	365.451	43.84%	37.15%
6.PPDA(153)	11.22	13.395	19.43%	1.36%
7.UBOS(143)	56.638	53.161	-6.13%	5.40%
Total budget for Sector	817.481	983.552		100

Source: Ministerial Policy Statement (MoFPED) for the FY 2016/2017 and 2017/2018 excluding Treasury Operations.

Observation

The Finance Ministry took the highest share of the budget worth UGX. 473.145 bn (48%) followed by URA with UGX. 365.451 bn (37%) respectively. Public Procurement and Disposal of Public Assets and Financial Intelligence Authority received the least funds represented by a 1.36% and 0.84% share respectively as shown in the table. Financial intelligence Authority is a one year old agency and yet it receives the least funds and thus a signal that the agency is not a priority.

National Planning Authority, Office of the Auditor General and Uganda Bureau of Statistics had their budgets reduced by 6.20%, 4.86% and 6.13% respectively. The implication of this is that budget cuts undermine implementation of projects and programmes and therefore hindering effective service delivery. Budgetary allocations to Treasury Operations was at UGX 7.3 trillion in the financial year 2017/2018, half year releases were worth UGX.4.03 trillion and half year expenditure at UGX 3.93 trillion representing a 55% release and 97% expenditure. In the financial year 2017/2018,UGX.8.62 trillion is the proposed allocation and hence an increase of UGX.1.308 trillion. Unfortunately, there has been no detailed breakdown of the securities (Treasury Bonds and Bills) which is meant to facilitate in the effective management of monetary policies.

During the financial year 2016/2017, Bank of Uganda was allocated UGX.100 bn and no cash was released. The allocation would bring the accumulated recapitalization to an amount worth UGX.960 bn since 2013/2014. *This will deter the realisation of monetary policy objectives and yet the economy is in a very bad state.*

Major Sector Priorities and Achievements

The table below indicates the share of the Ministry's total budget by programme and thus provides an indication of the ministry's priority areas in the FY 2017/2018 which are, Financial Sector Development, Investment Promotion and Public Financial management respectively.

Table 5: Project Budget provisions for the FY 2016/2017 and FY 2017/2018

Project Name	2016/2017	2017/2018	% Change
	Approved Budget (ugx.bn)	Proposed Budget Estimates Ugx.bn)	
1.Capitalisation of Institutions(0945)	66.41	81.72	23.1
2.Support to Macroeconomic Management(1080)	2.72	2.72	0.0
3.Support to National Authorizing (1208)	0.59	1.60	171.2
4.Belgo Ugandan study and Consultancy Fund(1211)	0.33	0.33	14.5
5.3 rd Financial Management and Accountability Programme(FINMAP) component One(1290)	2.32	2.66	-100
6.Budget Monitoring and Evaluation(1063)	3.59	0.00	-100
7.3 rd Financial Management and Accountability Programme(1290)	2.73	3.28	20.3
8.Ugrowth DANIDA Programme(1305)	0.66	0.58	-12.0
9. 3 rd Financial Management and Accountability Programme(FINMAP) component 3,4&5 FMS,LGPFM and oversight(1290)	63.89	67.57	5.7
10.Support to Uganda National Council for Science(0061)	2.10	0.00	-100
11.Presidential Initiatives on Banana Industry.(0978)	9.03	9.03	0.0
12.Support to other Scientists.(0988)	5.10	0.00	-100
13.Uganda Clean Cooking Supply Chain	0.70	4.44	539

Project Name	2016/2017	2017/2018	% Change
	Approved Budget (ugx.bn	Proposed Budget Estimates Ugx.bn)	
Expansion(1427)			
14.Competitiveness and Investment Climate.14.(0994)	0.00	0.00	0.0
15.Development of Industrial Parks(0994)	4.24	4.24	0.0
16.African Development Foundation(1003)	3.60	3.60	0.0
17.Competitiveness and Enterprise Development(1289)	27.51	760.23	155.3%
18.Support to Microfinance(0997)	4.42	2.49	-43.7
19.Financial Inclusion in Rural Areas(PROFIRA) of Uganda.(1288)	34.83	38.40	10.3%
20.Support to MoFPED(0054)	44.04	39.02	-11.4
21.3 rd Financial Management and Accountability Programme(FINMAP iii) comp.6(1290)	5.37	7.98	48.8
TOTAL	284.07	339.87	19.6

Source: MPS 2017/2018.

Major achievements for the Ministry of Finance, Planning and Economic Development in the FY (2016/2017)

The Ministry registered the following outcomes:

1. External resource envelope equivalent to 7% on the FY 2017/2018 national budget mobilized; development cooperation report, off budget assistance) external resource utilisation matrix updated official 3 development assistance ODA disbursement triggers updated and monitored.
2. Supplementary schedules were prepared and submitted to Parliament, Medium Term Expenditure Framework (MTEF) for the FY 2017/2018 updated; first budget call circular for the FY 2017/2018 prepared and issued. National Budget Framework Paper FY 2017/2018 consolidated and submitted to Parliament; budget transparency initiative(BTIs) coordinated; supplementary schedules prepared, appropriation bill 2017/18 prepared, produced sector project files for FY 2017/18 updated, sector budget framework papers FY 2017/2018; quarterly releases made to local governments on a timely basis.

3. The following special audits were conducted; operations of Busia District, special audit of the diversion of 69m to construct chairman's house in Nebbi District, special audit of fraud and misuse of funds in relation to the democratic government facility support to NGO board, review of the Uganda albertine, regional sustainable development project, verification on the liabilities of phoenix logistics (U) LTD, African development bank (ADB) funded closed projects, special accounts, verification of achievement of disbursement conditions under component 3- Uganda skills development project and handover report on the transfer of the transfer of the global fund focal coordination function from ministry of health to the MoFPED
4. Continued with the regional agricultural insurance scheme sensitization workshops.
5. 54 SMEs, 94 SACCOs and 22 groups and 3 MFIs were trained. The savings mobilized by client institutions increased by UGX.1.503 bn from UGX.63.47 bn to 65.08, savings had grown by UGX.1.09 bn during the period.⁴⁰

Expected Government Key Outcomes for the FY 2017/2018

In the financial year 2017/2018, the Ministry seeks to achieve the following outcomes among others:

- Input to negotiation, renegotiation of various agreements provided i.e. DTAs, BITs, Financing Agreements, Oil and Gas Agreements, Tax Administrative Agreements, Loan Agreements.
- Progress report on the East African Community Monetary Union proposal negotiations produced, Research reports on selected macroeconomic topics published.
- National Domestic Revenue Mobilization Strategy development initiated.
- Non Tax Revenue (NTR) estimate report published and disseminated.
- Petroleum Industry data base.
- Capacity developed in oil and gas revenue forecasting.
- Economic Policy analysis and simulation done to guide economic policy.
- Petroleum revenue investment guidelines produced.
- Policy paper on integrating oil and gas revenue in the fiscal and monetary framework produced.
- Short term research papers in macroeconomic modeling produced;

⁴⁰ Ministerial Policy Statement 2017/2018

- Public Debt Management Framework (PDMF) reviewed;
- Cash Management Policy;
- NTR reporting and monitoring framework Development Cooperation Policy;
- Sector Budget Framework Paper (Sector BFP) preparation process for FY2017/18 coordinated. The BPFs shall be analyzed by the department to ensure consistency with policy and National Priorities and shall be consolidated into the National Budget Framework
- A functional Program Budgeting System in line with PBB;
- Public Investment Plan for FY 2017/18 complied and published.
- PBB framework aligned with requirements of new PFM Act and consultative workshop with MoFPED, LGFC, ULGA & UBOS conducted.
- Programme Based Budgeting framework across MDAs and LGs for all components of PBS Integrated & tested.

3.0 EMERGING ISSUES IN THE SECTOR

Low tax to GDP ratio

The Ministry continues to grapple with a low tax to GDP ratio emanating from a low tax base. The ratio is projected at 14.1% in the FY 2017/2018, none the less the projection is lower than our counter parts in the East African region with Kenya (20.3%), Tanzania (14%) and Rwanda at (19.2%); while there have been national policies for some services such as the central bank's monetary policy statements and the microfinance policy (2005), there are no national policies or strategies for most financial services such as insurance, payments and capital markets. The regulatory environment for the sector requires strengthening so as to develop financial services and enhance consumer protection.⁴¹

Exchange Rate Depreciation

In October 2016, the Shilling depreciated by 1.6 percent M-o-M. This was however an appreciation of 5.5% Y-o-Y. In November 2016, the Shilling depreciated by a further 3.6% to an average midrate of UGX 3,560/US dollar. On annual basis the Shilling depreciated by 3.8% in November 2016. The recent weakening of the Uganda Shilling is explained by both external and domestic economic developments. On the global scene the US dollar has been strengthening against all major currencies.

⁴¹ Ministerial Policy Statement for MoFPED FY 2017/2018.

The prospect of faster interest rate rises in the US is pulling investors back towards US assets, driving the dollar to highs. Emerging Market and Developing Economies (EMDEs) have been particularly affected, as some of the EMDEs currencies have fallen to new record lows. The US dollar index, which measures the strength of the US dollar against a basket of major international currencies, indicates that the US dollar strengthened by 2.0% in November 2016. Over the same period, Uganda's trade weighted exchange rate index, the nominal effective exchange rate (NEER), depreciated by 1.8%, as trading partners' currencies also weakened against the US dollar. This indicates that about half of the bilateral Shs\US dollar depreciation is accounted for by the global strengthening of the US dollar.⁴²

Regional currencies, have also weakened save for the Kenya and Tanzania Shillings. In November 2016, the South African Rand and the Zambian Kwacha weakened by 3.9% and 1.3%, respectively. In Kenya, the stability was supported by Central Bank of Kenya (CBK) intervention, which injected close to USD 200 million into the market. This notwithstanding, the Kenya Shilling depreciated by 0.4%, during the same period. The domestic factors explaining the weakening of the shilling include continued expectations of huge demand from ACTIS and a pickup in demand from offshore players, NSSF, telecom, manufacturing and oil firms amidst subdued dollar inflows.

Weaknesses in Fiscal Policy

The implementation of the budget for FY 2016/17 faced several challenges in the initial phase of budget execution.

Total government revenue (including grants) during the first four months of FY 2016/17 amounted to UGX. 3,966.9 billion, representing a shortfall of UGX. 362.8 billion when compared to the amount programmed in the PSI due to underperformances in both domestic revenue and grants. Total domestic revenue amounted to UGX. 3,742.7 bn compared to the target of UGX. 3,939.3 bn, representing a shortfall of UGX.196.6 bn.

Similarly, relative to the URA target as per the approved budget, domestic revenue registered a shortfall of UGX.165.6 bn. Total government expenditure and net lending in the first four months of FY 2016/17 amounted to UGX.5,759.0 bn, which was UGX.476 bn lower than the programmed expenditure. Expenditure for FY 2016/17 was front-loaded with about 53% of the total budget being released in H1. As a result, domestic financing requirement has been increased by UGX.300 bn to UGX. 912 bn to cover the projected underperformance in revenue collections.

If Government revenues continue to underperform, and there is recourse to the domestic

⁴² State of the Economy: Bank of Uganda, 2016

market to salvage the revenue deficit, then PSC may be constrained further. There is also a risk that increased domestic financing will lead to a substantial increase in yields on Government securities, which may not only keep lending rates elevated, but also lead to an increase in interest costs.

The World Bank issued a statement indicating that it had withheld new lending to Uganda effective 22nd August, 2016 due to poor portfolio management, which in addition to the cancellation and suspension of two loans, is having ripple effects on the economy. World Bank International Development Association (IDA) loans account for 48.7% of the external debt stock. Therefore, this suspension will have adverse implications for public consumption, investment and consequently growth.

Already, government expenditures have been revised downwards by UGX. 848 bn on account of the projected under performance in revenue collections and repayment of borrowing from BoU during FY 2015/16 of UGX. 408 bn.

These expenditure cuts may constrain domestic demand further, given the already soft growth in PSC. Domestic demand was lower in FY 2016/17 due to a slack in Government consumption, partly driven by delays in implementation of development programmes. In line with the need to foster growth, increase economic efficiency and reduce the cost of doing business, the fiscal stance has focused on addressing infrastructural constraints in the economy. Given the infrastructural gap, the consequence of this policy pursuit has been the widening fiscal deficit.⁴³

Slow down in Private Sector Credit

Credit to the private sector grew by an average of 7.5% in the year to October 2016 down from 18.9% in the period to October 2015. The slowdown in credit growth was reflected across sectors with the exception of lending to electricity & water and personal & household loans. The slowdown in growth in PSC was driven largely by provisioning for bad loans, which has heightened risk aversion in banks. The demand for credit has remained relatively robust. The supply of credit has however remained subdued, an indication that the subdued growth in PSC could be driven by tightening credit standards.

Annual growth in PSC to the Manufacturing, Trade and Business services sectors has been negative since June 2016. Lending to other major sectors of the economy also weakened, save for household and personal loans. This is consistent with the findings of the Bank Lending Survey for Q1-2016/17, which indicates that all sectors except personal and households registered net tightening in credit standards in part due to efforts to improve the quality of the loan portfolio.

