PARLIAMENT OF THE REPUBLIC OF UGANDA

REPORT OF THE BUDGET COMMITTEE ON THE NATIONAL BUDGET FRAMEWORK PAPER FOR FY 2019/20– FY 2023/24

PARLIAMENT OF UGANDA

KAMPALA, UGANDA

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1.0 INTRODUCTION

Rt. Hon. Speaker, Hon. Members,

1. In accordance with the provisions of Articles 90 and 155 (4) of the Constitution, Section 9(1) to 9(8) of the Public Finance Management Act 2015 and Rules 143 and 144 of the Rules of Procedure of Parliament, Committees are mandated to among other things, to consider, discuss and review the Budget Framework Papers and through the Budget Committee present a report to the House for approval by 1st February of each year.

2. In compliance with above provisions, I beg to present a report of the Budget Committee on the National Budget Framework Paper for the Fiscal year 2019/20- 2023/24 for consideration and approval by the August House as required by section 9(8) of the PFMA 2015 and Rule 144(3).

3. Also in accordance with Section 6E(2) and (4) of the Administration of Parliament (Amendment) Act, 2006 as well as Rule 52 of the Rules of Procedure, the Leader of Opposition in Parliament presented a Response to the House on the National Budget Framework Paper FY2019/20- 2023/24.

4. On 19th December, 2018, the Hon. Minister complied with the PFMA 2015 by laying on table the National Budget Framework Paper (NBFP) for FY2019/20- 2023/24 together with the relevant Certificate of Gender and Equity Compliance.

2.0 SCOPE

5. The Committee scrutinized the NBFP and the reports of the Sectoral Committees and has prepared a report structured in two parts:

   - Part 1: Government Medium Term Macroeconomic Outlook, Medium Term Fiscal Framework, Policy Measures, Indicative Revenue Framework and Sectoral Allocations.

   - Part 2: The Sectoral Committees' observations and recommendations made thereon.

PART 1: GOVERNMENT MEDIUM TERM MACROECONOMIC OUTLOOK, MEDIUM TERM FISCAL FRAMEWORK, POLICY MEASURES, INDICATIVE REVENUE FRAMEWORK AND SECTORAL ALLOCATIONS.

3.0 METHODOLOGY

6. Members of the Committee analyzed the NBFP to acquaint themselves with the detailed contents of the document before interacting with the Sector Committees.

7. The Committee held meetings with the Minister of Finance, Planning and Economic Development and all the Chairpersons of Sectoral Committees of Parliament and discussed their observations and recommendations on the components of the NBFP under their jurisdiction.

8. The Committee received and held a lengthy discussion on the presentation by the Leader of Opposition

9. Section 9(4) and Schedule 3 of the PFM Act 2015, prescribe the format of the NBFP. The Committee analyzed the compliance of the NBFP to the provisions of the law.

4.0 LEGAL COMPLIANCE OF THE BFP FY 2019/20 - FY 2023/24

10. The compliance level is assessed against the requirements specified in Section 9 and the format prescribed under Schedule 3 of the PFMA (2015). The results of the assessment are summarized in table 1.

Table 1: BFP Compliance Checklist

Requirements (refer to Schedule 3 of the PFM (2015) Act)	Assessment	Conclusion
BFP - Date of Submission is by 31st December (section 9(5))	BFP was Submitted on 19th December, 2018	***Pass***
Minister to Issue a Gender and Equity certificate (section 9(6))	Gender and Equity Certificate was Issued by the Minister on 19th December, 2018.	***Pass***

Requirements (refer to Schedule 3 of the PFM (2015) Act)	Assessment	Conclusion
Assessment of Gender and Equity certificate (section 9(6))	National Assessment was 61%, (Pass mark is 50%); 16 out of the 18 sectors scored above 50%.	***Pass***
BFP Consistent with the Charter of Fiscal Responsibility (section 9(3))	**Objective 1 - Fiscal Balance:** The Government fiscal balance (including grants) is reduced to a deficit of no greater than 3% of GDP by FY 2020/21 consistent with the Performance Convergence Criteria under the EAC Monetary Union Protocol. Overall Balance will not achieve target of 3% by 2020/21, expected in 2023/24.	***Fail***
	Objective 2 - Public Debt: Public debt in net present value terms is maintained below 50% of GDP; of which the net present value of external debt is maintained below 30% of GDP and the net present value of domestic debt maintained below 20% of GDP. PV of Debt to rise to 36.1% in FY 2019/20 below 50% threshold in charter	***Pass***
BFP Consistent with the NDPII (section 9(3))	BFP is Consistent with the NDPII.	***Pass***
	Implementation of the Key NDP II Flagship projects on course, such as Hydro Electricity power projects, Irrigation projects, Oil pipeline and Refinery projects and Oil related infrastructure in the Albertine region.	
Medium Term Macroeconomic forecasts: BFP should indicate the actual, estimated and projections covering the previous two FYs, the current	Previous 2 years, current year and the next 5 year forecasts of;	***Pass***
	· the average and year end gross domestic product; **(pass)**	
	· the rate of inflation (average and year-end); **(pass)**	

Requirements (refer to Schedule 3 of the PFM (2015) Act)	Assessment	Conclusion
FY and the next five FYs	· the rate of employment and unemployment; **(NIL)**	
	· the average and year end exchange rate; **(Pass)**	
	· the interest rates; and**(Pass)**	
	· the money supply. **(NIL)**	
Medium Term Fiscal Framework: Targets of Government for variables which are subject of Fiscal Objectives under the CFR	Presented and Demonstrated under Section 1.2.	***Pass***
Medium Term Fiscal Forecast: Covering the previous two FYs, the current FY and the next five FYs.	Not presented under respective section of 1.4. However, demonstrated under Section 1.2.	***Pass***
Statement of the resource for the annual budget for the next financial year	Presented in Section 1.7	***Pass***
Statement of policy measures	The statement of Policy measures is provided under section 1.7	***Pass***
Medium-Term Expenditure Framework	Projections of Government expenditure in respect of each Vote (and each Programme) for the financial year and the next financial year(s), split into current expenditure and investment expenditure are provided under Annex 1 and Annex 2	***Pass***
Fiscal Risks Statement	Statement of the main sources of risk to the fiscal objectives of Government and a quantified estimation of the fiscal impact of these risks is provided under Section 1.3	***Pass***

Source: MoFPED and PBO Computations

11. It is observed that, there is continued non-reporting of the current and future employment and unemployment forecast data, a factor that renders manpower planning and development difficult. **The Committee recommends that the Ministry is directed by the House to provide regular employment figures as required by law.**

12. The CFR requires that the government fiscal balance (including grants) is reduced to a deficit no greater than 3% of GDP by FY 2020/21. On the contrary however, the fiscal outlook project that the fiscal deficit will be reduced from 6.6% in FY2018/19 to 5.1% by FY2020/21 which implies that *this objective will most unlikely be attained by the target date.*

13. The Charter further prescribes the total Gross public debt in net present terms to be maintained below 50 percent of GDP. According to the BFP, the present value of public debt to GDP was estimated at 32.1 percent in the Financial Year 2018/19 and is projected to increase to 36.3 percent in the Financial Year 2019/20, which is still below the threshold of 50 percent stipulated in the Charter.

5.0 Consistency with the National Development Plan II

14. According to Section 9(3) of the PFM Act 2015, the BFP shall be consistent with the NDP. The NDPII identifies five lead sectors that can propel Uganda to middle income status. These are: Agriculture; Tourism, Minerals, Human Capital development and infrastructure development. An assessment of the BFP budget allocations against the NDP II's required budget allocations for the FY2019/20 reveals inconsistences as depicted in table 2.

Table 2: BFP and NDP II Allocations (share of the national budget)

Sector	BFPAllocation (%)	Recommended NDPII Allocation (%)	Difference (%)
Agriculture	3.6	5.4	-1.8
Tourism, Trade & Industry	0.6	0.9	-0.3
Energy& Mineral Devt	10.4	8.8	1.6
Works and Transport (Infrastructure)	20.8	11.5	9.3
Human Capital Dev't (Education & Health)	19.4	34.5	-15.1

Source: NDP II and PBO Computations

15. Perpetual underfunding of some of the lead sectors grossly undermines the growth targets specified in the NDP II besides, rendering the realization of national outcomes such as the attainment of the middle income status by 2020 unrealizable dreams.

16. The Committee also observes that while FY2019/20 is the last year of implementing the NDP II, most of the Core projects identified in the Plan have not been implemented. National Planning Authority indicated in the report[1] last FY2018/19 that most of the projects were performing below NDPII schedule while others had failed to completely kick off. Out of the total 39 core projects in NDPII, only 2 projects (5.2 percent) were being implemented on schedule, while 7 projects (35.9 percent) were being implemented but below schedule, 17.9 percent were still under preparatory stage and the remaining 28.2 percent had not yet started.

17. **The Committee recommends that the implementation schedule for core projects should be brought back on course and the Ministry of Finance, Planning and Economic Development be reminded that the inconsistences witnessed as above are in material breach of the law.**

6.0 BFP Performance Indictors

18. Uganda has developed a National Standard Indicator Framework to track progress towards attainment of middle-income status by 2020[2]. An effective Programme Based Budgeting (PBB) arranges the budget around a set of programs and objectives that are clear and specific. The indicators and targets must also be concrete, realistic, and have credible baselines and timelines.
19. However, critical analysis of the outcome indicators contained in the BFP across all sectors indicate pronounced inconsistencies. For instance Page xiii of the BFP indicates that the fiscal deficit as % of GDP will reduce to 5.1% by 2020/21. However, page 145 of the same BFP indicates that fiscal deficit as % of GDP will reduce to 3% by 2020/21.
20. In addition, it is extremely difficult to link the National Budget Framework Paper of FY2018/19 and that proposed for FY2019/20. The key performance indicators are completely different and keep changing and hence making it almost impossible to track progress.

21. **It is the view of the Committee that these indicators cannot be sustainably relied upon and as such, value for money cannot be easily ascertained.**

[1]Report on the Certificate of Compliance of the Annual Budget FY 2017/18.
[2] National Planning Authority, 2016. Review Report on Uganda's Readiness for Implementation of the 2030 Agenda.

22. **The Committee recommends that Government undertakes a thorough review of the performance indicators with a view to generating consensus and maintaining consistency over the medium term.**

23. In the FY2018/19, the Budget Committee raised a concern on the missing link between input, outputs and outcomes under the Program Based Budgeting structure used to present the BFP. In this regard, the Committee recommended that to maintain the linkage between the activities, inputs, outputs and outcomes the Minister shall in future be required to lay on table all the seventeen Sector BFP's alongside the national BFP. However, during the laying of the current BFP, only 10 of the seventeen Sector BFP's were laid.

24. **The Committee recommends that the next BFP must comply with these requirements. The Budget Committee will undertake a rapid preliminary assessment of compliancy following the tabling of the BFP and will advise the house whether to proceed with consideration of the document in its present form.**

7.0 Gender and Equity Responsiveness

25. Section 9(6) of the Public Finance Management Act 2015 provides that the Minister responsible for Finance shall, in consultation with Equal Opportunities Commission issue a certificate;-
    a) Certifying that the National Budget Framework Paper is gender and equity responsive; and
    b) Specifying measures undertaken to equalize opportunities for men, women, persons with disabilities and marginalized groups.

26. In fulfillment of the requirements of the sections 9(6), the National Budget Framework Paper for FY 2019/20 - 2023/24 was assessed and the overall compliance with Gender and Equity requirements has stagnated at its FY 2018/19 level of 61%.

27. The Commission also assessed 18 sectoral BFPs, out of which 16 passed the assessment and two failed. The two Sectors whose BFPs were non-compliant with gender and equity requirements were; Lands, Housing and Urban Development 32% and Energy and Mineral Development 45%.

Table 3: Trends in Gender Performance by Sector

SECTOR	2016/17	2017/18	2018/19	2019/20
Agriculture	54	51	70	64.3
Accountability	66	57	60	63
Legislature	63	63	68	68
Public Administration Sector	61	64	51	53.3
Justice, Law and Order Sector	40	50	60	70.3
Security	76	66	55	55
Lands, Housing and Urban Development	45	71	53	32
Energy and Mineral Development	34	36	63	45
Works and Transport	61	50	59	50
ICT Sector	49	59	56	56.7
Trade and Industry	33	57	53	56
Education	64	64	71	75
Health	66	72	73	70.7
Water and Environment	40	64	76	62.7
Social Development	94	88	90	88
Public Sector Mgt	61	52	59	59
Science, Technology, Innovation	-	-	18	50.5
Tourism				54.7

Source: EOC G&E Assessment of sector BFPs FY 2016/17 -2019/20

28. The Committee observed that whereas the Gender and Equity compliance requirement is by Law, there appears to be no sanctions in place for non-compliance and this may explain the lack of effort by some institutions to improve on their compliance levels.

29. The Committee further observes that the Certificate is silent about measures undertaken to equalize opportunities for women, men, persons with disabilities and other marginalized groups as required by Section 9 (6) of the PFMA.

30. This poor performance in Gender and Equity compliance may constrain the country's progress in achieving the Sustainable Development Goal 5 (Gender Equality) and 10 (Reduced Inequalities).

31. **The EOC and MFPED should ensure greater compliance and performance based on benchmark indicators which are regularly updated. In addition, Parliament should not approve budgets for non-compliant institutions.**

8.0 Submission of Approved BFP

32. The Committee observed that Section 9(8) of the PFM Act, 2015 mandates Parliament to Approve the BFP. In addition, the PFM Act requires alignment of the approved BFP with the Annual Budget as per Section 13(6) of the PFM Act, 2015. However without laying of an approved budget framework paper it's difficult to ascertain the alignment of the approved BFP with the Annual Budget.

33. **The Committee therefore recommends that Government should lay an approved National Budget Framework Paper indicating how recommendations of Parliament were addressed. This would improve monitoring consistency of the National Budget Framework Paper with the annual budget as required under Section 13(6) of the Public Finance Management Act.**

9.0 Medium Term Macroeconomic Forecast

34. The macroeconomic forecast outlook has been premised on both the macroeconomic policy framework and economic growth strategy for the FY 2019/20 and the medium term. The overall macroeconomic framework aims at achieving accelerated and inclusive growth, low and stable inflation, and promotion of a competitive exchange rate as well as building on external foreign reserves to cushion the country in the event of external shocks. Consequently, the growth strategy for FY 2019/20 and the medium term aims at focusing on policies and interventions that will promote inclusive growth and private sector investment growth and development.

Table 4: Forecast of the Selected Macroeconomic Indicators FY 2019/20 and the Medium Term

Macroeconomic Indicator	Source	Selected Macroeconomic Indicators							
		2016/17	2017/18	2018/19 Proj.	2019/20 Proj.	2020/21 Proj.	2021/22 Proj.	2022/23 Proj.	**Mid-Term Avg.**
Real Sector *(Annual Percentage Change, Unless otherwise indicated)*									

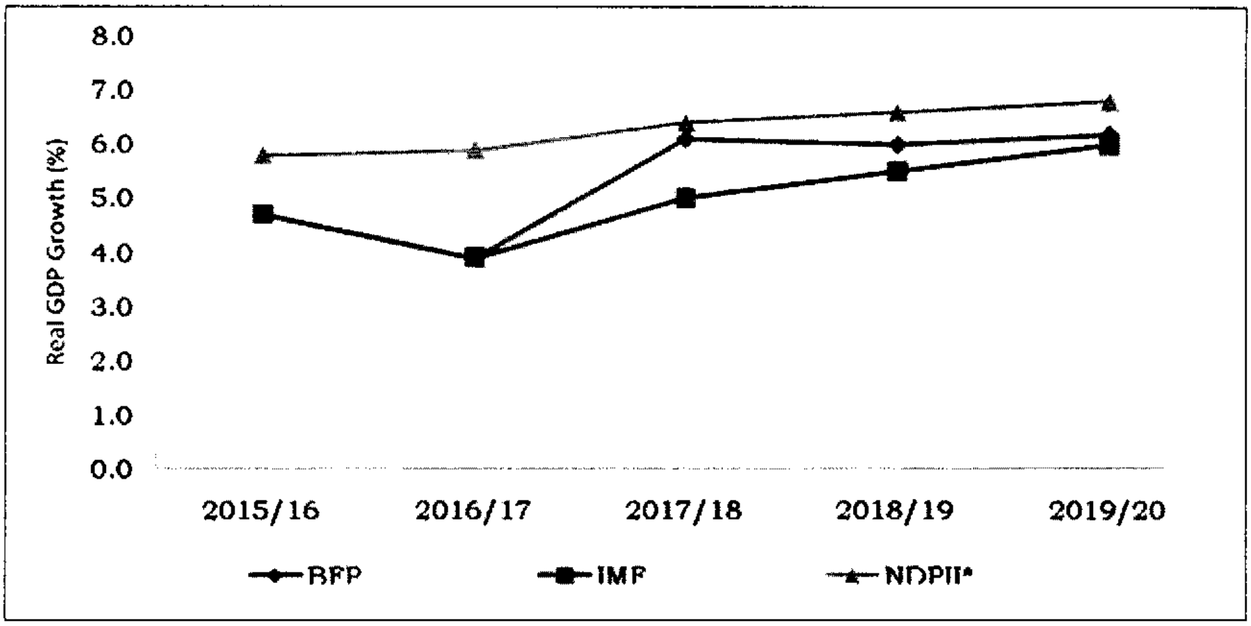
Real GDP Growth	BFP	3.9	6.1	6.0	6.2	6.2	6.0	6.5	**6.2**
	IMF	3.9	5.0	5.5	6.0	6.5	6.5	6.5	**6.2**
	NDPII*	5.9	6.4	6.6	6.8				**6.6**
Headline Inflation (Avg)	BFP	5.7	3.4	5.1	4.7	4.7	4.9	5.0	**4.9**
	IMF	5.8	5.9	4.9	5.0	5.0	5.0		**5.0**
	NDPII*	8.0	8.0	8.0	8.0	8.0			**8.0**
Core Inflation (Avg)	BFP	6.7	2.7	4.6	5.4	4.9	4.6	5.0	**4.9**
	IMF	5.2	5.7	5.3	5.3	5.0	5.0		**5.2**
	NDPII*	5.0	5.0	5.0	5.0	5.0			**5.0**
Money and Credit *(Annual Percentage Change, Unless otherwise indicated)*									
Broad Money(M3)	BFP								
	IMF	12.7	13.7	15	16.6	17.1	17.5		**16.6**
	NDPII*	14.2	13.9	14.6	16.0				**14.8**
M3/GDP (Ratio)	BFP								
	IMF	21.9	22.4	23.2	24.3	25.5	26.8		**25.0**
	NDPII*	23.1	23.7	24.4	25.5				**24.5**
Credit to Private	BFP								
	IMF	8.5	12.6	13.6	15.6	16.7	17.0		**15.7**
	NDPII*	12.4	17.4	15.4	13.9				**15.6**

Source: BFP, IMF, NDPII[3] and PBO computations

35. The GDP growth projections for next FY 2019/20 by IMF envisage the economy growing at the same pace projected for FY 2018/19 at 6%. This is lower than the BFP projections of 6.2%and the NDPII target of 6.8% for FY2019/20.

Figure 1: GDP Growth Rates

[3] *As projected in FY 2015/16*



Source: BFP, IMF and NDPII

36. The slower than anticipated GDP growth in the NDP has been attributed to the unfavorable climate change conditions which have led to prolonged droughts as well as intermittent rainfall patterns, a slower than expected private sector credit growth, slower than anticipated investment and developments in the productive sectors of the economy, slower than anticipated pace in the execution of public infrastructure investment projects, disruptions to trade due to regional instability and the slower global economic growth in the larger part of the NDPII period especially during FY 2016/17 and 2017/18.

10.0 State of the Economy

37. Arising from the country's sustained investment in Peace, Security and infrastructure, the economy has continued to grow. The economy expanded by 6.1% in FY2017/18, which is higher than the 5.8% that was projected in the budget estimates for the same year. Also, this was an increase from the 3.9% recorded in FY 2016/17.

38. The rebounding of economic growth has been attributed mainly to increased private sector activity, significant growth in the services sector, recovery in agriculture from the previous drought and positive economic growth.

39. ***The Committee recommends that these growth drivers need to be strengthened and harnessed by the Government to maintain a good economic growth trajectory. For example, Private sector growth in industries would immediately require organized serviced industrial parks. The country should look beyond Namanve industrial Park and hasten the process of innovatively acquiring and constructing other industrial parks to shorten the gestation period investors spend on acquiring land and constructing new factory buildings.Government should acquire land in Buikwe, Mpigi, Kayunga and Wakiso while it is still affordable to do so, for investors that prefer to locate their factories near Kampala.These parks plus other upcountry parks can be constructed under force account using new equipment acquired by the Works Sector. The same should be emulated by the water and energy sectors, coordinated by the Ministry in charge of investment.***

40. The agricultural sector being one of the key drivers showed great improvement mainly due to good weather. This growth driver is the most critical in guaranteeing sustainable economic growth. ***In order to mitigate the risks associated with drought the committee proposes that it will be necessary to invest more heavily in water for production particularly, focused on irrigation using renewable energy sources. Current efforts by government are still very narrow and have not generated the required impact. The committee proposes that the provision for water for production should continue to be coordinated by both Ministries of Agriculture and Water. The task is big and requires a combined effort and expertise.***

41. Private sector credit though still low, improved in FY2017/18 registering a growth rate of 10.6% compared to 5.3% recorded in in 2016/17. Average lending rates also reduced in FY2017/18 to 20.3% from 22..6% in the previous FY. The rates are still high by any standards and will continue to require government intervention to reduce the cost of borrowing to more affordable levels, particularly for long-term capital.

42. Largely missing in the BFP are proposals of reforming the pension sector. ***In addition to reviewing restrictions on the NSSF Act, the BFP should provide for Pension sector wide reforms that are key to the development of the Capital markets and boosting national savings to provide finance for long term investments. Indeed, with weak private sector credit and lack of long term investment financing, reforming the pension sector is an issue of national concern.***

43. **Regarding Improvement in Governance**, we continue to welcome government strategies for strengthening fiscal management and public administration to improve efficiency through among others the rationalization of administrative units and agencies to eliminate duplication and reduction of administrative costs.

44. Whereas this rationalization could be a welcome move, the planned implementation approach has remained unclear and has created anxieties among most agencies that were affected in the published list. Government should come up with a clear and elaborate time table for phasing out these agencies to restore work confidence and morals of the affected staff. This intervention appears to have been dropped in the current BFP and it's unclear whether the government is still interested in the matter.

11.0 The Budget Strategy and Priorities FY2019/20

45. The strategy is anchored on the NDPII and the NRM Manifesto that aim to take Uganda into modernity through job creation and inclusive development.

46. The budget strategy will aim at accelerating economic growth by focusing on promoting import substitution, export promotion and incentivizing private sector development. The strategy emphasizes industrialization anchored on agriculture, agro-industrialization, manufacturing and mineral exploitation while also promoting development of other key growth sectors such as tourism. The strategy shall address constraints that the private sector faces and improve on its competitiveness. The strategy shall reflect the medium term budget theme- ***Industrialization for job creation and shared prosperity.***

47. The budget for FY2019 and the medium term will put emphasis to the following sector priorities:
    i). Harnessing key growth sectors of agriculture and agroindustry, tourism, oil, gas and minerals
    ii). Enhancing private sector growth and development
    iii). Promoting Human capital development
    iv). Strengthening public sector investment

v). Improving governance and sustaining security
vi). Developing a financing framework anchored on an effective domestic revenue strategy and responsive debt management

48. The Committee applauds Government for a very well thought out strategy that in theory emphasizes sectors with the greatest potential for generating employment, economic growth and prosperity. The Committee has observed that a number of these good interventions have not been adequately and financially supported. The following examples have been cited:

i). *The upgrade and renovation of key tourism infrastructure including airfields and priority roads is identified as a key intervention in the BFP page xxvi but* **No funding** has been provided. Annex 1 presents the Current Status and Development Plans for Regional Airports inUganda. The regional airports identified are: Arua, Kasese, Gulu, Kidepo, Kisoro, Pakuba, Jinja and Tororo. The cost of developing each of these airports is identified in the annex. Growth in Tourism in Uganda will remain a good dream for as long as this infrastructure has not been developed. ***The Committee recommends a phased financing model particularly through external borrowing to develop the regional airports. It is these regional airports that will help Uganda attract quality tourists, ease movement in the country and promote the EAC tourism circuit. Uganda Airlines would have a strong asset to leverage its operations***

ii). *Under the same intervention in i) above, government prioritizes tourism roads. In annex 2, the committee presents a list and status of the tourism roads to Uganda's major tourism sites. However, almost none of these roads is reflected in the funding framework provided by the BFP.* ***The committee strongly recommends that in determining the roads for upgrading from gravel to Bitumen, the roads on this list should be given first priority. Parliament should direct the Minister of Works & Transport to develop an implementation plan for this purpose.***

iii). *Regarding the intervention on investment infrastructure needed by the private sector, the BFP proposes continued construction of industrial parks starting with Namanve Industrial Park. However, the financing for Namanve is not identified with any vote in the BFP,* *despite Parliament having approved a loan for the project.* ***The committee recommends the BFP should incorporate a budget for Namanve development and resources to acquire land atleast for one industrial park within the vicinity of Kampala to avoid the worsening trend of encroachment on wetlands by large manufacturers.***

49. Therefore, the list of sectoral interventions in the BFP from page xxiii to page xxxi is largely a *wish list* without a very credible funding architecture to ensure implementation. ***To demonstrate the necessary commitment for implementation, the committee recommends that the Ministry of Finance formulates a matrix identifying the proposed intervention with the resources available in a Multi-year Funding Framework. Given the importance attached to this matter, the committee proposes that the Ministry lays on table the said Multi-year funding Framework before the end of March 2019 for debate by Parliament.***

12.0 Resource Envelope for FY2019/20

50. The estimated resource envelope is projected at Ushs 34,304.7 billion as disaggregated in table – below. Noteworthy, is the substantial reduction in domestic borrowing from **Ushs 1,785.4 billion** in FY 2018/19 to **Ushs 534.9 billion** in the FY2019/20. This is a welcome move particularly in safeguarding the private sector from the crowding out effect in the money market and ensuring that the debt burden remains sustainable.

Table 5 - : Projected Resource Envelope for FY 2019/20 (Shs. Billion)

S/N	Source	FY2018/19	FY 2019/20
1	Domestic Revenues	16,358.8	18,375.5
2	Petroleum Fund	200.0	-
3	Budget Support	289.0	477.8
4	Domestic Borrowing	1,785.4	534.9
5	Project Support (external Financing)	7,734.5	7,704.0
6	Domestic Refinancing	5,271.5	6,020.0
7	Appropriation in Aid (AIA)	1,063.5	1,192.6
8	**Total Resource Inflow(1+2+3+4+5+6+7)**	**32,702.8**	**34,304.7**
9	External Debt repayments (Amortization)	894.0	650.1
10	Project Support (External Financing)	7,734.5	7,704.0
11	Domestic Refinancing	5,271.5	6,020.0
12	Domestic Arrears	380.5	600.0

13	AIA	1,063.5	1,192.6
14	**GOU MTEF: (8-9-10-11-12-13)**	**17,358.7**	**18,138.0**
15	Interest Payments	2,514.1	2,913.6
16	**GOU MTEF: less interest payments**	**14,844.6**	**15,224.4**

51. The estimated domestic revenue for FY2019/20 is **Ushs 18,375 billion** of which **Ushs 17,855 billion** is tax revenue and **shs 521 billion** is non- tax revenue. Uganda's tax effort has not been matching the economic growth over the last few years as the tax collection growth has largely been stagnant. In the previous FY, there were significant revenue shortfalls.

52. Tax revenue collections during FY2017/18 totaled to Ushs 14,506.9 billion compared to the target of Ushs 15,062.4 billion, registering a shortfall of Ushs 555.5bn. Thus the tax to GDP ratio only increased modestly from 13.6% in 2016/17 to 13.8% in FY2017/18. Uganda's revenue collections are trailing most peer countries including Kenya, Ethiopia, Rwanda and Burundi as well as the Sub-Saharan average of 15.8%.

53. Government will be required to implement a robust revenue mobilization strategy to improve revenue collection. The failures in our revenue effort have significantly overstretched the country's capacity to service debts and to limit the available of discretionary resources meant to finance the MTEF. ***The committee recommends a value for money audit on URA to ascertain the causes for the shortcomings.***

54. While the NDPII proposed leveraging PPP financing as an alternative source of funding the budget, the BFP does not provide for modalities to build capacity for adequate structuring of PPP projects in the country. As a result, the passage of the PPP act has not helped much in leveraging this opportunity. **The Committee recommends that the PPP unit in Ministry of Finance should formulate a strategy for awakening PPP opportunities as a measure to reduce dependence on public borrowing and enhancing service delivery.**

55. Section 30 of the PFMA 2015 requires all government entities to deposit all their revenues into the consolidated Fund. However, because this provision has not been enforced by the Ministry of Finance, many parastatals have not been compliant. Implementation of this provision has the potential for drastically increasing AIA inflows and enhancing accountability. ***In this regard, Parliament should direct the Ministry***

of Finance to enforce this provision.

56. *Off Budget Resources:* The Committee noted that on top of the resources appropriated by Parliament, a number of Government institutions were receiving off budget resources which never get known to Parliament for appropriation. This act offends the Constitution, particularly Article 156 (2), distorts resource allocation and the basis for accountability approved by Parliament. ***The Committee recommends that the Ministry of Finance prepares guidelines for accessing and utilizing any off budget resources for appropriate supplementary appropriation. Any violation of these guidelines will be reported by the Auditor General during the auditing of final accounts.***

57. As at end June 2018, Uganda's total public debt stock (both domestic and external) amounted to USD 10.7 billion, equivalent to UGX 41,326.1 billion (of which UGX 13,386bn is domestic debt). This is equivalent to 41.5% of GDP of which domestic debt accounts for 13.3% and external debt is 28.2%. ***Uganda's debt position is steadily approaching the set nominal debt to GDP ratio of 50%. Given the numerous development needs, the committee is concerned about the worsening debt situation and implores government to urgently attain commitments towards debt sustainability including:***
    - ***i). Improving the country's export earnings and import substitution***
    - ***ii). Improving execution rate of projects for timely returns***
    - ***iii). Increasing domestic revenues to reduce reliance on debt***
    - iv). ***Mobilizing Uganda's population to enhance production as government provides better post-harvest measures and ensures marketing***

13.0 Worsening State of Tax Arrears

58. The Committee observes that the stock of tax arrears is steadily growing from UGX 1,005.45bn in FY2013/14 to UGX 2,671.06bn in FY2017/18 or by 165.7%. As a percentage of GDP, the stock of tax arrears is now reported at 2.6% as at end of FY2017/18. It should also be noted that as at end of F2017/18, the stock of Non-Government Arrears was reported at UGX 2,478.44 billion, Government Arrears at UGX 77.57billion, and Custom Tax Arrears at 115.05billion.

59. This is a worrying trend, given the fact that Uganda's tax effort as measured by the tax to GDP ratio has stagnated at about 14%. According to URA, the accumulation of tax arrears has been caused by the failure of

Government to pay suppliers of goods and services. That they are also instances where URA is directed to release goods before taxes are paid. Ushs 2.6 trillion is a colossal sum of money which if paid would significantly reduce the stress on our national budget.

60. **The Committee therefore recommends that Speaker directs a relevant Committee of Parliament to investigate this matter and present a report to the House.**

14.0 Government Expenditure

61. Government expenditure (excluding domestic debt refinancing) will amount to Ushs 27,061 billion in the FY 2019/20 equivalent to 21.9% of GDP. The bulk of this spending will be driven by increase in development spending as government continues to invest in public infrastructure. Development spending is projected at 10.8% of GDP and is expected to average 8.9% of GDP over the medium term as large infrastructure projects are completed. Recurrent spending is projected to rise to 10.1% of GDP and is expected to average to 10.4% of GDP over the medium term. Overall spending will average about 20.4% of GDP over the medium term.

62. ***The Committee recommends that other than reducing development expenditure as infrastructure projects get completed over the medium term, the same resources should be allocated to the productive sectors which have for a long time been marginalized. The shift in resources could be directed towards projects such as irrigation infrastructure, animal breeding to improve the national herd, tourism infrastructure, aquaculture infrastructure and development, industrial parks and science and technology parks that would facilitate foreign technology transfer. This is what would help to ensure a higher return on investment on the existing road infrastructure (where the country has over the years invested huge sums of money) to ease debt servicing.***

15.0 Budget Deficit

63. The overall fiscal deficit is projected to contract marginally by UGX 1,042 billion from UGX 7,428 billion in Financial Year 2018/19 to UGX 6,386billion equivalent to 5.2% of GDP in FY 2019/20. This reduction will be on account of Government accomplishing some of its huge infrastructure investments like Karuma and Isimba. The fiscal deficit is expected to gradually reduce throughout the medium term declining to

3% in FY 2023/24.

64. The fiscal deficit projection of 5.2% of GDP for FY 2019/20 is above the CFR and EAC monetary convergence criteria of 3% of GDP. ***Government will have to adopt austerity measures to minimize resource wastage as well as promoting efficient use of resources in order to meet the CFR and EAC monetary criteria threshold on fiscal deficit.***

16.0 Unemployment

65. Whereas the BFP does not provide information on the level of employment and unemployment, the Uganda National Household Survey report of 2016/17 indicated that unemployment in Uganda stood at 9.2% compared to 11.1% reported in 2012/13. Unemployment in the urban areas is higher at 14.4% compared to the rural areas at 6.2%. Future manpower requirements in the public and private sectors, point at an annual growth rate of 20%, due to the growing demand (expansion) and replacement factors in the medium term.

66. Whereas the agriculture sector still employs the highest proportion of the labour force in the country (68%[4]) and its share in the size of the economy is 21% of GDP, public investment in the sector has remained minimal at 2.9% of the total national budget. Structural transformation inmanufacturing would require skilled labour as well as lower costs of production.Therefore, government needs to build a critical mass of skilled and a competent labour force to be able to take up jobs in the growing services, agro-industry and manufacturing sectors currently contributing over 71% of GDP to trigger the much needed socio-economic transformation. ***The Committee recommends that government should:***
    - ***i). Consider measures for restoring skill based training institutions that deliver technicians and other factory workers in a bid to attract new manufacturing industries in Uganda.***
    - ***ii). Set up at least 5 Regional Centres of Excellence for Business Technical and Vocational Training (BTVET) in central, northern, eastern, southern and western region. These would be easier to equip and manage. The Centres will greatly contribute to the transformation of the informal sector into a highly productive formal sector.***
    - ***iii). Establish a national skills inventory that should be complemented by a comprehensive curriculum reform to***

[4] World bank Report, 2017

address the skills mismatch.

17.0 Fiscal Risks and Mitigation Measures

17.1 Macroeconomic Risks

a) **Global economic and trade environment risks:** Rising geopolitical tensions including trade conflicts alongside higher debt levels in both developed and developing economies could put pressure on foreign investment and remittance inflows with negative consequences for the exchange value of the shilling.

b) **Regional conflict:** At the regional level, re-occurrence of civil strife in the South Sudan, Congo and Burundi could severely disrupt trade and welfare. These conflicts could lead to both economic and fiscal costs, including loss of earnings, property, employment, and remittances.

c) **Commodity price volatility:** Volatility in global commodity prices has a major impact on economic growth, with knock-on effects for the public finances. Rising oil prices would impose large costs on Uganda given our level of oil imports. Subdued global prices for export commodities such as coffee and cotton – and increased competition from other commodity producers – creates greater uncertainty and risks to foreign earnings and the value of the currency.

17.2 Public Debt Risks

a) **External Debt:** External debt constitutes 67.6 percent (US$ 7.272 billion) of total public debt stock of US$ 10.74 Billion, equivalent to UGX 41,326.1bn projected for FY 2017/18. This reflects a higher exposure of failure to meet external debt obligations arising from exchange rate volatility and slow growth in exports.

b) **Slow growth in exports:** One of the indicators of the country's potential to service debt is the present value of exports to GDP; therefore slow growth in exports continues to be a potential risk to Uganda's ability to repay her external debt.

c) **Exchange rate volatility:** The depreciation of the exchange rate increases the Shilling value of external interest payment and principal (amortization) which would lead to the need for more resources to service external debt.

To mitigate against this risk requires increase the value of exports.

d) **Domestic Debt:** *Refinancing Risk:* The proportion of domestic debt maturing in one year is projected to reduce to 37 percent by June 2018 from 38 percent in June 2017. Despite this improvement, the ratio is close to the recommended benchmark of 40 percent. This, coupled with the current practice of rolling over maturing debt, implies that Government faces a risk of being unable to refinance its maturing domestic debt.

To mitigate against this risk Government will continue implementing the strategy of taking on longer dated securities. Government will also ensure that domestic borrowing remains under one percent of GDP.

17.3 Contingent Liabilities

The government's main contingent liabilities stem from loan guarantees and the debts of public corporations.

a) Loan guarantees: The government's guarantee portfolio is currently about USD 55 million up from USD 40 million in June 2017. This is a 37.2 percent increase in exposure, and about 0.2% as percentage of GDP, mainly as a result of the recently issued guarantee to Islamic University in Uganda worth just under USD 14 million.

b) ***Debt of Public Corporations***: The debt of public corporations amounted to about 6 trillion (USD 1.7 billion), equivalent to about 6 percent of GDP as at June 2017. Of this debt, 87 percent is held by two entities: the Uganda Electricity Generation Company and the Uganda Electricity Transmission Company.

Government in FY 2019/20 will maintain a proactive policy stance to mitigate the above contingent liability risks by:

- Ministry of Finance, Planning and Economic Development will continue to determine the financial soundness of all public corporations that intend to borrow, as well as entities requesting guarantees;
- The government will continue to monitor these public corporations to ensure they are operating optimally and that they are on course to repay the funds on-lent to them.
- Ensuring that all projects to be funded are in line with the National Development Plan and sector priorities.
- The corporations receive the respective minimum basic requirements as guided by the Ministry of Finance, before loan approval requests at Parliament

17.4 Natural disasters

Drought, landslides and floods are relatively common occurrences in Uganda. Such events pose risks to economic growth and social welfare, and can have significant consequences for the national budget in the form of unplanned or emergency spending.

Government has provided 163.514 billion for the Contingency Fund to cater for such unforeseen events.

18.0 Sector MTEF Allocations for FY 2019/20

18.1 Overview of Budget Allocations

67. An assessment of the budget allocations by budget category indicate that funds allocated for development activities in the FY2019/20 are projected to decrease by UGX 63.63bn compared to the previous FY allocations.

68. Recurrent expenditure increments in the FY2019/20 are being driven by increased budget allocations for non-wage recurrent activities of UGX 115.47bn compared to the previous FY. Wage allocations have no increment in the FY2019/20. Allocations for treasury operations (debt payments) are projected to increase by UGX 904.1bn in the FY2019/20.

Table 6: Budget Allocations by Budget Category

Category	2018/19	2019/20	Budget Changes		Budge Share
			Absolute	Relative	
Recurrent	**9,615.59**	**9,731.06**	**115.47**	**1.2%**	**28.4%**
Wage	4,244.43	4,244.43	0	0.0%	12.4%
Non Wage	5,371.16	5,486.63	115.47	2.1%	16.0%
Development	**12,963.54**	**12,899.91**	**(63.63)**	**-0.5%**	**37.6%**
GoU	5,229.00	5,195.91	(33.09)	-0.6%	15.1%
Ext. Fin.	7,734.54	7,703.99	(30.55)	-0.4%	22.5%
Sub-Total	***22,579.12***	***22,630.96***	**51.84**	**0.2%**	**66.0%**
Domestic Arrears	*380.5*	*600*	219.50	57.7%	1.7%
AIA	*1063.54*	*1,192.55*	129.01	12.1%	3.5%
Gratuity	*0*	*170.67*	170.67	-	0.5%
Shortfall in Salaries, Pensions and Gratuity	*0*	*126.75*	126.75	-	0.4%
Treasury Operations (Interest Payments, Dom. Refinancing,	8,679.66	9,583.76	904.1	10.4%	27.9%

Ext. Amortization)					
Grand Total	**32,702.82**	**34,304.69**	**1,601.87**	**4.9%**	**100.0%**

Source: BFP 2019, and PBO Computations

18.2 Budget Allocation by Sector

69. The total sectoral allocations (excluding Domestic Arrears, AiA, and domestic refinancing) is projected to grow by 1.8% while as a percentage of GDP it will drop from 22.30% to 20.8%. The budget continues to prioritize public infrastructure projects.

70. Compared to FY 2018/19, the sectors of Works and Transport, Public Administration and Energy and Minerals will have substantial growth in their budget allocations. Interest Payments will receive the 2nd highest budget allocation next to the sector of Works and Transport. Domestic refinancing will grow by 14.2% compared to the FY 2018/19 and will account for 17.55% of the total budget.

