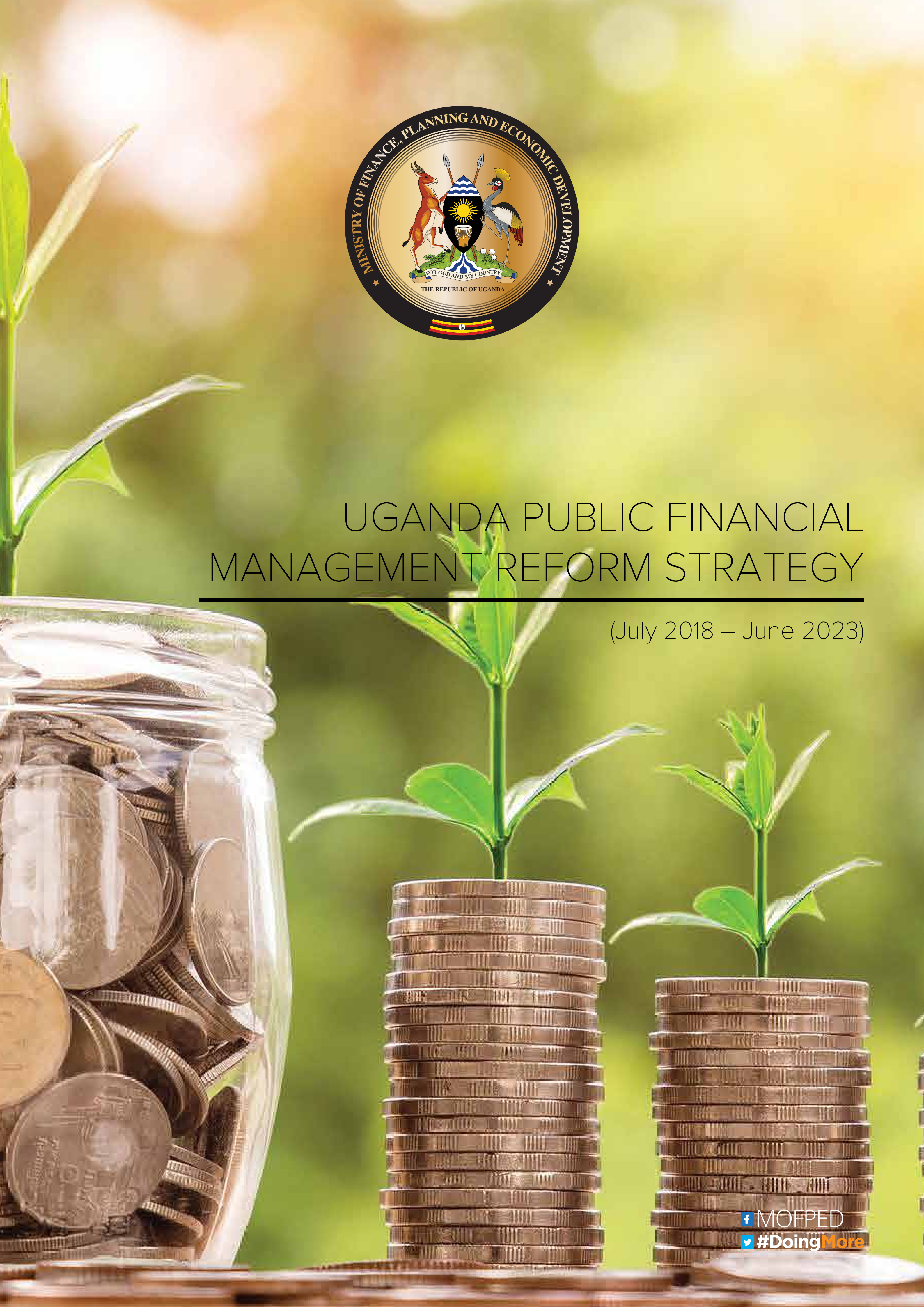

MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

FOR GOD AND MY COUNTRY

THE REPUBLIC OF UGANDA

UGANDA PUBLIC FINANCIAL MANAGEMENT REFORM STRATEGY

(July 2018 – June 2023)

MOFPED
#DoingMore

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Reform Goal

"To enhance resource mobilisation, improve planning and public investment management, and strengthen accountability for quality, effective and efficient service delivery"

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ACRONYMS AND ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants
AFS	Annual Financial Statements
AG	Accountant General
AGA	Autonomous Government Agency
AGO	Accountant General's Office
AMIS	Aid Management Information System
AO	Accounting Officer
ASSIP	Accountability Sector Strategic Investment Plan
ASWG	Accountability Sector Working Group
ASYCUDA	Automated System for Customs Data
BCC	Budget Call Circular
BEB	Best Evaluated Bidder
BoU	Bank of Uganda
BUBU	Buy Uganda Build Uganda
CAO	Chief Administrative Officer
CC	Contracts Committee
CEMAS	Computerized Education Management and Accounting System
CF	Contingencies Fund
CFE	Certified Fraud Examiner
CFO	Chief Financial Officer
CG	Central Government
CIA	Certified Internal Auditor
CIFA	Country Integrated Fiduciary Assessment
CIID	Criminal Intelligence and Investigations Division
CIPS	Chartered Institute of Purchasing and Supplies
CISA	Certified Information Systems Auditor
CoA	Chart of Accounts
COFOG	Classification of the Functions of Government
COSASE	Committee of State Authorities and State Enterprises
CPA	Country Poverty Assessment
CSBAG	Civil Society Budget Advocacy Group
CSO	Civil Society Organization
DB	Directorate of Budget
DBA	Database Administrator
DC	Development Committee
DDCP	Directorate of Debt and Cash Policy
DEA	Directorate of Economic Affairs
DEI	Directorate of Ethics and Integrity
DFID	UK Department for International Development
DLG	District Local Government
DMS	Debt Management Strategy
DP	Development Partner
DRC	Disaster Recovery Centre
DRM	Domestic Revenue Mobilisation
DRS	Disaster Recovery Site
DST	Deputy Secretary to the Treasury
EAC	East African Community
EAPF	East African Procurement Forum
EC	European Commission / Evaluation Committee
EDMS	Electronic Data Management System
EFMP	Economic Financial Management Programme

EFT	Electronic Funds Transfer
e-GP	Electronic Government Procurement
EPR	Economic Performance Report
ERP	Enterprise Resource Planning
EXCO	Executive Committee
FINMAP	Financial Management and Accountability Programme
FMS	Fiduciary (Financial) Management System
FS	Financial Secretary
FY	Financial Year (Fiscal Year)
GAPP	Governance, Accountability, Participation, Performance Programme
GFS	Government Financial Statistics
GFSM	Government Financial Statistics Manual
GoU	Government of Uganda
GPP	Government Procurement Portal
GPRS	Growth and Poverty Reduction Strategy
GSPS	Growth and Social Protection Strategy
HCM	Human Capital Management
HCMC	Head Change Management and Communication
HFAM	Head Finance and Administration Manager
HOD	Heads of Department
HOP	Head of Procurement
HPDU	Head Procurement and Disposal Unit
HPME	Head Planning Monitoring and Evaluation
HR	Human Resource
HSE	High Spend Entity
IaaS	Infrastructure as a Service
IAG	Internal Auditor General
ICPAU	Institute of Certified Public Accountants of Uganda
ICSC	Implementation Coordination Steering Committee
ICT	Information Communication Technology
IFMS	Integrated Financial Management System
IG	Inspectorate of Government
IGG	Inspector General of Government
IMC	Internal Monitoring Committee
IMEM	Integrated Macro-Economic Model
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IPPS	Integrated Personnel and Payroll System
IPPU	Institute of Procurement Professionals of Uganda
IPS	Institute of Parliamentary Studies
IPSAS	International Public Sector Accounting Standards
IRD	Internal Revenue Department
ITAS	Integrated Tax Administration System
ITF	In-house Training Facility
KCCA	Kampala Capital City Authority
KPI	Key Performance Indicator
LAN	Local Area Network
LG	Local Government
LGAC	Local Government Accounts Committee
LGFC	Local Government Finance Commission
LMTP	Large Medium Tax Payers
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries

MALGs	Ministries, Agencies, and Local Governments
MCs	Municipal Councils
MDAs	Ministries, Departments and Agencies
MDG	Millennium Development Goals
MoES	Ministry of Education and Sports
MoFPED	Ministry of Finance, Planning and Economic Development
MoH	Ministry of Health
MoLG	Ministry of Local Government
MLHUD	Ministry of Lands, Housing and Urban Development
MoPS	Ministry of Public Service
MoU	Memorandum of Understanding
MoWE	Ministry of Water and Environment
MoWT	Ministry of Works and Transport
MSU	Management Support Unit
MTEF	Medium Term Expenditure Framework
MTFFO	Medium Term Fiscal Framework
MTN	Mobile Telecommunication Network
NBI	National data transmission Backbone Infrastructure
NDP	National Development Plan
NPA	National Planning Authority
NITA-U	National Information Technology Authority, Uganda
NMS	National Medical Stores
NRM	National Resistance Movement
NSIS	National Security Information System
NSSF	National Social Security Fund
NTR	Non Tax Revenue
OAG	Office of the Auditor General
OBT	Output-based Budgeting Tool
OPM	Office of the Prime Minister
PAC	Public Accounts Committee
PAD	Project Appraisal Document
PAP	Project Analysis and Public Investment Management Department
PBB	Program-Based Budgeting / Performance-Based Budgeting
PBS	Program Budgeting System
PC	Programme Coordinator
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PE	Public Enterprise
PEFA	Public Expenditure and Financial Accountability
PEMCOM	Public Expenditure Management Committee
PFAA	Public Finance and Accountability Act
PFM	Public Financial Management
PID	Programme Implementation Document
PIMS	Public Investment Management System
PIP	Public Investment Plan
PM	Project Manager
PMO	Project Management Office
PPCs	Project Preparation Committees
PPDA	Public Procurement and Disposal of Public Assets Authority
PPMS	Public Procurement Management System
PPPs	Public-Private Partnerships
PRAM	Priority Reform Action Matrix

PS/ST	Permanent Secretary/Secretary to the Treasury
PSC	Public Service Commission
PSIP	Public Sector Investment Program
PTC	Programme Technical Committee
PUSATI	Public University and Self-Accounting Tertiary Institution
RCIP	Regional Communications Infrastructure Program
RDBMS	Relational Database Management System
REAP	Resource Enhancement and Accountability Programme
RFP	Request for Proposals
RFQ	Request for Quotation
RoP	Register of Providers
SaaS	Software as a Service
SBD	Standard Bidding Document
SLA	Service Level Agreement
SME	Small and Medium Enterprises
SNG	Sub-National Government
SO	Standing Order
SOE	State Owned Enterprise
STP	Straight Through Processing
SUGAR	Strengthening Uganda's Anti-Corruption Response Programme
SWG	Sector Working Group
TA	Technical Assistance
TIU	Transparency International Uganda
ToR	Terms of Reference
TPD	Tax Policy Department
TSA	Treasury Single Account
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shillings
UNRA	Uganda National Roads Authority
UPSSO	Uganda Public Service Standing Orders
URA	Uganda Revenue Authority
URF	Uganda Road Fund
USMID	Uganda Support to Municipal Infrastructure Development Programme
WB	World Bank

FOREWORD

Uganda's Public Financial Management (PFM) Reform Strategy encapsulates the Country's aspirations towards strengthening governance systems of which accountability retains core focus for the next phase of PFM reforms between 2018 to 2023.

The introduction of this new strategic direction is opportune, particularly in the face of several diagnostics studies that have helped point crucial aspects in Uganda's PFM eco-system that needed improvement. Key among these was the Public Expenditure and Financial Accountability (PEFA) assessment undertaken in 2016. Results from the assessments, affirmed that the PFM reforms have been successful in strengthening the fundamentals of public financial management in Uganda.

These outcomes reflect Governments' strategic focus of PFM reforms over the past 20 years where the bulk of effort has been directed towards strengthening PFM systems. Previous PFM reforms aimed at strengthening budgeting, financial management, audit and procurement systems at all levels of government in order to ensure efficient, effective and accountable use of public resources for improved service delivery. The new PFM reforms strategy, however, ushers in a paradigm shift: a results-based approach to fix the gaps that have hampered the established PFM systems' potential to deepen service delivery efficiently and effectively. We believe this represents the next phase of reforms.

The proposed reforms will also seek to leverage the established policy frameworks to deepen compliance to accountability stipulations and guidelines. This includes the recognition of the citizens' role in strengthening the public accountability chain through fostering downward accountability.

The NRM Government remains committed to strengthening systems critical to the attainment of middle income status. The PFM reforms strategy is envisioned to enhance systems for resource mobilizations while boosting capacities and the attendant policy frameworks designed to increase return on Public Investments and value for money.

I commend this strategy to all those involved in the cause of transformation.

For God and My Country

Hon. Matia Kasaija
Minister of Finance, Planning and Economic Development

ACKNOWLEDGEMENT

I am pleased to share the Public Financial Management (PFM) Reforms Strategy (FY 2018/19 – FY2022/23). The design of the strategy was informed by various studies including the Public Expenditure and Financial Accountability (PEFA) assessment in 2016, the Mid-term review of the Third Financial Management and Accountability Programme (FINMAP III), the Government's prime implementation framework. In addition, the strategy benefitted from wide stakeholder consultations, internal and external audit reports, as well as other oversight reports, and diagnostic studies undertaken for Government of Uganda by the World Bank and the International Monetary Fund (IMF), amongst others. A critical analysis of historical issues affecting PFM was undertaken and the Strength, Weaknesses, Threat and Opportunities (SWOT) approach was used to distil all current PFM issues, which act as barriers to effective service delivery, and proposed actions for improving management of public resources.

Additionally, the design of this Public Financial Management (PFM) Reform Strategy would not have been possible without the contribution of a number of persons and institutions. Government is particularly indebted to the Deputy Secretary to the Treasury and Task Manager FINMAP III, Mr. Patrick Ocailap, and the Accountant General, Mr. Lawrence Semakula, who provided stewardship to the design process assisted by the Technical Design Team. More specifically, I wish to recognize the efforts of the Core Design Team led by Ag. Director Financial Management Services, Mr. Godfrey Ssemugooma, as well as the other members including: Mr. Anthony Kintu, Ms. Bernadette N. Kizito, Mr. Conrad Kahima, Ms. Esther Akullo Owor, Ms. Getrude Basiima, Mr.Hannington Ashaba, Mr. John Byaruhanga, Ms. Justine Ayebare, Mr. Hussein Isingoma, Mr. Joseph Enyimu, Mr. Moses Ogwapus, Mr. Onesmus Mulondo, Ms. Rossetti Nabumba, Mr. Stephen Barungi; and, Mr. Emmanuel Mugabi. Special compliments go to the PFM Reform Secretariat led by the Programme Coordinator of the FINMAP III, Mr. Johnson Mutesigensi, and all Programme Coordination Office (PCO) staff for providing necessary support to the design process.

I am also very grateful to our esteemed Development Partners (DPs) for their continued contributions of both financial and technical support during this design process. In this regard, we recognise the support from the Governments of Denmark, Germany through KfW, the United Kingdom through DFID, Norway, World Bank, International Monetary Fund and specifically the European Union (EU). The EU provided financial and technical support to Government by facilitating consultants; Ms. Hazel Granger of Adam Smith International and Mr. Nick Roberts (PFM Advisor).

Last but not least, we extend our appreciation to all stakeholders who spared their valuable time to contribute to this PFM Reform Strategy including the Accountability Sector Working Group, Central and Local Government entities, Civil Society Organizations led by Mr. Julius Mukunda, the Executive Director of Civil Society Budget Advocacy Group (CSBAG), and Private Sector, Academia and Research Institutions. Finally, we hope the implementation of the interventions provided herein will be useful in steering PFM reforms in the public sector towards the intended goal, with specific focus on key service delivery sectors of Health, Education, Energy, Water, Agriculture and Roads.

In conclusion, I would like to again re-iterate Government's commitment to continuous improvement in Public Financial Management for ensuring improved service delivery.

Keith Muhakanizi
Permanent Secretary/Secretary to the Treasury
Ministry of Finance, Planning and Economic Development

EXECUTIVE SUMMARY

Introduction

This Strategy is intended to provide the focus and prioritisation for a new phase of Public Financial Management (PFM) reforms from FY2018/19 to FY2022/23, following the conclusion of the PFM Reform Strategy FY2014/15-FY2017/18. These reforms supported the Government's goal of poverty eradication through the achievement of good governance, sustainable growth and a stable macroeconomic environment.

As set out in Uganda's Vision 2040 and National Development Plan II, the drive towards middle income status requires significant investment in infrastructure, as well as supporting economic growth through a well-educated, healthy workforce, among other things. Public Financial Management plays an important role in ensuring that public spending is allocated towards Government's priorities, there are adequate resources and that those resources are managed efficiently and effectively to deliver quality services and investments that yield an economic return.

Lessons from past PFM reforms

Government has been engaged in Public Financial Management (PFM) reforms since the 1980s and has made significant progress. Most recently, as recognised in the PEFA Assessment 2016, PFM performance has improved in budget credibility, transparency, policy-based budgeting and budget execution controls. This is attributed to several reforms, prominent among which includes the ratification of the new PFM Act (2015), the Treasury Single Account (TSA), payroll reforms, introducing Program-Based Budgeting (PBB) and other important reforms such as deepening the rollout and use of the Integrated Financial Management System (IFMS). These interventions received significant support through Government's Financial Management and Accountability Programme (FINMAP), which started in 2007.

Nonetheless, a number of challenges continue. In particular, in the areas of Public Investment Management, sustainable resource mobilisation, PFM regulatory compliance, managing and reducing expenditure arrears, strengthening the Medium-Term Expenditure Framework (MTEF), integrating financial management and accountability systems, and audit scrutiny and follow up.

Figure 1.1 below (***Illustration of past strengths and weaknesses of PFM Reforms implementation)*** provides a systems view of the mix of PFM Reforms, depicting the thrust of implementation to date. On the one hand, the majority of successes have been in delivering structured, hard reform pertaining to legal frameworks, structural and technological reforms. These have tended to be robust and are clearly visible and measurable, such as the roll out of Information Technology (IT) or drafting and enactment of legal reforms. The next phase of the strategy will focus on enhancing compliance and enforcement of existing guidelines.

On the other hand, analysis of key outcomes suggests that challenges are still being encountered in the actualisation of soft PFM reforms – particularly cultural and behavioural reforms. These relate to weaknesses in delivery of strategic *(such as linkage of resources to results and accountability for performance)* and managerial reforms, which render reform gains unsustainable. To counter these, the reform focus will mainly be on capacity enhancement and change management.

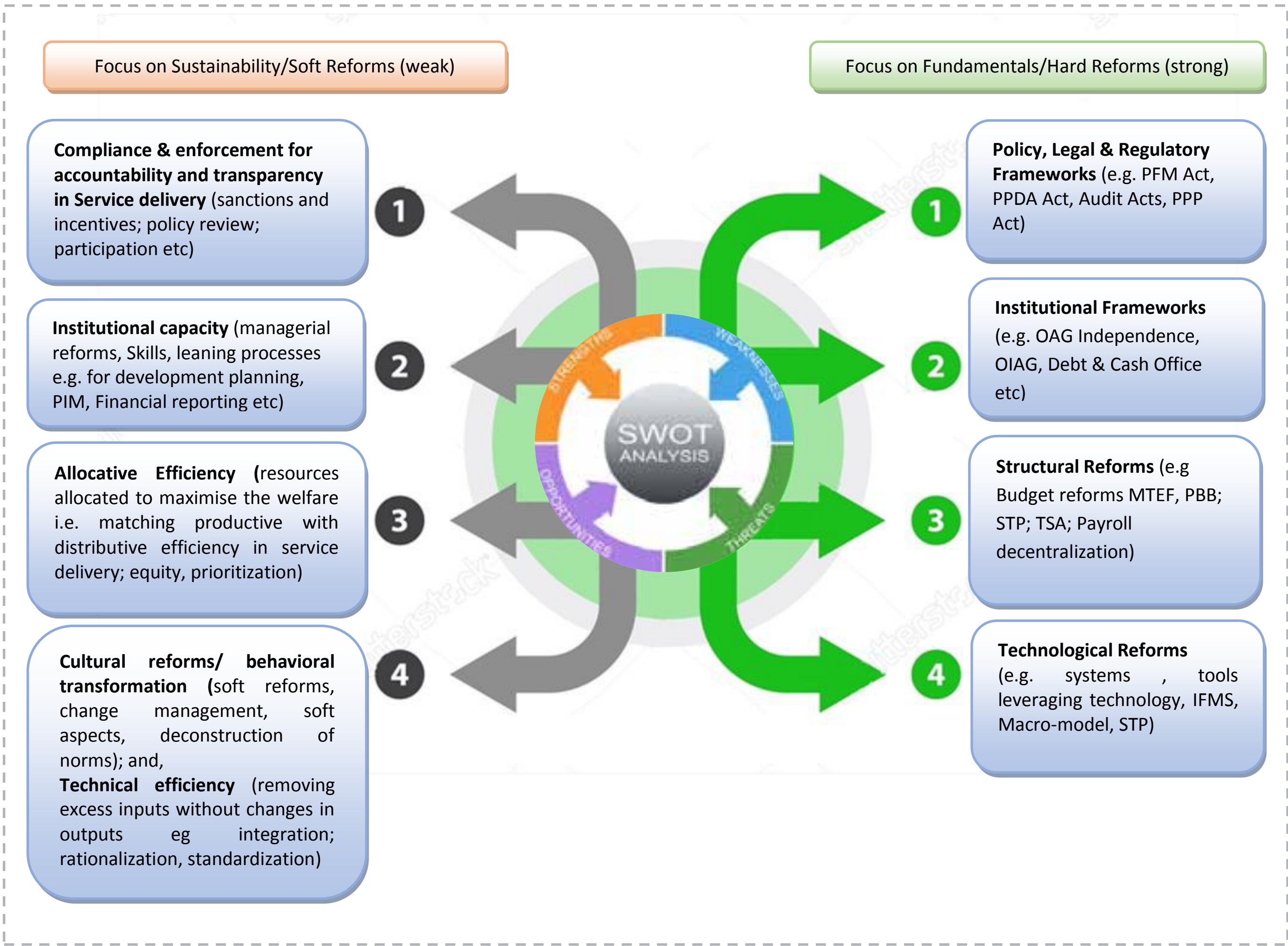

Figure 1.1: Illustration of past strengths and weaknesses of PFM Reforms implementation

Problem Statement

From the above therefore, the attainment of PFM objectives is constrained by inadequate: **capable human resource, enforcement of compliance to PFM regulations, linkage of resources to results and accountability for performance.**

The process of reviewing PFM reform performance and the Strategy FY2014/15- FY2017/18 was led by a Government team, supported by in-house and external consultants, with engagement from Development Partner representatives. During the review, a number of lessons were identified that informed the design of future PFM reforms strategy, namely:

i. More clearly prioritised and sequenced initiatives;
ii. Problem-driven, specific and deliberately not based on institutional 'silos';
iii. Implementation using strategies that address behaviour change and compliance;
iv. Making use of evidence for learning and feedback into planning of reforms; and
v. Adjusting to new, targeted more sustainable and effective approaches to capacity building.

Through a whole of Government approach, the sequencing of reforms will be adjusted to take account of all these lessons by focusing on three phases of reform, namely:

- **Phase 1:** Reinforce and consolidate previous reforms, ensuring that systems are efficient and enforce compliance with laws, regulations and procedures;

- **Phase 2:** Review performance and effectiveness of the systems and reforms, identify mitigating actions, take steps to remove barriers and address problems identified; and
- **Phase 3:** Upgrade, develop and strengthen systems towards higher standards in PFM practices.

Reform Goal

The goal of the reform is *"To enhance resource mobilisation, improve planning and public investment management, and strengthen accountability for* ***quality, effective and efficient service delivery****"*

PFM reform Priorities FY2018/19 – FY2022/23

Six technical areas for reform have been identified as priorities in the Strategy, namely:

OBJECTIVE 1: TO ENHANCE RESOURCE MOBILIZATION FOR UGANDA'S SUSTAINABLE DEVELOPMENT

Problems:

1. Low compliance culture and administration efficiency gaps;
2. Shadow economy, low literacy, complex tax regime and compliance procedures;
3. Revenue loss due to international taxation challenges;
4. Weak coordination of revenue mobilisation across Government;
5. Gaps in legal and regulatory framework;
6. Public Debt risk exposure; and, management needs e.g. negotiation of loans.

Outcomes:

1.1 – Enhanced enabling environment for revenue mobilisation: *DRM Strategy; performance monitoring; enabling legal and regulatory framework.*

1.2 – Tax compliance improved through increased efficiency in revenue administration: *Review and reform URA IT systems and data integrity; operationalise Compliance Improvement Plan and risk management; Simplified system & services.*

1.3 – Enhanced collections from new revenue opportunities including oil, gas and mineral sectors: *Legal framework and procedures.*

1.4 – Sustainable debt and development financing: *loan negotiation; operationalise debt management strategy.*

OBJECTIVE 2: TO ENHANCE POLICY-BASED PLANNING AND BUDGETING FOR ALLOCATIVE EFFICIENCY

Problems:

1. Mis-alignment of budgets with strategic plans;
2. Weak multi-year planning and inaccuracy of medium-term costs, especially projects;
3. Inadequate, non-discretionary resources for local service delivery;
4. Gender inequality impacts not adequately addressed in budgets; and,
5. Insufficient analysis and use of evidence to inform policy development.

Outcomes:

2.1 - Budget aligned to strategic plans and medium term budgets: *Strengthen institutional capacity of the planning and budgeting function (including Central and LG development economists and budget officers at all levels).*

2.2 - Multi-year commitments reflected in annual budgets: *Costing exercise to improve accuracy and comprehensiveness; Link to PIM work on project preparation and costing.*

2.3 - Enhanced planning and budget responsiveness to gender and equity; *Deepen capacity for Gender-Equity Budgeting key service sectors.*

2.4 - Increased equity and discretion of resources allocated to LGs for improved service delivery: *Reform of inter-governmental fiscal transfers.*

2.5 - Evidence-based economic and fiscal policy-making strengthened: *Dissemination of evidence; harmonised M&E.*

Objective 3: To strengthen public investment management (PIM) for increased development returns on public spending

Problems:

1. Low returns on public investment, under-execution of large projects;
2. Too many projects, un-constrained selection, weak plans & budgets;
3. Procurement delays, cost escalation, low value for money;
4. Poor asset management and sub-optimal use of assets; and,
5. Fiscal risks arising from PPPs and public enterprises not monitored.

Outcomes:

3.1 - Efficient identification, selection and management of public investment projects (PIPs) and public-private partnerships (PPPs): *Comprehensive project cycle management approach, monitoring and guidelines; PIP clean-up; project appraisal.*

3.2 - Enhanced VfM in public procurement for large, complex public procurements: *Capacity, transparency and automation.*

3.3 - Optimal utilisation and maintenance of public assets: *automation and capacity building in asset management.*

3.4 - Enhanced accountability in resource utilisation and results for project delivery: *selected strategic evaluation.*

Objective 4: To strengthen the effectiveness of accountability systems and compliance in budget execution

Problems:

1. Incomplete and stand-alone accountability systems – risk of inaccuracy, inefficiency, fraud;
2. Build-up of expenditure arrears, weak commitment controls;
3. Non-compliance with procurement and PFM procedures;
4. Vulnerability of IT Systems security; and,
5. Need for consolidation of cash management reforms and debt issuance following TSA introduction.

Outcomes:

4.1 – Effectiveness and accuracy of public service payroll and pension management systems enhanced: *Roll out and integration of IT systems; infrastructure enhancement.*

4.2 - Comprehensiveness and improved quality of financial reporting: *Roadmap for accrual accounting*.

4.3 – Strengthened effectiveness and integrity of accountability systems: *IT security and enhanced governance of IT.*

4.4 – Strengthened effectiveness of commitment controls and cash management: *cash management support; reporting and clearing of arrears; link to budget & planning.*

4.5 - Enhanced assurance (Governance, risk and control) by the internal audit function for compliance of PFM systems: *assurance, inspection & risk management.*

4.6 – Increased PFM compliance through incentives and sanctions mechanisms**:** *enhance incentives & sanctions.*

Objective 5: To Improve transparency and accountability of Local Government PFM systems

Problems:

1. Insufficient resources; administrative units expanded;
2. Lack of discretion over budgeting;
3. Weak local government planning and budgeting; centralised / uncoordinated planning;
4. Weak oversight and unclear roles of audit committees; and,
5. Low VfM in procurements (mismatch

Outcomes:

5.1 Increased contribution of LG own-source revenue: *revenue management systems and capacity support.*

5.2 Effective planning and budgeting at local governments; *simplified planning framework; costed standards.*

5.3 Improved quality of audit and coordinated follow up of recommendations by LGPACs and regional audit committees

5.4 Enhanced accountability and performance monitoring in delivery of services in key sectors (roads, education, health and agriculture services); *PETS and M&E enhancement.*

5.5 Enhanced integrity and value for money of local between Supply & Demand) | government procurements: *integrity survey & plans*.

Objective 6: To strengthen oversight and PFM governance for the sustainability of development outcomes

Problems:

1. Backlog in legislative scrutiny;
2. Weak coordination and tracking of progress and impact of PFM reforms;
3. Non-compliance with PFM systems and reforms partly due to weak change management and communication;
4. Weak downward accountability chain / citizen engagement; and,
5. Constraining and inefficient public administration structures.

Outcomes:

6.1 Enhanced impact of financial and VfM audit reporting and oversight; *Risk-based coordination and streamlining.*

6.2 Improved coordination and monitoring of PFM processes within the accountability sector.

6.3 Sustained uptake of reforms through improved learning and coordination of PFM reform processes.

6.4 Increased demand for downward accountability to citizens for public spending and service delivery performance.

6.5 Cost-effective public administration through rationalisation of the administrative units.

Governance of PFM Reform

This strategy will be delivered through a number of programmes, in addition to the Government's joint-funded PFM reform programme (formerly FINMAP). The successor programme to FINMAP will have a key role in leading, coordinating and monitoring all other PFM reform programmes. The overall governance and high level policy direction of PFM reforms will continue to be led by the Public Expenditure Management Committee (PEMCOM), chaired by the Permanent Secretary/Secretary to the Treasury, with close coordination with the Accountability Sector. In particular, an annual PFM performance review will be introduced, which will inform the annual performance assessment and planning of the Accountability Sector. Furthermore, new technical sub-group structures will be established to strengthen planning and implementation of the six priorities PFM reform areas, which will be aligned to and closely coordinated with the Accountability Sector Technical Working Groups.

Change management

Implementing reforms requires changing systems, procedures, norms and behaviours. While it is important to identify the correct technical solutions to PFM problems, it is also important to adopt a systematic approach to managing change. In particular, since resistance to change is a normal consequence of reform, the change management strategy underpinning the PFM reform strategy will seek to understand and address stakeholders' concerns, fears and needs alongside reforms.

Risk Management

Recognising that it will not be possible to eliminate all risks in the delivery of PFM reforms, associated risks will be identified and managed actively. PEMCOM will consider high level risks and take action to mitigate, or escalate risks to minimise likelihood and impact. PFM Reform cluster heads and PS/ST will support PEMCOM in this task, still facilitated by the PFM secretariat, which will coordinate the regular monitoring and documentation of any identified and/or emerging risks.

Sustainability

Sustainability is the ultimate goal of the PFM reform strategy, which aims to finance PFM activities and reforms independently and embed PFM systems without continuous external assistance. This strategy seeks to establish a sustainability plan, linked to the implementation plan. This will identify recurrent costs associated with PFM reform activities that need to be mainstreamed into GoU operations. In addition, PFM staffing and public administration structures will be reviewed to ensure that administrative structures are commensurate with the current needs for effective PFM. Finally, the strategy seeks to explore new ways of delivering capacity building and training for PFM across Government. More sustainable delivery modalities will be considered, such as training of trainers, e-learning platforms, a comprehensive needs assessment, comprehensive training programmes, and collaboration with relevant external training providers or professional bodies.

Drawing from lessons from the previous strategy, specific reforms will be deepened in the key service delivery sectors of Education, Health, Agriculture, Water, Roads, and Energy. While the strategy maintains a whole of government approach, this element of prioritization aims to refocus the reform strategy in sustaining its contribution to key service delivery outcomes.

Monitoring and Evaluation

This strategy presents a results framework of performance indicators and targets for monitoring progress of PFM reforms. As far as possible, these indicators are harmonised with existing Monitoring and Evaluation frameworks, including the Accountability Sector, the National M&E framework where the Government Annual Performance Review (GAPR) under the Office of the Prime Minister is managed, and the National Development Plan (NDP II), among others. Monitoring and Evaluation of the strategy will take place at 5 levels: (i) impact on service delivery; (ii) PFM system-level outcomes; (iii) PFM effectiveness (intermediate outcomes) from the 6 priority reform areas; (iv) efficiency (outputs against inputs); and, (v) economy (delivery of activities and resources utilised). A mid-term and final evaluation will assess performance and impacts against Levels 1 and 2. Level 3 will be assessed at least annually as part of the annual performance review. Levels 4 and 5 will be assessed at programme level, at least quarterly, through relevant delivery (programme) modalities and, where possible consolidated for tracking and learning from delivery efficiency and economy across the PFM reform strategy implementation plan.

1 BACKGROUND: PFM REFORM PROGRESS AND CURRENT PERFORMANCE

1.1 Introduction

1. This Strategy is intended to provide the focus and prioritisation for a new phase of Public Financial Management (PFM) reforms from FY2018/19 to FY2022/23, following the conclusion of the PFM Reform Strategy FY2014/15- FY2017/18. The design of this strategy has been based on extensive consultation with institutions contributing to past PFM reforms and the wider stakeholders, including civil society and private sector representatives. While PFM refers to a comprehensive range of functions (including fiscal planning, revenue collection and management, budget preparation and execution, accounting and reporting, oversight and scrutiny), this strategy is intended to provide strategic direction and guiding principles for addressing particular identified problems, as well as a prioritisation on areas for new procedures and investments intended to improve the PFM framework in Uganda.

2. The PFM strategy is aligned with the Government's national priorities enshrined within the Second National Development Plan (NDP II), FY2015/16 to 2019/2020, and Vision 2040, which sets the roadmap for socio-economic transformation of the country into middle income status. It is complemented by a number of other public sector reforms including those related to: public service, local government (fiscal decentralisation) and the Justice, Law and Order sector (JLOS).

3. The design of the PFM strategy was informed by the findings of various Public Financial Management studies diagnostic assessments and validation with stakeholders. It has taken stock of achievements so far, identified gaps, and strategies to attain the realisation and full benefits of implementing PFM reforms in future.

1.2 Economic and Policy Context

4. Government of Uganda (GoU) introduced and implemented several PFM reform programmes since the early 1980s, which aimed to drive the country towards economic prosperity. During the period, some significant phases of reform achievements can be identified. From 1987 to 2010 major steps were made in achieving macroeconomic stability in a post-conflict period, with increasing investment in the economy. Between 2006 and 2011, Uganda achieved remarkable GDP growth of between 5.6 percent and 7.1 percent a year, placing the country at the time among the 15 fastest growing economies in the world.

5. In terms of population, Uganda reached 34.6 million in 2014[1]. Estimates for 2017 indicate rapid growth, with population estimated between 40.6 million and 43.4 million[2]. In spite of the rate of population growth, GDP per capita has more than tripled from US$253 in FY1999/2000 to US$817 in FY2013/14, and the national poverty headcount ratio (at US$1 per day) fell from 33.8 percent in FY1999 to 19.7 percent in FY2012/13. The unemployment rate also fell to 9 percent in FY2016/17, from 11 percent in FY2012/13[3]. These improvements resulted from a number of factors, including a sustained period of economic growth and a form of service business 'boom', resulting in migration of labour from low-productivity, rural agriculture, to low productivity services in urban areas. Nonetheless, rates of inequality and vulnerability still remain high, particularly in Eastern and Northern areas compared to the Central region. Urban unemployment has remained high (for

[1] National Census 2014, UBOS

[2] UBOS 2017 projections

[3] UBOS Household Surveys 2016/17

example, at 21 percent in Kampala). The Labour force participation rate diminished from 60 percent in FY2012/13 to 52 percent in FY2016/17, and the largest share of employment remains in subsistence agriculture, at nearly 40 percent in FY 2016/17, compared to 36.6 percent in FY 2012/13.

6. Economic growth slowed down in recent years, following challenges arising from the effects of the global financial crisis, falling commodity prices, among other domestic shocks, which saw the strengthening of the United States dollar against the Uganda shilling and, in turn, this brought about inflationary pressures observed in increased domestic prices. Nonetheless, real GDP is estimated to have expanded to 5.8 percent in 2017/18 and remained above that of the rest of the World, at 3.9 percent and Sub-Saharan Africa economies, at 3.4 percent[4]. Over 50 percent of the registered growth in Uganda was contributed by the services sector, which grew by 6.5 per cent in FY2015/16 from 4.8 percent registered in FY2014/15 as indicated in the Table 1. Other key sectors such as agriculture are projected to have grown at 3.2 percent while the Industrial Sector grew at 4 percent.

Table 1.1: Selected Economic Indicators

	FY2013-14	FY2014-15	FY2015-16	FY2016/17	FY2017/18*
GDP at current prices (billion shillings)	69,276	76,517	83,091	91,718	101,829
GDP per capita (UGX '000)	2,038	2,188	2,316	2,485	2,684
Real GDP growth (percent)	5.1%	5.2%	4.7%	4.0%	5.8%
CPI (annual average change) (percent)	5.4%	3.0%	6.6%	5.7%	n/a
Gross government debt (percent of GDP)				37.0%	40.2%
External terms of trade (annual percentage change)	4.7%	18.8%	5.3%	0.04%	n/a
Current account balance (percent of GDP)	7.5%	6.9%	4.9%	3.4%	n/a
Total external debt (percent of GDP)				24.3%	27.3%
Gross official reserves (months of import value)	5.2	5.0	5.6	5.4	n/a
Overall fiscal balance (percent of GDP)	4.0%	4.3%	4.8%	3.9%	n/a
Domestic Revenue (percent of GDP)	11.6%	12.9%	13.5%	13.6%	14.0%

**Preliminary*
Source: MoFPED figures

7. The discovery of oil and gas in Uganda provides the country with an opportunity to generate additional investment, employment and resources within which to finance other public investments for future generations. World Bank projections indicate that GDP growth rates could exceed 9 percent per year over the next two decades through a combination of demand and supply effects directly generated by oil activities[5]. While there are major opportunities from this sector, a number of oil producing nations have experienced economic challenges related to oil production. In order to manage these risks, Government should deliberately invest in growth-generating infrastructure to expand the non-oil sectors of the economy, to also promote local content and value addition in oil sector activities and to ensure that domestic revenues from other (non-oil) sources are expanded to sustain revenue mobilisation beyond the life of oil production. Since Uganda is commencing the production phase of the oil sector, the achievement of these objectives will

[4] World Economic Outlook, IMF, April 2018

[5] Economic Diversification and Growth in the era of oil and volatility, Uganda Country Economic Memorandum, World Bank, 2015

be underpinned by effective public financial management, from sustainable resource mobilisation to management of public investment projects, such as the oil refinery and pipeline.