⁴³ State of the Economy: Bank of Uganda, 2016

Compliance with the PFMA, 2015 as amended provisions

Table 6: Compliance with the PFMA, 2015 as amended Provisions for the FY 2017/2018

i) Ministerial Policy Statement Checklist

No	ITEM	MoFPED	FIA	NPA	TO	UBOS	URA	PPDA	OAG
1.	<i>Achievement of Vote of the Previous F/Y.</i>	✓	✓	✓	✓	✓	✓	✓	✓
2.	<i>Annual W/P and three months work plans and outcome, the objectives, output, target and performance indicators of the work plans and outcomes.</i>	<i>Annual work plans were provided but the rest were not.</i>	<i>Annual work plans were provided but the rest were not.</i>	<i>Annual work plans were provided but the rest were not.</i>	<i>Annual work plans were provided but the rest were not.</i>	<i>Annual work plans were provided but the rest were not.</i>	<i>Annual work plans were provided but the rest were not.</i>	<i>Annual work plans were provided but the rest were not.</i>	<i>Annual work plans were provided but the rest were not.</i>
3.	<i>Annual Procurement Plan.</i>	X	X	X	X	X	X	X	X
4.	<i>Recruitment Plan.</i>	✓	X	X	X	X	X	X	X
5.	<i>A Statement on actions taken on Recommendations of Parliament.</i>	X	X	X	X	X	X	X	X
6.	<i>Cash Flow Projections.</i>	X	X	X	X	X	X	✓	X
7.	<i>A Certificate issued by the Minister responsible for finance in consultation with Equal Opportunities Commission.</i>	✓	✓	✓	X	✓	✓	✓	✓
8.	<i>Vehicle Utilisation Report.</i>	✓	X	X	✓	X	✓	✓	✓
9.	<i>Asset Register.</i>	X	X	X	✓	X	✓	✓	✓

Source: MoFPED, FIA, NPA, TO, OAG, UBOS, URS, and PPDA Ministerial Policy Statements for the FY 2017/2018.

Generally the Ministerial Policy Statements do not provide the necessary information as prescribed by the law and accordingly are less compliant. The lack of the above greatly undermines oversight by stakeholders including Parliament and also constraints reporting by institutions.

The implication of the lack of the above documents is that Parliament will not be able to guide the sector and exercise its oversight function as the documents provides critical working tools.

ii) Compliance levels with the NDP II Certificate

According to Section 13(6) and 13(7) of the PFMA, 2015 as amended, the annual budget shall be accompanied by a certificate of annual budget of the previous financial year issued by the National Planning Authority (NPA).

Table 7: Compliance levels with the NDP II Certificate

Sector	Planning	PIP	Alignment to BFP& AB	Budget performance	Total Score
1. MOFPED	75%	91%	87%	80%	83%
2. FIA	75%	100%	100%	50%	80%
3. NPA	-	-	-	-	-
4. TO	-	-	-	-	-
5. OAG	75%	100%	91%	50%	76%
6 UBOS	75%	100%	88%	30%	69%
7. URA	100%	100%	78%	100%	91%
8.PPDA	75%	100%	100%	00%	65%

Source: Annual Assessment Report by National Planning Authority FY 2016/2017.

Generally, most institutions within the sector were able to strategically link their plans to the sector result areas. However, the MDA performance is partly affected by the lack of comprehensive development plans and detailed institutional annual work plans that consolidate all the institutional activities and deliverables including those financed through GoU direct MTEF, sector swap funds, and off budget support. There are parallel reporting lines for the different funding sources across all institutions.⁴⁴

The weak budget performance is attributed to the low release and expenditure outturn. With the exception of MoFPED, OAG, URA and FIA, the rest of the institutions received less than the expected releases at half year with only URA spending all the received resources.

⁴⁴ Annual Assessment Report FY 2016/2017.

National Planning Authority and Treasury Operations did not provide any information with respect to compliance levels with the NDP II certificate Compliance levels with the Gender Equity Compliance Certificate.

iii) Gender and Equity Compliance Certificate

As provided for in section 13(15) (g) (i) and (ii) of the Public Finance and Management Act, 2015 as amended, the Minister for Finance shall be responsible on the issuance of the Gender and Equity Compliance certificates to the respective votes for the FY 2017/2018.

Table 8: Compliance levels with the Gender Equity Compliance Certificate.

Institution	Compliance % 2016/17	Compliance % 2017/18
1. MOFPED	57%	60%
2. FIA	-	41%
3. NPA	40%	67%
4. TO	-	-
5. OAG	44%	56%
6 UBOS	-	-
7. URA	56%	50%
8. PPDA	60%	50%
Sector Average	51.4%	64.8%

Source: Assessment results on compliance with Gender and Equity requirements by Equal Opportunities Commission FY 2017.

According to the Gender and Equity Compliance assessment results by the Equal Opportunities Commission, the major agencies under the accountability sector scored 64.8% in the financial year 2017/2018 which is much higher than the previous 2016/2017 at 51.4%.

The Ministry of Finance, Planning and Economic Development, National Planning Authority and Office of the Auditor General performed above the minimum of 50% and hence were highly compliant. PPDA and URA obtained the 50% minimum score. Financial Intelligence Authority performed below average at 41%, Treasury Operations and Uganda Bureau of Statistics never provided any information regarding gender and equity compliance.

iv) Non Replenishment of the Contingencies Fund

The contingencies fund was supposed to have been replenished with an amount equivalent to 0.5% of the appropriated annual budget of government during the FY 2015/2016 as per section 26 of the PFM Act 2015. This has never been done till this date.

Unclear criteria of tax exemptions

Government is acting in disservice in a bid to attract foreign investment by offering tax exemptions to companies owned by foreigners and not coming to the rescue of strained companies owned by locals. Besides, there is no clear criterion on how tax payer's monies are used for paying corporation tax for companies which have declared profits and this is an illegality. Reports from the Committee on budget indicate that from the FY2009 to FY2016/17, Government has paid a total of UGX.198bn in respect of tax expenditures on behalf of hotels, hospitals, textile companies, manufacturers (of steel, milk and palm oil), tertiary institutions. Examples of such institutions include, Ciplia Quality Chemicals, Bidco (Palm Oil), Aya Investments among others.

Underfunding and non-release of budgeted funds

According to the Auditor General's report of the FY 2015/2016 the Ministry had budgeted UGX.32,302,344,100 for capitalization of the banks, The banks involved include East African Development Bank (EADB), Islamic Development Bank (IDB), African Development Bank (ADB), Uganda Development Bank (UDB) and PTA Bank. However, only UGX.21, 716, 847,786bn was released leading to a shortfall of UGX.10, 585,496,314. As a result, Uganda lost 1,347 shares in the African Development Bank specifically due to government failure to meet its subscription obligations worth S\$.1, 293,299.70. According to information from ADB, Uganda stands to lose more shares if the total outstanding obligation worth USD.1, 655,488 as at 16/03/2016 is not cleared.

The implication of this is that it leads to domestic arrears, Loss of shares and failure to make timely subscription which will continue to affect the country's benefits from these organizations.

High Public Debt

As Uganda continues the inevitable path of debt acquisition for development, lessons can be drawn from utilisation challenges leading to debt accumulation for future reflection. The rate of contracting new loans has over the years risen much faster than the rate of absorption. By end of June 2016, the total debt outstanding was at 52% of GDP, of which only 34% of GDP was disbursed.

The Auditor General validates this position in his report (December, 2016) for FY 2015/16 which indicated that UGX.18 trillion remaining undisbursed attracting commitment fees of UGX.20bn. The same report notes that undisbursed loans attracted commitment fees worth \$18.8m between 2007/08 and 2015/16. Also, the level of disbursed loans reduced from 63% of the total external debt to 51% in the same period. The report also highlights that out of 96

loans sampled for the period 2010 to June 2016 totaling to sh8.8m, only 24.5% was disbursed.

Overall disbursement levels of creditors (World Bank, IFAD, German, Japan, PTA among others) were reducing with exception of China that registered a steadfast rise due to high loan disbursement for Karuma and Isimba dams in FY 2015/16. Nonetheless it should be noted that the Karuma and Isimba dams started appearing in the Budget during the FY 2011/12 when no funding was yet secured, portraying the *“growing syndrome of budgeting first and then planning”* yet reverse should be true.

Loans in Uganda are characterized by slow absorption explained by a multitude of factors ranging from capacity of implementing and monitoring agencies, land compensation, poor sequencing of loan acquisition, and aspects of rent seeking, procurement and politically driven acquisition of loans. These recurring challenges have affected effective loan implementation rendering them costly.

On the other hand, there are notable risks emerging with domestic debt. Government’s own borrowing by end of December 2016 was sh12.4 trillion compared to sh12.1 trillion of Private Sector Credit. The ratio of domestic tax revenue to domestic debt is currently at 1:1 and it is for this reason that the Government continuously relies on renewal or rollover of maturing domestic debt.

In FY 2017/18 budget, nearly 50% of the current domestic debt stock is to be rolled over of which significant amounts are in short term government securities. This is over 15% of domestic revenue – the threshold required in the 2013 Public Debt Management Framework. Domestic debt is expensive and as such, interest payments will account for the largest share of domestically funded budget in FY 2017/18 (also 3rd largest share of the overall budget at 12.2%).

The implication of the above is that, debt sustainability risks are becoming pronounced and the poor utilization of loans compounds future debt burden on future tax payers yet the current tax base is even narrow. Public domestic debt is currently crowding out the private sector investment amidst the shrinking tax base. Thus, Uganda’s public debt potential dividends may not be foreseen in the near future unless debt management and effective utilization is revamped by implementing and monitoring agencies.

Undue Supplementary Requests

In the PFM regulations 2016, section 18(5) provides the ground for the approval of supplementary appropriation by Parliament and the Minister as the case may be where supplementary expenditure is unabsorbable, unaavoidable and unforeseeable. My analysis of the 2016/2017 supplementary expenditures which was to the tune of about UGX.1,470 bn show that except for a few requests such as funds to cater for the emergency control of the

army worm (crop eating caterpillars) under the Ministry of Agriculture, most of the requests were foreseeable. Some funding requests could have been absorbed or even postponed as indicated in the schedules which were submitted for example, Vote 001: Project 0007 had transport equipment with a provision of UGX.225million to cater for a Director's vehicle. Such behavior undermines the very essence of prudent budgeting and planning. To ask for a supplementary to purchase a Director's car erodes public confidence in the budget process and puts the credibility of the budget into question.

Opportunities

1. Continuous vigilance of the Civil Society on accountability, budget, scrutiny in the utilization of public resources and governance issues.
2. The presence of a Budget Website. This tool enables the user to access budget information on how resources are utilized up to parish level. It also provides detailed information on plans and performance as well as financial details and allows users to provide feedback on service delivery in their local areas.

Risks

1. Inadequate funding which hinders implementation of programmes and projects.
2. Generally failure to implement recommendations of Parliament which will lead to high level budget anomalies.
3. Corruption tendencies by civil servants which is very unethical.

4.0 ALTERNATIVE POLICY STATEMENT

The Ministry of Finance, Planning and Economic Development is recognized as an enabling sector in Uganda's economy without which no other sectors can function. The critical role of a Finance Ministry is to align resources with the strategic priorities for the economy and managing the tensions between conflicting objectives in different sectors. It is usually the responsibility of the Finance Ministry to 'hold the ring' and force out difficult decisions about strategic priorities and ensure that decision makers properly understand the 'second order effect' of their decisions on other sectors of the economy.

An effective and accountable modern finance ministry should have a clear mandate setting out roles, responsibilities and capabilities to ensure that government financial plans are well founded and sustainable. This mandate should include:

1. Clear lines of accountability with appropriate governance and oversight including independent review and forecasting.

2. Transparency to the legislature and the taxpayer with clear, understandable and regular reporting of key decisions and outcomes.
3. Delegating appropriate responsibility for local decision making and management of tax raising and expenditure to devolved and subsidiary bodies within a clear policy and governance framework.
4. A high proportion of professionally trained staff, including Economists, Statisticians and Chartered Accountants to ensure that the Finance Ministry has the analytical and reporting capability to discharge its role.
5. Appropriate remuneration and career development structures to attract, motivate and retain experienced senior professionals from the required disciplines.
6. Systems to show the financial position of government in a comprehensive way on at least a monthly basis, including income, expenditure, assets, liabilities and risk.
7. Skills and processes to conduct comprehensive interpretative analysis on revenue, spending and financial position in order to investigate variances, identify cost drivers, establish trends and analyse cause and effect relationships.
8. Processes and systems to support accurate modeling, forecasting and understanding of a realistic range of financial outcomes likely to arise from policy proposals and fiscal plans.

Expanding the tax base through appropriate policies

The bulk of financing for the development agenda shall be generated through tax and non tax local revenues. Economic policy programmes such as investments in agriculture, science, technology and innovation, and the present and future programme shall be projected to have a major stimulus effect on the economy, these programmes will greatly expand the current tax base which is very low due to a very high informal sector which is at over 50%, we will expand the size of the population engaged in gainful business and employment and bring them into the tax bracket by compulsory registration of all businesses. The goal will be to create an economic environment where every citizen proudly makes a contribution to Uganda's accelerated transformation agenda through payment of taxes in a tax regime that is fair, transparent and equitable.

Streamline the tax regime to make it fair, equitable and transparent

Our Government will have to undertake reforms in the nation's tax policies to ensure that the tax regime is not only fair but it is reconfigured to stimulate production and increase the tax base. All citizens shall be required to file their income, tax returns which may be accessible to

the public in order to increase transparency and accountability in the tax administration system. As a leading example, upon assuming government all national party leaders shall be required to file and make public their annual tax returns on a timely basis.