71. The Sectors that are projected to receive substantial budget increments are highlighted below;
    i) Works and Transport sector continues to receive the biggest share of the national Budget of UGX 5,316.9bn. This is UGX 530.3bn increase on this year's budget. The increment will largely go to Vote 016 Ministry of Works and Transport (UGX 495.8bn) and Vote 113 Uganda National Roads Authority (UGX 120bn).
    ii) Interest Payments- This budget line will receive an increment of UGX 399.5bn compared to the FY 2018/19. It should be noted that the total funds allocated to treasury operations for payment of Interest including external debt repayments (amortization), and domestic refinancing is projected to grow from UGX 8,679.65bn to UGX 9,583.756bn representing 10.4% budget growth.
    iii) The Energy and Mineral Development Sector continues to receive substantial budget allocation mainly attributed to planned developments in the Petroleum Sub-sector. The budget allocation towards Petroleum, Development, Value Addition and Distribution Program is increasing from UGX 57.928bn in FY2018/19 to UGX 519.67bn in FY2019/20.
    iv). The Public Administration Sector will receive an increment of UGX 122.3bn which will go to Vote 002 State House.

72. The Sectors of Water and Environment and Security are projected to have significant reductions in budget allocation. The Sector of Water and

Environment will have a budget reduction from UGX 1,265.8bn to UGX 764.5bn a reduction of UGX 501.3bn. This reduction is attributed to a cut in external financing towards activities in relation to Urban Water Supply and Sanitation.

73. The budget for Security will receive a budget reduction of UGX 123.6bn that is also attributed to cuts in external financing for Vote 004 Ministry of Defense.

Table 7: Sector Budget Shares (UGX, billion)

Sector	Amount		Share to Total Budget		Y-to-Y growth	As %age of GDP	
	2018/19	2019/20	2018/19	2019/20		2018/19	2019/20
Works And Transport	4,786.6	5,316.9	14.64%	15.50%	11.08%	4.25%	4.33%
Interest Payments / Treasury Operations	2,514.1	2,913.6	7.69%	8.49%	15.89%	2.23%	2.37%
Education	2,781.1	2,685.4	8.50%	7.83%	-3.44%	2.47%	2.19%
Energy and Mineral Devt	2,438.2	2,662.9	7.46%	7.76%	9.22%	2.17%	2.17%
Health	2,310.1	2,278.4	7.06%	6.64%	-1.37%	2.05%	1.86%
Security	2,068.0	1,944.4	6.32%	5.67%	-5.98%	1.84%	1.58%
Public Sector Management	1,577.7	1,615.8	4.82%	4.71%	2.41%	1.40%	1.32%
Justice/Law & Order	1,296.1	1,395.1	3.96%	4.07%	7.64%	1.15%	1.14%
Accountability	1,123.7	1,209.3	3.44%	3.53%	7.62%	1.00%	0.98%
Agriculture	892.9	919.8	2.73%	2.68%	3.01%	0.79%	0.75%
Water and Environment	1,265.8	764.5	3.87%	2.23%	-39.60%	1.12%	0.62%
Public Administration	624.1	746.4	1.91%	2.18%	19.60%	0.55%	0.61%
Legislature	497.8	497.8	1.52%	1.45%	0.00%	0.44%	0.41%
Social Development	214.7	162.8	0.66%	0.47%	-24.17%	0.19%	0.13%
Science, Tech. & Innovation	184.0	118.9	0.56%	0.35%	-35.38%	0.16%	0.10%
Lands, Housing & Urban Dev't	202.4	113.8	0.62%	0.33%	-43.77%	0.18%	0.09%
Trade & Industry	134.1	86.7	0.41%	0.25%	-35.35%	0.12%	0.07%
ICT and National Guidance	149.1	79.5	0.46%	0.23%	-46.68%	0.13%	0.06%
Tourism	32.6	32.4	0.10%	0.09%	-0.61%	0.03%	0.03%
Sub-Total	**25,093.10**	**25,544.40**	**76.73%**	**74.46%**	**1.80%**	**22.30%**	**20.80%**

Sector	Amount		Share to Total Budget		Y-to-Y growth	As %age of GDP	
	2018/19	2019/20	2018/19	2019/20		2018/19	2019/20
							0.00%
Appropriation in Aid (AIA)	1,063.54	1,192.55	3.25%	3.48%	12.13%	0.94%	0.97%
External Debt Repayments (Amortization)	894.05	650.11	2.73%	1.90%	-27.28%	0.79%	0.53%
Domestic Refinancing	5,271.50	6,020.00	16.12%	17.55%	14.20%	4.68%	4.90%
Domestic Arrears	380.50	600.00	1.16%	1.75%	57.69%	0.34%	0.49%
Gratuity FY 2019/20		170.67	0.00%	0.50%		0.00%	0.14%
Shortfall in Salaries, Pension and Gratuity		126.75	0.00%	0.37%		0.00%	0.10%
Grand Total	**32,702.69**	**34,304.48**	**100%**	**100%**	**4.90%**	**29.06%**	**27.93%**
Nominal GDP	**112,545.45**	**122,807.69**					

Source: BFP 2019/20 – FY 2023/24 and PBO Computations

18.3 Sector Priorities for FY 2019/20and Emerging Issues

74. According to the BFP, the budget for the FY 2019/20 and the medium term will put emphasis to the following broad thematic areas:
    i). Harnessing Key Growth Sectors of Agriculture and Agro-industry, Tourism, Oil, Gas and Minerals;
    ii). Enhancing Private Sector Growth and Development;
    iii). Promoting Human Capital Development;
    iv). Strengthening Public Sector Investments;
    v). Improving Governance and Sustaining Security; and
    vi). Developing a Financing Framework anchored on both an effective Domestic Revenue Strategy and a responsive Debt Management Strategy.

    The analysis of the budgetary allocations and emerging issues is summarized in the following sections.

18.3.1 Works and Transport

75. The total sector budget excluding Arrears and AiA is projected to increase by 11% from UGX 4,786.62bn approved in FY 2018/19 to UGX 5,316.85bn projected in FY 2019/20 (increment of UGX 530.23bn). This allocation will increase the share of the budget from 15.3% in FY 2018/19 to 16.5% in FY 2019/20.

76. This increment is mainly attributed to budget increments towards the Ministry and in particular towards Transport Services and Infrastructure program. The increase in the program is mainly driven by two projects: Development of Kabale Airport and Uganda National Airline Project that are projected to increase from UGX 176.3 billion and UGX 129.5 billion approved in FY 2018/19 to UGX 531.4 billion and UGX 429.2 billion respectively.

Emerging Issues:

i). Although the Standard Gauge railway project is one of the core NDPII projects, the allocation to this project is declining questioning its prioritization. While Government secures funds for financing the project, there is need to acquire land to minimize on future obligations on the land that has already been valued and there are no plans to change the route.

ii). The budget Allocated to road maintenance can only finance 25 percent of the road maintenance backlog which currently stands at UGX 3,148bn in FY 2019/20, leaving 75 percent unmet. This implies that there is a need to urgently fund road maintenance given the projected road development programs in the medium term.

iii). The regulations to operationalize the Road Fund have not been developed. The Ministry of Finance should prioritize the development of regulations to operationalize the road fund in accordance with Section 49 of the road fund act.

iv). According to the Sector Outcome Indicators, the Proportion of National Road Network in fair to good condition (paved) is targeted to decrease from 97% (2017/18 outturn) to 88% in FY2019/20. This trend is also expected in regards to, the Proportion of National Road Network in fair to good condition for unpaved roads. There is need for clarification on why the proportion of National road network is projected to worsen from the current performance of Quarter four (4) FY 2017/18.

v). According to the Sector Outcome Indicators, the Casualty per 100,000 person by water transport is targeted to increase from 4 persons (Q4 2017/18 outturn) to 20 persons in FY2019/20. There is need to understand why the indicators of water safety are projected to worsen from what was realized in FY 2017/18.

vi). The African union is in advanced stages of creating the Single African Air Transport Market in Africa, to open up Africa's skies and markets and improve intra-African air connectivity. There is need to understand how the Uganda Airlines project plans to strategize and take advantage of this initiative given the existing airlines on the continent, to ensure that the taxpayers do not lose out in this investment due to competition.

vii). In regards to the Land's Sub-sector, Section 18(2) of the national physical planning Act 2010 provides that the national physical development plan shall be the largest physical development plan and all other physical development plans shall conform to the national physical development plan. In this regard, there is need to expedite the process of developing a national physical development plan to facilitate the development of regional and district physical development plans.

viii). The sector investment plans as indicated in the NBFP are silent on the sector's plan to address the land tenure, housing and urban development challenges of the country. With the emerging challenge on land evictions, there is need for clear strategies on how the ministry intends to address this challenge.

ix).There is need for demonstration of the actual outputs planned by the Ministry in the budget for FY 2019/20 to address the housing shortage and implement the national housing policy over the medium term. The National housing Policy 2016 whose vision is adequate housing for all has various objectives and identifies a number of strategies to meet those objectives. With the current population growth rate, there is need for Government to prioritize housing, as the current allocation to the housing program suggests that it is not a priority.

Highlights of Sector Budget Execution FY 2017/18

77. The approved budget allocation for the Sector was UGX 4,621.29bn in FY 2017/18, of which only 75% was released. The poor release performance was mostly due to the poor performance of external financing releases that had only 48percent of the approved budget released by the end of the financial year. On the other hand, UGX 2,996.58bn was spent, registering an absorption rate of 86percent, largely on account of the poor absorption of the external development budget where 55percent of released funds were spent by the end of FY 2017/18. UNRA had the highest unspent balance of UGX 450.3bn followed by KCCA with an unspent balance of UGX 34.6bn.

Emerging Issues:

i). According to the Annual Budget Performance Report FY 2017/18, UNRA had the highest unspent budget amounting to UGX 450bn. Specifically; the Hoima-Wanseko, Muyembe-Nakapiripirit, Kampala

Flyover North Eastern Road-Corridor Asset Management Project and Rukungiri-Kihihi-Ishasha/Kanungu Road projects had the highest unspent balances under external financing. In addition, a number of NDPII core infrastructure projects were lagging behind in performance by the end of FY 2017/18.

ii). In regards to Road Maintenance versus Road development, road development still takes the biggest share of the budget, at 90%while road maintenance is still a 7%of the total budget. This imbalance is resulting in unsustainable development of the network while the backlog maintenance is growing and will result in higher replacement costs of the road asset in future.

18.3.2 Education

78. The sector budget is estimated to reduce by 2% from UGX 3,132.547bn in FY2018/19 to UGX 3,081.77bn in FY2019/20 or a reduction of UGX 95.7bn.It should be noted that the Education sectoral share to the national budget has been reducing from 14.6% in FY2012/13, 11.4% in FY 2017/18 to now 10.5% in FY2019/20.

Emerging Issues:

79. Table14 below highlights the extent to which the budget strategic interventions in the Sector have been adequately financed or prioritized in the Sector's proposed work plans for the FY2019/20.

Table 8: Evidence of Budget Strategic Intervention

No	Budget Strategy 2019/20	Evidence of Intervention in Budget Allocations
1	Prioritize Vocational training by enforcing standards in the Institutions to make them attractive, providing Vocational and Technical Institutions with adequate instructors and instructional materials guided by skills demand in the market	Enough funding has been directed towards Skills development. Under the Donor Development budget of 221.549bn, 153.259bn is for Skills Development. Very low releases and low absorption of the development funds.
2.	Operationalization of SEED Secondary Schools currently being constructed in sub-counties without government secondary schools with adequate staffing and operating costs before embarking on new	No development budget allocated for secondary Education in FY2019/20

No	Budget Strategy 2019/20	Evidence of Intervention in Budget Allocations
	ones.	
3.	Harmonize the government merit scholarship with the student loan scheme	This has always been the Committee's recommendation but has not yet been realized. No budgetary changes in FY2019/20 suggest that this will be achieved.
4.	Funding of Research in Public Universities	We have 11 public Universities. All the Universities have the same budgetary allocations as last FY. There is NO additional funding for research.
5.	Review of Policy on creation of public Universities, Secondary and Primary Schools with the view of ensuring that existing ones are fully functional before embarking on new Institutions.	There are 2 projects under primary Education where new schools will be constructed. This strategy is not in line with strategy 2 which alludes to the fact that new secondary schools will be constructed in sub-counties without. For University, there is the Constituent college in Karamoja which was a presidential directive and more private Universities are being taken on by Government like Mountains of the moon and Busoga University.
6.	Enhancing quality of Education Service Delivery especially at primary level, through teacher training, supervision and inspection. This will be complemented by use of information Technology Innovations at the Education facilities and automating monitoring and inspection mechanism to address knowledge gaps and absenteeism that affects quality of learning.	The Quality and Standards budget experiences very low releases and there is a reduction in budget from FY2018/19.
7.	Phased recruitment of 22,000 primary school teachers	Wage bill is stagnant at 1,626.44bn no provision for extra recruitment of teachers in FY2019/20.

Source: BFP 2019 and PBO

Highlight of Sector Budget Execution FY 2017/18

80. The overall approved budget for FY 2017/18 under the Education and Sports Sector amounted to UGX 2, 828.985bn (inclusive of arrears and A.i.A) of which UGX 2,720.418bn was released, implying a 96.1% release

of the approved budget. 96.1% of the releases were absorbed except Donor development absorption that performed at 68.8%.The sector continues to have low absorption of funds under the donor development component.

Emerging Issues

iii). Outcome Performance Indicators for the different programs were not assessed due to lack of information thus making it difficult to assess the outcome performance of the various indicators of the sector.

iv). Under the Emergency Construction of Primary Schools Phase 11, 52 schools had not been constructed by end of financial year and the 140 lightening arrestors had not been procured and yet funds were utilized.

v). Poor performance was also noted under item 070455-Operational support for Public and Private Universities, out of the 101% release only 62.4% was spent.

vi). Poor release performance was noted under Skills Development Program mainly under Project 1310-Albertine Region Sustainable Development Project and Project 1338-Skills Development Project at 38.2% and 12.8% respectively.

vii). Delayed release of funds by MoES constrained timely execution of activities in the annual work plan. Most schools received funds in Q4, and Change in procurement modality during the FY caused delays in construction. The decision to deploy the centralized procurement modality was only ratified at the end of Q4 FY 2017/18; therefore schools received the money at the end of the FY. The Ministry needs to plan better to avoid these unnecessary delays.

viii). The Ministry needs to address issues of Lack of project readiness: Delayed settlement of the GoU counterpart obligations for donor projects and the lengthy procurement processes for effective and timely implementation of the projects.

18.3.3 Health

81. The Health Sector budget is projected to reduce by UGX 31.29bn from UGX 2,363.56bn approved in FY 2018-19 to UGX 2,332.27bn in FY 2019-20. This reduction is attributed to projected reduction in non-wage category by UGX 14.81bn (3.1%) and GoU development budget by 21.1bn (12.2%).
82. It should also be noted that the medium term sector budget outlook is projected to decline from the approved amount of UGX 2,363.56bn

approved in FY 2018/20 to UGX 1,779.1bn in FY 2022/23. This is on account of projected declining external financing towards development projects.

Emerging Issues

83. Whereas it has been acknowledged that under staffing is one the major challenges affecting health service, the wage bill is projected to remain static in FY 2019/20. In addition, District Health Officers (DHOs) petitioned Parliament over exclusion from the recent salary enhancement of the Health workers. This necessitates funding over and above the FY 2018/19 level.
    - ix).It should be recalled that the issues of allowances to Intern-doctors' and Senior House Officers' allowances has been outstanding. It was reported that in order to have Senior House Officers paid at a rate of UGX 1m per month; it would require an additional UGX 6.708 billion annually against a provision of UGX 4.2bn which has been approved for this purpose since FY 2017/18, leaving a funding gap of UGX 2.508 billion. There is no clear intervention to cater for this budgetary requirement in FY 2019/20.
    - x). Whereas the budgetary allocation as well as mandate to regional referral hospitals have remained significantly similar, programme targets have continued to depict huge variances. This is a clear indication that the programme indicators used are not adequately linked to available resources making them overly inconsistent.

Highlight of Sector Budget Execution FY 2017/18

84. By the end of June 2018, the overall sector budget release amounted to UGX 1,291.46bn (68.7%). This performance is attributed to the lower than expected release performance under the development budget category and AIA. Out of the total released budget, UGX 1,202.99bn was actually spent (93.1%) leaving a total of UGX 88.47bn out of the released budget unspent (6.9%).

Emerging Issues

85. Analysis of the Budget Performance Report by Ministry of Finance, Planning and Economic Development for FY 2017/18 reveals a number of budget implementation challenges under the health Sector. It is further noted that the challenges are similar to those reported during the FY 2015/16 and 2016/17. This is an indicator that the Sector has not

institute appropriate mitigating interventions to curb these challenges. They include:

i). Poor planning characterized with initiating projects before adequate appraisal and costing as well as delayed commencement of procurements. In some cases implementing Entities have committed Government above the approved estimates and availability of resources in the medium term expenditure plans. Consequently, a number of projects have stalled notably the construction of staff houses under the Italian Support in Karamoja and the surgical complex at Mubende RRH. Other projects like the maternity Ward complex and Gulu have outlived their contractual periods resulting in endless extensions. This has resulted in loss of time, value for money and deprecation of facilities.

ii). Slow pace in achievement of some sector outcomes attributed to disparity between programme indicators and sector outcome indicators and prioritization leading to poor allocative efficiency and inadequate allocation to attendant inputs required to deliver on planned interventions.

iii). Inadequate manpower, skills and ill-equipped regional maintenance workshops and funds to facilitate maintenance and repair of critical and complex medical equipment such as dental machines, X-rays and other imaging equipment. Most of the RRH workshops lack the attendant human resource such as Biomedical Engineers to undertake the repairs and maintenance works. This is attributed to delay and or failure to review the current staffing norms for RRH to accommodate this cadre. This apparent lapse in planning and resource allocations results into budgetary wastage as well as inefficiency in health service delivery.

iv). Stock-out of medical supplies and laboratory reagents at most health facilities across the country. There is general lack of laboratory reagents such as CBC and CD4 in RRHs and general hospitals country-wide. Constraints on medical services are more pronounced in facilities located in refugee hosting communities. Vaccines have to be shared by both the host and refugee communities causing shortages.

18.3.4 Agriculture

86. Overall Budget for the Agriculture Sector (inclusive of AiA) is increasing from UGX 938.674bn in FY2018/19 to UGX 966.481bn in FY2019/20, representing an increment of 3% or 27.8bn.
87. This increment is mainly attributed to an increment of UGX 176.9bn

billion to the Ministry of Agriculture, Animals and Fisheries. It should also be noted that the proposed budget allocation to NAADS Secretariat is being reduced from UGX 249.977bn in FY2018/19 to UGX 99.987bn in FY2019/20 (or by a reduction of UGX 149.99bn).

Emerging Issues

v). The NBFP does not provide a justification for these increments to the Sector and therefore justifying key strategic interventions to the Sector is not possible.

vi). The NBFP rightly focuses on Irrigation, particularly dealing with mandate, policy and strategy issues for example improving coordination and implementation of provision of Water for Production (WfP) under Ministry of Water and Ministry of Agriculture, Animal Industry & Fisheries. However, the NBFP does not show what milestones/targets will be achieved with the planned investments in irrigation.

vii). Most farmers still rely on rain fed agriculture and the risks to agriculture production are still high due to climate change. Government should focus on tangible targets with regard to irrigation and resources should be budgeted towards achieving the desired goals in this sector.

18.3.5 Tourism

88. Overall Budget for the tourism Sector (inclusive of AIA) is increasing from UGX 117.943bn in FY2018/19 to UGX181.285bn in FY2019/20. This increment is about 53.7% as compared to the previous FY. This increment is mainly attributed to an increment of 30 billion to Uganda Wildlife Authority from NTR/AiAcollections.UWA is proposing to allocate UGX 13bn for road equipment to open up new roads in game parks for accessibility and to dig trenches to prevent dangerous animals from crossing to the neighboring communities. UWA is also proposing to allocate 10bn is for surveillance, evacuation and rescue of animals and visitors.

Emerging Issues

viii). One of the key strategic interventions for FY2019/20 is to improve tourism marketing and promotion in order to increase the visibility of Uganda as a tourist destination. However, the budget allocation of UGX 17.2bn to UTB has been maintained in FY2019/20. In addition, it should be noted that UTB was only able to absorb 49.2% of its budget in the FY2017/18.

ix).Tourism remains one of Uganda's major Foreign Exchange Earners but still earns below potential. The number of tourists has increased over the years, but still below target both in terms of the number of visitors and earnings. Uganda's tourism earnings are estimated at US$ 1.4 billion annually.

x). To increase tourism earnings from USD 1.4 billion to USD 2.7 billion by 2020. This will require increase in the number of visitors from the current USD 1.4million to USD 4 million at the same time.

89. These developments do not indicate that tourism marketing and promotion strategies will effectively increase the visibility of Uganda as a tourist destination.

18.3.6 Energy and Minerals

90. The Energy excluding Appropriation in Aid is projected to increase by UGX 224.6bn from UGX 2,438.2bn to UGX 2,662.8bn. The increment will affect largely the program 03- Petroleum Exploration, Development, Value Addition and Distribution products that will have its budget increased from UGX 57.928bn to UGX 519.67bn. The increment is due to the prioritized activities under the Midstream activities of construction of the Oil refinery budget at UGX 467.65bn from external financing.
91. The Program Large Hydro power infrastructure will have its budget reduced from UGX 751.03bn to UGX 664.5bn as a result of anticipated Isimba-HPP completion and Commissioning scheduled for early this year. Karuma-HPP project is still allocated substantial resources to the tune of UGX 556.9 bn.
92. Rural Electrification Agency is projected to have its budget excluding Appropriation in Aid increased from UGX 636.5bn to UGX 671.1bn an increment of UGX 34.6 bn. The bigger potion of the budget is allocated to the project 1517 bridging the demand gap through the accelerated rural electrification Program (TBEA) of UGX 260.4bn.

Emerging Issues

xi).The additional budget allocation for the construction of the Oil Refinery is in line with the priority of having supportive Infrastructure for early oil production in place. Government has allocated UGX 467.65bn for the oil refinery.

xii). Critical Institutions to support the production of oil under the sector i.e. UNOC and PAU have continued to be underfunded. Their budgets have remained at UGX 15.2bn and UGX 30bn respectively. These meager allocations of funds is assigned to recurrent budget with payment of salaries for the case of UNOC taking 63% and the balance to pay for general office running including payment of rent for office premises.

xiii). Government has not allocated funds to UNOC for the equity contribution to the development of the infrastructure such as East African Crude Pipeline (EACOP) and the Buloba Petroleum Storage Terminal. The funding of these projects is critical for UNOC to be ready for the fiscal regime and the Final Investment Decision (FID for the Oil and Gas Commercial Investments.

xiv). The electricity subsector continues to be prioritized through budget allocations. The completion of Isimba-HPP (183) and Karuma-HPP (600 MW), solar plants and mini-hydro power projects will add to the National grid at least 1000 MW.

xv). The Sector has prioritized the construction of the transmission lines such as Opuyo - Moroto Interconnection project (UGX 48.6bn), Electrification of Industrial Parks (UGX 78.7bn), Kampala Entebbe Expansion Project (UGX 24.26bn), Mbale-Bulabuli (Atari) (UGX 22.86bn), Mirama-Kabale (UGX 37.5bn) Grind Expansion and Reinforcement Project-Lira, Gulu, Nebbi to Arua (UGX 103.65bn), Masaka-Mbarara Grid expansion (UGX 94.98bn).

xvi). Government has allocated additional funds (UGX 2.8bn) for construction of at least one mineral beneficiation center and partitioning of mines block and equipping of the mineral laboratory with additional funds of UGX 1.04bn. This is in line with the priority of promoting mineral subsector.

Highlight of Sector Budget Execution FY 2017/18

93. The overall approved budget (incl. Arrears, AIA) for the Sector in the FY2017/18 amounted to UGX 2, 370.642 billion. By the end of June 2018, the overall sector budget release amounted to UGX2,289.672bn (96.6%). Out of the total released budget, UGX 1,518.317bn was actually spent (64%) leaving a total of UGX 771.35bn of unspent balances. This poor absorption was largely registered in the Large Hydro Power Infrastructures program, where UGX 529.38 billion was unspent.

Emerging Issues

xvii). Difficulty in acquisition of Right of Way (RoW) affected works on all transmission line projects. Contractors were denied access to the project sites where compensation was not fully undertaken.

xviii). The inadequate sector funding affected performance of some critical activities such as the RAP. The low release of GoU counterpart funding negatively affected the implementation of the Rural Electrification Programme.

xix). The development plans for all the planned oil infrastructure were affected by the oil price which was at USD 50 per barrel. This affected the level of investment in the oil and gas sector, as investors wait for prices that will give a better return on their investment.

18.3.7 Water and Environment

94. The Sector Budget excluding Appropriation in Aid is proposed to decrease from UGX 1265.8bn in the FY 2018/19 to UGX 764.54bna decline of UGX 501.3bn. The decline is attributed to a reduction in projected external financing and will affect programs in relation to Urban Water Supply and Sanitation. There therefore need to enhance domestic funding for the water Sector.

Emerging Issues:

xx). According to the BFP, Government has continued to prioritize provision of water for production through construction of Large Irrigation schemes and mini micro irrigation schemes and multi-purpose surface storage facilities/reservoir. However, the allocation for Water for Production activities have been maintained at FY 2018/19 level of UGX 95.092 billion.

xxi). Approximately 120,000 hectares translated as 10% of the CFR land is heavily encroached causing serious social, economic, environmental and discontent amongst communities. Clear and measurable strategies to address the damage of the environment have not been demonstrated in the BFP.

xxii). Operationalisation of the Tree Fund to promote tree planting and increase forest cover has not been implemented.

xxiii). The Sector has continued to receive low funds under Local Governments, towards Natural Resources Management. The allocation in FY2019/20 is only UGX 790 million representing

0.1% of the total Sector's Budget;

xxiv). The Sector continues to face rampant environmental degradation especially wetlands which has compromised the integrity of the fragile ecosystems. The strategic intervention to demarcate critical wetland boundaries and cancel illegal titles in wetlands is facing huge implementation challenges.

Highlight of Sector Budget Execution FY 2017/18

95. The overall approved budget (incl. Arrears, AIA) for the Sector in the FY2017/18 amounted to UGX 686.757bn. By the end of June 2018, the overall sector budget release amounted to UGX704.78bn (102%) as a result of approved supplementary funding towards Urban Water and Sanitation Supply, and development of Water for Production Infrastructure. Out of the total released budget, UGX 655.971bn was actually spent (93.1%) leaving a total of UGX 48.8bn of unspent balances.

Conclusion

96. Government economic forecast suggest that the economy is projected to rebound to grow at an average of 6.4% over the medium term, however, challenges and risks remain. Focus on promoting growth through planned infrastructure and oil sector investments is welcome but emphasis on sound and steadfast implementation of policies and reforms is important to foster inclusive and stronger growth. Inclusive growth challenges can be identified with dismal projected growth in agriculture (where the majority of the population is employed) of 3.8% compared to 5.6% for industry and 7.8% for services during the FY 2019/20.
97. It is important to strengthen fiscal policy implementation. While government intends to increase revenue mobilization over the medium term, there is notable under execution of externally financed investment budget as evidenced with the 10.8% performance in the first quarter of FY 2018/19 due to poor project readiness for implementation. This could undermine growth prospects.
98. The tight current expenditure projections that will average 10.5% of GDP over the medium term will require strong spending controls and efficiency gains to avoid the needs for unnecessary supplementary budgets or renewed arrears. This also calls for stronger efforts to improve arrears monitoring and adoption of a comprehensive arrears clearance and prevention strategy.
99. Social spending will decline in real terms in FY 2019/20, requiring efficiency gains to protect the level of service delivery.
100. Safeguarding debt sustainability should be prioritized. In this

regard there is need for continued domestic revenue mobilization and sound project implementation, especially to realize the envisaged growth dividend from infrastructure investment. Government should target the projected debt trajectory to provide a buffer relative to the Charter of Fiscal Responsibility's debt ceiling in case of adverse shocks.

101. Bank of Uganda has effectively implemented its inflation targeting framework, while maintaining a flexible exchange rate. Given a positive core inflation outlook over the medium term, the central bank should employ an accommodative monetary stance.

102. However, at the same time the Bank of Uganda should stand ready to tighten monetary policy if risks to the inflation outlook from food prices, oil prices and the exchange rate materialize.

103. Efforts to strengthen financial oversight given the recent (2016) rise in non- performing loans and recent failure of Crane Bank, which was the third largest bank. Measures to strengthen supervision of banks including by closely scrutinizing banks' reporting is critical.

104. Resulting from mobile money contribution to financial inclusion, there is need for steadfast efforts to ensure that the regulatory framework keeps pace with financial innovation.

105. There is urgent need to accelerate structural reforms aimed at facilitating private sector activity, including further improving the business environment, governance, and the education system necessary for strong growth. Priority should also be given to increasing the resilience of the agriculture sector.

PART 2: THE SECTOR COMMITTEE OBSERVATIONS AND RECOMMENDATIONS ON GOVERNMENT SECTOR PLANS AND EXPENDITURES

I. MINISTRY OF EAST AFRICAN COMMUNITY AFFAIRS (MEACA)

Limited Budget for Regional Integration Program

102. The Committee observes that the Ministry of East African Community Affairs (MEACA) will be operating a lean budget of Shs.28.3bn and the core program on Regional Integration is projected to be allocated only Shs.0.764 bn which is 3% of the Ministry's annual budget in FY 2019/20. The committee further observes that Governments failure to allocate adequate funds to MEACA under regional integration program undermines the existence of the ministry and will fail the purpose and spirit of EAC integration.

103. The Committee recommends that Ministry of Finance, Planning and Economic Development provides additional funding amounting to UGX 4.1 billion for the Regional integration Program budget with a view of enhancing implementation of MEACA'S core functions.

Low Public awareness of the EAC Integration matters.

104. The Committee observes that there was still low public awareness and sensitisation of Ugandans on EAC Integration especially at the border points. The lack of awareness is putting Ugandans at a disadvantage in benefitting from the EAC integration process. This lack of awareness has partially been attributed to limited funds for awareness creation by the ministry.

105. The Committee recommends that Ministry of Finance, Planning and Economic Development facilitates MEACA with additional funds amounting to UGX 2.75 billion to effectively carry out public sensitisation and awareness of the EAC integration for the benefit of all Ugandans.

Gratuity arrears for the former staff of the defunct EAC Airways

106. The Committee observes that the Ministry has outstanding arrears amounting to UGX 18,505,201,639 for payment of gratuity to former staff of the defunct EAC Airways. This payment has been long overdue.

107. The Committee recommends that Ministry of Finance, Planning and Economic Development should avail the above mentioned funds to

enable MEACA clear the gratuity arrears

II. NATURAL RESOURCES

Prioritization and Transmission

108. The Committee noted that Government efforts to increase power generation yielded and Isimba and Karuma are soon adding 1000MW to the grid. Isimba turbines are already adding power to the grid. But its important to note that even now the Country has excess unused power due to lack of transmission and distribution lines to evacuate the power.

109. The Committee recommends prioritization of the budgetary requirements of transmission, generation and distribution.

110. The committee recommends that government allocates additional funding of Ushs 60 bn to REA for construction of various Rural Electrification projects and intensification and also an additional Ushs 96.1 bn to UEGCL and Ushs 178.0 bn allocated to UECTL to evacuate electricity.

111. The Committee recommends that Government provide UGX 178bn for RAP implementation on the Transmission lines to enable UETCL evacuate power in order to avoid associated costs and implications of project delays and further increase power consumption throughout the Country.

112. The Committee further recommends and urges Government to address its financial obligations through counterpart funding in various projects in order for the projects to be implemented. Further the Committee recommends that Government desists from taking up financial obligations without being adequately prepared financially for the offset financing.

113. Further the Government should explore the option of creation of a Utility Corridor in order to curb down on the exorbitant amounts being spent on RAP

Allocation of proposed funds in Agencies

SN	Agency	Activities	Amount
1.	**REA**	**Construction of various Eletrification projects**	**60.0 bn**
2.	**UEGCL**	i. Isimba Dam Insurance	1.0 Bn
		ii. Environment Impact Audit for Isimba and Karuma	1.4 bn
		iii. Arrears for EIPL	15.7 bn
		iv. Community Development Action Plans(CDAP) Karuma	26.0 bn
		v. Resettlement Action Plan(Karuma)	3.0 bn
		vi. Resettlement Action Plan(Isimba)	3.0 bn
		vii. Isimba land for RESERVOR	1.5 bn
		viii. Kalagala Offset	4.0 bn
		ix. Operation &Maintenance(Karuma&Isimba)	24.0 bn
		x. Karuma Insurance	7.2 bn
		xi. Musizi CDAP	4.0 bn
		Sub-Total	**96.1 bn**
3.	UECTL	RAP Implementation	

		i) Masaka-Mbarara	50.0 bn
		ii) Mirama-Kabale	28.0 bn
		iii) Mutundwe-Entebbee	25.0 bn
		iv) Industrial Parks	43.0 bn
		v) Karuma Interconnection	12 bn
		vi) Payment of Sukuru Substation	20.0 bn
		Sub-Total	178. bn
4.		**Total Requirement**	**334.1 bn**

Procurement Bottlenecks

112. The Committee observed the procurement bottlenecks which include lengthy bidding processes that require no objections from external financiers at each execution stage. The Committee notes that procurement bottlenecks grossly affect Project implementations and have adverse financial implications on the project completion.

113. The Committee further observed the low access of Rural Electrification which stands at approximately 20.6%. This may be attributed to partly Way leaves acquisition which still remains a major challenge due to the fact that project execution is delayed or slowed down due to pressure of litigation, uncooperative communities who want to be compensated before the lines are built, plus procurement delays of major projects funded by Development partners namely the World Bank, African Development Bank, Abu Dhabi Fund and Kuwait Fund.

114. The Committee recommends that Government should explore the option of advanced procurement to curb procurement delays. Government should also provide UGX 22.27 bn as counterpart funding towards priority rural electricity projects in order to increase connectivity in different regions of the Country and UGX 6.8bn towards Way leaves compensation totalling to UGX 29.070bn

Governance challenges for (UETCL, UEGCL, and UEDCL)

115. The Committee further noted the Management gap in the Uganda Electricity Board (UEB) successor companies (UETCL, UEGCL, and UEDCL) which by law belong to the Ministry of Finance, Planning and Economic Development have created a supervision and monitoring gap within the Ministry of Energy and Mineral Development whose mandate is to"Establish, Promote the Development, Strategically Manage and Safeguard the Rational, Sustainable Exploitation, Utilization of Energy and Mineral Resources for Social and Economic Development". This has impacted on the implementation and supervision power projects.

116. The Committee recommends and urges Government to expeditiously consider and bring before Parliament an amendment to the Public Enterprises Reform and Divestiture Act, 1993 to enable the aforementioned companies revert to the Ministry of Energy and Mineral Development for the smooth running of all the associated the Power Companies.

Under funding of Oil sub-sector

117. The Committee further observed that although Oil seems to be the future backbone of the Country's economy, the National Oil Company (UNOC) is grossly under- funded bringing to question on how it is expected to effectively and profitably represent and manage State Commercial Interests without any Capital Investments in the Oil Sector.The Committee further noted that inadequate funding of UNOC/ GoU's counterpart funding of Uganda's share into Investment projects leading to project execution delays and accrued penalties due to undisbursed funds.

118. The Committee therefore recommends that UNOC be adequately funded in order for it to effectively execute its mandate.

119. The Committee further recommends that a long term funding solution for UNOC operations be sought in order to ensure financial sustainability.

120. Government should also explore the option of laying before Parliament an Amendment to the existing laws pertaining to Oil to grant UNOC access to petroleum revenues under the Petroleum Fund in order to minimize penalties on default.

Atomic Energy Council

121. The Committee observed that inspite of its recommendation in the previous report for the FY 2018/18, for the Atomic Energy Council to be given a Vote Status, to date this has not materialized hence affecting the operations of the council. This contravenes Uganda's commitment to the International Atomic Energy Agency's policy which requires that the Atomic Energy Council be autonomous and independent in all its operations.The Committee further observed the inadequate funding to Atomic Energy Council which has also greatly impacted on the planned activities.

122. The Committee therefore reiterates its earlier recommendation that the Atomic Energy Council be given a Vote Status as per Government of Uganda's commitment and adequate funding is provided.

Mini-hydro power projects

123. The Committee observed that currently many mini-hydro power projects are being constructed without any plans for the evacuation of power that will be generated considering that the Country is already producing excess power that is yet to be transmitted.

124. The Committee recommends that for all power projects embarked on, there should be elaborate plans for evacuation of power to the main grid as well as a distribution networks established.

Counterpart funding for water projects under the Ministry

125. The Committee observed that although the GoU has counterpart funding obligations under various donor funded projects as stipulated in the financing agreements, MTEF ceilings do not match the GoU financing obligations which has resulted into budgetary shortfalls in project implementation and attracting costs in form of penalties due to delayed payments.

126. The Committee therefore recommends that Government adheres to its financial obligations by providing funds towards counterpart funding (as outlined in the table below) in order to avoid the associated costs. Further the committee cautions that Government should desist from entering into any financial commitments without the corresponding counterpart funding.

NO.	PROJECT/PROGRAMME	REQUIRED (UGX BN)	BUDGET CEILING (UGX BN)	FUNDING GAP (UGX BN)
1.	WMDP	11.0	0.80	10.2
2.	South Western Cluster (Mbarara- Masaka-Isingiro)	-	-	14.9
3.	Integrated Water Management Development Project (IWMDP)	-	-	8.5bn

National Water Sewerage Cooperation (NWSC) Projects

127. The committee observes that during FY 2019/20, NWSC shall among others implement the following projects in collaboration with GoU and Development Partners. The total GoU co-financing requirements for these projects (excluding taxes) is Shs.100.846 billion of which Shs. 56.131 billion is provided creating a funding gap of Shs. 44.715 billion.

Financing requirements for FY 2019/20

list of Projects	Donor Commitment		GoU Financing		
	Source	Funding	Proposed Budget	Ceiling	Funding Gap
Protection of Lake Victoria-Kampala Sanitation Programme (KSP)	KfW,AfDB	0	37.246	17.731	19.515
Water Manangment and Development Project(WMDP)	World Bank	0	11.000	0.800	10.200
100% Service Acceleration Projects (SCAP)	Nil	0	52.600	37.600	15.000
TOTAL			**100.846**	**56.131**	**44.715**

128. The committee recommends that additional funding of Shs. 44.715 billion be provided to cover the cost of the above mentioned critical projects.

Water shortage in the growth urban centers

129. The Committee observed that Water and Sanitation Facility (East) which covers the highest number of Districts (44) in Eastern and Northeastern Uganda representing the highest poverty levels higher than the National Average of 36% has been inadequately funded.

130. The committee therefore recommends that UGX 30bn be allocated to this project in the coming FY 2019/20 to address water shortage in the growth urban centres.

National Irrigation Master Plan

131. The Committee noted that although it had previously recommended that Government urgently develops a National Irrigation Master Plan as a mechanism towards addressing water shortage in the agricultural sector, this is yet to be done.

132. The Committee therefore reiterates its earlier recommendation that Government expedites the development of a National Irrigation Master Plan.

Support to Rural Water Supply and Sanitation Programme

133. The Committee was informed that the Ministry plans on the provision of sustainable safe water supply and sanitation facilities in the rural areas through a project entitled ' Support to Rural Water Supply and Sanitation Programme' that will be geared towards rehabilitation and repair of boreholes country wide and to build user capacity to undertake minor maintenance for sustainability. This project is a three year project that will cost UGX 30.2bn.

134. The Committee therefore recommends that UGX 30.2 be provided and spread over a period of three years translating into UGX 10bn annually in order to for the project to be implemented in order for communities to be enabled to develop and maintain their water sources for home use, production and increased household incomes.

135. Further the Committee recommends that Government explores the option of motorized boreholes in the long run that will

ease on the pressure of the existing facilities and are more user friendly especially for larger communities. This requires Ushs. 20bn in the FY2019/20.

136. **The Committee also recommends that Government further explores upgrading the existing hand- pumped boreholes to solar powered water supply systems.**

Pollution hotspot for Kampala Water Supply

137. The Committee observed that the Inner Murchison Bay (IMB) that is a raw source of drinking water for Kampala receives wastewater from the surrounding municipalities of Mukono and Kiira hence making it a pollution hotspot of toxic metal from industries and algae from city waste water.The Committee was informed that the Ministry has drawn up a project proposal entitled Inner Murchison Bay Clean Up that is geared towards control and prevention of further pollution of the IMB, restoration and remedied activities, establishment of pollution management infrastructure and enhancement of information and knowledge base on the pollution of IMB. The project is to cost UGX 63.6bn over a 5 year period.