8. Through the Government's National Development Plans (I and II), and Vision 2040, a clear objective has been set to drive Uganda towards middle income status. This will require a significant scaling up of investment in infrastructure, including energy and roads, as well as delivering key public services that strengthen human capital through investment in education, water and health. PFM has an important role to play in ensuring that there are sufficient and sustainable resources available for public investment, and that investment projects achieve the highest possible economic return. The risk of debt distress is low, but increasing due to insufficient domestic revenue, under-execution of public investments and increased non-concessional borrowing, which has weakened the growth and development impact of public investment on economic and social objective[6].

9. The Accountability Sector goal, which is drawn from the NDP II, therefore aims to "*Strengthen mechanisms for quality, effective and efficient service delivery*", which will help to create fiscal space for allocating resources towards the scaling up of public investment and improving service delivery.

1.3 Progress towards PFM Reforms in Uganda (1986 -2018)

10. Since 1980, a series of public sector reforms have been implemented in Uganda, as summarised in the table below. In particular, these phases have broadly focused on the three main PFM outcomes of fiscal discipline, strategic resource allocation and efficiency in service delivery. In particular, while early phases appeared to have progressed towards service delivery, later phases have reverted back to more fundamental controls to ensure basic fiduciary controls are in place, typically in response to corruption cases or evidence of non-compliance. This reinforces the findings documented in PFM literature that PFM reforms are often over-ambitious in terms of the time it takes to fully achieve the desired outcomes, and that basic fiscal control is needed to provide a firm foundation for further reforms in allocative efficiency and service delivery.

Table 1.2: Phases of PFM Reform 1986 - Present

Period	Key Reforms Achieved	Focus of Reforms
1986-1990	1. Structural adjustment reforms 2. Medium term expenditure framework instituted to enable predictability of the budget and enable harmonization of aid	Focused on improving efficiency in service delivery
1990-2002	1. Further structural reforms e.g. reduced tariffs 2. URA established 3. Fiscal decentralisation strategy 4. Budget Act 2001	Establishment of fiscal discipline and the strategic allocation of resources for poverty eradication
2002 - 2012	1. Enactment of the public finance Act 2003 2. Enhanced institutional setup for PFM 3. Automation of financial management systems 4. Professional scheme for accreditation of staff 5. Implementation of Output Based reform within Results Oriented Management reforms	Focused on Effectiveness of public service delivery
2012-2018	1. Institution of the Treasury single account, straight	The focus in the Strategy

[6] Debt Sustainability Analysis Report, 2016, Ministry of Finance, Planning and Economic Development

Period	Key Reforms Achieved	Focus of Reforms
	through processing 2. Decentralisation of payroll & pension management 3. Enactment of Public Finance Management Act 2015 that legalised above reforms and more 4. Macro-Economic forecasting reform-IMEM 5. Programme Based Budgeting System 6. Independence of office of the Auditor General reform 7. Strengthening the legislative oversight – PAC 8. Automation of government systems reforms from manual to computer based 9. Tax administration reform (e.g. e-Tax, TIN reform) 10. Aid and debt Management reforms (AMP) 11. Decentralisation of the internal audit function 12. Public procurement reform 13. Budget transparency reform	2014-2018 was: (i) Budget credibility (ii) Budget control (iii) Compliance with PFM rules and regulations

9. The PFM Strategy 2014-2018 was comprehensive in its coverage of PFM functions, with an overall goal "*To strengthen Public Financial Management at all levels of government to ensure efficient, effective and accountable use of public resources as a basis for improved service delivery*". Underlying this goal, was an objective to achieve the three typical PFM outcomes of:

    I. Aggregate fiscal discipline
    II. Allocative efficiency; and
    III. Operational efficiency in public expenditure and revenue management.

10. Within this all-encompassing goal was a particular focus on achieving the intermediate outcomes of **Budget credibility, control and compliance with set rules and regulations**. These were to be sequenced around two stages:

    I. Encourage effective service delivery by removing barriers in PFM systems and capacities while reinforcing compliance with regulations and avoidance of leakages; and

    II. Strengthen mechanisms for instilling accountability for performance, while hardening the link between results and resources.

11. Over the implementation period of the PFM reform strategy 2014-2018, a number of significant reforms were achieved, including: the enactment of the Public Finance Management Act 2015; strengthened policy framework for macroeconomic management; enhanced management and reporting of public expenditure through the Treasury Single account (TSA); further rollout, upgrading and use of the Integrated Financial Management System (IFMS); a reduction in the number of 'ghost' workers, in particular, through the successful decentralisation of payroll and pensions management and more effective verification, with the operationalization of Integrated Personnel and payroll system (IPPS); improved policy-based budgeting through the newly deployed Programme Based Budgeting (PBB) system for improved budget formulation, planning and budgeting; enhanced control and management of public funds; improved quality of financial reporting at Ministries, Departments and Agencies (MDAs) and Local Governments (LGs); and enhanced scrutiny and oversight of collection and utilisation of public funds.

12. In order to assess the impact of these reforms, the strategy set out a measurement framework on 2 levels: (1) Impact on service delivery; and (2) PFM system performance outcomes. Below level 2 were also Programme-level results, demonstrated through performance of the main joint basket-funded PFM reform programme, FINMAP III.

1.3.1 Level 1 Progress: Impact on Service Delivery

13. **At Level 1, service delivery outcomes in key sectors have been broadly positive, although there has been insufficient progress to meet some of the original sector targets.** The PFM Reform Strategy 2014-2018 expected that effective PFM systems would benefit service delivery by improving the targeting of resources to where they are needed most; reducing leakages in the system; and enhanced quality and value for money through stronger budget execution and accountability processes (e.g. procurement, revenue management, reporting, etc.). In the review of indicators provided in Annex B, there was evidence of improvement against all the key service delivery indicators, including education enrolment, infant and maternal mortality rates, energy supply, and rural access to improved water supply. Nonetheless, in some cases, the improvements were below target. For example, the Maternal Mortality Ratio reduced from 438 per 100,000 (UDHS 2011) to 336 per 100,000 (UDHS 2016) live births, which is still far below the HSDP target of 121 per 100,000 live births by 2020[7]. In the education sector, inadequate capitation grants and lack of resources for construction of vocational training centres in every district were sighted as challenges to the delivery of tertiary education targets[8].

14. **The full impact of PFM reforms has not yet been felt at sector level, where budget execution bottlenecks remain, such as in the health sector[9].** In spite of recent PFM reforms and enhanced fiduciary controls, health sector entities and districts are reporting low budget absorption rates, ranging from 80-90 percent in FY2014/15 and FY2015/16. The bottlenecks identified included weak procurement processes, funds release mechanisms, delays in effecting payments and institutional weaknesses, such as the quality of the operations of the finance committee and Health Sector Technical Working group. A lack of understanding of core PFM systems (e.g. OBT, PBS and IFMS) was also reported, suggesting a lack of guidance, training and access at the level of vote controllers in the health sector.

1.3.2 Level 2 Progress: PFM Outcomes

15. **At Level 2, PFM outcomes measured using the PFM Strategy indicators, shows a more mixed performance. The first set of indicators, showing measures of budget credibility and control have improved, while others have deteriorated.** Most notably, the percentage of the national budget funded from domestic revenue has improved from 71percent to 87percent. There has been some improvement in the deviations in composition of expenditure outturn compared to the budget, from 21 percent to 7 percent[10]. Nonetheless, there was a worsening of expenditure arrears, from 7 percent of total expenditure to 10 percent, and an expansion of nation debt as a percentage of domestic revenue from 86 percent to 100 percent.

16. **On compliance with PFM systems, most indicators have improved**. These include the percentage of clean audit reports (for central government and statutory bodies), implementation of internal audit recommendations and the value of contracts audited that are rated 'satisfactory'. However, there was a slight worsening in the percentage of external audit and procurement recommendations implemented.

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[7] Annual Health Sector Performance Report (AHSPR), FY2016/17

[8] Education and Sports Sector Annual Performance Report, FY2016/17

[9] Uganda health sector budget execution bottlenecks report, USAID (2017)

[10] Uganda PEFA Assessment 2016

17. **Sixteen PFM performance indicator scores improved, as measured by PEFA 2016.** The PEFA framework does not capture all aspects and underlying drivers of PFM performance, but provides an overview of PFM system performance, strengths and weaknesses. Insofar as the assessors were able to draw comparisons between the 2016 performance and the 2012 PEFA Assessment, 16 out of 28 indicators were found to have improved (see Table 1.3 below), indicating some improvement across all PEFA Pillars, except in the area of Management of Assets and Liabilities and External Scrutiny and Audit.

Table 1.3: Improved PEFA Scores (2012 – 2016)

PEFA Indicator	2012	2016	Reason for improvement
PI-1 Aggregate expenditure out-turn compared to initially approved budget (excluding externally financed project expenditure)	C	A	Improved adherence to budget as TSA introduced, accounting officers more responsible and payroll improved
PI-2 Composition of expenditure out-turn compared to original approved budget	D+	C+	Similar reasons to PI-1
PI-3 Aggregate revenue out-turn compared to original approved budget	D	B	Improved URA estimates
PI-7 Extent of unreported government operations.	D+	C+	Loan financed projects are included in fiscal reports
PI-8 Transparency of inter-governmental fiscal relations.	D+	C	Sub-national Governments have sufficient time to prepare their budget after 2nd budget call circular
PI-11 Orderliness and participation in the annual budget process	C+	A	Impact of PFMA 2014: Existence of, and adherence to, a fixed budget calendar; and timely budget approval by the legislature
PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting	C+	B	Medium-term Fiscal Framework improved and used
PI-16 Predictability in the availability of funds for commitment of expenditures	C+	B	Improved due to MDA planning horizon 3 months from one month
PI-17 Recording and management of cash balances, debt and guarantees	B	A	Debt Management Strategy, TSA and PFM Act have improved recoding and management
PI-18 Effectiveness of payroll controls	D+	C+	Improvements recognize the reforms in IPPS, payroll audits and biometric data etc. To improve further would need the automatic transfer between IFMIS -IPPS
PI-19 Competition, value for money and controls in procurement	D+	C+	The score has improved due to creation of a procurement tribunal and provision of more procurement information to the public.
PI-20 Effectiveness of internal controls for non-salary expenditure	C	B	Tightening of controls in IFMS; new PFM Act/Regulations instructions and penalties have increased awareness of internal controls and procedures
PI-21 Effectiveness of internal audit	C	B	Improved management responses to IA recommendations
PI-22 Timeliness and regularity of accounts reconciliation	B	A	Improved score due to absence of suspense accounts
PI-24 Quality and timeliness of in-year budget reports	C+	B	More timely production of the reports and increased automation of transactions in the MDAs.
PI-25 Quality and timeliness of annual financial statements	C+	B+	Greater compliance with IPSAS; more IFMIS automation and better in-year accounting disciplines such as on-going reconciliations

Source: PEFA 2016 Assessment Report

18. **Improved PEFA scores provide some evidence of the positive impact of key PFM reforms.** In particular, the following reforms appear to have made a positive contribution to PFM outcomes:

i) **Treasury Single Account:** improved the predictability of funds to MDALGs for budget execution. In-year resource allocation has improved through daily consolidation of all bank and cash balances, enabling more frequent and accurate accounts reconciliation and reporting, which has had a positive impact on aggregate expenditure control. The Budget website and inclusion of loan-financed projects in fiscal reports has also improved budget transparency and comprehensiveness of reporting;

ii) **PFM Act 2015: a** new budget calendar has improved orderliness of the budget process. This has improved budget transparency, by allowing more time for Local Government to prepare their budgets after the second budget call circular; and introduced a Charter of Fiscal Responsibility. The PFMA has also provided a stronger enabling framework for effective cash management by aligning budget execution with cash planning and ensuring releases are made in line with an annual cash flow plans;

iii) **Payroll automation and decentralisation:** improved expenditure controls, accuracy and reliability of budgeting for payroll and reduced leakage and inefficiency from errors in payroll by enhancing accountability by Accounting Officers for management of the wage bill and payroll data;

iv) **IFMS roll-outs and tighter controls:** improved predictability and controls in budget execution, as well as more comprehensive and timely reporting. IFMS has been rolled out to additional entities and been upgraded to include additional functionality and security features to enhance the integrity and quality of financial information. Controls over manual transactions have been strengthened through the use of e-cash payments with enhanced system security, a new system for transfers between the Consolidated Fund and Treasury holding accounts, setting cash withdrawal limits and streamlined approval and authorisation processes;

v) **Enhanced macroeconomic analysis and debt management:** investment in an Integrated Macroeconomic Model (IMEM) and improved underlying economic data have enhanced aggregate expenditure controls and fiscal strategy by providing more credible medium-term resource envelope and planning of resources. Debt management has improved through regular debt sustainability analysis, charter of fiscal responsibility, improved MTFF and development of debt management strategy. Reporting on domestic and external debt also improved with implementation of the Debt Management Financial Accountability System (DMFAS) and regular reporting on debt stock and servicing. Furthermore, investment in the Aid Management Platform has helped enhance reporting and recording of aid information;

vi) **Programme-based budgeting:** performance information has improved with the progressive alignment of national and sector plans and budgets with Government priorities. A certificate of compliance is produced annually by the National Planning Authority (NPA) to measure the level of compliance of budget and plans with the Second National Development Plan (NDP II).

19. **Three indicator scores deteriorated.** Stock and monitoring of expenditure payment arrears (PI-4) went from C+ to D+ due to significant worsening level of arrears. Effectiveness of measures for taxpayer registration and tax assessment (PI-14) reduced from B to C because the 2012 score on tax audit and fraud investigation was

deemed to have been overly generous. Availability of information on resources received by service delivery units (PI-23) declined due to lack of expenditure tracking information.

1.3.3 Level 3 Progress: PFM Reform Programme

20. **At the programme level (Level 3 and below), the FINMAP III Mid-Term Review concluded that the delivery of activities in the Programme up to June 2016 was rated as satisfactory, but the overall objective of the Programme[11] was unlikely to be met.** Two factors were highlighted as an explanation: (i) the link between the underlying barriers identified in the PFM Strategy 2014-2018 and selection of FINMAP activities was not clear; and (ii) several of the programmed activities, including performance based-budgeting, debt management strengthening, public investment management and PFM systems implementation were delayed.

21. **PFM reforms under FINMAP have been effective where requirements were specified clearly from the start, but less effective in bringing about behaviour change.** Clearly specified reforms that worked well, included investment in IT systems, or where reforms are central to the core work of a department, as was the case with IFMS and OBT, for example. The reform implementation has been less responsive and adaptive when rapid policy advice was needed to address a specific need arising. It has also been less effective in bringing about the behaviour change required when reforms are introduced.

1.4 Summary of PFM Strengths and Weaknesses

22. As discussed above, the PEFA assessment framework provides a high-level assessment of a country's PFM strengths and weaknesses. This section summarizes the results of PEFA 2016 and implications for the key PFM functional areas and three high level outcomes of aggregate fiscal discipline, strategic allocation of resources and efficient service delivery. A deeper situation analysis of the priority reform areas arising from this diagnosis is provided in Section 2.

23. Uganda's PFM systems are relatively strong (PEFA 'A'-rated) in budget classification and documentation, transparency and preparation of the budget, aggregate expenditure outturn and debt management. Weaknesses (below PEFA 'C') are in the areas of public investment management.

Table 1.4: PEFA 2016 Performance Indicator Assessment

PEFA Indicator	Score
PI-1. Aggregate expenditure outturn	A
PI-4. Budget classification	A
PI-5. Budget documentation	A
PI-9. Public access to fiscal information	A
PI-13. Debt management	A
PI-17. Budget preparation process	A
PI-3. Revenue outturn	B+
PI-6. Central government operations outside financial reports	B+
PI-26. Internal audit	B+

[11] "to encourage effective service delivery by removing barriers in PFM systems while reinforcing compliance with regulations and avoidance of leakage"

PEFA Indicator	Score
PI-29. Annual financial reports	B+
PI-19 Revenue administration	B
PI-21. Predictability of in-year resource allocation	B
PI-23. Payroll controls	B
PI-27. Financial data integrity	B
PI-28. In-year budget reports	B
PI-14. Macroeconomic and fiscal forecasting	B
PI-15. Fiscal strategy	B
PI-7. Transfers to subnational governments	C+
PI-10. Fiscal risk reporting	C+
PI-18. Legislative scrutiny of budgets	C+
PI-20. Accounting for revenue	C+
PI-25. Internal controls on non-salary expenditure	C+
PI-8. Performance information for service delivery	C
PI-12. Public asset management	C
PI-24. Procurement	C
PI-31. Legislative scrutiny of audit reports	C
PI-2. Expenditure composition outturn	D+
PI-16. Medium-term perspective in expenditure budgeting	D+
PI-22. Expenditure arrears	D+
PI-30. External audit	D+
PI-11. Public investment management	D

24. **Against the seven pillars of PEFA, the following strengths and weaknesses were identified:**

i. **Budget reliability is good at the aggregate level, but there are deviations in composition.** Aggregate expenditure and revenue outturns do not deviate significantly from the budget. While there were improvements in the scale of in-year adjustments, from around 20percent to 7percent of the total budget, fiscal discipline is undermined by frequent in-year adjustments. This creates uncertainty for future commitments of resources and is likely to affect the ability of delivery units to execute their plans efficiently, particularly investment projects;

ii. **Budget transparency is strong on public access to budget information and comprehensiveness of financial reports, but weak on inter-governmental fiscal transfers and performance information on results and impacts.** Only a small percentage of expenditure and revenue falls outside of Government financial reports. This provides a basis for standardised analysis of expenditure and supports accountability for allocation decisions. However, Local Government fiscal transfers are insufficient and non-discretionary. Performance information does not cover resources received by delivery units and is based mostly on outputs rather than outcomes, making it difficult to link spending to results. Performance monitoring is expected to improve over time with the move towards program-based budgeting;

iii. **Management of assets and liabilities is relatively strong on debt management, but public investment management and management of physical and financial assets is weak.** There are a range of options for financing investments, which are planned at the strategic level through the medium-term fiscal framework, Charter of Fiscal responsibility and monitored through regular debt sustainability analysis. However, poor planning and appraisal of projects leads to low returns from public investment and there are delivery challenges throughout the PIM cycle.

iv. **Policy-based fiscal strategy is reliable and budgeting is based on an orderly budget process, but lacks an effective medium-term perspective.** Macroeconomic and fiscal projections are robust and macro-management is underpinned by the Charter of Fiscal Responsibility. However, as multi-year commitments from sector plans and public investment projects are not sufficiently costed into the MTEF, there is an important missing link between strategic policy objectives and resource allocation;

v. **Budget execution is underpinned by a relatively efficient tax administration, payroll controls and predictable resource allocations, but undermined by weak commitment controls.** Timely releases and aggregate budget credibility means that resources are relatively predictable. However, while progress has been made to clear expenditure arrears, new arrears are being accumulated;

vi. **Accounting and reporting is comprehensive, timely and relatively accurate, but with some gaps and errors due to lack of integration of systems.** Treasury operations, comprehensive financial reports and regular in-year reporting ensure budgets are executed broadly as intended within approved fiscal targets. There is a lack of information on resources received by service delivery units. Gaps in IFMS coverage mean that financial reports directly from the system are not comprehensive and use of standalone systems can cause errors or misreporting to occur.

vii. **External scrutiny and audit is of high quality and independent, but undermined by ongoing delays in legislative scrutiny of audit findings.** All entities of central government are audited annually to an international standard. A number of specialised and value for money audits are also undertaken. Most actions raised in OAG reports are implemented by management. Delays in audit scrutiny cause a weak link in the accountability for allocating resources in accordance with budget and service delivery standards.

25. **Fiduciary risks in Uganda's PFM include unreliable medium-term budgets, expenditure arrears, inadequate local government fiscal transfers, weak public investment management, lack of integration of accountability systems and weak links between strategic plans, budgets and results.** Based on the weaknesses identified in the PEFA assessment and recent fiduciary risk assessments undertaken, a number of risks have been identified, summarised as follows:

i. Risk to resource allocation and fiscal discipline due to frequent in-year adjustments and unreliability of medium-term budgets, making it difficult for service delivery units to plan and execute budgets efficiently across the whole of Government;

ii. Risk to resource allocation and service delivery from inadequacies in the fiscal transfers to Local Government;

iii. Prioritisation of public investment projects not based on economic analysis and weak public investment management and management of assets poses risk to achieving adequate returns on investment, value for money and under-execution;

iv. Risk to appropriate resource allocation due to weak link between strategic plans and budgeting, and lack of multi-year commitments being included in budget;

v. Risk to domestic revenue due to non-compliance and weaknesses in administration efficiency;

vi. Risk to service delivery and resource allocation caused by build-up of expenditure arrears and weak commitment controls;

vii. Lack of compliance with PFM procedures, particularly procurement regulations and systems, and gaps, lack of integration and security of PFM IT systems;

viii. Risk to government accountability for delivery against the budget and for efficient service delivery due to the delay in legislative scrutiny of audit reports.

1.5 Opportunities for future PFM reforms

26. Through previous and ongoing reform efforts, relative strengths in the PFM systems and complementary reforms or changes in the context for PFM reform, there are a number of opportunities that could be exploited to enhance the effectiveness of PFM reforms and used to mitigate some of the key risks.

27. **There is significant potential to improve domestic revenue collections with enhanced administrative and policy efforts.** Recent tax gap analysis and studies of revenue potential reveal that Uganda has potential to improve domestic revenue from 14percent GDP to around 20percent. New activities in the extractive industries (oil and mining) provide additional revenue opportunities. Reaping growth benefits from public investment should also enhance economic activity that will yield additional revenues. Furthermore, there is political commitment and support from development partners to drive performance in this area through a collaborative medium-term strategy.

28. **Internal control and compliance could be further enhanced through the Treasury Single Account.** The TSA provides an opportunity to capture more of government operations on PFM systems and to strengthen controls and data integrity. The continued roll-out of IFMS and investment in new and more integrated PFM systems improves coverage and quality of financial data and reporting. E-Government policy and strategy supports investment in more effective and efficient coordination of public sector IT systems. The introduction of performance contracts provides stronger leadership incentives to drive improved performance and ensure compliance with PFM systems.

29. **Use of IT systems for procurement and contract management could enhance efficiency and compliance.** Piloting of E-Procurement provides an opportunity to test a platform for enhancing transparency, competition and reporting to ensure government gets value for money from procurements.

30. **Program-based Budgeting provides an opportunity to enhance the linkage between strategic planning and budgeting**. Government's strategic planning framework (Visions 2040; NDP II; Sector Working Group Approach) ensures there are defined national priorities that must be accomplished within the agreed time frames. The introduction of Program-Based Budgeting provides an opportunity to strengthen the link between high-level outcomes and budgeting for service delivery.

31. **There remains a range of available sustainable financing options for key investments**. The low risk of debt distress and sound macroeconomic management ensures Uganda's risk rating improves and broadens access to lower cost borrowing opportunities. Development Partners' ongoing commitment to PFM reform ensures there are also opportunities for non-concessional loans and grants.

32. **The national and international policy framework demonstrates high level political commitment to reform, strengthened by a growing civil society.** There remains strong political leadership on PFM reforms. In addition, at the EAC level, there is a platform for more harmonised policy on PFM across member countries. The PFM Act 2015 provides a clear framework for PFM and strengthened provisions in key areas e.g. new budget calendar and alignment of budgets to plans, gender and equity budgeting, empowered internal audit function, and fiscal responsibility. An active civil society supports accountability to citizens at all levels and growing public interest (e.g. attendance at public hearings), including professional institutes that regulate the quality of PFM cadres. Government is also committed to embarking on public sector reform, including possible restructuring of PFM functions to enhance effectiveness to deliver quality services.

1.6 Threats

33. In addition to the internal vulnerabilities highlighted in the above analysis of key weaknesses, there are a number of external threats that may undermine PFM reform effectiveness in future if not addressed.

34. **Oil sector governance if not managed effectively, poses a threat to economic diversity and sustainable resources for future generations.** Ineffective oil governance could undermine economic growth, such as crowding out private sector investment due to government borrowing driving up interest rates and therefore heightening the cost of private lending. A focus on oil revenues as a means of financing budget deficits threatens to undermine efforts to diversify sustainable revenue sources over the long-term.

35. **The creation of several non-viable public administrative units undermines service delivery.** The expansion of districts with diminished real value of resources does not provide adequate capacity for effective and efficient delivery of services. In particular, the squeeze on resources at local government level has particularly affected allocation of resources to, for instance, the internal audit function, which creates vulnerabilities in the management of PFM.

36. **Inadequate collaboration and coordination between sectors, leads to poorly integrated multi-sectoral plans and lack of strategic plans among some MDAs and sectors.** Limited knowledge and understanding among MDAs of monitoring and evaluation principles, reporting and measuring of results, impacts on their productivity. This is further compounded by the existence of multiple results frameworks across government, and multiple 'centres' for M&E control across Government.

37. **Weaknesses in management and leadership across public service, leads to inadequate preparation and management of change brought about by PFM reforms.** In particular, as Government attempts to keep up to date with frequent changes to technologies and business processes, particularly through the process of automation of systems, change management will be a continuous requirement.

38. **IT systems are vulnerable to attack.** Threats of cyber-attacks are common across the world and yet they are increasing in complexity and frequency. Weak governance of IT across Government leaves PFM accountability systems vulnerable to disruption or data 'disaster'.

39. **Government remains at risk of corruption, unethical behaviour and rent-seeking activities.** While there are efforts to enhance Government's response to these through strengthening anti-corruption institutions,

investigations and the judiciary, there are still challenges. As long as the system of sanctions and rewards is ineffective, there will remain vulnerabilities in PFM functions and systems.

40. **Private markets and suppliers have not yet matured to meet the increasing demands of public sector procurement, financing and innovation.** A weak regulatory framework for key sectors also limits the setting and control of standards, as well as reducing the options for collaboration across government on compliance, such as on payment of taxes.

41. **There is a weak culture and demand for accountability by the public.** Whilst there are efforts in improving demand for accountability such as through the regular participation of CSOs in PFM dialogue, there still exits, lack of downward accountability to citizens' that forms a continued threat to the effectiveness of PFM.

1.7 Lessons and Emerging Priorities for PFM reform

42. **Overall, the review of progress highlights some positive evidence of impact and further opportunities that PFM reforms may have on achieving further gains, if used effectively.** However, there are constraints that continue to act as barriers to reform. These are mainly in the areas of procurement, commitment controls (as measured by the continued build-up of expenditure arrears), medium-term expenditure budgeting, management of public investments, the ongoing backlog in Parliamentary scrutiny of audit reports, tax compliance and arrears management and local government service delivery. These weaknesses are partly a result of ongoing challenges with the underpinning infrastructure for PFM, including limited coverage of IFMS, delayed integration of several PFM systems like IFMS and IPPS/HCM, AMIS, DMFAS, e-Tax, and e-procurement among others. Other challenges include limited internet infrastructure to support these systems, inadequate technical capacity to operate the IFMS, and limited printing and display of the payroll at local government units. The causes of these challenges are further elaborated in Section 2.

43. **Progress has been made against both 'Stage 1' and 'Stage 2' objectives, with room for further consolidation.** Against the 2-stage objectives in the PFM reform strategy 2014-2018, evidence from PEFA and the review of PFM outcome indicators suggests that, while there has been improvement against the 'Stage 1' objective (removing barriers and reinforcing compliance), it is not yet fully achieved and warrants further strengthening, due to weaknesses, including enforcement of rules and regulations. Some progress has been made against 'Stage 2' (accountability for performance and hardening the link between results and resources), including financial accountability and the introduction of reporting against outcomes. However, without a strong platform at Stage 1, barriers to effective linkages between results and resources remain, particularly inadequate capacity in the design and implementation of relevant projects or programmes that contribute to effective service delivery and weaknesses in capacity and financing of Local Governments.

44. **Some reforms have successfully delivered results and their mainstreaming will provide resource 'space' for new reforms under the future strategy.** The following reforms are now delivering results that should be maximised and sustained for effective PFM; macroeconomic modelling and forecasting, budget transparency initiatives, aid management system support, establishment of the Treasury Single Account, payroll decentralisation, the establishment of OAG regional offices, and support to enhancing the quality and scope of audits.

45. **There is a need for greater learning and feedback on reform processes.** This is needed to indicate to leadership and managers how and when reforms are working or not, including integrating feedback into established systems and processes. These feedback loops should be established within existing review modalities like the, Accountability Sector Joint Annual Review (ASJAR), Government Annual Performance Review (GAPR), PEMCOM and other institutional arrangements where PFM issues are discussed.

46. **The strategy should provide a limited and clear set of problem-driven priorities on which to base reform activities, policy dialogue and monitoring of progress.** Past PFM reform strategies have been comprehensive, but not adequately prioritised. This poses a risk for the governance of the reform agenda, particularly if it requires PEMCOM to track a range of reforms that is too broad. In particular, there is a risk to successful reform when activities are undertaken in silos, and complementarities between reforms are not fully exploited or integrated. The performance reviews also indicated room for improvement in the strategy design and governance arrangements for effective leadership and focus for PFM reforms. For example, the High Level Action Matrix now known as the Priority Reform Action Matrix(PRAM), used by PEMCOM to target specific PFM-related problems has had more influence on design and monitoring of PFM reforms than former PFM strategies.

47. **There is need to better understand and manage behaviours, incentives and capacity needs related to PFM reforms.** In order to address issues of operational efficiency, integrity and compliance with PFM procedures and fiduciary controls, the main instruments of PFM reform programmes have been legal, regulatory and automation of systems. However, surrounding those systems and frameworks are people, with capacity needs, a variety of incentives and behaviours, fears and interests. Some new systems may be misunderstood, or difficult to operate, or there may be fears about whether new, more efficient, transparent ways of working will affect individuals' job security or other incentives. When introducing reforms, it is important to understand the behaviour change required for the successful implementation of the reform. Where there is lack of compliance with new systems or procedures, there is need to investigate the challenges and incentives faced by those implementing the reforms in order to address them effectively, and ensure there is engagement and support for reform. These behaviour concerns and capacity gaps need to be understood, carefully managed, and monitored, through capacity enhancement and change management support to strengthen compliance and, where necessary, enforcement.

48. **The review of progress and the SWOT analysis highlight several priorities for further PFM reform effort.** In particular, the following six areas outlined below describe the priorities for further reform effort:

   i. **Sustainable Resource Mobilisation:** In order to achieve Uganda's development goals to become a middle-income country, significant investment in infrastructure is required to unlock potential and reap growth. The Government therefore needs to mobilise domestic revenue and ensure any external resources mobilised that contribute to public debt is sustainable, i.e. that any borrowing is on the most favourable terms possible, which is sustainable as long as investments are effective and should deliver additional growth;

   ii. **Strategic planning and budgeting:** To ensure that national economic and development objectives can be delivered efficiently and effectively, there needs to be a clear link between strategic plans and budgets; ensure that multi-annual commitments are properly budgeted for; a clear, reliable medium-term framework for effective planning and delivery, particularly of public investment projects; and, to ensure that annual budgets are credible and are properly costed;

   iii. **Public Investment Management:** Economic growth is strong, but not as strong as expected due to factors including under-execution of externally-financed investment projects and over-spending of recurrent costs, causing a build-up of arrears, which has been financed through costly borrowing. While the risk of debt distress risk is low, risks increase as Government scales up investment, so to ensure that debt is sustainable, it is essential to achieve a higher economic return and value for money from public investment, indicating that there needs to be a sustained effort to strengthen Public Investment Management;

iv. **Effectiveness of accountability systems and compliance in budget execution:** As resources are prioritised towards infrastructure investment to generate growth, this requires deliberate focus on efficiency and value for money in other areas of Government. To ensure the PFM system supports efficient delivery of public investment and services, PFM functions need to operate efficiently and effectively, through compliance with regulations and enhanced internal controls. Improved commitment controls are needed to prevent further expenditure arrears, IT systems need to be secure, integrated and monitored to protect data integrity and mitigate fiduciary risk, with internal audit providing internal assurance;

v. **Local Government PFM systems**: To further strengthen efficiency and effective service delivery fiscal decentralisation will play a key role, and therefore needs to be adequately resourced to build capacity to improve performance and ensure the objectives of fiscal decentralisation can be achieved; and

vi. **Oversight and Governance of PFM:** Overarching the above, is a need for good financial governance, ensuring that systems of oversight are effective and that Government is accountable to citizens; there are performance incentives and sanctions in place to deliver reform; and Government agencies work together with stakeholders to improve the impact of PFM reforms.

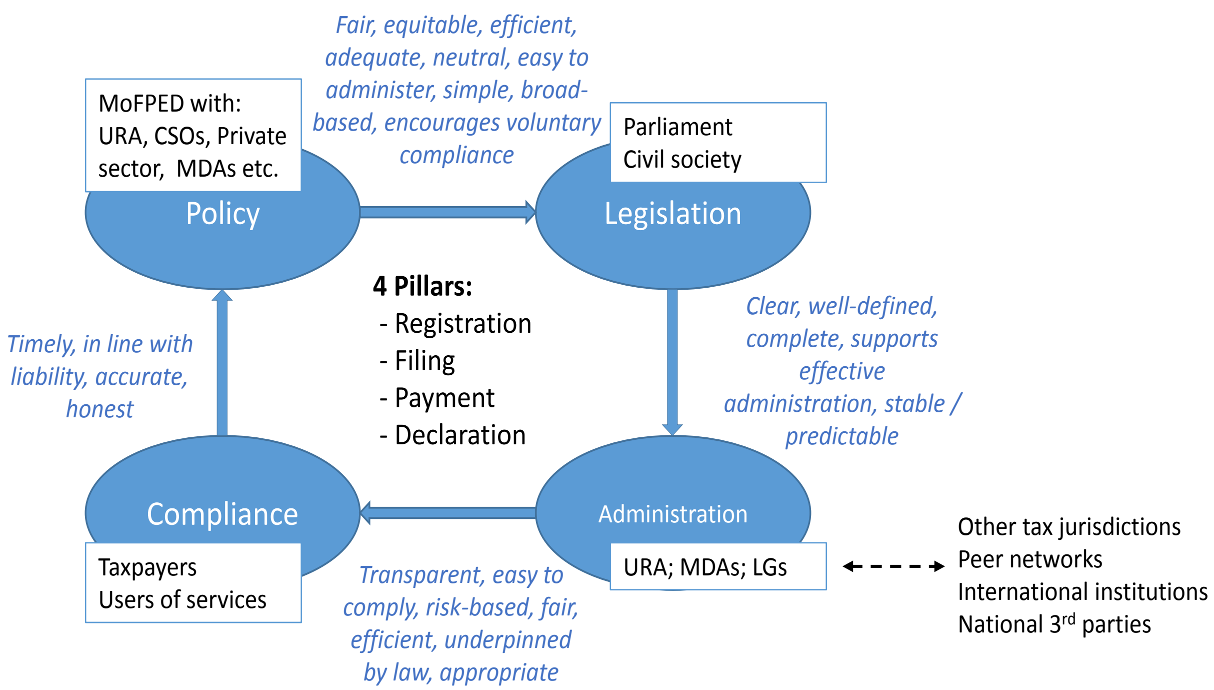
2 SITUATION ANALYSIS OF PFM PRIORITY AREAS

Based on the six priority reform areas identified in Section 1, this section outlines the situation analysis of each. The analysis is based on several diagnostic studies and assessments (referenced in more detail in Annex A) and, through comparison with good practice, indicates areas of focus for reform efforts.

2.1 Sustainable Resource Mobilization

1. Over the long-term, Governments aims to operate on a balanced budget. That is, domestic revenue sources fully finance the budget without recourse to borrowing, since they offer a more stable flow of resources to budget units. Borrowing can be justified on the basis of investment that will reap higher economic returns for future generations. The contracting of debt therefore needs to be justified and carefully managed to ensure that it is sustainable. Similarly, the mobilisation of domestic revenue is, ideally, developed and implemented in line with tax policy principles, such as fairness, equity, simplicity, economic and administrative efficiency. While tax policy objectives are often focused on revenue mobilisation, their influence on economic investment decisions and behaviour is also recognised and tax instruments are sometimes deployed for wider socio-economic policy reasons. The process of designing policy and its passage into law requires analysis and evidence, as well as consultation with those likely to be affected, to ensure successful implementation.

Figure 2.1: Good Practice Principles and Components of Revenue Policy and Administration



2. A comprehensive approach to revenue mobilisation therefore considers policy and legal framework, administration in line with law and their impacts on tax compliance. In particular, the administration of the tax law is typically underpinned by the Organisation for Economic Co-operation and Development (OECD) 'four pillars of tax compliance' including: registration, filing, correct reporting and on-time payment. In order to ensure efficiency of tax administration, limited resources should be deployed in line with revenue risks using strategies developed with an understanding of taxpayer needs, motivations and behaviours. Good

practice in tax administration follows approaches that are commensurate with the nature of the problem, beginning with support, followed by controls and then enforcement.

Nature of the problem and underlying causes:

3. **Domestic revenues are insufficient to finance the fiscal deficit and infrastructure investment financing needs.** There have been modest improvements in domestic revenue mobilisation in recent years, taking the revenue to GDP ratio from just under 12percent in 2013/14 to around 14percent in 2016/17. Nonetheless, this is still low by regional and sub-Saharan standards and recent estimates put the potential at around 20percent[12]. Due to continuing aid dependency, which is by nature less predictable, there is still, uncertainty in the flow of resources for service delivery. An analysis of the tax gap present in the Value Added Tax system estimated the gap to be approximately 60percent[13]. Since VAT currently contributes around 4percent of GDP, this gap offers significant potential for improvement, if the causes of the gap can be addressed. Tax policy changes, such as rationalising VAT exempt supplies, updating the excise law, gaming and betting tax and other measures have had a positive impact, along with efforts to improve non-tax revenue, which increased from 0.2percent of GDP to 0.3percent. Nonetheless, the significant unmet potential requires a more comprehensive approach.

4. **There is inadequate Government coordination on revenue mobilisation.** Revenue policy, procedures and systems across Government are not well coordinated or supported and there is no holistic strategy for revenue mobilisation. Systems for relevant data management are not integrated or shared and the legal framework and procedures for sharing of data between MDAs to support tax compliance strategies is still unclear. The wider regulatory framework is not being leveraged to support tax collection; such as through the regulation of alcohol, real estate, or tourism, for example. GoU signed up to the 2015 Addis Tax Initiative that commits Governments and Development Partners to engage in development co-operation efforts to boost tax collection, cut illicit financial flows, and strengthen policies for inclusive development and attainment of the SDGs. In response, holistic Government and stakeholder approach to domestic revenue mobilisation (DRM) is already underway through the development of a medium-term DRM strategy. This is expected to strengthen coordination on revenue issues across Government and is drawing on a range of recent studies and diagnostics, including the Tax Administration Diagnostic Assessment Tool (TADAT) undertaken in 2015.

5. **Weak compliance culture, a large 'shadow' economy and weaknesses in tax administration result in significant compliance gaps and revenue losses.** There is a weak tax compliance culture, which is exacerbated by corruption perceptions, a weak link between tax payment and delivery of public services and a low level of literacy and proper accounting practices. Measures of compliance have identified poor rates of on-time filing and payments, for example[14]. Uganda is also characterised by a large shadow economy, with at least 85 percent of taxpayers being micro, small and medium-sized. Simplification of tax policy and procedures may help improve voluntary compliance in this sector, by improving the practicality and ease of payments in circumstances in which normal filing procedures are too complex.