Ensure transparent and effective use of revenues from oil, minerals and other natural resources

As a government, we will be committed to ensuring transparency in the collection, management and utilization of revenues from oil, minerals and other natural resources. This will be achieved by ensuring provision of public information and creating appropriate mechanisms that increase the oversight of Parliament and civil society organizations over the operations of public sector agencies and private companies engaged in the management of natural resources or natural resource based enterprises. Uganda will also participate in major transparency and accountability initiatives such as the extractive industries transparency initiative (EITI) and Open Government Partnership (OGP).

Reducing the size of government and eliminate excessive government expenditure

Over the last two decades, this current government has grown exponentially and constitutes the largest burden to Ugandans in terms of public administration costs. Citizens and private businesses are suffering under a huge tax burden because they have to pay taxes to service in insatiable government bureaucracy epitomized in an expensive Presidency and Legislature. Within the first year our government, major reforms will be undertaken to reduce the size of government to make it small to about 21 Cabinet Ministry Positions for much more efficiency and effectiveness. The savings from these reforms will be channeled directly into financing the productive and revenue generating sectors of the economy in order to grow the economy and expand our revenue base.

A transparent process for granting tax exemptions

Governments policy of giving tax incentives and exemptions have failed to play a quantified role in securing momentum for economic growth in the same vein it is clear that this illegal policy of tax exemptions has substantially reduced the fiscal space and is therefore a serious challenge in revenue mobilization. Without tax incentives and exemptions, the government would have attained tax revenue to GDP of 16% and this revenue yield would have been enough to fund the current national budget.

Government should design a transparent process and procedure for managing and granting tax incentives and exemptions. This new system should comply with universal good governance standards and pre-empt rent seeking and political patronage. This should also contain a review of article 152 of the constitution to incorporate a requirement by the Minister to explain his

decision to Parliament. There should equally be clear oversight role granted to Parliament to proactively supervise the implementation of tax incentives and exemptions in the country.

Replenish the Contingencies Fund

Budget cuts to finance supplementary budgets undermines and affects programmes and activities that have been approved earlier at the appropriation stage and this is a reflection of fiscal indiscipline. By replenishing the contingencies fund, it would curb the normalcy of undue supplementary budgets which suppress vulnerable budgets through cuts.

Merging Uganda Investment Authority and Free Zones Authority and giving it a Vote status under the Trade Sector

We plan to streamline the promotion of investment in this country by merging the operations of Uganda Investment Authority and Uganda Free Zones Authority and give it a vote status under the trade sector as opposed to it being a subvention in the finance ministry. This will promote impressive growth that will lead to promotion of export oriented investment, generate employment, and enhance attraction of foreign direct investment and contribute to overall development of the economy.

Self-Sustainability of Public/State Enterprises

After effective capitalisation of government Enterprises or Parastatals for example, Post Bank, National Enterprise Corporation among others in a bid to enable them undertake profitable business ventures, we would stop funding for recurrent costs of the profit making state enterprises from the consolidated fund to enable them be self sustaining.

In addition to the above, Alternative proposals made last year are reiterated thus;

Reinforce adherence to the provisions of PFMA, 2015 as amended by MDAs

As a government we would focus on extensive sensitization of MDAs regarding the planning and budgeting time such that the necessary documents needed by Parliament are brought in time, for example Ministerial Policy Statements submitted and laid before parliament should contain all the necessary attachments as required in the provisions of section 13(15) PFMA Act, 2015 as amended.

Development of planning and budgeting capacities of MDAs

Capacities of staff in the MDAs would be extensively developed in terms of planning and budgeting such that they are able to absorb all their funds within a given fiscal year.

Payment of membership fees to International Organizations

We would allocate adequate resources for paying membership fees to international organizations such that the country benefits holistically from such memberships and avoid the embarrassment of being scrapped off from such organizations.

Supplementary Budget Discipline

National budgeting which culminates into passing the Appropriation Act is an elaborate process where ordinary and statutory expenditures should easily be captured. In addition to legal parameters of supplementary expenditure, good financial management requires frugal management of budgetary resources, consequently a supplementary expenditure should be made for activities and programmes that were not foreseen or arose as a matter of emergency.

Fasten the process of the IFMS

Fast tracking IFMS coverage to ensure that local governments can migrate from tier two to tier one to avoid the hurdles of handling cash while making huge transactions and also avoid the occurrence of unnecessary losses.

Expected Key Outcomes

- i. An expanded tax base
- ii. Tax regime streamlined;
- iii. Government size reduced;
- iv. Revenues from minerals, oils and other natural resources effectively utilized;
- v. Contingencies Fund Replenished;
- vi. supplementary budget discipline;
- vii. A much more transparent process for granting tax exemptions;
- viii. IFMS fast tracked;
- ix. Merging UIA with the Free Zones Authority and granting it a Vote status in the trade sector;
- x. Self sustainability of the Parastatals or government Enterprises.
- xi. Reinforce strict adherence to the PFMA;
- xii. Capacities of staff in MDAs developed on budgeting and planning.

CONCLUSION

In conclusion, the Ministry of Finance, Planning and Economic Development must reflect formulating sound economic policies, maximizing revenue mobilization, ensuring efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development. This will translate into improved welfare of Ugandan's population and hence achieve the provisions of Vision 2040.

CHAPTER SIXTEEN: PUBLIC ADMINISTRATION SECTOR

ALTERNATIVE POLICY STATEMENT FOR THE PRESIDENCY FOR FINANCIAL YEAR 2017/18

Executive Summary

The Presidency is an Administration or the Executive, the collective administrative and governmental entity that exists around an Office of the President of a State. Although often the Executive branch of Government, and often personified by a single elected man or woman who holds the office of "President," in practice, the Presidency includes a much larger collection of people, advisers and other bureaucrats that support the Executive office. Article 99 (3) of the Constitution of the Republic of Uganda vests the Executive Authority in the President, who must ensure "A secure, well Governed and Developed Nation "by "Providing Leadership in Public Policy Management and Good Governance for National Development".

Sector Gaps and Risks

Lack of proper internal budget prioritisation which has resulted into inadequate allocation of funds to the critical areas that have persistently remained under funded or unfunded.

Nonexistence of an overall monitoring and evaluation policy guide to streamline and harmonise the conflicting activities of Monitoring and Evaluation (M&E) units and their duplicity and waste in all Government Ministries, Departments and Agencies (MDAs) remain a huge gap facing the Presidency.

Unapproved diversion of approved budgetary allocations to unbudgeted areas thereby affecting the implementation and timely completion of the approved projects and activities.

Absence of effective and efficient planning and budgetary controls resulting in recurrent huge Supplementary budgets are tabled to Parliament year in year out.

Poor accountability mechanisms based on inconsistent and un-comprehensive data.

Failure to operationalise the Anti-Pornography Act, 2014, due to a funding gap of UGX2.6 billion continues to make it difficult to operationalise the Pornography Control Committee as established by the Anti-Pornography Act, 2014.

Absence of even "bounded transparency" and basic minimum accountability in the Internal Security Organisation (ISO), External Security Organisation (ESO) and State House regarding the amount of money and financial value of materials or services procured through classified

expenditure budget outlays year in and year out.

Lack of specific quantitative and qualitative data in Ministerial Policy Statements relating to planned output to be achieved with the approved funding.

Unjustified classified expenditure in the Presidency beyond what is planned and earmarked for security agencies.

Absence of a Statutory Instrument to operationalise the constitutional framework of developing patriotism in Uganda.

High accumulated domestic arrears. The Office of the President has high accumulated Arrears from FY2011/12 amounting to UGX10.3 billion while gratuity stands at UGX24.3 billion. Of the total accumulated arrears totaling to UGX36.6 billion, only UGX2.0 billion is provided.

Inadequate deployment at Foreign Missions and countries of security interest. Currently of the 35 Uganda Foreign Missions, the External Security Organisation manages to only deploy in 18 Foreign Missions leaving the other 17 without personnel to collect security information externally which could threaten national security.

Failure to pay domestic arrears for ESO: It is of grave concern that we continue to register accumulation of domestic Arrears for ESO from 2011/12 to 2015/16.

Failure to stick to approved activities by Parliament: It is also of serious concern that the Office of the President does not stick to approved activities by Parliament. In several of the Auditor-General's annual reports since 2013/14, the Office of the President has always come into the limelight for failure to implement approved activities despite having received virtually all the approved budgeted funds.

ESO continuously experienced budgetary shortfalls hence negatively affecting its operations while continued security threats in Uganda remain and or getting more sophisticated and firm in their resolve against Uganda.

Absence of a strategic plan that spells out its long term direction. In the previous audit reports, the Auditor-General indicated that that Uganda AIDS Commission had not put into place medium and long term plans to spell out the long term direction on the fight against HIV/AIDS in the country.

Incompetent Resident District Commissioners (RDCs) and Deputy Resident District Commissioners (DRDCs) duplicating roles of the Chief Administrative Officer (CAO) and the elected Local Government (LG) Leaders. The National Resistance Movement (NRM) Government has placed a huge mandate of monitoring and supervision of Government programmes on RDCs and DRDCs. There is a huge risk of none effectiveness in the discharge of

this mandate since, most of the RDCs and DRDCs do not have the technical capacity and skills to monitor and report diligently given that most of them are appointed based on political patronage basis of being NRM cadres or loyal supporters. They have also taken over the roles of the CAO and in most LGs they have rendered the heads of the technical wings insignificant in the monitoring of Public Service delivery.

Absence of the Board Charter to spell out the definite terms of service for the board members of the Uganda AIDS Commission, performance management and evaluation mechanisms, composition of committees and the appointment of board members.

Alternative Policy Proposals

In the FY2017/18, the Opposition would undertake the following:

Design an overall Monitoring and Evaluation Policy to streamline and harmonise the conflicting activities of M&E in all Government Ministries, Departments and Agencies (MDAs) including the Presidency.

Improve internal planning and budget prioritisation resulting in adequate allocation of funds to the critical areas that have persistently remained under funded or unfunded.

Eliminate and punish any diversion of approved budgetary allocations to unbudgeted areas, improve implementation and timely completion of the approved projects and activities.

Improve planning and institute budgetary controls to avoid or minimise recurrent huge supplementary budgets by ensuring that all the items and activities that can be predictable or routine, are planned and budgeted for.

Integrate the ministry's Information Financial Management System (IFMS) with the financial output budgeting tool used by external financing partners so as to make it possible to generate and assess in a comprehensive way, the extent of budget performance.

Institute "bounded transparency" and "basic minimum accountability" in ISO, ESO and State House particularly for the audit of the amount of money and ascertaining financial value of materials or services procured through classified expenditure budget outlays.

Design a Sector Development Plan for the Presidency (SDPP) with clear and measurable sectoral objectives and targets that mirror those of the NDP2 and Vision 2040 and ensure that both quantitative and qualitative output data indicators for planned and approved activities are captured and included in all Ministerial Policy Statements.

Develop an action plan to strictly implement the Auditor-General's recommendations and put into place a strict control mechanism to avoid the 'irregular' diversions of approved funds to other activities not approved by Parliament.

Establish an elaborate reward and punishment mechanism for enforcing strict controls and supervision to ensure that the Office of the President and other Government ministries or entities do abide by established commitment control system and adhere to successful implementation of planned activities.

Re-orient the Presidency's budget expenditures to establish a healthy equilibrium between Consumptive Budgeting and Capital development.

The Offices of the RDC/DRDC and that of the CAO/DCAO shall be merged to harmonise roles and ensure effective and efficient monitoring and evaluating of Government programmes.

The Unjustified classified Expenditure in the presidency for instance (under Code 224003) of UGX3.940.0 billion shall be reallocated to other productive sectors of the economy.

Originate a Cabinet Policy Paper to streamline, harmonise and separate the coordination, monitoring, liaison and facilitating roles of the Presidency (State House and the official Office of the President) and Office of the Prime Minister (OPM) from the current conflicting omnibus mandates of the presidency and OPM being everything-implementers and coordinators.

1.0 Background to Alternative Policy Statement

In accordance with Section 6E (2) and (4) of the Administration of Parliament (Amendment) Act, 2006, this Alternative Policy Statement for the Presidency articulates policy directions of the Opposition in Parliament.

Sector Overview

The functional objectives of Office of the President include; ensuring Government policies, programmes and projects are adequately monitored and evaluated; supporting the development of evidence based policies for national development; promoting good governance in public institutions; providing overall leadership of the State and better service delivery and job creation in line with the ruling party manifesto; supporting regional and international initiatives for promoting social and economic gains.

However today, the institution of the Presidency is under threat being over stretched into duplicating the roles and mandates of Ministries, Departments and Agencies hence failing to a great extent, to provide leadership in public policy management and good governance for national development.

The Presidency Sector currently covers five (5) Votes namely; the Office of the President-including ISO (Vote-001), State House (vote-002), Uganda AIDS Commission (vote-107), Ethics and Integrity (Vote-112) and ESO (Vote-159).

2.0 Situational Analysis of the Government Ministerial Policy Statement

Sector Budget Allocations

In FY2017/18, the Sector was allocated UGX409.751 billion. The Sector has five (5) Votes i.e. Office of the President which includes Internal Security Organisation (Vote 001); State House (Vote 002); Uganda AIDS Commission (Vote 107); Directorate of Ethics and Integrity (Vote 112); and External Security Organisation (Vote 159).

Of the five (5) Votes that constitute the Sector, according to the proposed budget allocation for FY2017/18, State House Vote 002 just as ending FY still carries the highest percentage budget allocation share of 59.9%, while the Official office of the president-including ISO, is taking 27.9%, ESO has 7.6%, Uganda AIDS Commission and Directorate of Ethics and Integrity taking 3.5% and 1.0% respectively of the Sector's total budget amounting to UGX409.751 billion.