138. **The Committee therefore recommends that funds be provided towards this project at a cost UGX 12bn annually in order to address issues pertaining to the pollution which negatively impacts on human health, fisheries of the bay, navigation and cost of treatment.**

Water stressed areas

139. The Committee was informed that the project geared towards emergency drilling of water in the water stressed areas will require UGX 12bn in the FY 2019/20 although no funds have been provided for in the budget of FY 2019/20.

140. **The Committee recommends that UGX 12bn be allocated to address the scarcity of water in the water stressed areas as this will go a long way in improving household livelihoods accruing from sustainable water for production, agricultural and livestock plus household usage.**

Solar powered mini- piped water

141. The Committee was informed that detailed designs of a scheme to construct solar powered mini- piped water in rural areas with low coverage and fair ground water potential in the districts of Amudat (36%), Buvuma (28%), Isingiri (24%), Kiruhura (39%), Kyegegwa (35%), Lyantonde (40%), Mubende (31%), Namayingo (38%), Rakai (37%) and Sembabule (32%) were completed and awaiting implementation. The Committee was further informed that although a budget of UGX 13bn had been drawn up to kick start the implementation in the FY 2019/20, no funds have been allocated towards this crucial project.

142. The Committee recognizes the need for providing water for both household and agricultural use and its contribution towards the NDP II goals plus its contribution to improved and increased water access and sanitation facilities.

143. The Committee therefore recommends that UGX 13bn be allocated towards the implementation of this project.

Environmental levy

144. The Committee observes that in FY 2008 the environmental levy was varied on vehicles and other goods as a means of controlling pollution. The Committee further notes that the Environment Bill 2018 which was recently passed by Parliament awaiting Assent by the President; states that the environmental levies shall constitute part of the national environment fund, of which 70% shall be allocated to lead agencies and local governments as conditional grants, a fraction of which shall be for restoration activities.

145. The Committee recommends that Parliament considers invoking its legislative powers under Article 91 of the constitution in regards to this law.

146. The Committee further recommends that monies collected as environment levy should duly be declared by Uganda Revenue Authority and remitted to the environment fund to finance the

activities of National Environment Management Authority and its lead agencies.

Forest Cover Restoration

147. The Committee noted that despite various Government interventions to restore forest cover through gazettement of forest reserves, entering into public- private partnerships, reclaiming of forest land and sensitization of the population on the need for better forest cover, there has been continued loss on acreage of forest cover due to encroachment, issuance of illegal titles in both Central Forest Reserves and Local forest reserves, illegal extraction of both Timber and non-timber forest products on private lands and in the reserves. This trend if left unattended to is bound to impact negatively on the climate.The Committee was informed that a strategy that involves demarcation of forest boundaries with pillars, procurement of forest patrol vehicles and payment of forest patrol plus increased supply of seedlings for restoration and commercial tree planting will significantly contribute to increased forest cover from the current 9% to 18% by 2021.In order for this to be achieved, a total allocation of UGX 8.7bn is required annually.

The Committee therefore recommends that;

148. A coordination mechanism for forestry management should be put in place for effective monitoring and protection of biodiversity forests of both the Central and Local forest reserves in order to ensure increased forest cover;

149. An elaborate regulatory framework on commercial forest plantations should be put in place detailing mode of issuance and cancellation of licenses, transfer of interests to another person or entity, reverting interests to government as well as coexistence;

150. Prioritization by NFA of development of fast growing indigenous species such as bamboo, Maesopsisemnii (umbrella trees), Marhamialutea etc and;

151. Industry standards for harvesting and quality of timber should be established in collaboration with UNBS for quality assurance purposes

152. The Committee further recommends that UGX 8.7bn be allocated towards this activity.

Underfunding of Water Sector

153. The Committee observes that although the sector has a development plan that is aligned to the NDP II, actual realization of the set target still falls short of what is expected. This has largely been as a result of underfunding to the sector, population influx in a number of towns among other challenges.

154. **The Committee therefore recommends that commensurate funding be allocated to the water and environment sector, especially to Local Governments as various segments of environmental management directly fall under the jurisdiction of the local governments.**

155. **The Committee further recommends that Government expedites assent and implementation of the National Environment Act in order for the sector to be able to meet its obligations under sustainable use of natural resources.**

Encroachment on Forest Cover

156. The Committee noted that part of the encroachment on forest is attributed to production of charcoal for fuels in homes. The Uganda Household survey report of 2016/17 indicates that firewood and charcoal combined constitute the main source of fuel for cooking accounting for 94 percent of the households. It is therefore necessary that affordable alternative sources of energy for domestic consumption be developed to combat the effects of desertification and climate change.

The Committee therefore recommends that;

157. **NFA prioritizes plantations of fast growing species that support charcoal productions. However, these woodlots should be planned and adequately managed.**

158. **In order to promote alternative source of cooking energy, Liquefied Petroleum Gas (LPG) should be exempt of VAT and Import tax. This would make LPG an affordable alternative to charcoal in urban areas particularly through the reduction of upfront costs on stoves and gas cylinders.**

159. **Massive sensitization on sustainable use of natural resources, behavior change to promote energy conservation and safety during cooking amongst other issues should be rolled out country wide.**

Laboratory Accreditation

160. The Committee notes that laboratory accreditation provides formal recognition by a third party (accreditation body) to a laboratory that the tests undertaken by the laboratory provide reliable testing, measurement and calibration services. In order to be accredited a laboratory must meet the requirements of the applicable standard, in this case ISO/ IEC 17025. The laboratory at DWRM has never been accredited due to among other reasons lack of funds. Lack of accreditation has been an issue for compliance to waste water and drinking water standards.

The Committee was informed that procurement of Consultancy Services for Upgrading and Accreditation of the National Water Quality Reference Laboratory is in advanced stages and requires UGX 4bn for its accreditation.

The Committee was further informed that a Consultant has been procured to prepare a design of the National Water Quality Laboratory and Bills of Quantities at a cost of UGX 2bn.

161. The Committee recognizes the urgent need for accreditation of the National Water Quality Reference Laboratory and therefore recommends that UGX 4bn and UGX 2bn be allocated towards procurement of Consultancy Services for Upgrading and Accreditation of the National Water Quality Reference Laboratory and Procurement of a Consultant to prepare a design of the National Water Quality Laboratory and Bills of Quantities respectively.

III. AGRICULURE SECTOR

MINISTRY OF AGRICULTURE ANIMAL INDUSTRY AND FISHERIES
NAADS budget allocation.

162. The Committee observed that the budget for the NAADS is projected to reduce by over 60% from the current Ugx 249.977 billion to Ugx 99.987 billion. During his interaction with the Committee, the Hon. Minister for Agriculture explained that Cabinet had resolved to cut NAADS budget by Ugx 150 billion which would be reallocated to State House (Vote 002) for the Youth Programmes. The Committee notes that this will adversely affect NAADS activities.

The Committee further noted that there is overwhelming demand for inputs against a limited budget; including supporting unforeseen strategic/special intervention in the course of budget implementation.

The Committee notes that provision of adequate inputs is key because it is what yields positive and visible results in the sector.

163. **The Committee recommends that since NAADS plays a very key role in the country by contributing to food security, enhancement of household income, provision of extension services (intervention for the medium-term targets), Government should revert the Funds back to the Entity.**

164. **The Committee further recommends that Ugx 3 billion of the Ugx 5billion that is allocated to KCCA which has over time been found to be used for construction of markets, be channelled to NAADS for Agriculture extension services and KCCA retains 2billion.**

Cost Sharing of Agriculture Inputs

165. The committee observed that government has overtime met the full cost of Agriculture inputs supplied to farmers through extension services. People recklessly pick and mishandle planting materials and other inputs because they are being delivered to their doorsteps at no cost. It was noted that many of these inputs have as a result been dumped, causing a financial loss to government. It was noted that if the beneficiaries would be asked to contribute a reasonable amount towards these items, they would guard them jealously and apply them effectively.

166. **The Committee recommends that the sector comes up with a mechanism to enforce sharing of costs between government and farmers, which will encourage them to carefully handle these items. The cost contribution by farmers should be reasonable not to deter farmers from getting these inputs.**

Distribution of Tractors:

167. The Committee observed that the Ministry had procured 110 tractors in addition to the 40 tractors that had been procured in FY2016/17. There was an earlier complaint that the first batch of tractors were distributed to a single sub region; Ankole in the districts of Mitooma, Sheema, Sembabule, Lyantonde, Mbarara, Ntungamo and Kiruhura; unfairly leaving out other suitable sub regions. The Ministry informed the Committee that it had developed Access and Maintenance Guidelines that will henceforth be followed during the distribution of the tractors to ensure equity of all regions in the country.

It was further noted that the criteria for the distribution of these tractors is not effective. They are given to a group of 20 people who are able to pay Ugx 2million creating long distances among beneficiaries (since a few people in one locality can afford the cost), which makes access very expensive.

168. The Committee recommends that the newly developed Access and Maintenance Guidelines should be strictly followed during the distribution of the tractors to ensure equity of all regions in the country.

169. The committee further recommends that the distribution criteria be reviewed to ensure that these equipments are effectively utilised by the beneficiaries at the cheapest possible cost. The criteria should be published to enable the public know how to access the tractors and what is expected or what is required for someone to qualify to use the tractors.

Extension workers:

170. The Committee noted that recruitment of extension workers for 116 districts stood at 3,827 out of the targeted 5000. This leaves a gap of 12,000 extension workers. The approved structure is 13 officers at district level and 3 extension staff at sub county level. The Committee Further notes that the 12 newly created districts and 94 sub counties are not included.

In FY 2018/19, the Committee recommended that Government allocates more funds amounting to Ugx 25.75billion to support recruitment and facilitation of extension workers which was not implemented and therefore there will be no recruitment done in the current financial year.

171. The Committee recommends that Ministry of Finance, Planning and Economic Development provides the required UGX 50,056,800,000 to cater for the wage requirement to enable the MAIIF complete the recruitment of the much needed extension workers.

Change of strategy.

172. It was noted that overtime, the sector has been emphasising provision of more agricultural inputs than focusing on improving the quality of the existing stocks for improved percapita output. A case in point is where the Coffee Development Authority targets to supply 300million seedlings to farmers in order to achieve the 20 million bags target, than focusing on the improvement of current farming systems which could lead to better yield per planted tree, as cited in Vietnam and Brazil.

173. The Committee recommends that with the increasing pressure on land due to high growing population, the Sector should instead focus more on improving the quality of the existing farming methods by applying improved technologies and fertilizers. Countries like Brazil and Vietnam are using technology to produce more output percapita, which is a best practice.

Diversification of the crops.

174. The Committee noted with concern that the sector has continued to focus on the traditional cash crops; coffee, tea and cotton as the targets for sector growth and export promotion yet the leading agriculture exporters have diverse targets.

175. The committee recommends that the sector thinks beyond the traditional crops to focus on other crops like soybeans and cassava which are highly demanded internationally because of their increased range of uses like animal feeds and beer industry.

Post-Harvest Handling and Marketing.

176. The Committee observed that during the FY 2018/19, maize farmers suffered great losses because prices dropped to as low as Ugx 150 for a kilogram; far below the production costs. This was attributed to the poor quality of Uganda's maize as a result of poor storage facilities (contained high levels of aflatoxins) and bumper harvest across the country and in Kenya which has been the country's main maize importer. This prompted government to set aside Ugx 100 billion out of the Agriculture Credit Facility (ACF) to buy maize from farmers at an improved price. The committee observes that there is no sustainable deliberate effort by the sector to prevent the reoccurrence.

177. The Committee recommends that the Ministry develops Storage and Post-Harvest Policy that will provide for roll out of the national storage plan, to enable farmers safely store their products during bumper harvest and when prices are low and be retrieved

when the prices have improved.

178. The committee further recommends that farmers countrywide be trained on post-harvest handling especially on how to handle the issue of aflatoxins which are cancerous and have also resulted into poor quality products for international markets.

NARO

179. The Committee was informed that the Agriculture Technology and AgriBusiness Advisory Services (ATAAS) project which had been supporting NARO research and technology generation ended in December 2018, which presents a budget challenge to an already underfunded Institution. The Committee notes that the closure of this project has created a funding gap of Ugx 30.55 billion.

180. The Committee recommends that the Ministry of Finance, Planning and Economic Development provides Ugx 30.55 billion to facilitate the entity to enable it carry out its mandate.

Weed control in Uganda:

181. The Committee notes with concern the resurgence of the water hyacinth on Lake Victoria, Lake Kyoga, Lakes Bisina and Opeta. Furthermore, Lake Albert, lake Kyoga and river Nile have been invaded by a new aquatic weed termed as the Kariba weed whose scientific name is Salvinia Molesta. These two weeds have adverse effects on fisheries, water quality and transport system.

The Committee learnt that MAIIF requires at least Ugx 4 billion as an emergency fund to maintain and operate the existing equipment so as to respond to abrupt resurgences.

182. The committee recommends that the Ministry of Finance, Planning and Economic Development provides UShs.4 billion as an emergency fund to enable the Ministry maintain and operate the existing equipment so as to respond to abrupt resurgences of these weeds on our water bodies.

Revolutionizing Livestock Farming in the Greater Busoga

183. The project will be carried out in 12 districts in Busoga region and outline sub-regions of Bugweri and Bunyole intended to avert the state of poverty in the region. The project will ensure increased availability of better quality animal genetic resources through genetic improvement. Animal health will be improved through control of Vector born and epidemic diseases, strengthening of extension and regulatory services and training farmers. The project will cost UShs. 164.5bn over a five year framework, implemented by NAGRIC.

184. The Committee recommends adoption of this project and funding amounting to UShs. 33bn allocated annually for 5 years.

IV. SOCIAL DEVELOPMENT SECTOR

MINISTRY OF GENDER, LABOUR AND SOCIAL DEVELOPMENT

Social Assistance Grant for Empowerment (SAGE):

185. The Committee observed that as of January 2019 the SAGE programme has a footprint in 61 districts and that since inception in 2011 it has registered and enrolled a total of 201,168 older persons of which 79,501 are male and 121,667 are female. The Committee observed further that Parliament had earlier recommended a national rollout of the programme starting with the older persons who 80+ while those who are already benefitting with age cap of 65+ years should continue receiving the grant. Whereas development partners have provided UGX 50 billion towards the cost of total rollout, there is a funding gap of UGX 59.42 billion which is required by the government as counterpart funding. However, the Committee was informed the MoFPED promised to provide these funds in the medium term and there a risk of losing the UGX 50 billion committed by the development partners.

186. The committee recommends that government provides UGX.59.429bn that is required as counterpart funding to enable timely rollout of the programme and bring on board other vulnerable older persons on the programme. The committee recommends that the budget for the next financial year not be passed unless the money is provided in the budget

Youth Livelihood Program- Program Financing:

187. The Committee was informed that since its inception in the FY 2013-14 the Youth Livelihood Program had disbursed a total UGX 139.4 billion to finance a total of 17,850 youth projects in the country. This has benefitted a total of 216,366 youths of 46% are female. The Committee was also informed that the programme targets youth with different vulnerabilities such as those living with HIV/AIDS, those with disabilities, those with no formal education, single parents and school dropouts.

The Committee, however, observed a drastic reduction in budget allocations for the Youth Livelihood Programme. In the coming FY 2019/20 only UGX 4.62 billion has been allocated for the programme compared to UGX 66.661 billion allocated in FY 2018/19. This represents a 93% budget cut for the Programme.

The ministry of Gender, Labour and Social Development assured the

Committee that the Youth Livelihood Programme was not shifting to State House as had been stated but also accepted that the current allocation of UGX 4.62 billion was not sufficient to effectively implement the following activities of the programme.

(i) Institutions support to monitor, supervise, train, support LGs-identify, select and prepare beneficiary groups as well as support to the National Youth Council among others;
(ii) Project Enterprise support for youth group beneficiaries; and
(iii) Follow up on recoveries.

In addition, the Committee also noted that as at December 2018, the Youth Livelihood Programme had recovered Ushs.23.709Billion which the Programme intends to revolve to benefit other groups and support value addition and sustainability of currently funded groups.

188. The Committee recommends that the budget for youth livelihood programme be reinstated in order to enhance the sustainability of the revolving fund, enhance value addition and expansion of existing groups. No reason has been given for the untimely withdrawal of funding to the programme and many youth projects are ongoing.

Externalization of Labour

189. The committee observed that the ministry has put in place a programme for externalisation of labour.

However, the committee notes that there are numerous complaints about abuse and torture of employees abroad. The committee noted that where the ministry has signed bilateral agreements with some countries eg Saudi Arabia the cases of abuse have been minimised.

190. The Committee recommends that government puts up stringent measures to ensure that workers are not exploited abroad.

Recovery of Rent for Nommo Gallery

191. The committee observed this issue was raised during consideration of the budget for FY 2018/19 and a recommendation was made for the tenant to immediately pay the outstanding rent before he vacates the premises. The committee further observed that the Right Hon. Speaker of Parliament referred the matter to the Legal and Parliamentary Affairs Committee but to date no action has been taken.

192. The Committee recommends that the Legal and Parliamentary affairs Committee should present a report on its findings to enable

the ministry regain occupancy of the premises at Nommo Gallery.

Presidential Pledge to provide Motor Cycles to PWDs in all Districts

193. Around 7years ago, H.E the President pledged to provide district and municipal councillors for PWDs to ease their mobility. The pledge is almost repeated annually at the celebrations of PWDs. 4bn is required to provide the motorcycles. **The committee recommends that 4bn be provided to clear this pledge**

Special Grant to PWDs

194. Special grant for PWDs was initiated by the government of Uganda around 10years ago. The annual allocation has been 3billion. In the next financial year, the allocation has been reduced to 2.1billin and yet Parliament had recommended that the grant be increased to at least 10bn to make it meaningful.

195. The committee recommends that 10bn be provided for the special grant for PWDs in the budget for next financial year.

EQUAL OPPORTUNITIES COMMISSION

Inadequate support to Equal opportunities Commission (E.O.C)

196. The Committee notes that the Commission not fully staffed and requires an additional UGX 1.7 on to fill the vacant posts but it is not provided for the NBFP.

197. The committee notes further needs to create awareness and increase its visibility especially in upcountry districts and require adequate staff to operate.

198. The Committee recommends that UGX.1.7bn be allocated to the EOC to procure to recruit the additional staff.

Funding for establishment of regional offices:

199. The Committee notes that in order to extend services to the other regions, the Commission needs to set up regional offices in Bushenyi for the Western, Mbale for Eastern, Gulu for Northern and Masaka for central region and this requires UGX. 6.4 bn.

200. The Committee recommended that UGX.6.4bn be appropriated to the commission to facilitate establishment of regional offices.

201. **The commission needs 2bn for vehicles and 3bn for implementation of certificate of Gender and Equity. 0.750bn for renovation.**

V. SCIENCE, TECHNOLOGY AND INNOVATION

202. SCIENCE, TECHNOLOGY AND INNOVATION COMMITTEE RECOMMENDATIONS FOR ADDITIONAL RESOURCES FOR FY 2019/20 BUDGET

	AREAS FOR ADDITIONAL FUNDING	AMOUNT(UBNS)	JUSTIFICATION
1.	Innovation Fund	35	Regulatory framework is before Cabinet, expected to be ready before the budget process ends.
2.	**Counterpart funding for externally financed projects**:		
	a) National Science Technology, Engineering and Innovation Skills Enhancement Project	32	Parliament approved the Loan but Government did not provide counterpart funding
	b) Machining, Manufacturing and Industrial Skills Centre	01 (***Equivalent of $270,000***)	This is a grant on condition that Government provides Counterpart funding
3.	PIBID	23.3	Regulatory framework is before Cabinet, expected to be ready before the budget process ends
4.	Commercialization of Kiira Motors Corporation Ltd	20	The Cabinet Approved funding roadmap has a shortfall of U20bn
5.	**Retooling the new Ministry**		
	a) Ministry of Science, Technology and Innovation	5.741	The development budget is inadequate to address the retooling needs.
	b) Uganda National Council for Science and Technology	2.741	No development indicative figure yet there are critical retooling needs
6.	lectual Property Rights	0.2	The Local innovations need to be patented.
7.	Promoting industrialization and commercialization of Innovations	0.3	Create awareness of the role of STI sector in development
8.	Establishment of Science Parks, Technology & Business Incubation Centers and laboratories for technological transfer	10	There is need for technology transfer and domestication to create multiplier effects

Absence of a Regulatory Framework for the Innovation Fund

203. The Innovation Fund was established as a mechanism to strengthen scientific research and innovations and also address the various challenges of innovation among others. The fund has since FY 2018/19 not been provided for in the budget owing to absence of a legal framework to support the application of the fund.

Without a legal frame work in place, there is no clear criteria for managing and applying the fund. The projects supported during the FY 2017/18 were agreed with the MoST&I following a directive from H.E. the President. **However, the guidelines were submitted and are pending Cabinet's approval.**

It is important to note that the halt on the provision for innovation fund in the budget for FY 2018/19 has caused challenges since the funding was agreed to be for two years.

The Committee recommends that;

204. MoFPED should provide for the innovation Fund in the indicative planning figures for FY 2019/20.

205. The Ministry of ST&I fast tracks the process of establishing policy guidelines to guide the usage of the Fund before end of FY 2018/19.

206. To address challenges being faced by projects partially funded from the Innovation Fund provision for FY 2017/18 and were expecting the second partial funding during the FY 2018/19, the MoFPED should release the required funds through a supplementary before the end of FY 2018/19.

Technology Transfer Project

207. UGX.10 Billion was allocated to facilitate transfer and adoption of appropriate Technologies. This included importing and domesticating technologies so that there is technology multiplication through Research that can be translated into realisable outcomes/results. However, Parliament appropriated these resources to the Ministry under Non-Wage Recurrent category of the Budget and the Ministry had received up to UGX 3.41 billion by close of the second quarter of FY 2018/2019. Plans are underway to fully utilise these funds starting the third quarter this FY 2018/2019 in line with the approved work plan and the budget.

208. The Committee recommends that the idea of Technology transfer and domestication should be maintained within the provision for innovation fund and the Ministry to provide full accountability of the funds provided in FY2018/19.

UIRI Incubates Selection Criteria

209. The Committee noted that there was no clarity on the selection criteria for incubatees or their duration of stay. This has caused serious equity concerns. Much as it was reported that the incubation period is one year and that duration of stay for in-house incubatees at UIRI is 3 years, the Committee established that some incubates have been housed for over 6 years despite their evident capacity to operate on their own. On the other hand, it's important to note that some incubatees are often times genuinely challenged in accessing affordable capital required to exit the incubator and scale-up/fully commercialize on their own.

210. The Committee recommends that Ministry of Science Technology and Innovation ensures that clear guidelines are developed for incubatees before the end of the FY 2018/19.

Commercialization of PIBID

211. The Committee observed that PIBID has registered great success in commercialization of production of Matooke as an industrial raw material. However, PIBID has been faced with budgetary constraints. In the FY 2018/19, no money was appropriated. UGX.4.7bn was provided of which UGX 1.196bn was a realocation and UGX 3.547 as a supplementary instead of UGX 23.3bn that had been proposed.

The Committee also observed that the process of transforming PIBID to Banana Industrial Research and Development Centre (BIRDC) and providing a legal framework has been delayed awaiting certificate of Financial implication by MoFPED.

212. The Committee recommends that;

(i) The process of transforming PIBID into a legal entity is fast tracked so as to be concluded before the end of FY 2018/19.

(ii) The Ministry of Finance, Planning and Economic Development should provide funds for PIBID in FY 2019/20 to a tune of 23.3bn in the indicative figures.

Legal and Regulatory Framework for UIRI and UNCST

213. Following the transfer of the UIRI from the Ministry of Trade, Industry and Cooperatives to the Ministry of Science, Technology and Innovation and UNCST from MoFPED, the Committee observed that there is need to amend the Uganda Industrial Research Institute Act and Uganda National Council for Science and Technology Act and any other applicable laws in order to harmonise legal provisions pertaining the STI sector.

214. The Committee recommends that the process of amending the applicable laws is fast tracked.

Governance Gaps

215. The Committee observed that the tenure of the Board of UIRI expired while that of UNCST expires on 15th February, 2019. However, Government gave a directive that there shall be no constitution of new boards until the exercise of rationalisation of Government Agencies, commissions and authorities is concluded. The Committee is concerned about gaps in the governance of these entities without boards.

216. The Committee recommends that Government should provide guidance on how these institutions whose boards have expired should be governed.

Kiira Motors Corporation Limited

217. The Committee observed that the seed funding required to kick start the commercialization of the Kiira Electric Vehicle plant is estimated at UGX 143,741.414,059 spread over a period of 4 years starting with UGX 24,357,420,045 for FY 2018/19 and thereafter the projected funding over the Medium Term. It is worth noting that only UGX 24bn was allocated to KMC in FY 2018/19 and the indicative planning figures issued by Ministry of Finance for FY 2019/2020 maintained KMC funding at UGX. 24bn as opposed to 44bn as indicated in the funding road map.

218. The Committee recommends that Government assesses the viability of the project amidst the Country's priorities.

VI. MINISTRY OF FOREIGN AFFAIRS

MISSIONS ABROAD:

Capital Development Budget For Missions Abroad

219. The Committee notes that the total budget allocation for the Missions abroad in FY 2019/20 is Shs 161.88 including Shs.18.12 bn for capital development, the same allocation as last FY2018/19.The Committee observes that underfunding for Missions Abroad has remained a perennial problem in the budget execution resulting in persistent challenges especially the development Budget. This makes it difficlut for most missions to undertake even minor repairs and innovations. In some extreme cases like in Denmark and Ottawa the ambassadors residences are in such a sorry state that requires urgent repairs. Similar missions experience huge shortfalls in their capital budgets and there should be a revisit in procurement procedures.

The committee was informed that as a measure to mitigate the capital development budget, an additional Ushs. 20 bn is required to ensure that substantial works are made to Mission properties. The MOFA also informed the committee that funds for capital development will be priotised in such a way that an allocation can be able to fund substantial work on the property than spreading it thinly accross many Missions.

The committee was also informed that the Ministry would wish to use part of the Non Tax Revenue to cater for a portion of the development if the law on NTR could be amended. Total NTR Collections for all Missions amounts to Ushs 13.5 bn. Once this money is retained, then MFPED could only be topping it up with Ushs. 6.5 bn to get the total requirement of about Ushs 20.00 bn.

220. The committte recommends as follows;

i) The development Budget for all Missions should be scaled up to ensure that most properties are rehabilitated to avoid diplomatic embarassment

ii) The Budget Committee should consider other options of financing the infrastructure for missions abroad where posssible explore the possibility of retention of NTR by the Missions to cater for the shortfalls in the development budget.

iii) **A long term solution for development of Uganda Missions, rehabiltation of existing dilapidated properties and construction of new properties in vacant plots should be sought through a joint effort of all stakeholders. The Committee recommends amendment of the NSSF act to enable the Ministry to acess funds on a comercial basis.**

Outstanding Arrears on Contributions to International Organizations:

221. The Committee notes that the total annual budgetary requirement for contributions to International Organizations is far below the budget provision. This has led to accumulation of arrears, and the Committee is concerned that the continued failure to meet Uganda's subscription obligations to International Organizations not only erodes the Country's stature on the international arena, but may as well limit the country's participation in activities organized by those organizations besides posing the risk of penalties.

The committee was informed that through a Cabinet decision, the MOFA rationalized participation/payment to a few international organizations. These include UN, AU, IGAD,etc. However, even with these few, the total requirement annually is Ushs. 25 bn but the budget provision has been a constant Ushs.9.0 bn leaving a funding gap of Ushs. 16bn annually. This has resulted in the accumulation of arrears currently standing at Ushs.64.335 bn.

The country is at risk of non-participation in most crucial meeting because of these outstanding arrears. Whereas the MOFA had requested that Ministry of Finance to Pay directly to these organizations, this has not been done, hence leading to the arrears.

222. The Committee recommends as follows;

a) The Committee strongly recommends that the MoFPED Pays off these arrears as a one off and subsequently increases the annual budgetary allocation to this line item to forestall any further accrual of arrears, as well as save and protect Uganda's image and interests abroad.

b) The Committee reechoes the earlier Parliamentary recommendation that Government carries out a cost-benefit analysis of Uganda's participation in some international organizations, and considers withdrawing from some that are not crucial.

c) **The committee also recommends that each Ministry should be provided with funds to cater for International Organizations that fall under its jurisdiction e.g FAO, Ministry of Agriculture and WHO to Ministry of Health. This will reduce the financial burden of MOFA.**

Government Properties/Infrastructure at Missions Abroad

223. The Committee observes that MOFA and Missions have made some progress in development of infrastructures for some missions. The following updates were provided to the committee with regard to the progress of rehabilitation, repair and new constructions.

(i) Missions with old properties are allocated funds to hire consultants from the local environment to carry out this comprehensive assessment. In this regard Denmark has been allocated Shs. 300,000,000 to undertake comprehensive assessment of the entire renovation of the official residence. Also Shs. 167,000,000 has been provided to Denmark to deal with urgent repairs of furniture and fittings related items.

(ii) Abuja: Consultancy services for the Designs for the construction of chancery and staff apartment in Abuja are ongoing. Inception report submitted to the headquarters was approved for the consultant to proceed to the next level. Final report is expected by March 2019.

(iii) Guangzhou: Consultancy for construction of chancery and official residence in Guangzhou at 60% as at end of Q2

(iv) Brussels: to be prioritized in FY 2019/20 after additional funds have been secured. For now we have prioritized renovation of the Chancery with an allocation of Shs. 4.9bn.

(v) Dar salaam: Evaluation for the Consultancy services for designs of residence was completed awaiting clearance from Solicitor General to sign contract

(vi) On **Addis Ababa**: the offered land by the Federal Government of Ethiopian for Chancery was reallocated to a third party who fenced it off. The local authorities had promised to alternative piece of land which hasn't been allocated yet. Our view is to turn the residence into a chancery with some apartments for the staff.

221. **The committee recommends as follows:**

- **The MOFA and Ministry of Finance rationalize resources utilization by ensuring provision of funds for all ongoing projects so that the country does not loose prime land as it happened in Ethiopia**
- **MOFA should pursue the land issue in ADDIS-ABABA for the alternative land to be allocated to in replacement of the prime land lost in unclear circumstances.**
- **The committee also recommends that should come up with a comprehensive plan for acquisition of land in missions without properties and where possible take advantage of offers on reciprocal basis for example in Malaysia, Qatar etc.**

Uganda House Nairobi

222. The committee was informed that the Uganda House Case in Nairobi that had stalled the project has been concluded with a consent Judgment. This implies that the construction can commence.

223. **The Committee recommends that 8bn that had been allocated to Nairobi mission and was recalled should be restored to kick start renovation as assurance from Nairobi that a consent judgment has been secured. 1bn that accrued as interest when the money was not yet recalled should be retained by the High Commission for renovation.**

224. **Restructuring Of Sectors Classification of The Ministry Under Public Administration**

225. The Committee noted that for a long time, the Parliamentary recommendation regarding the classification of MOFA under a consumptive sector other than Public Administration has not been effected. However, the committee was informed that discussions are ongoing with MFPED and NPA to have a separate sector for foreign affairs given its mandate of coordinating external affairs for national development. Also efforts to classify Ministries are ongoing by Cabinet following the rationalization of the government agencies. The committee further observed that MoFA has a direct relationship to some of the interventions Government has identified under the budget theme for the FY 2019/20, for example, in supporting industrialization, infrastructure and tourism. MoFA plays a key role in attracting foreign investments, negotiating with bilateral donors and protection of Uganda's image abroad to attract tourists but the continued classifying it under Public administration makes it difficult to get its fair share of the national budget.

226. The Committee recommends that the budget committee fast tracks the restructuring of sectors in view of ensuring that MOFA is given separate sectorbecause of its contribution to national development as envisaged in the NDPII and the budget strategy.

Loss on Poundage:

221. The Committee observes that loss on poundage has remained a perennial problem to Missions Abroad because of the foreign exchange volatility. Missions abroad, with support from MoFA, have continued to request MoFPED to ensure that a percentage increase is inbuilt within the budget ceilings for Missions to cater for loss on poundage instead of providing supplementary funding every Financial Year. The depreciation of the Shilling against major international currencies has resulted in huge foreign exchange losses, and affected the operations of the Missions significantly.

The committee was informed that a meeting between MOFA and MFPED of 18th January 2019 agreed that the supplementary budget of Shs. 12bn be provided in the FY 2018/19 and this should be maintained in the Missions budget to offset some of these losses. However, this has not been maintained in the Budget hence most likely to reoccur.

222. The committee recommends that the Ushs 12 bn be provided in the Budget Ceiling for Missions abroad as the MOFPED finalises the Budget for FY2019/20.

Economic and Commercial Diplomacy:

223. The Committee observes that, over time our foreign policy is changing towards promotion of economic and commercial diplomacy. This is in line with the NDP II and Vision 2040. However, this activity has remained unfunded, yet it has a strong relationship with the budget theme which is, "Industrialization for Job Creation and Shared Prosperity."

The Committee was informed that MOFA is engaging MFPED for an additional allocation of Shs. 16bn to roll out commercial diplomacy to all the remaining Missions.

224. The Committee recommends that the Budget Committee reconsiders the allocation of the additional resources in the budget to at least find the Ushs. 16.00bn to roll out commercial and economic diplomacy to cover 16 Missions abroad under Phase Two

in FY2018/19.

Security around the Ministry Headquarters

225. The committee noted that due to heightened security risks around the region in general and the country in particular resulting from terrorism, the MOFA building is not adequately secured. A budgetary requirement of Ushs 2.796,536,840 bn is required to provide security of the MOFA Headquarters building. This provision has not been catered for because the MOFA development budget has remained to the level of last FY2018/19

226. The committee recommends that an additional Ushs.2.796,536,840 billion be provided to cater for security enhancement for MOFA Headquarter building.

MINISTRY'S UNFUNDED ACTIVITIES FOR BUDGET COMMITTEE'S ATTENTION PRIORITIES FOR FY 2019/20

SN	Key Activity unfunded	Funding Gap
1.	Enhancement of the recurrent budget for Missions Abroad	**15.0 bn**
2.	Commercial diplomacy including monitoring	**16.0 bn**
3.	Acquisition and development of properties for Missions abroad	**20.bn**
4.	Arrears to International Organizations underfunded by 64.335bn	**64.335**
5.	Annual contributions to International Organizations	**16.7 bn**
6.	Salaries Shortfall	**0.663 bn**
7.	Monitoring and inspection of Missions Abroad	**0.650bn**
8.	Hosting and participation in summits and conferences	**38.48 bn**

(vii) WORKS AND TRANSPORT SECTOR

Inadequate allocation to the DUCAR Road Development

227. The committee observed that in the recent past, Government has been allocating 99.5% of the road development budget to national roads which comprise 21,000 km while 0.5% was to the District, Urban and Community Access Roads (DUCAR) which comprise 121,000 km (35,000km of District roads, 11,000km of urban roads and 75,000km of community access roads). Parliament then recommended that at least 5 percent of the road development budget be allocated to DUCAR network. However, only 4 percent of the road development Budget amounting to UGX 138 Billion out of UGX 3,418.365 Billion has been allocated to the DUCAR network.

The Committee noted that interconnectivity has an allocation of UGX 34 Billion under the DUCAR network and appreciated the need to provide at least UGX 116 Billion as broken down in table to increase the share of the DUCAR development to at least 5 percent in the Budget for FY2019/20.

228. The Committee therefore recommends that UGX 116 Billion be allocated to Ministry of Works and Transport for DUCAR network as reflected in the table below.

PROPOSED BUDGET ALLOCATIONS FOR DUCAR REHABILITATION FOR FY 2019/20

S/N	PROJECT/FUNCTION	PROJECT CODE	BUDGET ALLOCATION (Ushs bn)				JUSTIFICATION
			FY 2018/19	PROPOSED FOR FY 2019/20	RECOMMENDED ADDITIONAL FUNDING FOR FY 2019/20	REVISED PROPOSAL FOR FY 2019/20	

1.	Construction of Selected Bridges	0269					
	a)Bridges and Swamp Crossings		18.6	18.0	**15.0**	33.0	- Improved rural roads accessibility - Support for provision of social and administrative services
	b)Culverts and Gabions for Emergency Interventions		0.0	0.0	**21.0**	21.0	- Increased demand for culverts and gabions for emergency interventions on the DUCAR network
2.	Urban Roads Resealing	0306	15.1	15.0	**5.0**	20.0	- Control of mud and dust in urban areas - Improve the general appearance and beauty of towns - To implement Presidential Directives for tarmacking urban roads
3.	Rehabilitation of District Roads	0307 (including allocation under Programme 12 of Recurrent Budget)					
	a) Force Account Units		16.0	14.7	**5.3**	20.0	- Increased farm gate prices - Improved rural roads accessibility - Poverty reduction
	b) Interconnectivity Roads		34.0	31.3	**62.7**	94.0	- Reduced whole life cycle costs of the roads network - Need for all-weather access
	c) Low Cost Sealing of District Roads		50.0	46.0	**4.0**	50.0	- Scarcity of gravel/murram
4.	Operation and Maintenance of Road Equipment	1405 (including allocation under Programme 13 of Recurrent Budget)					
	a) Rehabilitation of Regional Mechanical Workshops		7.8	7.8	**0.0**	7.8	- Facilitate the Regional Workshops to support the Local Governments in equipment maintenance
	b) Servicing and Maintenance of New Japanese Equipment		16.0	16.0	**6.0**	22.0	- Ensure timely service and maintenance of the new equipment to increase its availability for road works
	c) Training of Operators and		2.0	2.0	**0.0**	2.0	- Minimise equipment damage or faults arising

	Mechanics						from inexperienced operators and mechanics
5.	Development of Local Construction Industry	1421	8.2	8.0	**0.0**	8.0	- Improve materials testing and research services - Timely review and updating of standards and specifications - Complete the Unit Cost Study for Road Construction and Maintenance

Inadequate funding to Bridges.

229. The Committee observed that the allocation to Bridges is inadequate to address road continuity of DUCAR roads. Some of the Bridges have become death traps and these include; Burora-Kyangwali on River Nguse in Kagadai District, Kyaterekera-Kyembogo on River Muzizi, Namuganga-Kikyusa Swamp (Lwajali River), Busukuya-mining (Busukuya Subcounty), Ndolele-Namawanga (Sibanga Subcounty), Nyamunengo swamp (Rakai District), Bunyitsa-Kolir Bukedea, Bufumbula-Tajari Bride (River Sironko) , Bungwanyi-Namatiti (River yembe), Kakule-Kakoli Swamp, Kamureka-Iki (Budaka Distric), Okim swamp (Agali Bata, Lira), 3 Bridges on Namalu-Nabelatuk road to mention but a few.

230. The Committee recommends that government provides the additional UGX 15 Billion required by the Ministry to remove bottlenecks and improve accessibility of DUCAR network.

Culverts for emergency interventions

231. The Committee noted under circumstances of bad weather such as heavy rains, roads are heavily damaged yet the districts are constrained and often run to the Ministry of works to fund the emergency interventions such as installation of culverts. The Committee was informed that culverts for emergency interventions require UGX 21 Billion.

232. The Committee therefore recommendsthat UGX 21 Billion be allocated to Ministry of Works and Transport for culverts for emergency interventions.

Construction of the One Stop Centre for vehicle and driver registration and licensing.

233. The Committee observed that the one stop centre for vehicle and driver registration and licensing is critical in enforcing post vehicle registration. The Committee notes that implementation of this project will generate government revenue inform of transfer fees. However, the Construction of this Centre remains unfunded at a tune of UGX 8 Billion.

234. The Committee recommends that Government allocates UGX 8 Billion to Ministry of Works and Transport for the construction of the one stop centre.

Establishment of the new motor vehicle registration system.

235. The Committee observed that the Ministry intends to put in place a system that will be synchronised with the driving permits, vehicle registration system and the newly installed street cameras to enhance both safety and security on the road. The establishment of the new motor vehicle registration system requires UGX 47 Billion.

236. The Committee recommends that Government avails UGX 47 Billion for the construction of the establishment of the new Motor vehicle registration system.

Allocation to Road Maintenance

237. The committee observed that Road development still takes the biggest share of the budget, at **90%** while road maintenance is still a **7%** of the total budget. This imbalance is resulting in unsustainable development of the network while the backlog maintenance is growing and will result in higher replacement costs of the road asset in future.

The budget Allocated to road maintenance is 25percent of the backlog costed at UGX 3,148 billion in FY 2019/20 leaving 75percent unmet. This implies the need to urgently fund road maintenance given the projected road development programs in the medium term.

238. The committee recommends that Government addresses the imbalance between road construction and maintenance through additional funding to road maintenance.