6. **While significant investment has improved automation of tax administration systems, there remain inefficiencies and capacity gaps in the revenue administration.** Significant investment in tax administration systems have been made over the past 10 years, including an Integrated Tax Administration System (ITAS),

[12] Tax Revenue Potential and Effort, Langford and Ohlenberg, IGC, 2015
[13] IMF RA-GAP analysis of Uganda VAT, IMF 2014
[14] TADAT P4.10 on-time filing scored 'D+' and P5.11 on-time payments scored 'D'

Customs systems[15], a data warehouse, and a digital cargo tracking system, among others. These systems have made the registration, filing, and payment of obligations easier to comply with and have enabled monitoring of taxpayer information. Other revenue administration efficiency drives have included the Taxpayer Registration Expansion Programme (TREP). PEFA scores indicate that there is relatively efficient administration, which reflects the impact of some of these investments. However, the TADAT (2015) made a more comprehensive assessment of tax administration, revealing some areas of weakness compared to international good practice, particularly in measures of efficiency and managing compliance, such as use of risk management and mitigation actions[16]. A Compliance Improvement Plan has been drafted but there is little evidence that this has been or is being implemented. There is also inadequate risk identification, assessment and management; analysis of data; maintenance and accuracy of taxpayer registration and payment data; and, use of third party data for validation[17].

7. **Taxation of international transactions, companies and individuals poses a significant risk of revenue loss and is challenging to address in all countries, world-wide.** Base erosion and profit-shifting, through unfavourable double tax agreements and transfer pricing, among other channels, are among the key risks posed by international tax planning. For countries like Uganda that attract investors, but invest little overseas, there tends to be a one-way flow of corporate profits out of the country unless policy and administration is capable of ensuring that they retain an appropriate allocation of taxing rights; and, the ability and mechanisms to identify and collect tax liabilities. Globally, multinational enterprises are taking advantage of tax officials' inadequate understanding, particularly in developing countries. Cabinet approved Uganda's Double Taxation Agreement (DTA) Policy and the related Model Tax Treaty, but further effort is required to review and renegotiate existing treaties, and ensure that the tax administration has capacity to identify and address international tax avoidance. A tax planning department in URA has been established for this purpose, but requires further capacity enhancement to be fully operationalized.

8. **Economic activity is changing, but emerging sectors are not yet fully or appropriately captured in the tax net.** Several policy reforms have taken place, including streamlining exemptions provided in VAT and other laws, in line with more recent economic realities, such as the Lotteries and Gaming Act, 2015; and updates to the Income Tax, Excise Duty Act, VAT, and Stamps Duty. A significant effort has been made to put in place an appropriate fiscal regime for the emerging oil and gas sector, based on international good practice. Nonetheless, further review and strengthening are needed to ensure that new opportunities for revenue mobilization are exploited, based on analysis of impacts, consultation and international practice. There may also be opportunities to enhance revenue through reform of existing tax policy and law e.g. excise duty rates, corporate income tax and withholding tax[18].

9. **Widespread tax evasion, lack of transparency of tax expenditures and policies that disproportionately affect vulnerable groups, contribute to a sense of unfairness and inequity, which undermines voluntary compliance**. Exemptions, reliefs and investment incentives ('Tax expenditures') are not well-documented and monitored, making them less transparent with unclear rationale compared to spending through the budget, and as such, more at risk of political interference and perceived unfairness.

10. **The risk of debt distress is low but increasing due to non-concessional borrowing and weak absorption capacity for implementing projects.** Public debt stock was estimated at 40 percent of GDP (US$10.3 billion)

[15] RADDeX and ASYCUDA World

[16] TADAT POA2 Risk Management scored

[17] TADAT POA6 Accuracy of Reporting scored 'D'; TADAT POA8.22 efficiency of processing & accounting systems scored 'D+'

[18] IMF paper on Medium-term Revenue Strategy, 2017

in 2017 compared to 17 percent in 2006. The government assesses the risk of debt distress as moderate[19] and external assessments rate it as low[20]. This is largely due to the high proportion of concessional loans (71 percent in 2017). Nonetheless, vulnerabilities are increasing due to the increasing trend towards non-concessional loan contracting, combined with a significant proportion of external loans that remain undisbursed. This indicates low absorption capacity of government to deliver externally financed projects, which is likely to negatively affect growth targets. Stress tests of debt distress arising from export shocks and lower economic performance indicate a breach of the threshold of a key indicator of debt distress, the present value of debt to exports.

11. **There is a lack of coordination across government debt management, recording and analysis of the impacts and risks from debt contracting.** There are adequate legal frameworks, management structures, good quality reporting and analysis in place for debt management, including a system for recording debt (DMFAS). Debt is also well-coordinated with macroeconomic policy and there is a medium-term debt management strategy. However, there is a need to fully operationalise the strategy and the Debt Directorate structure at MoFPED. For example, draft procedures for external borrowing need to be approved and implemented. A recent Debt Management Performance Assessment (DeMPA)[21] identified a need to strengthen coordination between entities issuing guarantees, including formalising the procedures for external borrowing, issuing of guarantees and including guarantees in DMFAS. There is also a need for further capacity building in loan negotiation and appraisal of external financing to ensure that Uganda obtains the best terms and the fiscal impact of the loans is fully understood. For domestic borrowing, the DeMPA recommended that targets are included in Government's borrowing plans and that the debt unit of MoFPED participates in regular market engagement with BoU.

2.2 Planning and Budgeting

12. The aim of Government planning and budgeting is to ensure there are clearly articulated national development objectives, prioritised to reflect the available resources, and that limited resources are allocated efficiently to where they can best support the achievement of those priorities. A key element of this is ensuring that plans can be adequately translated into budgets and activities that are feasible and ensure plans are delivered in practice.

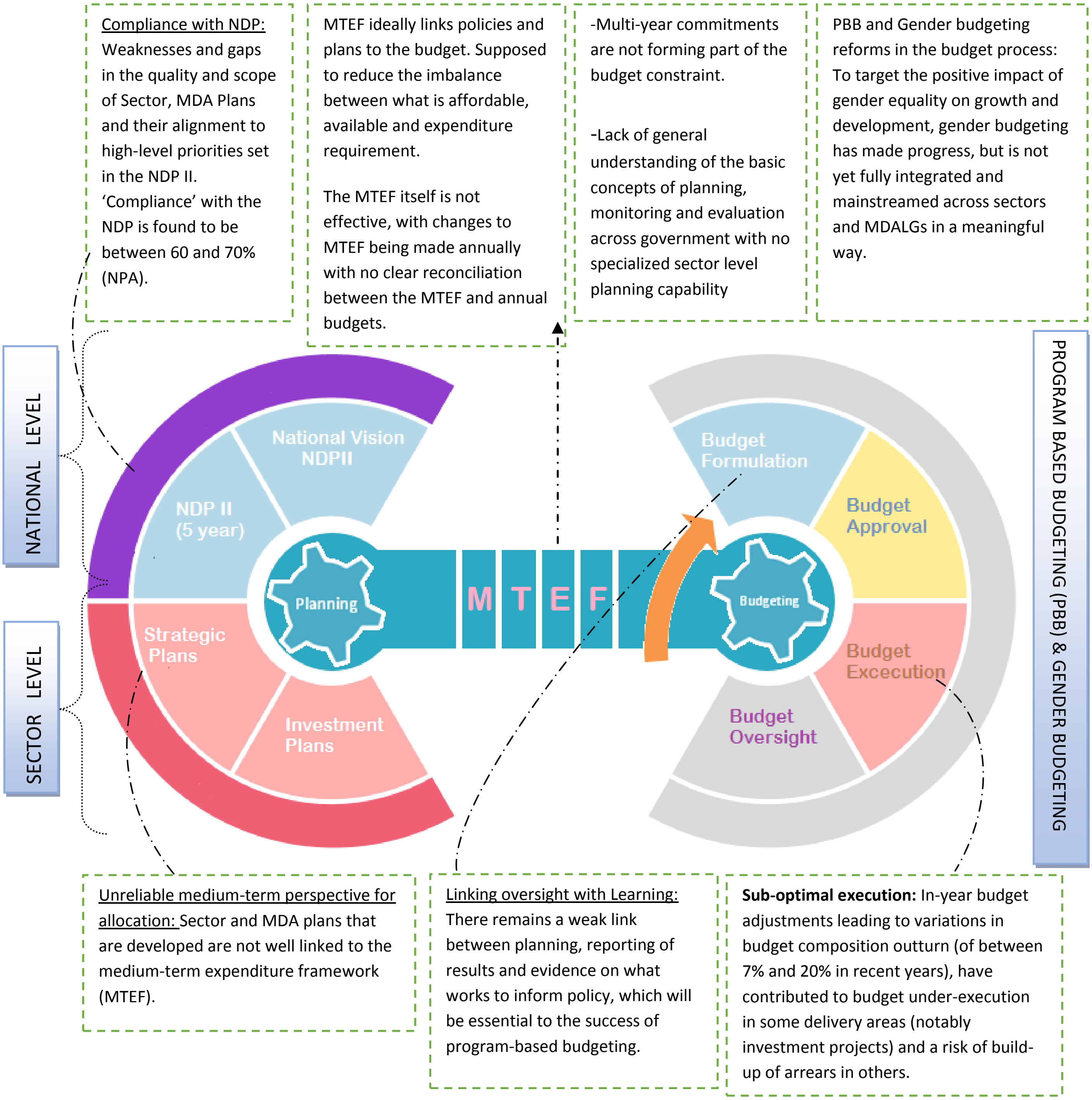
13. Figure 2.2 illustrates the interaction between planning activities and the budget cycle. There are both top-down and bottom-up planning and budgeting functions that need to be reconciled through the budget constraint and effective decision-making processes on priorities and trade-offs between options, informed by evidence and analysis. This requires close coordination with the Public Investment Management cycle (discussed further in Section 2.3). Having well-defined, accurately costed plans, which have outputs and results pre-agreed enables more accurate reporting during implementation, monitoring and evaluation of efficiency and effectiveness. The monitoring and evaluation helps to manage delivery in line with plans and to identify what works well or not so well, to inform future planning, costing and overall design of interventions that make an impact in the priority areas of government investment and delivery of services.

[19] MoFPED Debt Sustainability Analysis, October 2017

[20] For example, the World Bank Bank-IMF DSA 2017

[21] Debt Management Performance Assessment (DeMPA) 2018

Figure 2.2: Mapping of linkages between planning and budget cycle



Nature of the problem and underlying causes:

14. **The weak planning system is a major constraint to attainment of budget credibility at both Sector and District Level**. There is a lack of general understanding of the basic concepts of planning, monitoring and evaluation across government with inadequate specialised development planning capability at sector level (e.g. health, education and agriculture). Moreover, desk officers require sufficient sector knowledge to guide their respective sector institutions. There is inadequate availability of real-time or up-to-date statistical data to inform the planning process. This is partly due to a weak underlying institutional framework for planning and uncoordinated capacity development. These weaknesses are manifested through; (i) poorly developed results frameworks, (ii) poorly costed and sequenced plans to inform multiyear budgeting, (iv) weak spatial representation of plans, (v) low absorptive capacity of funds due to inadequate project planning, (vi) poor structuring and negotiation of Public Private Partnership (PPP) projects and (vii) poorly developed and selected projects

15. **There are weaknesses and gaps in the quality and scope of Sector Plans and their alignment to high-level priorities set in the NDP II.** The National planning framework (e.g. NDP II) provides the high-level development objectives, which are translated into sector level plans, through the Sector Wide (SWaP). The budget should then be developed on the basis of sector and aligned individual MDALG plans. The NPA issues an annual budget certificate of compliance to ensure alignment with the NDP II. In FY2016/17, only seven (7) out of sixteen (16) sectors had approved development plans, six (6) sectors had draft plans that were aligned but not approved and three (3) sectors had no plans. Furthermore, only 19 out of 130 MDAs had approved plans aligned to the NDPII, while a dismal 26 out of 133 Local Governments had approved and aligned plans. This is due to a lack of planning capacity at the sector and line ministry level, particularly in the definition of outcomes and outputs. There is also inadequate strategic leadership and capacity in sectors to manage trade-offs between the submissions of MDAs so that limited resources are allocated towards national priorities, particularly in terms of strategic prioritisation or selection of projects. 'Compliance' with the NDP is found to be between 60 and 70percent (NPA). There may be a number of reasons for this, including the effectiveness of the NDP itself in providing clear priorities in the face of changing economic and other circumstances. NPA has begun providing training to sectors failing to submit strategic plans, but there is also a need to enhance engagement between NPA and MoFPED (DEA). For example, for NPA to submit a policy statement through DEA to inform the budget strategy at the beginning of the budget formulation process and against which the NPA compliance certificate may be assessed on an annual basis.

16. **There remains a weak link between planning, reporting of results and evidence to inform policy, which will be essential to the success of program-based budgeting.** Where sector plans exist they identify targets, expected results and deliverables. The budget process converts the available resources into outputs and results for tracking. The budget process itself scored well (e.g. in 2016 PEFA assessments) and is deemed to be orderly, highly participatory, providing sufficient time and information for MDAs to plan and for Government to prioritise annual budget allocations. The PBB approach has begun to develop institutional processes to ensure that plans and reports capture outcomes and outputs. This has been supported by training of planning and budget staff and the deployment of graduate economists to MDAs to support budget preparation. Nonetheless, the 2016/17 NPA and Budget Monitoring and Accountability Unit (BMAU) reports indicate that linkages between outcomes and outputs in the PBB are still ill-defined. More sectors are now monitored by the Budget Monitoring and Accountability Unit (BMAU) and the Office of the Prime Minister's drive to embed performance indicators and reporting across Government has been further strengthened by performance-based contracts for Accounting Officers. Government' efforts to enhance M&E have created multiple results frameworks and responsibility centres for M&E, which are not harmonised and

therefore do not make the best use of resources for M&E activities. At the level of evaluating effectiveness of projects and services, there is insufficient evaluation attained by the different stakeholders, additionally while evaluations are undertaken, lessons from evaluation evidence do not inform the design and planning of new projects or policies. Further capacity building is needed to ensure that plans are developed on the basis of evidence and analysis.

17. **Sector plans that are developed are not well linked to the medium-term expenditure framework (MTEF).** Despite robust macro-fiscal forecasts and clear fiscal policy objectives, the medium-term perspective in budgeting is not sufficiently reliable to enable government to plan budget allocations in accordance with priorities. Macroeconomic management is underpinned by the Charter of Fiscal Responsibility, which provides the basis for a predictable and sustainable medium-term fiscal strategy and for budget policy decisions to align with fiscal targets. The Charter includes fiscal targets for reducing the fiscal deficit to below 3percent of GDP and to maintain the value of public debt below 50 percent of GDP. Adherence to the medium-term strategy is, however, undermined by weaknesses in medium-term budgeting, in which forward-year estimates do not provide a predictable baseline for future budget ceilings and allocations. MTEF ceilings are provided to MDAs only at the second budget Call Circular (BCC) and sector plans are therefore not developed in a constrained context of budget ceilings[22]. There is a lack of analysis of economic and fiscal impacts, and planning for investment projects currently fails to adequately capture medium-term commitments and associated recurrent costs. The MTEF is therefore not comprehensive in its representation of the Government's multi-year commitments and medium-term costs. A further cause of this gap is weaknesses in costing methodologies, budget analysis and assessment of risks and fiscal impacts, none of which are well developed in sector plans. It also reflects the lack of adequate project preparation prior to introducing projects into plans and budgets (discussed further in Section 2.3).

18. **The MTEF itself is not effective, with changes to MTEF being made annually with no clear reconciliation between the MTEF and annual budgets.** Challenges with the MTEF have persisted for several years since it was introduced in the 1990s. The macro-fiscal framework is fully developed and determines the medium-term resource envelope on a top-down basis. It is therefore not validated or linked to any bottom-up analysis of cost-drivers and commitments, nor does it provide a sufficient constraining framework on the selection and prioritisation of projects and plans. Furthermore, there is no requirement to compare and reconcile the second year of the previous MTEF with the current annual budget, and this is not carried out systematically or analysed. These inaccuracies in the medium-term projections, combined with additional pressures arising, and changes in priorities, contribute to regular amendments to MTEF outer years[23].

19. **In-year budget adjustments leading to variations in budget composition outturn (of between 7percent and 20percent in recent years), have contributed to budget under-execution in some delivery areas (notably investment projects) and a risk of build-up of arrears in others**. Frequent in-year adjustments are partly due to weakness in planning and monitoring of costs and arrears. In particular[24]: (i) there is insufficient budgeting for recurrent costs e.g. utilities; (ii) inaccurate project costing and recurrent costs associated with investment projects often not included in budgets; (iii) arrears not fully budgeted for, including court awards, which can be unpredictable; and, (iv) fiscal impact analysis of new policies in the MTFF and budget preparation is not complete (i.e. there is still non-compliance with the requirement for policy proposals to be accompanied by a certificate of financial implication before approval by cabinet). While, on the whole, legislative scrutiny of

[22] NPA analysis of compliance with NDP; PEFA PI-16.2 and 16.3 = D

[23] PEFA PI-16.4 = D

[24] PEFA PI 2.2 = D; PEFA PI-11.3 = D; PEFA PI-15.1 = D; PEFA PI 21.4 = C; PEFA PI-22.1 = D; IMF Staff Report 2017 (Under-execution of capital projects)

budget allocations is effective, oversight of in-year adjustments is not always able to highlight potential gaps in resources allocation, since regular under-budgeting of resources appears to be one of the main reasons for supplementary budgets and virements.

20. **A significant proportion of service delivery is the responsibility of Local Government, yet a relatively small and declining proportion of the national budget is allocated to Local Governments[25].** In particular, whilst the creation of new districts has expanded the requisite administrative costs, there has been inadequate planning for resources to finance them. The real value of LG transfers has been eroded over time and these are mostly (88percent) conditional grants and do not provide for discretion to allocate resources to meet local needs. There is a transparent allocation formula, but the conditional grants are subject to lengthy negotiation with line ministries, which undermines fiscal control and strategic allocation of resources. The nature of the allocation process is also lacking in transparency and is largely non-discretionary[26], resulting in the majority of resources being determined through a complex negotiating process with line ministries, and significant 'subventions' through MDAs on behalf of Local Governments. This encourages political interference and minimises LGs' discretion over resource allocation for local priorities. This has also led to weaknesses in strategic planning and a lack of input from LGs in priority setting.

21. **To target the positive impact of gender equality on growth and development, gender and equity budgeting has made progress, but is not yet fully integrated and mainstreamed across sectors and MDALGs in a meaningful way.** Development literature emphasises the importance of addressing gender inequality in order to have a positive impact on economic growth, particularly through revenue and expenditure policy and planning, which can be directed deliberately to address gender inequalities to reap growth benefits[27]. With the introduction of the Public Finance Management Act 2015, all Government entities of Uganda are obliged to comply with gender and equity requirements and obtain Gender and Equity Certificates in order for annual budget papers to be approved. There is evidence to suggest that Uganda has achieved an increased rate of change on gender equality indicators compared to other countries in the region, following the introduction of gender budgeting, but that there is still a long way to go in improving gender equality outcomes, which are seen as a barrier to economic growth. Greater understanding is needed by budget officers and planners to ensure that a genuine gender equality perspective is integrated with preparation of plans. There is also a lack of clear monitoring and tracking of compliance with gender budgeting, which could help drive demand for this approach and keep efforts on track[28].

2.3 Public Investment Management

22. Public investment management covers several PFM functions throughout the project cycle. The diagram below illustrates the phases in the cycle, as they link to budgeting, planning, procurement, contract and asset management, as well as monitoring and evaluation. While there have been systems established at each stage, in some cases with effective capacities and institutional framework, several challenges have been identified across the project cycle. In particular, while the percentage of funds utilised compared to funds released has improved from 69percent in FY2013/14 to 94percent in FY2015/16, there is still under-execution of investment compared to over-execution of recurrent costs.

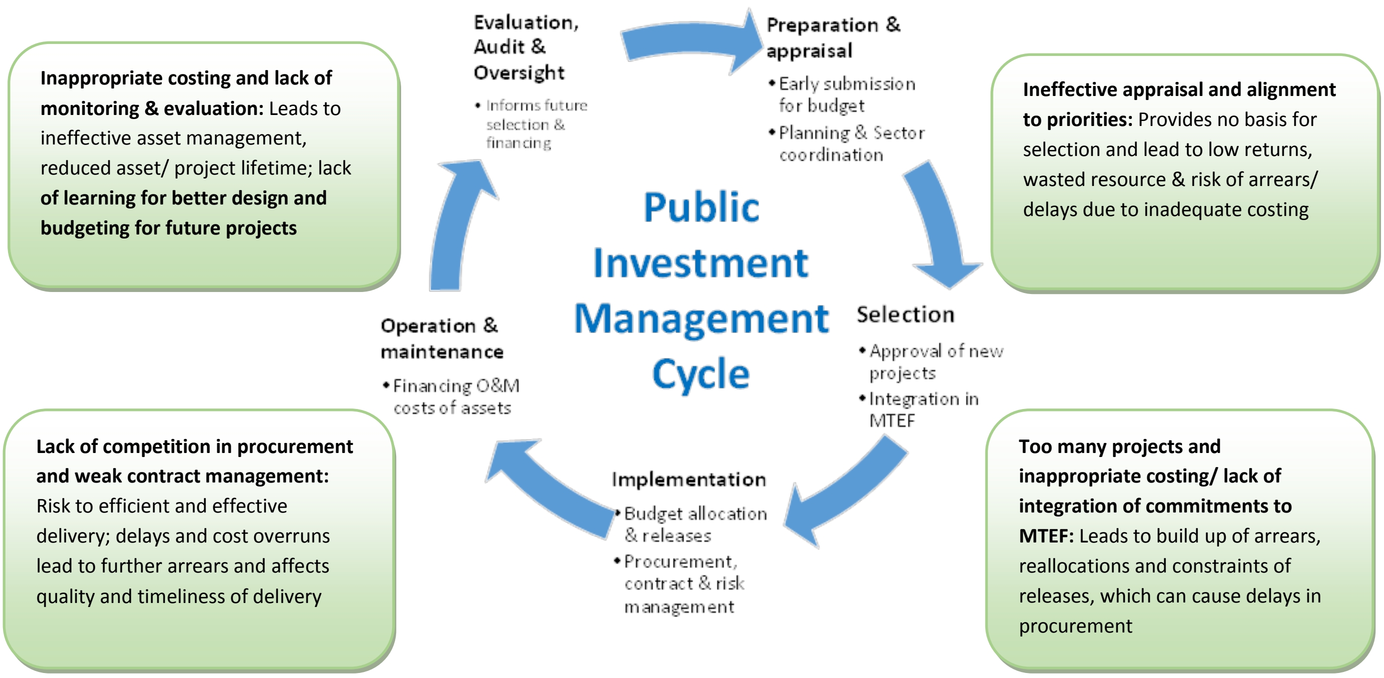
[25] Fiscal Decentralisation Architecture (FDA) and Share of Local Government Transfers out of the National Budget, ODI 2017

[26] PEFA PI-7 Fiscal transfers scored 'C+'

[27] Women, work and the economy: Elborgh-Woytek, et al., IMF, 2013

[28] Sub-Saharan Africa: A Survey of Gender Budgeting Efforts, Stotsky et al., IMF July 2016

Figure 2.3: Uganda's challenges in each stage of the Public Investment Cycle[29]



Nature of the problem and underlying causes:

23. **Public investment in Uganda is under-executed and does not achieve the economic returns required from investments, due to weak public investment management.** The World Bank Economic Update 2016 estimated that only US$0.70 has been generated out of every US$1 invested in infrastructure over the past decade. The IMF's Public Investment Index shows that East African countries achieve low value for money from public resources, ranking Tanzania 48th, Uganda 46th, Kenya 44th and Rwanda 12th out of 71 countries surveyed. PIM has been identified as a key weakness in the PEFA 2016 assessment[30] and by IMF[31] as posing a significant risk to the achievement of the infrastructure investment required in order to deliver the NDP II and Vision 2040.

24. **The lack of a coordinated project cycle management approach poses risks and causes problems at all stages of the project cycle.** Recent efforts to strengthen PIM include establishing new structures, such as the Project Appraisal and Public-Private Partnership (PAP) Department under the Budget Directorate and adoption of a PIM Action Plan, based on a diagnostic study undertaken in 2016. The Development Committee has issued new guidelines on the project appraisal process. MDAs are also required to submit a statement of multi-year commitments as part of the annual budget process, with the implication that any MDAs deemed to be over-committed will be prevented from initiating new projects. Nonetheless, projects are included in budgets and plans based on an unconstrained sector planning process and, while a process and guidelines for appraisal of economic costs and benefits has been introduced, this has not yet been implemented on a consistent basis. This means that there could be resources allocated to projects that do not have the highest relative return and are not well aligned to strategic priorities. As a result, the current Public Investment Plan (PIP) contains too many projects, on which there is little reliable baseline information

[29] Adapted from M. Miller and S. Mustapha (2016), "Public investment management: A public financial management introductory guide"
[30] PEFA PI-11 scored 'D'
[31] Enhancing the Performance of Public Investment Management, IMF Technical Assistance report, May 2017

and insufficient costing, particularly of medium-term commitments that should be integrated into the MTEF. Projects are sometimes approved with funds allocated before preliminary critical path actions have been taken. This is a particular problem with large infrastructure projects requiring land acquisition.

25. **Planning and appraisal of projects is weak, undermining effective project identification, selection and the quality of project delivery from the outset.** While reforms have been introduced to integrate project appraisal in the planning stage, there are significant capacity gaps in project development (i.e. project identification, appraisal, negotiation and investment prioritisation) including understanding and leveraging opportunities for PPPs. The monitoring of major investment projects would benefit from more rigorous monitoring at a central level with annual reviews in each sector to ensure informed budget allocations and understanding of challenges and constraints.

26. The Development Committee also needs further strengthening. In particular, there is a lack of separation of powers among technical representatives of the DC, meaning that projects are not reviewed thoroughly and independently with adequate technical and analytical input from each relevant institution. Development of competent support structures for each institution represented at the DC is needed to undertake effective analysis and appraisal of proposed projects. In addition, whereas the DC is supposed to review/appraise fully developed projects, its currently handling the planning process for projects for example from concept note level which should be a function of sectors and MDAs guided by NPA. There is need to consider separation of project development (idea identification, project selection, prefeasibility and feasibility study) from project appraisal for making financial decision. Moreover, strengthening capacity of sector level development committees will further enhance existing Swap arrangements of coordination.

27. **In-year budget adjustments cause uncertainty in the execution of investment projects, which require certainty and medium-term planning.** There is a weak communication flow between the Sector MDAs and LGs about changes in the MTEF allocations. Information flow from the centre to the beneficiaries on the scope of works, attendant costs and duration is often flawed, late or not available. This makes it difficult for beneficiaries to make any follow up. The uncertainty and lack of accountability in this area can lead to delays in procurement, also affecting the success of PIM. Delays and cost overruns lead to further arrears and affects quality and timeliness of delivery.

28. **At the stage of implementation, there is low value for money from procurements.** Some progress has been made in enhancing procurement processes, through the regulatory role of PPDA and standard procedures set in the legal and regulatory framework. Nonetheless, competition is still limited among public sector suppliers and weak compliance with procurement procedures means that a number of procurements are still not subject to open competition.

29. **Management of live supplier contracts and maintenance of public assets is also weak, leading to wasted resources, financial and non-financial risks and delays and cost overruns[32].** Over the last 3-4 years, on average, 71percent of contracts were delivered on time and 64percent to the planned budget. The PFM Act 2015 provides for increased transparency of recording and reporting on assets and investments. However, the stock of non-financial assets is not reported comprehensively and there are maintenance issues, including missing title deeds, out of date valuation, deterioration in the condition of assets and poor stores management, according to audit reports. This reduces the effective lifetime of assets and reduces value for money and the economic return from public investment. There is also a lack of risk management approach in project implementation and contract management, particularly in the assessment of fiscal risks, especially

[32] PEFA PI 24.1 and 24.2 Procurement methods scored ‘D’

from Public-Private Partnerships and public corporations. While enhanced fiscal risk statements are supporting the assessment of fiscal risks, further work is needed to embed this approach across Government, for example, by ensuring that there are processes in place for the Macroeconomic Management Department to identify, assess and track fiscal risks arising. Fiduciary, technical delivery and other risks also need to be actively managed throughout the project cycle. Recent reforms have begun to pilot the use of the IFMS Fixed Assets Management module to track the use of government assets.

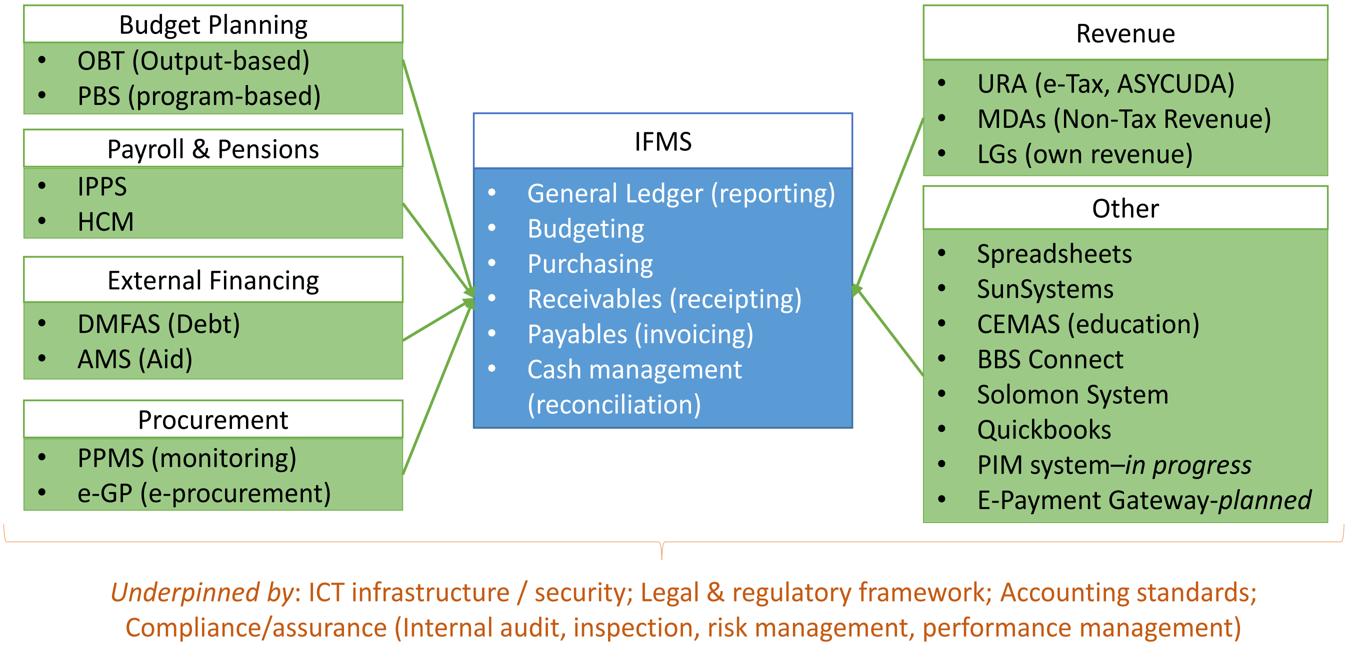
30. **There is a lack of information for tracking actual expenditures from externally funded projects.** While progress has been made on tracking external financing for a few key projects, through the aid management system, there are delays in reporting and there is need to roll this approach out to capture all externally financed projects and actual expenditures. Some projects carry over balances from one financial year to the next, which are not effectively monitored and captured as commitments in the preparation of budgets. Significant off-budget support that is not synchronised with the GoU budget and reports poses a substantial risk to the credibility of budgets and the effective planning and management of investments, including leading to duplication of effort, double accounting and diversions or adjustments required in implementation. Treasury is currently rolling out IFMS and TSA to key development partners and loan-funded projects on a sector by sector basis. Over time, this may capture a large part of externally financed expenditure in GoU systems. For on-budget projects, there is already partial payment information, but off-budget funding is more problematic to capture in the system.

31. **While there is some monitoring and evaluation in place, M&E throughout and at the end of the project cycle is inadequate and learning from experience does not inform future planning and budgeting significantly.** There are evaluations undertaken of a number of investment projects and BMAU monitors budget execution in selected sectors annually. However, it is unclear how the findings of those monitoring an evaluation exercises are taken into account in the design of future projects.

2.4 Accountability Systems and compliance in Budget Execution

32. Several accountability systems and procedures together comprise the PFM 'system' or functions across Government. For example, the core system for recording, reporting and managing financial transactions is the Integrated Financial Management System (IFMS). For revenue collections, the URA has a number of IT-based systems (outlined in section 2.1.1.). Budget preparation takes place within the Program-based Budgeting System (PBS). Salaries and pensions are managed through the Integrated Payroll and Pensions System (IPPS), soon to be transitioned to Human Capital Management (HCM). Procurements are undertaken through the online procurement portal and monitored through Procurement Performance Monitoring System (PPMS). E-Government Procurement (e-GP) is being piloted for online management of procurement procedures, and when rolled out will replace the PPMS. Aid and Debt management systems separately capture information on externally financed projects and debt issuance. All of the above are underpinned by Government's internet provision and ICT infrastructure. Around these systems are legislation, policies, regulations, accounting standards and procedures designed to provide the structure, powers, roles and responsibilities of the institutions and individuals operating the systems to achieve the desired PFM outcomes. Internal audit provides compliance assurance and identifies any violations with these procedures and frameworks.

Figure 2.4: Uganda's Accountability Systems



Nature of the problem and underlying causes:

33. There is robust fiscal data and reporting on financial information, which ensures resources are allocated as intended. The Chart of Accounts provides for standardised analysis of expenditure and transparency of budget information supports accountability for allocation decisions. A Computerised Education Management and Accounting System (CEMAS) was piloted in selected public universities to improve transparency and accountability of public funds.

34. Areas for improvement include the timeliness and accuracy of in-year execution reporting, completeness of fiscal reports and manual management of advances. There are also some disparities across government in accounting standards used, between cash and accrual methods. While expenditure analysis is undertaken regularly, it appears to not sufficiently inform future budgeting for recurrent costs, which leads to risk of arrears. Internal audit helps to identify weaknesses and inefficiencies in delivery, but the Local Government internal audit function is not sufficiently resourced.

35. **The multiplicity of stand-alone systems poses a risk to the accuracy, integrity and security of systems for PFM accountability in budget execution**. Numerous manual interventions are required to control the release of funds between systems, reducing the accuracy and timeliness of reporting, creating reconciliation issues between treasury requisitions, Auditor General's grants of credit, Ministerial warrants and release of funds. Payroll controls have improved due to payroll and pension decentralisation and greater accountability of Accounting Officers, but are still undermined by the lack of Integration between systems. Standardisation and integration of the various stand-alone systems with IFMS (such as Budget Execution, General Ledger and Payroll) would lead to significant improvements in the accuracy, accountability and auditability of GoU accounts[33]. Consequently, further deployment of IFMS Tier II Microsoft Navigator was suspended and plans to migrate all remaining Tier II sites to the Tier I IFMS (Oracle) application have been adopted. The payroll

[33] FINMAP pre-feasibility study, Ecorys (2018)

system ensures that resources are used consistently with approved allocations, but does require further integration with IFMS to strengthen accuracy and integrity of the data and to ensure efficiency (costs per output).

36. **There is a weak governance structure for managing and investing in IT systems across Government.** The underpinning IT infrastructure, speed, connectivity and security is essential for the effectiveness of PFM accountability systems. Nonetheless, there are a number of issues with PFM IT systems reported[34], namely: poor connectivity, power outages and hardware requirements that cause challenges for systems roll-out; security risks and data stored in conditions that are inadequately protected and maintained. The National Information Technology Authority Uganda (NITA-U), with support from the World Bank, is deploying the National Backbone Infrastructure (NBI) to link major centres of population and the international border crossings with a high-speed fibre-optic network. This initiative will need to be developed in close collaboration with PFM institutions to ensure that systems are supported most cost-effectively.

37. **The lack of comprehensive reporting of government operations and commitments means it is difficult to assess fiscal risks and to audit effectively**. Coverage of IFMS is still not complete, capturing about 80-90percent of government expenditure. While the remaining share is captured through manual systems, the incomplete coverage makes it difficult to get accurate and up to date financial reports from the system for audit and other monitoring purposes. Budget execution reports cover only about 77percent of public expenditure, due to the exclusion of public corporations and extra-budgetary units. Pension liabilities and tax expenditures are also not reported comprehensively. Expenditure coverage of some donor-funded projects is not complete and can be difficult to distinguish between capital and recurrent costs. The basis for accounting does not include provisions for contingent liabilities (as required by IPSAS) and accounting for commitments. The OAG reported that contingent liabilities are expanding at an unsustainable rate. For example, in the audit report ending 2017[35], the value of contingent liabilities increased by 14percent on the previous year to UGX7.45 trillion, most of which were due to legal proceedings against Government.

38. **While expenditure arrears are being serviced, new arrears are still arising and are increasing**. The Government audit report 2017 reported an increase in domestic arrears from UGX 1.32 trillion in 2014/15, to UGX 2.91 trillion in 2016/17. Furthermore, an amount of UGX 1.11 trillion was incurred irregularly as domestic arrears outside the approved estimates appropriated by Parliament. Expenditure arrears indicate that budget allocations are insufficient to meet the service levels expected. It is also partly due to weak commitment controls, spending outside IFMS and off-contract spending[36].

39. **Non-compliance with PFM regulations, such as mischarging of budget expenditure, failure to keep proper books of account and non-payment of taxes are regularly reported by internal and external audit**[37]. While there may be some deliberate mischarging, there is also an incentive to mischarge budget expenditure in order to overcome budget constraints caused by in-year cuts and virements. Without the flexibility of programme-based budgeting, spending units have little discretion over how budgets can be spent to deliver results. The input-based spending rules are contrary to the programme-based budgeting approach that has been rolled out to MDALGs. Furthermore, uncertainty over the credibility of budget allocations caused by frequent in-year virements creates an incentive to plan budgets by holding back essential expenditures for

[34] Summarised by Ecorys (2018)

[35] Annual report of the Auditor General on the results of audits for the year 2017, OAG (2017)

[36] PEFA PI-22. Expenditure arrears scored 'D+'

[37] Internal and external audit reports of Government regularly document these irregularities. The PEFA indicator PI-25. Internal controls on non-salary expenditure scored 'C+'

mid-year supplementary budget requests, which are less likely to be denied. The introduction of performance-based contracts for Accounting Officers has provided stronger incentives to ensure compliance with PFM systems, but there are still challenges in operationalising this reform due to the failure to conduct independent validation of the status, or the extent to which, the agreed recommendations or actions are implemented. Accounting Officers do not always receive adequate support in understanding and implementing recommendations, which is needed in order to be compliant with expectations. Nonetheless, ineffective performance incentives and sanctions across other levels of operations are insufficient to encourage compliance and address poor performance.

40. **In particular, there is low compliance with procurement regulations, including poor records management and lack of competition which leads to low value for money in procurements**. Procurement reform efforts have focused around establishing a policy unit, strengthening PPDA's regulatory and auditing role, widening the coverage of the Government Procurement Portal (GPP) and Procurement Performance Monitoring System (PPMS), and training procurement officers. However, efficiency of service delivery and VfM is still undermined by non-compliance with government procurement procedures. Audit reports and PPDA audits regularly cite non-compliance with procedures, including poor record keeping, inadequate procurement planning and budgeting, use of wrong procurement methods, weak contract supervision and management, lack of market assessment and applicability, and political interference. These factors lead to high process costs associated with tendering and testing the market, uncoordinated purchases across government, out-dated market intelligence and non-rotation of pre-qualified service providers. Corruption in public procurement was also revealed to be significant in the PPDA's 2016 Procurement Integrity Survey, which reported that 86percent of service providers and 51percent of officials openly admitted that corruption influences procurement decisions.