Table 1: Sector Budget Allocations in FY2017/18 (UGX Billions)

Vote	Description	Wage	Non-Wage	GOU Devt	Donor Devt	Arrears	Taxes	NTR	Total	Share of Budget (%)
1	Office of Presidency	11	36.699	3.156	0	4.116	0	0	54.971	13.416
	Internal Security Organisation	37.687	21.127	0.411	0	0.002	0	0	59.227	14.454
2	State House	13.733	219.496	12.338	0	0	0	0	245.567	59.93
107	Uganda AIDS Commission	1.32	5.867	7.315	0	0	0	0	14.502	3.539
112	Ethics and Integrity	0.852	3.047	0.211	0	0.031	0	0	4.141	1.016
159	External Security Organisation	11.764	19.187	0.392	0	0	0	0	31.343	7.649
	Total	76.356	305.423	23.823	0	4.149	0	0	409.751	

Source: MPS Ministry of the Presidency, FY2017/2018

The fact that State House which constitutes the private office of the President consisting of a number of private secretaries with their assistants, presidential advisors and the Special Forces Command, has continued to take the lion's share of 59.9% of the presidency's budget allocation- translating into UGX245.567 billion is a troublesome development that requires detailed scrutiny.

This in essence implies that State House alone spends a total of UGX672 million shillings per day while the official office of the President- including ISO with a total budget of UGX114.198 billion is spending only UGX312 million per day. This is unfair given the fact that the official office of the President is the civil service entity employing more people with more technical capabilities

linking the Presidency with other public service departments and Local Government machinery to provide better services to the public.

Key Government Sector Outputs

- The following are the major goals for the Presidency during FY2017/18:
- Strengthening the monitoring and implementation of Government programmes for improved service delivery
- Promotion of security for Ugandans within and outside the country;
- Promotion of regional and international relations for cordial multi and bi-lateral relations for attracting more Foreign Direct Investment and trade opportunities;
- Offering leadership in the coordination of the HIV/AIDS multi-sectoral response; and
- Dissemination and enactment of anti-corruption Legislation and rebuilding of ethics and integrity.

3.0 Emerging Issues

Lack of proper internal budget prioritisation which has resulted in inadequate allocation of funds to the critical areas that have persistently remained under funded or unfunded, some of the most affected activities include: the coordination of security services in the Presidency, State House expansion of Model Villages for Poverty Alleviation Action Plan programmes, acquisition of land for construction of office space by the Directorate of Ethics and Integrity to eliminate increasing office rent expenditures. Also continuous are the budgetary shortfalls experienced by ESO which has negatively affected its operations and the perennial accumulated unpaid arrears in contributions to other critical regional and international security bodies.

Nonexistence of an overall monitoring and evaluation policy guide to streamline and harmonise the conflicting activities of M&E units and their duplicity and waste in all Government Ministries, Departments and Agencies remain a huge gap facing the Presidency.

Unapproved diversion of approved budgetary allocations to unbudgeted areas there by affecting the implementation and timely completion of the approved projects and activities.

Absence of effective and efficient planning and budgetary controls resulting in recurrent huge Supplementary budgets tabled to Parliament year in year out resulting from re-allocations from various budget items, which disrupt budget implementation.

Poor accountability mechanisms based on inconsistent and un-comprehensive data. For example, there has been no performance data in relation to external development financing of classified projects and programmes in the Presidency making it difficult for a comprehensive budget performance assessment to be made and remedial measures proposed.

Failure to operationalise the Anti-Pornography Act, 2014, due to a funding gap of UGX 2.6 billion continues to make it difficult to operationalise the Pornography Control Committee as established by the Anti-Pornography Act, 2014. Pornography display, selling and circulation continues unchecked yet as a country we have an unoperationalised law.

Absence of even “bounded transparency” and basic minimum accountability in ISO, ESO and State House regarding the amount of money and financial value of materials or services procured through classified expenditure budget outlays year in and year out. This has therefore created a lucrative source for corruption and inefficiency as these classified accounts have remained shrouded in a lot of secrecy even when many times, most of the items procured under such votes include fuel, stationery, rentals, food, tickets, allowances, computers and vehicles among others. It is usually only about 5% that may pass for real classified type of equipment or security operations. Even these, should be subjected to “bounded” auditing of at least the established internal control processes to ensure that it is not those who budget for classified expenditure that are the same officers who requisition, approve, spend and or even account for it.

Lack of specific quantitative and qualitative data in the Ministerial Policy Statement relating to planned output comes to be achieved with the approved funding year in year out. In the absence of a Sector Strategic Plan, it is difficult to assess the achievements of sector goals and targets, therefore creating difficulty in ascertaining value-for-money spent and how allocated public funds improve the livelihood of the citizenry who shoulder the burden of high taxes.

Unjustified classified expenditure in the Presidency beyond what is planned and earmarked for security agencies: According to the Public Financial Management Act, 2015, Parliament is very clear on classified expenditures. Classified expenditure only applies to defence and national security agencies. It is still noted in FY2017/18, ISO under Office of the President has proposed a classified budget of UGX3.940 billion, while the Office of the Vote function 1604 for coordination of security has done the same which is understandable. However, the official office of the President whose expenditure is not in the category of classified has also included another separate classified expenditure (under code 224003) of UGX 3.940 billion. Which other classified activity exists in the Office of the President apart from ISO activities and coordination of the Security Sector?

Absence of a statutory Instrument that operationalises the constitutional framework for developing patriotism in Uganda.

High accumulated Domestic Arrears. The Office of the President has high accumulated arrears from FY2011/12 amounting to UGX10.3 billion while Gratuity stands at UGX24.3 billion. Of the total accumulated arrears totaling to UGX36.6 billion, only UGX2 billion is provided.

Inadequate deployment at Foreign Missions and Countries of security interest. Currently of the 35 Uganda Foreign Missions, the External Security Organisation manages to only deploy in 18 Foreign Missions leaving the other 17 without personnel to collect security information externally which could threaten national security. ESO is unfunded to a tune of UGX15 billion, without which it cannot deploy in the other 17 Foreign Missions.

Failure to pay domestic Arrears for External Security Organisation: It is of grave concern that we continue to register accumulation of domestic arrears for ESO from FY2011/12 to FY2015/16. Currently, the domestic arrears amount to UGX17.799 billion but no budget allocation has been provided to cater for the accumulated arrears in the FY2017/18.

Failure to stick to approved activities by Parliament: It is also of serious concern that the Office of the President does not stick to approved activities by the Parliament. In several of the Auditor-General's annual reports since FY2013/14, the Office of the President has always come into limelight for failure to implement approved activities despite having received virtually all the approved budgeted funds.

ESO continuously experienced budgetary shortfalls hence negatively affecting its operations: While continued security threats in Uganda remain and or getting more sophisticated and firm in their resolve against Uganda, ESO continues to be unfunded and some of its core activities are unfunded.

Incompetent RDCS and DRDCs duplicating roles of the CAO and the elected LG Leaders

The NRM Government has placed a huge mandate of monitoring and supervision of Government programmes on RDCs and DRDCs. There is a huge risk of none effectiveness in the discharge of this mandate since, most of the RDCs and DRDCs do not have technical capacity and skills to monitor and report diligently given that most of them are appointed based on political patronage basis of being NRM cadres or loyal supporters. They have also taken over the roles of the CAO and in most LGs they have rendered the heads of the technical wings insignificant in the monitoring of Public Service delivery.

Absence of the Board Charter to spell out the definite terms of service for the board members of Uganda AIDS Commission, performance management and evaluation mechanisms, composition of committees, and the appointment of board members.

Absence of a strategic plan that spells out its long term direction

In the previous audit reports, the Auditor-General indicated that that Uganda AIDS Commission had not put in place medium and long term plans to spell out the long term direction on the fight against HIV/AIDS in the country.

4.0 Alternative Policy Proposals

Key Opposition Focus Areas

The Opposition will focus and undertake the following in FY2017/18:

Design an overall Monitoring and Evaluation Policy to streamline and harmonise the conflicting activities of M&E in all MDA's including the Presidency so as to provide strategic leadership in M&E in Government programmes and projects to maximise synergies and avoid duplication, waste, disjointed actions and improve effectiveness in M&E actions.

Improve internal planning and budget prioritisation resulting in adequate allocation of funds to the critical areas that have persistently remained under funded or unfunded. These include: the coordination of security services in the Presidency, State House expansion of Model Villages for Poverty Alleviation Action Plan programmes, acquisition of land for construction of office space by the Directorate of Ethics and Integrity to eliminate increasing office rent expenditures. Also resolve the continuous budgetary shortfalls experienced by ESO and thereby significantly improve its operations and eliminate the perennial accumulated unpaid arrears to staff and contributions to other important regional and international security bodies.

Eliminate and punish any diversion of approved budgetary allocations to unbudgeted areas, improve implementation and timely completion of the approved projects and activities.

Improve planning and institute budgetary controls to avoid or minimise recurrent huge supplementary budgets by ensuring that all the items and activities that can be predictable or routine, are planned and budgeted for thus leaving only sudden emergencies to the possibility for supplementary budgetary allocations to be tabled to Parliament as and when such emergencies occur.

Integrate the ministry's Information Financial Management System (IFMS) with the financial output budgeting tool used by external financing partners so as to make it possible to generate and assess in a comprehensive way, the extent of budget performance, including, external financing of the development and classified budget of the sector as required so as to be able to detect any anomalies' and remedial actions designed.

Institute "bounded transparency" and "basic minimum accountability" in ISO, ESO and State House particularly for the audit of the amount of money and ascertaining financial value of materials or services procured through classified expenditure budget outlays. This can be achieved by designing an external audit system of vetted audit experts' who could be trained in intelligence systems, procedures and principles and specialise for audit work in classified environments in which security services operate. These will operate under the command and control of an officer at the rank of General in the army to function as a Deputy Auditor-General

for the purpose of ensuring that security services and all Vote holders of classified expenditures are subjected to rigorous auditing and must strive to operate within the constitutional framework and uphold high standards of good governance-“transparency and accountability”. This will have to be implemented within the bounds of their professional ethics and principles.

In this respect, conventional accounting procedures could be adopted to the unique security operating environments in a way that eliminates corruption, abuse of systems and inefficiencies or even double accounting usually prevalent in the sector. It is important to eliminate conflict of interest and or abuse of office. It can be agreed that the code names (cover names) used to protect and conceal identity of persons or agents, actual places or other details regarding capabilities of equipment procured can be maintained but, auditing of processes and establishment of checks and balances to prevent or minimise abuse, should still be undertaken. The officials in the Presidency should stop hiding their corrupt and inefficient ways and ineffectiveness behind secrecy of classified expenditures.

Design a Sector Development Plan for the Presidency (SDPP) with Clear and measurable sectoral objectives and targets that mirror those of the NDP2 and Vision 2040 and ensure that both quantitative and qualitative output data indicators for planned and approved activities are captured and included in all Ministerial Policy Statements and progress reports to show how sector goals and targets are being achieved.

Work out an action plan to strictly implement Auditor General’s recommendations and put in place a strict control mechanism to avoid the ‘irregular’ diversions of approved funds to other activities not approved by Parliament.

Establish an elaborate rewards and punishment mechanism for enforcing strict controls and supervision to ensure that the Office of the President and other Government ministries or entities do abide by established commitment control system and adhere to successful implementation of planned activities and achievement of their target outputs as approved by Parliament.

Re-orient the Presidency’s budget expenditures to establish a healthy equilibrium between Consumptive Budgeting and Capital development. There is need to move away from the current excessively skewed consumptive budgeting in the Presidency. It is important to establish a critical balance between the needs of today without compromising the Presidency’s technical and or equipment capacity demands, necessary staff skill acquisition and infrastructural development needs for a better tomorrow.

The Offices of RDC/DRDC that of the CAO/ DCAO shall be merged to harmonise roles and ensure effective and efficient monitoring and evaluating of government programmes, this will lower the cost of monitoring and evaluating public service programme, eliminate duplication of

roles and wastage of valuable public resources that would be invested in productive sectors of the economy such as Agriculture, Health and Education.

The Unjustified classified Expenditure in the presidency for instance (under code 224003) of UGX3.940 billion shall be reallocated to other productive sectors of the economy.

Enact an Act of Parliament to institutionalise, regulate and guide patriotism development in Uganda which is all inclusive and nationalistic in form and substance not partisan in nature.

Originate a Cabinet Policy Paper to streamline, harmonise and separate the coordination, monitoring, liaison and facilitating roles of the Presidency (State House and official Office of the President) and OPM from the current conflicting omnibus mandates of the Presidency and OPM being everything-implementers and coordinators.

Like OPM, the Presidency should not be an implementer or a front line actor at all. We expect the OPM as an extended arm of the Executive Office, to receive resources for the special regions from the Treasury, under the different departments and Ministers of State, then disburse them to respective the Local Governments and other Government agencies, and then monitor them, inspect their works, offer on the spot advice and appraise or evaluate their performance regularly while the Presidency concentrates on mobilisation, diplomacy and executive action and policy development, coordination and oversight functions.

The OPM will convene regular coordination or facilitation meetings on behalf of the presidency with representatives of donors, national line sector ministry actors, CSOs and respective Local governments to discuss and find urgent solutions to development programmes implementation bottlenecks encountered. This will also help to speed up implementation, maximise on synergies and partnerships as well as assure high level performance and improve projects completion rates while reporting back to Cabinet (Presidency) and answerable for all Government business in Parliament.