Development of the Regulations for the Road Fund

239. The committee observed that although Parliament recommended that Ministry of Finance develops Regulations for the Road fund within one month after passing the budget for FY 2018/19, this was not done. The regulations for the implementation of the road fund Act as required in section 49, are supposed to provide for collection of revenue, procedures for determination of road tariffs and road maintenance budgets among others, which is affecting the budget to the road maintenance budget.

240. The committee was informed that following the advice of the Solicitor General in 2015, Uganda Road Fund sent two copies of the draft guidelines to the Minister of Finance in May 2018 but by the time the committee interfaced with the fund last week, these guidelines had not yet been gazetted.

241. The committee recommends that Ministry of Finance urgently finalizes the guidelines and gazettes them for the smooth implementation of the Uganda Road Fund Act.

Maintenance of New Equipment

242. Government acquired equipment from Japan worth Shs. 500Bn in the FY17/18 which included bulldozers, graders, tippers, compactors, road roller and low-loaders. The acquisition of the equipment was intended to end the expensive tendering of road maintenance works in the districts. The over 1000 equipment was to be distributed to 121 districts in Uganda.

243. The Committee observed that the performance of the DUCAR projects at 86% in the FY 2017/18 was attributed to this acquisition. The Committee was informed that Local governments were getting more Kms for less money using force account for example, 1km that cost Ugx. 30-40m through contracting is currently being done for Ugx. 15-20m done by force account. The original request was UGX 22 Billion, and the previous and current financial years, the Ministry was allocated 16Billion for maintenance of equipment leaving a funding gap of UGX 6 Billion in FY2019/20.

244. The Committee therefore recommends that UGX 6 Billion be allocated to the Ministry of works to ensure that the equipment is well maintained.

Slow Progress of NDPII core projects

245. The committee observed that a number of NDPII core projects were still at design, Land acquisition, securing of funds by the end of FY 2017/18 which suggests that most of these projects will not be concluded by the end of NDPII period in FY 2019/20. Key among them is the standard gauge railway whose allocation has been reduced from UGX 39 billion in FY 2018/19 to UGX 38 billion Proposed in FY 2019/20 and the oil roads which were at procurement stage and land acquisition stage by the of FY 2017/18.

246. The Committee therefore recommends that Government should fast-track the implementation of the key core projects of the NDPII.

Compensation of PAPs in standard Gauge Railway Project

247. The committee observed that over the years, Government was allocating funds to the standard gauge railway project. However, by the end of half year FY 2018/19, UGX 54 billion was spent on compensation of project affected persons (out of the UGX 544.41 billion required) despite Parliament appropriating more than UGX 200 billion and the Ministry of Finance releasing at least UGX 120 billion. The committee was informed that the total number of assessed PAPs is **10,207** out of which valuations reports for **4,772** PAPs had been approved by the Chief Government Valuer. Of the **4,772** PAPs, **3,075** PAPs had been compensated to date leaving a total of **1,697** PAPs unpaid.

The committee noted that the standard gauge railway is a key project in linking the country to the Port that can link to Mombasa via water and hence reduce traffic on the roads and given the assurance by the Minister of works that the standard gauge railway will be constructed whether Kenya has secured funds to Malaba or not, this makes it a key priority project.

However, the committee also observed that in areas where land had been acquired or valued for this project, the delayed compensation of the valued land had made the people utilize the land and this had motivated those that had been compensated and left their land to return to use the vacant land.

248. The committee recommends that adequate resources are availed for the acquisition of land and the Ministry of Works and Transport should ensure that most of the released funds under the project go to compensation of PAPs to reduce the cost of land acquisition given the fact that the value of Land appreciates every day.

249. The committee further recommends that the Ministry secures the already acquired land to prevent future cases of double acquisition of the same land which may translate into double compensations.

Counterpart funding for the Rehabilitation of the Meter gauge Railway

250. The committee observed that European Union confirmed a grant of Euros 23.5 million for the rehabilitation of the Tororo-Gulu railway line to government of Uganda and this required counterpart funding of Euros 13 million over the project duration (4 years). The committee noted that UGX 5 billion was availed in the current budget and another UGX 5 billion has been provided in the budget for FY 2019/20 out of the required UGX 15 billion leaving a funding gap of UGX 10 billion. The committee notes that the rehabilitation of the meter gauge railway line is very urgent as it is key in the development of oil in the country, which involves heavy machinery which if carried by road will wear out the roads.

251. The committee recommends that Government provides additional UGX 10 billion that is required as counterpart funding in FY2019/20 to ensure that the grant is fully maximized and the European Union is not demotivated by the absence of Counterpart funding given the importance of the project.

Provision of a ferry for Kyotera/Rakai area

252. The Committee observed that a number of islands in the country remain without connection and this remains a priority. The Committee was informed that the provision of the ferry for the route Kasensero in Kyebe sub county to Lukunyu in Nyangoma sub count was a presidential pledge that was supposed to be budgeted for in the subsequent financial years.

253. The Committee recommends that UNRA prioritises acquisition of the Ferry in the MTEF period of FY2019/20-FY2023/24.

Poor state of upcountry country aerodromes

254. The Committee was informed that the revival of the National airlines was going to be done in phases starting with franchising local airlines for domestic flights in Phase 1 followed by regional routes and later long international routes. The Committee observed that the Ministry has increased the budget from maintenance of upcountry aerodromes from UGX 2 Billion from FY2018/19 to UGX 3 Billion in FY2019/20. Also, CAA budget for domestic airport increased from UGX 7.2 Billion in FY2018/19 to UGX 9 Billion in FY2019/20.

However, Committee noted that the funding is not adequate for development of aerodromes and was informed that the sector requires USD 185 Million for the development of regional aerodromes (Phase 1) for Arua, Gulu, Kasese, Pakuba, Tororo, Kidepo, Jinja and Kisoro aerodromes.

255. The Committee recommends that in light of the plan to revive the National Airline, government urgently develops the aerodromes to ensure that the investment in the National airline is maximised during phase 1 (Domestic flights).

SUPPORT TO THE IMPROVEMENT OF TRANSPORT REGULATION

S/N	Project/Function	Project Code	BUDGET ALLOCATION (Ushs BN)				Justification
			FY 2018/19	Proposed for FY 2019/20	Recommended additional funding for FY 2019/20	Revised proposal for FY 2019/20	
1.	Support to the Computerised Driving Permits	1096					

	a) Contract Staff Salaries b) Construction of the One Stop Centre Building to house the Uganda Computerised Driving Permits Project and other regulatory and licensing offices c) Digital Archiving of the UCDP files d) Procurement of Vehicles for UCDP operations		0.132 2.70 1.018 0.350	0.132 2.000 2.000 NIL	NIL 8.000 3.500 0.500	0.132 10.000 5.500 0.500	- Additional funding required for payment of constructio n works estimated to be completed in FY 2019/20 for the One Stop Centre - Digital Archiving of UCDP files is being implemente d in Phases. Phase One will be completed in FY 2018/19 while addition funding is required complete the process as Phase Two in FY 2019/20 - Procure Two Double Cabin Vehicles for supervision of operations for UCDP
			4.200	**4.132**	**12.000**	**16.132**	
2.	Transport Regulation a) Improvement of Road Safety Management	Program 07 of the Recurrent Budget	NIL	NIL	**7.500**	7.500	To implement Cabinet Directive to address the

	b) Implementation of the new motor vehicle registration system		NIL	NIL	**47.000**	47.000	persistently increasing carnage on the roads To implement the new motor vehicle registration system following the proposed transfer of the function from URA to the Ministry
			2.32	**2.32**	**54.500**	**56.820**	

Note
The total recommended additional funding for FY 2019/20 is **Shs. 66.5bn**

MINSIRTY OF LANDS

Inadequate attention paid to the Budget Framework Paper

256. The committee observed that the sector did not pay adequate attention to the budget framework paper as indicated by the provision of only two sector outcome indicators leaving out that of Housing and the sector investment plans only addressing purchase of equipment that facilitates the work such as the vehicles and acquisition of furniture as opposed to highlighting some of the key contributions to the achievements of the goals of the three subsectors of Lands, Housing and Urban Development. The Committee further noted that this contributed to the initial failure of the assessment of gender and equity compliance of the sector BFP.

257. The committee recommends that in future, the Ministry of Lands Housing and Urban Development pays attention to the details of providing adequate information in the Budget framework paper not only for information purposes but also for purpose of compliance of Gender and Equity requirments.

The National Physical Development plan

258. The committee was informed that the Final Draft of the national

Physical Development plan is in its terminal stage and is expected to be displayed for the public in the second week of February 2019 for the statutory period of 90 days for the public to give their views and thereafter, it will go through the approval process to become a legal instrument. The committee noted that the absence of this plan has led to a wastage of public resources where constructions are made and demolished after a few years due to a new development that must go through the same place.

259. The committee recommends that the Ministry expedites the approval process after the public has given their views given the importance of this plan in the physical development of the county.

Inadequate Allocation to Land Fund

260. The committee observed that the allocation to Uganda Land commission has remained on average at UGX15 billion for the Land Fund despite Parliament's recommendation the annual target of UGX 80 billion should be availed. The committee was informed that part of the funds are used for administrative costs related to sensitizations, boundary opening and subdivision surveys and titles processing leaving about UGX 10 billion for actual compensation. At this pace, it will take about 170 years for the fund needs which were estimated at UGX 1.767 trillion in 2002 to be met.

261. The committee recommends that Government reviews its strategy on funding the land fund to ensure that adequate resources are provided to correct the historical injustice that was created. In addition, the Government should explore the possibility of requesting the United Kingdom to contribute towards the land fund to address the historical problem they created for the country.

Inadequate funds to implement the Land use Policy

262. The committee observed that the implementation of the Land use policy contributed to the development of Physical Planning Act 2010, and the Physical Planning Act (Amendment)bill 2018, supporting regional and district planning; Preparation of the National Physical development plan amount others.

263. However, the committee noted that a number of crucial activities of the Policy are not implemented due to inadequate funds that include: Planning for the remaining 5 regions out of 7, District physical plans for most districts as only 6 have plans, 5 of them funded by the Ministry, Most urban local Governments cannot afford paying for the physical planning services to mention but a few. Further, the committee noted that where there are physical plans like in the Albertine region, there are no staff in the Ministry to oversee the implementation of the Physical Plans in the region.

264. The committee recommends that funds be availed in the medium term to ensure that the remaining regions and districts prepare physical plans aligned to the National Physical Development plan to ensure that Planning and Development go hand in hand.

265. In addition, the Committee recommends that the Ministry ensures that there are Lands officers in the planned regions to ensure that the plans are implemented as envisaged.

Need for Subscription fees for Shelter Afrique

266. The committee was informed that UGX 1.4 billion was required to pay the country's annual subscription in FY 2019/20 to Shelter Afrique. Shelter Afrique, which Uganda is a member state and subscribes to, is a Pan-African finance institution that exclusively supports the development of the Housing and real estate sector in Africa. Through the National Housing and Construction Company (NHCC), Uganda has previously acquired loans intended to construct low cost affordable houses so as to boost supply of affordable housing in Uganda.

In addition, the committee was informed that if the country can increase its shareholding in the company, we as a country would benefit more through access to housing credit for affordable accommodation of the citizens of Uganda.

267. The committee recommends that Government avails UGX 1.4 billion to the Ministry of Lands Housing and Urban Development to pay the subscription to shelter Afrique.In addition, the Ministry studies the benefits of increasing the shareholding in shelter Afrique so as to boost affordable Housing in the Country.

Inadequate Funding of the National Physical Planning Board

268. The committee was informed that one of the challenges of implementing the National Land use policy is the absence of an independent budget line for the National Physical Planning Board, with adequate funding to enable the board effectively oversee Physical planning in the country.

269. The committee recommends that the National Physical Planning board be provided a budget line in the Ministry Budget to ensure oversight of physical planning in the country.

Inadequate Commitment to Housing

270. The Committee observed that although Government the overall goal of the National Housing Policy is adequate housing for all, with one of its objectives as increasing the production of adequate housing for all income groups from the current 60,000 to 200,000 units per annum by 2022, most of the work has been left to the Private sector. In the policy, a provident Fund for Housing, Housing cooperatives, community development Fund, shelter for the homeless initiative and Mortgage Liquidity Facility among others are some of the initiatives to implement the policy.

The committee was informed that the Privates sector had started initiatives of housing microfinance and was partnering with some Banks to provide micro finance for low cost houses, as the provision of free houses to persons who live on less than a dollar per day where not sustainable.

271. The committee recommends that adequate attention is paid to the housing subsector in the ministry, which program receives UGX 1.6 billion, as it is not sustainable for the private sector to implement all the key initiatives of the National housing Policy (2016) alone. In addition, the Ministry should engage the Banks at a national level on the possibility lowering the mortgage rates with an aim of affordable mortgage financing for all Ugandans, since it has been piloted by the private sector in some districts.

(viii) ACCOUNTABILITY SECTOR

MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

Public Investment Management System

272. Public Investment Management system (PIMS) framework is one of the reforms adopted by Government in its efforts to strengthen the Public Investment Management of the country. This reform was informed by the unsatisfactory performance of investments projects across Government.The framework clearly spells out the requirements for projects, roles and responsibilities of the various stakeholders involved in the PIMS process from project identification, pre-investment, investment and ex-post evaluation phases of the project cycle.

The framework further emphasizes the need for gradual development of project ideas through the mandatory review and approval at four stages of the project preparation. These approvals relate to Concept, Profile, Prefeasibility and Feasibility Stages prior to admission into the Public Investment Plan and budget for a given financial year. At concept stage, the emphasis is on alignment of the project idea to the National Development Planning frameworks (Vision 2040, NDP and Sector Investment Plans).

The profile requires the project to demonstrate the key results to be delivered and how the results shall be measured; at prefeasibility, the project is required to demonstrate if alternative interventions have been evaluated and choice of either traditional public sector project or PPP should be taken; and at feasibility the alternative intervention chosen should demonstrate that it is the most economically feasible and financially viable choice with the greatest returns to the economy.

The Committee applauds Government for this reform that is intended significantly improve budget and project execution and hence forth increase public investment returns.

273. The Committee therefore recommends that this reform must be fully operationalised to improve the project absorption/implementation capacity of MDAs and to ensure all investments are economically viable.

Integrated Bank of Projects

274. The Integrated Bank of Projects (IBP) is currently under development and scheduled for deployment in March, 2019. It will be an online central repository of information on all Government projects from inception, pre-investment, investment and ex-post evaluation. The IBP shall digitize all the processes relating to project identification, preparation and appraisal, implementation, monitoring and evaluation with real time access and storage of all its information. It shall be linked to all the relevant systems such as IFMS, Performance Budgeting System (PBS), Debt Management and Financial Analysis System (DMFAS) among others. The relevant stakeholders shall have restricted but authorized user access to the system.

275. The Committee recommends that the Integrated Bank of Projects be fast tracked and the public should be given access to the information to ensure transparency.

Poverty Levels

276. The goal of alleviating poverty and taking Uganda into the Middle Income Status through job creation remains a priority for Government. Tremendous efforts have been directed towards reducing poverty, over the last two decades. Poverty level has reduced from 56 percent in 1992/93 to 19.7 percent in 2012/13. However, in 2016/17 there was an increase in poverty from 19.7 percent to 21.4 percent, representing over 8 million poor people out of 37.7 million. This was mainly attributed to low productivity and production levels in the Agricultural Sector due to some factors like prolonged drought and low uptake of agricultural technology.

277. The Committee recommends that government improves productivity in the primary growth sectors - agriculture, manufacturing/industry, tourism and minerals - to drive faster growth of the economy; addressing infrastructure deficits and other private sector constraints and as well as overall improvement in delivery of social services to the population.

Government should continue providing high value inputs, high technology and weather forecast to agricultural farmers; provide funds for construction and rehabilitation of tourism roads aimed at providing easy access to tourism sites and address the problem of rural remoteness through provision of infrastructure such as roads, electricity and ICT. Government's investment in roads infrastructure facilitates economic growth and poverty reduction.

GDP Growth

278. The Committee observes that despite the impressive growth registered in FY 2017/18 at 6.1% and slightly higher estimates for FY 2018/19 at 6.2%, projections for FY 2019/20 will remain static at FY

2018/19 level. These projections are lower than the NDPII earlier target of 6.6% in FY 2018/19 and 6.8% in FY 2019/20. This is a clear indicator that economic growth targets set under the entire NDP II period shall not be met including the target for middle-income status by 2020.

279. The Committee therefore recommends that as Government prioritizes public expenditure in infrastructural development projects, corresponding investment in the productive sectors and productivity need to be undertaken urgently.

Supplementary budget

280. The Ministry approved UGX 462.84 billion as supplementary expenditure for the first half of FY2018/19 in accordance with the agreed PFM Act. Out of the UGX 462bn approved under supplementary Schedule 01:

i) UGX 320.548bn was GoU funds from the Consolidated Fund. This supplementary arose out of underfunding for a number of Government programmes for which no provision at the time of Budgeting was made due to Budgetary Constraint.
ii) UGX 36.287bn was sourced from LGs Local Revenue. The supplementary arose from under-projection and non-submission of projections of Local Revenues by some Local Governments at the time of appropriation of the budget for FY 2018/19.
iii) UGX 106.005bn was external financing under USMID (UGX 95.761bn) and FINMAP III (10.244bn). The supplementary was as a result of unspent Donor cash balances at the end of the FY 2017/18 which were brought forward into FY 2019/20.

281. In a bid to improve budget credibility, the Committee recommends that Government streamlines the budget function and minimizes the issuance of supplementary budgets.

282. The Committee also recommends that Government streamlines the process of accurate estimation of local revenues and ensures that fully declaration of these revenues is adhered too.

Capitalization of institutions:

281. The Ministry has made an indicative allocation of UGX 115bn towards Capitalization of the following Financial Institutions in the FY 2019/20:

i. UGX 103.500bn Uganda Development Bank
ii. UGX 2.500bn Trade Development Bank

iii. UGX 2.000bn Islamic Development Bank
iv. UGX 4.746bn Post Bank
v. UGX 1.682bn African Development Foundation

282. The Committee recommends that more funds be provided to Uganda Development Bank in the Medium term to provide the much needed capital for investment in the Manufacturing and Agriculture Sector and at affordable rates.

Supervision, Factory Audits and Management of Free Zones activities

283. Uganda Free Zones Authority is charged with regular supervision of all activities taking place in licensed Free Zones. This helps to ensure compliance with established standard operating procedures to avoid tax loss or evasion. However this is difficult with a small limited budget to enable the Authority reach put to all licensees as established in the Free Zones Act. This activities has a funding gap of UGX.150,000,000/=

284. The Committee recommends that government provides UGX. 150,000,000/= to enable Free Zones Authority conduct factory audits and supervise free zones to avoid loss of revenue.

Feasibility Study, Business Plan, EIA & Master Plan for Kasese, and Soroti Free Zones

285. UFZA received 20 acres of land in Kasese and 20 acres in Soroti, however before the institution can market the 2 parcels of land to prospective developers, there is need to qualify them as bankable projects with well researched evidence to attract a private developer.

286. Government does not have the resource to develop these two sites as public Free Zones. The sites are very important in providing a regional balance and integrated development by nurturing local productive sectors and providing linkages to the local economy through creating employment, income and supply chain mobility's to facilitate the new investments likely to set up in the areas. UFZA requires UGX.800m to conduct the necessary feasibility studies for the 2 free zones.

287. The Committee recommends that government provides UGX. 800 million to enable UFZA conduct the necessary studies and attract the much needed investment in the above free zones.

Cadastral Survey and Fencing, of land at Entebbe Free Zone

288. UFZA acquired 5 acres of land at Entebbe international Airport to establish a Free Zone. There is need to undertake a cadastral survey as well as fencing off the land. The Authority does not have a budget to undertake these important developments thus a need for extra financing from government before engaging the private sector.

289. The Committee recommends that government provides UGX.300m to enable UFZA conduct the necessary cadastral survey and fence the land at Entebbe.

Construction of Roads, and Utilities (Power, Water, ICT, and Solid waste) in Buwaya (Entebbe Free Zone 109 acres)

290. UFZA bought 109 acres of land at Saazi, Buwaya, Entebbe Wakiso District to establish Public Free Zones. There is need to extend infrastructure within the free Zone especially constructing roads to open up the free zone plots to prospective developers, extend Water, Electricity, ICT facilities, and Solid waste management. The Authority therefore requires a lot of support to undertake these high cost infrastructure and utilities, which are capital intensive in nature, and may not be possible to be done by the private sector.

291. The Committee recommends that government provides UGX. 21bn to enable UFZA provide the necessary infrastructure in the public free zone.

Designing and Installation of Free Zones Monitoring and Management Information System

292. The Authority does not have a Monitoring and Management Information system and this is very difficult to integrate the Authority's operations with other existing system infrastructure like the Uganda Electronic Single Window or ASCYUDA. This is one of the items that have no resources yet it is very important for automating Free Zones operations.

293. The Committee recommends that government provides UGX. 150m to enable UFZA design and install a free zones monitoring and management information system.

Sector based Bankable Projects for Free Zones

294. Uganda has a number of natural resources that requires value addition. The Authority wants to prepare Bankable projects that can quickly be shared with prospective investors and Developers of both outward mission and inward

mission. For example, the textiles, Dairy, Fish, Fruits and Vegetables Simsim, Coffee, Tea, Flowers and minerals. The resources to undertake this activity are lacking thus the need for funding to promote and market all economic opportunities with empirical data.

295. The Committee recommends that government provides UGX.150m to enable UFZA design bankable projects to market and attract investment in the free zones.

Procurement of 2 Project Pick-Ups Vehicles

296. UFZA has a number of licensees in different parts of Uganda, like Tororo, Jinja, Mukono, Wakiso, Kampala, Arua, and other prospects in Ntungamo, Kasese, Soroti, Nakaseke, and Mpigi. The Authority has got only one Pickup truck and it is extremely very difficult to manage all field operations with one vehicle. In case of any car breakdown work comes to a standstill. There is therefore a need to procure 2 pickups to support the growing number of licensees, field monitoring, Compliance, as well as support in the establishment of the public Free Zones in Uganda.

297. The Committee recommends that government provides UGX. 400m to enable UFZA procure vehicles to monitor and supervise free zones.

Uganda Microfinance Regulatory Authority (UMRA):

Supervision and compliance monitoring of the Tier IV Microfinance Institutions and Money Lenders

298. The authority requires 4Bn for Supervisory and licensing activities, roll out of licenses in all areas to support sectoral transformation, consumer protection, reduce savings and investment losses in all regions of Uganda.

299. The Committee recommends that government provides shs. 4bn to enable UMRA monitor and ensure compliance of Tier 4 microfinance institutions and money lenders.

Establishment of Five Regional Offices with three staff each and advertising

300. The increasing number of licensed institutions by UMRA has led to a high strain on the current budgetary allocation. UMRA needs additional funding of UGX 4.5 Bn for Advertisement and public relations, establishment of 5 regional offices, public sensitization, staffing and capacity building. This will enable UMRA to regulate the Tier 4 Microfinance institutions and money lenders who are spread across the country.

301. The Committee recommends that government provides shs. 4.5bn to enable UMRA open regional offices

ICT and Information System

302. Management Information System (MIS) and equipment requires UGX. 3.5 Bn which has not been provided for in the budget. ICT and an Information System for regulation composed of an MIS, Transaction Processing System (TPS) and Decision Support system (DSS) (UGX 3.5bn), supervision and compliance monitoring including software acquisition for Tracking Tier 4 Microfinance Institutions and Money Lenders Operations Countrywide.

303. The Committee recommends that government provides shs. 3.5bn to enable UMRA procure and install an ICT and information system.

TREASURY OPERATIONS
Contingencies Fund

304. According to Section 25 of the PFM Act 2015 (as amended), there is established a Contingencies Fund which shall, every financial year, be replenished with an amount equivalent to 0.5 percent of the appropriated annual budget of Government of the previous financial year (excluding supplementary appropriation). In the FY 2018/19, only UGX 62bn was appropriated to the Contingencies Fund against a legal requirement of UGX 140bn.

305. In the FY 2019/20 UGX 162.068bn has been allocated to the Contingencies Fund against a legal requirement of UGX 163bn (i.e. 0.5% of 32.5Tn).

306. The Committee recommends that government should always comply with the laws governing the country.

Arrears/Court awards

307. This item caters for unpaid statutory commitments by the Vote. This year, outstanding Court awards against the Secretary to the Treasury are budgeted for under this item. The budget allocation has remained constant for almost three years now. All litigants who have won cases against government need to be paid as it is not only a good practice but an obligation under the rule of law for government to settle its debts.

308. The Committee recommends that government should always indicate the persons to be paid every financial year to ensure transparency and avoid double payments as this item is also budgeted for under the Ministry of Justice and Constitutional Affairs

OFFICE OF THE AUDITOR GENERAL

Increased financial audit population

309. The AG is required by law, to audit and report on all public accounts of Uganda and of all public offices. However, due to inadequate funding, the office is unable to cover its entire audit population particularly Tertiary institutions and schools resulting in accumulation of backlogs. In addition, the ever-expanding audit scope caused by the creation of new entities means that the office needs additional resources to effectively fulfil its constitutional mandate. To this effect the OAG needs 3.327Bn to produce the above mentioned outputs, in line with Objectives 2, 3 and 5 under the Accountability Sector in the NDP II Implementation strategy. The Office of the Auditor General requires UGX.3.327bn to conduct audits schools, tertiary institutions and treasury memoranda.

310. The Committee recommends that government provides UGX. 3.327bn to enable the office conduct regularity Audits in Schools, Tertiary Institutions and audit of Treasury Memoranda

Karuma-Isimba Audit, Forensic and Specialised Audits

311. Due to the increasing demand for VFM audits and forensic investigations, the office requires UGX 3.35bn to undertake forensic investigations, VFM, Public Works and PPP Audits. This is in line with the new OAG policy on undertaking high impact audits, the Integrated Audit Approach, alignment of audit work to SDGs and stakeholder emphasis on performance Audits. The office requires UGX 2.5Bn to conduct the 2nd phase audit of Karuma and Isimba hydro power projects following provision of funds to conduct the first phase of this audit in FY 2018/19 under the EU funding allocation. In order to meet increased demand for infrastructure audits, the office also requires additional funding to the tune of 0.85Bn to conduct these audits in various entities such as KCCA, Ministry of Works and Transport, UNRA and CAA.

312. The Committee recommends that government provides 6.7bn to enable the Auditor General conduct the above mentioned value for money and forensic audits.

MIS Project Recurrent Costs

313. The office of the Auditor General is in the process of procuring a Management Information System (MIS) with the support of KfW through FINMAP. Implementation of the MIS project creates recurring costs associated with establishing and maintaining the system. These include, operationalization of the Project Management Office, subscription payments for software licenses, data and internet costs, renting of NITA(U) facilities, change management activities, stakeholder sensitization and user training costs. The total requirement for these activities is UGX 3.056Bn

314. The Committee recommends that government provides UGX. 3.056bn to enable the Office maintain the Management Information System.

Capacity Building

315. In view of the ever increasing demand for quality audits and the newly established support function the office needs to respond by training staff in financial audits, emerging specialised audit areas and other technical skills. The office plans to build staff capacity in various specialized areas of audit such as PPPs, Oil and Gas, International Taxation, Domestic Revenue, Forensic Investigations, IT systems audit, Impact evaluations and Illicit financial flows. These are high impact/interest areas therefore the office requires UGX 1.043bn to effectively build capacity and make a positive contribution to National priorities focused on these areas. In addition, this funding shall support skills enhancement in corporate support functions. This intervention is in line with Objectives 1, 2 and 3 under Audit and Oversight in the NDP II and is also a priority Accountability Sector undertaking for FY 2019/20.

316. The Committee recommends that government provides UGX. 1.043bn to enable OAG build capacity of the staff to conduct specialized audits.

FINANCIAL INTELLIGENCE AUTHORITY

Recruitment of 15 staff and supporting office equipment

317. FIA organogram/structure provides for 70 staff. It currently has a total of 38 staff and 32 are needed. However, it was earlier agreed with MoFPED that a phased approach on recruitment of staff be adopted. To that effect FIA plans to recruit additional 15 officers in 2019/2020. The 15 additional staff shall boost FIA's HR capacity and shall improve on the implementation of its wide mandate which covers all sectors of the economy in AML/CFT matters. These include; Suspicious Transaction Reports (STR) analysis and dissemination in a timely manner and conduct outreach programs

318. The Committee recommends that government provides UGX. 2,442,000,000 to enable FIA recruit staff. The breakdown of these funds is as follows: wage - 1,209,000,000; wage related costs - 423,710,000; office furniture and computers - 209,290,000 and 3 field vehicles - 600,000,000/=

Extra Logistical requirements to carry out Due Diligence of Investors

319. Cabinet decision that all MDAs seek assistance from FIA to provide detailed financial due diligence for all prospective investors who wish to do business with government.The process of conducting Due diligence involves detailed analysis and verification of company documents, work profiles, financial strength, legal mandates for bothresident countries and other jurisdictions where they operate.This process also involves cooperating with the various international sources of information as the first line point of accessing confidential and classified information about companies.FIA requires UGX. 2bn to be able to conduct comprehensive due diligence on Investors. The projection has been informed by the current trends and costs FIA has incurred in FY 2018/19.

320. The Committee recommends that government provides UGX.2bn to enable FIA conduct due diligence on investors and avoid loss of funds through fake investors.

Hosting of ESAAMLG Council of Ministers – August 2019

321. Uganda shall be the host of the ESAAMLG Council of Ministers and Taskforce of Senior officials in August/September 2019. This event attracts over 2000 delegates from member countries.It is mandatory for each member country to host the meeting and it is according to the Alphabetical Order of countries. Preparation of the event starts early and funds need be provided in 2019/20 Hosting of this event shall have various benefits to Uganda; e.g. Uganda's minister for MOFPED shall become the ESAAMLG president for the next term of one year. This will be used as a platform to increase Uganda's AML/CFT awareness and compliance level as a nation and also showcase Uganda as a top tourist destination. The many delegates hosted shall spend foreign currency in our economy

322. The Committee recommends that government provides UGX. 7.6bn to enable FIA host the meeting.

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY

Increasing the coverage of procurement Audits, investigations, capacity building and conducting procurement integrity survey (UGX.2.3b)

323. In the FY 2016/17, Government of Uganda created more administrative units such as Districts and Municipalities. This created more entities required to be regulated by PPDA. Overtime Government has been increasing investment in Infrastructure such as Roads, dams etc. No additional funds were given to effectively monitor the new administrative units and ever increasing infrastructural projects as well as building capacity for the new entities. The Authority is also supposed to conduct procurement integrity survey to determine the impact of PPDA activities. The last survey was done in 2015 and since then, no any other survey has ever been done due to lack of fund. The Authority therefore requires UGX 2.3 billionn to address the issue. Breakdown is as follows;

	Description	**Amount**
1.	Audit coverage	1.750bn
2.	Investigations	0.200bn
3.	Capacity building	0.150bn
4.	Integrity surveys	0.200bn
	Total	**2.300bn**

324. The Committee recommends that government provides UGX. 2.3bn to enable PPDA conduct procurement audits, investigations, capacity building and procurement surveys.

Counterpart funding for eGP (UGX1bn)

325. Schedule 2, Section 1A.4 of the Regional Communications and Infrastructure Programme (RCIP) Financing Agreement between GOU and IDA, states that **"the Recipient (GOU) shall allocate sufficient funding within PPDA's annual budget - starting in Fiscal Year 2016/2017 - for operational costs related to e-Procurement to ensure sustainability."**The Authority requires **UGX 1** Billion towards eGP operations to cater for additional staffing requirements, rent, change management/capacity building and other operational expenses.

326. The Committee recommends that government provides UGX. 1bn for counterpart funding for eGP to ensure sustainability of the project.

Promotion of Local Content (UGX 0.5bn)

327. In the FY 2017/18, as part of Government policy, PPDA regulations were amended to promote BUBU by creation of reservation schemes for goods, works and services. There is need to monito the implementation of the new regulations. UGX 500m is required to monitor its implementation, build capacity for bidders, development of IEC materials and public awareness.

The Committee recommends that government provides UGX. 500m to enable PPDA monitor the implementation of BUBU

Construction of PPDA/URF Home (UGX 8bn)

328. The project is jointly funded by Uganda Road Fund and the original estimated cost of the project is UGX 52 billion. The government already committed UGX 20bn in the FY 2016/17 and FY 2017/18. In order to protect the ongoing works from deteriorating because of slow progress, additional UGX 8 billion is required to ensure that the project is completed in time and at original estimated cost.

329. The Committee recommends that government provides UGX. 8bn to enable PPDA complete the construction PPDA/URF House.

Staff Recruitment (UGX 3bn)

330. The current approved structure is 137 staffs and the filled positions are 107 staff. There is need to fill the 30 unfilled positions so as to increase the audit coverage which currently stands at 35% and also increase investigations and capacity building activities. The Authority requires UGX 3 billion to fill the vacant posts. The cost includes wage, gratuity, medical insurance, group personal insurance, working tools i.e computers and furniture.

331. The Committee recommends that government provides UGX. 3bn over the medium term to enable PPDA recruit staff.

UGANDA REVENUE AUTHORITY
Single Customs Territory

332. Following the full roll out of all other goods on Single Customs Territory the current restrictive SCT structure needs to expand to enable the Organization remain proactive and responsive to the new demand of serving clients at the first ports of entry (Mombasa and Dar es salaam) and the various locations in Kenya where cargo is sourced. Specifically the additional staffs need to address the following gaps: -

a) Receive and effectively manage the increasing volume of trade by taking trade facilitative decisions and capture information, which can be fed in the risk management system.
b) Obtain trade data valuation, classification and origin for Ex-EAC products from the source to support the tax assessment process.
c) Raise alerts in the system for any discrepancies identified at importation and forward to all points of Entry
d) Support the Ugandan business community by effectively liaising with the key port stakeholders (KPA, TANCIS, TRA & KRA) in coordinating and addressing the logistical challenges faced at the port.
e) Provide adequate client support and training to all users of the ASYCUDA system located at the ports
f) To facilitate the process for Uganda's export cargo at the ports.

The staff numbers for the Single Customs Operations staff is currently 42. The approved numbers are 68 thus a gap of 26 staff at various ranks as below.

	Approved Nos.	**Current No**	**Gap**
Asst. Commissioner	1	0	1
Manager	2	1	1
Supervisor	3	2	1
Officers	54	40	14
Support Staff: (FA/OA)	7	0	7
Administrative officer	1	0	1
TOTAL	**68**	**43**	**25**

Table showing the staff gap under the SCT

333. The Committee recommends that government provides UGX 6.2Billion to enable URA recruit staff to correct revenue.

Customs Attachés'

334. To effectively manage imported goods there is need for Customs to have interventions in the countries where the items are sourced. Effective Customs administrations position staff in source countries in order to obtain adequate trade information to inform the duty treatments process. The major sources of Uganda goods out of the EAC are China, India, UAE, South Africa and Europe. The non -presence of Customs / trade attaché's limits the number of sources which Customs needs to use to gather information. To cover this gap posting of at least two officers at our

Embassies in Guangzhou, Delhi, Pretoria, Dubai and Belgium is planned for strategic purposes. The cost for the 10 staff is **UShs 3.42bn** (or USD 900,000)

335. The Committee recommends that government provides UShs. 3.42bn to enable URA post officers at the embassies abroad.

E-Seal Acquisition

336. To implement the Electronic Cargo Tracking System, the vender was contracted to supply 13,000 E- Seals and 5,000 E-Tracks at a cost of USD 585 and USD 225 respectively. Out of the total 2,900 were initially supplied. Under the Mombasa extension program, 787 seals were added onto the Regional ECTS platform to a total stock of (3,687) E-seals. With this stock in FY 2017-18, 54,171 high-risk consignments were tracked representing 21.3% of the total transit cargo in the year. According to the transit statistics, 50% of the cargo through Uganda is majorly fast moving consumer-products accordingly all this volume should be e-tracked as a priority before addressing other cargo. For FY 2019/20 this can be achieved through acquisition of 5000 additional e-seals. The cost implication for the additional 5000 E-seals is USD 2,925,000.

337. The Committee recommends that government provides USD 2,925,000 to enable URA acquire the e.seals to track cargo electronically

Bonded warehouse management system

338. Approximately 90% of dry cargo consumed in the country is entered for warehousing prior to being cleared for use. We have 152 licensed bonded warehouses in the country, with 27 general bonds, 31 motor vehicle bonds and 94 private bonds. The private bonds include brand new car bonds, factory bonds, gold refineries, Manufacturing under bond schemes and bonds in the EPZ's / industrial parks. These bonds are facilitated by a total of 160 staff. The bonds are currently being managed through the warehousing system module, which is part of the ASYCUDA system which functionality is limited. To effectively manage the warehousing regime, there is need to acquire an independent bonded warehouse management system with integration capability to ASYCUDA. The estimated cost for this system is UGX 4.5Billion

339. The Committee recommends that government provides UGX. 4.5bn to enable URA acquire an independent bonded warehouse management system with integration capability to ASYCUDA

Non-Intrusive Inspection Equipment/Scanners

340. Currently URA operates 6 scanners deployed in Malaba, Busia&Mutukula. In order to address the vulnerabilities and challenges arising from growth of the trade volumes e.g. concealments in containerized cargo etc. and Border insecurities. URA is proposing to have more equipment to cover the all the main gazetted points of entry, these include Elegu, Mpondwe, Katuna, Bunagana, Mirama Hills, Cyanika, Afogi, Lwakhaha, etc. Covering all borders.

Table 2: Cost Benefit Analysis

Period	Service Cost	Taxes yielded
2010-2012	598,679,400/=	1.17bn/=
2013-2016	598,679,400/=	4.89bn/=
2017-2018	680,183,000/=	11.2Bn/=
2018-2019 still on	15bn/= (New)	7.2Bn/=

341. The President directed that URA deploys Scanners across all border posts to strengthen cargo verification, curtail concealment and enhance security. To increase the scanner coverage atleast 5 (Five) new fast scanners are required in 2019/20 to cover the other busy Customs Stations at an estimate **UGX 45Billion**

342. The Committee recommends that government provides UGX.45 billion enable URA procure and install scanners at all the major entry points

Marine Management Support

343. Currently URA operates 3 boats deployed in Hama, Sigulu and Kasenseroall on Lake Victoria. Two of the boats are 10years old and have worn out fibre. URA has received recommendations to rest the old boats. The increasing economic activities in the Albertine region and across the Orientale province in the DRC has necessitated us to open a new Customs station at Butiaba this FY in order have two stations along Lake Albert. These stations need to be equipped to undertake lake surveillance. The vastness of Lake Victoria increases the risk of smuggling especially with the increasing efficiency in taxation of imported products. For this purpose, 8 boats are required to cover the following areas Hama Island, Sigulu Island, Kasensero, Kiyindi, Ntoloko, Butiaba, Port bell and Ndolwe Island. The approximate cost is **UGX 2.0Billion.**

344. The Committee recommends that government provides UGX. 2bn to enable URA procure 8 boats and stop smuggling on the waters.

Drone Border Surveillance System

345. Progressively all the major borders are being re-constructed into OSBP's with Malaba, Busia, Mutukula, Mirama Hills and Elegu already operational. The significant investment in roads across the country has opened up many porous borders. For example the good road through Amudat to Kenya and the increase in economic activity necessitated the opening of the Amudat Enforcement station and the paving of the Busia-Musiita road will open up the entire border towns with Kenya. Conventional approaches of opening stations to ensure Customs control cannot be sustainable but rather adoption of technological means is. Effective border surveillance can only be sustained through establishment of drone systems linked to the borders stations and the security agencies. Estimated cost for the system is UGX 4.5 Billion

346. The Committee recommends that government provides UGX. 4.5bn to enable URA procure and install a drone boarder surveillance system to curb smuggling and the loss of revenue that comes with it.

Real time risk engine/solution

347. Implementation of risk management in several Customs functional areas had been undertaken. The ASYCUDA system facilitates clearance based on a developed catalogue of risk profiles upon which the various lanes (red, green, yellow and blue) are founded.

To support this system a unit to manually monitor the transactions being processed in real time was established. The officers interrogate the system to validate adherence to the test values and other risks and issue alerts to the DPC (Document Processing Center) to take action. This process, which provides real time big-brother intervention, yields approximately UGX 1Billion a month. There is need to automate this risk identification process by acquiring a Real time risk management engine. This is estimated to cost UGX 3Billion

348. The Committee recommends that government provides UGX. 3bn to enable URA acquire a real time risk management engine.

International trade activities

349. Uganda ratified the African Continental Free Trade Area (ACFTA), is a member of the World Customs Organization (WCO), African Union, EAC, COMESA and the tripartite. This requires Customs to play a central role in the international trade negotiations to ensure that a competitive position for Uganda is secured. In 2019, Customs will be hosting the African Union Customs Sub Committee meeting in Kampala to discuss the implementation of the ACFTA among others. URA will also be participating in several negotiations and meetings across the continent. Activities involving AU Meeting and others will require funding to the tune of about UGX. 750 Million.