41. The PFMA has strengthened the functional independence of internal audit (under an Internal Auditor General) and the scope and quality of internal audit has been enhanced through investment in capacity and audit tools. While internal audit coverage and quality provides assurance, sub optimal compliance with procedures indicates some weakness in the follow-up of recommendations as well as insufficient incentives for compliance.

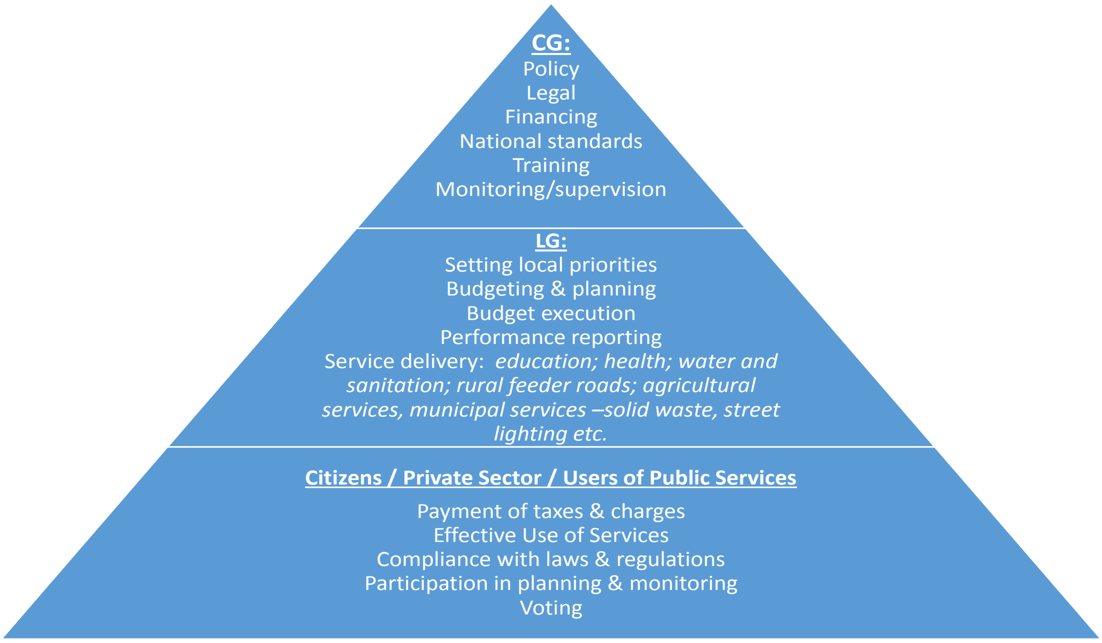
42. **The integrated debt and cash policy directorate is not fully operational and cash forecasts are not yet sufficiently frequent or accurate.** Recent literature on fiscal management advocates for the integration of liquidity management (cash and debt management). The introduction of the TSA facilitates decision making on investment of any budget surplus and/or borrowing to finance a deficit. The administrative structures for integration of debt and cash policy directorate have been established and now need to be fully operationalised, particularly functions related to debt issuance, debt servicing, recording and reporting (accounting) and to align debt issuance to the cash projections. A cash flow forecast is prepared quarterly on the basis of actual cash inflows and outflows and budgetary units are provided reliable information on commitment ceilings at least quarterly in advance. However, cash forecasting needs to be provided on a daily basis, underpinned by information flows between AGO and the cash flow unit of the Debt Directorate[38]. The market for domestic debt issuance is relatively unresponsive to needs arising when there is a domestic revenue shortfall and this can still lead to in-year cash rationing and budget adjustments.

[38] DeMPA 2017

2.5 Local Government PFM for Service Delivery

43. The Government's fiscal decentralisation strategy, introduced in the early 2000s, provided a framework and set of principles for the architecture of service delivery through Central and Local Government structures. When the NRM Government embarked on the journey to decentralization it viewed local governments as a cornerstone of service delivery, taking services closer to the people. The decentralised process in Uganda is based on devolution of powers, functions and responsibilities to popularly elected local governments. The devolution process is intended to improve service delivery by shifting responsibility for policy implementation to the local beneficiaries themselves; to promote good governance, to develop, broaden and deepen political and administrative competence in the management of public affairs, etc.

Figure 2.5: Roles and Responsibilities in Decentralised Government



44. Uganda's decentralised service delivery framework revolves around the relationship between policy makers, service providers, and consumers of public services. PFM systems and policy play an important role in providing the underpinning structures for allocation and management of local resources, from central government policy and planning down to local delivery units. At the level of Central Government (CG), good practice suggests that there should be adequate resources provided to LGs, discretion to spend according to local needs, timely release of funds and a coordinated budget and planning process. Ideally, LGs, would undertake a participatory planning process, ensure they are compliant with laws and regulations, provide transparency and accountability in their operations, have adequate skills and knowledge to execute their plans and provide services that meet users' needs. That is, services are: accessible, dependable, relevant, responsive, sustainable, and cost-effective.

Nature of the problem and underlying causes:

45. **Inadequate resources are having a negative impact on the quality of public services provided by local governments.** As discussed in Section 2.2, the real value of local government fiscal transfers has been declining over 15 years, by 13percent from its peak of UShs 80,303 per capita in 2002/03 to UShs 69,858 in the 2017/18 budget, for non-wage and development grants (ODI, 2017). Uganda has also experienced a rapid

increase in the number of districts, from 56 in 2000 to an expected 133 districts by FY 2019/20[39]. Estimates of the actual resource needs at local level are over 20 percent higher[40]. At the level of service delivery, while there has been some improvement in the sector outcomes, recent assessments have identified low staffing levels, a continued lack of basic infrastructure and poor maintenance of existing assets[41]. This lack of infrastructure contributes to the remaining challenges in addressing low doctor to patient ratio, teacher to pupil ratio, and other key outcomes, for example by inadequate housing, which fails to attract teachers and medical staff to work in the regions. PFM functions and capacities are also therefore typically weaker at Local Government level, including procurement systems, non-compliance with PFM regulations, procedures and systems, inefficient processing of the payroll and insufficient internal audit assurance and oversight.

46. **There is still dependence on centralised delivery and financing, even in functions legally devolved to LGs.** As defined in the Constitution and Local Government Act, service delivery mandates of LGs are clear, but not specific. In practice, some functions devolved to LGs in the law are implemented by Central Government line ministries through centrally financed subventions representing about 68 percent of LG budgets (ODI, 2017). For example, the procurement of drugs, textbooks, agricultural inputs, and other equipment, and some centrally managed projects. In some cases, there are efficiency arguments for subventions, such as economies of scale in procurement of standardised items across all LGs. Nonetheless, in some cases it reflects the lack of holistic implementation of sector devolution that was envisaged in the LG Strategy in 2002. With the exception of education, subventions are more common than LG fiscal transfers.

47. **Local government own-source revenue is under-performing and does not provide adequate discretionary resources to pay for locally provided services.** LG own source revenues contribute only 5percent of the total LG budget on average[42]. The legal assignment of revenue sources to local governments is limited to a narrow base and, in practice, is difficult to implement. In particular, property tax is only applicable to commercial property and is based on incomplete or out of date valuations, which are expensive to update. Administration capacity and enforcement powers are also very limited and non-compliance is a significant challenge for most local governments. Recent reforms have supported the deployment of local revenue databases in 93 Districts to develop a comprehensive taxpayer register for each local revenue source. Nonetheless, there is a lack of effective support for staffing, revenue policy alignment with national tax policy, and collaboration with URA and local level systems to facilitate collection.

48. **Weaknesses in planning, budgeting and procurement at local level, and poor coordination in budget planning between local and central government ministries, means that limited resources are not well targeted towards needs.** There is currently insufficient capacity in budgeting and planning, as well as a lack of coordination and guidance to inform procurement processes, such as pricing standards, and ensuring that local-level plans are taken into account in time in the preparation of plans and budgets by line ministries undertaking procurements on behalf of local governments. The PPDA 2016 Procurement Integrity Survey highlighted widespread corruption and political interference in procurement at LG level with serious impacts in contract management, supervision and quality.

[39] Fiscal Decentralisation Architecture (FDA) and Determining the Share of LG Transfers out of the National Budget, ODI (2017)

[40] According to ODI (2017), based on 2016/17 per capita budget of UGX 69,858 actual budget, compared to the recommended LG grant of UGX 85,476.

[41] OAG (2017)

[42] ODI (2017)

49. **There remains a lack of capacity for internal audit at local government level, and weak assurance and risk management approaches across the whole of Government**. Internal audit quality and scope has improved, but the legal framework and administration structures for internal audit at local government level lacks coherence and clarity, particularly on the role of LGPACs in relation to internal audit committees provided in the PFMA, and insufficient empowerment of LG internal audit functions relative to the newly strengthened central government internal audit status. The increasing complexity of PFM systems, IT security, the drive to enhance PIM and risk management approaches, and managing new sectors, such as oil and gas, mean that the role of internal audit is critical in providing assurance and enhancing compliance.

50. **Limited coverage of IT-based systems, capacity and infrastructure at the Local Government level means there is a risk to internal controls**. This includes commitment controls and a lack of seamless integration of IFMS, PBS and IPPS, leading to inefficiencies, such as requiring staff to travel to regional centres or Ministry head offices e.g. MoPS for payroll processing.

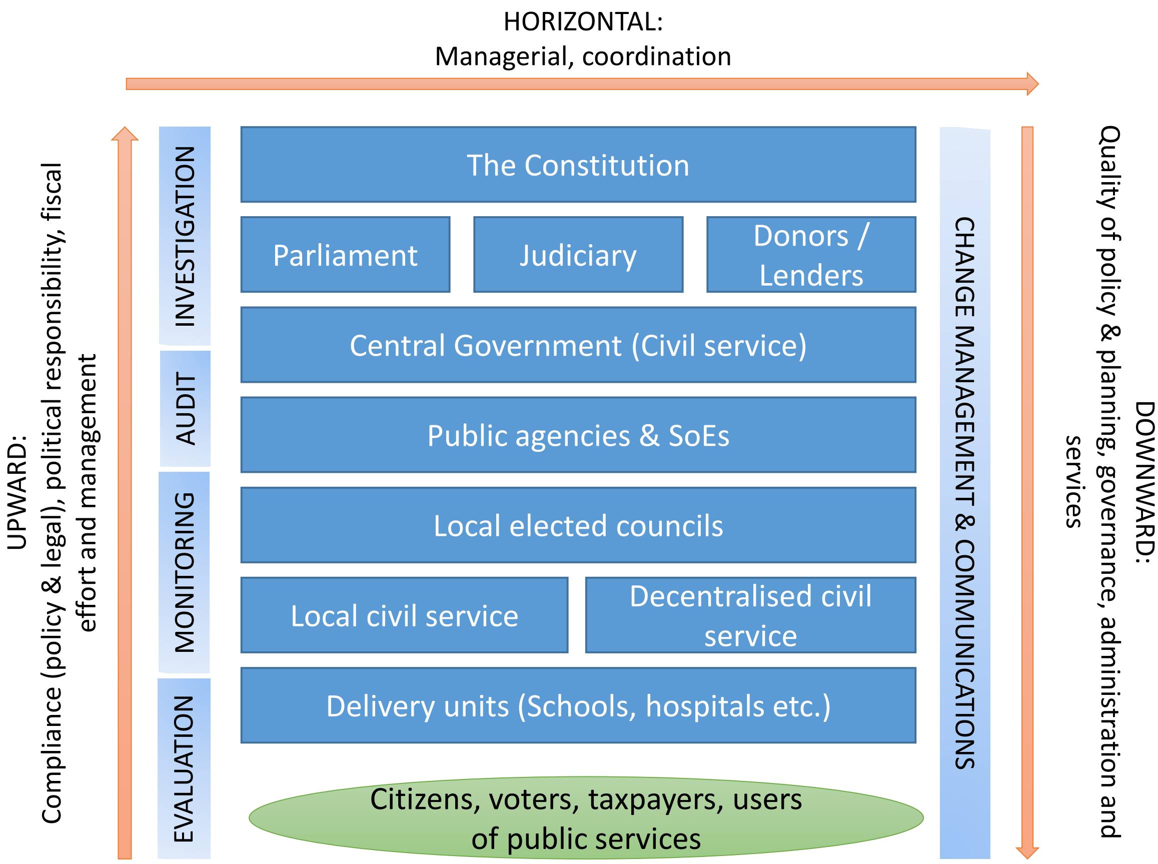
51. **Oversight of Local Government operations is weak and there is a lack of clarity in the assignment of roles and responsibilities between audit committees.** For example, the role of the new regional Public Accounts Committees relative to Local Government PACs (LGPACs) is unclear, and there is a poor quality auditing and a lack of follow up of recommendations. This links to (and compounds) the lack of evaluation, evidence-based policy making and expenditure tracking, as discussed in Sections 1.3.2 and 2.2.

2.6 External Oversight and Governance of PFM Reforms

52. External oversight and governance of reforms refers to (a) upward accountability of Government entities to Parliament and donors; (b) downward accountability to citizens and end-users for the quality of services, administration and overall governance of public spending; and (c) horizontal accountability for managerial and coordination across Government and its partners. A key factor in upward accountability relates to the external oversight functions of audit and Parliamentary scrutiny in identifying non-compliance with regulations. A focus for downward accountability is information provided to the public and engagement through private sector representatives or civil society organisations (CSOs) in order to encourage active public participation in the Government's planning and budgeting processes as well as in holding Government to account for service provision. Significant strides have been made in strengthening the independence, quality and coverage of external audit, which has been recognised by independent assessments[43]. Similarly, CSOs play a more active role in PFM reforms, such as attending and actively participating at the PEMCOM in addition to other PFM fora. Nonetheless challenges remain in the upward, downward and horizontal accountability for PFM, as outlined below.

[43] For example, PEFA PI 30.1 Audit coverage and standard and 30.4 Supreme Audit institution independence are both rated 'A'

Figure 2.6: Diagrammatic representation of public sector accountability in Uganda



Nature of the problem and underlying causes:

53. Uganda's investment in the external audit function has strengthened its independence and the quality and coverage of external audit scores an 'A' in PEFA assessments. Reform efforts to track the implementation of audit findings and to link compliance with the re-appointment of Accounting Officers has strengthened the impact of auditing. Timeliness of submission of audit reports to parliament has improved with continued support to the OAG. Accountability committees have also received support to review and process audit reports. Adoption of efficient, risk-based strategies and support to the Institute of Parliamentary Studies to develop training modules has achieved some improvement in audit scrutiny.

54. **A lack of interest in the value of Value for Money (VfM) audits has contributed to a significant backlog in the legislative scrutiny of audit reports, which poses a significant risk to the accountability chain[44].** The backlog was identified in previous phases of PFM reform, and while some support has been provided, there remains a need to improve further. There is an increased demand for audit reports, and deeper (forensic) and wider (sector, VfM) audits, which has contributed to the backlog, as well as the continuous need for training of Parliamentarians to deal with turnover of members, as well as their broad remit and lack of specialist expertise. The PFM act also introduced a new requirement to complete the review of audits within six months of receipt from the OAG. This has increased the need for more comprehensive and timely Parliamentary scrutiny. While support is being provided already to OAG and Parliament to identify and implement solutions, further deepening of this approach is needed. For example, the introduction of a System of Risk Assessment (SORA) and the use of more targeted value for money audits, have helped to

[44] PEFA PI-30.3 external audit follow up and 31.1 timing of audit report scrutiny are both rated 'D'

streamline the programme of work for Parliamentary committees. In addition, there remains a lack of sufficient coordination of oversight institutions undertaking audit, inspection and investigations in terms of both coverage and scope. The OAG is unable to undertake audits for all lower local Government, schools and health centres as required by law due to resource constraints. A system of rolling multi-year audits may be more practical and efficient. In some cases, entities are subjected to multiple audits, investigations and monitoring visits, leading to inefficiency in resource utilisation and in the implementation of various recommendations.

55. **PFM reforms have not been supported by a systematic approach to change management, which has weakened the level of compliance and engagement in reforms.** This is due to a number of factors, including inconsistencies in the legal framework, overlapping mandates of PFM institutions and weaknesses in coordination and communications across of PFM institutions, which sometimes fail to fully engage staff and institutions in the intention of reforms. Engagement of staff in PFM reforms could be improved with more effective communications to promote change management requirements of reforms, and challenge integrity constraints. Coordination arrangements for the implementation of PFM reforms could also be improved, including greater clarity in the roles of Accountability Sector relative to PEMCOM and its sub-committees. Implementation of the reform strategy has generally been led the various Departments and agencies designing and implementing reforms in isolation rather than through a collaborative approach. Increased engagement and monitoring of reforms under the Accountability Sector could help to leverage leadership and change management support. Mechanisms for learning and feedback into the design and adaptation of the reform programme would also help to make systems more responsive to needs and challenges arising.

56. **PFM capacity needs are extensive and are not fully met because efforts to deliver training are not well-coordinated or strategic.** There are extensive training and capacity needs remaining across PFM functions at both central and local levels of government, which are unlikely to be met solely through the PFM reform agenda. A more strategic approach is therefore needed to leverage and coordinate resources across Government more effectively. The piece-meal approach to PFM training to date has not been effective in delivering the level or quality of training and capacity building to meet needs of PFM cadres and to accompany specific reforms. In the absence of a comprehensive capacity development plan to provide the justification for training, the level of scrutiny required to manage individual trainings is sometimes too onerous and trainings outcomes are not delivered[45]. Making better use of coordination and collaboration through existing institutions and civil service structures should be considered to develop a more strategic overarching framework, based on an updated comprehensive needs assessment. This could include core training on PFM systems, and performance and integrity standards, as part of induction and regular in-service training for civil servants and cadres.

57. **Results of PFM reforms are not adequately coordinated and tracked, making it difficult to assess progress and learn for the design of future reforms.** This is a generalised problem across Government and one factor contributing to this is the overlap between various M&E systems, including NPA, OPM, Accountability Sector and PFM institutions. This creates parallel monitoring and duplication of effort. For PFM reform, there is an additional gap in the area of evaluation of capacity building activities, since required competencies are not clearly defined at the start of a reform programme and progress towards reaching required competencies is not measured, making it difficult to ascertain the rate of success in knowledge transfer and remaining capacity gaps. Prioritising and sequencing of reform actions taking into account capacity of institutions and

[45] FINMAP Pre-feasibility study (2018)

resources available remains a challenges, evidenced by the large number of activities that have been delayed[46].

58. **PFM reform is constrained by inefficient Public Administration Structures and a lack of effective enforcement of policy, legal and regulatory frameworks.** Vision 2040 highlighted a number of weaknesses in the public administration, including weak institutional structures and systems and an oversized public administration. In the context of PFM reforms, lack of appropriate civil service structures has prevented some reforms being fully mainstreamed, leading to a large number of long-term experts being maintained under the reform programme. This suggests that knowledge transfer to staff is inadequate and/or that there are constraints in embedding new roles in the public service structures.

59. **Weak demand for downward accountability affects the level of oversight and scrutiny that civil society has on Government's use of public resources.** Vision 2040 identified weak civil society and civil society participation as a further constraint on Uganda's development and efficiency of service delivery. There has been progress in constructive engagement with civil society organisations at central level to influence the budget and PFM reform priorities. The nature and capacity for engagement varies widely across sectors impacting on demand pressures from Government. Engagement with civil society remains constrained due to limited revenue flows undermining the social contract and weak capacity of CSO organisations at this level.

[46] FINMAP Pre-feasibility study (2018)

3 PFM REFORM STRATEGY FY2018/19 to FY2022/23

3.1 PFM Reform Principles

1 Based on PFM reform experiences to date and the need to ensure that PFM systems operate effectively to support Government to deliver its national economic and development objectives, the PFM strategy follows a number of principles that should underpin the PFM reforms, namely:

I. To ensure genuine progress is made in a manageable way, the reform effort will be focused on priorities for improvement that are based on consolidating past reforms; addressing the most urgent problems identified by evidence; and, providing a solid platform for delivering national economic objectives;

II. Since the successor programme to FINMAP will be just one delivery modality for PFM reform among others, the strategy will provide an overarching implementation plan and framework for monitoring performance against objectives and outcomes across any number of PFM reform projects or programmes;

III. Commitment to continuous improvement of PFM reforms is required, through learning, monitoring and evaluation at all levels, which should be based on a logical theory of change, and results framework, with appropriate activities and outputs designed to contribute to achievement of agreed outcomes;

IV. Targets and indicators for measuring performance against PFM reform outcomes should be Specific, Measurable, Achievable, Relevant and Time-limited (SMART) within the timeframe for the strategy;

V. Commitment to reform is required for successful delivery at the political, management and technical levels, including active involvement and participation by stakeholders to ensure compliance and conformity with legislation and procedures, as well as ownership of the strategy and consensus on the problems and reform goals;

VI. PFM reform investments should be sustainable, ensure continuity and complementarity between reforms, and make use of synergies with other, relevant reform opportunities across Government; and,

VII. Effective communication and institutional coordination will be required between and within central and local government and with relevant stakeholders in the private sector and civil society.

3.2 Overall Vision, Goal and Purpose

2 With these principles in mind, this updated strategy provides the overall guiding framework for PFM reforms over the five years from FY2018/19 to FY2022/23. This strategy is informed by lessons from previous PFM reforms, situational analysis and diagnostics, as outlined in Sections 1 and 2. In particular, the six priority areas for reform identified in Section 1.9 will form the basis for the technical reform areas of focus going forward. The strategic direction for PFM reform will be set by an overall vision, goal and purpose.

Vision for PFM Reform:

To have excellent and sustainable public financial management that enables socio-economic transformation

3 The overarching vision for PFM reform reflects the high level objectives set out in the National Development Plan II, which provides the framework for driving Uganda towards middle income status. Section 3.3 explains how PFM systems will support the infrastructure investment and service delivery needed to achieve the goals of NDP II.

Goal of the PFM reform strategy:

To enhance resource mobilisation, improve planning and public investment management, and strengthen accountability for ***quality, effective and efficient service delivery****.*

4 As an underpinning structure for service delivery and investment, the purpose of the PFM reform is drawn from the Accountability Sector plan, which describes the role of PFM and accountability in driving the quality and effectiveness of service delivery.

Purpose of PFM reforms:

To improve effectiveness, efficiency and accountable use of public resources at all levels of government

3.3 Theory of Change

6 The theory of change for the PFM reform strategy outlines the underlying logic of the reforms, in terms of how resources and activities are expected to translate into outputs, results and impacts on the above PFM outcomes and how the PFM system is expected to contribute to service delivery outcomes. Figure 3.1 below illustrates the logic chain from inputs of resources through activities and outputs to outcomes and impact.

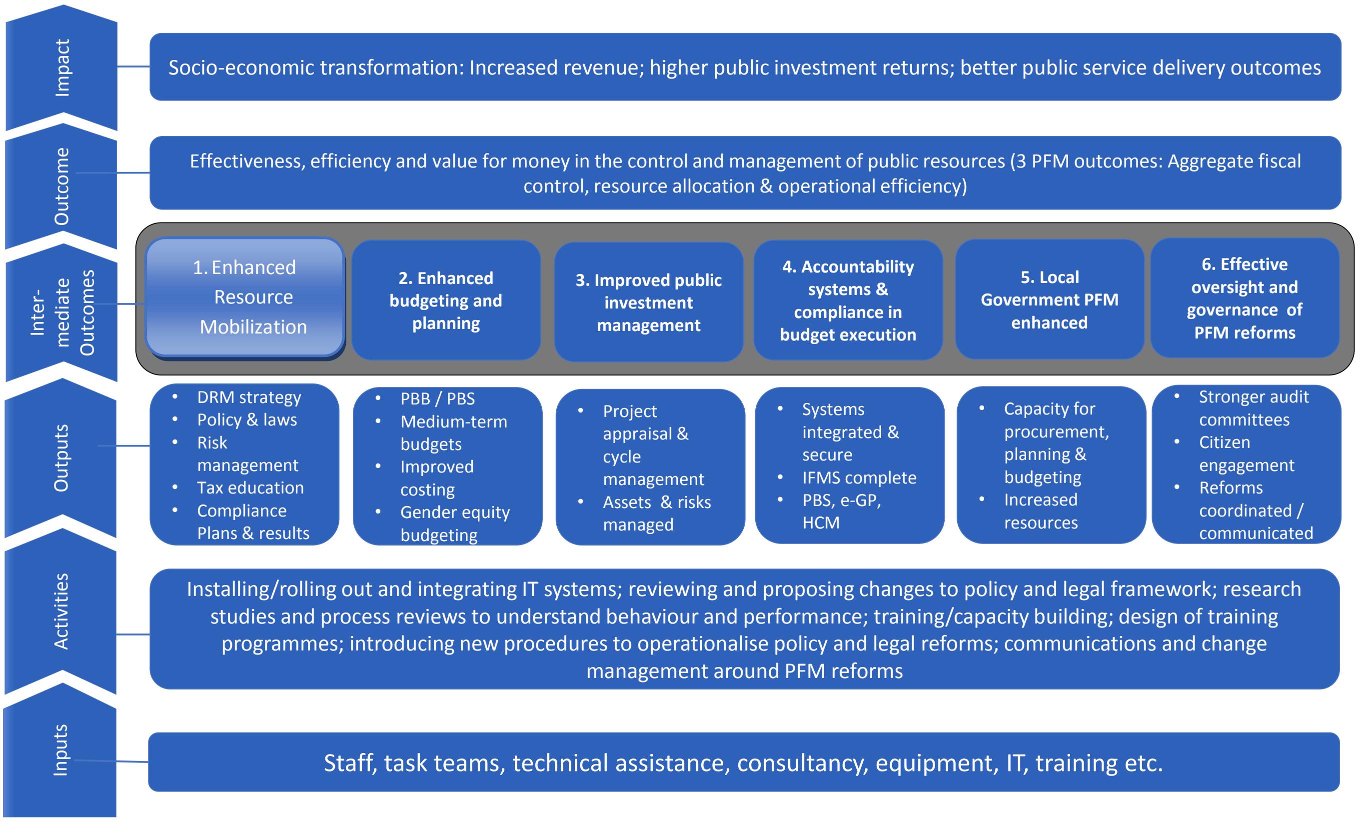
7 Based on the situation analysis and lessons from previous PFM reforms, the interventions selected (discussed in further detail in Section 3.5 below) will focus on the six priority areas for reform. In particular, the activities begin with undertaking diagnostics and research on each priority area of PFM systems, which inform understanding of problems, behaviours and performance of systems. This understanding informs the design of interventions and the development of new policy and legal frameworks (or amendments to improve existing ones). Changes to legal and policy frameworks are operationalised through new procedures, training and performance monitoring, which continues to inform further interventions and improvements. IT systems are also reviewed, better integrated, strengthened and upgraded. IT systems are also supported by security testing and developing procedures for regular maintenance and disaster recovery.

8 By targeting interventions that address the six key problem areas identified, these interventions will contribute to a better-functioning PFM system and achievement of the three PFM outcomes: aggregate fiscal control, resource allocation efficiency and operational efficiency in public expenditure for service delivery.

Better functioning and transparent PFM systems result in more accountable, efficient use of public resources and effective public investment management, which in turn, leads to improved service delivery and achievement of higher returns from public investments. For example, ensuring that procurement procedures introduce more competition into the procurement process should lead to contracts delivering better quality, at more cost-effective prices. This improves the quality and value for money of supplies of goods and services provided on behalf of the government. Greater fiscal transparency, participation and compliance with PFM procedures reduces errors, misuse and other leakages of resources, enabling limited resources to be better targeted toward Government priorities. It also enables more accurate and comprehensive reporting, which can be monitored, audited and strengthened further.

9 While it is important to identify the right technical solutions, based on situation analysis, this strategy recognises that the right solutions are not sufficient. Each reform will require a systematic approach to managing change. Resistance to change is a natural part of the PFM reform process and needs to be anticipated and mitigated through specific planning. This process requires measurable milestones, effective communication and engagement from the top management levels down to technical delivery. The change management and communication approach is detailed further in Section 5.

Figure 3.1: PFM Reform Strategy Theory of Change



3.4 Approach to Sequencing of PFM reforms

10 PFM reform literature is mixed on issues of sequencing and several approaches have emerged. Initially, reforms focused on adopting best practice. Recognising that 'best practice' is not always suitable or achievable for every context, the focus moved to 'basics first' to ensure that more nascent systems achieve basic functionality and robust mechanisms as a platform for more advanced reforms. The PEFA assessment

framework appreciates both approaches by establishing a common standard of 'good practice' across countries, with indicative criteria that recognises what a more basic system looks like compared to advanced. Achieving the 'C' score is a measure of reaching a basic international standard, from which further advancement can be made by enhancing existing processes and capacity.

11 Nonetheless a linear approach does not always make sense, when some parts of the system are already considered 'advanced' while others are still far behind. Most countries, even at a low level of development in PFM, can achieve at least one or two 'A' or 'B' scores when the rest are rated 'D'.

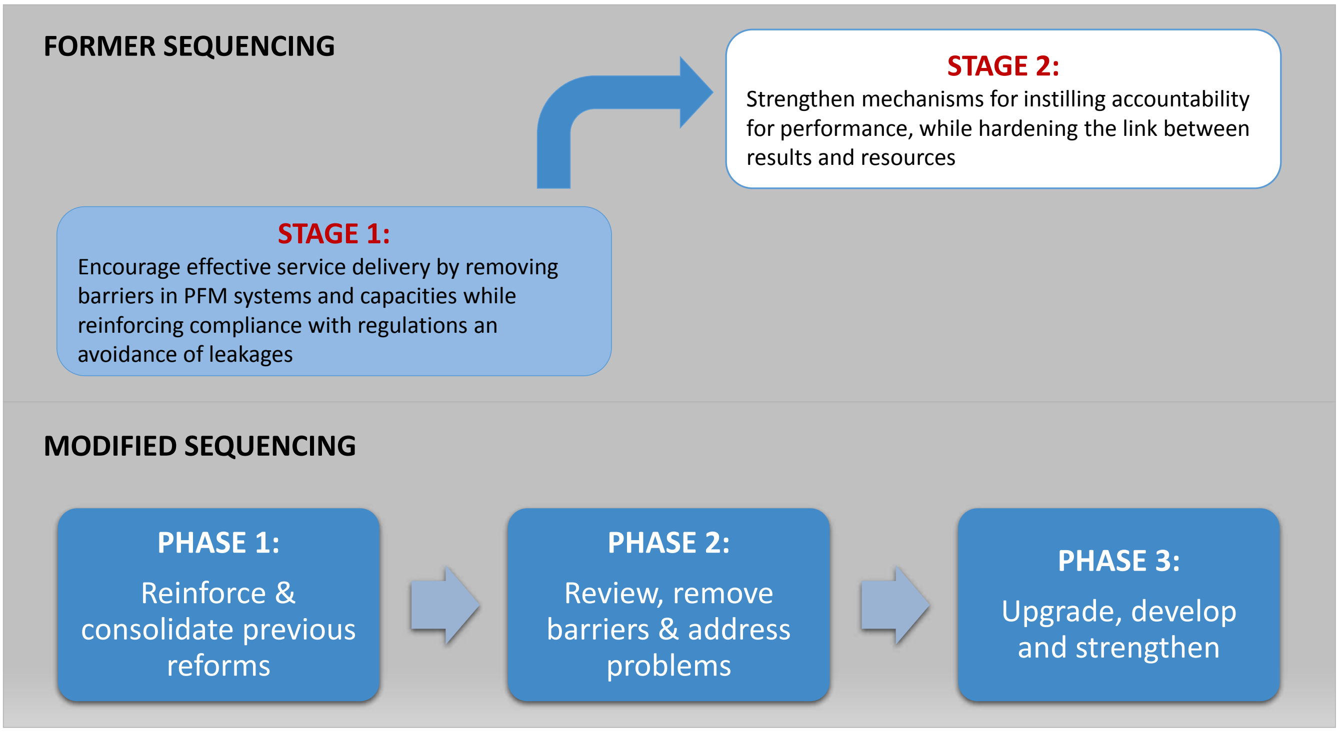
12 A more dynamic and context specific approach emerged that consider factors, such as the 'Plateaus not summits' approach and 'Problem-driven iterative adaptation' (PDIA). These approaches recognise what exists and uses existing strengths to further build up capability. In particular, they focus on the importance of 'quick wins' that can be used to gain trust and demonstrate impact of new systems, which, by building compliance with new procedures, can become sustained and embedded in mainstream practice over time. Change or new reforms in this case, only needs to be considered on a need basis (problem-driven) and when the system is already robust enough to enable new reforms, which entail some risk. Recognising that some reforms tend to take place in form and not function and never genuinely achieve the desired outcomes, it is important to learn from the process and understand what underlying constraints there might be, or missing links in the system, that need to be addressed. By taking a more 'iterative, adaptive' approach to reform, it is possible to refine systems and procedures through learning and adaptation.

13 Previous PFM reform strategies in Uganda have been based around defined stages of reform, moving from removing barriers, reinforcing compliance, and ensuring controls are in place, then strengthening accountability, and linking results with resources to ensure effective service delivery. While, in principle, this approach is logical, and ensures that there is a strong platform for development, before more advanced reforms are attempted, in practice, these stages have been difficult to logically interpret and apply. This is because there are a number of reforms ongoing at different stages across PFM systems, and some move faster than others. As an example it is difficult to distinguish between reforms that contribute to compliance, and controls and those that strengthen the link between resources and results.

14 This strategy recognises that there will be aspects of the system that have reached different 'stages' of reform, but should not be stalled if there is momentum to continue. At the same time there will be other areas that take longer to move past the first stage, but are critical, and require continued support. Some areas may be able to move forward more quickly, but limited resources should not be too focused on these if there are still significant risks or weaknesses in compliance, for example, in other areas. Furthermore, if hurriedly undertaken there may be some missing components or those with weaknesses that could undermine the success of new or more advanced reforms.

15 The reform programme may also need to respond to urgent risks or issues arising. It is also important to ensure that previous reforms are fully embedded and their performance is reviewed. Any problems identified should be addressed, with capacities built around them to achieve their full value. There will need to be understanding and compliance with the new procedures, which may be affected by incentive structures and resistance to change. For example, IT-based accountability systems should be secure, contain accurate data, and have operators who are capable, using them effectively, and supporting their integrity, before any new system developments or upgrades are attempted.

Figure 3.2: PFM Reform Sequencing



16 In order to ensure that the reforms are problem-driven, responsive to issues arising, adaptive based on learning and deliver the greatest value, 3 phases will therefore be applied to the sequencing of the reforms:

- Phase 1: Reinforce and consolidate previous reforms, ensuring that systems are used to best effect and there is compliance with laws, regulations and procedures;
- Phase 2: Review performance and effectiveness of the systems and reforms, identify mitigating actions, take steps to remove barriers and address problems identified; and
- Phase 3: Upgrade, develop and strengthen systems towards higher standards in PFM practices.

Hypothetical Example: DRM

- ***Phase 1: Clean and improve data integrity in e-Tax system, ensure procedures in place to maintain integrity of data and staff have capacity to use the system effectively; ensure recent legislative and policy changes are understood and implemented;***
- ***Phase 2: identify and address barriers and performance issues e.g. improve taxpayer services to make voluntary compliance easier, focus resources on highest revenue risks and design appropriate strategies; review efficacy of IT systems; review laws and identify new opportunities to mobilise revenue;***
- ***Phase 3: Upgrade/improve IT systems, introduce legislative reforms to mobilise new sources of revenue.***

17 The interventions identified in this strategy and sequenced in the implementation plan will not all move through all 3 phases. Some interventions will be focused only on Phase 1 or Phases 1 and 2. While others may be ready to move to Phase 3 more quickly, for example, when there has already been a review and

satisfactory performance achieved, and a need identified to move ahead to a more advanced standard. There could also be 'quick wins' that are possible early on, to provide encouragement and opportunities for further consolidation.

3.5 Reform Priority Areas and Key Interventions

This section outlines the six priorities for reform, with a summary of each, including the objective, intermediate outcomes and key interventions required to deliver change in that area. For each of the six areas, a brief narrative explains how the interventions will address the problems identified, key considerations for implementation, and linkages to other strategies and ongoing work that will be continued.

3.5.1 Sustainable Resource Mobilisation

***Objective 1**: To enhance resource mobilisation for Uganda's sustainable development*

18 Objective 1 focuses on financing the National Budget to be able to achieve national economic objectives, including the up scaling of public investment. The aim is to improve domestic revenue mobilisation to be able to finance the fiscal deficit and reduce (or eliminate) aid dependence. Nonetheless, in the process of mobilising domestic revenue, and during a phase that requires major investment in infrastructure, it recognises the need for borrowing. This objective therefore also aims to improve the quality and sustainability of external resources, such as grants, concessional and non-concessional loans.

19 The framework for implementation of domestic revenue mobilisation underpinning this objective shall be the medium-term domestic revenue mobilisation strategy (DRMS). Once completed, it will be the principle guiding framework for implementation and sequencing of interventions under this objective. In order to ensure consistency with the DRMS, the design of this PFM reform strategy objective was undertaken in close consultation with the committee leading on the DRMS, including agreement on high level outcomes and key interventions, as outlined below. It is understood that the detail of specific activities for implementation of this objective is subject to change, based on further analyses, and consensus on priorities, implementation modalities and financing sources. Activities presented in the Implementation plan are therefore somewhat generic and refer specifically to the DRMS, as the main reference document.

Outcomes and Key Interventions:

OUTCOME 1.1 - ENHANCED ENABLING ENVIRONMENT FOR REVENUE MOBILISATION

20 This outcome addresses the problem of the lack of coordination across Government on revenue mobilisation, by introducing a cross-Government campaign to strengthen tax compliance focusing on public sector contractors, linkages with private sector associations, and engagement of civil society with a national education campaign. A strong institutional structure is required to drive the delivery of the strategy, including strengthened mechanisms and systems to enforce compliance, with more effective enforcement managed through a sector-by-sector approach. This can be facilitated using the existing data warehouse analysis tools and providing opportunities for further integration with third party sources across Government to validate tax data and inform compliance strategies, such as Government suppliers, social security, land registry, company registry and other relevant sources.

21 Key interventions (outputs) include:

i. ***Develop a medium-term Domestic Revenue Mobilisation Strategy*** that includes establishment of a comprehensive governance arrangement for revenue mobilisation – building synergies through collaborative approaches between central and local governments. In addition, improve data quality and monitoring systems for non-tax revenue (NTR) collected by MALGs. Leverage engagement of Private Sector, Civil Society and other non-state actors in the DRM sub-group for continuous dialogue.
ii. **Strengthen tax policy and legal framework for revenue mobilisation** with consideration of fairness, equity and simplicity.
iii. **Strengthen the tax policy function through establishment of an institutional and policy framework for tax policy analysis and formulation**. Includes enhancement of the tax research and analysis function and a coordinated tax policy research programme with key stakeholders' participation (ie NPA, EPRC, BoU, UBOS) covering aspects of behavioral analysis of tax payers and assessment of tax elasticity to inform tax policy design and regime.
iv. **Establish policy framework for transparency in reporting on tax expenditures.** Includes annual reporting on tax expenditures for inclusion in the budget and related policy guidelines;
v. **Strengthen Performance monitoring and reporting framework for DRM strengthened.** Includes a comprehensive results framework and targets to facilitate intermediate and annual assessment for entire DRM System; agree protocols and procedures for data sharing; and establishment of the revenue monitoring function under BMAU.