Abolish with immediate effect the office of Resident District Commissioners and their Deputies in order to streamline the supervisory operations at the local governments and empower the elected and technical leaders to effectively execute the mandate of programme implementation and monitoring. This will free considerable resources into real service delivery but also reduce role conflict at the districts. Similarly, the portfolio for Presidential Advisors should be abolished and in their place, a Council of Advisors numbering not more than 10 be appointed to regularly advise the President.

The Patriotism Clubs and Coordination Office together with the current design and programme should be abolished. The love for one's country is inculcated through process and deeds not taught in class. Civic education should instead be re-introduced onto the school syllabi to help the young population learn more about the country's past and current political trends.

All departments and offices under State House that are a duplication of already existing Government departments and Ministries such as the Land Office and the Health Monitoring Unit among others should be abolished and instead resources channelled to the respective departments to boost the monitoring and supervision function.

CONCLUSION

In the FY2017/18, the Opposition will undertake the following;

Design an overall monitoring and evaluation policy to streamline and harmonise the conflicting activities of M&E in all MDA's including the Presidency so as to provide strategic leadership in M&E in Government programmes and projects to maximise synergies and avoid duplication, waste, disjointed actions and improve effectiveness in M&E actions.

Improve internal planning and budget prioritization resulting in adequate allocation of funds to the critical areas that have persistently remained under funded or unfunded.

Eliminate and punish any diversion of approved budgetary allocations to unbudgeted areas improve implementation and timely completion of the approved projects and activities.

Improve planning and institute budgetary controls to avoid or minimise recurrent huge supplementary budgets by ensuring that all the items and activities that can be predictable or routine, are planned and budgeted for thus leaving only sudden emergencies to the possibility for supplementary budgetary allocations to be tabled to Parliament as and when such emergencies occur.

Integrate the ministry's Information Financial Management System (IFMS) with the financial output budgeting tool used by external financing partners so as to make it possible to generate and assess in a comprehensive way, the extent of budget performance, including, external financing of the development and classified budget of the sector as required so as to be able to detect any anomalies' and remedial actions designed.

Institute "bounded transparency" and "basic minimum accountability" in ISO, ESO and State House particularly for the audit of the amount of money and ascertaining financial value of materials or services procured through classified expenditure budget outlays.

Design a Sector Development Plan for the Presidency (SDPP) with Clear and measurable sectoral objectives and targets that mirror those of the NDP2 and Vision 2040 and ensure that both quantitative and qualitative output data indicators for planned and approved activities are captured and included in all Ministerial Policy Statements and progress reports to show how Sector goals and targets are being achieved.

Work out an action plan to strictly implement the Auditor-General's recommendations and put

in place a strict control mechanism to avoid the ‘irregular’ diversions of approved funds to other activities not approved by Parliament.

Establish an elaborate rewards and punishment mechanism for enforcing strict controls and supervision to ensure that the Office of the President and other Government ministries or entities do abide by established commitment control system and adhere to successful implementation of planned activities and achievement of their target outputs as approved by Parliament.

Re-orient the Presidency’s budget expenditures to establish a healthy equilibrium between Consumptive Budgeting and Capital development. There is need to move away from the current excessively skewed consumptive budgeting in the Presidency.

The Offices of RDC/DRDC that of the CAO/ DCAO shall be merged to harmonise roles and ensure effective and efficient monitoring and evaluating of Government programmes, this will lower the cost of monitoring and evaluating public service programmes, eliminate duplication of roles and wastage of valuable public resources.

The unjustified classified expenditure in the Presidency for instance (under code 224003) of UGX3.940 billion shall be reallocated to other productive sectors of the economy.

Enact an Act of Parliament to institutionalise, regulate and guide patriotism development in Uganda which is all inclusive and nationalistic in form and substance not partisan in nature. Originate a cabinet policy paper to streamline, harmonise and separate the coordination, monitoring, liaison and facilitating roles of the Presidency (State House and official Office of the President) and OPM from the current conflicting omnibus mandates of the Presidency and OPM being everything-implementers and coordinators.

ALTERNATIVE POLICY STATEMENT FOR KAMPALA CAPITAL CITY AUTHORITY FOR FINANCIAL YEAR 2017/18

1.0 Background

In line with Section 6E (2) of the Administration of Parliament Act (2006), the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet Ministers. Within the same legal framework in Section 6E (4) the Shadow Minister is mandated to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In light of the above, the Shadow Minister of Kampala Capital City Authority hereby presents the Alternative Policy Statement.

Kampala Capital City Authority – Mandate, Vision and Strategy

In 2005, Government amended Article 5 of the 1995 Constitution to provide for Kampala as the capital city of Uganda which shall be administered by the Central Government (GoU, 2006). Kampala city had been administered under the Local Governments Act (1997) as a district headed by an elected Executive Mayor. The constitutional amendments were followed by the tabling and passing of an Act of Parliament titled the Kampala City Council Act (2010), which structurally disaggregated KCC from its parent ministry of Local Government and legally established the KCCA as an executive agency to administer and manage the affairs of Kampala city for and on behalf of the central Government. The agency is technically headed by an Executive Director, a public servant appointed by the President for a five (5) year renewable contract. There are two political actors in the agency; the Authority constituted of the Lord Mayor and councillors as well as a Minister for Kampala Affairs appointed by the President.

Kampala's population is estimated at 1.5 million⁴⁵ with the daily workforce rising to over four (4) million people. The city and its environs remain the country's commercial and economic hub accounting for 80% of industrial production and 65% of the country's GDP. The Ministry of Finance estimated that 'there are more than 1.5 million micro enterprises operating in the country employing over 2.5 million people, with over 55% located in Kampala (PSD/MSEPU, 1999). The interpretation of the above is that there are over 1.25 million people employed in the informal sector in Kampala alone.

In 2014, KCCA unveiled a new and comprehensive strategic plan (2014/15 - 2018/19) that 'addresses the need to transform Kampala, rebuild key institutional, infrastructural and social structures that drive the delivery of goods and services, and respond to the challenges of increasing urbanisation influenced by a younger population and influx of rural-urban

⁴⁵ UBOS (2014) National Population and Housing Census Results

migration'⁴⁶. The plan prioritises five (5) thematic areas including;

- i) Planned and green environment;
- ii) Economic growth;
- iii) Integrated city transport infrastructure;
- iv) Social development, health and education; and
- v) Urban governance and operational excellence.

KCCA Ministerial Policy Statement (MPS)

Under Section 13 (13) of the Public Finance Management Act (2015), every minister responsible for a Vote is required to submit to Parliament, a Ministerial Policy Statement for the following fiscal year showing among others; the achievements of the Vote for the previous year; the annual work plan, procurement and recruitment plans; a statement of actions taken by the Vote to implement the recommendations of Parliament and the cash flow projections of the vote. In this respect, the MPS for KCCA was submitted to Parliament with the following highlights;

Cash Flow Projections

For the FY2017/18, the total expected financing for KCCA is UGX337.39 billion indicating a nominal decrease of UGX226.45 billion (40.1%) from FY 2016/17's Government appropriation of UGX563.84 billion.

Table 1: Summary of Budget Allocation to KCCA

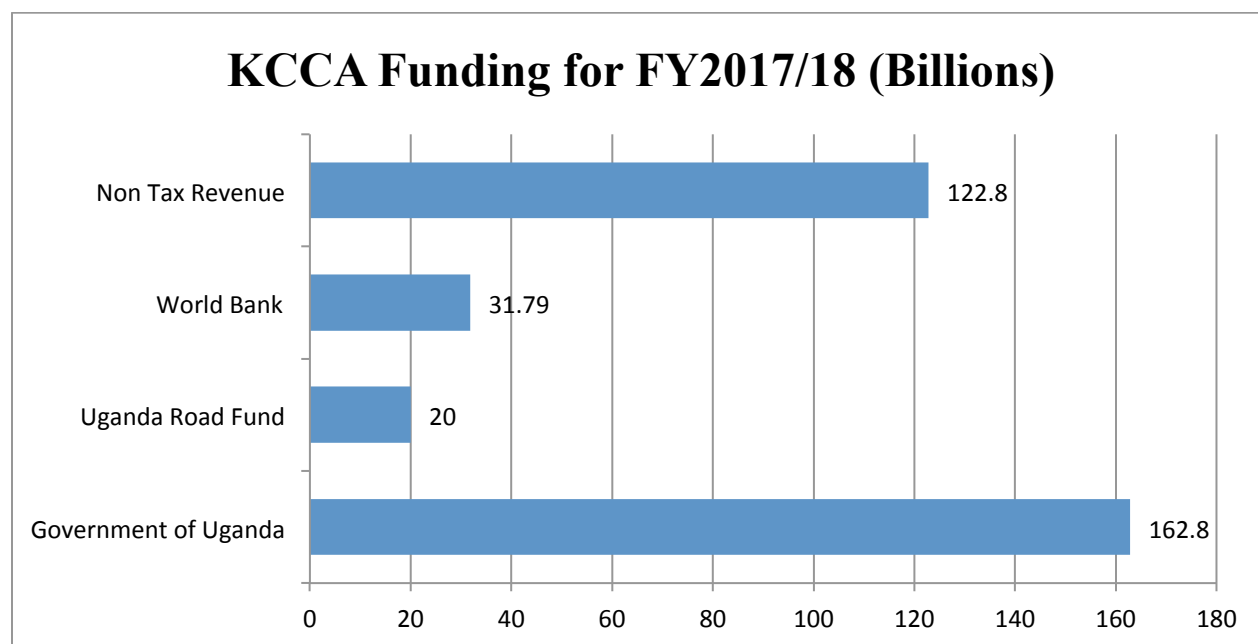
Budget Allocation in Billions of UGX		2016/17	2017/18	2018/19
	Wage	52.52	64.59	55.14
Recurrent	Non-wage	20.17	20.56	29.85
	Total Recurrent	72.69	85.15	84.99
	GOU	77.65	77.65	79.43
Development	Ext. Fin.	280.8	31.79	76.77
	Uganda Road Fund	20	20	20
	Total Development	378.45	129.44	176.2
Total Budget (excl. Arrears , Taxes and arrears)		451.14	214.59	261.19
	NTR	112.7	122.8	127.35
Total Budget (incl. Arrears, Taxes & AIA)		563.84	337.39	388.54
National Budget		26360.44		N/A
As a percentage of National Budget		2.06%	0.60%	

⁴⁶ KCCA. (2014). Kampala Capital City Authority Strategic Plan 2014/15 – 2018

Sources of 2017/18 funding for KCCA

For FY 2017/18, KCCA budget is projected at UGX337.39 billion of which UGX162.8 billion is Government grants, UGX20 billion is from Uganda Road Fund, UGX31.79 billion is external financing for Kampala Infrastructure and Institutional Development Programme (KIIDP 2) funded by the World Bank and UGX122.80 billion has been projected as Non-Tax Revenue collection.

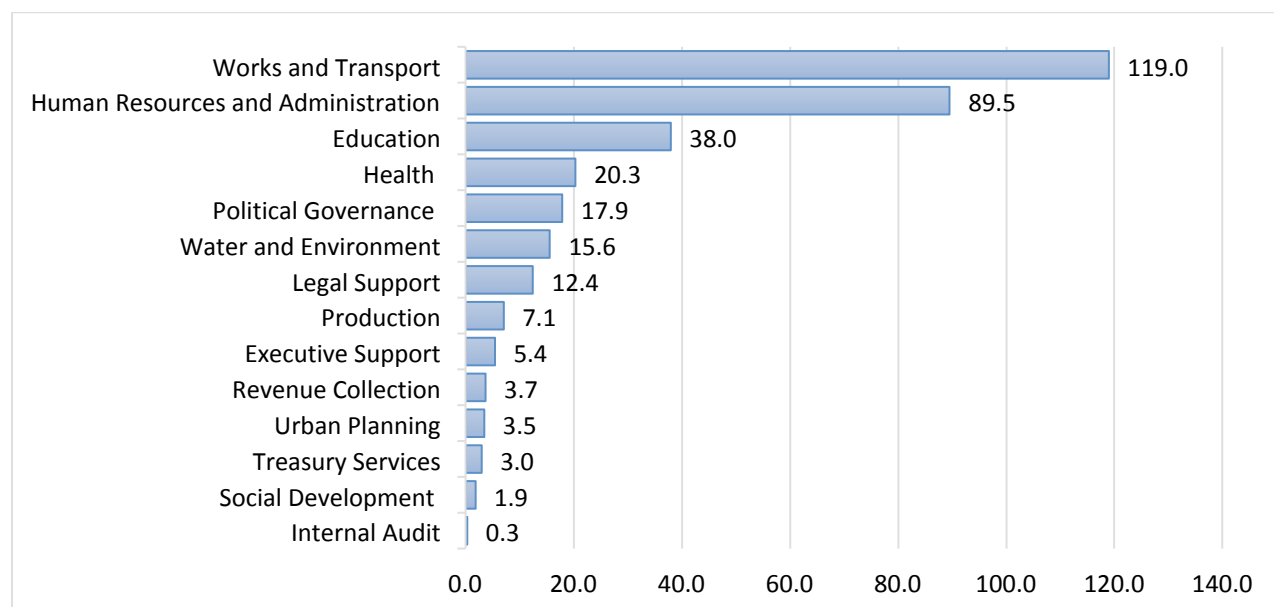
Figure 1: Sources of KCCA Funding in FY2017/18



Source: KCCA MPS 2017/18

Figure 2 below indicates that KCCA's wage bill is projected to rise to UGX64.59 billion in FY2017/18 up by over UGX12 billion in comparison to FY2016/17. Administration, human resources together with works and transport will take the lion's share amounting to UGX208.48 billion (53%). In consonance with the national budget, the social development sector is among the least funded sub sectors despite the growing number of Kampala's residential and daily workforce estimated at 4.4 million. The emphasise on works and transport is critical given the state of the capital city infrastructure but recent events such as the influx of people into the city and the growing number of slums suggests a need to prioritise community development issues within the city.