350. The Committee recommends that government provides UGX. 750m to enable URA participate in the above mentioned customs negotiations.

URA administration & legal services

351. URA is a body corporate which can sue and be sued in its own name. URA can is sometimes sued by tax payers who dispute tax assessments. URA also sues some tax payers in a bid to recover taxes. In FY 2018/19, funds for administration and legal fees were cut through a general tax cut. These are critical for the routine URA operations. In FY 1819 these funds were received as a supplementary. There is need to reinstate them in the URAs budget. URA is seeking UGX.13.555bn for which it projects to collect UGX.400.77bn if these funds are provided.

352. The Committee recommends that government provides UGX. 13.555bn to enable URA handle tax disputes and collect more revenue for the government.

Purchase of Office and ICT Equipment, including software

353. URA operations require use of IT equipment and the accompanying software in order to operate properly. These software require continuous upgrades as well as the equipment. There is need funds for IT requirementsto support data centrein the new building and also support EFD implementation (Data centre - 31.8bn and EFD process -0.708.

354. The Committee recommends that government provides UGX. 32.5bn to enable URA improve its IT systems and serve tax payers better.

Public awareness and Tax education

355. Tax education and public awareness is critical and starting point of tax administration in terms of compliance management. However, the budget provided is only able to cater for a few of the strategies leaving some very critical ones unfunded. These include: Operational & Strategic tax education initiatives (Tax clinics, schools programs, taxpayer outreach, dev't& production of tax literature); ATAF 10th Anniversary to be hosted by URA given that ATAF was launched in Uganda.(UGX 1.5 Bn). Other stakeholder engagements and management initiatives eg EAC, WCO, CATA, VADA etc; PR Outreach, media, and brand initiatives (Open minds forum, CSRs, accountability activation campaigns); Client support & service support initiatives (Reminders, feedback management, tax awareness);Tax payer appreciation initiatives (Appreciation visits, awards, accountability exhibitions, press conferences); Corporate plans development, E-hub & risk management initiatives, research and evaluations; and Service support mechanisms.

URA requires an additional 12.578bn to handle public awareness and tax education. If these funds are provided, URA projects to collect UGX. 372.08bn

356. The Committee recommends that government provides UGX. 12.578bn to enable URA collect the much needed revenue.

Government Buildings and Administrative Infrastructure

357. URA has a customs office at Entebbe International Airport. Staff of URA are deployed at this office for which they occupy space and use facilities belonging to Civil Aviation Authority. After a dispute over the use of premises between URA and CAA, it was agreed that URA paysfor utilities arrears to CAA and rent for FY 2019-20. However, no funds have been provided to cater for this item.

358. The Committee recommends that government provides UGX. 5.669bn to enable URA clear rent arrears to CAA and also pay rent for FY 2019/20

One stop border posts

359. URA is the main agency at these OSBPs and maintenance support is critical. The OSBP are in Malaba, Busia, Mutukula, Mirama hills, Elegu. These are critical in facilitating trade across he boards with agencies like Immigration, trade, customs, NDA, UNBS, and Police under the same. URA is responsible for maintaining the border posts. However, this item has a funding gap of 2.257bn.

360. The Committee recommends that government provides UGX. 2.257bn to enable URA operate and maintain the One Stop Border Posts.

Tax investigations

361. Fraud related to tax is now very complicated and needs special focus in order to crack them down. This requires enhancing the role of Forensics & .Scientific application in Tax administration, obtaining the ISO Certification for the Science Laboratory, acquiring a Laboratory Information Management System and developing and implementing a Cyber/Open source Intelligence System. However, URA requires UGX. 6.074bn to undertake tax investigations. If these funds are provided, URA projects to collect UGX. 26bn.

362. The Committee recommends that government provides UGX. 6.074bn to enable URA collect more revenue.

Internal Audit and Compliance

363. Internal Audit and Compliance helps to ensure that the right procedures are followed while URA is collecting taxes. These are in support of approved direction in terms of lifestyle audit, internal audits, compliance and investigations reviews and specialized investigations and tools. This activity has a shortfall of UGX. 629m.

364. The Committee recommends that government provides UGX. 629m to enable URA conduct internal audit and compliance.

Purchase of motor vehicles

365. Due to the high number of motor vehicles required to conduct URA operations, government decided to allow URA to use a vehicle lease scheme with few vehicles on outright purchase. This has remained a cost of the budget of URA as lease fees have to be paid every year. URA also needs to replace some of the vehicles which are due for bonding. A percentage of the fleet at URA needs to be replaced due to age and current poor mechanical performance. Sh. 2bn is top for lease scheme while 3bn will spent on procurement of 30 vehicles for both for management and operations.

366. The Committee recommends that government provides UGX. 5bn to enable URA purchase new motor vehicles and pay lease fees for the existing leasing scheme.

NATIONAL PLANNING AUTHORITY

Feasibility studies (project development and investment planning) Unit

367. NDP II emphasizes the need to strengthen implementation planning spearheaded by NPA. According to the plan, NPA is expected to focus on supporting implementation planning of ke NDP projects and programmes, which will include supporting sectors, MDAs and LGs in project selection and preparation. The process also involves harnessing of synergies and ensuring holistic and sequenced approach to implementation of projects as well as improved coordination for intra and inter-sectoral linkages. For NPA to support this role, there is need to establish an institutional mechanism with the right personnel, capacity and administrative clout. NPA needs to establish a feasibility studies unit to support this role. This requires UGX. 3.043 toopen up the unit.

368. The Committee recommends that government provides UGX. 3.043bn to enable NPA start the feasibility study unit.

African peer review mechanism unit

369. The Statute of the APRM establishes APRM as specialized agency within the African Union. The structure, objectives and functions of the APRM are defined in this statute. Article 14 of the State describes the APRM National Structures stating that each Member State shall organize its APRM national structures as it deems appropriate and endeavor to organize their national structures in accordance with the guidelines provided in this article. This has necessitated the establishment of a Unit in NAP which is the National Governing Council Secretariat to support APRM. This unit requiresUGX. 4.615bn.

370. The Committee recommends that government provides UGX. 4.615bn to enable NPA establish the APRM Unit.

Science, technology and innovation

371. Science, technology, engineering and innovation is one of the fundamentals planned to be strengthened in the country in order to achieve Vision 2040. S strengthened STEI foundation is envisaged to be a spring board for industrialization in the country. Vision 2040 notes that developed and fast developing countries have used science, technology, engineering and innovation o meet their healthcare needs, develop industries and overcome economic challenges. The development and strengthening of this area in planning is regarded to be fundamental for Uganda's development. NPA needs to establish unit with qualified scientists to help with innovations, science, technology and planning. This requires 16 scientist with a budget of UGX. 1.665bn.

372. The Committee recommends that government provides UGX. 1.665bn to enable NPA establish the science, technology and innovation unit.

UGANDA INVESTMENT AUTHORITY

Purchase of 446 acres of land in Namanve-UGX 250bn.

373. There are over 100 applications for land from investors in the priority sectors for land allocations in Namanve due to its strategic location and access to critical infrastructure and utilities such as Kampala Jinja expressway, Bukasa Port and the Standard Gauge Railway. These investors have rejected land in other Industrial Parks due to the above reasons. There is some land in namanve which has been allocated to investors but have not yet developed it.

374. The Committee recommends that government recovers the land which has been allocated to some investors and have not developed it according to the terms and conditions of the lease. Government should also provide UGX.250bn to enable UIA procure more land in Namanve and attract more investors.

UGANDA BUREAU OF STATISTICS

Re-development of the Entebbe Office

375. In line with the government vision 20140 which aims to have "A transformed Ugandan society from a peasant to a modern and prosperous country within 30 years", improving statistical infrastructure through the redevelopment of the UBOS Entebbe office will provide the required initial accommodation for the East African Bureau of Statistics. The current Entebbe office is strategically conceived to attract or lobby for the East African Statistics Bureau. The Bureau spends colossal amounts of money to rent space during major activities like the census. The Bureau in the recent past has rented space at UGX.4bn for project staff during the census. The construction of this office block would relieve government of this recurrent expenditure.

376. The Committee recommends that government provides UGX. 8.9bn over the course of 2 financial years to enable UBOS develop the Entebbe Office.

Uganda Census of Agriculture and Aqua-culture

377. A Census of Agriculture is a statistical operation for collecting, processing and disseminating data on the structure of agriculture, covering the whole or a significant part of a country. Typical structural data collected in a census of agriculture are size of holding, land tenure, land use, crop area, irrigation, livestock numbers, labour and other agricultural inputs. In an agricultural census, data are collected at the holding level, but some community-level data may also be collected. It is the main source of structural data on agriculture including data on the:

- Number, size and distribution of agricultural holdings,
- Characteristics of agricultural households and their holdings,
- Role of women,
- Land tenure,
- Land use,
- Crops,

- Irrigation,
- Livestock,
- Agricultural practices,
- Agricultural labour,
- Use of machinery and equipment,
- And other agricultural inputs, urban agriculture, etc.

It provides benchmark data on the sector for the country as a whole and for the administrative sub-divisions, such as districts.Uganda has had only three censuses of agriculture;

- The first was in 1963/65,
- The second in 1990/91 (results were contested by Government and were not widely used).
- The third and latest in Uganda Census of Agriculture (UCA 2008/09).

In light of the above, it has now become necessary that another Agricultural Census be conducted in 2019/20 to have comprehensive, reliable, consistent and timely data required for the modernization and development of the agricultural sector.

378. The Committee recommends that government provides UGX. 4,133,247, 000/- to enable UBOS conduct the census of Agriculture and Aqua-culture.

Uganda Business Inquiry

379. The Uganda Business Inquiry is an economic survey covering all sectors in the Ugandan economy. The Uganda Business Inquiry is regular statistical program under taken after every five years when resources are available. The 2019/20 UBI will be the 12th such survey following the 2009/10, and 2000/2001 Uganda Business Inquiry. The Uganda Business Inquiry will provide information/data necessary for measuring the economic performance of the main sectors of the Uganda economy and examine the contribution of the main sectors to the Gross Domestic Products (GDP).

380. The Committee recommends that government provides UGX. 3,330,000,000/- to enable UBOS conduct the Uganda Business Inquiry.

(ix) DEFENCE AND INTERNAL AFFAIRS

MINISTRY OF DEFENCE
Budget shortfall

381. The Committee observed that the Ministry's budget allocation for FY 2019/20 has been reduced by shs7 123bn as compared to FY 2018/19 allocation. The reduction is on non- wage. The reduction of non-wage allocation will affect training and logistical requirements of the troops.

The budget reduction of shs 123bn will mainly affect the critical priority areas and will compound the already existing funding pressures of pension and other non - wage recurrent items.

382. The Committee seeks reinstatement of the Ministry's budget resource given the numerous preparatory activities earmarked for the general elections in 2021.

Wage Enhancement

383. The Committee observed that in view of the erratic economic and inflationary conditions, there is need for Enhancement of salaries for UPDF Scientists, Enhancement of UPDF salaries (Capt-Gen).
Salaries for new soldiers and LDUs in the army needs to be enhanced at-least to better level

384. The Committee therefore recommends that Government should provide a total of UGX. 309.6 Bn for salary enhancement and Salaries for new soldiers and LDUs

Veterans Affairs Office

385. The Committee observed that the operations for the Veterans affairs office are not funded and that there was need to amend the UPDF Act to include the veterans office. This implies that the office cannot operate since that operational structure is not facilitated which defeats the motive of creating this department.

386. The Committee recommends that government should consider amending the UPDF Act to include Veterans affairs concerns.

Arrears, Gratuity, pension and survivors' benefits

387. The Committee noted that Government has committed to allocate funding over the next 2 FYs to clear the backlog subject to physical verification. The Ministry is currently undertaking a verification exercise of the entire backlog for settlement effective FY 18/19.

Currently, all retiring Officers and Men are promptly paid their benefits on discharge and access pension payroll automatically. In addition, survivor benefits for current service personnel who die are promptly paid. The mandate of the Ministry which was expanded to include Veteran affairs has further eased these processes.

The Ministry of Finance, Planning and Economic Development adopts specific budget proposals in subsequent financial years to offset pension arrears of the veterans.

388. The Ministry of Finance, Planning and Economic Development should allocate funding to clear the pension and gratuity backlog subject to physical verification of all backlog cases.

MINISTRY OF INTERNAL AFFAIRS HEADQUARTERS

Untitled Ministry Lands

389. The Committee observed that land protection is necessary and that Land belonging to the Ministry and its agencies is under threat and there is need for the Ministry to title its lands.

390. The Committee recommends that the Ministry should prioritised processing the necessary documents for land in greater Kampala metropolitan area and other upcountry stations.

Expanded mandate

391. The Committee observed the expanded mandate of the Ministry with more institutions and structures to support however this hasn't been provided for in the Budget Framework paper, including the need to strengthen its supervisory capacity as the wage bill has remained at 57% with a provision of UGX 1.99bn against a requirement of UGX 3.4Bn

392. The Committee recommends that funds be availed to support these undertakings to provide for the structure and service delivery.

UGANDA POLICE FORCE

Staff Housing project:

393. The project is to construct 1,020 apartments comprising 17 blocks. Currently Uganda Police houses 24% of the 39,422 entitled staff (PPC-IP).UPF launched the 1st phase of 1,020 apartments at Naguru. Police requests government to have a deliberate affirmative intervention to solve this acute accommodation problem through budget support.

394. The Committee recommends that additional 45 Bn. be provided for

construction of staff housing

Criminal Investigation and Intelligence:

395. The CID is seriously underfunded to fully carry out detection and investigations of crimes to conclusion; CID is incapacitated and cannot quickly investigate all cases registered. E.g. CID needs shs.2.1m on average to complete investigating a capital offence. This means of the 50,000 capital offences,CID requires on average shs.105bn to facilitate quality investigations. The shortfall includes underfunding of Shs.30bn for crime intelligence operations and counter terrorism activities. This requires heavy funding to deter and curtail criminals before the act.

396. The Committee recommends that MOFPED provides additional 30bn for crime investigation

Operational funds;

397. Fuel: The Fleet size has increased to 1524 vehicles, 5830 motor cycles, 53 vessels, and 3 helicopters without a commensurate increase in budget for fuel. Besides increased UPF services requires motorization

398. The Committee recommends that Ministry of Finance, planning and Economic Development provides additional UGX11.64 Bn. to UPF as operational fund

Operation and maintenance plan;

399. UPF has only one mechanical workshop in Kampala for small vehicles and lacks maintenance facility for heavy trucks, specialized equipment, marine vessels, and aircrafts. These equipment require maintenance for optimum utilization and safety hence the need to construct

400. The Committee recommends that Ministry of Finance, planning and Economic Development provides additional funds 10Bn. for O$M and UPF should start up regional mechanical workshops

UGANDA PRISONS SERVICE

Operationalization of Kitalya Mini Max prison

401. Construction of Kitalya Mini Max prison is being completed and the facility is expected to be operational by 1st July 2019. However, no funding has been secured yet to operationalize the prison

402. The Committee recommends that for decongestion of Kampala Extra prisons funds be availed for the completion of Kitalya Mini Maxi Prison and that MOFPED provides additional 5.268bn for that purpose another UGX 3bn for staff houses and UGX 18.13 bn to operationalise it

Inadequate production Systems

403. For self-sufficiency, UPS requires establishment of production systems in;

Seed – Production, processing & treatment facilities, Cotton – Production, spraying, harvesting and ginning facilities, Commercial maize (food) – production, harvesting and storage facilities, Prisons industries – Modern production equipment

404. The Committee recommends that production sector be provided additional annual budget of shs. 58.068bn.

Feeding of Prisoners

405. UPS closed FY2017/18with food arrears/outstanding of UGX 45.640bn; The budget provision for arrears in FY2018/19 is only UGX 2.833bn,leaving a shortfall of shs.42.807bn and the proposed food budget for FY2019/20 is Ushs.51.481bn and the feeding funding gap for FY2019/20 has shortfall of UGX 21.149bn.

406. The Committee recommends that MOFPED should provide additional funds to pay feeding arrears 42.807 Bn. and feeding funding gap for FY 2019/20 of 21.149 Bn.

High Prisoner Population growth

407. The Committee observed that Prisoner population is growing at 8% p.a; Prisoner population is the major cost driver of the prisons budget; it increases operational cost of the sector

408. The Committee recommends that Government scale up implementation of community policing to cover all parts of the Country

NATIONAL CITIZENSHIP AND IMMIGRATION CONTROL
Upgrade to E-Pass port

409. The E-passport issuance under E-governance, DCIC requires funds to embark on shift from machine readable passports to electronic passports as directed by their Excellences of EAC Member States. This is part and parcel of immigration infrastructure in the NDP II, which when acquired will enhance access to travel documents. The alternative of continuing to issue out machine readable passport requires an additional UGX 59.604billion to procure 300,000 e –passports booklets

410. The Committee recommends that Government should come up with clear guidelines on E-Passport Booklets and transitional policy from machine readable passport to e- should be developed before the end of FY 2018/19

GOVERNMENT ANALYTICAL LABORATORIES (DGAL)
Operationalization of the Regional Forensic Laboratories:

411. The Committee observed that operationalization of regional laboratories requires additional funding and this will enhance access to JLOS services through decentralization and regionalization. Parliament recommended in the Budget FY 2018/2019 that DGAL is allocated 14bn to operationalize the regional forensic laboratories

412. The Committee reiterates its earlier recommendation that the MOFPED provides additional 14bn to operationalize the Regional Forensic Laboratories as cases are spread all over the country.

Accreditation of the DGAL Forensic laboratories requires UGX 1.8BN

413. The Committee observed that accreditation of DGAL is long overdue and it's a requirement for compliance with International best practices for National Reference Laboratories. The benefits of accreditation include; unquestionable test results, international recognition hence acceptability of the results in during the administration of justice.

Accreditation also involves staff training, procurement of reference materials, proficiency testing, calibration and maintenance of equipment. Failure to have the DGAL accredited will expose the entity to severe legal challenges.

414. The Committee recommends that MOFPED provide UGX 1.8bn for Accreditation of the DGAL Forensic laboratories

Operationalization of the Forensic Evidence and Deoxyribo Nucleic Acid (DNA) Database Legislation

Operationalization of the Forensic Evidence

415. The Committee observed that Operationalization of the Forensic Evidence and Deoxyribo Nucleic Acid (DNA) Database Legislation will improve the regulation of chemical substances being imported and within the country and enable DGAL to establish a DNA data base to aid in the administration of justice; support National Security by building a Forensic DNA Data base to support Intelligence and Crime Investigations.

416. The Committee recommends that MOFPED provide 7.0 Bn for the Operationalization of the Forensic Evidence and Deoxyribo Nucleic Acid (DNA) Database Legislation

DNA Data Base Information system

417. The Committee observed that DNA Data Base Information system is to support crime intelligence gathering and criminal investigations in the country and trans border. This therefore demands the appropriate legal framework, IT infrastructure and training.This will lead to the strengthening of National Security. It will also strengthen the collaboration of MDAs; NIRA, NSSF/ National ID, Land registration database design, NITA-U, Immigration, Uganda Registration Service Bureau, URA, UWA, through implementation of National DNA Data Bank and this requires require a total of 100bn.

418. The Committee recommends that the DNA Data Base Information system be implemented in a phase manner within a period of 4 years and the MOFPED provides 25Bn.in the FY 2019/20

NATIONAL IDENTIFICATION AND REGISTRATION AUTHORITY (NIRA)
NIRA HEADQUARTER

419. The Committee observed that NIRA offices is temporarily in Kololo airstrip and not conducive for office operation. The committee noted that many functions take place at Kololo airstrip and on such days access to NIRA office is impossible to the general public and that NIRA should be provided with headquarter offices.

420. The Committee recommends that Government through Uganda Police provides part of its current 140 acres of land in Naguru to NIRA for construction of permanent offices.

421. The Committee recommends that appropriate funding be accorded to the Authority to enable the acquisition of permanent offices to house their activities in a phased manner. This will in turn address challenges of limited office space/ accommodation and

improve delivery of services to the public.

STAFFING LEVEL

422. The Committee observed that NIRA needs funds for recruitment of additional staff (In order to prepare adequately for the elections, key positions at the district and headquarters have to be filled to support NIRA operations. The Committee noted that a total of 405 positions are yet to be filled.

423. The Committee recommends that Ministry for Finance, Planning and Economic Development, provides the required funds to the Authority for staff recruitment

424. The committee recommends that the NIRA board is fully constituted to offer strategic direction to the authority.

Performance of Registration of the Learners Project.

425. The Committee observed that; much as funds were injected into the Learners Project with a reported 9.6m pupils registered out of the projected 10m, there is still a big number of pupils who are not yet registered. This is because the initial registration exercise excluded some schools in hard to reach areas and some private schools, which NIRA attributed to insufficient funds for the registration exercise. The Committee notes that an accurate projection of the magnitude of unregistered learners will require liaison with the Ministry of Education and Sports.

426. The Committee therefore urges the authority to always carryout due diligence and systematically appraise its operations and projects to avoid unnecessary disruptions in the programmed activities due to under budgeting and untimely release of operational funds.

The Committee further notes that additional funding would be required to facilitate another phase of registration of the pupils who were not covered in the previous phases.

(x) TOURISM SECTOR

Promotion and Marketing of tourism

427. The Committee was informed that there are various planned activities aimed at promoting and marketing of Uganda as a top tourism destination. The activities include: Branding of Uganda as The Pearl of Africa in all source markets, development of MICE (meetings, incentives, conferences and events) as a lucrative tourism product, Tulambule initiative for domestic tourism, using Market Destination Representatives to market the country on the international platform, signing Tourism Trade Agreements and Destination visibility in East Africa and key source markets, advertising tourism products in the media and many other initiatives.

The Committee observed that although Uganda Airlines is set to start operations this financial year 2019/20, there is no proposal of how the airline will be used to promote the country as a tourism destination.

The Committee further observed that the rate of return on investments in tourism promotion and marketing is usually very high. According to a World Bank survey on Uganda carried out in in 2013;

- Attracting 100,000 additional leisure tourists would add 11% to exports and 1.6% to GDP.
- Persuading a tourist to spend one additional night in Uganda would add 7% to exports and 1% to GDP.
- An annual growth of 8 % in leisure and conference tourists would generate an additional USD 220 million in receipts per annum.

428. The Committee recommends that Government should provide Shs.8.075Bn for implementation of the National MICE Strategy.

Low levels of product development

429. The Committee observed that there is low development of tourism products which negatively affects the spending power of tourists. However, efforts are being made to improve tourism products such as Source of the Nile, cultural heritage sites like Mugaba Palace, Nyero Rock Interpretation Centre, Mountain Rwenzori, agro-tourism (farms), Uganda Museum and other sites at Fort Lugard, Mukongoro and Moroto, religious sites like the Martyrs' shrines at Namugongo (Catholic, Protestants and Muslims), cultural activities like Imbalu Cultural Festival, traditional art & craft materials, Kibaale Canopy Walk, water sport and traditional model homesteads, among others.

430. The Committee recommends that Uganda Tourism Board should establish a Product Development Strategy before March, 2019 with timelines for each product.

Multi-sectoral collaboration

431. The Committee noted that the Tourism Sector requires input from other sectors in order to fully develop. The sectors include: Energy and Mineral Development (rural electrification), Works and Transport (roads, aerodromes), Lands, Housing and Urban Development (land titles for tourism sites, demarcation of boundaries between tourism areas and human settlements), Local Government (identification of tourism products, revenue sharing), Foreign Affairs (marketing of tourism at the embassies), Defence and Internal Affairs, Security, Trade and Industry.

432. It is recommended that a multi-sectoral collaboration be institutionalised to leverage on what other sectors bring to the table.

The Committee was informed that the following tourism roads should be given priority during the FY 2019/20,

- Kabale - Ruhija – Buhoma
- Kisoro - Nkuringo - Rubuguri - Muko (Rubanda) - Nteeko
- Kisoro - Mgahinga -Muhavura
- Kabale - Lake Bunyonyi
- Kanyantorogo - Butogota and Butogota - Buhoma
- Kanungu – Hamurwa
- Kasenyi-Katwe
- Kitgum-Karenga-Kidepo
- Katunguru-Ishasha
- Moroto-Kotido-Kidepo

433. The Committee recommends that the Ministry of Works and Transport should ensure that the roads mentioned above are constructed in the FY 2019/20.

Vote Status for Uganda Wildlife Authority

434. The Committee observed that Uganda Wildlife Authority is a major contributor to the tourism sector in terms of Non Tax Revenue (NTR) which is projected to be Shs.141.39Bn for the FY2019/20. Over the years, UWA has been collecting NTR and spending at source; in contravention of Section 29 of the Public Finance Management Act, 2015.

The Committee further observed that UWA has been collecting and spending money at source illegally.

The entity has no vote and this can undermine budget transparency, accountability and reporting, especially in the current era of programme-based budgeting.

435. The Committee recommends that the Ministry of Finance, Planning and Economic Development should assign a Vote to the Authority effective FY 2019/20 to enhance budget transparency, accountability and reporting. In addition, their revenue should be treated in accordance with the provisions of the PFM Act, 2015.

Lack of Strategic Plans

436. The Committee noted with concern that despite several reminders from the National Planning Authority to develop strategic plans aligned to NDP II, to date, some institutions in the sector have not developed strategic plans yet NDP II is set to expire at the end of the FY 2020. The institutions include: Uganda Wildlife Authority, Uganda Tourism Board, Uganda Wildlife Conservation Education Centre and Uganda Hotel and Tourism Training Institute. The Committee was informed that the strategic plan for UTB was ready but was revised to accommodate MICE as a lucrative tourism product.

437. The Committee recommends that Uganda Wildlife Authority, Uganda Tourism Board, Uganda Wildlife Conservation Education Centre and Uganda Hotel and Tourism Training should develop strategic plans by the end of April, 2019 which should be aligned to NDP II and Vision 2040.

Development of Equator points in the country

438. The Committee noted that all the Equator monuments in the country are old, dilapidated and in dire need of reconstruction because they were built in the 1960s. They are not appealing to tourists despite increased interest of tourists in these geographical landmarks. To make matters worse, the one at Kikorongo in Kasese was knocked down. Preliminary investigations revealed that the monument was not aligned to the Global Positioning System (GPS). A total of six sites have been earmarked for development this financial year. These include: Kikorongo equator point in Kasese District, Kayabwe in Mpigi (this is on private land), Ntuutsi in Ssembabule, Kazo in Kiruhura, one in Entebbe and the other one on Lake Victoria.

439. The Committee recommends that the extra funding of Shs 1 billion be provided to start developing the sites (procurement of a consultant to develop the designs, widening the roads and parking areas at the sites by UNRA) in the FY 2019/20 be provided.

(xi) TRADE, INDUSTRY AND COOPERATIVES SECTOR

Lack of strategic plans

440. The Committee observed that despite several reminders to the Uganda Export Promotions Board and Uganda Development Corporation to develop strategic plans, the two entities lack strategic plans. The reminders were from the NPA and the Ministry of Finance, through the periodic reports to Parliament and the Budget Call Circulars.

441. The Committee recommends that the Uganda Development Corporation and Uganda Export Promotions Board should adhere to the advice of Government and urgently develop strategic plans by the end of April, 2019. The strategic plans should be aligned to NDP II and Vision 2040.

Persistent Balance of Trade Deficits

442. The Committee observed that the trade imbalance has worsened from US$1,809.66M in the FY 2016/17 to US$2,433.79M in the FY 2017/18. An analysis of individual countries with which Uganda has largest trade deficits in FY 2017/18 showed that China was top with US$854.8M, followed by India with US$596.96M and United Arab Emirates with US$277.7M.

443. The Committee recommends that while a holistic approach to promote Ugandan exports is commendable, strategic interventions like strengthening Uganda Exports Promotions Board and attracting more Chinese tourists should be implemented to target individual countries that have over years held the highest positions of trade imbalance with Uganda.

Under-capitalisation of Uganda Development Corporation

444. The Committee was informed that although Uganda Development Corporation is supposed to be capitalised to a tune of Shs 500 billion as stipulated by the UDC Act, 2016, the entity has always been under-funded.

The Table below shows the funding gap for Uganda Development Corporation (UDC) for FY 2019/20

No.	Activity	Allocations for	Proposed	Funding gap

		FY 2019/20	budget for FY2019/20	
1.	UDC operations (wage & non-wage)	1,178,953,000	11,638,558,414	10,459,605,414
2.	Soroti Fruit Factory	4,482,787,000	35,762,941,120	31,280,154,120
3.	Installation of a 3rd CT Line for Mabale Tea Factory	6,000,000,000	6,000,000,000	0
4.	Luweero Fruit Factory	1,760,018,000	5,965,000,000	4,204,982,000
5.	Zombo/Nebbi Tea Factory	4,000,000,000	6,715,000,000	2,715,000,000
6.	Moroto Cement Plant integrated with the production of clinker, lime and marble	4,000,000,000	9,177,058,880	5,177,058,880
7.	Development of a salt plant/chemical industries	2,000,000,000	3,600,000,000	1,600,000,000
8.	Development of a glass project/sheet glass manufacture	-	3,000,000,000	3,000,000,000
9.	Undertake feasibility and business plans	2,000,000,000	1,500,000,000	500,000,000
TOTAL		**25,421,758,000**	**83,358,558,414**	**57,936,800,414**

445. The Committee recommends that out of total unfunded Shs.57.9Bn, Government should avail Shs 46 billion to enable UDC implement its planned activities like funding its operations, operationalisation of Soroti Fruit Factory, kickstart the Zombo/Nebbi Tea Factory, finalise setting up of the Moroto Cement plant and develop a salt plant.

Food safety laboratory at Uganda National Bureau of Standards

446. The Committee observed that the food safety laboratory, which was constructed at Uganda National Bureau of Standards, will go a long way in reducing the presence of counterfeit products on the market since some of them are food products. However, an additional Shs 5 billion is required to buy additional equipment and furniture for the laboratory.

447. The Committee recommends that the Shs 5 billion be provided to enable UNBS complete the laboratory.

Cooperatives promotion and development

448. The Committee observed that revival of cooperatives is one of the core components of the National Development Plan 11, but the budgetary allocations are too insufficient to bring about meaningful change in the sub-sector. In the Budget Framework Paper for the FY2019/20, cooperatives feature as an unfunded priority.

The Committee further observed that it is extremely difficult to access funds for cooperatives under the Micro-Finance Support Centre.

449. The Committee recommends that Shs 14.9 billion be provided for cooperatives this financial year.

Construction of a perimeter wall at MTAC

450. The Committee observed that MTAC is located between a busy and insecure neighbourhood of Kinawataka and Nakawa which compromises the security and safety of its students and the premises. This situation makes the institution's learning environment unconducive and puts the prime land at risk of encroachment. MTAC requires Shs.3Bn for fencing and roofing the training facility which has remained unfunded.

451. The Committee recommends that Government should provide Shs.3Bn for construction of the perimeter wall fence and putting up a new roof for the training facility.

(xii) PUBLIC SECTOR AND LOCAL GOVERNMENT

Wage MTEF for FY 2019/20

452. The Committee noted that the wage MTEF for FY 2019/20 is similar to that of FY 2018/19 yet there is a government commitment to implement phase 2 of the pay enhancement policy. It is important to note that when the Minister of Public service was put to task, he informed the Committee that the ministry submitted a budget proposal totaling UGX 353,699,043,216 to cater for an enhancement of 35% of the long term pay target for staff who were not considered in the FY 2018/19 and excluding those already above the 35% of the long term pay target and that engagements with MFPED were still ongoing.

453. The Committee recommends that Minister of FPED and the Minister of Public Service should prioritize and provide for financing the implementation of phase II of the pay enhancement to avoid rampant industrial action that portrays government as if it does not care about its workforce. In addition, all sectoral Committees are urged to ensure that the funding is reflected in their MPS for the FY 2019/20.

Staffing Gaps

454. Critical staffing posts in LGs. The critical posts include heads of Departments, head of procurement unit, Internal audit unit, Sub-county Chiefs, Town Clerks for Town Councils and Parish Chiefs. For HODs UGX 17.942bn is required, For Sub-county Chiefs/TCs UGX 11.62bn while UGX 26.69bn is required to fill these vacant posts for parish Chiefs.

Information received by the Committee indicates that Some LGs have failed to recruit staff yet they have a wage bill provision. Districts cited include; Nabilatuk, Kapelebyong, Kwania, Mbale and Oyam. Information received by the Committee indicate that whereas decentralization policy is good, some district leaders have misinterpreted it to breed nepotism, where they want to recruit their own people at the expense of service delivery. Besides, some district leaders prefer to maintain officers in acting capacity so as to keep them to pay allegiance. In addition, the new districts of Bugweri and Kikuube have no interim councils.

455. The Committee recommends that the PSC should carry out effective supervisions of DSC to ensure that such lapses are addressed.

456. **The Accounting officer who fails to recruit staff when the wage bill is provided should be penalized.**

457. **The Committee recommends that provision be put in the law to allow public service Commission to carry out recruitment exercise in districts where the DSCs fail/refuse to carry out their mandate.**

LGs Financing and the Equalization Grant

458. The Equalization Grant was introduced in the grants system in the FY 1999/2000 after a study by the Local Government Finance Commission (LGFC) and supported local governments ranked as worse off using the poverty level statistics. It was therefore in existence albeit with dismal budget allocation of about UGX 3.5bn per year for 14 years until FY 2015/16 catering for both Districts and Urban areas.

During **the reform on the Inter-Governmental Fiscal Transfers**, the Equalization Grant was merged with Local Government Management and Service Delivery (LGMSD), Peace Recovery Development Plan (PRDP), Uganda Support to Municipal Infrastructure Development (USMID) and Luwero-Rwenzori Development Programme (LRDP) to form Discretionary Development Equalization Grant **(DDEG) which essentially is a Development grant being accessed by all the Local governments**. The idea to merge these grants originated from the recommendations of the study by the LGFC on the review of Local Government Financing (2012) to reduce the number of grants and make them more effective.

However, much as the above mentioned merger - DDEG tends to generally take on the general concerns of those grants that focus on equalizing the services with affirmative action, it has however failed to observe the objectives of the Equalisation grant; viz. taking care of those local governments whose services arelagging behind a national average standard, as stated in Article 193 (4) of the Constitution.

It is important to note, however, that the objectives of the DDEG as provided in the Guidelines have provisions for equalization grant as provided in Article 193(4) of the Constitution. However, practically in the allocation of DDEG, the identification of beneficiaries lagging behind and allocation to them of the funds is not addressed. The DDEG Guidelines provide the following objectives:

i. Enable LGs to allocate funds to priority local development needs that are within their mandate and are consistent with the National priorities.
ii. Provide LGs with equitable access to development financing, ensuring that more disadvantaged LGs receive additional funding to enable

them catch up with the rest of the country. In doing so, the grant is the equalization grant provided for in Article 193 (4) of the Constitution.

iii. Use lessons and best practices learnt from LGs across the country to improve and disseminate harmonized guidelines for discretionary development planning, budgeting, reporting and accountability.

iv. Provide development financing which caters for the differing development needs of rural and urban areas.

v. Improve LGs capacities and systems for provision of quality services. This will be through rewarding good performance & sanctioning poor performance; and performance enhancement support.

It is clear from the above detailed exposition of the contents of DDEG that there is no window that provide for EQUALIZATION GRANT as envisaged in Article 193 (4) of the Constitution of the Republic of Uganda.

459. The Committee therefore recommends a re-instatement of the Equalization Grant under the following framework;

a) Maintain the DDEG framework for addressing affirmative action interventions but introduce the Equalisation Grant window with a grant budget provision of a minimum UGX 10bn to address the Constitutional objectives envisaged under Article 193 (4).

b) Focus the Grant on sectors that have clear frameworks for assessing performance of all rural and urban local governments to identify those lagging behind the National Average Service Delivery per annum or regular periods.

c) The grant should cover both recurrent and development expenditure areas to address gaps in service delivery for respective local governments as identified in sector performance assessments.

d) It is also recommended that the DDEG should be reviewed in view of reinstating the Conditional and unconditional grants

Funding Levels to Local Governments

460. The Committee noted with concern a lot of funds embedded within the central government Ministries, Departments and Agencies (MDAs), which if they were directly channeled to LGs, the funding levels of LGs to the National Budget would reach 33%. These funds are either spent at the central government level under pretense that the MDA(s) carried out activities at the LG(s) or MDAs directly carry out implementation at the LGs level amid ownership and other implementation challenges. For instance a review of MDAs budgets for FY 2018/19, there are funds appropriated in their votes but for implementation of decentralized services. These include a variety of, non-wage recurrent, development, and in particular, donor funded activities. These funds have been identified based on the following principles:

a) The activities programmed to be implemented are decentralised;
b) The implementation of activities at the centre is likely to have duplicity in planning and budgeting as such activities are not integrated in local government budgets during the planning and budgeting process;
c) The implementation by the centre negatively affects ownership and sustainability of such interventions.

   Analysis of the FY 2018/19 budget shows that a total sum of approximately UGX 1.9 trillion is implemented by the centre on activities that could have been ably planned for and implemented by the LGs as disaggregated in Annex.........

461. For efficiency and effectiveness in implementing Government programs and attainment of value for money and equity, the Committee recommends that identified funds should be directly channeled through local government Votes for FY 2019/2020 onward.

The Committee recommends that LGFC comprehensively identifies these funds in the next FY's budget such that they are directly channeled to LGs.

Vote 500 501-850 Local Governments
Perpetual decline of National Budget allocated to Local Governments:

462. The Committee noted that despite an increase in the percentage share of the Local Government grants transfer from the National Budget from 12% in FY 2017/18 to 14.8% in FY 2018/19, the budget is dominated by wages constituting 60.14%. Only 36.26% is left for service delivery. The 3.6% is under unconditional grant which is basically for Administrative expenses and despite the fact that the population and number of local Governments have increased steadily. Besides, LGs are deemed the engines of service delivery, thus a mismatch that needs urgent Parliamentary attention.

463. The committee recommended that:

i) The future increases should focus more on service delivery and also address the issue of achieving the increased budget allocation of at least 25% of the national budget to Local governments service delivery.

ii) That Parliament enacts a legal provision to establish a minimum share of National Budget to be allocated to the Local Governments in order to shield the Local Governments' share from deductions.

iii) **The Ministry Minister of Local Government should propose an amendment to the Local Government Act, Cap 243 to establish a minimum share of national budget that must be allocated to Local Governments.**

(xiii) HEALTH SECTOR

MINISTRY OF HEALTH

Variations in Project Implementation Time Frames

464. The Committee observed that the status of implementation of all the projects under the health sector to date as well as proposed allocations for FY 2019/20 and medium term was not clear. Many anticipated timeframes for completion of various externally funded projects have been varied without any explanation of cause and effect. The submission made to the Committee during the BFP scrutiny was without explanation in the variations of dates of completion, the exact amounts for the projects and the required counter funding. The absence of this information makes it difficult to assess the progress of projects under the sector which may lead to continuous budgetary strains and project stagnations due to lack of counterpart funding.

465. The Committee therefore recommends that the Ministry of Health;

i) Provides a compendium of all projects within the sector showing start and planned end date, total project cost, cumulative financial and physical performance to date as well as planned medium term programmed annual budgetary allocation.

ii) Indicate all the counterpart funding requirements where applicable and an explanation in the variation of timeframe for project completion before the time of consideration of the Ministerial Policy Statement for FY 2019/20.

Inadequacy of Critical Human Resource (Refer to previous years' recommendations)

466. The Committee noted that the sector continues to suffer from inadequacy of health personnel at various levels of health service delivery with the national average at 73% by the end of June 2017 especially at Health Centre II with a staffing level of 53% and at an average of 68%. For the Super Specialized services like Heart Institute and Cancer Institute at 54 and 62% respectively.

The Committee noted that the previous statistics put the percentage of Senior Consultants and Senior Medical Officers Special Grade at only 23% of 392 personnel.

Table 6: shows some of the staffing norms for specific fields in Public Health

Institutions

Cadre	Positions	Total Norms	Total Filled	%Filled
Lab Staff	2,993	2,740	2,756	101%
Nursing Staff	3,032	18,843	17,258	87%
Midwifery	2,994	6,729	5,353	80%
Theatre Staff	233	512	368	72%
Health Inspectors	3,150	3,778	2,185	58%
Doctors	1,342	2,256	1,298	58%
Pharmacy Staff	351	116	64	55%
Health Educators	2,061	420	200	48%
Anaesthetic Officers	232	855	247	29%

Source: MoH Human Resource for Health Audit Report, 2017

Recommendation

467. The Committee recommends that Government should;

1. **Ministry of Public Service should lift the cap on the recruitment of health workers in the district;**
2. **Government should prioritize recruitment of critical staff as a means of improving health service delivery across all levels of health service delivery to facilitate attainment of the sector planned outcome targets.**
3. **Allocate Shs. 10bn in the sector budget for training of the Critical Cadre staff**
4. **Include Shs. 5bn as a hard –to –reach area allowance specifically for specialists, consultants and other critical health care staff for the hard-to-reach areas.**

Intern Doctors and Senior House Officers

468. The Committee noted that despite repeated calls to increase the allowances of Intern Doctors, by the Parliament, Government is yet to prioritize this recommendation well knowing the important role that the Intern Doctors and Senior House Officers play in health care for the patients.