OUTCOME 1.2 - TAX COMPLIANCE IMPROVED THROUGH INCREASED EFFICIENCY IN REVENUE ADMINISTRATION

22 This outcome aims to improve performance in tax compliance, with a focus on voluntary compliance and revenue risk management, including risk profiling for domestic taxes and customs declarations, and improved targeting of compliance and enforcement activities appropriate to the level of risk. In particular, key compliance gaps identified should be addressed as priority, for instance Value Added Tax (VAT), large and medium income taxpayers in the six high-risk sectors (including withholding tax), and income tax for professionals and high net worth individuals. Understanding taxpayer needs and behaviour will be key to ensuring that the tax system, procedures and taxpayer services address their needs, and encourage compliance.

23 Key interventions (outputs) include:

i. **Enhance revenue data integrity and efficacy of IT systems**. Includes integration and simplification of the tax administration IT systems with related capacity enhancement; and, establishment of e-payment gateway
ii. **Implement the strengthened tax Compliance Improvement Plan (CIP).** Includes strengthening risk management policy and framework; and, firming up data analysis along the key processes of registration, filling, payment and valuation;
iii. **Strengthen URA capacity for investigation**. Includes framework and capacity for investigation of tax evasion and Illicit financial flows in line with DRM strategy;
iv. **Enhance administrative capacity and framework for effective international taxation.** Includes capacity for audit of international corporations, transactions and high net worth individuals;
v. **Establish mechanisms for enhanced contribution of non-tax revenues (NTR).** Includes policy and systems for centralised collection and monitoring of NTR.
vi. **Enhance taxpayer services and education programme.** Includes increased options for tax payer advice and assistance; simplifying compliance requirements based on results from the taxpayer behavioural analysis survey along with a pro-integrity campaign for tax administration.

Outcome 1.3 - Enhanced collections from new revenue opportunities including oil, gas and mineral sectors

24 Outcome 1.3 aims to identify potential new sources of domestic revenue and develop proposals and systems to assess and collect revenue from them. In particular, as identified in the problem analysis, as the economy develops, new economic activities and sectors emerge that should contribute to the tax base. For example, commercially viable deposits of oil, gas and minerals have been explored and developed. Recent reforms have focused efforts on establishing a robust fiscal regime, licensing framework and other legal and regulatory provisions. Further improvements, procedures and capacities now need to be built in order to reap the full benefits and ensure that revenues are well-managed. Ongoing support to operationalise Government's commitment to join the Extractive Industries Transparency Initiative (EITI). This will require engaging a new set of stakeholders, including those in the energy sector.

25 In addition, there may be further opportunities attained from engaging more with other sectors, including the regional economic integration agenda, environmental protection, taxation of emerging sectors (e.g. e-commerce) or from strengthening the wider regulatory framework or institutional framework that could have wider benefits for enabling tax administration. While this would be outside the control of the PFM reform, stakeholder engagement could help identify and collaborate on common aims. New opportunities will be identified and developed through consultative review, leading to legal and policy proposals for submission to Parliament, with estimated fiscal impacts for the budget.

26 Key interventions (outputs) include:

i. **Enhance enabling framework for exploiting new revenue opportunities.** Includes feasibility and impact analyses of potential new revenue opportunities from emerging sectors, EAC agenda along with attendant enhancement of legal and regulatory frameworks;
ii. **Enhance enabling environment for assessment, collection and management of revenue from oil, gas and minerals.** Includes establishment of regular reporting frameworks on extractive industries in line with fiscal transparency requirements; and, specialised capacity enhancement in oil, gas and mining

Outcome 1.4 - Sustainable debt and Development financing

27 This outcome aims to address remaining weak capacities in certain aspects of aid and debt management to ensure that any new debt contracted is sustainable and is managed effectively. This will include ensuring that there are capacity and adequate frameworks for implementing the debt management strategy and operationalizing the debt directorate. This requires capacity to undertake analysis of the nature and wider financial and real impacts of debt to inform the debt contracting and alignment with GoU's policy framework. In addition, recommendations from the DeMPA will need to be addressed, including strengthening management of GoU contingent liabilities arising from loan guarantees, PPP contracts, borrowing by Local Governments, municipal councils and public parastatals; training on operational risk management and sensitisation with key market players in the domestic debt market, including commercial banks, pension funds, insurance companies, corporations and off-shore investors.

28 Key interventions (outputs) include:

i. **Develop a Public Financing Strategy** entailing modalities for comprehensive and transparent assessment of existing and potential new financing options from concessional and non-concessional sources , as well as possible grant inflows, focusing on assessment and how best to mobilise the highest quality financing to support national development priorities and ensure debt sustainability. Includes development of a new 5-year Public Debt Management Framework and related institutional frameworks;

ii. **Regular market engagement on investment in Government Securities**. Including primary and secondary market sensitization and introduction of Diaspora bonds, infrastructure bonds, mobile money bonds and related performance reviews;

iii. **Enhance capacity in public debt (loan) negotiation, debt sustainability analysis and Operationalization of the debt management strategy.** Including formulation of a contingent liabilities framework; database for contingent liabilities; collaborations with credible research and institutional development organization such as UNCTAD and MEFMI; developing an interface for analysing and disseminating debt statistics and;

iv. **Develop support management policy framework** with systems to promote aid effectiveness. This includes a framework agreement signing between MoFPED and DPs and related capacity in development Support policy; in addition to the compendium of development partner portfolio.

3.5.2 Planning and Budgeting

***Objective 2**: To enhance policy-based planning and budgeting for allocative efficiency*

29 Objective 2 aims to strengthen budgeting and planning at several levels: (i) high-level Sector plans to be of better quality and prioritised in line with national objectives; (ii) multi-year commitments and cost estimates of sector plans are captured in the MTEF and reflect realistic budget projections; (iii) the MTEF itself is more accurate and credible, validated using bottom-up estimates as well as top-down ceilings and any adjustments are explained and transparent; (iv) Annual budgets include accurate costings, information on fiscal risks, impacts and linked to MTEF.

30 Specifically, these reforms will be deepened in the selected key service delivery sectors, i.e Education, Health, Agriculture, Water, Roads, and Energy. Aspects relating to policy reform, adoption of good practice and related systems for effective planning and budgeting shall maintain a whole of government approach. However technical assistance and capacity development shall be availed to deepen adoption of reforms in the selected priority sectors. This element of prioritization refocuses the reform strategy in sustaining the contribution to key service delivery outcomes.

31 In addition, this result area also seeks to further integrate programme-based budgeting and gender equity budgeting to strengthen the link between resources and outcomes and enhance the strategic allocation of resources to address gender inequalities.

Outcomes and Key Interventions:

2.1 BUDGET ALIGNED TO STRATEGIC PLANS AND MEDIUM TERM BUDGETS

32 This outcome addresses the problem of the lack of fiscal and economic impact analysis. In addition, it provides for the further embedding of programme-based budgeting through use of the PBS tool, assessing

and addressing capacity needs, and reviewing the performance of the PBB approach. The approach to addressing the key coordination challenges involved in strengthening linkages between planning and budgeting will require close coordination between MoFPED, NPA, OPM, MoLG and MoPS, among others. In particular, strengthening sector coordination and sector planning processes will be key to setting and operationalizing performance standards across Government. Strengthening the role of NPA, particularly at the start of the budgeting process will also be important to inform the budget strategy, against which the NPA compliance certificate may be assessed annually.

33 Key interventions include:

i. **Establish Programme based planning approach to anchor programme based budgeting reforms in development planning.** This will include restructuring NDP III and Sector strategic plans along programs linked to national strategic objectives to ease PBB/S implementation; reconfiguration of national and strategic plans and the accompanying M&E results frameworks in a programme context.

ii. **Strengthen institutional capacity for the planning function. In**cluding development planning, policy impact analysis, Sector Working Groups to develop strategic plans;

iii. **Enhance institutional frameworks for effective development planning and budgeting** through strengthening NPA's strategic planning function (including an NPA through DEA policy statement to inform budget strategy), streamlined sector planning function and joint collaborative approach between NPA, MoFPED, OPM, Sectors, and MoLG;

iv. **Private Sector engagement forum through strengthening coordinated and participatory mechanism at sector level to inform budget preparation (To be monitored in the Priority Reform Action Matrix (PRAM) a tool of the PEMCOM).** This includes inclusion of private sector (UMA, PSF, etc) and establish engagement at each sector WG during budget development consultations

v. **Functional National Management Information System** for effective development planning;

vi. **Review of Sector and MDA planning guidelines**. Includes harmonization with the PFMA, Comprehensive National development planning framework (CNDPF), National Human Resource Development Planning framework (NHRDPF), planning regulations among other planning frameworks,

vii. Review, develop and disseminate certificate of budget compliance framework to strengthen budget alignment; and

viii. **Strengthen Program-Based Budgeting (PBB) reform for the planning and budgeting function in government.** Includes training in M&E to conceptualise results frameworks and result hierarchy critical for development strategic plans and budget alignment.

2.2 Multi-year commitments reflected in annual budgets

34 This outcome will enhance the credibility of the MTEF by introducing a framework for multi-year budgeting and commitments monitoring, and developing capacity in budgeting and costing, with the initial focus on high-spend votes. It also focuses on operationalising the Charter of Fiscal Responsibility through institutional arrangements for monitoring targets and enhancing the underpinning statistical data. DEA (MoFPED) in liaison with NPA will strengthen the planning function through professionalization of Economists and Statisticians in government (known as 'common cadre'), development of a certification framework, legal framework, code of ethics, work with Civil Service College to twin with reputable institutions to offer standardised and quality training.

35 Key interventions (outputs) include:

i. **Strengthened accuracy and comprehensiveness of multi-year budgeting.** Includes review and establishment of policy framework for multi-year budgeting and commitment monitoring;
ii. **Introduce Certification Programme on development planning for Economists, Statisticians etc; and, a sustainable apprenticeship programme** for improved specialised and standardized sector-level planning across government. This will be an extension of the graduate economists' scheme.
iii. **Enforcement of multiyear commitment reporting as required by the PFMA.** This includes enhancing capacity for effective contract management to monitor and report multi-year contract performance and planning.
iv. **Policy requirement for annual variance analysis and attendant explanation between the 2nd year of the previous MTEF with the current budget year**
v. Government economists trained to improve quality of MDALG plans with a realistic multi-annual perspective.

2.3 Enhanced Planning and Budget responsiveness to gender and equity

36 This outcome aims to maximise opportunities further embed gender and equity considerations in Public Financial Management for sustainable development. Key strategy aspects will include gender equity, environmental equity, and spatial equity among others. In this, strategies will revolve around support compliance with the gender equity budgeting reforms as well greening the planning function of government.

37 Aspects on greening are critical because, for instance, the anticipated benefits accruing from the discovery of oil (a non-renewable natural capital) are key variables already being heavily leveraged in the GoUs economic growth prospects. This is not to mention agriculture and other minerals. Natural capital whose rate of consumption is greater than the rate of replenishment 'in the planning horizon' should be considered non-renewable and policies impacting their usage rate which may lead to their overuse or exhaustion in the stipulated time-frame should be cautiously formed. Unintended side-effects of some otherwise effective policies may lead to accelerated depletion of certain natural capital or environmental pollution. Environmental impact assessment, economic valuation of environmental costs vs. benefits, and appraisal of economic costs of potential side-effects in different implementation scenarios thus should be an integral part of policy making and plan development process.

38 Key interventions (outputs) include:

i. **Enhance gender and equity budgeting in selected key sectors (Education, Health, Water, Energy and Agriculture).** Includes capacity building to deepen GEB planning and budgeting process gender statistics refined in line with M&E methodologies
ii. **Embed green concerns in national and sectoral policies and plans.** This include selection of instruments (whether market or non-market) to promote green behaviour,
iii. **Engender and Green the MTBF.** This includes consideration on Climate Expenditure Tracking Framework (CETF) to track climate change related expenses; capacity building for greening the policy formulation process.

2.4 Increased equity and discretion of resources allocated to LGs for improved service delivery

39 This outcome addresses the lack of resources and discretionary grants available to Local Government for service delivery through the budget process, by reviewing, rationalising and enhancing the allocation formula. This will require establishing industry norms and service delivery standards, with appropriate costing to inform more effective budget allocations. Complementary to this is also a review of the legal

framework and institutional architecture for decentralised service delivery to improve the effectiveness and efficiency of local service delivery, including development of costing norms for service facilities to guide budget allocation. Reforms under this outcome will be closely ongoing reforms linking allocations (intergovernmental transfers) with performance (more directly linked under outcome 5.4 on enhanced accountability and performance monitoring of service delivery)

40 Key interventions (outputs) include:

i. **Review service delivery costs at LG level based on sector standards** to establish norms in the target sectors for rural and urban LGs as recommended in the Fiscal Decentralisation Architecture report, including service delivery standards and costing;
ii. Improve the institutional framework for management of inter-governmental fiscal transfers and assignment of roles and responsibilities; and
iii. **Enhance enabling legal, policy and reporting framework for local service delivery.** Includes, review compliance with the current strategy/policy and legal framework for devolution of services, and assess feasibility of introducing enhanced discretion of funds (reduced earmarking) for LGs, with incentives for improved accountability performance.

2.5 Evidence-based economic and fiscal policy making strengthened

41 This outcome aims to support and drive demand for the use of analysis and evidence in economic and fiscal policy formulation. By harmonising M&E frameworks across Government, limited resources for data collection and review will be used more effectively. In line with embedding a PBB approach, capability for reporting on the quality of service delivery down to local government level will be strengthened. This will include undertaking key strategic evaluations, based on development of a medium-term evaluation and research programme that will guide more regular evaluations. Establishing a means of coordinating, disseminating and making use of evidence to inform policy making will be important to enhance learning from previous experience. For example, commissioning timely analyses for sector performance reviews. Building on existing efforts to monitor delivery against the budget, activities will focus on developing a consistent approach to budget monitoring and improving the dissemination of monitoring information.

42 Key interventions (outputs) include:

i. **Enhance ools, procedures and capacities for gathering evidence, including statistics, and undertaking analysis to inform policy.** Includes undertaking an impact evaluation of NDP II; and, develop a programme of regular Public Expenditure Tracking review with selected high-spending sectors to guide the formulation of performance outcomes and targets for the remaining period of the NDP;
ii. **Strengthen coordination and harmonization of fiscal and monetary policy framework of Government**
iii. **Establish and enhance mechanisms for fostering and requiring the use of evidence in policy formulation and planning.** Includes review and establishing institutional arrangements that provide incentives for policy makers to access and use research in policy formulation e.g. compliance with certificates of fiscal impact, **Publication** of impact on new policy proposals and significant public investments in the National Budget;
iv. **Harmonize monitoring and evaluation framework within Government.** Includes developing harmonized guidelines for project ex-ante, mid-term and ex-post evaluation,
v. **Enhance reporting capability on service delivery, including at LG level.** Includes establishing a working interface between PBS, IFMS and AMP; and, strengthen the GAPR process for follow up of recommendations in service delivery.

vi. **Strengthen monitoring of the budget and evidence uptake**. This will include mechanisms for dissemination of budget monitoring information; and

vii. **Develop an Economic Policy research program** that is relevant and timely to inform government policy formulation. MoFPED (DEA) to coordinate Economic Policy research agenda and identify research areas (Research database, tools, system and capacity to be identified as part of implementation); better coordination and management of research, work with EPRC, DEA, NPA and other research institutions both local and international.

viii. **Establish an economic research forum to discuss research findings and how to inform policy**

3.5.3 Public Investment Management

***Objective 3**: To strengthen public investment management (PIM) for increased development returns on public spending*

43 Objective 3 aims to establish and embed a comprehensive project cycle management approach across Government, focusing initially on selected key sectors. This encompasses support at all stages of the cycle to enhance the economic return from investments as well as value for money, by improving project preparation, independent review processes, use of appraisal in project selection, enhancing procurement and contract management processes, better tracking and management of public assets and strengthening accountability and performance reporting. A significant amount of training and capacity building is required under this objective across a range of PFM institutions. Training will therefore be embedded within existing government programming of training and options for partnerships with relevant external training institutions for delivery of training, including on-line learning will be explored.

Outcomes and Key Interventions:

3.1 Efficient identification, selection and management of Public Investment Projects (PIPs) and Public-Private Partnerships (PPPs)

44 This outcome focuses on the planning and budgeting stage of PIM and providing an overarching project cycle management approach, with guidance and support to relevant institutions. In addition to setting up more strategic practices, the aim is also to take stock of and rationalise the existing projects in the PIP and improve the quality of data held on projects. It links closely to Objective 2, in terms of providing strategic direction to Sector Working Groups and MDAs as their plans are developed, as well as improving the quality and comprehensiveness of multi-year commitment planning and costing of projects, and ensuring these are fully captured in the MTEF and annual budgets. Underpinning the strategic prioritisation is an emphasis on project appraisal and feasibility assessment to strengthen project preparation, costing and assessment of potential economic impact to inform project selection and ensure resources are allocated to investments with the highest returns. Development of competent support structures for each institution represented at the Development Committee is also needed to undertake effective analysis and appraisal of proposed projects.

45 Global experience indicates opportunities to mobilise resources and for management of investment in infrastructure more efficiently through the private sector. Nonetheless, the use of PPPs involves significant challenges, including providing an effective legal framework, appraisal and analysis of financially viable PPPs, allocation of sufficient resources to ensure adequate project preparation and delivery, and analysis of fiscal

risks[47]. Capacity for management of PPPs is essential for ensuring effective planning and delivery of PPPs. In particular, it is important to engage Sectors in PPP selection, to align with development objectives of the country.

46 Key interventions (outputs) include:

i. **Improve multi-annual planning and management of high value investments in selected sectors/MDAs.** Including align MTEF with the multi-year commitments by sectors and MDALGs;
ii. **Establish Infrastructure corridor policy.**
iii. **Develop IT-based Integrated Bank of Projects (IBP).** Including stocktaking and revalidation of PIP; automation of projects management aspects in the PIP. This should guide phased and more prioritised selection of projects;
iv. **Strengthen capacity for project cycle management of Public Investments.** Including strengthened governance and technical support to the Development Committee; and, development sector specific project appraisals.
v. In addition, institutional capacity will be built across the entire project cycle to prepare quality projects, undertaking rigorous appraisal project development (selection, prefeasibility and feasibility studies), and project management, construct the assets efficiently and at minimum cost, and monitor and maintain these assets.
vi. **Enhance capacity and agree principles for greening public investment** by incorporating changes in the project formulation (DPP preparation), approval, implementation, and post implementation phase and related guidelines. Capacity and tools will be developed to imbibe environmental sustainability into PIM as a key building block. This includes considerations for strengthening the Environmental Clearance Certificate for projects awarded by relevant authorities in line with the national Environmental policy instruments.
vii. **Establish Investment project costing methodology/formula.** Including deepening usage of approved national parameters, shadow prices and conversion factors for the preparation, appraisal and selection; and Unitary Prices Database developed and disseminated;
viii. **Develop modalities for independent and formal appraisal,** including introduction of an annual review of major ongoing and new public investment projects for submission to Cabinet as part of the budget cycle;
ix. **Enhance governance and institutional arrangements for project selection and appraisal** including: review and strengthening National Development Committee (DC); establish appraisal and analysis function with each of the DC representative institutions to enrich the project selection and evaluation process; Strengthen Sector Level Development committees to deepen participation of key stakeholders including CSOs;
x. **Strengthen regulatory and institutional framework for management of PPPs** including sector role in PPP selection; diagnostic study to harmonize PPP legal framework with other PFM legislation and regulatory framework (PFMA, PPDA, Investment Policy etc)
xi. **Strengthen capacity for management of PPPs**. Including capacity for assessment of fiscal risks of PIPs and PPPs strengthened (models); and
xii. **Strengthen legal framework for PIM**. This will also include development of the Public Investment Management Policy, review the PPP act and harmonising the PIMS legal & regulatory framework

3.2 ENHANCED VFM IN PUBLIC PROCUREMENT FOR LARGE, COMPLEX PUBLIC PROCUREMENTS

47 This outcome recognises that there is low VfM across all public procurements, but that the greatest impact with limited resources can be achieved by focusing reform efforts on the largest, most complex

[47] Leveraging Public-Private Partnerships to Plug Uganda's Deficit in Infrastructure Finance, World Bank (2017)

procurements. The intervention approach for large, complex projects focuses on enhancing the legal and regulatory framework, local content policy and introducing techniques and processes to strengthen the independence and quality of large procurements. This will be complemented by reforms under Objective 4 (Accountability systems), which will support the roll out of e-Procurement and developing professional training programmes for procurement cadres. In order to support compliance with procurement systems, reform activities will also focus on developing a professional training programme for procurement cadres. Training under this outcome will be limited to central government, with further support provided to Local Government under Objective 5 (Local Government PFM).

48 Key interventions (outputs) include:

i. **Enhance institutional, legal and regulatory framework for governance of public procurement system.** Also involves oversight committee of central agencies (MoFPED, PPDA, OPM, NPA) established for large value procurement actions;

ii. **Strengthen Capacity in contract management** including Identifying priority sectors for rolling out Green Public Procurement; operationalizing and integrating contract management functionality on EGP/IFMS and develop contract management manual; and, developing of technical basis to support Green Public Procurement, developing PPDU staff awareness on Green Public Procurement:

iii. **Improve procurement monitoring for managing large and complex procurements in selected sectors/ MDAs**. Including introduction independent parallel bid evaluation (IPBEM) in high spend sectors for strategic/complex procurements.

iv. **Build capacity and agree principles for greening public procurement** systems and functions across government

v. **Strengthen capacity in public procurement.** Includes development of the Local content implementation strategy and rollout of the E-learning system across government;

3.3 Optimal utilisation and maintenance of public assets and investments

49 This outcome aims to address the lack of recording, monitoring and proper maintenance of public assets, primarily through the activation of the asset and inventory modules of IFMS, as well as providing supporting guidance, training and procedures for public asset management.

50 Key interventions (outputs) include:

i. **Public Asset and Investment Management policy** to provide overall policy guidance on assets and public investments. The formulation of a PIM legal and regulatory framework shall be guided by this policy. This also includes development of guidelines on asset operation and maintenance;

ii. **Develop guidelines on Governance of state owned enterprises (SOEs).** Including reporting mechanisms e.g. website with a published list of SOEs, information on the assets, income, and number of employees;

iii. **Policy for management of G.O.U financial assets developed** for management of GoU financial assets. Includes design and pilot the IFMS inventory management module in selected MDAs and LGs

iv. **Non-current assets policy operationalised**. Including implementation of road map for accrual accounting based on identified priorities

v. **Develop a government asset Management Policy framework**. This will guide improved recording, accounting and reporting of government assets in line with the PFMA and accounting standards; and,

vi. **Develop guidelines on asset operation and maintenance.** Includes extension of IFMS functionality for asset & inventory management for all MDALGs.

3.4 Enhanced accountability in resource utilisation and results for project delivery

51 This outcome aims to strengthen the quality, efficiency and use of project monitoring and evaluation information for key strategic projects. In particular, will aim to embed the use of evaluation and evidence on project delivery in the annual performance review process to inform planning and budgeting of projects and PPPs. This will be closely linked to Outcome 2.5, in which key strategic evaluations of large, complex projects will be undertaken. These evaluations will be undertaken as part of the development of an evaluation programme to ensure that evaluations become part of GoU recurrent activity and not dependent on reform programming.

52 Key interventions (outputs) include:

i. **Policy requirement for DC and Sectors to consider project evaluation reports**. This will be monitored through PEMCOM;

ii. **Harmonize standards and guidelines of public investment management for quality control, greater tracking, and monitoring of results.** A shared understanding is needed across institutions related to identification, appraisal, implementation, evaluation of projects. This will include guidelines on independent end term evaluations to allow for more effective and continuous monitoring, data collection, and effective evaluation;

iii. **Regular performance review and reporting of public projects and PPPs**. Especially for investments in the selected frontline service delivery sectors.

3.5.4 Accountability systems and compliance in budget execution

***Objective 4**: To strengthen the effectiveness of accountability systems and compliance in budget execution*

Outcomes and Key Interventions:

4.1 Effectiveness and accuracy of public service payroll and pension management systems enhanced

53 Achieving this outcome will mainly involve addressing the functional and technical challenges associated with current pension and payroll system, by supporting replacement of the underlying application with a fully automated Human Capital Management (HCM) system

54 Key interventions (outputs) include:

- **Rollout the Human Capital Management Module to MDALGs and integrated with key Government systems (IFMS, PBS, NSIS, and EDMS).** Includes capacity building of stakeholders/MDALGs in decentralised payroll and pension management; skills development in pension and payroll audits; and comprehensive Impact assessment of Pension and Payroll Reforms **.**

4.2 improved Comprehensiveness and quality of financial Reporting

55 This outcome recognises that accounting and reporting standards are adequate, but that there is a continued drive towards international and regional frameworks that require higher standards of accounting. Professional training of accounting cadres therefore supports Government's commitment in the Accounts Act

for all heads of accounts and finance units to be qualified accountants. Progress has been made towards this target already and is expected to be completed during the timeline of the strategy. This also facilitates compliance with the current required reporting and accounting standards. Automation of reporting is required to ensure that data generated by reporting systems is presented in a manner that supports effective decision-making.

56 Accrual accounting and enhanced accounting systems will help address the need to report more comprehensively on government operations, specifically externally financed projects, and public enterprises among others. While accrual accounting is considered a more advanced PFM reform, a long-term goal, the strategy focuses on initial planning of a road map for transitioning towards accrual accounting. An updated capacity needs assessment will ensure that there is capacity to absorb and sustain the planned reforms. As mentioned previously, large-scale professional training programmes will be developed in response to the capacity needs assessment and options for more sustainable delivery methods will be explored to ensure GoU takes up of this recurrent activity following initial support under the reforms.

57 Key interventions (outputs) include:

i. **Enhance professionalization of accounting, procurement & IT cadre in MDALGs.** Includes development of a comprehensive professional training programmes in audit and procurement for local governments and MDAs;
ii. **Improve compliance to accounting standards and guidelines.** Includes issuance of a revised financial reporting framework, guidelines and templates in MDAs and Local governments
iii. **Plan for transition to accrual accounting developed**. Includes configuration of current systems for activation of accrual accounting; and, development of financial reporting policies and guidelines to support accrual accounting.
iv. **Enhance financial accounting capacity in LGs (LLGs).** Includes design and rollout of simplified spreadsheet for LLGs to standardize financial (including revenue) accounting and reporting based on the simplified accounting guidelines
v. **Enhance automation for reporting and analysis of financial data**. Includes implementation of PFM Business intelligence and dashboards software to support enhanced reporting.

4.3 Strengthened effectiveness and integrity of accountability systems

58 This outcome seeks to provide a comprehensive, strategic and coordinated effort to strengthen the governance of ICT systems for accountability, including collaboration with other agencies to strengthen network connectivity. In particular, reform activities will aim to improve the integration of the various stand-alone accountability systems and provide stronger IT security and management. This will also involve introducing a cross-government e-payment gateway, rolling out e-Procurement and to complete the roll-out of IFMS to all remaining entities in order to remove manual processes.

59 Cost-effective integration will require the migration and use of common platforms and services - the implementation of which is being led by NITA-U. These include (i) an application and data integration platform, (ii) common internet and connectivity infrastructure and hosting services through a national data centre, and (iii) shared services such as the unified messaging and collaboration systems, short message service (SMS) platforms and e-Payment systems. Making these services available will reduce the costs for implementation (removing the need to duplicate) and integration across the systems. In addition, it will be easier to integrate and share data with other systems and services outside PFM such as National Identification. Accordingly, and consistent with the IT Rationalization Strategy of Government (CT (2012)

112), all PFM IT systems, existing and new, will have to be hosted on these common platforms by the end of the strategy (FY2022/23). NITA-U, in collaboration with MDAs implementing systems, will present for PEMCOM's approval, a roadmap for migrating existing systems, and guidelines for deployment of new PFM systems requiring them (systems) to use these common platforms as they become established (to be monitored in the PRAM).

60 Key interventions include:

i. **Roll out the integrated E-GP.** Includes change management and capacity building for the e-GP implementation;
ii. **Enhance and integrate Core PFM accountability systems**. Includes strengthening of PFM systems establishment of the IT governance committee and develop guidelines for acquisition of PFM systems by MDAs and LGs; and, integration of ICT-based accountability systems (IFMS, HCM, PBS, e-Tax, e-GP, e-Payment Gateway, DFMAS, AMP, PIM Systems;
iii. **Roll out IFMS (Oracle and FMSFM) & e-Payment Gateway to all remaining MDALGs.** Includes ssetting-up Treasury Service Centers to support optimal use of PFM systems by users; and, upgrade of IFMS (Oracle and FMSFM) databases and applications in line with recommended software lifecycles;
iv. **Strengthen of IT Governance and Security of financial accountability systems.** Includes implementation of zero-day protection for PFM systems and design and implementation PFM Data archiving system.

4.4 Strengthened effectiveness of commitment controls and cash management

61 The aim of this outcome is to address the problem of accumulation of new expenditure arrears by strengthening commitment controls. This will be coordinated closely with activities under Objective 2 relating to monitoring and reporting of commitments and improving multi-year budgeting. The challenge of operationalising the integration of cash and debt management is also tackled by providing support to both functions to improve cash forecasting, and enhancing the roll out of the TSA. Part of the strategy to control expenditure arrears is to improve the sustainability of the public pension scheme, which is a source of spending pressure. This will involve a review and actuarial study of public pensions and improved fund management.

62 Key interventions (outputs) include:

i. **Enhance and more sustainable Public Service Pension Scheme.** Includes actuarial study of current public service pension scheme; establishment of the Board of Trustees for Public service pension scheme/fund (PSPS); and also legal and regulatory policy review; build capacity of stakeholders to manage the Public Service pension scheme;
ii. **Enhance and enforce Commitment Controls**. Includes enhancement of commitment controls within IFMS to capture multi-year commitments and arrears; and, development of consolidated guidelines on recognition, ageing, settlement and reporting of arrears;
iii. **Enhance mechanisms for regular reporting and verification of arrears by MDALGs operationalised.** Includes monthly reporting provided by MDALGs to MOFPED and OPM on the status of clearing domestic arrears; external audit of existing stock of arrears; enforcement of prepayments of utilities across government and development of an arrears clearance strategy with prioritization criteria and institutional responsibilities for monitoring & clearance;
iv. **Strengthen Cash management capacity and institutional framework**. Including integration of CG and LG TSA and externally financed projects; and, development of instruments for financing liquidity shortfalls and investing surpluses;

v. **Implement Active Cash Management.** Includes development of guidelines for cash management; building capacity of Debt and Cash policy directorate to execute its cash management function; and also capacity of MDA&LGs in cash flow planning and forecasting

4.5 Enhanced Assurance (governance, risk and control) by the internal audit function for Compliance of PFM systems

63 In order to strengthen effective management and delivery of government services and operations, Government MDALGs needs to develop and operationalise risk management. Internal audit will therefore play a key role in supporting the establishment and roll out of risk management approaches by operationalizing the risk management strategy across government. This will form a key part of their assurance function. Expanded automation will ensure that internal auditing processes are efficient. In addition, capacity building for internal audit functions will ensure that their audit and recommendations are relevant to government and focused on key risks. Implementation of recommendations will continue to be tracked through the performance monitoring framework.

64 Key interventions (outputs) include:

i. **Expand automation of internal audit processes (using, Teammate, IDEA, CAATs) to LGs not currently covered.** Includes rollout and training MDAs Audit recommendations tracking system; and, provision of computer assisted audit tools (CAATS) for LGs;
ii. **Roll out Risk Management strategy.** Includes capacity enhancement for audit of high value investments enhanced; as well as for oil and gas specialized auditing and related tools
iii. **Strengthen timeliness and quality of internal audit reporting**. Includes building expertise in IT forensic audit for the PFM Systems; Audit of Oil, Revenue Management;
iv. **Improve treasury inspection arrangements to enhance compliance and capacity building**. Includes establishment of a harmonized Treasury inspection framework for foreign missions as well as capacity enhancement for PFM systems inspection and emerging treasury functions.

4.6 Increased PFM Compliance through incentives and sanctions mechanisms

65 This outcome aims to address the ‘soft’ reforms, by reviewing behavioural incentives, rewards and sanctions surrounding compliance with PFM procedures, including inspections with support provided, consultations, dissemination of information and updates and implementation of new procedures.

66 Key interventions (outputs) include:

i. **Improve access to information on PFM reforms.** Includes strengthening change management and communication processes to enhance ownership of reforms between AGO and Accounting units;
ii. **Improve enabling environment for PFM performance management.** Includes revision of Uganda Public Service Standing Orders, developing guidelines for discipline and disciplinary procedures for implementation of a comprehensive sanctions and rewards regime and, establishment of recognition and awards system to identify and highlight officers and institutions that demonstrate accountability and good PFM practice at both CG and LG level.

3.5.5 Local Government PFM for Service Delivery

***Objective 5**: Improved transparency and accountability of Local Government PFM systems*

61 Objective 5 aims to strengthen the fiscal and PFM architecture for fiscal decentralisation, in order to empower Local Government to implement the fiscal decentralisation strategy, in collaboration with central government. This links closely with outcome 2.4, which rationalises inter-governmental fiscal transfers to provide more adequate resources for Local Government. This objective also links to the DRM strategy, which will provide direction on steps to enhance local own-source revenue collections, which is also outlined below. Other key aspects requiring reform effort include local government procurement procedures, strengthening internal audit and clarity of the roles of local PACs and regional committees in audit scrutiny, and building capacity to improve the quality and coordination of planning and budgeting for local service delivery.

Outcomes and Key Interventions:

5.1 Increased contribution of LG own-source revenue

62 This outcome aims to address the weak performance of local revenue collections by providing support to review and enhance the legal and policy framework as well as administrative capacities for revenue collection.

63 Key interventions (outputs) include:

i. **Enhance enabling environment for LG own-source revenue mobilisation,** in line with DRM strategy;
ii. **Roll out Revenue management database to all Local Governments.** This provides accurate information of tax payers and amounts to be charged and involve political leadership in revenue enhancement efforts. Includes updated strategy to build capacity for LG revenue management; and
iii. Revenue management and collection capacity enhanced for local governments, in line with DRM strategy.

5.2 Effective planning and budgeting at local governments

64 This outcome aims to address the weaknesses in planning and budgeting at local level, and their coordination with central government budgeting and planning to ensure that resources are allocated efficiently e.g. through centralised procurement, where appropriate, but with proper consideration of the specific needs of individual LGs.

65 Key interventions (outputs) include:

i. Harmonize planning and budgeting cycles between LG and national budgets, in particular:
   a) Simplified development planning frameworks and formats developed and popularised;
   b) Review and disseminate NPA planning guidelines for local governments;
   c) A review of legal framework on LG budgeting cycles;
   d) NPA Certification of CG budgets to ensure that they are in line with priorities submitted by LGs; and
   e) Strengthen Planning Units in LGs.

ii. **Support planning, budgeting and execution processes (lessons from LGPA) including:**
   a) Support LGs in spatial planning and related Geographical Information System (GIS) equipment and software to strengthen evidence based strategic planning
   b) Issue and orientation of LGs on sector grants, budgeting and implementation guidelines (including issues on social and environmental safeguards) on time;
   c) Publicize Indicative Planning Figures (IPFs) for LGs on time;
   d) Provide ample support to LGs to use the PBS and minimize changes to the budgeting and reporting systems;
   e) Provide guidance and support to LGs to execute the physical planning function
   f) Support in the development and use of Statistical Abstracts

iii. **Financial management and reporting:** Improve linkages between the sector departments and the planning/PFM functions

5.3 Improved quality of audit and coordinated follow up of recommendations by LGPACs and regional audit committees

66 This outcome aims to strengthen the quality and resource allocation to the internal audit function and to strengthen follow up of audit (internal and external) recommendations, with consideration of the roles and coordination between LGPACs, Local Government Accounts Committee of Parliament and regional audit committees.

67 Key interventions (outputs) include:

i. **Improved effectiveness and capacity of LGPACs and coordination with other audit committees.** Includes developing policy, on roles and coordination of LGPACs, district PACs and regional audit committees;

ii. **Improved monitoring and reporting on implementation of LG audit recommendations**. Includes development of a system to ease tracking implementation of audit recommendations for accounting officers; and

iii. **Enhanced quality of internal audit function at LG level.** Including assessment, support, and incentives for Local Governments to allocate sufficient resources for the internal audit function.

5.4 Enhanced accountability and performance monitoring in delivery of services in key service sectors (roads, education, health and agriculture services)

68 The aim of this outcome is to strengthen performance monitoring of local service delivery and provide a more formalised and coordinated structure for reporting of performance and dissemination of findings. It also addresses the gap in local level public expenditure tracking and evaluation. This strategy will support renewed efforts to (a) monitor public expenditures to high-spending units to address the identified gap in expenditure tracking; and (b) evaluate the effectiveness of public finances. In order to enhance sustainability of this reform, the strategy will also aim to establish a Government programme for regular Public Expenditure Tracking Surveys (PETS) reviews over a medium to long-term cycle and adoption of Public Expenditure Reviews (PERs). This should foster prioritization of the PETS as feedback mechanism on service delivery across government. Results in this area have bearing on outcomes under 2.5 (on strengthening evidence-based economic and fiscal policy)

69 **To evaluate and inform public expenditure patterns, the strategy will seek to maximise outcomes in GoU reforms focused on use of fiscal transfer systems to provide incentives for improved institutional and**

service delivery performance of Local Governments. This will be done by leveraging on the Local Government Performance Assessment system[48] (aimed at promoting effective behavior, systems and procedures in order improve LG's administration and service delivery) and linking it with the aspects of the reform results framework. OPM shall conduct the LG PA exercise in time (starting September) following all the prescribed procedures and in line with the budget calendar. This will ensure that the results are used to inform the appointment of Accounting Officers and allocation of development grants. This will be monitored in PEMCOM.

70 Key interventions (outputs) include:

i. **Revise the LG Performance Assessment Manual and process.** The revision will focus on timing of the assessment, sharpening some of the indicators and refinement of the weights and explanation on a few others.
ii. **Foster immediate Administrative Action based on review of the specific needs identified in line with recommendations in the FY2017/18 report.** The Ministry of Finance, Planning and Economic Development shall issue a circular consolidating all issues for attention/redress by LGs including, among others the weaker core areas identified of urgent attention.
iii. **Performance Improvement of LGs.** The performance improvement will be offered through a mix of mutually reinforcing approaches, including regional and district specific performance improvement clinics as well as local government specific hands-on support. The indicative areas for performance improvement, based on a review of the core weaker areas in the assessment that will be concretized into a Performance Improvement Plan. The support will focus on thematic areas of underperformance and low performing LGs as per the LG PA report.
iv. **Recognition of Accounting Officers from LGs.** Public recognition/Incentives and acknowledgment of local governments that have complied with the six (6) accountability requirements (as well as the worst performing) as per the LG Performance Assessment.
v. **Strengthen LG Governance and participation structures.** Including ensuring functionality of community oversight and accountability structures – harmonization of guidelines, ensuring proper constitution and induction/training.
vi. **Develop and operationalise core government monitoring and evaluation system based on NDP, sector and MDA plans.** Includes Impact evaluations for establishment of the effect of the planning and budgeting system on the desired results.
vii. **Enhance performance and accountability for service delivery at LG level.** Including
    a) **Undertake Public Expenditure Reviews (PER)** to analyze government expenditures focusing on selected sectors (roads infrastructure, water, education, health, and agriculture services). This will include simplified dissemination measures to foster use and inform the budget planning stages.
    b) Dissemination of performance monitoring guidelines developed for LGs, including associated capacity building as well results from the selected sector LG Performance Assessments.
    c) Develop a harmonized tracking system for services;
    d) Annual performance reports published and disseminated on GoU web sites; and
    e) Undertake selected sector level Public Expenditure tracking surveys (PETS)

[48] *The system has three dimensions: (1) Budget (1a) and accountability requirements (1b); (2) crosscutting and sector functional processes and systems broken down in measures for districts and municipalities (2a) and for sub-counties, town councils and divisions (2b); and (3) service delivery results.*

5.5 Enhanced integrity and value for money of local government procurements

71 This outcome aims to address weaknesses in the local government procurement systems and procedures. In particular, the key interventions include strengthening the integrity of LG procurement procedures and developing an enhanced legal framework for LG procurement. The approach to strengthening integrity of procurement is framed by undertaking a procurement integrity survey at LG level with contractors, procurement officials, LG leaders and CSOs, to agree challenges and actions for improvement. On the basis of the survey, a national campaign to strengthen integrity of procurement at HLG level will be developed, including support to the procurement function, as required. The survey will be followed up in 2020 to assess the impact of the campaign.