Figure 2: KCCA Inter-vote allocations (billions)



Key strategic programmes and projects under KCCA

- Integrated City Transportation Infrastructure;
- Neighbourhood Planning;
- City Resilience and Sustainable Drainage Management;
- Social Development, Health and Education;
- City Economic Growth;
- Enhancing efficiency in local revenue mobilization; and
- Institutional Development.

2.0 Analysis of the MPS

Sector Achievements, Priorities and Allocations

Achievements

In the period under review (FY2016/17), the MPS indicates several achievements including;

- Significant progress in the implementation of the Kampala Infrastructure and Institutional Development Project including the reconfiguration of the Fairway junction and commencement of dualling of some of the city roads.

- Completion of civil works at Kiruddu and Kawempe hospitals that are now supporting the on-going renovation of Mulago National Referral Hospital.
- Commencement of the City Wide Property Revaluation exercise that is expected to significantly improve our local revenues on implementation.
- Finalised the Kampala Climate Change Action Strategy that was developed with assistance from AFD, the French Development Agency, that will help to mainstream climate change response in all the Kampala City services.
- For the third consecutive financial year, the Auditor-General issued to KCCA an unqualified audit opinion on the financial statements for FY2015/16. This has been made possible by the much improved financial management systems.

While it is imperative to report these achievements at output level as indicated above, it is equally imperious for the MPS to report the immediate outcomes such as the extent to which these projects are meeting their stated objectives and the progress of works for on-going projects. How has the completion of the reconfiguration of the Fairway Roundabout contributed to enhanced mobility and enhanced inclusive economic growth? A progress report⁴⁷ submitted by KCCA to the World Bank shows slow progress in the implementation of the civil works under KIIDP II due to slow relocation of utilities and delays in resettlement action plans. According to the report, 22 months after credit effectiveness, disbursements stand at 20.5% (equivalent to USD32.7 million disbursed). With the project end date nearing and in consideration of the pace of implementation, it is unlikely that the agency will complete KIIDP and absorb the committed USD175 million in time.

Sector Priorities

In the FY2017/18, KCCA plans to mainly continue with the implementation of several interventions scoped and currently being undertaken in Financial Year 2016/17. The interventions planned seek to enhance implementation of the key strategic programmes and projects as stipulated in the KCCA five-year (5) Strategic Plan namely;

- Integrated City Transportation Infrastructure;
- Neighbourhood Planning;
- City Resilience and Sustainable Drainage Management;
- Social Development, Health and Education;

⁴⁷ Onyach-Olaa, (2017). Uganda - Second Kampala Institutional and Infrastructure Development Project: P133590 - Implementation Status Results Report: Sequence 06. Washington, D.C.: World Bank Group.
<http://documents.worldbank.org/curated/en/301261490898235734/Uganda-Second-Kampala-Institutional-and-Infrastructure-Development-Project-P133590-Implementation-Status-Results-Report-Sequence-06>

- City Economic Growth;
- Enhancing efficiency in local revenue mobilisation; and
- Institutional Development.

One of the major priorities for FY2017/18 is indicated as the completion of the overdue Physical Development Plan for KCCA which will provide a planning blue print for the Greater Kampala Metropolitan Area. This is critical in order to ensure that the city's development takes an orderly, livable and sustainable path.

Recent events including the numerous land evictions and conflicts over local revenue between KCCA and neighbouring local governments implies that the development challenges of Kampala and indeed interventions cannot be undertaken by KCCA alone. The non-prioritisation of the operationalisation of the approved Greater Kampala Metropolitan Area (GKMA) suppresses the realisation of a key national development objective of an organised physical, spatial, environmental and ecological Kampala conurbation. Greater Kampala Metropolitan Area is defined under the Kampala Capital City Authority (KCCA) Act, 2010 to include Kampala city and the neighboring districts of Mpigi, Wakiso and Mukono. It is a framework aimed at ensuring coordinated planning and implementation of programmes across the metropolitan area to maximise benefits of planned urbanisation.

Six (6) years after the coming into force of the KCCA Act (2010), there are no clear efforts to establish and operationalise the running of the GKMA which would in effect establish the Metropolitan Physical Planning Authority and Metropolitan Police. Instead, KCCA is undertaking development interventions that would ideally be undertaken under the GKMA. In FY2016/17, KCCA approved the GKMA Multi Modal Transport Master Plan, an initiative which should ideally happen under an established GKMA and in close involvement of the neighbouring districts. The roll out of such a programme is likely to result into conflicts between KCCA and the neighbouring Local Governments.

The MPS for FY2017/18 has not prioritised an internal governance framework to settle political and management contestations regarding administrative, technical and oversight processes in the agency. In the last five (5) years, there have been several leadership and management contestations between the technical wing headed by the Executive Director and the political wing headed by the Lord Mayor. It is important to acknowledge that the legal framework (KCCA Act, 2010) explicitly provides for a central role for elected leaders to partake in the policy-making processes of the agency.

However, the same law also provides for a Minister for Kampala Affairs as the political supervisor with overriding powers to veto and rescind the decisions reached at by the Authority. The legal provisions have on numerous occasions been variously interpreted by the

actors involved in the management and governance of KCCA, resulting, into political and legal contestations between the political wing on one side and the technical wing together with the Minister, on the other side.

Over the last five (5) years and especially in the midst of political and management contestations, the need to have the legal framework reviewed has been protuberant. In particular, stakeholders have called for a review of the legal boundaries regarding the roles of the three main actors (Minister, Executive Director and Lord Mayor) to eliminate instances of roles overlap. The Executive Director in execution of her roles, reports to several power centres which undermines modern public management principles that call for clear reporting hierarchies in organisations. This MPS has not prioritised an agency process to prepare and implement wide stakeholder consultative actions following the tabling of the KCCA Amendment Bill (2016).

Sector Allocations

For the FY2017/18, Government has allocated UGX162.80 billion, UGX20.00 billion from Uganda Road Fund while UGX31.79 billion is from external financing for KIIDP 2 and KCCA projects to collect UGX122.8 billion from Non-Tax Revenue. The total expected financing for KCCA is UGX337.39 billion.

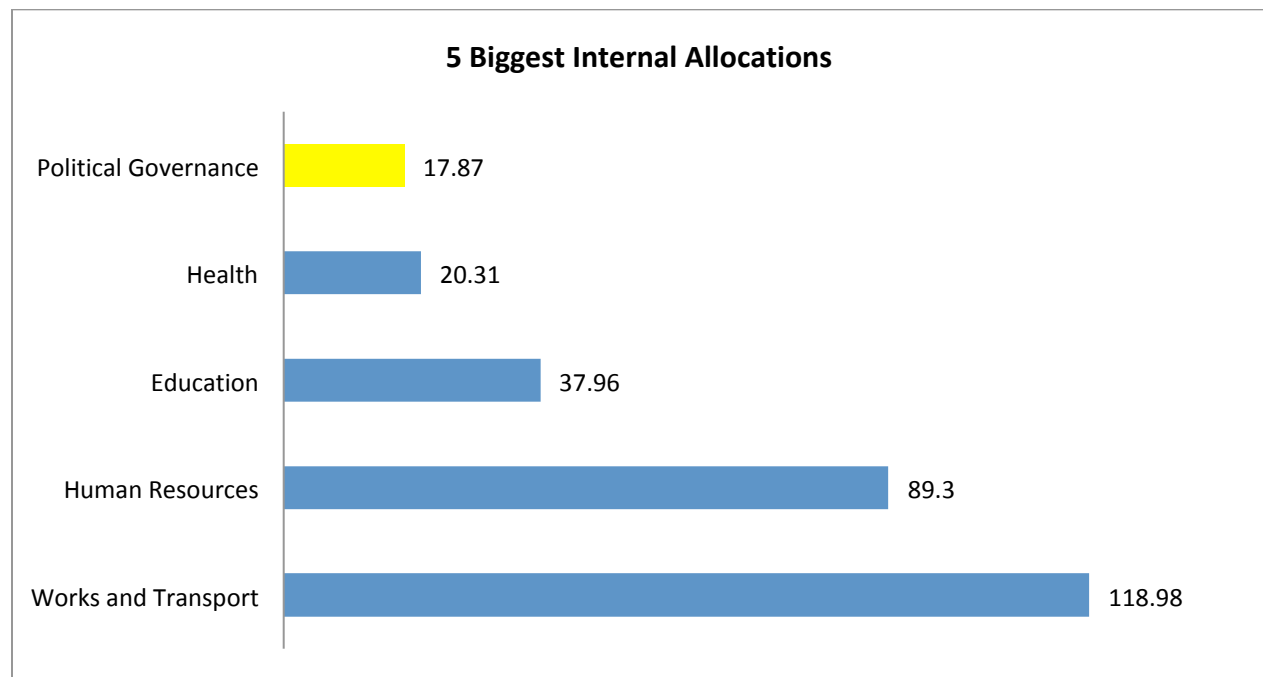
The financial resource requirement for the priority investments over the five-year (5) period (USD).

Table 2: Five Year (2013/14 – 2017/18) Funding Framework for KCCA

	2013/14	2014/15	2015/16	2016/17	2017/18
GOU(Billions)					
Wage & Non-wage	35.15	40	38.9	71.11	153.15
Development	80.65	126.651	91.762	99.082	135.082
Subtotal	115.8	160.65	130.66	170.19	288.23
Local Revenue Collections					
Wage & Non-wage	60	70	75	80	83
Development	-	18	25	40	52
Sub-total	68	88	110	80	83
Grand Local Funding (UGX)	183.8	248.65	246.66	290.19	423.23
Grand Local Funds in (USD)	73.52	83.46	94.664	114.476	167.692
DEVELOPMENT PARTNERS (USD)					
Kampala Recovery Programme	45	70	150	200	250
Grand Total (USD)	118.52	153.46	244.664	314.476	417.692

The total projected allocation to KCCA in FY2017/18 is UGX337.39 billion which is over and above what is indicated in the five-year (5) framework for FY2017/18. Overall allocation to the sector has been growing at an average of over 25% in the period 2013/14 – 2017/18.

Figure 3: The 5 Big Inter-sectoral Allocations



Source: KCCA MPS for FY2017/18

The biggest projected internal allocation is works and transport with a total of UGX118.98 billion (i.e. UGX64.90 billion from GOU, UGX20.0 billion from URF and UGX31.79 billion from External Funding - KIIDP 2 and UGX2.29 billion from Local Revenue).

While political governance winds up the list of the five (5) most funded sub sectors at UGX17.87 billion, there is a substantial increment over and above the UGX14.05 billion allocated in FY2016/17. This money is meant to cater for political leaders' emoluments, capacity building, meetings and travel costs among others.

The allocation to political governance includes a UGX2 billion increment to cater for the emoluments of political leaders. This increment will however be effected on condition that political leaders are able to mobilise revenue to cover the planned increase and the increment will be sanctioned by the Minister of Kampala Capital City and Metropolitan Affairs in consultation with the Minister for Public Service and Ministry of Finance Planning and Economic Development after receiving a report on the enhanced revenue.

Firstly, allocation of resources as provided for in PFMA Act (2015) is a function of Parliament; secondly mobilisation of local revenues is a mandate of the technical wing of KCCA and not the political leaders. It is erroneous for the emoluments of political leaders to be subjected to unconstitutional conditions that may be abused and with the potential to cause further rifts in the administration and governance of the city.

In 2016, Parliament adopted a resolution and directed the Executive to pay the Lord Mayor his salary arrears and other emoluments amounting to over UGX690 million. Government has however not honoured this Parliamentary resolution citing a court appeal against the Lord Mayor over his impeachment. There is no allocation of funds to cater for this payment, which scenario is likely to perpetuate the rift between the Lord Mayor and the technical wing of KCCA.

Unfunded Priorities

Several interventions have been listed as unfunded in the FY2017/18 with priorities for the different urban divisions and resettlement action plans constituting the biggest items equivalent to UGX100 billion. A key issue is the non-prioritisation of the clearing of outstanding payment of USAFI market equivalent to UGX10.5 billion. This is likely to lead to legal contestations that may be costly to the agency and subsequently result into loss of tax payers' money. In total, the unfunded priorities for the FY 2017/18 are estimated at over UGX206.5 billion.

MPS Compliance with the PFMA Act (2015) and NDP II

In line with Section 13(6) and 13(7) of the PFMA, the National Planning Authority assessed the budget and its compliance to the National Development Plan, Charter of Fiscal Responsibility and the Budget Framework Paper. Overall, KCCA performed at 64% specifically the sector compliance is presented below.

Table 2: KCCA compliance with NDP II

Description	Compliance (%)
Sector Planning	75
Projects Planning	44
Budget process Instruments	84
Budget Performance	36

Source: NPA Certificate of Compliance FY2017/18

NPA reports that out of the 32 NDPII KCCA projects, only 14 are integrated in the MoFPED PIP and it is for this reason that project planning scores 44%.