The Committee was informed that there are 1047 Intern Doctors and Intern Nurses combined earning a gross salary of UGX 940,000 each bringing their current annual allowance to UGX 11.8bn. The Committee therefore the proposed salary enhancement for Intern Doctors is UGX

1.5m.

The Committee further noted that there are 300 Senior House Officers whose currently 4.2bn each is earning UGX 1m. The purpose is to enhance their salaries to UGX 3m which requires an extra UGX 8.4bn.

469. The Committee recommends that starting FY 2019/20;

i) Parliament allocates UGX 5.6bn to enhance the Intern Doctors' allowances
ii) UGX 8.4bn be provided for the enhancement of the Senior House Officers' allowances
iii) Fast-tracks the approval of the policy for intern doctors' training and a Ministry of Health Training Policy.

Delays in implementation of the National Health Insurance (NHI)

470. The Committee observed that the Parliamentary recommendation to have the National Health Insurance scheme operationalized has not been treated with the importance it deserves. It was further noted that it is difficult to attain universal health coverage without national health insurance cover.

It was noted with concern that the National Resistance Movement (NRM) Manifesto envisaged 100% staffing in the Health sector and the National Health Insurance (NHI) by 2021. However, this was not going to be achieved partly because Ministry of Finance was not prioritizing the Health Sector programs particularly NH despite the attendant benefits such as reduced out of pocket expenditure on health and affordable health care, there is no proof of serious commitment by Government to implement the scheme.

471. The Committee recommends that the Minister of Health should provide a time frame within which the draft bill on National Health Insurance should be presented to the House as a pre-requisite for approval of the sector Ministerial Policy Statement (MPS) for FY 2019/20.

Upgrade of Health Centres

472. The Committee noticed that the upgrade of health centres under the Inter-Governmental Transfer Loan would commence in 2018/19. However, despite the plans to upgrade health centre IIs and health centre

IIIs for FY, the funds to operationalize the programme including recruitment of the requisite staff are neither allocated nor planned for FY 2019/20 respectively.

473. Government allocates UGX 150bn for the operationalizing the Health Units in terms of staff recruitment, medicines and supplies, equipment and general operations.

Maternal and Child Mortality

474. The Committee observed that the Health sector Budget Performance report for FY 2017/18 revealed that the number of mothers dying has increased. The average number of maternal deaths in the regional referral hospitals (RRHs) alone was 20 with Hoima and Fort portal recording the highest at 53 an52 deaths respectively. Moroto (1), Gulu (2) and Kabale (2) had the lowest. There was a significant increase in the number of maternal deaths in Mbarara RRH from 24 in 2016/17 to 41 deaths in 2017/18 whereas; Masaka RRH registered a decrease from 45 deaths in 2016/17 to 27 in 2017/18.

475. The Committee recommends that Parliament resolution on quarterly maternal health audits (report on maternal and child mortality indicators) should always be submitted to the Committee by all RRHs through the Ministry of Health starting with this quarter of FY 2018/19 for action.

476. Parliament allocates UGX 10bn ring-fenced for medicines and supplies catering for hypertensive diseases in pregnancies since it is the leading cause of maternal/neo-natal mortality.

Salary Enhancement for District Health Officers (DHOs)

477. The Committee noted that despite having been included in the enhancement of salary, the District Health Officers (DHOs) salaries were not increased. It was noted that Uganda has a total of 127 District Health Officers currently earning UGX 2.7m each. The proposed salary structure is UGX 4.2m per DHO which brings the total salary enhancement to UGX 2.286bn for FY 2018 take effect and yet the officers are critical in supervising the district health service services.

478. Committee recommends thatGovernment should allocate Shs. UGX 2.286bn as salary enhancement for District Health Officers' effective FY 2019/20

Inadequate Counter-part Funding

479. It was observed that general lack of counterpart funding for externally funded projects under the sector and this is constraining timely execution and completition for externally funded projects. The Committee was informed that the delay to complete Busolwe and Kawolo Hospitals was as a result of inadequate counterpart funding.

The Committee also noted that many externally funded projects did not take off due to poor prioritization of co-funding by Government. For example, Government failed to avail UGX 400m required as counterpart funding for the above projects leading to delays in project completion. Consequently, an additional UGX 65.25bn (USD$17.4m) is now required after the initial grant was withdrawn due to breach of contract terms with JICA.

480. The Committee recommends that;

i) **Ministry of Health should provide a compendium of all planned donor funded projects for FY 2019/20 that require counterpart funding and present them to Parliament for approval of funds.**

ii) **Parliament approves UGX 3.2bn as Counter Part Funding for Kawolo and Busolwe Hospitals**

iii) **Ministry of Health should desist from taking on donor projects that require funding until the required funds are available.**

Heavy Reliance on External Funding

481. A critical observation of the health sector budget indicated a consistent and heavy reliance on external financing for program interventions. The Committee noted that this leaves the sector vulnerable in case of unforeseen pull out by the development partners.

482. The Committee therefore recommends that, Government should follow up on its promise to prioritize the health sector starting FY 2019/20 so as to invest more local resources than donor funds.

Supervision Challenges

483. The Committee observed that inadequate supervision of health services at all levels was noted as one of the causes of poor performance of the sector outcomes. The Committee discovered that the budgetary allocations for supervision were scrapped off by the Ministry of Finance Planning and Economic Development hence curtailing the sector's ability to carry out supervision visits. Supervision especially of the Regional

Referral Hospitals and the lower health units is now extremely difficult due to budgetary constraints.

484. The Committee recommends that, the Ministry of Finance Planning and Economic Development should allocate UGX 10bn for supervision of health facilities in the country starting FY 2019/20.

Operationalization of the Super Specialized Hospital
Absence of Law on Organ Transplant

485. The Committee expressed concern over the absence of an enabling legislation to operationalize the facility despite the near completion of the Super Specialized is very close. The absence of a law on organ transplant, surrogacy, and donation of sperms, coronary bypass surgery is critical in keeping the institution within the confines of the law.

486. The Committee recommends that the Ministry should fast track the bill on organ transplant and other relevant laws to allow the hospital to function.

HEALTH SERVICE COMMISSION
Persistent Low Wage Performance for the sector

487. The Committee observed a persistent low wage performance under the sector over successive financial years. This was attributed to the staffing bottlenecks caused by an old staffing structure available for the Health Service Commission. This stifles the recruitment process.Thus, the wage allocation remains high while the performance remains low thereby rendering redundant the resources that would have otherwise been committed to other critical areas in the sector.

488. The Committee thus recommends that;

i) **UGX 1.2bn should be provided to enhance the recruitment capacity of the Health Service Commission**

ii) **The staffing structure be reviewed to expedite smooth recruitment of the required staff in order to improve the performance of the wage allocation in the sector.**

iii) **For purposes of efficiency recruitment of health workers to the Regional Referral Hospitals should be decentralize.**

NATIONAL MEDICAL STORES (NMS)
Stock-Outs of Medicines and Medical Supplies Drugs

489. The Committee noted with great concern public outcry of stock-outs of medicine in the public health facilities despite the increment in the National Medical Stores budgetary allocation for medicines. It was observed that although an additional allocation of UGX 41bn was effected, it was not significantly improve medical supplies whose stock-outs are still high.

490. The Committee therefore recommends that;Parliament allocates additional UGX 100bn to NMS to improve on the availability of drugs in the health facilities across the country.

UGANDA HEART INSTITUTE
Lack of space/home for Uganda Heart Institute

491. The national heart institute (Uganda Heart Institute lacks space and a permanent home. The institute is now housed in one of the buildings of the Uganda Cancer Institute awaiting to be relocated back to Mulago Hospital upon completion of the renovation works.The challenge of space and lack of a permanent home has limited the scope of operations and functionality of the institute to an extent that it cannot attain the desired targets.

492. The Committee recommended that;

i) UGX 259bn should be provided for expansion, construction, equipping and staffing of the Uganda Heart Institute

ii) The UGX 10bn should be provided for increased output in cardiac interventions and human resource training, welfare and development as per the Parliament resolution of 12th February, 2018.

REGIONAL REFERRAL HOSPITALS (RRHS)
Refugee Influx and Resource constraints

493. The Committee was informed that the influx of refugees in Arua, Hoima and Fort Portal regions was causing a strain on medical supplies and the respective resource envelops of the those RRHs. Arua RRH alone spends spent 21% of their budget on treatment of Refugees. Some of these changes, the Committee noted, were not anticipated hence depletion of resources before the expected duration.

494. The Committee recommends that;Government should increase funding to Arua, Hoima and Fort Portal RRHs for medicines and other medical supplies by at least 25% of the respective budgets to match the demand and pressure occasioned by the refugees on the

meagre resource envelop.

Capital Development Projects at Regional Referral Hospitals

495. The Committee noted that for the last 5 years, government has been providing 20 billion shillings for capital development for RRHs. However, these hospitals took on projects of up to UGX 25bn for a single hospital. Analysis shows that the different projects taken on will keep varying in costs as no single project will be completed in a year.

496. The Committee therefore recommends that;

i) The money should be rationalized to cater for 3 projects per year without fluctuating the costs and;

ii) Ministry of Health should halt initiation of new projects in the sector

iii)Parliament should allocate an extra 70bn to enable the completion of projects in all the hospitals

Inadequate Diagnostic Equipment at National and Regional Referral Hospitals

497. The Committee acknowledged lack of diagnostic equipment such as X-Ray machines, MRI and CT scan at the National and Regional Referral Hospitals across the country. It was noted that this undermines the diagnostic capacity of the RRHs hence adding pressure to the National Referral Hospitals. Additionally, the maintenance workshops for the diagnostic equipment are resource constrained despite their scope of service in their respective regions. Due to the centrality of diagnosis in treatment of diseases, the absence of equipment and their proper maintenance can only serve to add pressure to the few facilities that have them.

498. The Committee therefore recommends that;Shs. UGX 105bn be allocated for the purchase of assorted diagnostic equipment for all Regional Referral Hospitals across the country.

National Ambulance Service System

499. The Committee noted that many injured and ill people arrive at health facilitates by any means of transport possible such as boda-bodas, police trucks, and private cars among others. Despite the presence of ambulances across the country, the majority of which are attached to health facilities and a few run by private institutions, less than 7% of patients arrive at health facilities by ambulance.

500. The Committee reiterates it earlier position and recommends that;Government should allocates UGX 67,073,450,400 (USD$ 18.64m) be availed for the establishment of the National Ambulance Service System mandated to offer Pre-hospital care and Emergency service in Uganda.

Utilities Arrears for electricity

501. The Committee noted that a number of RRHs were facing a challenge of accumulated utility arrears. The power bills have for some regional referral hospitals are likely to take a significant portion of their respective budgets. It was noted that between UGX 180m and UGX 200m is the average monthly electricity charge for regional referral hospitals which translates to UGX 3.6bn annually for power bills.

The Committee further noted that in the last few years, RRHs have acquired equipment and facilities that use more electricity and yet their budgets have remained constant.

502. The Committee recommends that an additional UGX 1bn should allocated for proper running of these hospitals

Constituency Health Assembly Fund

503. The Committee observed that the above funds used to be every quarter to fund activities of the Constituency Health Assembly and to address health issues within the constituency especially monitoring of all health care programmes at all levels. The Committee was aware that majority of the Members of Parliament and other leaders especially at the districts and sub counties lack information about allocations for their respective constituencies and their role as Chairpersons of Health Constituencies.

504. The Committee reiterates its earlier recommendation that UGX 6bn be provided for the reintroduction of the Constituency Health Assembly Fund.

Poor Performance under of Uganda Blood Transfusion Services (UBTS)

505. The Committee was concerned about the continued underperformance under Uganda Blood Transfusion Services (UBTS). Whereas UBTs achieved 83% of the its planned outputs, only 54% of the outcome indicators registered in FY 2017/18. The UBTS planned to increase the proportion of blood units collected by 5% over the FY 2016/17 targets, however the entity underperformed by 10%. Despite the increase in the budgetary allocation towards UBTS, there is still pronounced blood shortage across the country.

It has been reported that Uganda recorded 731 Anemia deaths in a space of four months (January-April 2018), translating into about 6 deaths daily due to lack of blood or timely transfusions (more than 2000 people annually). Whereas UBTS attributes its performance on the high cost of blood collection and testing currently estimated at USD 40 (approx. UGX 150,000) of which USD 29 (approx. UGX 108,750) is for testing alone, the committee noted that this is rather high.

506. The Committee recommends that; the Auditor General conducts a forensic audit with a view of ascertaining real cost of providing one (1) unit of blood in Uganda to inform planning and budgeting before appropriation of the FY 2019/20 is done.

OTHER KEY ISSUES

507. The Committee appreciates the efforts of Government in ensuring that the process of upgrading of HC IIs to HC IIIs and HC IIIs to HC IVs is actualised. However, the Committee was concerned about the non-implementations of Manifesto commitments to construct general hospitals in Districts currently without any. Specifically, H.E The President's Pledges to construct a general hospital and or upgrade a HC IV to a general Hospital in the following districts: Luwero (Kasana HC IV), Kamwenge (Rukunyu HC IV), Gomba, Lwengo, Kaberamaido, Katakwi, Amolator, Kween, Rungiri, Amuria, Manafwa and Isingiro.

The continued failure to construct a general hospital and or upgrade a HC IV to a general hospital has continually denied the communities in these areas equitable service delivery due to inadequate resource allocation since resources are earmarked in accordance with health facility status.

508. The Committee recommends that;Parliament should ensure that Government through the Ministry of Health and that Finance, Planning and Economic development implement this Pledge and have it implemented without any further delay.

Mulago Super Specialized Hospital/ Maternal and Neo-Natal Hospital

509. The Committee noted that this health unit is to be commissioned before the end of the financial year but the Ministry of Health did not present a clear plan on how the unit will be run and how much funding shall be required to run the facility.

510. The Committee recommends that;

i) **Government should present a plan to Parliament and the budget to run this facility for the next financial year by end of March, 2019.**

ii) **Ministry of Finance Planning and Economic Development should create votes for the running of the two health units.**

Kawempe and Kiruddu Hospitals

511. The Committee noted that these hospitals were upgraded to Regional Referral Hospitals and transferred to Ministry of Health. Whereas their non-wage allocation is to Ministry of Health, their wage allocation goes to Kampala Capital City Authority (KCCA). The Committee noted that this creates challenges in management and control of funds

512. Recommendation

i) **Ministry of Finance should create separate votes for each of these units**

ii) **All financial allocation should be through be under the mother Ministry**

UNFUNDED AND UNDERFUNDED ACTIVITIES

The following are the critical unfunded priorities of the sector are;

Table 7: Showing critical unfunded and underfunded priorities (UGX Bns)

ITEM	Required Funding (Ugx Bns)	Available Funding	Status/ Comment
Proposed allocation for the purchase of assorted diagnostic equipment for all Regional Referral Hospitals across the country.	**105**	**Nil**	
Funds for salary enhancement for District Health Officers'	**2.286**	**4.114**	**Underfunded**
Proposed allocation for purchase of Ambulances	**67.073**	**Nil**	**Unfunded**

Reintroduction of the Constituency Health Assembly Fund	**6.0**	**Nil**	**Unfunded**
Counter Part Funding for completion of Kawolo and Busolwe Hospitals	**3.2**	**Nil**	**Unfunded**
Additional Funding for proper running of RR Hospitals	**1.0**	**2.8**	**Underfunded**
Proposed allocation for to enable the completion of projects in all the capital projects at RRHs	**70.0**	**25**	**Underfunded**
Proposed alloaction for expansion, construction, equipping and staffing of the Uganda Heart Institute Proposed Funding for increased output in cardiac interventions and human resource training, welfare and development as per the Parliament resolution of 12th February, 2018.	**259** **10**	**Nil** **Nil**	**Unfunded** **Unfunded**
Additional funding to NMS to improve on the availability of drugs in the health facilities across the country	**100**	**90**	**Underfunded**
Proposed funding to enhance the recruitment capacity of the Health Service Commission	**1.2**	**0.30**	**Underfunded**
Funding for supervision of health facilities in the country	**10**	**Nil**	**Unfunded**
Funds for operationalization of upgraded Health Centres	**150**	**Nil**	**Unfunded**
Proposed allocation to enhance the Intern Doctors' allowances (1047)	**5.6**	**11.8**	
Proposed Funding for enhancement of the Senior House Officers' allowances (300)	**8.4**	**3.0bn**	**Underfunded**
Recommended allocation in the sector budget for training of the Critical Cadre staff	**10**	**Nil**	**Unfunded**
Proposed allocation as a hard –to –reach area allowance specifically for specialists, consultants and other critical health care staff for the hard-to-reach areas.	**5.0**	**Nil**	**Underfunded**

(xiv) PRESIDENTAIL AFFAIRS

Facilitation for RDC's

513. The Committee observed that facilitation to conduct effective monitoring of Government programs is underfunded to the tune of Ushs. 5.5 bn. Members noted that inadequate facilitation for RDC's to monitor government programs leads to poor service delivery and poor implementation of Government programs.

The Committee noted with concern that the budget provision to the Office of the President in as far facilitation for RDC's is concerned has not experienced any enhancement for a long time despite the increase in the number of Districts. Members may wish to note in the 2009, facilitation for RDCs was Ushs. 5.7 bn at the time Uganda was composed of 80 District. The same allocation was maintained at the time the number of Districts increased to 98 Districts, then 112 Districts, 116 Districts, 122 District, 128 in the FY 2018/19 and is expected to rise to 135 Districts in FY 2019/20.

514. The Committee recommends that Ushs. 5.5 bn should be availed to the Office of the President (Vote 001) in FY 2018/19, for the facilitation of RDCs to enable them to fulfill their mandate envisaged under Article 203 (3) (a) of the Constitution.

Transport Equipment for RDCs

515. Office of the President requires Ushs. 25.4 bn to procure 165 double cabin pickups to facilitate the monitoring and mobilization role entrusted to their Office. It is the Committee finding that only Ushs. 1.54 bn is provided for in the MTEF ceiling.

The Committee noted the huge funding gap of Ushs. 23.87bn to procure vehicles for the RDCs and DRDCs amidst the exorbitant costs of maintaining the old fleet.

The current provision only allows the Office of the President to procure only 10 vehicles. With this provision, it is likely to take about 17 years to procure the required vehicles for the RDCs. Members observed that the current fleet is too old and this increases the maintenance costs.

The Committee further observed that;In some instances RDCs are supported with transport by the Government Departments such as Police, the CAOs etc

In view of the above, the RDCs could not effectively monitor Government programs. The challenge with the above arrangement is that, if the monitor is reduced to relying on those s/he monitors, then, the risk of compromising his / her work is high.

516. The Committee therefore recommends that Ushs. 23.87 bn be provided to enable the office of the President procure the 165 vehicles both for replacement of the old fleet and for the new districts in the medium term.The above can be implemented in a phased manner, for instance, purchasing 10 vehicles for each of the 4 regions. This would come to a total of 40 vehicles at cost of 6.2/=bn

Construction of Offices for RDCs

517. The Committee interested itself in the Office accommodation for RDCs. The Committee observes that of the 112 districts, Office of the President has constructed RDCs Offices in 28 districts, rents offices in 23 districts while RDCs in 71 districts are accommodated by District Local Governments.

In the FY 2018/19, Office of the President is constructing one (1) unit at a cost of Ushs. 0.7 bn. The Committee further observes with concern that accommodating RDCs in Offices of District Local Governments is likely to constrain the monitoring mandate of RDCs bestowed on them.

518. The Committee recommends that Ushs. 2.1 bn be provided to the Office of the President in FY 2019/20 to enhance construction of RDCs Offices to at least one per region per financial year. This is likely to address the Office accommodation challenges for RDCs in the medium term.

Budgetary Provision to the Manifesto Implementation Unit

519. The Committee observed that the budget provision in the MTEF ceiling for Vote 001 to fund the planned activities of the Manifesto Implementation Unit is inadequate to enable execution of the envisaged mandate. The funding requirement for the Manifesto Implementation Unit is Ushs. 4.794 bn and only Ushs. 2.794 bn is provided for in the MTEF ceiling of Vote 001 resulting into a funding gap of Ushs. 2.0 bn.

520. The Committee recommends that Ushs. 2.0 bn be availed to enable the Manifesto implementation Unit to effectively monitor the implementation of manifesto commitments.

Budget Constraints for the Ministry of Kampala Capital City and Metropolitan Affairs (MKCC&MA)

521. The Committee noted the budgetary constraints for the Ministry of Kampala Capital City and Metropolitan Affairs (MKCC&MA) to facilitate the setting up of standards, appropriate policies as well as monitoring service delivery for a befitting city, with capacity to address issues of waste management as well as sanitation.
The Committee observed that **availing the aforesaid funding will go a long way to facilitate the** Ministry of Kampala Capital City and Metropolitan Affairs to play its critical role in the administration and service delivery in Kampala Capital City and Metropolitan Affairs

522. The Committee recommendsthat Shs. 2.5bnshould be availed to enable theMinistry to be effective and efficient in setting standards; initiating appropriate policies as well as monitoring service delivery in relation to waste management and sanitation, among other issues affecting the quality of life in Kampala city.

INTERNAL SECURITY ORGANIZATION (ISO)
Transport Challenges to ISO

523. The Committee was informed that ISO has not been able to provide transport (vehicles) for its operations both at Headquarters and field stations. The situation is further worsened by all GISOs lacking motorcycles.The Committee noted that ISO requires Ushs. 41.66 bn to procure 132 double cabin and 1,578 motorcycles. The Committee observed that only Ushs. 0.241bn is indicative budget allocation to the procurement of vehicles leading to funding gap of Ushs. 41.42 bn

The Committee expressed concern where terrorists accomplish their interests of terrorism and insurgency activities and other forms of organized crime including politically motivated crimes successfully without detection. As a result, Government spends substantial funds managing such acts.The Committee was greatly concerned for lack of consideration and thus implementation of this recommendation which has been repeatedly reoccurring for the last seven (7) yet an effective security, is critical in the country's development.

524. The Committee once again reiterates this recommendation that, Ushs. 41.42 bn be provided for the procurement of motor vehicles and motor cycles in a phased manner in the medium term and have the transport equipment procured.

ESO
Equipment for foreign missions and strategic areas of interest

525. The Committee was informed of the efforts to acquireassets and equipment for foreign missions and strategic areas of interest. The

Committee observed that even though purchasing classified assets and equipment for foreign missions, strategic areas of interest and field stations is important, consideration of mitigation of cyber-crimes is critical during this era of terrorism

526. Government should prioritize the management of threats of cyber crime by building the necessary capacity.

Settlement of arrears

527. The committee was concerned about the delays in settling all outstanding arrears amounting to UGX 14.095bn that would result into legal action from retired staff and suppliers despite attempts by ESO to convince the Ministry of Finance, Planning and Economic Development on the matter. The Committee reiterated the need to avoid legal action from retired staff and suppliers by clearing all outstanding arrears.

528. Government should pay all outstanding arrears amounting to Shs. 14.095bnto avoid litigation from retired staff and suppliers

STATE HOUSE

Total Funding Gap

529. According to the Budget Framework Paper and other information provided, State House requires Ushs 741.1 billion of which only Ushs 401.84 billion is indicative allocation within the MTEF ceiling. This results into a total funding gap of Ushs 339.26 billion which represents 45.8% of the required amount.

530. The Committee noted that the huge funding gap constrains the ability of State House to provide logistical and technical support for the security, welfare and effective performance of the Presidency. This means that most of the interventions critical for the country's socio-economic transformation cannot be implemented.

Poverty Alleviation Initiatives (Model Villages)

531. The Committee appreciated the need to create more model villages across the Country and support to the existing ones. The Committee observed that there are only 21 model villages in existence and efforts to roll out this intervention in more areas while continuing with the support of the existing ones has an indicative allocation of Ushs. 1.0 bn against Ushs.

5.0 bn required leading to a funding gap of Ushs. 4.0 bn.

532. Members may recall that it was the demand by Parliament of Uganda that model village initiatives be rolled out to the entire Country and the Committee contends that model village is one of the initiatives that can enable Uganda attain a middle income status in the near future.

533. The Committee however expresses concern on the inadequate funding, and criterion for selecting model villages.

534. The Committee now recommends that special considerations be accorded to this initiative and have Ushs. 4.0 bn provided to have the initiative fully funded.

Logistical Support

535. The Committee observed that logistical support, welfare and security to H.E the President, Vice President require Ushs. 118.38 bn but funds available in the MTEF ceiling are Ushs. 116.53 bn which results into a funding gap of Ushs. 1.86 bn.

536. The Committee observed that, recalling that State House was subjected to a 10% budget cut and that it was categorized as a consumptive item by the Ministry of Finance, Planning and Economic Development it is very critical to facilitate the Presidency in executing the constitutional mandate.

537. **The Committee strongly recommends that Ushs. 1.86 bn be provided to State House to enable the President to execute the constitutional and administrative role conferred upon him by the Constitution.**

UGANDA AIDS COMMISSION

Total Funding Gap

538. According to the Budget Framework Paper and other information provided, Uganda Aids Commission requires Ushs 11.33 billion of which only Ushs 8.73 billion is indicative allocation within the MTEF ceiling. This results into a total funding gap of Ushs 2.6 billion which represents 22.9% of the required amount.

539. ***The Committee observed that the huge funding gap constrains the Commission from achieving its key priorities stipulated in the Strategic Investment Plan.***

Advocacy, Strategic Information and Knowledge Management

540. Uganda was in the early 2000 ranked among the best Countries within the Sub – Saharan region in the fight against HIV/AIDS. It was always mentioned as one of the success stories in mitigating new HIV infections. The Committee noted with concern that the number of new infections in Uganda increased by 21% between 2005 and 2013 and this trend though being reversed is too slow to achieve the desired level.

541. The Committee further observes with concern that of the young people between 15 – 24 years contribute to 34% of the new infections.The Committee observed that interventions that enhance advocacy, strategic intervention and knowledge management geared towards increasing awareness and therefore mitigating new HIV infections has a funding gap of Ushs. 2.59 bn.

542. The Committee recommends that Government steps up funding to UAC activities. The Committee further recommends that Ushs. 2.590 bn be provided to enhance advocacy, strategic information and knowledge dissemination and management of HIV/AIDS.

ETHICS AND INTEGRITY

543. Total Funding Gap

According to the Budget Framework Paper and other information provided, Directorate of Ethics and Integrity requires Ushs 13.7 billion of which only Ushs 4.98 billion is indicative allocation within the MTEF ceiling. This results into a total funding gap of Ushs 8.72 billion which represents 63.7% of the required amount.

The funding gap constrains the Directorate from achieving its key priority of coordinating Anti – Corruption efforts in Uganda.

Recommendation

544. ***Government should avail Ushs 8.72 billion which represents 63.7% of the required amount to equip the Directorate of Ethics and Integrity for better performance including the expediting the***

enactment of the Religious and Faith Based Organizations (RFBOs) Policy among others

545. Renovation of Dormitories and other core infrastructure of the National Leadership Institute (NALI) Kyankwanzi

The Committee observed that;

- The National Leadership Institute (NALI) Kyankwanzi which is open to all is a government institute for training national leaders in public service.
- However, the infrastructure at NALI is in a dilapidated state and requires Ushs. 4.5 bn to renovate the facilities and construct a dining facility.
- The Committee also observed with concern that the design of NALI does not take into consideration the plight of Persons With Disabilities and lactating mothers.

546. The Committee recommends that Ushs. 4.5 bn be availed to enable refurbishment of participants' accommodation and construction of a dining facility at NALI.

KAMPALA CAPITAL CITY AUTHORITY (KCCA)

Under-Funding of KCCA

547. The committee noted that according to the Budget Framework Paper and other information provided, Kampala Capital City Authority requires Ushs 941.6 billion of which only Ushs 370.95 billion is indicative allocation within the MTEF ceiling. This results into a total funding gap of Ushs 570.65 billion which represents 60.6% of the required amount.

548. The huge funding gap constrains the Authority from providing the governance necessary to administer the Capital City effectively

Facilitation for ICT

549. KCCA needs to strengthen internal collaboration with interlinked directorate's functions. This requires equipment and process automation for citizen's oriented service. The Committee observes that the facilitation of ICT requires UShs. 3.58 billion and only UShs. 0.97billion is provided in the MTEF ceiling, resulting into a funding gap of UShs. 2.61 billion.

550. The Committee recommends that UShs. 2.61bn be provided to have

this activity fully implemented.

551. Acquisition of Residual Interest of BHS Abattoir Ltd by KCCA

552. The Committee was informed BHS Abattoir was subleased to the City Abattoir on Plot 1 and 3, old Portbell Road, commonly known as Rufura; for a period 49yrs with effect from 4th June 2001.

However, after some time a memorandum of understanding was executed by the party's in 2014. Conditions in the MoU were not fulfilled and its management was later taken over by City Abattoir Traders Development Association; which resulted in a failure by BHS City Abattoir Ltd to meet its obligations.

A controversy arose and the matter was brought to Parliament and referred to the committee of Presidential affairs which investigated and presented a report on the floor of Parliament. Parliament adopted the report and recommended that KCCA should buy out the Residual Interest of BHS City Abattoir Ltd and there after reposes the facility. Parliament recommended that BHS City Abattoir should be compensated UShs.85.2bn. Thereafter the Speaker of Parliament communicated to Ministry oif Finance on the matter.

553. The Committee recommends that the Ministry of Finance considers this matter with a view to settle it amicably.

OFFICE OF THE PRIME MINISTER

Total Funding Gap

554. According to the Budget Framework Paper and other information provided, Office of the Prime Minister requires Ushs 523.17 billion of which only Ushs 459.13 billion is indicative allocation within the MTEF ceiling. This results into a total funding gap of Ushs 64.04 billion which represents 12.2% of the required amount.

555. The committeenoted that the huge funding gap constrains the Office of the Prime Minister from executing the strategic coordination, monitoring and evaluation of Government role and timely response to disaster occurrences.

Refugee Policy in Uganda
Review of the Refugee Act, 2006 to address the existing gaps.

556. The Committee was informed that the process to review the Refugee Act, 2006 will commence after the approval of the Refugee Policy by

Cabinet.The Draft Policy will be presented for Cabinet approval by end of February 2019. The Committee noted that the policy on refugees in Uganda is lacking. The Committee was informed that Office of the Prime Minister is in the process of conducting consultations with stakeholders to validate the Draft Refugee Policy. The Committee observes that in absence of the refugee policy, citizens are not aware of the right places and right engagement for refuges. The Committee undertook an on-spot assessment of communities hosting refugees in Ajuman, Yumbe and Kiryandongo Districts and noted that in some instances, refugees have too much freedom and are more privileged at the expense of nationals. Members of the public observed that it is only Uganda where refugees are scattered everywhere, buy and sell land and receive better treatment than the citizens. No wonder it is considered the best Refugee Host destination in the world.

557. The Committee recommends that Government,

- **Expedites enactment of the Policy on Refugees to enable the issues relating to refugee management be streamlined.**
- **Provides Shs 7/=bn for agricultural supplies**
- **Provides Hoes and Iron Sheets to the refugee host communities**

Formation of a special project to specifically handle the issues affecting the Rwenzori Sub Region

558. The Committee was informed that over the years, the Rwenzori Sub Region has benefited from the Luwero-Rwenzori Development Programme (LRDP) through grants sent directly to districts and other initiatives like micro projects support, hydraform block yard, tractors, value addition equipment (Maize Mills and Coffee hullers), Akasiimo, hand-hoes, and iron-sheets among others.The Luwero-Rwenzori Trangle Programme also covers the Rwenzori sub region (ie. Kasese, Bundibogyo, Ntoroko, Kabarole, Bunyangabo districts, etc.) However, the impact is still low due to the limited resources provided for the program as explained in issue 8 above.

The Office of the Prime Minister is currently piloting the Parish Community Associations (PCAs) model in Bunyangabu and Kabarole Districts.

559. The Committee recommends that Government;

- **Forms a special project to specifically handle the issues affecting the Rwenzori Sub Region**

- **Enhances budgetary allocation to the Luwero-Rwenzori Development Programme (LRDP) from. 42/=bn to 63/=bn for the FY 2019/20**

Affirmative Action Programs

560. The Committee was informed that the UGX 10.0bn required to kick start the activities of Teso Development Program and Ushs. 15.0bn required to kick start the activities of Bunyoro Development program have year in year out remained unfunded. The Committee calls on Government to identify funds to kick start the said development projects to enable them to achieve the envisaged affirmative action programs.

561. The Committee therefore, recommends that;

a) UGX 10.0bn and Ushs. 15.0bn be provided for Teso Development Program and Bunyoro Development program respectively

b) Other affirmative programs should be established for the following;

- **Strengthening efforts towards the eradication of the Nodding Disease in northern Uganda**
- **Designing a specific strategy to help families with Children born to Kony**
- **Construction of Valley dams in the water stressed areas of Karamoja**

Additional Affirmative Action

562. The committee notes that while Government has taken steps to empower areas that were affected by wars including programmes like Parish Community Associations in Luwero-Rwenzori area, the same needs to Busoga since the region was also affected by both the National Resistance Army(NRA war) and Alice Lakwena war

563. The committee therefore recommends that an additional Ushs 10.0 bn be allocated to the Parish Associations Community Programme (Under Luwero-Rwenzori) to specifically target Busoga Region and the same be ring fenced for purpose to be piloted in the districts of Kamuli, Kaliro, Luuka, Mayuge, Namutumba and to be later rolled out to other districts. A desk officer should be designated to specifically handle this pilot programme for Busoga region.

(xv) EDUCATION SECTOR

MINISTRY OF EDUCATION AND SPORTS

Salary disparities within the sector:

564. TheCommittee observes and that there are many salary disparities within the institutions under the sector.The Ministry informed the Committee that an Inter-Ministerial Committee was constituted in December 2018 with representatives from the Ministries of Public Service, Education and Sports and Association of Tutors, Lecturers, Instructors and Teaching Staff to identify the nature and causes for the pay disparities and propose strategies to address them. The Committee report will be ready on 31st January 2019.

565. The Committee recommends that the Ministry should fast track the process with a view to aligning the salaries within the sector and get rid of the disparities.

Project 0897-Development of Secondary Education:

566. The Committee observes that Project 0897 thatwas meant to construct and improve on infrastructure in secondary schools wasexited from the program before its end date. The Ministry informed the Committee that the project was removed from the PIP and reallocated to the National High Altitude Training Centre (NHATC) temporarily and that the MoES had applied for reinstatement and the matter was before the Development Committee of MoFPED. This has left the Secondary education program grossly underfunded.

567. The Committee recommends that MFPED reinstates the project under Secondary Education to enable the provision of critical infrastructure in secondary schools.

Recruitment of 22,000 primary teachers.

568. The Committee notes thatUGX 132bn is needed in the medium term to recruit 22,000primary teachers as highlighted in the sector budget strategy for FY2019/20. However, no funding has been allocated in FY2019/20. The MOES's plan for the next Financial Year is 6,000 teachers at a cost of UGX 36bn.

FY	No of Trs to recruit	Monthly Salary per Tr.	No.of Months	Av.Annual gross salary reqed.
2019/20	6,000	500,000	12	36,000,000,000
2020/21	5,000	500,000	12	30,000,000,000
2021/22	5,000	500,000	12	30,000,000,000
2022/23	4,000	500,000	12	24,000,000,000
2023/24	2,000	500,000	12	12,000,000,000
Total	22,000	500,000	12	132,000,000,000

Source: MoES

569. **The Committee recommends that UGX 36bn be provided to the Ministry of Education and Sports to kick-start the recruitment process of the 22,000 primary teachers as highlighted in the budget strategy.**

Coding of seed secondary schools and BTVET Institutions.

570. The Committee observes that in FY2017/18, MoES embarked on the 1st phase of construction of 10 seed secondary schools in 10 districts. 9 of these schools are ready for grant aiding with students expected to enroll in first term of academic year 2019. Each secondary school will require 27 staff (that is 21 teaching staff and 6 non-teaching staff) with an annual wage requirement of UGX 2,248,188,000. The 5 BTVET institutions that have been completed and await coding are Kaabong School of Nursing and Midwifery, Bamunanika T.I,Okwang T.I,Kyamulibwa Voc.I, and St. Joseph Vocn.I. These require UGX 4,304,124,480.

571. **The Committee recommends that MFPED provides MoES with and additional wage of UGX 6.552bn to operationalize these institutions in FY2019/20.**

Projects transferred to the Ministry:

572. The Committee notes that two projects, the Northern Uganda Youth Development Center and the Uganda Scouts and Girl Guides Association, were transferred from the Office of the Prime Minister (OPM) and Ministry of Gender, Labour and Social Development (MGLSD) respectively to MoES without any funds allocated. This created a funding gap of UGX 2,541,171,890 for the Youth Development Center and UGX 4bn for the Scouts and Girls guides Association.

573. **The Committee recommends that MFPED allocates UGX 6.541bn to facilitate the functioning of these two programs as they were funded in their previous entities.**

Teaching practice in PTCs.

574. The Committee observes that the Ministry has a shortfall of UGX 2,016,000,000 to facilitate teaching practice in PTCs for 8,000 students at a unit cost of UGX3, 000 per day for 84 days. The Committee notes that teaching practice is a core activity for all student teachers as it allows them to gain experience in practical classroom situations and is a requirement before they graduate. The Committee is concerned that the

shortfall, if not addressed, will compromise the quality of teachers.

575. The Committee recommends that MFPED allocates UGX 2,016,000,000 to ensure that PTCs conduct teaching practice for the teachers as is required

Scheme of service:

576. The Committee observes that there are 5,000 Grade V teachers who have attained degrees and are still on a salary scale of Grade V teachers. The Committee notes that this is not only unfair but is also a source of discontent among the teachers and ultimately affects their performance. The Ministry informed that the Committee that in order to promote the 5,000 Grade V teachers from Assistant Education Officer to Education Officer, an amount of UGX 9bn is required to cater for their wage bill.

577. The Committee recommends that MoPED allocates UGX 9bn to cater for the promotion of 5,000 Grade V teachers from Assistant Education Officer to Education Officer.

UNIVERSITIES

Understaffing and high staff turnover:

578. The Committee observes that all public universities are grossly understaffed, with staffing levels as low as 25% in some universities/colleges. Moreover, the ban on recruitment of staff across all government agencies means staff universities cannot fill teaching vacancies.

The Committee further observes that universities, aside from being understaffed, also face a high turnover of teaching staff. The situation affects a number older universities who lose academic staff to newer universities, both public and private. The Committee observes that this is largely occasioned by the fact that academic staff in older universities cannot have promotion since there is a ban on recruitment of staff. New universities, therefore, present opportunities for growth.

579. The Committee recommends that to address understaffing and high turnover of academic staff, government should have the ban on recruitment of lecturers waived so as to enable universities recruit to fill the staffing gaps and attain at least 50% staffing levels. Recruitment will also enable promotions of deserving staff and curb the problem of high turnover of staff.

Inadequate Funding for Research:

580. The Committee notes, sadly, that while research for universities is a budget strategy for Financial Year 2019/2020, it is grossly underfunded. The Committee notes that as such, universities cannot produce cutting edge result critical to the needs of the economy.

581. The Committee recommends that each university should be allocated UGX 2bn geared towards research.

Dental School for Makerere University:

582. The Committee observes that there are insufficient funds towards Makerere University Dental School. The Committee notes that the school requires 6bn, 400m of which was received last Financial Year, while 400m will be received in FY 2019/2020, leaving a deficit of 5.2bn. The Committee notes that this is the only dental school in the country and it is critical that it is up and running.

583. The Committee recommends that 5.2bn be allocated to Makerere University for purposes of establishing the Dental School.

Inadequate funds paid to government sponsored students.

584. The Committee observes universities receive inadequate funds to disburse to students paid for by government. As a result, students receive a paltry UGX 4,500 per day per student to cover all meals. The Committee that this is inadequate, and further notes that there are disparities in the amount of money that public universities disburse to government sponsored students.

585. The Committee recommends that public universities be given adequate funds to enable them cater for government sponsored students. The Committee recommends that each student should receive at least UGX 10,000 per day to cater for all three meals. The Committee further recommends that the fees paid to government sponsored students be streamlined so that they are uniform.

HIGHER EDUCATION STUDENTS FINANCING BOARD
Management of scholarships:

586. The Committee observes that the management of scholarships is currently fragmented, with various types of scholarships managed by the Ministry, contrary to the provisions of the Higher Education Students Financing Board Act, which requires all scholarships, including those under State House, bilateral scholarships and students paid for by government in all public universities, to be managed by the Higher Education Students Financing Board. The Committee notes that this is in line with the Higher Education Students Financing Board Act.[5]

587. The Committee recommends that all public scholarships should be managed by the Higher Education Students Financing Board, including bilateral scholarships, for proper management and compliance with the law.