72 Key interventions (outputs) include:

i. **Strengthen integrity of LG procurement procedures.** Including undertaking a procurement integrity survey at LG level with contractors, procurement officials, LG leaders, and CSOs to identify actions for improvement;
ii. **Enhance legal framework for LG procurement.** Including review of legal framework for procurement at LG level and amendments.
iii. **Enhance procurement and contract management capacity.** Including support to sector departments to appreciate and perform their roles related to procurement and contract management.

3.5.6 External Oversight and Governance of PFM Reforms

***Objective 6**: To strengthen oversight and PFM governance functions for the sustainability of development outcomes*

72 Objective 6 aims to address the most pressing gaps in the accountability chain, in terms of audit scrutiny and stimulating demand for downward accountability. It also aims to strengthen the overarching governance framework and the sustainability of PFM reforms by ensuring effective communication and change management, robust capacity development, programming, monitoring and evaluation of PFM reforms. Furthermore, attainment of PFM reform objectives under this strategy requires a capable and efficient human resource, which is complementary to the achievement of sustainable development outcomes.

Outcomes and Key Interventions:

6.1 Enhanced impact of financial and VFM audit reporting and oversight

73 This outcome addresses the backlog in parliamentary scrutiny of audit reports and audit follow up by developing an overarching action plan, support, guidance, monitoring and tracking mechanisms, particularly through the OAG's Management Information System (MIS). This outcome also aims to evaluate the impact of audit recommendations on key sectors and to assess 'softer' aspects of reform by developing a better understanding of the political economy drivers for reform to inform more effective political engagement and commitment to reform. To address the reported lack of appreciation of VfM audits, the strategy will sensitise Members of Parliament. OAG will engage further the target audience for audits in the selection of audit cases in order to strengthen buy-in.

74 Key interventions (outputs) include:

i. **Develop capacity for specialised audits across the PFM processes and selected sectors**. This includes greening auditing based on the principles set by International Organization of Supreme Audit Institutions (INTOSAI); Energy and Oil Audits, Inculcating climate change in audit policy
ii. **MDALGs utilise a shared tracking system to monitor and report on implementation of audit recommendations.** Including completion of the OAG MIS and rollout in all regional centres.
iii. **Assess the impact of audit recommendations on service delivery in selected key sectors**;
iv. **Improve tracking oversight recommendation by MDALGs.** Including implementing a training programme for Local Government Public Accounts Committees; and,
v. **Strengthen mechanisms for political engagement on PFM for accountability** Including capacity building for parliamentary PFM and accountability forums; and special studies on Political Economy of Public Financial Management Reforms to inform understanding of the implications for dialogue and operational engagement of non-technical drivers such as 'political commitment' and inform strategies for strengthening sustainability of PFM reform.

6.2 Improved coordination and monitoring of PFM processes within the Accountability Sector

75 In order to strengthen coordination of PFM reform delivery, new structures of technical sub-groups will be established under PEMCOM covering all six priority reform areas. Through closer collaboration with the Accountability Sector structures, performance against the strategy will be reviewed annually and key risks managed, with escalation to the appropriate forum for action, where necessary. These structures are elaborated further in Section 4. As part of the communications and change management strategy for PFM reform (see Section 5), this outcome aims to strengthen the consistency of tracking progress against PFM reforms and more effective dissemination of the tracking and results, such as through enhanced data collection, online platforms for monitoring progress and regular updates or communications campaigns.

76 Key interventions (outputs) include:

i. **Enhance communication and feedback mechanisms among MDAs and stakeholders implementing the PFM Reform Strategy**, including a web-based monitoring system and Action Log;
ii. **Improve performance reporting by MDALGs on the implementation of the PFM Reform Strategy**, including detailed technical compendium of all PFM KPIs, data collection procedures and reporting guidelines;
iii. Establish new coordination structures for joint planning, implementation and monitoring of the 6 priority reform areas harmonised with the Accountability Sector; and
iv. Introduce an annual review of progress of PFM reforms in collaboration with the Accountability Sectors deepen learning from key stakeholders

6.3 Sustained uptake of reforms through improved learning and coordination of PFM Reform processes

77 Further support to change management and communications is provided under this outcome, including a comprehensive capacity needs assessment and strategic training and capacity building programme. Options for strengthening and facilitating the role of relevant training institutions to deliver PFM training will be explored. For example, this will include exploring the setting up of an e-lab and e-learning platforms for PFM systems. In particular, training programmes to be developed will include strengthening core induction and in-

service training modules for officials and cadres on PFM systems, professionalization of cadres, regulations, enforcement mechanisms, and accountability and integrity standards. This outcome will be attained through enhancement of feedback mechanisms through external reviews by BMAU, EPRC and CSO experts to ensure that learning from experiences has an impact on better policy design and delivery Similarly, this outcome aims to explore and pilot mechanisms for embedding learning from monitoring and evaluation of PFM reforms.

78 Key interventions (outputs) include:

i. **Enhance awareness and feedback opportunities for LGs and MDAs in the implementation of the PFM Reform Strategy.** Includes establishment of MIS to capture LG performance reporting;
ii. **Effective change management and communication on PFM.** Includes development of comprehensive (and attendant coordination mechanisms) needs assessment along with tracer studies to assess impact of learning on improvements in governance and service delivery;
iii. Strengthen training modules and systems for induction and in-service training of civil servants on PFM systems and standards;
iv. **Establish PFM Centre of excellence** for strengthening coordinated learning, research and academia institutions, CSOs as well as international PFM specialised think-tanks and sharing country experience and practices in implementing PFM reforms; and
v. **Develop mechanisms for deepening learning from budget monitoring and diagnostics.** Includes strengthening systems of budget monitoring and tracking recommendations there from in the selected focus sectors and revenue monitoring
vi. **Strengthen Civil Service College as Public Sector Development centre of excellence.**

6.4 Increased demand for downward accountability to citizens for public spending and service delivery performance

79 This outcome aims to strengthen accountability to citizens through dissemination of PFM performance information and studies and to coordinate under the Accountability Sector to develop the Accountability Sector Strategic Investment Plan (ASSIP) community scorecard for measuring the assessment, planning, monitoring and evaluation of service delivery.

80 Key interventions (outputs) include:

i. **Enhance public access to PFM reforms performance information and downward accountability feedback mechanisms**. Includes developing a budget transparency and communications strategy and community scorecard for citizen driven accountability assessment of service delivery;
ii. **Develop a strategy/citizen campaign for popularising and strengthening opportunities in the Whistle Blowers Protection Act 2010** and
iii. **Establish structured engagement forums on accountability in Local Governments and CG** with the objective of promoting support for change management, accountability and integrity. Includes review and improvement of mechanisms for dialogue on LG accountability

6.5 Cost-effective public administration through rationalisation of the administrative units

81 This outcome acknowledges the constraints currently posed by rigid and out of date public administration structures by building collaborations with the Public Service Sector to undertake a comprehensive review and rationalisation of structures to ensure that they are commensurate with the current realities and needs. This

should be supported by a review of PFM administrative structures to feed into development of an appropriate legal and regulatory framework. Government is committed to planning for further reform in this area and will require close policy collaboration and commitment from the wider accountability sector.

82 Key interventions (outputs) include:

i. **Review of accountability public administration structures.** Including a series of studies and reviews of the cost of public administration vis-à-vis service delivery, PFM structures, salary study and benchmarking;

ii. **Follow-up recommendations of studies** e.g. Undertake feasibility studies, establish cost effective framework of public sector operations, develop policy on rationalisation of public administration, undertake relevant process-re-engineering and supportive change management and technical support, as required; and

iii. **Review legal framework** to facilitate recommendations from the above studies and propose amendments, as required.

3.6 PFM Reform Strategy Contribution to Wider Policy Objectives

83 The PFM reform strategy has been designed and will be implemented in line with a number of wider policy objectives, at international, regional, national and sector levels. This section outlines the most relevant and significant policies and frameworks that will affect the PFM reforms and to which PFM reform will contribute.

3.6.1 International policy and PFM standards

84 Uganda's PFM reforms are undertaken and measured in line with a number of frameworks that are internationally recognised benchmarks. Uganda PFM reforms continue to strive to achieve the standards set by these frameworks, while taking into consideration the specific Ugandan context, and ensuring that the means of achieving these standards are tailored to that context. In particular, PFM reforms are measured using the Public Expenditure and Financial Accountability (PEFA) 2016 framework, in conjunction with other 'sub'-level frameworks, which measure aspects of the PFM system in more detail. Examples of sub-level assessment tools are the IMF's Tax Administration Diagnostic Assessment Tool (TADAT) and Public Investment Management Assessment (PIMA) tools, and the OECD's Methodology for Assessing Procurement Systems (MAPS). In addition, international public accounting standards will be references, such as UN's International Public Sector Accounting Standards (IPSAS), and accounts classification systems of IMF's Government Financial Statistics (GFS) and OECD's Classification of the Functions of Government (COFOG).

85 Furthermore, Uganda participates in various global indicator assessments, to which PFM performance contributes, such as World Bank's 'Doing Business' index, the World Economic Forum 'Global Competitiveness Index', International Budget Partnership's 'Open Budget Index', among others.

86 At the policy level, Uganda has been a member of the World Trade Organisation (WTO) since 1995 and, as such, national policy on tax, trade and regulation is designed within the parameters defined by compliance with WTO membership rules on tariffs and trade. Additionally, as members of the World Customs Organisation (WCO), Uganda is committed to several standards, for example, on the harmonised system (HS) for coding of traded goods and services and on customs procedures and integrity.

3.6.2 EAC Regional Integration Policy

87 Uganda is a member of the East African Community (EAC) and the Common Market for East and Southern African Countries (COMESA). Countries in a regional integration context often pursue similar macroeconomic

and fiscal policies and, therefore, to the extent possible, the PFM reform strategy is aligned to the policies of both the EAC and COMESA, where existing policy relates to PFM. For example, EAC member states have harmonised budget processes and Ministers of Finance meet before the budget to agree on EAC-wide measures, which inform national tax policy. Other areas have harmonisation agendas, which set targets and policy standards, such as tax harmonisation and cross-border customs cooperation or the economic convergence criteria, which support the integration towards adoption of a single currency.

88 The PFM reform strategy also recognises that regional integration may deter or restrict national discretion to undertake some reforms, due to EAC-level agreed policy and legal frameworks. One example the East African Customs Management Act, which sets tariff rates and exemptions to which all member states have subscribed through national legislation. The budget calendar also has to adhere to the convention of EAC member states reading their budgets on the same day in mid-June, which can be a restricting factor in allowing adequate legislative scrutiny before approval by 1st July at the start of the Ugandan fiscal year.

3.6.3 National Development Plan (NDP II)

89 The second National Development Plan (NDP II) is the anchor to the Government's overall development strategy and sectoral plans and, therefore, provides the policy priorities underpinning the PFM reform strategy, particularly regarding the link between planning and budgeting. An effective PFM system ensures that national policy priorities are delivered, through effective planning and that plans are translated into budgets for adequate resources to be allocated where needed to deliver national economic objectives. In this regard, the PFM strategy contributes most to the NDP II objective number 4: "Strengthen Mechanisms for Quality, Effective and Efficient Service Delivery". NDP II objectives are organised around sector priorities. The PFM reform strategy therefore contributes to delivery of the NDP II through the achievement of Accountability Sector plans (as shown in Box 1 below).

90 It is recognised this reform strategy shall be updated to take cognizance of recommendations from the NDPII midterm review and ensuing updates (NDPIII) thereof.

Box 1: NDP II Objectives for the Accountability Sector (PFM Strategy elements in BOLD)

1. **Increase the tax to GDP ratio**
2. Increase access to finance
3. Increase private investments
4. Reduce interest rates
5. **Improve Public Financial Management and consistency in the economic development framework**
6. Increase insurance penetration
7. Increase national savings to GDP ratio
8. Increase the level of capitalization and widen investment opportunities in the capital markets
9. **Improve statistical data production and policy research**
10. Enhance the prevention, detection and elimination of corruption
11. **Increase demand for accountability**
12. **Improve compliance with accountability rules and regulations**
13. **Improve collaboration and networking amongst development institutions**.
14. **Enhance public contract management and performance**

91 The NDP II also provides for specific interventions for the accountability sector that relate to PFM, as shown in Box 2, which indicates NDP II interventions that are included in the PFM reform strategy. The PFM reform strategy is therefore aligned to these initiatives. Some PFM reform interventions are initiatives continued from previous accountability sector and PFM reform implementation.

Box 2: Elements of NDP II Accountability Interventions included in PFM Reform Strategy

a) Develop mechanisms for exploiting capital gains tax: Review new opportunities for revenue mobilization and develop proposals (one of which could be, but not limited to, capital gains tax)
b) Combat international tax evasion schemes in complex sectors to raise more tax e.g. corporate tax
c) Maintain Macro Economic stability: strengthen macro management through operationalising the Charter of Fiscal Responsibility
d) Develop an Integrated Planning and Resource Allocation Framework to ensure alignment of the planning and budgeting instruments.
e) Establish a national Project Appraisal Unit to spear head the preparation of investment-ready projects
f) Introduce measures to strengthen the capacity of sectors to prepare Bankable projects
g) Implement the programme based budgeting to effectively focus on national and sectoral budgets on achieving results
h) Establish mechanisms to enhance capacity for development of consistent sectoral and national development plans
i) Introduction and roll-out of e-Government Procurement (e-GP)
j) Introduce measures to support institutional capabilities to carry out policy research
k) Promote active communication between implementers of programmes and the public
l) Improve communication and impact of audit findings to stakeholders
m) Ensure follow up and implementation of recommendations made by oversight institutions
n) Strengthen the enforcement of the regulatory frame work and service delivery standards
o) Enforce follow up mechanism on the implementation of the Audit recommendations

3.6.4 Accountability Sector Investment Plan (ASSIP)

92 The Accountability Sector Strategic Investment Plan (ASSIP) 2017/18 to 2019/20 provides a guiding framework for improvements in the Accountability Sector and draws its objectives from the NDP II (as outlined above). A number of strategies for addressing each of the Sector objectives were identified in the ASSIP, many of which have been selected for inclusion in the PFM strategy, developed further, or absorbed in sub-sector strategies (such as the medium-term revenue strategy) that provide an overarching framework for a range of interventions and activities. The PFM reform strategy is therefore aligned to the relevant priorities identified under the ASSIP (those highlighted in Bold in Box 1). Figure X below illustrates how the objectives under ASSIP (and NDP II) map on to the 6 priority areas of the PFM strategy.

Figure 3.3: Alignment of PFM Reform Strategy Objectives with ASSIP

ASSIP thematic area	ASSIP (NDP II) Objective	PFM Strategy Objective
Resource mobilisation and allocation	Increase the tax to GDP ratio	Objective 1: Resource mobilisation
	Improve PFM and consistency in the economic development framework	Objective 2: Budget & planning
		Objective 3: Public Investment Management
Economic Management	Improve statistical data production and policy research	Objective 2: Budget & planning
Budget execution and accounting	Enhance public contract management and performance	Objective 3: Public Investment Management
	Improve PFM and consistency in the economic development framework	Objective 5: Local Government PFM
Audit and Anti-Corruption	Improve compliance with accountability rules and regulations	Objective 4: Control and compliance in Accountability systems
	Enhance the prevention, detection and elimination of corruption	Objective 4: Control and compliance in Accountability systems
		Objective 6: Oversight and governance of PFM reforms
	Increase public demand for accountability	Objective 6: Oversight and governance of PFM reforms
	Improve collaboration and networking amongst development institutions	

3.6.5 Fiscal Decentralisation

93 The Government of Uganda's Fiscal Decentralisation Strategy (FDS) 2002 was one of the most significant reforms introduced to ensure good governance and improved service delivery by local governments. Local Governments play a key role in the implementation of Government policy and delivery of national priorities, including those under the NDP II as well as at the higher level of sector outcomes under global Sustainable Development Goals. Even though the FDS 2002 is still in place, there are a number of weaknesses that have been identified in the operationalisation of the strategy, as outlined in the situation analysis in Section 2 and set out in the Intergovernmental Fiscal Transfers Reform Programme (April 2017). The PFM reform strategy therefore aims to begin removing barriers to the implementation of the Fiscal Decentralisation strategy, and to empower Local Governments to deliver services in line with the original intentions of the FDS.

3.7 Other Reforms Complementary to PFM

94 For the PFM reform strategy to achieve its intended objectives, it is important that partnerships are strengthened with other complementary reform efforts. Objective 6 of the PFM reform strategy aims to operationalise this coordination through stronger collaboration with relevant institutions and improved communications on PFM reform progress. Relevant complementary reforms include, but are not limited to:

i. Closer working relationship with civil society organisations (CSOs) as part of the regular business of Government, such as participation in PEMCOM, regular MoFPED press briefings and engagement in the budget formulation and consultation process, in addition to other performance reviews;

ii. **Intergovernmental fiscal transfer reforms aimed at incentivizing the provision of service delivery results and processes in service delivery units.** Within the intergovernmental fiscal transfer reform process, the LG Performance Assessment (PA) system is aimed at attaining the third objective of the reform: using the fiscal transfer system to provide incentives for improved institutional and service delivery performance of Local Governments. The overall objective of the LG PA system is to promote effective behavior, systems and procedures of importance for LG's efficient administration and service delivery.

iii. Public Service reforms that support compliance with PFM procedures and reward good performance, including pay reform and performance incentives, review of public administration structures, review of standing orders and administrative sanctions;

iv. Public-Private Partnerships (PPPs), which help mobilise additional resources for economic development;

v. Justice, Law and Order Sector reforms, which have an impact on the effectiveness of the PFM reform strategy through successful investigation and prosecution of corruption and violations of the PFM Act and its regulations, thus serving as a deterrent;

vi. Anti-corruption initiatives and inter-agency cooperation on investigations and prosecutions to help prevent, detect and address corruption, which support control and compliance in PFM accountability systems and mitigation of fiduciary risks. Opportunities for specific collaboration include assessment of corruption vulnerabilities in the development of a risk management approach across Government, particularly for strategic procurements under PIM;

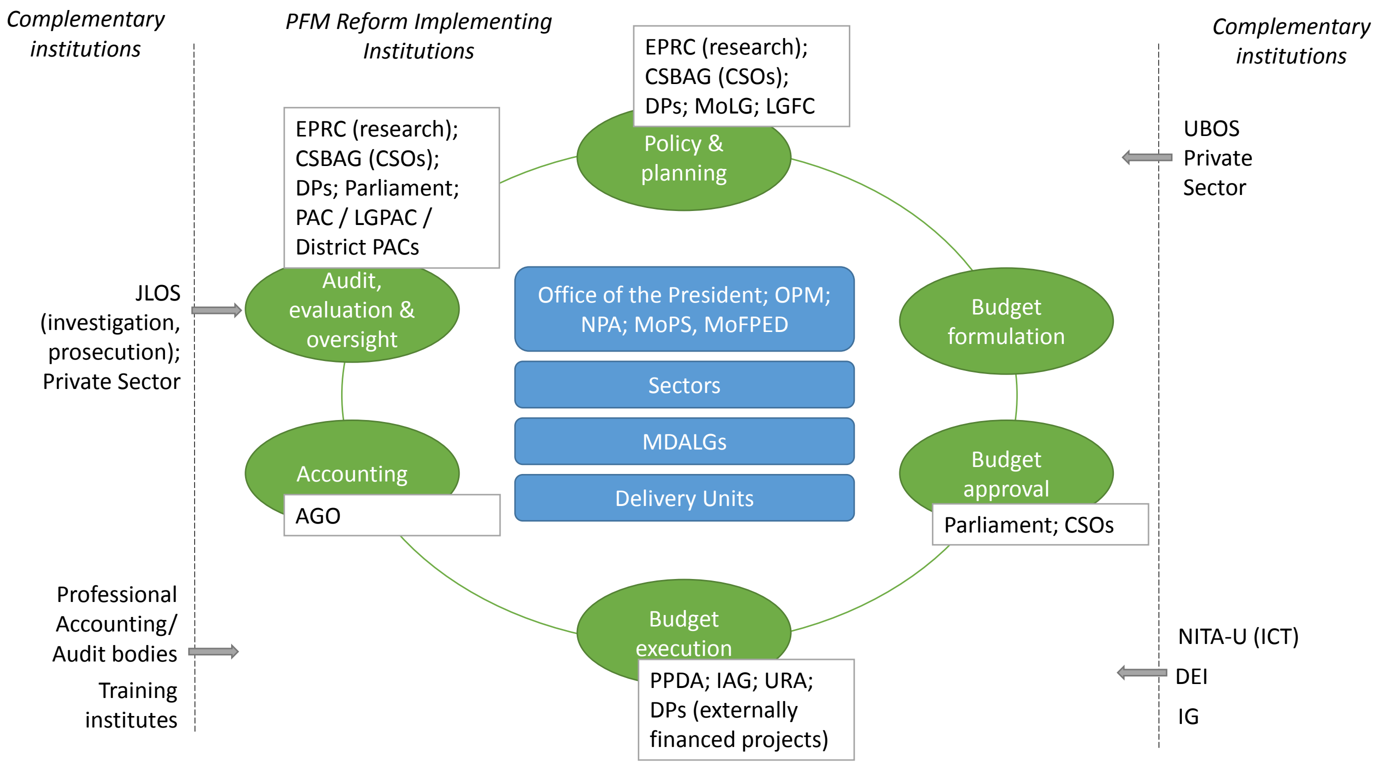
vii. Local government capacity development and investment in municipal infrastructure, which supports the strengthening of LG PFM systems and ability to deliver better quality services at the local level;

viii. Reforms to the wider regulatory environment, which support formalisation of informal businesses, provide institutional frameworks for monitoring economic activity and for managing tax compliance, such as National ID cards, regulation and licensing of alcohol, real estate, tourism and other activities.

3.8 Institutional Linkages to the PFM Reform Strategy

95 Compared to previous PFM reform strategy phases, there are now more institutions contributing directly to reforms and more providing an indirect supporting role. Figure 3.4 below represents the key institutions responsible for delivery of the PFM reform and the linkages to complementary institutions playing a supporting role in the PFM reform.

Figure 3.4: Mapping of institutional linkages to PFM reform



Source: Adapted from Lawson (2015), "Public Financial Management", Professional Development Reading Pack No. 6, GSDRC

4 IMPLEMENTATION PLAN

4.1 PFM Implementation Institutional Framework

1. The prime implementation framework for the PFM reforms has, in recent years, been that of the Financial Management and Accountability Programme (FINMAP), which has been financed jointly by the Government of Uganda (GoU) and Development Partners (DPs) through a basket fund. Other PFM reform activities outside of FINMAP have been supported directly by GoU and/or other bilateral and multi-lateral DPs. Going forward, the successor programme to FINMAP will continue to provide an important Government-led and jointly funded programme for the delivery and wider coordination of PFM reforms, and will have a key role in leading and monitoring all other programmes and activities that contribute to delivery of the PFM reform strategy.

2. The PFM institutional coordination mechanism set out in Figure 4.1 takes into consideration the multiple stakeholders involved in the implementation of PFM reforms, including representation from Government (at all levels), Development Partners and civil society. The coordination mechanism also aims to leverage the benefits that accrue from the reforms being aligned with the Sector Wide Approach (SWAp), through coordination with the Accountability sector and other complementary sectors.

3. The Ministry of Finance and Economic Planning will take the lead in coordinating the implementation of the strategy under the stewardship of the Permanent Secretary/Secretary to the Treasury (PS/ST). The PS/ST is also chair of the Public Expenditure Management Committee (PEMCOM), which forms the main forum for strategic direction on PFM reforms.

4.2 National Coordination Arrangements

4. National Coordination Arrangements led by the Presidency and the Office Prime Minister provides national level policy oversight of GoU programmes, including the PFM reforms. The multi-sectoral, political level representation of the Committee ensures the alignment of reforms with policies of other complementary sectors implementing the NDP II. Coordination with Development Partners is at the level of Ambassadors, or equivalent, through the Local Development Partners Group, which coordinates high level dialogue with GoU across DPs.

4.3 Accountability Sector

5. The Accountability Sector comprises 20 public institutions and is coordinated through a Leadership Committee, Steering Committee, sector working group, technical working groups and a secretariat based in the Ministry of Finance Planning and Economic Development, the responsibilities of which are outlined below:

   I. **Leadership Committee** (Chair: Minister of Finance, Planning and Economic Development): provides strategic direction and political leadership to the sector, guides policy formulation for the sector, articulates sector vision and promotes the highest standards of accountability;

   II. **Steering Committee** (Chair: Permanent Secretary of any one-member institution, except PS/ST): formulates sector policies, coordinates, quality assures and mobilises resources for the implementation of ASSIP;

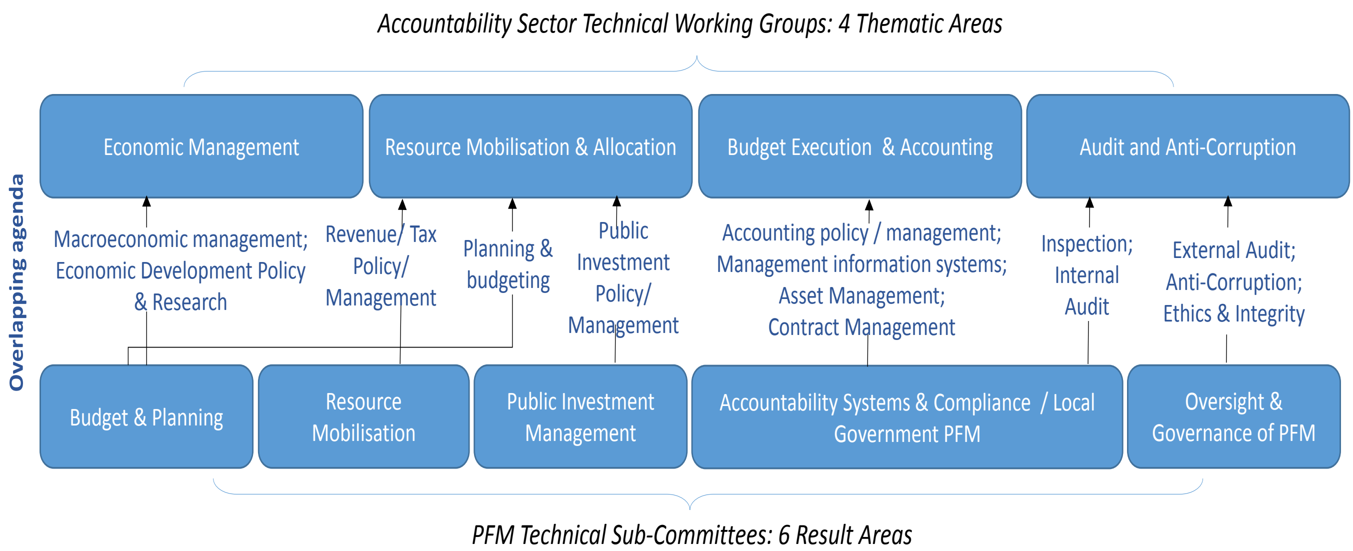
III. **Sector Working Group** (Chair: Accountant General): harmonises, coordinates, monitors, evaluates and reports on the sector vision and goals, policy frameworks, plans and performance of all Accountability sector institutions;

IV. **Technical Working Groups** (Chair: Director of any accountability institution with a Development Partner Co-Chair): Four groups covering Economic Management; Resource Mobilisation and Allocation; Budget Execution and Accounting; and Audit and Anti-corruption. The sub-groups are responsible for analysis of the thematic area technical issues, support to the planning, budgeting, M&E and reporting of the sector working group and public, and stakeholder engagement on the thematic issues.

V. **Secretariat**: Supports the organisation of the above groups and Committees.

6. The Accountability Sector will provide sector coordination and strategic leadership. Insofar as the technical working groups are overlapping with PFM reform agenda (see Figure 4.1), the relevant TWG will be aligned and will inform PEMCOM, as well as the ASWG, on monitoring of the PFM reform strategy, and issues for consideration in planning future reforms.

Figure 4.1: Mapping of overlapping agendas of Accountability Sector Technical Working Groups and PFM Reform Sub-committees



4.4 The Public Expenditure Management Committee (PEMCOM)

7. The Public Expenditure Management Committee (PEMCOM) is a well-established structure for PFM reform, in operation since the early 2000s. While there is a need to integrate and align structures with that of the Accountability Sector in order to avoid duplication of effort, PEMCOM is recognised to be an effective mechanism for the leadership, coordination and implementation of PFM reforms, cutting across a number of thematic areas under the Accountability Sector. PEMCOM will therefore continue to provide a high-level forum for strategic guidance and control of PFM reforms, but with stronger links into the ASWG and TWGs. It is chaired by the PS/ST and brings together a broad spectrum of stakeholders engaged in PFM, including Heads of MFDAs and programmes or projects under the Accountability Sector, as well as representatives of Development Partners and from civil society.

8. Since 2012, the momentum gained through the tracking of the PFM Priority Action Matrix (PRAM), has focused Management priorities on addressing specific, pressing issues, based on fiduciary risks, and has strengthened the strategic focus of PEMCOM beyond the broad PFM operations and management of the PFM reform programme, FINMAP. The management of FINMAP has been delegated to the Programme Technical Committee (PTC), a sub-committee of PEMCOM. The role of PEMCOM therefore includes:

    I. To assess the overall performance of PFM systems and setting the overall direction of PFM reforms, based on a limited set of PFM reform priorities or problems;

    II. To monitor and manage PFM reforms and risks, in line with the PFM Reform Strategy, using the PRAM as an instrument to manage this process and select high risk or high priority issues that require mitigating action or escalation;

    III. To identify opportunities for complementarity between reforms in the Accountability Sector and beyond and ensuring that these synergies are exploited; and

    IV. To identify, design, plan, monitor and evaluate priority PFM processes and systems and ensure their implementation takes place in an integrated and efficient manner.

4.4.1 PFM Technical Sub-Committees

9. **The comprehensive planning and coordination of the PFM reform strategy shall be arranged through 5 sub-groups, that brings together the relevant line agencies implementing the 6 main strategic result areas of the PFM reform strategy.** This will maintain the strategic (risk-based or issue-focused) agenda of PEMCOM. Due to the problem-driven nature of the result areas, the sub-groups will encourage cross-institutional working (thus avoiding 'silos') and some institutions may find that they need to participate in more than one sub-group, depending on the agendas and issues arising. The sub-groups should ensure that all relevant partners are included. In particular, Development Partners will play a key role in the sub-groups to provide coordination on technical and other resource requirements for the implementation of the sub-group reform activities identified.

    The Subgroups will include:

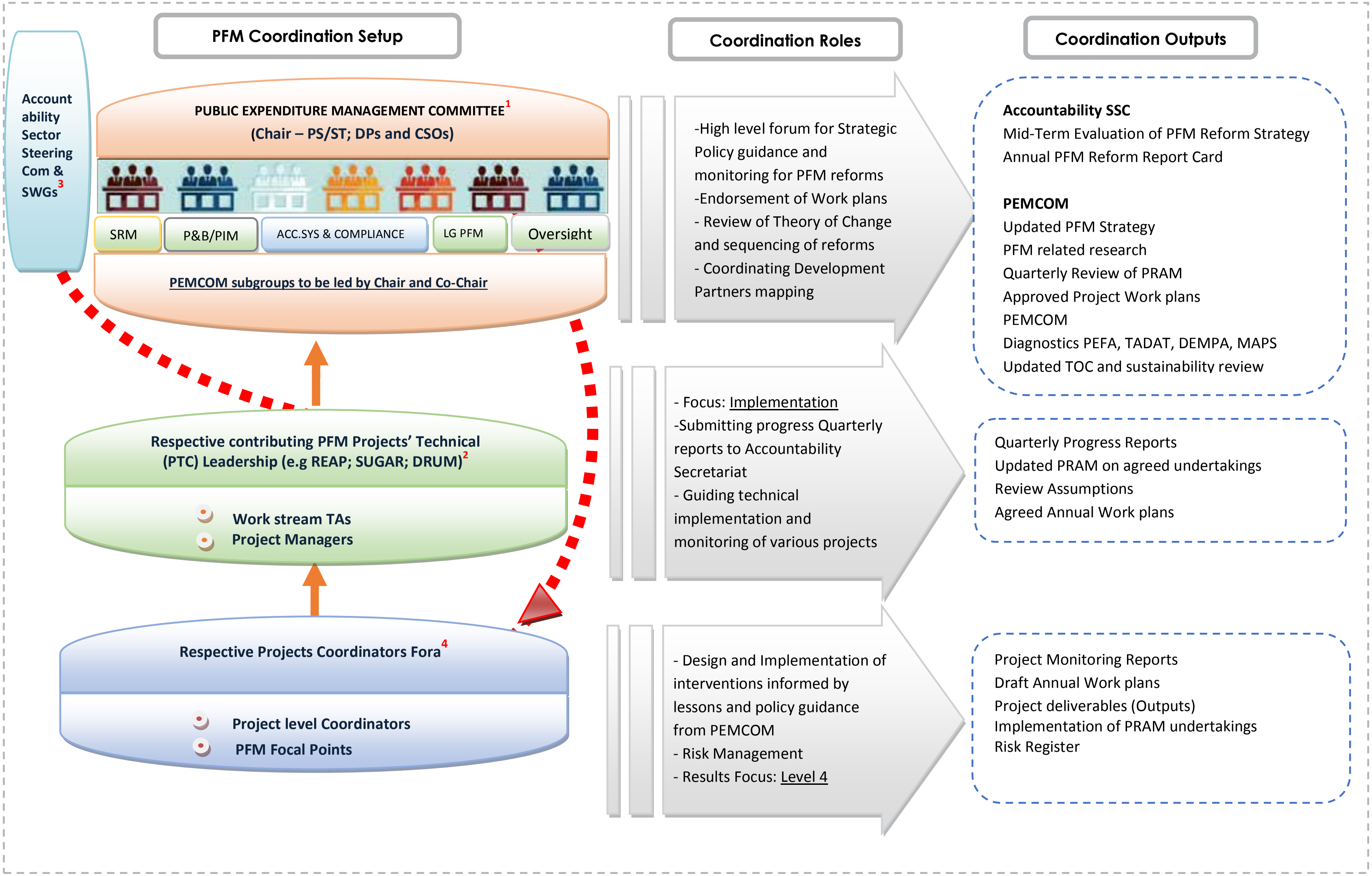
    I. Sustainable Resource Mobilization (SRM);
    II. Planning, Budgeting and Public Investments Management;
    III. Accountability Systems and Compliance;
    IV. Local Governments PFM for Service Delivery ;
    V. Oversight and PFM Reforms Governance

10. Each sub-group will be initiated by PEMCOM and the group will self-select members, leadership, establish Terms of Reference, agenda and reporting arrangements, aligned to agreed priorities. The frequency of sub-group meetings will be determined by PEMCOM and the sub-groups themselves and will depend on the nature and urgency of the need for joint technical collaboration. Recognising that this is a transitional arrangement, as the Accountability Sector institutional framework is developed; this alignment and sub-group structure will be reviewed annually with the review of ASWG structures to ensure that it meets the needs of stakeholders.

4.4.2 PFM Reform Secretariat

11. The Government's join PFM reform programme (successor to FINMAP III) will continue to perform the role of secretariat to PEMCOM and to the PFM Reform Strategy, but will have a closer relationship over time with the Accountability Sector secretariat, due to the periodic interaction and reporting into the Accountability Sector management committee.

Figure 4.1: PFM REFORMS COORDINATION MECHANISM



Note 1: The Public Expenditure Management Committee (PEMCOM): Is a high-level forum congregating quarterly for strategic policy guidance and for monitoring progress in PFM reforms. The **PEMCOM is chaired by the Permanent Secretary/Secretary to the Treasury (PS/ST)** and rotationally co-chaired by the PFM Development Partner Working Group (DP WG) representative. Key civil society actors involved as permanent members are the Civil Society Budget Advocacy Group (CSBAG).

- ✓ *Within PEMCOM shall be thematic working groups for deeper technical engagement and oversight of the respective Strategic objectives.*
- ✓ *Results Focus level: PFM Reform Outcomes (including Efficiency and Effectiveness of Reforms)*

Note 2: Various Programme Technical Committees (PTC), **chaired by the designated PFM Reform Projects Task Managers** will consist of the project level managers and development partners, providing technical and policy guidance to the respective projects across the country such as SUGAR, GAPP etc. Non-state actors play an important role in the demand side of accountability, i.e. holding the state to account over PFM, resource allocation and service delivery.

- ✓ *Results Focus Level: PFM Intermediate Outcomes (Including relevance of reform activities)*

Note 3: The Governance structure of the accountability sector provides for three committees namely Leadership Committee, steering committee and the Sector Working Group. The Steering committee formulates sector policies and priorities, and is **chaired by any one of the Accounting Officers** of the Sector Institutions on a rotational basis for the tenure of the Accountability Sector Strategic Investment Plan.

The Sector Working Group (SWG) implements sector policies in line with the Accountability Sector Strategic investment plan (ASSIP), and as guided by the above committees. The SWG is comprised of technical officials at the level of Director/Commissioner or equivalent from sector institutions and representatives of development partners, private sector and civil society. A given Sector TWG is chaired by staff at Director/Head of Department level and above and co-chaired by a Development Partner/ Civil Society representative. The sub-groups are responsible for analysis of the thematic area technical issues, support to the planning, budgeting, M&E and reporting of the sector working group and public, and stakeholder engagement on the thematic issues.

- ✓ ***As part of the Reform monitoring framework, the respective PFM Reform programme will be submitting quarterly progress reports to Accountability SWG Secretariat.***
- ✓ ***The Secretariat will analyze these and consolidated into an annual PFM Reform Report Card on PFM Reforms to guide the PEMCOM and Steering Committee.***
- ✓ ***The report card will be presented to PEMCOM during the expanded Annual PFM Reform Review conference.***

Note 4: Projects/Programme Coordinators Fora are constituted at project level with a Level 4 results focus. This is with respect to translating inputs to outputs and attendant requisite accountabilities to stipulated stakeholders. These are chaired at sector level by Project Coordinators to manage project operations and implementation.

4.5 Key PFM Reform Implementing Institutions

12. Ministries, Departments, Agencies and Local Governments (MDALGs) will be responsible for the delivery of the identified interventions and activities under the PFM reform strategy and, in some cases, for the further development and identification of new reform activities needed to achieve the outcomes in the Strategy. Their implementation activities will be guided by the PFM reform secretariat and the PFM technical sub-committees relevant to their reforms. Any new emerging reforms or key issues arising will be escalated to PEMCOM for consideration under this strategy.