MPS Compliance with the Gender and Equity Requirements

Pursuant to Section 13(15) (g) (i) of the PFMA, the Minister laid an assessment of the overall compliance with the gender and equity requirements. For the year, the threshold of issuance of the gender and equity certificate stands at 50%, the sector accordingly scored 78% for the fiscal year 2017/18. The score represents an increase in performance by KCCA from 58% (21-point increase) in 2016/17.

3.0 Emerging Policy Issues

- a) In consonance with the national budget, the social development sector is among the least funded sub sectors despite the growing number of Kampala's residential and daily workforce estimated at 4.4 million. The emphasis on works and transport is critical given the state of the capital city infrastructure but recent events such as the influx of people into the city and the growing number of slums suggests a need to prioritise community development issues within the city.
- b) The non-prioritisation of the operationalisation of the approved Greater Kampala Metropolitan Area suppresses the realisation of a key national development objective of an organised physical, spatial, environmental and ecological Kampala conurbation. Already KCCA is moving ahead with planning for interventions meant to be implemented under the GKMA without a formal structure and this is likely to cause further rifts between the agency and the neighbouring local governments.
- c) The authority employs a sizeable number of employees in the range of 884 on temporary terms. This poses a risk of job insecurity. In addition, the MPS indicates an increase in the wage for the authority from UGX52.52 Billion to UGX64 billion. The Authority asserts that this is to cater for the recruitment of staff for Kiruddu and Kawempe hospitals. However, subsequently, the Authority makes claim that no money has been allocated to the hospital and yet it is expected to be operationalised this year.
- d) Furthermore, the MPS makes no mention of and the terms of the MoU between Mulago National Referral Hospital and KCCA over the usage of Kiruddu and Kawempe hospitals. This MoU is a possible revenue generating venture for the Authority. In addition, there is no indication of the recurrent costs that the hospital requires operating at optimal levels and who is footing the costs. Naguru China-Uganda Hospital will be handed over to KCCA in FY-2017/18. However, there is no indication of the funding requirement for this and the readiness of KCCA to manage the hospital.
- e) The slow progress in the implementation of civil works under KIIDP II due to sluggish relocation of utilities and delays in resettlement action plans is likely to result into a monetary loss to tax payers. Twenty-two months after credit effectiveness,

disbursements stand at 20.5% (equivalent to USD32.7 million). With the project end date nearing and in consideration of the pace of implementation, it is unlikely that the agency will timely complete KIIDP and absorb the committed USD175 million. Allocation under Uganda Road Fund has stagnated at UGX20 billion over the medium term. This is cognizant of the fact that road maintenance backlog has persisted.

- f) In FY2016/17, UGX402 million was disbursed to 33 private health facilities under the PHC-Grants (Health Financing). However, specifications (hospital name, amount received, outcome indicators) of the recipients of the grants are not indicated in the MPS. KCCA needs to be transparent and accountable to its stakeholders.
- g) The MPS only avails the numbers for UPE and USE beneficiaries; it does not mention the number of beneficiaries in the tertiary Institutions, Teacher Training and Health Teaching. While the MPS makes mention of the Capitation grant which stands at UGX5.98 billion, it's impossible to establish how much is availed to each student in the latter institutions for the fiscal year.
- h) The MPS for FY2017/18 has not prioritised an internal governance framework to settle political and management contestations regarding administrative, technical and oversight processes in the agency. In the last five (5) years, there have been several leadership and management contestations between the technical wing headed by the Executive Director and the Political wing headed by the Lord Mayor.
- i) Following the tabling of the KCC Amendment Bill (2016), it is imperative that the Authority prioritises an agency process to prepare and implement wide stakeholder consultative actions to find a lasting and consensual solution to the never-ending administrative and governance challenges. This has not been prioritised in the MPS for FY2017/18.
- j) A key issue is the non-prioritisation of the clearing of outstanding payment of USAFI Market equivalent to UGX10.5 billion. This is likely to lead to legal contestations that may be costly to the Authority and subsequently result into loss of tax payers' money.
- k) KCCA plans to increase the emoluments of political leaders but this increment is subject to political leaders mobilising and increasing local revenues equal to the required amount of UGX2 billion. We note that this condition is in contravention of the PFMA Act (2015) and that mobilisation of local revenues is not a mandate of political leaders. It is erroneous for the emoluments of political leaders to be subjected to unconstitutional terms that may be abused and with the potential to cause further rifts in the administration and governance of the city.

- I) In 2016, Parliament adopted a resolution and directed the Executive to pay the Lord Mayor his salary arrears and other emoluments amounting to over UGX690 million. Government has, however, not honoured this Parliamentary resolution citing a court appeal against the Lord Mayor over his impeachment. There is a no allocation of funds to cater for this payment which, scenario is likely to perpetuate the rift between the Lord Mayor and the technical wing of KCCA.

4.0 Alternative Policy Proposals

As the Opposition, the Ministerial Policy Statement is an accountability document to show sector performance at outcome level and its tangible contribution to the national development targets and not just an outline of activities undertaken in the Sector as it is now. Therefore, the sector should embark on programme based reporting as opposed to the non-comprehensive format it is currently in.

- A. The first key learning is that everything in the development and management of a city must be guided by a 20-year Physical Development Master Plan (“the Plan”). Our review of the KCCA Strategic Development Plan reveals it to be a high-level statement of objectives but lacking the implementation plan depth for a proper Physical Development Master Plan. In seeking to learn from the successful experience of other cities, we recommend the development of a Master Plan driven by two (2) things: first, the expertise required to draw up such a plan for a modern city that is already in existence; second, the framework for its execution.
- B. Execution of the Plan for an existing city is extremely difficult because of existing structures not conforming to the new plan: old buildings and roads, inadequate drainage and sewerage, slums, lack of parking, unplanned roads and buildings/ unplanned expansion and absence of planned utility networks. The most important driver of success in implementing a new city plan is strong political will for tough decision making. It is imperative that the current political power struggle in the leadership of Kampala City (Mayor, Minister and Executive Director) be resolved via proper delineation and separation of roles for there to be any possibility of the necessary will.
- C. Government should support slum destruction and slum population relocation in Kampala by selling public land elsewhere to fund the construction of low cost housing settlements which then become the new destinations for slum populations.
- D. To facilitate investor attraction and economic growth in the city, KCCA should plan for a fully e-linked one-stop support centre for construction approvals, ranging from business registration to land titles, environmental impact assessment studies and permits, utility applications and provisions, to construction permits and entry permits. KCCA must draw this

expertise from all inputting MDA's and locate the expertise in a single building to maximise investor convenience.

- E. Government will need to significantly increase funding support to KCCA to acquire and implement a modern city plan while concurrently strengthening the city's ability to increase revenue collection and eventually reduce its dependence on central Government funding.
- F. A deliberate plan should be adopted and a law passed to compel every new building in the Metropolitan area to have basement parking floors. Further, concessional considerations should be made and specific spaces in the city earmarked for the construction of exclusively parking buildings. This should be undertaken under a Private-Public-Partnership arrangement and is aimed at ultimately eliminating street parking on all streets to free the already narrow streets and reduce traffic congestion.
- G. The sight of dug up roads and pavements every now and then under the guise of passing utility pipes and cables is an eye sore. KCCA should undertake to construct permanent wide channels at regular intervals and direct all utility companies to pass their cable systems in the same rather than dig roads and pavements at will. No individual company should be allowed to dig up a road for any installations. Where interruptions must be made, that section should be closed off, worked on and put back to its original state within the possible minimum time. This will ensure proper maintenance of the roads and pavements but also guarantee beauty and cleanliness in the city.
- H. The current provisions for the Greater Kampala Metropolitan Area should be reviewed with a view to create that whole area as one administrative area rather than just a planning area under different Local and Urban Governments which scenario makes planning complicated. This is because different planning and administrative areas have different interests and resource availability. The districts of Mukono, Wakiso and Mpigi should be integrated under the Kampala Capital City Authority and then the whole area be divided into districts and municipalities under the Authority. This will facilitate harmonised planning and development across the metropolitan area.

ALTERNATIVE POLICY STATEMENT FOR FOREIGN AFFAIRS FOR FINANCIAL YEAR 2017/18

Executive Summary

The Ministry of Foreign Affairs is mandated to promote and protect Uganda's interests abroad and undertake programmes that underpin the implementation and management of Foreign Policy. The national interest is encapsulated in the broader themes of National Security, Development and Welfare of Ugandans and enhancement of Uganda's image abroad.

Emerging Issues

- I. Failure to prioritise International trade as a core function of MoFA
- II. Underfunding for the Development budget
- III. Inadequate staff deployment at missions abroad
- IV. Inadequate and underfunding of Missions to undertake their mandate
- V. Missions abroad lack Strategic Plans
- VI. Mission filled with political cadres rather than career diplomats
- VII. Failure to rollout Commercial and Economic Diplomacy to all Missions Abroad
- VIII. Inadequate support to mission abroad from relevant MDAs in Uganda
- IX. Lack of a legal Foreign Service framework for MoFA
- X. Lack of National Diaspora Policy
- XI. Lack of clear policy framework to assist distressed Ugandans abroad
- XII. Reporting obligations and nature of reports on Treaties and Conventions

Alternative Policy Proposals

- i. Develop a National Foreign policy
- ii. Renamed the Ministry of Foreign Affairs as the Ministry of Foreign Relations and International Trade
- iii. Realign Uganda's Foreign Policy with the nation's international trade objectives
- iv. Develop and implement the Uganda Diaspora Policy immediately and establish a National Diaspora Council of Uganda
- v. Develop and implement the Foreign Service Law
- vi. Strengthen Ministerial ICT Capacity and Infrastructure

- vii. Strengthen Asset Management
- viii. Pass a law for Foreign Service and Establish UIDIA
- ix. Strengthen Human Resource Capacity

1.0 Background to the Alternative Policy Statement

In line with Section 6E (2) of the Administration of Parliament Act (2006), the Leader of Opposition in Parliament is mandated to consult with his or her party leadership to appoint a Shadow Cabinet from members of the Opposition in Parliament with portfolios and functions that correspond to those of Cabinet Ministers.

Within the same legal framework, Section 6E (4) the Shadow Minister is mandated to present an Alternative Policy Statement on the Floor of the House for consideration and possible implementation. In view of the above, the Shadow Minister for Foreign Affairs presents this Alternative Policy Statement.

Ministry of Foreign Affairs

The Ministry of Foreign Affairs is composed of headquarters, 33 Missions and two (2) Consulates abroad. The Ministry of Foreign Affairs is a member of the Public Administration Sector which include; Office of the President, Electoral Commission and State House.

Mandate

The Ministry of Foreign Affairs is mandated to promote and protect Uganda's interests abroad and undertake programmes that underpin the implementation and management of Foreign Policy. The national interest is encapsulated in the broader themes of National Security, Development and Welfare of Ugandans and enhancement of Uganda's image abroad.

The mandates of the Ministry specifically are:

- To promote regional and international peace and security
- To promote commercial and economic diplomacy
- To promote regional integration
- To promote international law related commitments/obligations
- To provide diplomatic, protocol and consular services at home and abroad
- To mobilise and empower Ugandans in the diaspora for national development
- To promote public diplomacy and enhance her image abroad

Statement Outline

The Alternative Policy Statement is outlined as follows:

Chapter 1: Background to Alternative Policy Statement presents the legal provisions, sector overview and statement outline.

Chapter 2: Situational analysis of Ministerial Policy Statement highlights the budget allocation, key Outputs and Gaps; Linkages and Opportunities; and Risks.

Chapter 3: Alternative Policy Statement details alternatives key focus areas and anticipated key outputs.

Chapter 4: Conclusion gives a summary of the proposed alternatives.

2.0 Situational Analysis of the Government Ministerial Policy Statement

Budget Allocations

The Ministry of Foreign affairs falls under the Public Sector Management. The projected MoFA funding, including Missions Abroad for FY2017/18 excluding arrears is UGX180.636 billion which represents 0.64% of the National Budget UGX28,252.5 billion. This amount includes Wage of UGX25.829 billion (14.3%), Non-wage of UGX138.164 billion (76.5%) and GoU funding for Development amounting to UGX16.643 (9.2%) of the Ministry total budget projected.

Table 1: Sector Budget Allocations for FY 2011/12-FY 2017/18

Financial year allocations (billion shillings)				
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Ministry of Foreign Affairs	115.43	153.09	188.02	178.371
Public Sector Management	1,265.32	1,017.60	1,384.42	1,173.53
% share of Ministry of Foreign Affairs Sector budget	9.1	15.0	13.6	15.2

Source: Sector Budget framework papers

The Ministry of Foreign Affairs share of the Sector budget increased from 9.1% in FY2014/15 to 15.2% in FY2017/18. This slight increase reflects a rise in Government commitment to develop the Sector.

Key Sector Outputs for FY 2017/18

The following are the major goals for the Ministry of Foreign Affairs during the FY 2017/18:

- Regional and international peace and security promoted
- Economic and commercial diplomacy promoted
- Regional integration deepened
- Public diplomacy promoted to enhance Uganda's image
- Bilateral, regional and international law and human rights observed
- Ugandan diaspora mobilised for national development
- Protocol, consular and diplomatic services provided
- Institutional capacity built

3.0 Emerging Issues

Failure to prioritise International trade as a core function of MoFA

Foreign Affairs and External Trade are a function and service for which Government is responsible as stipulated in the Sixth Schedule of the Constitution of the Republic of Uganda. This implies International Trade and Foreign Affairs are inseparable. Currently, the Ministry of Foreign Affairs does not prioritise External Trade as its core function and service since there are no clear measureable outcomes tagged to International Trade.