Inadequate Financing:

588. The Committee observes that the Board is inadequately financed as such cannot effectively execute its mandate. The Committee observes that HESFB paid for 2,943 undergraduate applicants in financial year 2018/2019. However, 3992 students were eligible. The Committee further notes that HESFB received funds sufficient for 2,400 students but were able to pay for 2943, through financial prudence.

589. The Committee recommends that the board be allocated an additional UGX 7.5bn to cater for 3,000 undergraduate students.

Beneficiaries with special needs:

590. The Committee further observes that 9 students with special needs were accessed loans under the scheme and that the requirement that these should be admitted for science course was waived. The Committee notes that this is commendable.

591. The Committee recommends that HESFB should increase the number of beneficiaries with special needs to at least 50 every Financial Year.

Continuing Students not originally beneficiaries:

592. The Committee observes that continuing students who did not access loans from HESFB in first year are not eligible to apply for loans. The Committee notes that this leaves out many needy students.

[5]Section 42, Higher Education Students Financing Board Act.

593. The Committee recommends that the continuing students not originally beneficiaries should be eligible for loans advanced by the scheme after assessment. The Committee recommends that UGX 1bn be allocated to HESFB for contusing students not originally beneficiaries.

NATIONAL CURRICULUM DEVELOPMENT CENTRE
Failure to roll out the Lower Secondary School Curriculum:

594. The Committee observes that the National Curriculum Development Centre is unable to roll out the lower secondary school curriculum, which is due to start in FY 2019/2020, due to inadequate financing. The Committee was informed that the Centre requires UGX 8.80bn to roll out the curriculum in Financial Year 2019/2020. As such, the curriculum materials and implementation guidelines have not yet been printed and the orienting of teachers to adapt to the new curriculum has not been possible.

595. The Committee recommends that the government allocates UGX 8.8 bn to the National Curriculum Centre Development to enable the rolling out of the lower secondary school curriculum.

Conflict of Mandate:

596. The Committee observes that there is a conflict of mandate regarding the development of the curriculum for teacher education. While NCDC has the mandate to investigate and evaluate the need for syllabus revision and curriculum reform at primary, secondary and tertiary levels of education, in preschool and post-school education and in teacher education,[6] the mandate of developing curriculum for teacher education has since been taken over by Kyambogo University, which inherited the Institute of Teacher Education, Kyambogo (ITEK). The Committee notes that NCDC has the competence to develop the curriculum as enshrined in the law. Moreover, Kyambogo University is not mandated to develop curriculum. The Committee further notes Kyambogo is also mandated to run all PTCS and NTCs on top of running the university. It is the Committee's opinion that tasking the university with developing the curriculum for teacher education is adding more work to an already overstretched entity while at the same time taking the work away from an entity with the competence to execute it. Moreover, during interaction with Kyambogo University, the Committee was informed that the

[6] Section 3 (1) The National Curriculum Development Centre Act, Chapter 135, Laws of Uganda.

university's mandate is already too wide and the university would be glad to be relieved of the task of developing curriculum for teacher education.

597. The Committee recommends that the mandate to develop curricula for for teacher education be shifted back to the National Curriculum Development which not only has the legal mandate but also has the competence to develop curriculum for all institutions of learning in Uganda.

BTVET Vs TVET Council:

598. The Committee observed the newly approved National TVET Policy provides for the creation of TVET Council which will also have a mandate of developing the curriculum for TVET institutions. The Committee notes that this is problematic for a number of reasons. It will usurp the powers of developing curriculum from the National Development Centre, which is created by law. This would also make the relevant NCDC staff redundant and, crucially, make the TVET Council developer and regulators of the curriculum at the same, which would create conflict of interest.

599. The Committee recommends that the role of developing curriculum for all institutions should be left to the National Curriculum Development Centre as provided for by law.

UGANDA NATIONAL EXAMINATIONS BOARD
Inadequate Development Budget:

600. The Committee observes that the development budget for UNEB is inadequate to cover the development needs of the Board. The Committee observes that UNEB lacks storage facilities to ensure the safe storage of examination papers, which in turn contributes to massive leakages of examinations. The Committee further observes that UNEB continues to hire storage facilities using money that could be used to fund other priorities.

601. The Committee recommends that UNEB be allocated an additional 10.880bn to start the construction of the first phase of an examination warehouse/storage structure at Kyambogo.

602. The Committee further recommends that UNEB be allocated UGX

5.9bn for the procurement of a security printing machine to help the entity save money from printing pass slips and certificates from abroad.

Automatic counting, wrapping and labelling machine:

603. The Committee observes that counting, wrapping and labelling of examination papers is done manually, which makes it susceptible to human error. The Committee learnt that in some examination centres, fewer scripts were received compared to the number of registered candidates. The Committee notes that using machines is a more effective option to rule out errors.

604. The Committee recommends that UGX 2.4bn be allocated to UNEB to procure an automatic counting, wrapping and labelling machine to ensure the smooth administration of examinations.

Security printer for certificates and pass slips:

605. The Committee learnt that UNEB procures the printing of certificates and pass slips from abroad. The Committee is concerned that this is not only time consuming but is also expensive.

606. The Committee recommends that UGX 3.bn be allocated to UNEB to procure a security printer for certificates and pass slips.

Electronic smart locking system at Examination centres:

607. The Committee observes that storage of exams is key to preventing examination leakages. The Committee notes that absence of a smart locking system at examination centres puts the security and credibility of examinations at stake.

608. The Committee recommends that UNEB be allocated UGX 2.7bn to procure an electronic smart locking system at all examination centres.

Extra funding for NAPE (Secondary Schools) and continuous assessment:

609. The Committee observed with concern that UNEB has failed to undertake the National Assessment of Progress in Education (NAPE) in Secondary Schools for three consecutive years. Last year, this was not done for Primary level too. This was attributed to lack of funding. The Committee observed that NAPE Secondary assessment was one of the mechanisms for ensuring high quality secondary education since the data collected from the exercise would inform changes in policy and decision making.

610. The Committee recommends that UNEB be allocated a sum of UGX 6 billion next financial year to undertake NAPE Secondary activities (3 billion) and Continuous Assessments (3 billion) in all universal education schools.

EDUCATION SERVICE COMMISSION

Reallocation of UGX 1bn from wage enhancement:

611. The Committee notes that the Commission previously had a wage bill of UGX 1.425bn in Financial Year 2017/2018. The Commission received wage enhancement to the tune of UGX 1.391b, putting their current wage at UGX 2.816bn. However, this enhancement has not yet been approved by the Ministry of Public Service, leaving the Commission with unutilised funds.

612. The Committee recommends that UGX 1bn be reallocated from the wage enhancement bill towards underfunded priorities like the e-recruitment system worth 0.300bn; rolling out of the electronic data management system to districts UGX 0.500bn; and UGX 0.200bn to facilitate the promotion of 5,000 Grade V teachers with graduate qualifications to graduate level.

Illegal access to the payroll:

613. The Committee observe that there is a serious problem of illegal access to the payroll through forgery of appointment letters and academic documents. The Committee was informed that the illegal access to the payroll cost the government **UGX 7bn.** The Committee notes that this strains the national coffers.

614. The Committee recommends that the Education Service Commission be provided with UGX 500m to enable it roll out the electronic data management system to make it possible for all appointment to be centrally confirmed before access to the payroll is granted.

NATIONAL COUNCIL FOR HIGHER EDUCATION

Inadequate funding:

615. The Committee observes that at the time NCHE was established in 2003, there were only 12 universities. Presently, however, there are 51 universities and many other tertiary institutions. The increased number of universities and tertiary institutions results into extra work in terms of regulation and supervision for NCHE, which in turn requires more funding.

The Committee **recommends** that an extra **UGX 2bn** be allocated to NCHE to enable the proper regulation and supervision of universities and tertiary institutions.

NATIONAL COUNCIL OF SPORTS
Running of the national sports infrastructure:

616. The Committee observes that national sports infrastructure is managed contrary to the National Council for Sports Act, which gives the Council the mandate of running the sports infrastructure. The Committee observes that on the contrary, the infrastructure is managed by the Ministry of Education and Sports.

The Committee recommends that running of the national sports infrastructure be run by the National Council of Sports as the law stipulates, and not the Ministry of Education and Sports.Fast tracking the Physical Activity and Sports Bill: The Committee notes that the Physical Activity and Sports Bill has not been tabled despite several recommendations for the Bill to be tabled.

617. The Committee recommends that the Physical Activity and Sports Bill be tabled with a view to improving the legal framework governing the sports sector in Uganda.

(xvi) LEGAL AND PARLIAMENTARY AFFAIRS

MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS
Court Awards:

618. The committee commends Government for implementing Parliament's recommendation of decentralizing the awards which has seen an improvement in the cooperation between MDAs inform of responses to requests for instructions and seeking legal opinions before entering into contracts. However, there is concern over the outstanding bill of court awards currently over Ushs 650 billion. The contingent liability of Government against uncompleted civil matters (ongoing cases) is estimated at Ushs.6 Trillion. However, Government has budgeted Ushs 9.35 billion in FY 2019/20, which is 1% of the current stock. At this pace it will take long to clear the stock of the court awards.

619. The Committee Recommends for a fund to settle the outstanding bill of Ushs 676.8 billion be settled over the medium term to pave way for the settlement of claims from FY 2016/17 on wards under respective government institution budgets.

620. The arbitrary interest rate charge on court awards ranging from 10% to 25% has partly led to the increase in the court award bill.

621. In order to curb the rising interest charges on court awards, the committee recommends a policy to cap the interest rates on awards be developed to guide judicial officers' decisions.

Compensations:

622. No provision has been made for compensation during the FY 2019/20. These compensations include those related to human rights abuses by state agencies. In addition the criterion for settlement of these compensations is not clearly defined.

623. The committee recommends that a budget provision for compensations be made for FY 2019/20 under the Ministry of Justice and Constitutional Affairs; and compensation budget resulting from human rights abuses should be transferred to UHRC during the FY 2019/20, amounting to Ushs 9.2 billion to clear the outstanding bill as at December 2017. A policy and an enabling law should be enacted to guide the criteria in compensation of persons who are victims of injustices.

Implementing the new Ministry Structure:

624. The Committee observed that the Ministry was restructured increasing staffing from 300 to 442 in FY 2017/18. Implementing the new structure requires additional Ushs. 2 billion in the wage bill.

625. The committee recommends that the Ministry be provided with additional Ushs 2 billion to the wage bill for FY 2019/20 to implement the new structure.

Effective representation of Government in Courts:

626. The number of cases filed against the Attorney General (AG) has increased over time partly due to increased citizen awareness. Currently there over 6,000 civil cases in which the AG is party. With the budget provision of 1.914 billion, the average allocation is Ushs 0.319 million per case per year, which is inadequate.

627. The committee recommends that that the Non-wage budget of the AG be enhanced to increase the per capita case cost to Ushs 0.5 million. This will require an additional Ushs 1.086 billion to the non-wage budget to strengthen the civil case management system and provision of a witness fund.

Administration of Estates/ property of the deceased:

628. The office of the administrator general has registered growth in the demand for its services across the country due to increased awareness resulting from regular sensitizations being conducted. In order to strengthen its information management system to provide online services, and to de-concentrate its services to all the 6 regional offices, the Administrator General's Office requires additional Ushs 2.962 billion.

629. The committee recommends that Ushs 2.962 billion be provided to Administrator General's Office to further enhance and de-concentrate their services in all the 6 regional Offices and strengthen the information management system to enable users' access information online.

Regulation of the legal profession:

630. The Law council was restructured but the new structure has not yet been implemented. As a result it is constraining the disposal of disciplinary matters; inspection of law firms, universities and legal aid service providers.

631. The committee recommends an additional Ushs 1.409 billion to the

Law Council to operationalize the new structure and enhance service delivery.

JUDICIARY

Operationalization of Newly gazetted Courts:

632. The committee observed that the instrument creating new Courts was signed by the Hon Minister of Justice and Constitutional Affairs which requires additional human resource and enabling facilities. This will require Ushs 20 billion annually starting FY 2019/20

633. The committee recommends that Judiciary implements the newly gazetted Courts and recruit the required human resource and other attendant costs required. To this end an additional Ushs 10 billion be provided in FY 2019/20 for this purpose.

Transport equipment:

634. The committee noted that Judiciary is faced with shortages of vehicles to enable judicial officers attend to locus cases especially for land matters.

635. The committee recommends that the development budget of judiciary of FY 2019/20 be enhanced with Ushs 10 billion to procure transport equipment to improve access to justice.

Implementation new staff structure:

636. Judiciary has been restructured to meet increased demand for services. The plan seeks to increase High Court judges from 51 to 82 so as to match the increase in High Court Circuits from 13 to 20; the increase in magisterial areas from 38 to 82 will require an increase in Chief magistrates from 47 to 100 and magistrates Grade one from 215 to 532. Judiciary has planned a recruitment of 100 judicial officers. They include 20 Chief magistrates, 49 Magistrate Grade one and 31 for appellant court- High Court in order to reduce case backlog. This will require an additional Ushs 91 billion in the wage bill.

637. The committee recommends that the wage bill be adjusted by additional Ushs 4.42 billion during the FY 2019/20 to recruit additional 50 judicial officers in an effort to reduce case backlog.

Construction and renovation of Courts:

638. The committee observed that judiciary rents over 70% of its premises including the Supreme Court and Court of Appeal. This puts the expenditure on rent to Ushs 14 billion annually. Also to note is the reduction in the non-wage recurrent budget by Ushs 1.87 billion. Further the construction of courts from the development budget of Ushs 0.635 billion is insufficient to cater for both renovations and construction of new ones. Construction of appellant courts is Ushs 105 billion, while chief magistrate courts will require Ushs 9.6 billion and Magistrate Grade one Courts for 6 courts will cost Ushs 7.8 billion

639. The committee recommends that additional Ushs 30 billion be provided to kick start the construction of the Supreme Court; Ushs 3.2 billion be provided to construct 2 Chief Magistrate Courts and Ushs 3.9 billion be provided for construction of 3 Magistrates Grade one Courts.

Support to innovation in case management:

640. Parliament approved additional Ushs 2.5 billion to automate Court during the FY 2017/18. This has yielded results where Courts have registered an increase in disposal rate at all levels during the FY 2017/18. Other initiatives employed by the judiciary include: Plea bargaining for criminal matters, and Small Claims procedures which targets the majority of people's cases with a value of less than 10 million in civil matters. However, such initiatives require continuous sensitization, training of all stakeholders. This will complement the planned roll out of the performance enhancement mechanism where Judicial officers will dispose more cases in an efficient manner. This will require an additional Ushs 20 billion

641. To complement the planned roll out of the performance enhancement mechanism where judicial officers will dispose more cases in an efficient and effective manner, government should provide additional Ushs 4 billion.

Parliament's Resolution:

642. Parliament resolved to increase the number of Judges from 51 to 82 so as to fully operationalize the 20 High Court Circuits. However, the committee noted that government froze the recruitment and limited it to only replacements of retired Judicial Officers. As a result case backlog has persisted in the Judiciary, amidst use of alternative methods like Plea bargaining and mediation.

643. The committee recommends that government considers phasing the recruitment of judges as a matter of priority in the medium term.

INSPECTORATE OF GOVERNMENT
Construction of IG Head Office Building:

644. The committee observed that the construction of the Head Quarters will be going into its third year of construction. Currently a firm has been procured to commence construction at Ushs 110 billion. In FY 2019/20 Ushs 13.6 billion has been allocated to the project to construct the IG Headquarters. However, this provision in inadequate to kick start the construction. Instead Ushs 30 billion is required at this stage.

645. The committee recommends an additional Ushs 20 billion be provided to expedite the construction of the IG Headquarters during the FY 2019/20.

Operational Funds:

646. The Committee further observed that the IG faces a funding gap of Ushs 3.3 billion in the FY 2019/20, to effectively facilitate investigations, prosecutions, verification of declarations and conduct public awareness programmes; operational costs of 16 Regional Offices; vehicle maintenance and fuel costs.

647. Government should provide Ushs 1.273 billion to cover travel inland costs; costs of investigations, prosecutions and verifications to enable the IG fulfil her mandate.

Understaffing at Regional Offices:

648. The Committee observed that the number of districts has been increasing frequently. The capacity of the IG to handle corruption and ombudsman complaints has not changed in terms of staff to match the increasing workload. Each Regional office has 5 technical and 11 support staff. The IG requires additional Ushs 4 billion to recruit additional 30 staff to deal with increasing workload in local governments.

649. Government should provide an additional Ushs 1.33 billion to recruit 10 additional staff for the Regional Offices during the FY 2019/20 to clear backlog of complaints.

PARLIAMENTARY COMMISSION

Shortfalls in the Recurrent Budget:

650. The committee observed that Parliament is experiencing shortfalls in the emoluments for current MPs to a tune of Ushs 101.042 billion. This is in addition to the shortfalls in emoluments of Ushs 8.532 billion and salaries of Ushs 5.165 billion for expected new staff and MPs. The implication to this is additional Ushs 0.422 billion for gratuity for the expected new MPs; and pension contribution for both MPs and Staff.

651. Committee recommends that an additional Ushs 115.161 billion be provided to Parliamentary Commission to recruit additional staff, MPs emoluments; provision for expected new MPs as well.

Support to Departments of Parliament:

652. The committee observed that in order to strengthen institutional capacity of Parliament departments require additional funds for capacity building to serve the increasing number of Members of Parliament; funds to undertake studies to enable Parliament make informed decisions and benchmark to obtain best practices. These departments have a funding gap of Ushs 27.3 billion during the FY 2019/20.

653. The committee recommends an additional Ushs 18 billion be provided to Departments of Parliament to enhance their capacity to efficiently and effectively fulfill their respective mandates.

Planned hosting of the Commonwealth Parliamentary Association:

654. During the FY 2019/20, Parliament is to host the CPA conference in Uganda. This conference has a funding shortfall of Ushs 20 billion.

655. The committee recommends an additional Ushs 20 billion be provided to Parliamentary Commission to enable it adequately prepare for hosting the CPA conference in 2019.

Committee Oversight Activities:

656. The Committee observed that operations of Committees of Parliament during the FY 2018/19 have been hampered by lack of resources to facilitate them to undertake their oversight role. As a result work has stalled, leading to fewer oversight reports being presented to Parliament and or quality of reports has been compromised. Benchmarking is critical for various pieces of legislations to inform Parliament on international practices. However, this has not been prioritized in FY 2019/20, as seen in the funding gap of Ushs 20.4 billion for committee oversight activities in FY 2019/20.

657. The Committee therefore recommends that government provides additional Ushs 20.4 billion to Parliamentary Commission to enable Committees undertake oversight activities as required by Law.

ELECTORAL COMMISSION (EC)

General Elections Activities:

658. During the second phase of the preparation of the 2021 general elections, the commission plans to conduct elections for Youth, PWDs, and Older persons, Workers from village to National level, General update and display of the National Voters Registers, Procurement of elections materials, recruitment of staff, voter education and procurement of security vehicles for presidential candidates, among others; during the FY 2019/20. All this has a funding gap of Ushs 427.815 billion, with only Ushs 0.986 billion provided in FY 2019/20 budget.

659. The Committee recommends thatUshs 427.815 billion be provided for the Electoral Commission to enable them prepare for and organize a credible elections.

Provision for Newly Created Districts:

660. Government created 16 districts between July 2016 and July 2018 and 7 more have been proposed for July 2019. However, there is no accompanying budget for the Commission to operate in these districts as required by law in FY 2019/20. The 23 districts require 3.510 billion under the non- wage recurrent budget.

661. The Committee recommends that additional Ushs 3.510 billion be provided to EC to operate in the 23 newly created districts to enable it prepare for the general elections in 2021 in FY 2019/20.

Re-location of EC Headquarters:

662. The Standard Gauge Railway, Jinja Express Highway and Kampala Flyover Projects will take up the biggest part of the EC headquarters Office land. During the FY 2019/20 no provision has been made to relocate to other premises to pave way for the implementation of the projects. The Commission requires Ushs 72 billion for procurement of a new home and re-location costs.

663. The Committee recommends that Ushs 72 billion be given to EC to kick start the process of relocation to their new headquarters. This money is broken down as follows; cost of office structure Ushs. 66.0bn, ICT, printery & telecommunications Ushs 2.5bn, Office partitioning, modifications and painting, Ushs 3.0bn, and Transport expenses and services at Ushs 0.5.bn.

UGANDA LAW REFORM COMMISSION

Law Revision Bill:

664. The committee observed that the bill is still outstanding and constraining the publication of revised edition of laws of Uganda.

665. The Committee recommends that government expedites the tabling of the Law Revision Bill to Parliament for enactment.

Implementation of Council's Structure:

666. The Committee observed that in 2016, a new staff establishment structure was approved. However, the Council has a shortfall of Ushs 1.7 billion to implement the new structure.

667. The Committee recommends that ULRC should be provided with the Ushs 1.7bn to implement the new structure.

Printing of Revised Principal Laws of Uganda:

668. The committee observed that the printing of the 7th Revised Principal Laws of Uganda has a been provided with Ushs 4.5 billion in FY 2019/20 leaving a funding shortfall of Ushs 2 billion. However, in absence of the Law Revision Act, this is not tenable.

669. The Committee recommends that Ushs 4.5 billion allocated for the printing of the 7th Revised Principal Laws be re-allocated to ODPP to provide for security services and wage bill shortfalls, since ULRC has no enabling law to publish.

Uganda Human Rights Commission (UHRC)

Institutional Structure:

670. The committee observed that the filled structure is at 40%.

671. The committee recommends that the implementation of the staff structure be implemented over the medium term.

Salary Enhancement of Staff:

672. The committee recognizes the need to enhance staff salaries to prevent high staff turnover. In addition, Section 10(1) of the Human Right Commission Act explicitly states that the terms and conditions of service of the Secretary to the Commission shall not be less favorable than those of the Permanent Secretary. This in addition to other staff salary enhancement require Ushs 12.75 billion.

673. The Committee recommends that government provides Ushs 12.75 billion as additional wage bill for UHRC for FY 2019/20.

Non-wage staff related costs:

674. The Committee observed that Ushs 11.75 billion was the shortfall created resulting from a proposed salary enhancement to be undertaken during the FY 2019/20.

675. The committee recommends that UHRC be provided with additional Ushs 11.75 billion as the attendant non-wage recurrent budget for FY 2019/20.

Civic Education and Human Rights Awareness:

676. The Committee observes that there is need to enhance efforts of sensitization, protection and promotion of human rights right up to the grass root level. Given the rising population UHRC will require an additional 3.847 billion to undertake this exercise, including training of security agencies, who are the largest human rights offenders.

677. The committee recommends an additional Ushs 1.5 billion to the non-wage recurrent budget to undertake countrywide sensitization campaigns on protection and promotion of human rights. The balance should be provided over the medium term.

Vehicles and Transport Machinery:

678. The Tribunal is one of the core activities of the Commission since it conducts its business in all regions of the country. This is in addition to activities undertaken by regional offices in conducting awareness, civic education, inspection of detention facilities and monitoring all government activities to assess compliance of Human rights.

679. The committee recommends that a provision of Ushs 3.66 billion in FY 2019/20 for the provision of 17 vehicles to facilitate the Commission undertake its countrywide activities.

Construction of the UHRC Headquarters:

680. The development budget of UHRC is projected to be Ushs 0.41 billion despite the need to construct the Commission's headquarters. The Commission has land on Buganda Road that it is not utilizing and continues to rent premises (at Ushs 1.4 billion) that cannot accommodate all their needs.

681. The committee recommends that Ushs 0.25 billion be provided in FY 2019/20 to undertake feasibility studies and obtain detailed engineering designs and required approvals.

LAW DEVELOPMENT CENTRE (LDC)

Short fall on Wage Bill:

682. The Committee observed that the in the past 3 years, LDC has been meeting the deficit of Ushs 2.9 billion from NTR collected. However, NTR is unpredictable since the number of admitted students on the Bar course is always less than budgeted and student dropout rates. In addition given the policy shift of remitting all NTR to the consolidated fund, implies that no NTR will be allowed to be utilized at source.

683. The committee recommends that an additional Ushs 2.9 billion be provided in FY 2019/20 budget for LDC.

Construction of an Academic Block:

684. The Committee observed that LDC has kick started the construction of a Multistoried block to house academic and administrative infrastructure. The first phase in FY 2018/19 will cost Ushs 5.7 billion. The procurement process is on-going. The second phase will require Ushs 12 billion in FY 2019/20, which is not provided in the estimates.

685. The Committee recommends that Government provides an additional Ushs 6 billion in FY 2019/20 and another Ushs 6 billion in FY 2020/21 to the development budget of LDC to implement the second phase of constructing a Multi storied block.

UGANDA REGISTRATION SERVICES BUREAU (URSB)
Development Budget for URSB:

686. The Committee observed that URSB has no development budget for acquisition of requisite infrastructure for effective delivery of services. This is in spite of the approval of the institutional support project with a code of 1431. However, the Bureau also received support from other Public projects supported by the World Bank and other Donors.

687. The committee recommends that the Bureau harmonizes external support interventions with what it intends to invest under the development budget. All interventions should aim at achieving the sector investment plan and address the NDP objectives. Government should provide Ushs 2.313 billion in over the medium term for the institutional support project that has already been approved by Government. This will enable the entity purchase capital equipment to enhance service delivery

Implementation of staff structure:

688. The Committee observed that the existing staff structure stands at 158 compared to the approved 332 staff. Increase in staffing levels will enhance productivity and promote expansion thus national wide access of services.

689. **The Committee recommends that an additional 25 staff be recruited in FY 2019/20 to increase country coverage of URSB services. Ushs 1.854 billion provided in FY 2019/20 for this purpose.**

Decentralization of URSB services:

690. The Bureau plans to expand its services across the country through setting up 8 regional offices. This will require Ushs 8 billion over the medium term.

691. **The Committee recommends that Ushs 2.5 billion in FY 2019/20 be provided to enable the Bureau roll out at least 3 One Stop Shops across the country in order to improve on the business environment.**

DIRECTORATE OF PUBLIC PROSECUTIONS (DPP)
Outstanding Legislations:

692. The committee observed that the following legislations remain outstanding for review or enactment. They include:
   - DPP Act- to operationalize Article 120 of the constitution of making the DPP autonomous
   - Trial on indictment Act, cap 23- to give discretion to Court to require the collaboration of the evidence of a child and provide for plea bargaining
   - Magistrates Court Act, Cap. 16- To empower magistrates to issue a commission for the taking of evidence of a child of tender years instead of brining the child before court.
   - Evidence Act, cap 6: to enhance prosecution of sexual offences
   - Amnesty Act: to amend the current law to grant conditional amnesty to Ugandans involved in acts associated with war
   - Witness protection Act: to enhance public participation in the administration of criminal justice.

693. **The committee recommends that the Ministry responsible should expedite the process of presenting the above legislations to Parliament for enactment during the FY 2019/20**

Security needs for ODPP Officers and Assets:

694. Prosecutors and ODPP assets are increasingly facing high security risks that require the deployment of security equipment, vehicles and personnel. During the FY 2019/20, Ushs 0.520 billion has been allocated out of the proposed amount of Ushs 3.5 billion, leaving a funding gap of Ushs 2.980 billion.

695. The Committee recommends that ODPP be provided with an additional Ushs 2.980 billion for enhancing the security of its officers and its Assets like buildings.

Implementation of the Revised Structure:

696. The Committee observed that there are more Judicial Officers than Prosecutors, yet the ODPP is not in more than 30 districts. ODPP staff structure is filled upto 39% of the approved structure. Therefore this will continue to constrain clearance of case backlogs, and affecting the quality of prosecution services in the country. To implement the new structure Ushs 4.3 billion is required for the wage bill to recruit 254 staff; additional Ushs 5.33 billion is required for the non- wage budget; while Ushs 7.4 billion additional is required for the development budget during the FY 2019/20.

697. The committee recommends Ushs 1.7 billion additional be provided to ODDP for the wage bill to recruit 100 additional staff; additional Ushs 2.098 billion be provided for the non- wage for operational costs; while Ushs 2.90 billion additional be provided for the development budget during the FY 2019/20 budget estimates.

Witness Preparation and Protection:

698. It is important for the ODPP to conduct pre-trial witness interviews to prepare witnesses testify in Court and save government from losing resources in form of compensations. The Committee also noted that the resources to facilitate witnesses are provided under the MoJCA yet the ODPP is responsible for prosecution and facilitating witnesses. This will require an additional Ushs 3.32 billion.

699. The committee recommends Ushs 1.82 billion is provided to the ODPP to facilitate pre-trial witness interviews and case preparations; and Ushs 1.5 billion be provided to equip victims assistance desk to empower and protect victims and witnesses of crime.

Prosecution of serious criminal offenses and land crimes:

700. This includes cases of corruption and money laundering. During the FY 2019/20, this has a funding gap of Ushs 2.552 billion. ODPP intends to operationalize a department of land crimes. Ushs 0.70 billion has been allocated leaving a funding gap of Ushs 0.10 billion.

701. The committee recommends that Ushs 2.652 billion be provided to the ODPP to facilitate successful prosecutions of serious criminal

offenses and operationalization of the land crimes department.

Prosecution Case Management Information System (PROCAMIS):

702. In order to equip 20 field stations and network them, to support easy case data and information retrieval will require an additional Ushs 2.84 billion.

703. The committee recommends that Ushs 2.84 billion be provided in FY 2019/20 to enable ODPP improve access to case files and totally eliminate instances of missing files.

International Cooperation:

704. The Committee observed that the ODPP faces challenges of extradition of witnesses from abroad due to lack of resources, including facilitating staff to go to foreign countries to investigate certain cases. In addition there are insufficient resources to facilitate handling of cross boarder cases. During the FY 2019/20 budget Ushs 1.5 billion has been allocated for the above activities out of the required Ushs 2.5 billion.

705. The Committee recommends an additional Ushs 1 billion be provided to the ODPP to handle international obligations in the prosecution process.

Backlog Reduction:

706. The Committee observed that while police has over time received additional funds to investigate cases and the Judiciary has increased its capacity to deal with case backlog, the ODPP has no funds to prosecute these cases creating a mismatch in interventions to improve the justice system in the country. In order for the OPDD to effectively participate in case backlog reduction, Ushs 1.5 billion is required for per diem of officers handling sessions, transport and research on cases under Court sessions.

707. The Committee recommends Ushs 1.5 billion be provided to ODPP during the FY 2019/20 to contribute towards the reduction of case backlog.

Establishment of Regional and Field Offices:

708. The committee observed that in order to increase access to prosecution services relates to the ability to establish offices across the country. The ODPP intends to open more Regional offices in accordance with Judiciary plans to operationalize new High Court Circuits including Luwero, Hoima, Iganga, Tororo, Rukungiri, and Moroto. During the FY 2019/20, ODPP plan to establish 2 of them at a cost of Ushs 6.66 billion. In additional plans are underway to establish 5 new field offices. However, the budget for Regional offices is not provided in the FY 2019/20 budget estimates, while field offices have a funding gap of Ushs 0.3 billion.

709. **The Committee recommends that Ushs 6.66 billion be provided to ODPP to establish 2 Regional officers, while an additional Ushs 0.3 billion be provided to cater for establishment of 5 additional field offices.**

JUDICIAL SERVICE COMMISSION (JSC)
Attachment of Judicial Officers:

710. JSC has a funding gap of Ushs 0.43 billion required for attachment of Commission members to acquire skills for efficient service delivery.

711. **The committee recommends that JSC rationalizes within its non-wage recurrent budget to cater for attachment costs in FY 2019/20**

Research and Planning for Administration of Justice:

712. The Commission requires additional Ushs 0.770 billion for the Commission to conduct court inspection and research to inform improvement in the administration of justice systems in the country.

713. **The committee recommends that research to inform improvement in the administration of justice systems in the country be undertaken by the Uganda Law Reform Commission that has undertaken similar studies in the Judiciary.**

Regional Offices:

714. JSC development budget has been maintained at Ushs 0.49 billion since FY 2018/19. This is in spite of the need to set up regional offices to enhance access to administration of justice. A funding gap of Ushs 20.9 billion is required to setup regional offices over the medium term.

715. **The committee recommends that JSC establishes a project under the development budget to kick start the process of setting up regional offices. Therefore, Ushs 0.5 billion be provided in FY 2019/20 to undertake feasibility studies for the above category of infrastructure.**

CONCLUSION

Rt. Hon Speaker and Members, the Committee has identified some Policy gaps and has made numerous recommendations which would require being incorporated to generate a revised final Budget Framework Paper; particularly reflecting Observations and Recommendations of Part 1 of this report, and taking cognizance of the recommendations in Part 2.

Rt. Hon Speaker, in accordance with Section 9(8) of the PFM Act 2015 and Rule 144(3) of the Rules of Procedure of Parliament; the Committee requests Parliament that the proposed National Budget Framework Paper of FY2019/20 – FY2023/24 be approved with the proposed amendments.

MEMBERS OF THE BUDGET COMMITTEE WHO SIGNED THIS REPORT ON THE NATIONAL BUDGET FRAMEWORK PAPER FOR THE FY 2019/20 - 2023/24

NO	NAMES	SIGNATURE
1	Hon. Lugoloobi Amos (Chairperson)	
2	Hon. Opolot Isiagi Patrick (Vice Chairperson)	
3	Hon. Mwesigye Fred	
4	Hon. Ilukor Charles	
5	Hon. Hashim Sulaiman	
6	Hon. Lubogo Kenneth	
7	Hon. Mutebi David Ronnie	
8	Hon. Nankabirwa Ann Maria	
9	Hon. Othieno Okoth Richard	
10	Hon. Komuhangi Margaret	
11	Hon. Khainza Justine	
12	Hon. Achia Remigio	
13	Hon. Asiku Elly Elias	
14	Hon. Kalemba Christopher	
15	Hon. Yaguma Wilberforce	
16	Hon. Nayebale Sylvia	
17	Hon. Avur Jane Pacuto	
18	Hon. Tumuramye Genesio	
19	Hon. Aleper Aachilla Margaret	
20	Hon. Ngabirano Charles	
21	Hon. Ogwang Peter	
22	Hon. Nabayiga Idah	
23	Hon. Musasizi Henry	
24	Hon. Silwany Solomon	
25	Hon. Alyek Judith	
26	Hon. Kiiza Winfred	
27	Hon. Atim Ogwal Cecilia	
28	Hon. Mugume Roland	
29	Hon. Ongom Joy	
30	Hon. Luttamaguzi Ssemakula	
31	Hon. Muwanga Kivumbi	
32	Hon. Ntende Robert	
33	Hon. Karuhanga Gerald	
34	Hon. Bagoole John	
35	Hon. Kakoza James	
36	Hon. Okwir Samuel	
37	Hon. Soyekwa Cheborion Kenneth	
38	Hon. Mukasa Opondo	

PARLIAMENT OF UGANDA

A MINORITY REPORT ON THE

NATIONAL BUDGET FRAMEWORK PAPER FY2019/20 – 2023/24

JANUARY 2019

1.0 INTRODUCTION

The National Budget Framework Paper FY2019/20 – 2023/24 was laid on 19th December 2018 and subsequently referred to the Committee on Budget for scrutiny.

Pursuant to Rule 202 of the Rules of Procedure of the Parliament of Uganda, I hereby present a dissenting opinion from the opinion of the majority of the Committee on Budget.

The dissenting opinion was informed by:

a) Legal frameworks of Uganda particularly the Constitution, Rules of Procedure and Public Finance Management Act.
b) Committee interactions with Ministry of Finance, Planning and Economic Development; the Leader of the Opposition; Chairpersons of Sectoral Committees and Uganda Revenue Authority.
c) Government and Parliamentary Reports.

2.0 AREAS OF DISSENT

I dissented with the majority of the Committee on the analysis and proposed recommendations pertaining the following aspects:

1) Huge Recurrent Expenditures
2) Misrepresentation of Sectoral Allocations
3) Escalating Debt Burden
4) Domestic Refinancing
5) Misalignment with NDP
6) Inadequate Counterpart Funding
7) Detrimental Policy Reversals
8) Absence of Petroleum Revenue Investment Policy
9) Inadequate Gender and Equity Assessment
10) Defaulting Subscriptions to International Bodies
11) Misleading Undertakings
12) Inequitable Distribution of Tractors
13) Thermal Generators

3.0 DISSENTING OBSERVATIONS

3.1 Huge Recurrent Expenditures

It is worrying to note that the projected domestic revenue (tax revenue and Non Tax Revenue) cannot adequately meet government's recurrent expenditure i.e. wage and non-wage recurrent (such as fuel, workshops, advertisements and rent among others). The total recurrent expenditure is UGX 19.31 trillion against projected domestic revenue of UGX 18.37 trillion (tax revenue and Non Tax Revenue). This translates to a deficit of UGX 939 billion. This indicates to the need to reduce on wasteful expenditures particularly consumptive items across government inform of travels, workshops, seminars, rent, advertisements, fuel, lubricants, oils and donations among others.

It was established that the largest share of recurrent expenditure is attributed to interest payments at UGX 9.58 trillion. With the exception of interest payments, accountability, security, public administration, works and transport were among sectors with recurrent expenditures.

Table 1: Non-Wage Recurrent Expenditure in FY2019/20

Sector	Non-Wage Recurrent Expenditure (UGX Billion)	% Share
Interest Payments	9583.756	63.6%
Accountability	803.288	5.3%
Security	636.801	4.2%
Works and Infrastructure	626.593	4.2%
Public Administration	615.213	4.1%
Education	575.525	3.8%
Justice, Law and Order	525.173	3.5%
Health	458.61	3.0%
Public Sector Management	389.001	2.6%
Legislature	343.871	2.3%
Agriculture	156.353	1.0%
Energy and Mineral Development	106.264	0.7%
Social Development	83.548	0.6%
Water and Environment	38.588	0.3%
Science, Technology and Innovation	31.291	0.2%
Trade and Industry	27.894	0.2%
ICT and National Guidance	25.013	0.2%
Tourism	21.827	0.1%
Lands, Housing and Urban Development	21.779	0.1%
Total	15070.388	

Source: MoFPED and OLOP Computations

Restructure government by minimizing recurrent expenditure pushers such as reduction of size of cabinet, administration centres, size of Parliament, privileges to political leaders and donations among others. This will ensure that sufficient resources are geared towards service delivery.

3.2 Misrepresentation of Sectoral Allocations

The budget framework paper presents allocations to sectors based on UGX 25.54 trillion which translates to 75% of the total proposed national budget of UGX 34.30 trillion. This does not reflect the true budget share allocation and gives wrong reflection particularly of debt obligations.

It has been established the debt obligations i.e. interest payments, external debt repayments and domestic refinancing that will be due in FY2019/20 totals to UGX 9.58 trillion that translates to 27.9% of the proposed national budget of UGX 34.30 trillion as indicated in table 2. Hence debt obligations take the greatest share of the budget as compared to sector allocations.

Interestingly, the individual allocations of reflected memo items in the budget framework paper i.e. external debt repayments, domestic refinancing, domestic arrears and Appropriation in Aid are higher than the sectors of legislature; social development; science, technology and innovation; lands, housing and urban development; trade and industry; ICT and national guidance; and tourism.

Table 2: Proposed Allocations of the National Budget FY2019/20

SECTOR ALLOCATIONS	2019/20 (UGX Billion)	% Share as presented NBFP	Adjusted % Share
Works and Transport	5,316.9	20.8%	15.5%
Interest Payments	2,913.6	11.4%	8.5%
Education	2,685.4	10.5%	7.8%
Energy and Mineral Development	2,662.9	10.4%	7.8%
Health	2,278.4	8.9%	6.6%
Security	1,944.4	7.6%	5.7%
Public Sector Management	1,615.8	6.3%	4.7%
Justice/Law and Order	1,395.1	5.5%	4.1%
Accountability	1,209.3	4.7%	3.5%
Agriculture	919.8	3.6%	2.7%
Water and Environment	764.5	3.0%	2.2%
Public Administration	746.4	2.9%	2.2%
Legislature	497.8	1.9%	1.5%
Social Development	162.8	0.6%	0.5%
Science, Technology and Innovation	118.9	0.5%	0.3%
Lands, Housing and Urban Dev't	113.8	0.4%	0.3%
Trade and Industry	86.7	0.3%	0.3%
ICT & National Guidance	79.5	0.3%	0.2%
Tourism	32.4	0.1%	0.1%
SUB TOTAL	**25,544.61**	**100.0%**	**74.5%**
** Memo Items			
External Debt Repayments (Amortization)	650.11		1.9%
Domestic Refinancing	6,020.00		17.5%
Domestic Arrears	600.00		1.7%
Gratuity FY 2019/20	170.67		0.5%
Shortfalls in Salaries, Pensions and Gratuity	126.75		0.4%
Appropriation in Aid (AIA)	1,192.55		3.5%
GRAND TOTAL	**34,304.70**		

Source: MoFPED and OLOP Computations

Sectoral allocations should at all times be computed based on the total proposed national budget rather than selective nominal allocations.