13. As a leading institution for PFM reform, Chair of PEMCOM and in its oversight role of public finances and PFM institutions, the role of MoFPED in PFM reforms includes[49]:

    i) Strong leadership, commitment to the highest standards of PFM and accountability and management of a prioritised reform agenda;
    ii) Establishing leadership and management structures and building strong teams within the PFM institutions that can develop, embed and adapt processes and systems to deliver PFM reforms effectively;
    iii) Ensure learning from PFM reform experiences takes place and informs the design of future reforms;
    iv) Identifying and addressing the most immediate problems in PFM, based on consultation, evidence and pragmatic solutions, such as adapting existing or developing new processes and systems; and
    v) Building strong coalitions of stakeholders in support of reform across and within institutions, including taking actions to strengthen or adjust incentives, to ensure the success of reforms.

4.6 Financing of PFM Reforms

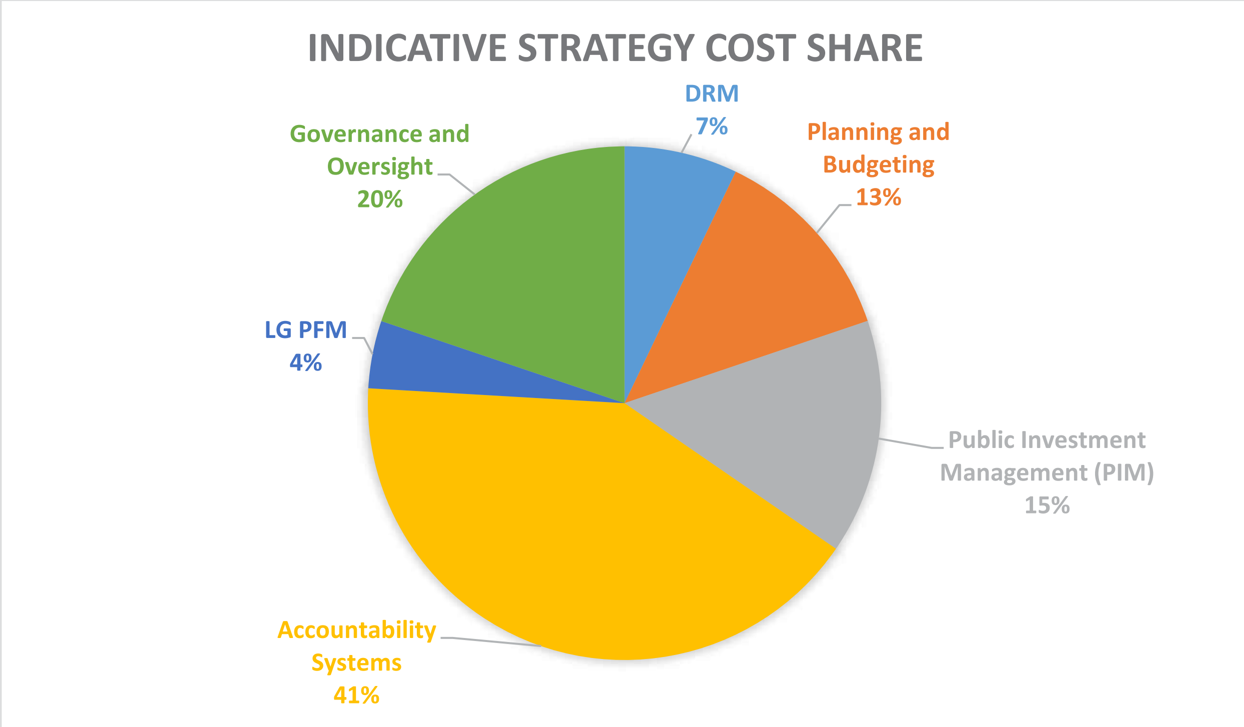
16. An assessment of the indicative costs of implementation of the PFM reform strategy activities was carried out through consultation with relevant PFM institutions responsible for delivery of the key interventions. The total estimated funds for implementation of Strategy actions during the period 2016-2018 are foreseen to be about US$98 million. Annex c provides a more detailed breakdown of the costed implementation plan.

Table 4.2: Indicative Strategy Cost, by Strategic Objective

Objective	TOTAL
DRM	14,332,360
Budget	25,475,725
PIM	30,510,470
Accountability systems & Compliance	83,049,069
Governance	8,553,054
LG PFM	39,825,898
Grand Total	**201,746,576**

Source: MoFPED figures

[49] Drawing from lessons identified in FINMAP II evaluation report, ODI (2015)



17. It should be stated that the above estimated cost of the strategy was indicative at the time of drafting the strategy and, through implementation over the period of the strategy, costs may necessarily be revised. This is because some of the activities foreseen at the start of the strategy period were not possible to estimate accurately, or are likely to be developed in more detail following the outcome of further diagnostic studies or feasibility reviews. These activities are mainly related to investments in ICT systems, training programs or legislative framework and policy reviews, from which a number of new activities are likely to emerge. In particular, the medium-term domestic revenue strategy, which will form one of the most significant components of the PFM reforms, was not completed at the time of the PFM strategy drafting and, as such, will be subject to cost and activity adaptation during the period of the PFM strategy.

18. For those activities for which more information was known and for which more typical cost drivers could be identified, indicative costing was provided based on unit cost benchmarks from previous years of PFM reform through FINMAP. Typical cost drivers for reform activities (not GoU recurrent costs) include: technical assistance (long term, short term, international and local); consultancy firms (international and local); task team operating/meeting costs; workshops; IT and other office equipment; advertising, communication and publication costs; field visits or in-country transport and professional training.

19. The majority of the costs indicated by the above assessment falls mostly in the area of control and compliance of accountability systems for budget execution, as a result of the significant costs of enhancing and integrating IT-based PFM systems. An associated cost with that is that of in-country field visits, which forms the second greatest cost driver. This is due to the need to roll out, support and test systems across the whole country.

20. An indicative sequencing of costs was undertaken, based on the sequencing principles outlined above in Section 3.4. Institutions responsible for delivery of PFM reforms identified the timing and duration of activities based on most urgent, quick wins or continuation of existing reforms, prioritised in the first 1-2 years, followed by development of new processes, amendments, policies and institutional capacity development. Longer-term, more significant or high-investment developmental reforms were sequenced over a longer-period and some initiated later in the strategy period to allow for initial feasibility assessment, piloting and/or data improvement and consolidation before moving ahead with new system development.

Table 4.3: Indicative Donor Assistance FY2018/19 – FY2022/23 excluding REAP

Development Partner	Funds planned	US$ equivalent
World Bank	US$160,000,000	160,000,000
EU	EUR 5,000,000	5,800,000
DFID		23,000,000
USAID	US$ 5,000,000	5,000,000
KfW/GIZ		
Denmark	DKK 35,000,000	5,500,000
TOTAL		**199,300,000**

21. The sources of financing for the PFM reform strategy are expected to be a combination of GoU domestic revenue and Development Partner external financing. At the time of drafting the PFM strategy, a financing gap was apparent. GoU is therefore committed to mobilising additional resources, where possible, to ensure that the remaining gap is filled and that the complete strategy can be delivered within the desired timeframe. Any remaining unfunded activities will be prioritised where possible for delivery when funding becomes available, or carried forward to future phases of reform.

Table 4.4: Donor Assistance Matrix (excluding funding to successor phase; REAP)

Strategic Objective / Outcome	Donor Assistance Committed / Planned	Details
DRM		
1.1 Enhanced enabling environment for revenue mobilisation	X	• DFID 'DRUM' TA for tax policy • MTRS process and diagnostic studies (WB/DFID Trust Fund = £9m, 2018-2021); • IMF TA/training on MTRS process and strategy for data matching, management & utilisation
1.2 Tax compliance improved through increased efficiency in revenue administration	X	• DFID DRUM TA/training on areas such as the VAT gap, international taxation, tax evasion and tax investigations (to be decided with URA). • USAID extension to TA to URA until 2022 –to be confirmed; • EU 'JAR' (Justice and Accountability) programme to support DRM (EUR5m, 2018-2021); • IMF TA/ training in fraud detection, analyzing financial data, data mining & evidence management, and real estate compliance management plan. Also capacity/training in post-clearance customs audits; taxpayer registration, filing & payments
1.3 Enhanced collections from new revenue opportunities including oil, gas and mineral sectors	X	• DFID DRUM; • EU 'JAR' programme to support DRM including EITI (EUR5m, 2018-2021)
1.4 Sustainable debt and Development financing	X	• Potential area of work for DFID DRUM but more likely under the PIM component. Remains to be discussed/decided with partners. • IMF TA/training on debt sustainability analysis and compilation of debt statistics.
Budget		
2.1 Strategic plans and medium term budgets aligned	X	• IMF TA support/training tightening links between planning, annual budgets and MTEFs; plus program-based budgeting; macro forecasting capacity & policy analysis; fiscal risk management; compilation and dissemination of fiscal data
2.2 Multi-year commitments reflected in annual budgets	X	• IMF TA – see above
2.3 Enhancing Planning and Budget responsiveness to gender equity	X	• EU 'JAR' programme to support GEB (EUR5m, 2018-2021); • IMF training on gender based budgeting.
2.4 Increased equity and discretion of resources allocated to LGs for improved service delivery	X	• World Bank (P4R) Intergovernmental Fiscal Transfers programme (UgIFT) ($160m over 2019-2022) – focus on education and health; • EU 'JAR' programme to support budgeting for enhanced service delivery (EUR5m, 2018-2021); • GAPP TA on legal, policy, regulatory and institutional issues affecting LG governance • ODI-BSI support on fiscal decentralization architecture and Local Government Performance Assessment (DFID funded)
2.5 Evidence-based policy making strengthened	X	• ODI-BSI programme research component (DFID funded)
PIM		
3.1 Efficient identification, selection and management of Public Investment Projects (PIPs) and Public-Private Partnerships (PPPs)	X	• WB/DFID Trust Fund = £9m, 2018-2021 for DRM and PIM • DFID 'DRUM' programme to include PIP prioritisation and regulatory framework for PPP/PIM; • EU 'JAR' programme to support PIM (EUR5m, 2018-2021); • IMF TA/training to strengthen PIM processes and institutions, and improve fiscal risk management

Strategic Objective / Outcome	Donor Assistance Committed / Planned	Details
3.2 Enhanced VFM in public procurement for large, complex public procurements	X	• DFID 'DRUM' to include procurement support for PIM/PPP • WB RICP supporting e-procurement pilot in 60 sites • WB/DFID Trust Fund = £9m, 2018-2021 for DRM and PIM • SUGAR TAF (TA)
3.3 Optimal utilisation and maintenance of public assets	X	• EU 'JAR' programme to support PIM (EUR5m, 2018-2021)
3.4 Enhanced accountability in resource utilisation and results for service delivery	X	• EU 'JAR' programme to support PIM (EUR5m, 2018-2021); • WB 'UgIFT' (P4R) support to LG education and health service delivery – capacity building grants for LG operations
Compliance		
4.1 Effectiveness and accuracy of public service payroll and pension management systems enhanced		
4.2 Comprehensiveness and quality of financial Reporting	X	• IMF TA/training to implement IPSAS standards and EAMU fiscal convergence; higher frequency GFS reporting; expanding coverage to extra budgetary units, and public corporations
4.3 Strengthen effectiveness and integrity of accountability systems	X	• WB RICP supporting e-procurement pilot in 60 sites
4.4 Strengthen effectiveness of commitment controls and cash management	X	• IMF TA/training to guide development of cash management capabilities & extension of TSA.
4.5 Enhanced Assurance (governance, risk and control) by the internal audit function for Compliance of PFM systems	X	• DFID/EU SUGAR TA for system to track audit recommendations
4.6 Increased PFM Compliance through incentives and sanctions mechanisms	X	• TA provided by SUGAR Programme
Decentralisation		
5.1 Increased contribution of LG own-source revenue	X	• DFID/USAID 'GAPP' programme ($35m over 2012-2019) TA/ training for LG revenue systems to selected districts
5.2 Effective planning and budgeting at local governments	X	• WB 'UgIFT' (P4R) support to LG education and health service delivery – capacity building grants for LG operations; • GAPP programme – TA/training selected districts; • ODI-BSI support to improvement in LG performance including planning and budgeting in accordance with LGPA results (DFID funded) • EU DINU support to selected northern districts; • GiZ support to Karamoja.
5.3 Improved quality of audit and coordinated follow up of recommendations by LGPACs and regional audit committees	X	• GAPP training/TA to selected Districts
5.4 Enhance accountability and performance monitoring in delivery of services in key service sectors (roads, education, health, and	X	• WB 'UgIFT' (P4R) support to LG education and health service delivery – capacity building grants for LG operations; • EU support to northern Uganda – PFM component to selected districts (total EUR 10m) • ODI-BSI programme

Strategic Objective / Outcome	Donor Assistance Committed / Planned	Details
agriculture services)		
5.5 Enhanced integrity and value for money of local government procurements	X	• WB 'UgIFT' (P4R) support to LG education and health service delivery – capacity building grants for LG operations • TA /training from DFID/USAID 'GAPP' programme to selected districts
Governance		
6.1 Enhanced impact of financial and VFM audit reporting and oversight	X	• GIZ PoAT TA/training for OAG stakeholder engagement; results based management, including impact analysis & use of M&E systems); and strengthening OAG independence • TA provided by SUGAR Programme
6.2 Improved coordination and monitoring of PFM processes within the Accountability Sector	X	• EU 'JAR' TA for coordination of accountability sector & links with JLOS (EUR5m, 2018-2021);
6.3 Sustained uptake of reforms through improved learning and coordination of PFM Reform processes	X	• IMF TA for PFM legislation and strategy
6.4 Increased demand for downward accountability to citizens for public spending and service delivery performance	X	• GAPP programme ($35m over 2012-2019)
6.5 Cost-effective public administration through rationalisation of the administrative units		

5 CHANGE MANAGEMENT AND COMMUNICATION

5.1 Rationale for Change Management and Communications

1. As identified by the situation analysis, weaknesses remain in culture of compliance within the public sector and in the demand for (and response to) downward accountability for the allocation and use of public resources. It is important that there is a clear flow of information between central government, sector institutions, local governments, delivery units and the wider public. Behaviours and incentives surrounding PFM systems and reforms need to be well understood and addressed through communications, assistance and continuous reinforcement to foster compliance and achieve sustainable impact.

2. A change management and communications strategy for PFM reforms is therefore necessary to ensure that new rules, systems and institutions introduced through reforms are understood, embraced and adopted. Key elements of the change management and communication strategy are drawn from the existing communications strategy provided in the ASSIP and the Change Management and Communications strategy developed under FINMAP III. Implementation will be coordinated through the PFM reform secretariat, in collaboration with Accountability sector secretariat, which will be undertaking similar and complementary activities. In order to enhance the capacity of the PFM secretariat to implement the change management and communications strategy, a number of specific activities have been identified in the PFM reform strategy implementation plan, under Objective 6: oversight and governance of PFM reform, for which resources will need to be provided. In particular, the PFM secretariat will form a central PFM reform centre or resource for coordinating and disseminating information on PFM reforms and progress, as well as for providing support to implementing institutions to deliver change management and communications to individuals and institutions affected by change.

5.2 Change Management Strategies for PFM reform

3. Through the experience of FINMAP III and previous reforms, it was recognised that a viable Change Management Strategy should be developed. There are many approaches to change management from international practice, most of which are based around three broad areas: *behaviourism* (with a focus on change rewards), *cognitive* (changing mind-sets) and *humanistic* (removing blockages to achieving human potential). All of these approaches recognise that resistance to change is a normal part of the change process, which face inherent disruptions as those affected by the change adjust to the new modalities. The aim of change management is therefore to mitigate these disruptive effects and smoothen the transition from one state to another. A common thread of change management approaches is therefore to identify and address doubts or fears about change, particularly by supporting those affected by change to make sense of their own reality and the real impact of the changes.

4. This strategy follows the method adopted in the FINMAP III Change Management and Communication Plan, based on the change management standards set by the Association of Change Management Professionals (ACMP). The standard provides a holistic and functional framework for guiding the formulation of Strategy and the knowledge, norms, processes, tasks and skills for change management to be effective.

5. Several factors will be critical in ensuring the success of change management, including: executive sponsorship and visibility; stakeholder engagement (at the levels of PEMCOM, technical committees, civil society and the PFM reform secretariat); design of a consistent and systematic change management approach; and establishment of change management plans at the level of each major reform under the PFM reform strategy.

In the implementation of this strategy, it is therefore important to develop a systematic approach to change management, at least for all significant PFM reforms, including new systems, processes, laws, policies or procedures. This approach comprises several steps for any significant PFM reform:

i) **Change definition and organisation readiness**: assess what change will mean for various stakeholders, any operational adjustments anticipated and readiness of institutions and individuals involved;

ii) **Formulation of a sponsorship strategy:** identify those accountable for the change and assess their commitment to reform. This involves identifying and enlisting change management champions (CMCs) responsible for leading the transformation process within their areas of influence. CMCs should have a good understanding of PFM and be able to develop and maintain an effective culture that inspires change;

iii) **Developing stakeholder engagement strategy:** identify those likely to be affected and design approach to keeping them actively involved before, during and after;

iv) **Developing a communication plan:** approach to facilitating sharing of information on the change, learning from the experience and peer-to-peer sharing of challenges and joint responsibility;

v) **Sustainability strategy:** how the changes will be embedded within the organisation and if any skills and knowledge need to be imparted; and

vi) **Post-implementation change management evaluation:** review of whether change brought about the intended outcomes. This requires ensuring there are mechanisms in place to monitor and evaluate the effectiveness of the change management plan.

Box 5.1: Example change management methodologies

John Kotter's 8-stage process:

1. Establishing a sense of urgency
2. Creating the guiding coalition
3. Developing a vision and strategy
4. Communicating the change vision
5. Empowering broad based action
6. Generating short term wins
7. Consolidating gains and producing more change
8. Anchoring new approaches in culture

ADKAR^{TM} Change Management Methodology:

- **Awareness**: Of the need for change
- **Desire**: to support and participate in the change
- **Knowledge** of how to change
- **Ability** to implement the required skills and behavior
- **Reinforcement**: to sustain the change

6. In practice, there is a need for additional resources to support the PFM reform strategy, which will be dedicated to developing plans and supporting the delivery of change management and communications. The following activities will be needed to operationalise the change management approach:

Table 5.1: Change management activities

Phase	Activities	Responsibility / stakeholders
Inception	i) Draft change management strategy for PFM reforms & guideline/tools for implementing institutions ii) Approval of strategy	PFM reform unit/secretariat PEMCOM
Stakeholder Engagement and planning	i) Awareness sessions with institutions responsible for delivering reforms ii) Develop plan of CM activities required for PFM strategy and identify CM resources to support iii) Support implementing institutions to assess change and readiness for each key reform, formulate sponsorship strategies, communications plans and sustainability strategies	Secretariat Implementing institutions
Delivery and evaluation	i) Support implementing institutions to implement change management and communications plans ii) Monitoring and evaluation of change management	Secretariat Implementing institutions

5.3 Internal Communications

7. Embedded within the change management approach is a strategy for effective communications, to ensure that the right information is available to guide decision making and encourage learning between peers in Government. The aim of the internal communications strategy is to enhance institutional awareness and understanding of PFM reforms among PFM institutions, the strategic goals and impact on the institutional operations as well as on service delivery outcomes. It is also central to building consensus and shared responsibility, and instilling the desired attitudes, norms and culture of the institutions responsible for PFM functions.

8. This begins from the reform design stage, engaging all responsible institutions in the process and involves strengthening communications with key institutions throughout implementation on PFM performance and reforms and promoting timely, relevant and accurate reporting on PFM policies and interventions. A key practical element of this is also to facilitate supportive learning, problem-solving and a culture of compliance.

9. The PFM reform secretariat will develop simple, clear messages that carry the essence of the changes and to guide communication methods, media and activities. This will require resources, as outlined in the PFM Implementation Plan. Planned interventions associated with this include: establishing a web-based tracking tool for communication and accurate information on progress towards PFM reforms; promotion of behaviour changes required around the introduction of specific reforms; ethics and integrity training; developing motivational incentives, recognition of good performance and support mechanisms; and identifying strategic forums in which to promote PFM e.g. collaborating with Accountability sector's 'outreach' activities, some of which are outlined below in Table 5.2.

Table 5.2: Key components from Accountability sector communications strategy and specific PFM reform communications activities – Internal communications

	Activity	Target audience	Channels/Tools
Accountability Sector: Internal communications	Retreats, meetings,	Top management, technical staff, ASWG, Steering committee, leadership committee, staff	Meetings, emails, notices, newsletters, WhatsApp groups, intranet, retreats, memos
PFM Reform – internal communications:	Dissemination of PFM reform strategy; Sharing information on specific reforms and requirements from MDALGs; Sharing information on progress of reforms Training/sensitisation on ethics & integrity of PFM	Implementing institutions MDALGs	Workshops, meetings, brochures; Circulars from PS/ST on specific reforms; Progress reports, web-based indicators, newsletter Induction / refresher training

5.4 External Communications

10. The aim of the external communications strategy is to enhance public awareness and understanding of PFM reforms, their impacts on service delivery and to increase demand for accountability. This involves engaging civil society, private sector and other institutions to build collaborative networks and partnerships to support PFM reforms and promoting timely, relevant and accurate reporting on PFM policies and interventions. An external communications strategy will be developed to accompany the PFM reform strategy to set out the long-term reform agenda and promote behaviour change and accountability mechanisms around them. Where possible, will build on existing communications tools and forums for this purpose, such as the Uganda Budget website and feedback mechanisms, partnerships with CSOs to support local community 'barazas'. Results from PFM reform activities can also be communicated better, such as linking audit findings and their follow up implementation to the public and dissemination or debate through civil society.

Table 5.3: Key components from Accountability sector communications strategy and specific PFM reform communications activities – external communications

	Activity	Target audience	Channels/Tools
Accountability Sector: Partnerships & networking	Key stakeholder breakfast meetings, visits/study tours, joint sector reviews	MDALGs, DPs, Parliament, CSOs, media, faith-based leaders, community leaders	Workshops, bulletins, newspaper articles, magazines, talk shows, websites
Accountability Sector: Social mobilisation (to empower citizens with information)	Sensitisation workshops, regional accountability forums, public information programs, Corporate social responsibility	Citizens, academia, opinion leaders, LGs and LLGs, CSOs, NGOs, CBOs and FBOs, Parliament, media, schools, RDCs	Barazas, talk shows, educational and information materials, social media, accountability ambassadors, exhibitions and education fairs, public service announcements
PFM Reform – external communications	Dialogue on content of strategy and implementation planning Progress reporting to implementation partners Progress and dissemination of results to wider audience	Development partners; civil society DPs providing support CSOs, private sector, other institutions	Briefing brochures & meetings Progress reports, web-based indicators Online reports and updates; press briefing; occasional workshops and barazas

6 RISK MANAGEMENT

6.1 Approach to Risk Management

1. Risk management is a critical aspect of the successful delivery of any project or programme and ensures that exposure to risk is acceptable and manageable. While it is not possible to eliminate all risk, having a comprehensive risk management plan and mitigation strategies helps to identify and minimise risk. This requires active management throughout the duration of the PFM reform strategy and therefore this section also sets out the institutional arrangements for identifying, assessing and managing risk.

2. As a first step, during the drafting of the Strategy, a number of assumptions were made in setting the indicators and targets in the results matrix. A number of risks have been identified associated with the likelihood and consequences of those assumptions not being upheld. These and other examples of key risks to successful achievement of the outcomes and objectives of the PFM reform strategy are outlined in Table 6.1 along with example mitigation strategies.

3. This strategy recognises that a risk matrix evolves with time, and should be actively managed, in response to the results of mitigation strategies, changing contexts and other risks arising. This strategy therefore identifies broad risk categories likely to be relevant to the implementation plan and provides a framework for the management and mitigation of risk.

6.2 Risk Management Process and Method

4. The active management of the risk matrix will be undertaken on a day to day basis by the PFM reform secretariat, with support from the PFM reform sub-groups (where there are specific risks associated with the sub-group activities) and from PEMCOM. The PFM reform secretariat will be responsible for coordinating the assessment and update of the risk register on a monthly basis. They will also identify priority risks to be discussed at PEMCOM for mitigating action e.g. those with a medium-to-high residual risk.

5. The PEMCOM Priority Action Matrix (PRAM) should include high-level risk monitoring of the most significant risks, with a focus on the escalated risks and actions, in order to keep regular track and active management of risks and to ensure that time and effort by PEMCOM allocated to risk management is commensurate with the level of risk.

6. A detailed Risk Register will be developed by the PFM secretariat to record details of all the risks identified at the beginning and during the life of the Strategy. This provides PEMCOM and its wider stakeholders with a documented framework for communicating and managing risks. The register includes a grading in terms of likelihood of occurring and seriousness of impact on the various strategy deliverables. Mitigating strategies and residual risk assessment are identified for each high level risk, with an 'owner' identified responsible for active management of the risk. Where the residual risk remains high, mitigation strategies should be reviewed and improved. Mitigating actions include, for example:

   i) Preventative actions - planned actions to reduce the likelihood a risk will occur and/or reduce the impact if it does occur;

   ii) Contingency actions - planned actions to reduce the immediate impact of the risk when it does occur; and

   iii) Recovery actions - planned actions taken once a risk has occurred to allow progress to be made.

RISK RATINGS GUIDE

Rating for Likelihood and Impact for each risk			
L	Rated as Low	E	Rated as Extreme (Used for Impact only)
M	Rated as Medium	NA	Not Assessed
H	Rated as High		

Grade: Combined effect of Likelihood/Impact					
	Impact				
Likelihood		low	medium	high	EXTREME
	low	N	D	C	A
	medium	D	C	B	A
	high	C	B	A	A

Recommended actions for grades of risk	
Grade	**Risk mitigation actions**
A	Urgent mitigation actions required to reduce the likelihood and/or impact and minimise residual risk
B	Mitigation actions, to reduce the likelihood and impact, to be identified and appropriate actions implemented during implementation.
C	Mitigation actions, to reduce the likelihood and impact, to be identified for possible action, if feasible.
D	To be noted - no action is needed unless grading increases over time.
N	To be noted - no action is needed unless grading increases over time.

Table 6.1: Key risks, risk rating and mitigation actions

Description	Likelihood	Impact	Grade	Mitigating Action	Owner
Lack of commitment to reform undermines impact and sustainability of reform	L	H	**C**	Obtain high level commitment at the outset; close monitoring of reform progress and risks; Assign and track clear responsibilities for actions.	PS/ST; PFM objective leads
Corruption not addressed sufficiently and undermines reform or lack of political will to enforce sanctions	M	M	**C**	Assessment and active management of key fiduciary risks and progress against reforms; escalation as required	PS/ST
Improvements are not sustained due to inadequate budgeting of recurrent costs	M	M	**C**	Identify recurrent costs in sustainability plan and capture costs in GoU budgets	PS/ST; Budget Director; DPs
Implementation delays due to procurement challenges	L	M	**D**	Develop and follow accurate procurement plans; consider efficiencies/streamlining of processes e.g. framework contracts	PFM reform objective leads; PPDA
High staff turnover in PFM reform programmes and key PFM GoU positions undermines reform progress and creates additional training costs	M	M	**C**	Strengthen commitment to reform through communications and change management; improve induction training; training of trainers and peer learning platforms	PFM programme leads; PFM reform objective leads
PEMCOM does not lead PFM reform efficiently and effectively	M	M	**C**	Strengthen PFM reform secretariat and technical sub-groups to guide PEMCOM agenda	PS/ST and DPs
PFM strategy is not sufficiently focused	L	M	**D**	PEMCOM to lead/validate selection of activities under PFM reform programmes to align with strategic objectives	PS/ST and DPs
Lack of coordination with Accountability Sector causes overlap or conflicting agendas and activities	M	L	**D**	Agree alignment of agendas at all levels of Sector/PFM institutional arrangements and coordinate/review regularly on progress	PS/ST and Accountant General
Inadequate financing of PFM reforms	M	M	**C**	Regular communication of objectives and dialogue to build consensus and obtain commitments to funding reforms from all partners and GoU.	PS/ST and DPs

Description	Likelihood	Impact	Grade	Mitigating Action	Owner
Delivery delays due to slow political approval process for reforms involving policy or legal change	M	H	**B**	Seek early engagement of key decision-makers; escalate bottlenecks to political level e.g. through Accountability Sector Leadership Committee	PS/ST; Accountability Sector Committees
Lack of flexibility to adapt implementation to emerging PFM priorities or risks	M	M	**C**	Regular monitoring of progress, risks and emerging issues; regular review and adaptation of strategic objectives and key interventions; consider flexible modalities e.g. short-term TA pool or fund for specific result area(s)	PS/ST
Insufficient coordination of PFM reform programmes leads to overlaps, gaps or unfocused implementation	M	M	**C**	PEMCOM to take leading role in GoU agreements with DPs on PFM reform support; regular dialogue on priorities and programming; DP programmes to include PEMCOM/PFM secretariat in programme governance arrangements	PS/ST
Lack of technical capacity to absorb or implement reforms	M	M	**C**	Follow phased sequencing approach and assess progress before moving forward; align activities to capacity needs assessment.	PS/ST; DPs; PFM reform objective leads
Complementary reforms - The realisation of key outcomes is contingent upon timely operationalization of complementary reforms such as sustainable resource mobilization and cost reductions from rationalization of public administration; Sustainability of PFM systems and the successful rollout of the National Backbone infrastructure				Sustained collaboration through PEMCOM and other existing national coordination structures such accountability sector technical working groups	PS/ST; OPM

7 SUSTAINABILITY PLAN

1. Sustainability is the ultimate goal of the PFM reform strategy and is measured by the Government's ability to (a) finance PFM activities and reforms independently; and (b) embed enhanced capacity to operate and manage PFM systems effectively without continuous external assistance.

2. The Government of Uganda has, over time, expanded the share of domestically-financed PFM reform, through an increased share of the PFM reform programme, FINMAP, funded through the national budget. In addition, a number of reform activities that were initially supported through FINMAP or other reform programmes, have been 'mainstreamed' into GoU recurrent budgets. These include, for example:

    a. Recurrent costs associated with operating computerised financial management systems;
    b. New posts and filled vacancies in PFM cadres initiated as consultants or contract staff and mainstreamed into permanent staff positions;
    c. Initial training activities around new systems now operationalised as everyday procedures e.g. output-based budgeting;
    d. Macro-economic modelling and forecasting;
    e. Budget transparency initiatives;
    f. Aid management system support;
    g. Establishment of the Treasury Single Account;
    h. Payroll decentralisation; and
    i. OAG regional offices and support to enhancing the quality and scope of audits.

7.1 Mainstreaming of Reforms into Recurrent Government Budget

3. Insofar as PFM reforms, and operations and maintenance of PFM systems continues to require external financing support, a sustainability plan is needed to ensure that GoU is able to raise progressively more funds and to plan for transition of items, particularly recurrent costs, into GoU budgets. The principles underpinning sustainability planning for PFM reforms include:

    a. IT systems: recurrent costs include internet access, licenses, maintenance, security, audit and technicians. the PFM strategy seeks to provide special funding for the initial 12 months from introducing a new system or upgrade, after which recurrent costs should be mainstreamed into GoU budgets;

    b. Training and capacity building: training costs provided under the PFM reform strategy should be limited to training activities directly associated with new reforms and strategic-level design or assistance to develop training programmes and materials (including capacity building of training institutions); General training of PFM cadres, for example, is considered a recurrent cost and therefore should be provided under training plans and GoU departmental budgets;

    c. Staffing: the use of contract staff and long-term technical assistance can in some cases become a long term need, particularly that associated with IT-based systems, which require technicians to undertake regular maintenance and security management, for example; in these cases Ministry of Public Service should be consulted in the recruitment of contract staff or TA in order to ensure consistency with public service recruitment procedures, in the event that the staff are absorbed into existing vacancies, or new structures are required to create permanent GoU positions, where relevant;

d. Sitting allowances for recurrent activities e.g. for the sitting of Audit Committees are considered recurrent costs and should be mainstreamed as quickly as possible; and

e. PFM institutions responsible for delivery of PFM reforms should prepare exit strategies for investments financed under the PFM strategy implementation plan and their readiness will be monitored and evaluated during the course of implementation.

4. A comprehensive sustainability plan, based on the above principles, will be developed as part of the Costed Implementation Plan for the PFM reform strategy, which will identify ongoing recurrent costs associated with each reform activity, where relevant, that will need to be taken into account for medium-term budgeting. These costs will inform budget preparation in the coming years, as required, for each of the responsible PFM institutions.

7.2 Staffing and Public Administration Structures

5. One key intervention under Objective 6: Oversight and Governance of PFM Reforms, is to review and rationalise the public administration structures. This is to ensure that the institutional structures and staffing is commensurate with the current needs and realities of the delivery requirements of Government. In particular, as part of the PFM reforms, the sustainability planning will identify any transitional roles, contract staff or technical assistance that is likely to be required as a recurrent cost to Government for ongoing operation and maintenance of PFM systems and procedures. This will help inform the review and rationalisation of structures to ensure that adequate resources can be committed to fully mainstream the public administration (wage bill) costs arising as a consequence of PFM reform activities. In addition, PFM reform activities may also identify any redundant activities or processes that might have implications for the review of structures, to ensure that resources are re-allocated to where they are needed most.

7.3 Capacity Building Approach

6. Capacity building and training often forms a major part of PFM reform programmes and, without strategic focus and prioritisation, associated costs can escalate to unsustainable levels, creating dependency on external financing and programme funding for what is essentially recurrent Government activity. A strategic approach to capacity building and training is therefore required for PFM cadres as a whole. Current capacity building efforts are often constrained by uncoordinated approaches across multiple providers of training and across various PFM institutions. Training activities also have a tendency to be supply-driven and not linked in a systematic way to outcomes[50].

7. This PFM reform strategy seeks to update the capacity needs assessment undertaken previously for PFM functions across the whole of Government. Training or capacity building activities covered by the reform implementation plan will then be determined by the above principles and priorities identified in a training programme to be developed based on the results of the updated capacity needs assessment.

8. Given the potentially wide-ranging needs and limited resources, training should be designed around cost-efficient approaches, maximizing the opportunities for on-line learning, practical on-the-job support and technical assistance for systems development, as required. Existing training institutions and professional bodies have an important role to play in the delivery of training of PFM cadres. In the past, successful delivery of capacity building has been achieved when Government works with and facilitates these bodies to enhance their training and professional certification offering. For example, working with the Institute of Chartered

[50] As identified in the evaluation of FINMAP II (2015)

Public Accountants of Uganda to develop a professional certification programme designed to international standards, but tailored specifically to the Ugandan context.

9. The Civil Service College and Uganda Management Institute are also well-placed to develop sustainable continuous professional development programmes, with initial assistance in establishing relevant curricula and training materials. Training of trainers has also been tested successfully in other countries and provides a cost-effective and sustainable means of training a larger number of staff with limited resources, by identifying a selection of capable potential trainers from within the PFM institutions and equipping them with the skills and materials to provide their own training of colleagues.

8 MONITORING AND EVALUATION

8.1 *Strategic Results Framework*

1 Annex D presents the results framework that will be used to assess performance against the PFM reform strategy outcomes. Indicators have been selected at overall outcome (impact) level and at the level of each of the 6 reform objectives (intermediate outcomes). Each indicator has a baseline (2018) and targets for the end of the strategy (2023). Indicators and targets should be Specific, Measurable, Achievable, Relevant and Time-specific (SMART) and representative of the desired outcomes to which the reform interventions are expected to contribute. Where possible, indicators have been drawn from existing Government monitoring and evaluation frameworks, in particular the Accountability Sector Investment Plan, to streamline M&E resources.

2 At the output level, means of verification will be outlined in an accompanying technical Annex. These outputs are to be determined in more detail at the programme level, of each implementing programme and, while those identified in this PFM reform strategy provide a guiding framework, the results framework is likely to be subject to some adaptation, in response to the changing context or needs arising, based on periodic performance review.

8.2 *M&E Framework and Process*

3. As described in the strategic results framework, the monitoring and evaluation (M&E) of the PFM strategy will be integrated into, and make use of, existing GoU M&E systems and frameworks, where possible, in order to ensure sustainability of reforms and support the establishment and embedding of reforms into operational activities and work plans of PFM institutions.

4. Monitoring and evaluation of the PFM reform strategy will measure the performance of the reforms according to the Theory of Change presented in Section 3.3, using the indicators in the Strategic Results Framework in Annex D and according to delivery of the implementation plan. M&E will therefore be carried out at several levels, namely:

   - Level 1 – Impact on service delivery outcomes. While changes in these indicators may not be possible to attribute empirically to PFM reforms, it is expected that the supporting role of PFM systems will have a positive impact on public service quality and effectiveness;

   - Level 2 – Effectiveness (delivery against outcomes). PFM outcomes will be measured using PEFA and equivalent assessment frameworks. PFM reforms that contribute to the overall functioning and effectiveness of PFM systems are expected to have a positive impact on overall PFM assessment scores.

   - Level 3 – Effectiveness against intermediate outcomes. These are represented by the six high level objectives and their accompanying outcomes. Indicators and targets will be measured at the start (baseline), mid-term review and end of the strategy. The interventions and activities identified in the Implementation Plan are expected to contribute to achieving these outcomes.

   - Level 4 – Efficiency (Delivery of outputs and key interventions). As defined in the Implementation Plan. These will be monitored at least annually, using defined means of verification for tracking progress.

- Level 5 – Economy (Activities and resource inputs). At this level, the focus will be on measuring the efficiency of the contributing reform programmes and activities, in terms of their conversion from resources into outputs.

5. Levels 3 to 5 will be the focus of annual (and in some cases quarterly) monitoring activity throughout the period of the Strategy, while Levels 1 and 2 will be assessed through periodic evaluation, using baseline data from the start of the period, data assessed at a mid-term review, and a final evaluation after the strategy period ends. Some indicators at the Levels 1 and 2 will require PEFA assessment or equivalent, which will only be undertaken periodically and are unlikely to demonstrate significant improvements on an annual basis, but require a more medium-term perspective. Level 3 will be assessed at least annually as part of the annual performance review. Levels 4 and 5 will be assessed at programme level, at least quarterly, through relevant delivery (programme) modalities and, where possible consolidated for tracking and learning from delivery efficiency and economy across the PFM reform strategy implementation plan.

8.3 M&E Roles and Responsibilities

6. The Accountability Sector is responsible for reviewing annual sector performance as an input to the sector planning process. In this regard, therefore, the overall progress against PFM reform objectives and impacts (Levels 1 and 2) will be reviewed by the Accountability Sector, with input from PEMCOM and the PFM reform sub-groups. This annual review process will help to identify lessons and issues arising that will inform annual implementation planning and any adaptation to the PFM reform strategy that may be required to ensure successful delivery of its overarching vision, goal and purpose. This annual adaptation may involve re-calibrating PFM reform indicator targets or proposing new ones, as required, in consultation with PEMCOM.

7. PEMCOM will be responsible for coordination of inputs from the PFM reform sub-groups on the annual assessment of performance against the PFM strategy.

8. The PFM sub-groups will set their own agenda and ToRs, but, as a minimum, should review progress against the relevant PFM reform strategy objective, outcomes and outputs (Levels 3 and 4), in order to report on key milestones to PEMCOM, and to inform the Accountability Sector annual review. During this process any issues and risks to be escalated to PEMCOM for supportive action and decisions, will be identified for submission to the PRAM.

9. The PFM reform secretariat will monitor the progress against activities in the PFM reform implementation plan, with input from the sub-groups and responsible institutions. The secretariat will also be responsible for coordinating information on the efficiency and value for money of the reforms (Level 5), and will provide input to the periodic evaluations, which will provide a cumulative and independent analysis of the efficiency and VfM of implementation.