Underfunding for the Development Budget

The Development Budget especially in Missions Abroad remains the least funded, this has exposed a number of Missions to risks of losing prime property because they lack funds to construct and rehabilitate dilapidated Missions. Also, due to underfunding of the Development Budget, many Missions that would have constructed permanent residences for our Missions continue to pay huge sums to rent Mission premises.

Inadequate staff deployment at missions abroad

Understaffing due to low recruitment budget ceiling has left many Missions with inadequate human resource. The few staff deployed at Missions is overstretched and overloaded, this is a serious de-motivator which greatly impacts on the quality of diplomatic services offered at the

various Missions. As a country we cannot be seeking to promote a good image of Uganda abroad while our faces in those Missions are stressed and de-motivated due to work overload.

Inadequate underfunding of Mission to undertake their mandate

The budget allocations to our Missions is insufficient. For instance, a review of the budget allocated under the output of promotion of trade tourism and investment will leave one in no doubt that Uganda does not practice commercial or economic diplomacy as it is understood by the world. This is surprising given that the very first foreign policy principle in the Constitution is “Promotion of the national interest of Uganda” under which commercial and economic diplomacy falls. The Ministry headquarters is unable to execute this mandate having hijacked it from our Missions and yet it lacks the capacity to effect it from Kampala.

Missions abroad lack Strategic Plans

A Strategic Plan sets priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, and establish agreement around intended outcomes/results. It is important to an institution because it provides a sense of direction and outlines measurable goals. It is also a tool that is useful for guiding day-to-day decisions and also for evaluating progress and changing approaches when moving forward.

Our Missions Abroad cannot continue to operate without a strategic plan yet they are allocated tax payers’ money from the Consolidated Fund and they cannot depend on the MoFA Strategic Plan since they are in a separate operating environment with differing strength, weaknesses, threats and opportunities.

Mission filled with political cadres rather than career diplomats

Under the current Government, majority of the Missions Abroad are headed by politicians who are not career diplomats. Most of these Political cadres lack in content and ability to lead the Missions to navigate the dynamic and increasingly competitive global world of diplomacy. It is unacceptable as a country in the global competitive era to continue having Heads of Missions who do not have any basic grasp of the field in which they are to play.

As a country that is serious to push for her best interests and pursue its economic, social and political agenda in the regional and international arena, we must recruit and send out our best to bring the best returns on investment. Foreign affairs and international trade is not a field where you should deploy political failures who do not meet the minimum qualifications for a Diplomat.

Failure to rollout Commercial and Economic Diplomacy to all Missions Abroad

Uganda’s Missions remain the string up pin in promoting the country’s Commercial (promotion

of Tourism, Trade and Investment.) and Economic Diplomacy (external resource mobilisation and technology transfers). The Ministry of Foreign Affairs is mandated to ensure that its officers undertake specialised training in trade negotiations, commercial, political and multilateral diplomacy among others to meet this challenge. Given that Commercial Diplomacy is diplomacy with a commercial twist – diplomacy designed to influence foreign government policy and regulatory decisions that affect global trade and investment. Besides supporting trade negotiations and external resource mobilisation, Missions Abroad continue to carry out the various activities to promote Uganda as the best Investment destination, best tourist destination and a source of quality products to the outside markets as well as participating in all negotiations at the World Trade Organisations (WTO), the European Union and other forums.

However, only eight (8) Missions Abroad of the 35 will be funded to roll out Commercial and Economic Diplomacy. This implies that the achievements registered from the Missions Abroad are as a result of other factors and not necessarily the Government's concerted effort to strengthen its human resource in Commercial and Economic Diplomacy.

Inadequate support to Missions Abroad from relevant MDAs in Uganda

There is clear disjoint in the way MDAs and Missions Abroad function. Numerous Missions continue to report limited cooperation with some of the MDAs and yet Missions don't operate in isolation and their efforts to link MDAs with relevant institutions and counterparts are sometimes frustrated because of inaction or non-responsiveness by MDAs.

Lack of a legal Foreign Service Framework for MoFA

Uganda's Foreign Service operates to date without a legal framework. A clear Foreign Service Law should among others establish; Foreign Service based on merit principle, admission through impartial and rigorous examination, acquisition of career status only by those who have demonstrated their fitness through successful completion of probationary assignments, effective career development, advancement and retention of the ablest and separation of those who do not meet the requisite standards of performance; fostering the development and vigorous implementation of policies and procedures, including affirmative action programs.

A Foreign Service Law should minimise the impact of the hardships, disruptions, and other unusual conditions of service abroad upon the members of the Foreign Service, and mitigating the special impact of such conditions upon their families; providing salaries, allowances, and benefits that will permit the Foreign Service to attract and retain qualified personnel as well as a system of incentive payments and awards to encourage and reward outstanding performance and enabling the Foreign Service to serve effectively the interests of the Uganda and to provide the highest calibre of representation in the conduct of foreign affairs.

Lack of National Diaspora Policy

The Ugandan Diaspora comprises of all people of Ugandan origin living and/or working outside Uganda. It also includes Ugandans who may have lost their citizenship through acquisition of other citizenship. The Ugandans in the Diaspora are estimated to be 1.5 million according to the UN Human Development Report 2009. The majority of Ugandans emigrated in the early 1970s, during the political turmoil that beset the country following the assumption of political power by the Idi Amin military regime. This group of Ugandan emigrants of the 1970s includes those of Asian origin that were hastily expelled in 1972. Over the years, other Ugandans have emigrated mainly in search for better social and economic opportunities.

We believe that our Diaspora are actively or potentially enthused with various aspects of the country they left. This can be exemplified by their participation in national celebrations, cultural galas and annual get-together among other explicit ways. Many of the Ugandan Diaspora possess impressive knowledge, skills, talents and financial resources that have already contributed significantly to the development of their host countries and Uganda as their ancestral land. Some of the Diaspora nationals are still looking for opportunities to contribute towards developing Uganda. However, for over four (4) years now, the Ministry continues to struggle to produce a Diaspora Policy. The policy is said to have been brought to Cabinet four (4) years ago. The importance of this policy to the development of Uganda is not appreciated or understood otherwise it would have been a priority.

Lack of clear policy framework to assist distressed Ugandans abroad

Currently due to unemployment and poverty in the country, many Ugandans are being lured into promises of good jobs abroad and they end up being enslaved and exploited. Many citizens who find themselves in such circumstances have ended up distressed but without any knowledge of how they can get out the predicament they are entangled in. This is worsened by the lack of a clear policy framework on how such citizens could be assisted by the Ministry of Foreign Affairs and our Missions Abroad.

Reporting obligations and nature of Reports on Treaties and Conventions

There is no evidence available to Parliament that the Ministry is complying with reporting obligations on Treaties and Conventions. The policy statement does not state on which Treaties and Conventions we reported on and the status of the report in terms of how the country is performing in respect for international law and treaty obligations.

Membership in Regional Bodies

Uganda is a member of the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA). This presents an opportunity for Uganda to formulate strategic

foreign policies to maintain a strong relationship with member states so as to promote its interests including security, education and trade.

Discovery of Oil and other minerals

Uganda is has a lot of mineral wealth including oil, gold and copper among others. This has made it a centre of attraction to the rest of the world. Uganda should focus on establishing strong ties and signing Memorandums of Understanding with those countries interested in doing business with it so as to boost technology transfer, industrialisation, infrastructure, human capital development, peace and security and trade.

The Chinese Influence

Uganda has shifted from doing business with England and the United States of America to the Republic of China. China is a country that is known for not respecting human rights, a trend which has also been adopted by Uganda; the behaviour of the Police of recent is so unprofessional. On top of that, Uganda has accumulated a lot of debt from China accompanied with tied grants for infrastructural projects that have to be implemented by the Chinese. The local labour market has not benefited so much from such projects which are also characterised by sub-standard work; a case of the Karuma Dam cracks and exploitation of labour.

Underfunding of foreign missions

Uganda's foreign missions have continued to be underfunded, which has limited their potential to create strong ties with the respective nations so as to promote Uganda's interests.

Appointment of Incompetent officials to head foreign missions

The Government has continued to appoint politicians who failed to win previous elections as heads of foreign missions instead of officials who have risen through the ranks with the desired capabilities to promote national interests. This is has created frustrating results for the country.

MPS compliance with the Public Finance Management Act (2015)

Pursuant to Section 13(6) and 13(7) of the Public Finance Management Act (PFMA), the National Planning Authority conducted an assessment of the budget and its compliance to the NDP II Charter of Fiscal Responsibility and the Budget Framework Paper. Overall, the Public Administration sector was 68.0% compliant. A breakdown of the Sector compliance is presented below.

Table 4: Public Administration Sector Alignment to NDP II

Description	Compliance (%)
Sector Planning	55.0
Project Planning	82.0
Budget process Instruments	74.0
Budget Performance	63.0

Source: NPA Certificate of Compliance FY2017/18

4.0 Alternative Policy Proposals

Develop a National Foreign policy

Uganda's National Foreign Policy if developed would guide the Foreign Service programmes geared towards Promotion and protection of Uganda's interests abroad, with specific emphasis laid on Economic and Commercial Diplomacy for equitable and sustainable wealth creation.

Rename the Ministry of Foreign Affairs as the Ministry of Foreign Relations and International Trade

We would rename the Ministry of Foreign Affairs as the Ministry of Foreign Relations and International Trade in order to better align Uganda's foreign policy and domestic objectives and also in line with Sixth Schedule of the Constitution of the Republic of Uganda. This would provide the Ministry with an opportunity assess the calibre of human resources recruited for Missions Abroad, to redefine its role in building deeper and more expansive relations and using these partnerships to advance Uganda's national interests.

Realign Uganda's Foreign Policy with the nation's international trade objectives

This will include operationalisation of a Special Advisory/Negotiation Services Unit, training of staff in trade policy, export promotion and negotiation techniques; deepening economic diplomacy, regional integration, bilateral and multilateral partnerships to increase market share in traditional export destinations, penetration of new markets in emerging economies as well as enhancing the role of private sector in regional integration initiatives.

Develop and implement the Uganda Diaspora Policy immediately and establish a National Diaspora Council of Uganda

This would facilitate effective engagement with Ugandans in the Diaspora thereby attracting more FDI from the Diaspora. The National Diaspora Council would be a strategic link between the Diaspora and MDAs in Uganda to guide on opportunities and areas for investment by the Diaspora.

Develop and implement the Foreign Service Law

As a country, our Foreign Service operates with only a legal guiding instrument. We would immediately develop and implement a Foreign Service Act to lay the legal foundation for the establishment, operation and function of the Foreign and Diplomatic Service of Uganda.

Strengthen Ministerial ICT Capacity and Infrastructure

We would enhance use of ICT as a key enabler of service delivery to reduce turnaround time and costs for internal processes through upgrading and acquiring new ICT infrastructure for the Ministry such as video conferencing facilities, computers, high speed network printers and copiers, VSAT technology and cloud computing, Global Web Portal, Virtual Private Network and an Electronic Document Management System among others. Also seek to enhance connectivity with the Missions Abroad, installation of various systems for information and data management and real time reporting as well as increase uptake of ICT among staff to enhance service delivery and efficiency at the Ministry headquarters and the Missions Abroad.

Strengthen Asset Management

Poor asset management remains a huge challenge facing our Missions Abroad, our Government would improve asset management through proper planning and budgeting to undertake proper maintenance, repairs, renovations and redevelopment of dilapidated properties, development of owned plots and new acquisitions to put in place a conducive working environment for the Ministry staff and also to improve Uganda's image and prestige abroad.

Strengthen Human Resource Capacity

Human Resource capacity is a key cornerstone. We would strengthen human resource management and capacity as a prerequisite to achieving the Ministry's mandate. The targeted areas of improvement would include ensuring equity and fairness, developing key competencies and skills among staff especially negotiation and mediation skills, harmonise and optimally implement the scheme of service and proper management of the Performance Appraisal System and performance contracting among others.

Pass a law for Foreign Service and Establish UIDIA

As a Government would immediately ensure that the Foreign Service law that is long overdue is in place within this FY2017/18 to provide a clear legal environment in which our foreign policy is practiced and national interests are protected. In the same vein, we would immediately after passing the law also establish a Uganda Institute of Diplomacy and International Affairs as a centre of regional excellence to retool our Foreign Service human resources and train regional participants from within the region hence exporting our foreign interests.

Conclusion

The Ministry of Foreign Affairs has a big role to contribute to national growth through establishment of strong, strategic ties with the rest of the world. This in turn can stimulate the flow of foreign direct investment, industrial growth, increased earnings from international trade, peace and security and technology transfer.

The proposed alternative policies include:

- Developing a National Foreign policy;
- Renaming the Ministry of Foreign Affairs as the Ministry of Foreign Relations and International Trade;
- Realigning Uganda's Foreign Policy with the nation's international trade objectives;
- Developing and implementing the Uganda Diaspora Policy immediately and establish a National Diaspora Council of Uganda;
- Developing and implementing the Foreign Service Law;
- Strengthening Ministerial ICT Capacity and Infrastructure;
- Strengthening Asset Management;
- Passing a law for Foreign Service and Establish UIDIA; and
- Strengthening Human Resource Capacity.

The expected outcomes from the alternative policy statement include:

- Increased volume of International trade and trade earnings;
- Increased technology transfer and foreign direct investment inflow;
- Human capital development;
- Sustainable national and regional peace and security;
- Industrial growth;
- Increased number of tourists;
- Promotion of a good national Image; and
- Increased donor funds.