3.3 Escalating Debt Burden

Although there is compliance to the debt limits set in the Charter for Fiscal Responsibility, the present value of gross public debt is gradually rising to the threshold of 50%. It rose from 27.1% in FY2016/17 to 30% in FY2017/18[1] and now projected at 41.5%[2] as of December 2018. It was estimated at UGX 42 trillion of which UGX 28.5 trillion was external debt and UGX13.5 trillion was domestic debt as at 30th June 2018[3]. This is not improvement rather it is a deterioration trend that is merely compliant but not admirable.

As a consequence the GDP growth of 6.2% that is being flagged by government is not translated into majority of the lives of citizens. Poverty levels are rising, income gap widening, unemployment escalating, shilling is increasingly becoming unstable and nation's indebtedness soaring. This is an indication that the perceived development is not inclusive.

A public debt repayment schedule should be laid in Parliament by end of June 2019 and referred to appropriate Committee for scrutiny and subsequent guidance in the management of public debt in Uganda.

3.4 Domestic Refinancing

Domestic refinancing amounting to UGX 6.02 trillion is a loan in the meaning of Section 36(2),(4) and (5) of the Public Finance Management Act. However over the years, the Minister of Finance, Planning and Economic Development has not been laying terms and conditions in Parliament so that it is enforceable by a resolution. This is a violation of Article 59(3)(a) of the Constitution and Section 36(5) of the Public Finance Management Act.

Furthermore domestic refinancing is the main driver for the domestic debt stock that is gradually growing to unsustainable levels rising from UGX11.61 trillion in the FY2015/16 to UGX 12.06 trillion in the FY 2016/17 to UGX13.55 trillion in FY 2017/18. Government has failed to present a clear plan on how it intends to reverse the trend for in each financial year payments are made for less than 50% of the existing domestic debt stock.

Terms and conditions of UGX 6.02 trillion being domestic refinancing for FY2019/20 should be laid before Parliament and become enforceable by a

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[1] Ministry of Finance, Planning and Economic Development, 2018. Annual Macroeconomic and Fiscal Performance Report FY2017/18

[2] Office of the Auditor General, 2018. Report of Auditor General to Parliament for Financial Year ended 30th June 2018

[3] Parliamentary Budget Office, 2018. Analytical Report on the State of Indebtedness and Public Debt Sustainability for Uganda as at end June 2018

resolution as required under Article 59(3)(a) of the Constitution and Section 36(5) of the Public Finance Management Act.

3.5 Misalignment with NDP

There continues to exist a misalignment in the planning for the nation particularly at the Ministries, Departments and Agencies (MDAs) level that is charged with policy direction and supervision. Out of the 135 MDAs, only 89 had development plans aligned to the National Development Plan while 18 had unaligned plans, 18 had draft plans and 10 had no plans[4].

It has been established that to date institutions such as Uganda Wildlife Authority, Uganda Tourism Board, Uganda Wildlife Conservation Education Centre and Uganda Hotel, Tourism Training Institute, Uganda Export Promotions Board and Uganda Development Corporation had no strategic plans[5]. Surprisingly these and other institutions that lack strategic plans were allocated ceilings in the budget framework paper. This is contrary to Section 9(3) of the Public Finance Management Act 2015. Hence allocated funds will be geared towards non-priority items for they are not aligned to the National Development Plan in terms of time and allocations.

The lack of alignment is responsible for delayed implementation of the 39 core projects in NDPII. Only 2 projects (5.2%) were being implemented on project schedule, while 7 projects (35.9%) were being implemented but below schedule, 17.9% were still under preparatory stage and the remaining 28.2% had not yet started[6]. Affected projects include Agricultural Cluster Development Project, Enhancing National Food Security through Increased Rice production in Eastern Uganda and the Regional Pastoral Livelihood Improvement Project.

Ministry of Finance, Planning and Economic Development should table by 15 February 2019, a list of all Ministries, Departments and Agencies whose development plans are not aligned to the National Development Plan.

The annual budgets of the listed Ministries, Departments and Agencies that lack strategic plans aligned to National Development Plan should not be submitted to Parliament before complying with Section 9(3) of the Public Finance Management Act 2015.

3.6 Inadequate Counterpart Funding

It is a requirement for government to commit counterpart funding before a loan is processed by Parliament. However it has been established that

[4] Ministry of Finance, Planning and Economic Development, 2018. First Budget Call Circular on Preparation of the Budget Framework Papers (BFPs) and Preliminary Budget Estimates for FY2019/20

[5] Report of the Committee on Tourism, Trade and Industry on the Budget Framework Paper FY2019/20 – FY2023/24

[6] National Planning Authority, 2018. Certificate of Compliance for FY2017/18 Assessment Report

projects are being delayed due to government's failure to provide counterpart funding. The counterpart-funding gap for FY2019/20 amounts to UGX 1.3 trillion. This is responsible for delayed implementation of NDP II core projects such as the SGR, Kampala-Jinja high way, Kampala-Bombo express highway, Kampala-Southern bypaas, upgrading of Kapchorwa Swam road, Rwenkunye-Apac-Lira-Kitgum-Musingo road, Albertine region airport and the Oil roads[7].

In other instances the country has had a grants withdrawn due to government's failure to provide counterpart funding. For instance JICA withdrew its grant to health sector due to breach of contract terms. This led to delayed completion of Busolwe and Kawolo hospitals[8].

Table 3: Unfunded Counterpart Funding Obligations

Vote		Expenditure Category	Amount (UGX) Billion
113	UNRA	Counterpart funding shortfalls on ongoing projects	280
016	Ministry of Works and Transport	Land acquisition for standard gauge railway	550
		Project management for Kabaale International Airport	14
		Complete implementation of the resettlement action plan for Bukasa port	19
		Rehabilitation of Tororo-Gulu Meter Guage (Gou Counterpart obligation) Railway	14
017	Ministry of Energy and Mineral Development	Power Transmission Projects	189.32
		Power generation projects	181.70
018	Ministry of Gender, Labour and Social Development	SAGE	70
014	Ministry of Health	Paediatric Hospital	32
011	Ministry of Local Government	UMMDAP – Completion of Busega Market	11.50
		TOTAL	**1,361.52**

Source: MoFPED

Parliament should not consider new loan requests before government satisfies that it has provided counterpart funding for all ongoing projects.

[7] Report of the Committee on Physical Infrastructure on the Budget Framework FY2019/20 – 2023/24

[8] Report of the Sectoral Committee on Health on the National Budget Framework Paper for FY2019/2020 for the Health Sector

3.7 Detrimental Policy Reversals

Of late the government is geared towards undertaking numerous policy reversals. Key in the reversals proposed in the FY2019/20 is the merging of the allocations of youth livelihood fund and NAADS/Operation Wealth Creation into a consolidated fund of UGX 316.65 Billion. Critical to note is the resultant allocation of UGX 130 billion to youth programmes under State House. The Committee was informed that this is meant to facilitate the President with adequate funds to reach out to the youth. This amounts to duplication of government programmes within State House. More still the money will be spent as political gifts.

Parliament should prevail over government on the cropping practice of creating 'mini-ministries' or 'mini-institutions' within the State House.

3.8 Absence of Petroleum Revenue Investment Policy

The Auditor General in his report for Financial Year ended 30th June 2018 notes that there are no assurances as whether the withdrawals from the Petroleum Fund are actually financing infrastructural and development projects for they are made based on budget framework paper and not explicitly provided in the Appropriation Act.

Furthermore Uganda lacks an investment profile to guide and profile infrastructural and developmental projects eligible for financing by petroleum revenue. Uganda also lacks a Petroleum Revenue Investment Policy[9]. This contravenes Section 63(1) and 66 of the Public Finance Management Act.

A Petroleum Revenue Investment Policy as well as an investment profile should be developed by May 2019 and copies laid in Parliament.

3.9 Inadequate Gender and Equity Assessment

The Certificate of Gender and Equity Responsiveness is at risk of becoming procedural yet it has a lot to address as envisaged in the Public Finance Management Act. For instance it contravenes Section 9(6)(b) of the Public Finance Management Act for it does not specify measures undertaken to equalise opportunities for women, men, persons with disabilities and other marginalised groups.

Furthermore the sectors of Lands Housing and Urban development as well as Energy and Mineral Development on initial assessment was found to be gender and equity non responsive. However as has been the case in past financial years, sectors that had failed were reassessed and found to be

[9] Bank of Uganda, 2018. Annual Report – 30 June 2018

compliant within weeks. This places doubt on the credibility of the assessment process by the Equal Opportunities Commission.

The sectoral allocations of Lands Housing and Urban development as well as Energy and Mineral Development should not be approved. In line with Section 78 of the Public Finance Management Act, the Ministers responsible for the sectors should make a report to Parliament with an explanation.

The Auditor General should undertake a forensic audit into the gender and equity responsiveness assessment by the Equal Opportunities Commission with the intention of improving its credibility.

Government should undertake national gender and equity gap mapping to guide budgeting and assessment by the Equal Opportunities Commission. This will guide sectors in addressing gaps identified, facilitate better planning and impact assessment.

The Equal Opportunities Commission assessment report should offer more clarity and clearly report compliance along the following benchmarks:

a) Constitutional imperatives i.e. expenditures to marginalised groups, vulnerable, least developed areas and social protection among others
b) Gender specific expenditures i.e. allocations to programmes and projects that are specifically targeted to issues affecting specific groups of women, men, boys and girls such as Uganda Women Entrepreneurship Programme, Youth Livelihood Programme and Uganda Reproductive Maternal and Child Health services among others;
c) Equal employment opportunity expenditures i.e. programmes and projects that promote equal representation in management and decision making across all occupational sectors as well as occupational conditions such as wages, allowances, recruitment, leave and sexual respect among others; and
d) Mainstream budget expenditures of government i.e. goods or services available to the whole community to address existing imbalances based on region, ethnicity, culture and minority groups among others.

3.10 Defaulting Subscriptions to International Bodies

In the budget framework paper, government proposes to support private sector benefit through market access in trading blocs to which the country has subscribed. However it should be noted that Uganda has for years been a subscription defaulter in most organisations in which she has subscribed. For instance without considering the year 2018, as of April 2018, Uganda was in sanction bracket being demanded an outstanding amount of USD 2.8 million (UGX 10.5 billion) that had accrued as contribution to COMESA Secretariat, COMESA Court of Justice and the Leather Institute[10]. Uganda has over the years also defaulted subscriptions to international organisations such as PTA Bank, East African Development Bank and African Development Bank among others[11]. Besides being an embarrassment to the nation, failure to pay subscriptions poses a risk of suspension and loss of membership benefits. Without increased allocation towards subscription, the proposed strategy of accessing markets is untenable.

Government should table all outstanding subscriptions within a month's time so as to guide appropriation of the annual budget.

3.11 Misleading Undertakings

Government indicates in the budget framework paper that it intends to enhance pay of public servants so as to improve their morale and subsequently service delivery. However it was noted that no additional allocations are expected in FY2019/20 for the wage bill has been maintained at the same level as in FY2018/19 at UGX 4.24 trillion. Therefore it is not possible for government to undertake any salary enhancements. As a consequence it is perceived that Parliament is responsible for failing to appropriate resources for salary enhancements.

Government should withdraw its undertaking of enhancing pay of public servants for it has no corresponding resource allocations nor has it provided the required budget.

3.12 Inequitable Distribution of Tractors

Government proposes to procure 100 tractors in FY2019/20 under the Ministry of Agriculture, Animal Industry and Fisheries. However it does not indicate which regions are to benefit from the procurement. In FY2016/17 and FY2017/18, 150 tractors were procured and distributed in only Ankole sub region in the districts of Mitooma, Sheema, Sembabule, Lyantonde, Mbarara, Ntungamo and Kiruhura. This raises equity concerns.

The proposed procurement of 100 tractors should not be allocated funds pending the tabling of distribution list by the Ministry of Agriculture, Animal Industry and Fisheries.

[10] Ministry of Trade, Industry and Cooperatives, 2018. Presentation to the Budget Committee on justification for Uganda's Membership in COMESA

[11] Parliament of Uganda, 2018. Report of the Public Accounts Committee - Central Government on the Report of the Auditor General for 2014/15 (Accountability Sector)

3.13 Thermal Generators

Presently Uganda has excess power but continues to pay for expensive thermal power. UGX 66.8 billion is required in FY2019/20 yet buyout of private interests particularly Jacobsen only requires Euros 8.08 million (about UGX 35 billion) so that government owns the facilities.

Government should clear its outstanding debt of Euros 8.08 million (UGX 35 billion) in the coming financial year contrary to its proposed plan of continued payment of capacity charges of Euros 4.09 million (about UGX 17.6 billion).

4.0 CONCLUSION

Rt. Hon. Speaker and Members, I implore you to support the Minority report.

I BEG TO SUBMIT

MEMBERS ON THE COMMITTEE ON BUDGET WHO SIGNED THE MINORITY REPORT ON THE NATIONAL BUDGET FRAMEWORK PAPER FOR FY2019/20 – 2023/24

S/N	NAME	Signature
	MUWANGA KIVUMBI Muhammad	[signature]
	KARUHANGA K. GERALD	[signature]
	ATIM OGWAL CECILIA	[signature]

ANNEX 1

The Republic of Uganda

MINISTRY OF WORKS AND TRANSPORT

CIVIL AVIATION AUTHORITY

CURRENT STATUS AND DEVELOPMENT PLANS FOR REGIONAL AIRPORTS IN UGANDA

A presentation to Agriculture, Trade, Industry and Tourism Sub-Committee meeting of the Presidential Advisory Committee on Budget (PACOB) FY 2019/20

31st October, 2018

1.0 BACKGROUND

The Government of Uganda through its Agency, the Civil Aviation Authority (CAA) owns and operates 13 national aerodromes in addition to Entebbe International Airport. These include Arua, Gulu, Pakuba, Kasese, Kidepo, Kisoro, Mbarara, Moroto, Lira, Jinja, Masindi, Tororo and Soroti aerodromes. **The Government gazetted Kasese, Arua, Gulu, Pakuba and Kidepo aerodromes as entry/exit points for International flights for the purpose of promoting the tourism industry**. In addition, a new international airport is being constructed at Kabaale in Hoima District to serve oil exploration initially but will go a long way to facilitate tourism.

Among the five gazetted entry and exit points, Arua, Kasese and Gulu Airports have been prioritized for immediate upgrade and development due their strategic location to serve national economic and security interests. The airports are located in tripartite State of DRC-Congo, South Sudan and Rwanda. There is a good air travel catchment area in addition to being located within key tourism attraction features within their vicinity. These include national parks, lakes, rivers and other economic activities as may be seen on the map below.

The Government already carried out Master Plan and detailed engineering designs for the pavements. The Government therefore seeks for investors to partner with on agreed commercial terms to develop the Airports. A matrix table below gives a summary of current status and proposed plans for each airport in order of their priority.

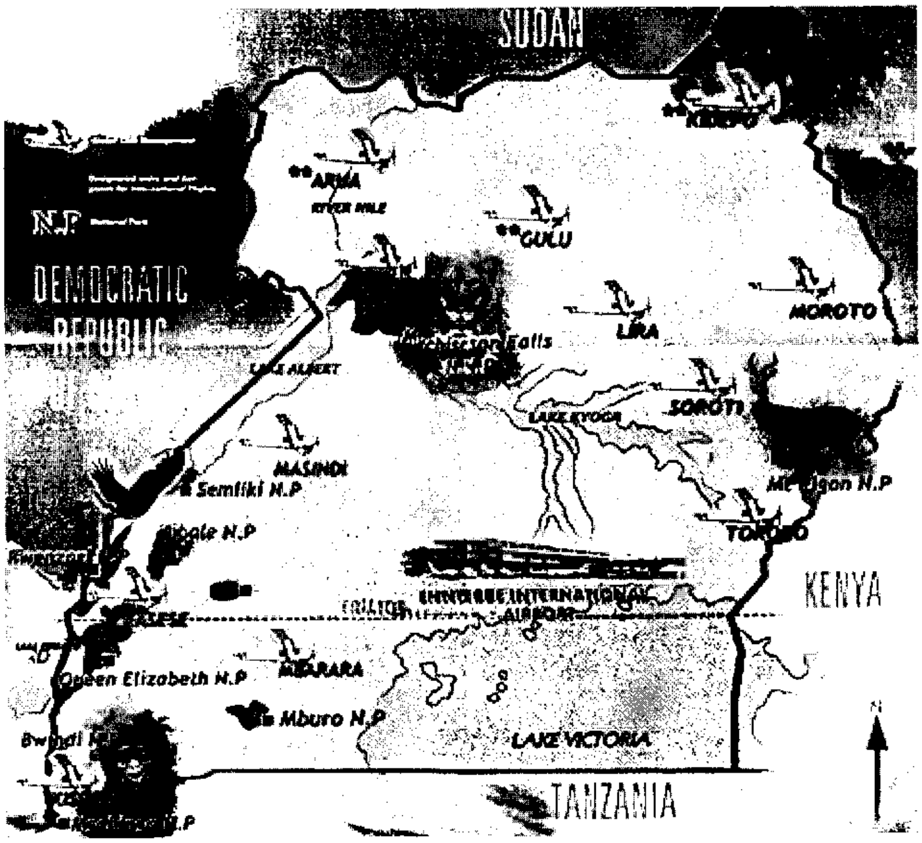


Figure 1: The Map below shows the location of Major Airports In Uganda

2.0 Priority Airports Improvement Projects Status Report and the Financing Requirements.

Airport	Existing Facility	Ongoing Works/Completed Projects with costs in brackets	Planned Facility/Activity	Funding Status and Funding Gap if any
Arua	• Murram runway 1800m long, 30m wide (Code 3C) • Murram taxiways and apron • Passenger Terminal • Category 5 fire services	• Master Plan and detailed engineering design studies **(US$ 317,761)-completed** • New paved apron and associated taxiways **(UGX 2.413 Billions) - ongoing** • Construction a terminal	• Shift from code 3C airport to code 4E Airport • New Paved runway 3500m long, 60m wide taxiways and Apron • New cargo center • New Terminal complex • Control Tower • New fuel	Estimate US$233mn (Phase 1 will require $56m)

Airport	Existing Facility	Ongoing Works/Completed Projects with costs in brackets	Planned Facility/Activity	Funding Status and Funding Gap if any
		building **(UGX 2.3 Billions) - completed** • Construction of perimeter fence **(UGX 0.850 Billions)- Under Procurement** • Land acquisition for the expansion of the Airport **(UGX 6.489 Billions) 98% completed** • Construction of staff quarters at Arua **(UGX 0.645 Billions) Under Procurement**	facilities • New road access system • Car Parks • Fire Station • Construction of Administrative Block	
Kasese	• Grass runway 1750m long, 30m wide (Code 3C but records it as 2B because of surface condition) • Grass apron • Passenger Terminal 30,000 Pax • NDB • Perimeter fence • Category 3 fire services • Master plan and detailed engineering studies completed	• Construction of perimeters fence **(UGX 0.882 billions)- Completed** • Master Plan and detailed engineering design studies **(UGX 0.432 Billions)- Completed** • **Land acquisition (UGX1.52bn)- completed**	• Shift from code 3C to code 4D airport • New paved runway 2500m long, 45m wide • New taxiway system 23m wide • New Passenger Terminal complex • Control Tower Complex • New access road system • New fuel complex • New Cargo complex • Fire Station • Construction of Administrative Block • Car Parks	USD $170 (Phase 1 will require $53m)

Airport	Existing Facility	Ongoing Works/Completed Projects with costs in brackets	Planned Facility/Activity	Funding Status and Funding Gap if any
Gulu	• Paved runway 3100m long, 45m wide • Paved taxiways • Small passenger terminal 30K • Perimeter fence • Paved apron • Mobile Control Tower • Category 6 fire services • Master plan and detailed engineering studies completed	• Master Plan and detailed engineering design studies **(UGX 0.358 Billions)-completed** • Acquisition of extra land for the expansion of the Airports **(UGX 2.880 Billions)-completed** • Runway repairs **(UGX 10.030 Billions)-completed** • Perimeters fencing of the airport Phase one **(UGX 0.909 Billions) Phase 1 Completed**	• New runway 3100m long, 60m wide • New taxiway system 23m wide • New Apron • New Passenger terminal building • New cargo complex • New access road system • New car park • New fuel complex • New Control Tower complex • New fire station complex • Construction of Administrative Block	US$230 m (Phase 1 will require $57m)
Pakuba	• Murram runway 1800m, 30m wide • Murram apron 7000m^2 • Electric Perimeter fence • Small Passenger Terminal 30K • Category 3 fire services	• Design of new Passenger Terminal • Construction of power perimeter fence **(UGX 0.531 Billions)-completed**	• Improvement of the runway surface • New Passenger Terminal • New access road and car park • Procurement of a fire fighting vehicle	Estimate $5mn
Kidepo	• Murram Runway 1500m long, 30m wide • Murram apron • Electric perimeter fence	• Construction of power perimeter fence (UGX 0.471 Billions)-completed	• Improvement of the runway surface • New access road and car park	Estimate US$5m

Airport	Existing Facility	Ongoing Works/Completed Projects with costs in brackets	Planned Facility/Activity	Funding Status and Funding Gap if any
	• Small Passenger Terminal 30K • Category 3 fire services		• Procurement of a fire fighting vehicle	
Kisoro	• Paved runway 1200m long, 30m wide • Paved taxiway • Paved Apron 6400m^2 • Passenger Terminal building 30K • NDB • Category 5 fire services	• Design and costing of runway, Taxiways and apron surface rehabilitation-Underway	• Extension of runway from 1200m to 1800m	$7mn
Jinja	• Murram Runway 1680m long, 30m wide • Murram apron • perimeter fence • Small Passenger Terminal 30K • Category 3 fire services	Planned relocation to a bigger site	Master plan studies	Estimated USD 350,000
Tororo	• Murram Runway 1500m long, 30m wide • Murram apron • No perimeter fence • Small Passenger Terminal 10K • Category 3 fire services	Acquired extra land required for development Construction of the fence Contractor mobilising	Master plan studies	Estimated USD 350,000

NB. This Priority list does not include Kabaale (Hoima) that is being fast trucked to support the oil refinery.

3.0 Conclusions and Action Required

The Civil Aviation Authority Act Cap.354 section 25 empowers the Authority to perform its functions on sound financial principles and that should ensure as far as possible that the revenue is sufficient to meet expenditure properly chargeable to the revenue. The previous studies carried out by UNDP/ICAO revealed that Regional Airports were poorly maintained due to insufficient revenue to cover the operational costs. Due to limited traffic, the revenue generated by Airports was/is far inadequate to cover the costs of operating the airfields.

These aerodromes have to meets minimum ICAO recommended standards and practices (SARPs) in terms of aviation safety, passenger handling and facilitation, air navigation and communication facilities, fire fighting and rescue services. In line with the above background, the government has been subsidizing the upkeep of these non-commercial operations because of their contribution to the national economy particularly with regard to tourism industry as well as their geo-political significance.

However the resource allocation is too inadequate for even maintenance. An average of UGX 2bn - 3bn is provided to CAA as a subvention through the Ministry against a budget of UGX 6.5bn for maintenance alone for 13 aerodromes.

Whereas the above selected aerodromes have been listed as priority Airports within the EAC Tourism circuit, no significant improvement has been done compared to their equivalent in the region. The other partner States within the region has continued to do significant investments in the sub-sector. The Ministry of Finance, Economic Planning and Development has often indicated that development of these airports is not a priority and instead listed the projects under a PPP. Our understanding is that no green airport development can attract an investor. The Government has to first invest into the principle infrastructure that the Runway, taxiways and aprons and the other associated infrastructure can be financed under PPP.

Action Required

The Presidential Advisory Committee on Budget (PACOB) is requested to take note of the contents of this paper and assist to have Regional Airports within the Tourism Circuit prioritized to access financing. Plans exist but funds to implement them have been and continue to be a major challenge.

ANNEX 2

Uganda National Roads Authority

Concept Note:

Development of the Tourism Roads

AUGUST 2018

1 Background

Tourism is Uganda's single largest export earner and generator of foreign exchange. Uganda's wildlife is concentrated in its protected areas, categorized as National Parks, Wildlife Reserves, and Forest Reserves. According to the Uganda Wildlife Authority (UWA), the Tourism circuit is an important network of roads linking key tourist destinations especially National Parks. Some of the major roads in the circuit are unpaved and in poor motorable condition which constrains the movement of tourists to attraction sites thereby affecting the development of the Tourism Sector.

Government of Uganda is committed to fast tracking the development of the priority tourism roads in a bid to boost the sector in order to maximize the economic benefits highlighted in the National Development Plan (II). Figure 1 below shows a schematic of the Tourism Circuit in relation to the road network in Uganda, while Figure 2 provides a close up of the roads in the six major tourism regions.

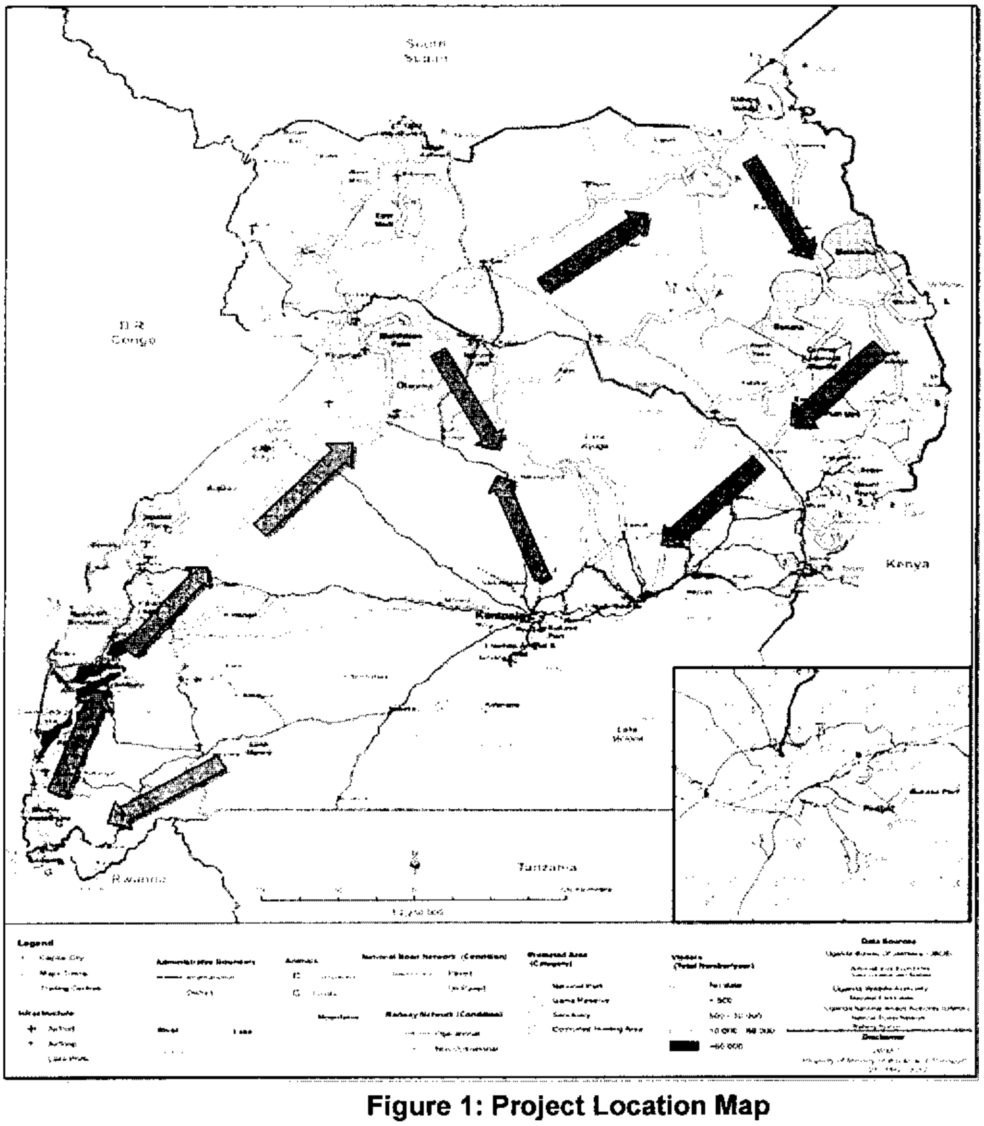
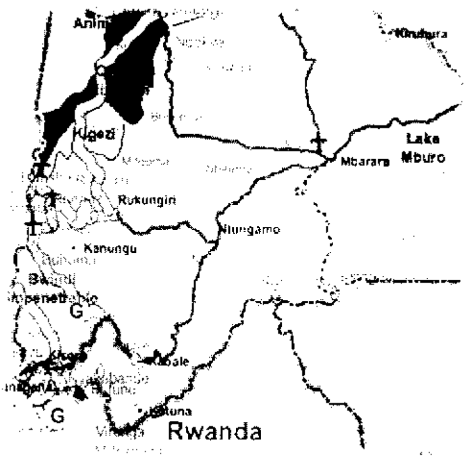
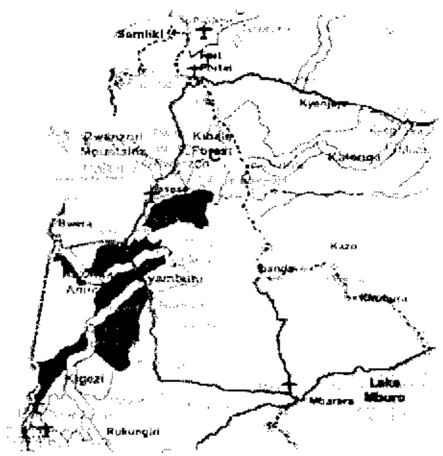


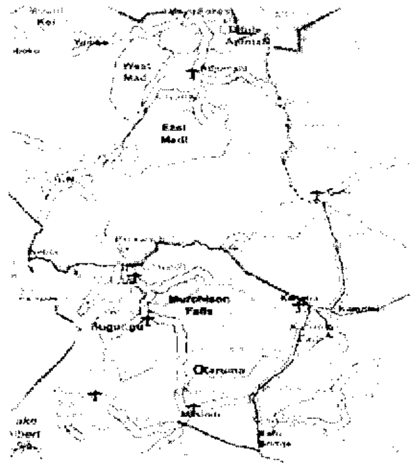
Figure 1: Project Location Map



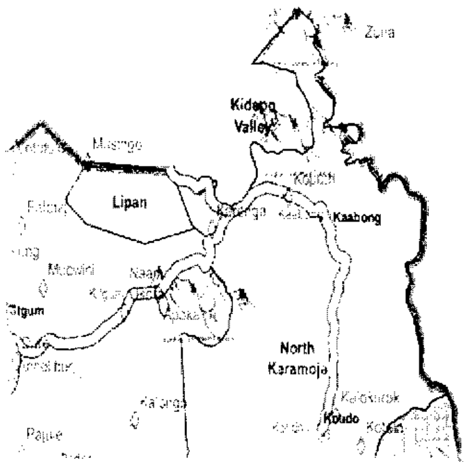
Bwindi-Rwenzori Circuit



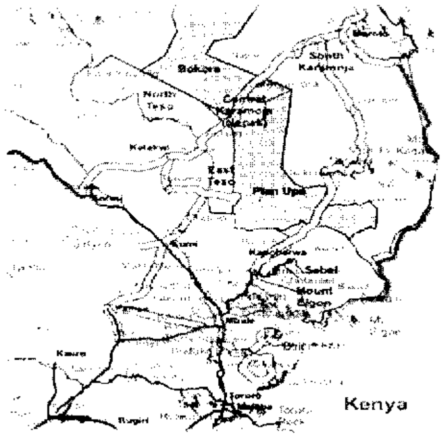
Western Rift Valley Segment



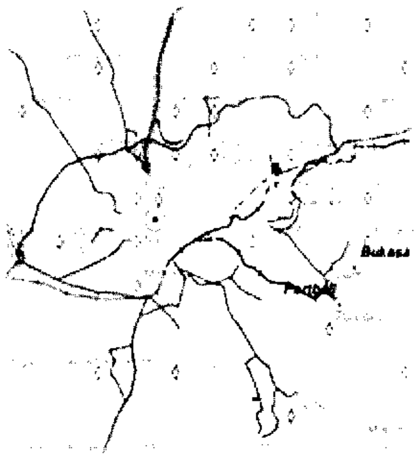
Murchison Falls Circuit



Kidepo Circuit



Mt. Elgon Circuit



Central Circuit

2 Major Economic Activities

Tourism and agriculture are the main economic activity within the Tourism Circuit area as per the UBOS statistical abstract (2016). The districts that will be most directly affected by the proposed project include among others Kisoro, Kabale, Kasese, Hoima, Fort Portal, Masindi, Kitgum, Kaabong, Moroto, and Mbale.

3 Impact and Outputs

The major benefits of implementing the tourism roads include the following: -

(i) To open up access to tourism sites and the various host communities and districts and also promoting agricultural production;
(ii) Most of the routes along the tourism circuit form part of the international corridor connecting the capitals of Bujumbura, Kigali, Kisangani and Juba.
(iii) Foster regional integration through reliable, efficient and seamless transport infrastructure;
(iv) Enhance increased inter-regional trade volumes and enhance regional competitiveness;
(v) Creation of an enabling environment for unlocking the binding constraints to the primary growth sectors of agriculture, forestry, tourism, mining and oil & gas in the project's area of influence;
(vi) Facilitate the consolidation of peace and development especially in the North East and Central DRC; and
(vii) To reduce transportation costs and improve access to markets, social and health services and employment opportunities for residents within the zone of influence of the proposed roads.

4 Required Interventions and Estimated Project Costs

The Table below summaries the needed interventions and estimated project costs

#	Circuit	Length (km)	Description of required Intervention	Estimated Cost (Million US$)
1.	Southwest Tourism Zone (Bwindi Impenetrable National park and Mgahinga Gorilla National Park and associated environments)	227	Upgrading from gravel to bituminous standard	240
2.	Western Rift Valley Zone (Queen Elizabeth National park, Rwenzori National Park, Semiliki National Park, Bundibugyo hot springs, Lake Edward and George)	134	Upgrading from gravel to bituminous standard	140

#	Circuit		Length (km)	Description of required Intervention	Estimated Cost (Million US$)
3.	Kidepo Tourism Zone (Kidepo Valley NP, Mt Kadam, Wildlife reserves & Historical sites)		686	Upgrading from gravel to bituminous standard	700
4.	Mt. Elgon Tourism Zone (Elgon National Park and associated environments)		120	Upgrading from gravel to bituminous standard	120
5.	Central Circuit (Jinja Nile, Namugongo Shrines, Kalangala and associated environments)		102	Upgrading from gravel to bituminous standard	100
		TOTAL	**1,269**		**1,300**

5 Condition of Existing Section of the Corridor:

The Table below shows the existing condition of various sections of the road corridor;

STATUS OF TOURISM ROADS

ATTRACTION	#	DISTRICT	ROAD LINK	DIST(KM)	STATUS
Southwest Tourism Zone (Bwindi Impenetrable National park and Mgahinga Gorilla National Park and associated environments)	1.	Kisoro, Kanungu & Kabale	Kihihi-Butogota-Buhoma	45	Design expected to commence by September 2018 and be completed in December 2019. The road is currently being maintained by Force Account and programmed for Framework Term Maintenance Contract. The project was seconded for funding under the FOCAC window.
	2.	Kabale	Kabale-Lake Bunyonyi	12	Feasibility study complete, Detailed Design ongoing, to be completed by December 2018. The road is currently being maintained by Force Account and programmed for Framework Term Maintenance Contract. The project was seconded for funding under the FOCAC window.
	3.	Kisoro	Kisoro-Mgahinga National Park Headquarters	17	Feasibility Study complete, Detailed design ongoing, to be completed by December 2018. The road is currently being maintained by Force Account and programmed for Framework Term Maintenance Contract. The project was seconded for funding under the FOCAC window.
	4.	Kisoro	Kisoro–Nkuringo–Rubuguri–Muko (Rubanda)/Nteko Road	71	Feasibility Study complete, Detailed Design ongoing, to be completed by December 2018. The road is currently being maintained by Force Account and programmed for Framework Term Maintenance Contract. The project was seconded for funding under the FOCAC window.
	5.	Rubirizi,Rukungiri&Kanungu	Ishasha-Katunguru	88	Design study commenced in March 2018 and is expected to be completed by June 2019. The road is currently being maintained under Force Account and programmed for Framework Term Maintenance contract.

ATTRACTION	#	DISTRICT	ROAD LINK	DIST(KM)	STATUS
Western Rift Valley Zone (Queen Elizabeth National park, Rwenzori National Park, Semiliki National Park, Bundibugyo hot springs, Lake Edward and George)	6.	Rubirizi,Rukungiri&Kanungu	Kanungu-Hamurwa	60	Design study expected to commence in September 2018 and be completed by December 2019. The road is currently being maintained under Force Account and programmed for Framework Term Maintenance Contract.
	7.	Kyegegwa, Kamwenge & Fort portal	Kyegegwa - Katonga -	74	Procurement of design Consultant is ongoing. The design study is expected to commence by January 2019.
Kidepo Tour-ism Zone (Kidepo Valley NP, Mt Kadam, Wildlife reserves & Historical sites)	8.	Kitgum, Lamwo and Kabong	Kitgum-Orom-Karenga (Kidepo)	116	Design completed. Funding for civil works being sought. Routine Mechanized maintenance contract has just ended and Framework contract to commence soon.
	9.	Kitgum, Lamwo and Kabong	Karenga-Apoka/Sudan boarder	40	**Design was completed in 2012. Seeking funds for civil works**
	10.	Kotido and Moroto	Kotido-Moroto	120	**Design was completed in 2012. Seeking funds for civil works.** Term maintenance contract ongoing
	11.	Kotido	Kotido - Kaboong	68	**Design was completed in 2012. Seeking funds for civil works.** Term maintenance contract ongoing
	12.	Kaabong	Karenga-Kapedo-Kabong-	70	Procurement of Design Consultant is ongoing. Design study expected to commence in January 2019. Currently being worked on by Force Account and programmed for Framework contract to commence soon. Term maintenance contract ongoing.
	13.	Soroti, Amuria, Katakwi, Napak and Moroto	Soroti-Amuria-Obalanga-Achan Pii	92	Feasibility and Detailed Engineering Design Study planned in the medium term subject to availability of funds. Routine Mechanized maintenance by Force Account ongoing

ATTRACTION	#	DISTRICT	ROAD LINK	DIST(KM)	STATUS
	14.	Lira, Alebtong, Otuke,Kotido and Abim	Lira-Abim-Kotido	180	Procurement for design study under AfDB financing ongoing for Lira-Abim and is expected to commence by June 2019. Currently road maintenance is by Force Account and Framework contract is expected to commence soon.
Mt. Elgon Tourism Zone (Elgon National Park and associated environments)	15.	Tororo, Manafwa and Bududa	Tororo-Bududa-Elgon Park Boundary	50	Feasibility and Detailed Engineering Design Study planned in the medium term subject to availability of funds. Force Account works ongoing
	16.	Sironko and Bulambuli	Sironko-Bulambuli-Elgon Park boundary	13	Feasibility and Detailed Engineering Design Study planned in the medium term subject to availability of funds
	17.	Kumi and Katakwi	Kumi-L. Bisina and L. Opeta-Katakwi	20	Force Account works ongoing
	18.	Sironko	Sironko-Budadiri-Bunasifa	16	Feasibility and Detailed Engineering Design Study planned in the medium term subject to availability of funds. Currently maintenance is by Force Account and Framework contract is expected to commence soon.
	19.	Mbale	Mbale-Nkokonjeru (Wanale)	21	Procurement for civil works was initiated and contract cancelled due to non-responsiveness of bidders. The plan is to re-initiate the procurement in the FY 2018/19. Force Account maintenance works ongoing.
Central Circuit (Jinja Nile, Namugongo Shrines, Kalangala and associated environments)	20.	Wakiso	Namugongo ring road	18	Feasibility Study and Detailed Engineering Design for Master Plan commenced in April 2016 **under GoU financing and is expected to be completed by December 2018.**
			Shrine Access	18	
	21.	Kalangala	Luuku-kalangala-Mulabana	66	Feasibility Study and Detailed Engineering Design ongoing funded by GoU. Luuku – Kalangala – Mulabana being maintained under Kalangala Infrastructure Services

ATTRACTION	#	DISTRICT	ROAD LINK	DIST(KM)	STATUS
	22.	Kayunga	Kayunga-Garilaya	88	**Design was completed in 2014. Seeking funds for civil works.**