10. In the case of any indicators required under the results framework that are new to GoU processes, the PFM reform secretariat will be responsible for coordinating and establishing a process for data collection of those indicators and their definition. The data source and responsible 'owner' for data collection should be clearly outlined and documented in the technical annex to the results framework.

8.4 Embedding Learning and Feedback

11. Annual or periodic studies and reviews on specific priority issues will also be commissioned by external consultants, EPRC, BMAU or civil society (e.g. CSBAG) in order to ensure there is sufficient independent feedback to inform better implementation and use of lessons learnt. An online monitoring tool for tracking on

PFM reforms will be piloted, to streamline the reporting process at the level of implementing institutions, improve coordination and enhance the transparency and communication of reforms to a wider audience.

8.5 Web-based Monitoring & Evaluation

12. A web-based reporting against the M&E framework of the PFM-RS is likely to improve the accessibility, quality and updating of M&E data, the transparency of progress made, the accountability for results and consequently the interest and engagement of PFM stakeholders in reform processes. It is envisaged to establish in a 3-phased approach in Fiscal Year 2018/19 the functional requirements for such a system, including the related metadata (indicator descriptions), reporting formats, M&E business processes and functionalities/features of the system. Subsequent phases will involve the system development (phase 2, to be completed by the end of FY 2018/19) and the training of administrators, key users as well as the production of supporting manuals (to be completed in FY 2019/20). The system will have different interfaces with different levels of access, i.e. reading rights for selected indicators made available to the wider public and comprehensive reading, writing and validation rights for M&E officers in MoFPED and other votes implementing the PFM Reform Strategy.

8.6 Link between the PFM Reform Strategy with GOU's Performance Assessment System

13. The Government Annual Performance Report (GAPR) provides a comprehensive assessment of Government performance and the results of public spending of the Financial Year. It provides a basis for accountability for performance of MDAs against previously agreed annual output targets and resources utilised across all sectors of government. This is used to brief Cabinet on the overall performance against investment objectives and to inform policy and resource allocations in the next Financial Year. The GAPR also assesses progress against the Government’s commitments made in the NDP, sector objectives, Budget Speech and Ministerial Policy Statements for the financial year. Much of the data for this assessment is provided by the MDALGs and validated by OPM. Where applicable, triangulation with other data producers, including Government inspectorates, the Uganda Bureau of Statistics and non-Governmental sources is undertaken.

14. During the first year of the PFM Reform Strategy (FY2019/20), the requirements for a stronger link between the implementation of the strategy and the Government of Uganda’s performance assessment systems for Central- and Local Government will be explored. It is important to the successful implementation of the PFM reform strategy that votes involved in implementing the strategy plan and report on progress in the same way that they plan and report to the rest of Government. As a first step, a stock-take of the annual work plans of all Central Government votes implementing the PFM reform strategy in order to assess any inconsistency between those plans and the M&E framework of the PFM reform strategy. It is expected that this analysis will result in some adjustment to the indicators for FY 2019/2020 (and beyond) – both at Vote-level and within the PFM reform strategy M&E framework.

15. At the same time, consultations will take place with OPM on how to integrate progress made against the PFM Reform Strategy within the annual GAPR. Regarding the local governments, GoU is currently implementing intergovernmental fiscal transfer reforms. As part of these reforms, a new Local Government Performance Assessment System (LGPAS) and Manual has been designed to help inform transfers. The overall objective of the LGPAS is to promote effective incentives and behaviour, systems and procedures of importance for Local Government’s efficient administration and service delivery. Fiscal Year 2018/19 will be harnessed to harmonize and align the M&E of LG contributions to the PFM reform strategy targets with the LGPAS. From FY 2019/20 onwards, individual votes will be assisted to revise or establish PFM Reform KPIs (and the related business processes) at institutional-, department and/or individual level. Another promising option will be to support

the OAG's capacity to audit PFM performance in Uganda, both in general and vis-à-vis the SDGs, i.e. engaging with the respective PFM Reporting Framework promoted by AFROSAI-E and GIZ.

8.7 Mechanism for updating the Results Framework of the PFM Reform Strategy

16. Throughout the implementation of the PFM reform strategy, a sound balance should be maintained between (i) a general and persistent adherence to the goal and purpose of the PFM reform strategy and (ii) flexibility to cater for emerging issues and lessons learned throughout the implementation. On an annual basis, a high number of analytical studies and reports is produced for the different PFM areas. These should not only inform the successor strategy, starting on 1st July 2023, but generate inputs for annual updated of the present reform strategy. It is also important to stress the fact than an annual update of the PFM reform strategy will enable harmonisation with any update of the NDP and ASSIP, as well as with sub-sector strategies (e.g. MTRS, PIM, Procurement, Internal Audit, or Fiscal Decentralisation).

17. Updates to the results framework should be agreed at the end of the first quarter of each fiscal year, to provide time to make appropriate in-year budget revisions and to allow time to prepare annual work plans, integrated into the plans of MDAs for the subsequent fiscal year. Proposals for updating the Results Framework and M&E Framework of the PFM Reform Strategy should be consolidated by the PEMCOM Secretariat, presented to and validated by the PEMCOM plenary meeting in September/October and attached to the respective PEMCOM minutes.

Annex A: List of Documents Consulted

1. Accountability Sector Strategic Investment Plan 2017/18 - 2019/20
2. Annual Health Sector Performance Report (AHSPR), FY2016/17
3. Annual report of the Auditor General on the results of audits for the year 2017, OAG (2017)
4. Debt Management Performance Assessment (DeMPA) 2018
5. Debt Sustainability Analysis Report, 2016, Ministry of Finance, Planning and Economic Development
6. Economic Diversification and Growth in the era of oil and volatility, Uganda Country Economic Memorandum, World Bank, 2015
7. Education and Sports Sector Annual Performance Report, FY2016/17
8. Enhancing the Performance of Public Investment Management, IMF Technical Assistance report, May 2017
9. FINMAP II evaluation report, ODI (2015) and FINMAP III Change Management and Communications Strategy
10. FINMAP pre-feasibility study, Ecorys (2018)
11. Fiscal Decentralisation Architecture (FDA) and Determining the Share of LG Transfers out of the National Budget, ODI (2017)
12. Fiscal Decentralisation Architecture and Share of Local Government Transfers out of the National Budget, ODI 2017
13. IMF (2014), Revenue Administration Gap Analysis Program – The Value-Added Tax Gap
14. IMF (2015), Tax Administration Diagnostic Assessment Tool for Uganda
15. IMF (2017), Uganda: A framework for preparing a medium-term revenue strategy
16. IMF RA-GAP analysis of Uganda VAT, IMF 2014
17. M. Miller and S. Mustapha (2016), “Public investment management: A public financial management introductory guide”
18. MoFPED Debt Sustainability Analysis, October 2017
19. National Census 2014, UBOS
20. Republic of Uganda (2014), Second National Development Plan II 2015/16 - 2019/20
21. Sub-Saharan Africa: A Survey of Gender Budgeting Efforts, Stotsky et al., IMF July 2016
22. Tax Revenue Potential and Effort, Langford and Ohlenberg, IGC, 2015
23. UBOS (2017) Household Surveys 2016/17
24. UBOS (2017) Uganda Population Projections
25. Uganda health sector budget execution bottlenecks report, USAID (2017)
26. Uganda PEFA Assessment 2016
27. Women, work and the economy: Elborgh-Woytek, et al., IMF, 2013
28. World Bank (2017), Assessing Uganda’s domestic revenue gaps and how to tap the potential
29. World Bank Bank-IMF DSA 2017
30. World Economic Outlook, World Bank, April 2018
31. World Bank (2017), Leveraging Public-Private Partnerships to Plug Uganda’s Deficit in Infrastructure Finance

Annex B: Summary of performance against the PFM Outcome Indicators (as defined in PFM Strategy 2014-2018)

Table A.1: Performance against PFM Outcome Performance Indicators – Stage 1 (Annex 4)

PFM Outcome Indicator	Baseline 2013/14	2014/15	2015/16	2016/17	Source
Budget Credibility and Control					
Domestic Revenue as a % of GDP (excluding domestic Oil and Gas revenues)	11.9%	13.0%	12.9%	13.8%	FINMAP III Annual Report 2016/17
% of National Budget funded from domestic revenue	71.5%	88.0%	87.1%	-	FINMAP III Annual Report 2016/17
% of local Government Revenue as % of GDP	-	-	-	-	n/a
Ratio of national budget allocations to front line service delivery sectors	-	-	-	-	n/a
% of funds released against the original approved budget	103.0%	88.0%	97.0%	104.0%	FINMAP III Annual Report 2016/17
Composition of expenditure out-turn compared to original approved budget	21.1%	12.7%	7.0%	-	PEFA Assessment 2016
% of funds utilised against releases	88.0%	96.0%	96.0%	98.0%	FINMAP III Annual Report 2016/17
[PV of External] National Debt as % of Domestic Revenue	-	-	85.8%	100.4%	Debt Sustainability Analysis, MoFED
stock of arrears as % of total expenditures	7.0%	1.0%	13.0%	10.0%	FINMAP III Annual Report 2016/17
Supplementary expenditure as a % of approved budget	5.0%	4.0%	4.6%	3.1%	FINMAP III Annual Report 2016/17
Improved Compliance					
% of clean audit reports, of which:					
CG	58.0%	70.0%	79.0%	-	FINMAP III Annual Report 2016/17
LG	37.4%	-	-	-	
Statutory Authorities	41.0%	61.8%	78.0%	-	FINMAP III Annual Report 2016/17
% of External audit recommendations implemented by MDAs, LGs and Statutory Authorities	28.0%	-	25.0%	-	FINMAP III Annual Report 2016/16
% of procurement audit recommendations implemented by MDAs, LGs and Statutory Authorities	77.0%	85.0%	55.0%	71.0%	FINMAP III Annual Report 2016/17
% of internal audit recommendations in MDAs implemented	58.0%	63.3%	66.2%	69.2%	FINMAP III Annual Report 2016/17
% of contracts audited (by value) that are rated satisfactory	28.5%	60.0%	96.0%	95.1%	FINMAP III Annual Report 2016/17

Table A.2: Performance against Service Delivery Performance Indicators to which the PFM Reforms Contribute (Annex 5)

PFM Outcome Indicator	Baseline 2013/14	2014/15	2015/16	2016/17	Source
Education					
Net enrolment ratio	93.7%	-	91.0%	96.0%	Education Sector Annual Performance Reports
Net intake ratio	60.0%	-	65.0%	66.0%	
Pupil Teacher Ratio	45 to 1	-	43 to 1	43 to 1	
Health					
Infant Mortality Rate (/1,000 live births)	54 (2011)	45	44	43	Health Sector Annual Performance Reports
Under 5 Mortality Rate (/1,000 live births)	90 (2011)	69	66	64	
Maternal Mortality Rate (/100,000 live births)	438 (2011)	360	320	336	
Energy					
Available Energy (GwH)	3,038	-	3,528	-	Energy Statistical Abstract 2015
Water					
% of Rural Population with Access to Improved Rural Water Supply	64%	65%	67%	70%	Water Sector annual performance reports

Annex C: Costed Implementation Plan

Summarized Costed Workplan by Intermediate Results	
1.1 Enhanced enabling environment for revenue mobilisation	2,381,910
1.2 Tax compliance improved through increased efficiency in revenue administration	6,612,690
1.3 Enhanced collections from new revenue opportunities including oil, gas and mineral sectors	1,042,400
1.4 Sustainable debt and Development financing	4,295,360
DRM	14,332,360
2.1 Budgets aligned to strategic plans and medium term expenditure frameworks	7,975,600
2.2 Multi-year commitments reflected in annual budgets	378,425
2.3 Enhancing Planning and Budget responsiveness to gender equity	468,300
2.4 Increased equity and discretion of resources allocated to LGs for improved service delivery	572,800
2.5 Evidence-based policy making strengthened	16,080,600
Planning and Budgeting	25,475,725
3.1 Efficient identification, selection and management of Public Investment Projects (PIPs) and Public-Private Partnerships (PPPs)	19,752,490
3.2 Enhanced VFM in public procurement for large, complex public procurements	6,931,980
3.3 Optimal Utilisation and Maintanance of Assets	2,851,000
3.4 Enhanced accountability in resource utilisation and results for project delivery	975,000
Public Investment Management (PIM)	30,510,470
4.1 Effectiveness and accuracy of public payroll and pension management systems increased	26,743,686
4.2 Comprehensiveness and quality of financial Reporting	11,291,787
4.3 Strengthen effectiveness and integrity of accountability systems	30,252,600
4.4 Strengthen effectiveness of commitment controls and cash management	7,497,344

4.5 Enhanced Assurance (governance, risk and control) by the internal audit function for Compliance of PFM systems	3,237,235
4.6 Increased PFM Compliance through incentives and sanctions mechanisms	4,026,417
Accountability Systems	83,049,069
5.1 Increased contribution of LG own-source revenue	3,312,571
5.2 Effective planning and budgeting at local governments	1,087,042
5.3 Improved quality of audit and coordinated follow up of recommendations by LGPACs and regional audit committees	2,645,966
5.4 Enhance accountability and performance monitoring in delivery of services in key service sectors (roads, education, health, and agriculture services)	516,646
5.5 Enhanced integrity and value for money of local government procurements	990,828
LG PFM	8,553,053
6.1 Enhanced impact of financial and VFM audit reporting and oversight	19,092,023
6.2 Improved coordination and monitoring of PFM processes within the Accountability Sector	1,704,000
6.3 Sustained uptake of reforms through improved learning and coordination of PFM Reform processes	6,124,491
6.4 Increased demand for downward accountability to citizens for public spending and service delivery performance	1,584,000
6.5 Cost-effective public administration through rationalisation of the administrative units	11,321,384
Governance and Oversight	39,825,898
	201,746,575

Objective 1: To improve Resource Mobilization for Sustainable Development								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
1.1 Enhanced enabling environment for revenue mobilisation								2,381,910
1.1.1. Strong established governance arrangement for revenue mobilisation	1.1.1.1.Develop medium-term Domestic Revenue Mobilisation (DRM) Strategy, including identification of specific assistance necessary to achieve successful and timely intervention	MOFPED/DEA	X					58,410
	1.1.1.2. Undertake comprehensive capacity needs assessment for delivery of DRM strategy and develop programme for capacity enhancement	MOFPED/DEA		X				100,000
	1.1.1.3. Establish approaches & policies to support regulation of the economy to ease revenue mobilisation	MOFPED/DEA			X			83,000
	1.1.1.4. Establish cross-government commitment and institutional arrangements for delivery and oversight of progress against the DRM strategy, including private sector and civil society engagement	MOFPED/DEA			X			33,000
1.1.2. Strengthened policy and legal framework for revenue mobilisation, with consideration of fairness, equity and simplicity	1.1.2.1. Undertake consultative review of tax policy and legislation, in line with priorities in DRM strategy, to improve efficiency, simplicity, fairness and equity	MOFPED/DEA			X	X		208,000
	1.1.2.2. Strengthen capacity for tax policy analysis and design, including process and tools for economic and fiscal impact reporting	MOFPED/DEA		X	X	X	X	263,600
	1.1.2.3. Develop reform proposals and legal amendments identified in 1.1.2.1., including economic and fiscal impacts for submission to Ministers	MOFPED/DEA				X		208,000
1.1.3. Establish policy framework for reporting of tax expenditures	1.1.3.1. Define and identify, with consultation, what is considered to be 'tax expenditure'	MOFPED/DEA		X				44,600

Objective 1: To improve Resource Mobilization for Sustainable Development								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	1.1.3.2. Undertake an exercise to estimate the revenue foregone from tax expenditure, by type, formal and informal and cost-benefit analysis of impacts	MOFPED/DEA			X			79,000
	1.1.3.3. Develop and produce an annual report on tax expenditures for inclusion in Budget documents	MOFPED/DEA			X	X		40,200
	1.1.3.4. Develop comprehensive policy guidelines on tax expenditures	MOFPED/DEA			X			69,600
1.1.4. Performance monitoring and reporting framework for DRM established	1.1.4.1. Identify and establish comprehensive results framework and targets for URA (and other) reporting on DRM, in line with DRM strategy priorities & establishment of revenue monitoring function under BMAU	MOFPED/DEA	X	X	X	X	X	252,400
	1.1.4.2. Agree and establish policy for revenue-related information and data sharing requirements across Government and internationally	MOFPED/DEA		X	X			39,600
	1.1.4.3. Establish protocols and procedures for extracting, reporting and sharing information, including review and strengthening of legal framework & related capacity building	MOFPED/DEA		X	X			56,200
	1.1.4.4. MoFPED and URA (and where appropriate, other institutions) to undertake regular joint review of performance indicators to track progress and identify mitigating actions	MOFPED/DEA		X	X	X	X	433,000
	Conduct a comprehensive study on the impact of some compliance functions on possibility of outsourcing some e.g. educating of and providing support to the informal sector etc	MOFPED/DEA			X			109,300
	1.1.4.5. Annual revenue performance reports to include wider range of indicators, including administration efficiency and compliance improvement	MOFPED/DEA		X				50,000

Objective 1: To improve Resource Mobilization for Sustainable Development								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	1.1.4.6 Technical assistance in implementation of DRM and related monitoring & evaluation framework	MOFPED/DEA	X	X	X	X	X	254,000
1.2 Tax compliance improved through increased efficiency in revenue administration								6,612,690
1.2.1. Enhanced revenue data integrity and efficacy of IT systems	1.2.1.1. Capacity and exercise to improve data integrity in revenue administration systems, as a pre-condition to any IT system upgrade	MOFPED/DEA		X				203,000
	1.2.1.2. Strengthen and implement procedures for ongoing maintenance of data integrity	MOFPED/DEA		X				13,000
	1.2.1.3. Assess efficacy and integration of IT systems for tax administration	MOFPED/DEA		X				113,000
	1.2.1.4. Develop an action plan to address issues identified in activity 1.2.1.3.	MOFPED/DEA			X	X		13,000
	1.2.1.5. Implement action plan identified in activity 1.2.1.4. e.g. IT system upgrades (etax 2 etc.)	MOFPED/DEA						2,701,000
	1.2.1.6. Support establishment of e-payment/m-payment gateway and enhanced digitisation of revenue administration/collection	MOFPED/DEA		X				-
1.2.2 Implementation of the tax Compliance Improvement Plan (CIP) strengthened	1.2.2.1. Review and update Compliance Improvement Plan	MOFPED/DEA		X				67,500
	1.2.2.2. Establish data analysis team(s) with Terms of Reference, including production of monitoring reports across taxes and Customs to review compliance indicators (registration, filing, payment, valuation, classification etc)	MOFPED/DEA						533,600
	1.2.2.3. Operationalise CIP through decisions made at (Domestic & Customs) Risk Management Committees	MOFPED/DEA		X				27,000
	1.2.2.4. Review risk management policy and operational framework	MOFPED/DEA		X	X			29,600
	Develop capacity in risk management	MOFPED/DEA		X	X			197,070
	1.2.2.5. Implement/Operationalise risk management policy and framework e.g.	MOFPED/DEA						631,000

Objective 1: To improve Resource Mobilization for Sustainable Development								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	Risk Management Committees							
	1.2.2.6. Establish and implement data analysis requirements to inform risk management framework and compliance strategies, including use / analysis of third party data	MOFPED/DEA			X	X		-
1.2.3. URA capacity for investigation strengthened, in line with capacity needs assessment / enhancement plan	1.2.3.1. Develop framework and capacity to undertake investigation of tax evasion	MOFPED/DEA			X	X		180,500
	1.2.3.2. Develop framework and capacity to undertake investigation of illicit financial flows	MOFPED/DEA			X			180,500
	1.2.3.3. Establish institutional arrangements and procedures (within URA and across Government) for undertaking joint exercises to investigate tax evasion, in line with DRM strategy	MOFPED/DEA			X	X		46,000
1.2.4 Enhanced administrative capacity and framework for effective international taxation	1.2.4.1. Review and strengthen legal and policy framework online with the DRM recommendations (e.g. addressing international taxation, including High Net Worth Individuals (HNWIs)s	MOFPED/DEA			X	X	X	46,000
	1.2.4.2. Enhance administration capacity to audit, investigate and enforce taxation of international corporations and transactions	MOFPED/DEA				X	X	559,400
	1.2.4.3. Establish and strengthen exchange of information and mutual assistance across tax jurisdictions to strengthen international taxation	MOFPED/DEA		X				742,300
1.2.5 Mechanisms in place for enhanced contribution of non-tax revenues (NTR)	1.2.5.1. Develop a policy on centralised collection of NTR	MOFPED/DEA			X			38,000
	1.2.5.2. Strengthen framework for reporting and monitoring of NTR collection	MOFPED/DEA		X				33,000
1.2.6 Enhanced taxpayer services and taxpayer education programme	1.2.6.1. Enhanced taxpayer education strategy developed, in line with DRM strategy and CIP	MOFPED/DEA						88,220
	1.2.6.2. Establish/implement arrangements for operationalising the CIP and	MOFPED/DEA			X			50,000

Objective 1: To improve Resource Mobilization for Sustainable Development								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	education/services strategy							
	1.2.6.3. Implement a promotion of integrity campaign, based on taxpayer consultation feedback	MOFPED/DEA		X	X			120,000
1.3 Enhanced collections from new revenue opportunities including oil, gas and mineral sectors								1,042,400
1.3.1 Enhanced enabling framework for exploiting new revenue opportunities	1.3.1.1. Undertake consultative review of feasibility and impact of potential new opportunities for revenue enhancement e.g. regional economic integration agenda, environmental protection, taxation of emerging sectors, opportunities from enhanced regulatory framework or infrastructure	MOFPED/DEA				X	X	169,200
	1.3.1.2. Develop proposals from 1.3.1.1. into legislative reforms/amendments for submission to Parliament, with estimated fiscal impact for budget	MOFPED/DEA		X				64,600
	1.3.1.3. Establish administrative arrangements for implementation of new measures	MOFPED/DEA		X				13,000
1.3.2. Enhanced enabling environment for assessment, collection and management of revenue from oil, gas and minerals	1.3.2.1. Undertake review and alignment of PFM laws and attendant regulations and guidelines for oil, gas and minerals revenue management	MOFPED/DEA		X				34,600
	1.3.2.2. Undertake review of fiscal regimes and propose enhancement measures (e.g. oil "windfall" tax), in line with DRM strategy	MOFPED/DEA		X				34,600
	1.3.2.3. Update and incorporate the Oil and Gas sector in the Long-term Expenditure Framework (LTEF)	MOFPED/DEA			X			183,200
	1.3.2.4. Formulate the Oil and Gas Fiscal rule for Uganda	MOFPED/DEA						183,200
	1.3.2.5. Deliver specialised training in oil, gas and mining legislative frameworks and revenue management, in line with DRM capacity needs assessment	MOFPED/DEA		X				360,000

Objective 1: To improve Resource Mobilization for Sustainable Development								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	1.3.2.6. Establish regular reporting on extractive industries activities and revenues, in line with transparency requirements	MOFPED/DEA		X				-
1.4 Sustainable debt and Development financing								4,295,360
1.4.1 Directorate of Debt and Cash Policy (DDCP) operationalized	1.4.1.1. Define comprehensive functions of a unified modern debt office	MOFPED/DDCP		X	X	X		163,090
	1.4.1.2. Technical support and assistance in development of domestic market and risk analysis of the external financing	MOFPED/DDCP		X	X	X	X	1,250,000
	1.4.1.3 Develop a public financing strategy entailing modalities for comprehensive and participatory assessment of existing and potential new financing options.	MOFPED/DDCP	X	X				50,000
	1.4.1.3 .Establish collaborations and attachment with accredited research and institutional development organisation and related bench marking studies in debt management	MOFPED/DDCP		X	X	X		600,000
	1.4.1.3. Establish an interface for dissemination and analysis of debt statistics based on existing system - DMFAS and Aid management platform	MOFPED/DDCP	X	X	X			350,000
1.4.2 Regular market engagement on investment in Government Securities	1.4.2.1. Domestic debt sensitisation in government securities and mobile money bonds, in collaboration with BoU	MOFPED/DDCP		X	X	X	X	70,350
	1.4.2.2. Introduction and rollout of Diaspora and infrastructure Bonds as a new source of raising cheaper borrowing (benchmarking in key six countires with most Ugandans)	MOFPED/DDCP		X	X			196,480
	1.4.2.3. Acquire licences on the Bloomberg platform for domestic debt analysis and reporting	MOFPED/DDCP		X	X	X	X	137,960
	1.4.2.4.Undertake an evaluation and review of debt instruments to support effective cash management	MOFPED/DDCP				X		50,000

Objective 1: To improve Resource Mobilization for Sustainable Development								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
1.4.3. Enhanced capacity in public debt (loan) negotiation and operationalising the debt management strategy	1.4.3.1. Draft clear policy guidelines on unsolicited expressions of interest in financing government projects	MOFPED/DDCP		X	X			67,600
	1.4.3.2. Develop database of contingent liabilities among SOEs and draft contingent liabilities guidelines	MOFPED/DDCP		X	X			63,200
	1.4.3.3.Debt Sustainability tracking TOOL on new new financing modelities	MOFPED/DDCP		X	X	X		88,100
	1.4.3.4. Deliver training to operationalise the Medium Term Debt Management Strategy (MTDS), DMFAS, DSA - project cyle management,Public Debt Portfolio management and analysis, debt sustainability analysis,, analysis and record of guarantees and contingent liabilities arising out of public and PPP investments, and pricing of financial products and market conduct in domestic debt, strengthen negotiation skills	MOFPED/DDCP		X	X	X	X	400,000
	1.4.3.5.Mid term Review of the Public Debt management Framework (PDMF 2018)	MOFPED/DDCP			X	X	X	85,900
	1.4.3.6. Develop a Strategy and monitoring framework for improvement of the Country's Credit rating	MOFPED/DDCP		X	X			152,680
	1.4.3.7 . Undertake a Debt Management Assessment based on the DEMPA assessment framework	MOFPED/DDCP		X		X		300,000
1.4.4 Development support management policy framework established with systems to promote aid effectiveness	1.4.4.1. Framework Agreement signed between MOFPED and the DPs	MOFPED/DDCP		X				-
	1.4.4.2. Capacity building activities for aid management, in line with policy and strategy	MOFPED/DDCP			X			150,000
	1.4.4.3 Develop a compedium on development partner portfolio for effective development support financing	MOFPED/DDCP	X	X				120,000
TOTAL COST								14,332,360

Objective 2: To Enhance Policy-Based Budgeting & Planning for Allocative Efficiency								
Implementing Institutions: NPA, MoFPED (Budget; DEA-Macro); MDALGs (Economists) Key Stakeholders: OPM, UBOS, LGFC, CSOs, private sector, MoLG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
2.1 Budgets aligned to strategic plans and medium term expenditure frameworks								7,975,600
2.1.1 Strengthening capacity in macro-fiscal policy analysis	Deliver training in fiscal impact analysis and forecasting (embedding IMEM)	MOFPED/DEA			X	X		672,000
	Undertake Impact analysis of 4 selected policies or programmes	MOFPED/DEA				X	X	120,000
	DEA and NPA to undertake economic analysis to inform the budget strategy including use of the Macroeconomic model.	MOFPED/DEA		X	X	X	X	200,000
2.1.2. Improved planning at sector level through a joint approach between NPA, MoFPED, OPM and MoLG	Establish technical committee on planning and budgeting with plan of work for a cross-government approach to strengthening planning at sector level including of engagement of private sector and CSOs	MOFPED/DB			X	X		100,000
	Restructure NDP III and Sector strategic plans along programs linked to national strategic objectives to ease PBB/S implementation – Strengthen the Program approach in NDP.	NPA		X	X	X		250,000
	Dissemination of Strengthening Sector Working Group Guidelines	MOFPED/DB			X			60,000
	Periodic review of the functionality of SWGs and related capacity to develop strategic plans enhanced	MOFPED/DB			X	X		360,000
2.1.3 Professionalization of the development planning function of government	MoFPED to take lead in Professionalization of Economists and Statisticians	MOFPED/DEA			X	X		35,000
	Apprenticeship program for Economists, Statisticians, Monitoring & Evaluation staff as an extension of the graduate Economist scheme.	MOFPED/DEA		X	X	X	X	1,000,000
	HoDs, HoF and Planning Units for MALGs trained in Undertake basic PFM concepts training e.g results framework	MOFPED/DB		X	X	X	X	4,000,000
	Certification policy framework and guidelines developed	MOFPED/DB			X	X		100,000
2.1.4 Macroeconomic management with a medium term outlook aligned with the National strategic objectives	Establish institutional arrangements, procedures and monitoring to operationalise the Charter of Fiscal Responsibility	MOFPED/DB			X	X		
	Updating the SAM (National Statistical System enhanced for policy formulation)	MOFPED/DB/DEA						

Objective 2: To Enhance Policy-Based Budgeting & Planning for Allocative Efficiency								
Implementing Institutions: NPA, MoFPED (Budget; DEA-Macro); MDALGs (Economists) Key Stakeholders: OPM, UBOS, LGFC, CSOs, private sector, MoLG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
2.1.5 Strengthening Program-Based Budgeting (PBB) reform for the planning function in government	PBB and PBS rolled out to MDALGs	MOFPED/DB	X	X	X	X	X	280,000
	Review & strengthening of PBB reform and implementation of PBB in MDALGs	MOFPED/DB	X	X	X	X	X	160,000
	Enhance functionality of PBS tool to include planning (multiyear planning at vote level)	MOFPED/DB		X	X			298,600
	Finalisation and Dissemination of the PBB manual	MOFPED/DB		X				40,000
2.2.2. Government Economists trained to improve quality of MDALG plans with a realistic multi-annual perspective	Develop programme and institutional arrangements for professionalization of 'common cadre' e.g. Comprehensive (certified) training for MDALG Economists and Statisticians	MOFPED/DB		X	X			200,000
	Training HoDs, HoF and Heads of Planning units in MALGs in Budget reforms	MOFPED/DB		X				100,000
2.2 Multi-year commitments reflected in annual budgets								378,425
2.2.1 Strengthened accuracy and comprehensiveness of multi-year budgeting	Review and establish policy framework for multi-year budgeting and commitment monitoring	MOFPED/DB		X	X			170,400
	Capacity building activities to enhance budgeting accuracy in high-spend votes	MOFPED/DB		X	X	X		208,025
2.3 Enhancing Planning and Budget responsiveness to gender equity								468,300
2.3.1 Enhanced gender-equity budgeting in selected key sectors (e.g. Education, Health, Agriculture)	Review and improve monitoring and evaluation methodologies for GEB	MOFPED/DB		X	X	X		167,500
	Capacity building activities for GEB planning and budgeting process in selected sectors	MOFPED/DB		X	X			120,000
	Gender statistics refined for key sectors, in line with M&E methodologies	MOFPED/DB		X	X			180,800
2.4 Increased equity and discretion of resources allocated to LGs for improved service delivery								572,800
2.4.1 A gradual increase in share of central revenue for LG service delivery, as recommended in the Fiscal Decentralisation Architecture report	Review service delivery costs at LG level based on sector standards to establish norms in the target sectors for rural and urban LGs.	MoLG/LGFC			X	X	X	160,000
	Develop comprehensive report for National Budget documents on LG fiscal transfers, including estimates of local own-source revenue collection	MoLG/LGFC		X	X	X		20,000

Objective 2: To Enhance Policy-Based Budgeting & Planning for Allocative Efficiency								
Implementing Institutions: NPA, MoFPED (Budget; DEA-Macro); MDALGs (Economists) Key Stakeholders: OPM, UBOS, LGFC, CSOs, private sector, MoLG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
2.4.2. Enhanced enabling legal, policy and reporting framework for local service delivery	Review compliance with the current strategy/policy and legal framework for devolution of services and assess feasibility of introducing enhanced discretion of funds (reduced earmarking) for LGs, with incentives for improved accountability performance	MoLG/LGFC		X	X			170,400
	Develop proposals and an action plan to improve the institutional framework for management of inter-governmental fiscal transfers and assignment of roles and responsibilities	MoLG/LGFC		X	X			201,600
	Establish institutional arrangements for implementation of the action plan	MoLG/LGFC		X	X			20,800
2.5 Evidence-based policy making strengthened								16,080,600
2.5.1. Tools, procedures and capacities enhanced for gathering evidence and undertaking analysis to inform policy	Develop a programme of regular Public Expenditure Tracking reviews, demonstrated with selected high-spending sectors to guide the formulation of performance outcomes and targets for the remaining period of the NDP II.	NPA		X	X			240,800
	Undertake selected impact evaluations and cost-benefit analysis of high value or strategic interventions to inform future planning decisions	MOFPED/DEA			X	X		63,000
	Undertake an impact evaluation of NDP II	NPA		X	X			298,000
	Identify requirements and develop database(s), tools and guides to improve policy research across Government	MOFPED/DEA		X	X			10,500
	Deliver training on tools and guides for evidence-based policy making	MOFPED/DEA			X	X		23,300
2.5.2 Establish and enhance mechanisms for fostering and requiring the use of evidence in policy formulation and planning	MoFPED (DEA) to coordinate Economic Policy research agenda and identify research areas (Research database, tools, system and capacity to be identified as part of implementation)	MOFPED/DEA	X	X	X	X	X	100,000
	Establish an economic research forum to discuss research findings and how to inform policy	MOFPED/DEA	X	X	X	X	X	110,000
	Review and establish institutional arrangements that provide incentives / compulsion for policy makers to access and use research in policy formulation e.g. compliance with	MOFPED/DEA			X	X	X	50,000

Objective 2: To Enhance Policy-Based Budgeting & Planning for Allocative Efficiency								
Implementing Institutions: NPA, MoFPED (Budget; DEA-Macro); MDALGs (Economists) Key Stakeholders: OPM, UBOS, LGFC, CSOs, private sector, MoLG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	certificates of fiscal impact							
	Establish mechanism for identifying, compiling and communicating findings from relevant research to policy makers	MOFPED/DB				X	X	50,000
2.5.3 Harmonized monitoring and evaluation frameworks within Government	Review and harmonise monitoring and evaluation frameworks in Government	NPA				X	X	100,000
	Harmonised guidelines for project ex-ante, mid-term and ex-post evaluation developed	NPA				X	X	126,000
	National compendium for monitoring indicators	NPA			X	X	X	50,000
2.5.4. Enhancement of reporting capability on service delivery	Establish an interface between PBS, IFMS, AMP, IPPS, BOT and OTIMS	MOFPED/DB	X	X				-
	Establish an interface between PBS, Intergrated Bank of Projects, Education Management Information System, Health Management Information System and NIRA	MOFPED/DB		X	X	X		3,984,000
	Technical Support to PBS	MOFPED/DB		X	X	X	X	10,000,000
	Strengthen the GAPR to enhance follow up of recommendations in service delivery	MOFPED/DB		X	X			80,000
2.5.5. Strengthened monitoring of the budget and evidence uptake	Develop guidelines and manuals for monitoring the budget	MOFPED/DB			X	X		60,000
	Dissemination of budget monitoring information	MOFPED/DB		X	X	X		60,000
2.5.6. Implementation of the BTA Strategy	Publication of the BTA Strategy: produce and publicise simplified or popular versions of the BTA Strategy.	MOFPED/DB		X	X			110,000
	Sensitize the public on their right to budget information, enhance budget literacy among the populace and raise awareness on the importance of budget transparency and accountability.	MOFPED/DB		X	X			100,000
	Capacity needs assessment to determine the knowledge gap and critical skill set required for effective execution of the BTA related functions by the policy makers, senior staff and communication Officers in MDAs.	MOFPED/DB			X	X		50,000

Objective 2: To Enhance Policy-Based Budgeting & Planning for Allocative Efficiency								
Implementing Institutions: NPA, MoFPED (Budget; DEA-Macro); MDALGs (Economists) Key Stakeholders: OPM, UBOS, LGFC, CSOs, private sector, MoLG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	Publication and dissemination of budget documents that are in simple formats and are user friendly containing specific LG annual budget estimates and performance. The documents should target diverse audiences. Such documents should be published in local languages.	MOFPED/DB			X	X		48,000
	Provision of adequate financial, human and logistical support needed for budget transparency and accountability programmes as part of the delivery of the function of the local government. The initiatives should include publications, websites, and displays of budget information on public noticeboards, radio and TV talk shows and other forms of media engagement.	MOFPED/DB			X	X		90,000
	Developing and sustaining mechanisms and actions that allow effective citizen engagement in budget decision-making, implementation and monitoring; encourage citizen feedback and response to such feedback. This would enhance accountability for public expenditure.	MOFPED/DB		X	X	X		100,000
	Capacity building of accounting officers and policy makers in promoting budget transparency and accountability with their sectors or MDAs	MOFPED/DB		X	X	X		177,000
TOTAL COST								25,475,725

Objective 3: To strengthen public investment management (PIM) for increased development returns on public spending								
Implementing Institutions: MoFPED (PAP, Budget), AGO, PPDA, NPA, Development Committee Key Stakeholders: OPM, MDALGs, SWGs, CSOs, private sector								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
3.1 Efficient identification, selection and management of Public Investment Projects (PIPs) and Public-Private Partnerships (PPPs)								19,752,490
3.1.1 Improved multi-annual planning and management of high value investments in selected sectors/MDAs	Design & implement systems for managing high value/multi annual projects in selected sectors/MDAs	MOFPED/DB	X	X	X	X	X	286,695
	Align MTEF with the multi-year commitments by sectors and MDALGs	MOFPED/DB			X	X		
	Establish policy on implementation of infrastructure corridors to better manage compensation for large infrastructure investments	MOFPED/DB			X	X		
3.1.2 IT-based Integrated Bank of Projects (IBP) developed (incl automation of projects management aspects in the PIP)	Stocktaking and verification of project information	MOFPED/DB		X	X			283,420
	Business process mapping and requirements analysis of PIM/PPP system	MOFPED/DB						
	Phase two of the IBP linking the pre-investment phase to implementation, identification and Monitoring and evaluation	MOFPED/DB		X	X			772,710
	Develop and roll-out of Integrated Bank of Projects (IBP), complete with data collection module	MOFPED/DB	X					412,860
3.1.3 Capacity strengthened for project cycle management of PIM	Diagnostic Studies in selected sectors managing large investment projects	MOFPED/DB		X	X	X	X	538,400
	Develop guidelines on (incl. financial appraisal, implementation planning, Monitoring and Evaluation handbook for public investments)	MOFPED/DB		X	X			584,570
	Sector Specific project preparation and appraisal manuals developed in liaison with the PAP Department to strengthen PIMs by improving the quality and readiness of projects in specific sectors(the technical secretariat of the Development Committee);	MOFPED/DB		X	X			660,020
	Strengthen the capacity and role of the Development Committee (DC) in undertaking independent project review and appraisal.	MOFPED/DB		X	X	X	X	209,800
	Development of Sector Specific project preparation and appraisal manuals							
	Build Capacity in the entire project cycle (identification, preparation, appraisal, implementation & ex-post evaluation)	MOFPED/DB		X	X	X		751,600

Objective 3: To strengthen public investment management (PIM) for increased development returns on public spending								
Implementing Institutions: MoFPED (PAP, Budget), AGO, PPDA, NPA, Development Committee Key Stakeholders: OPM, MDALGs, SWGs, CSOs, private sector								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	for all stakeholders across Government.							
	Approved curriculum for PIM for universities and tertiary institutions	MOFPED/DB		X	X			141,860
	Guidelines for identification and preparation of projects developed	MOFPED/DB		X	X			125,000
	Conduct training of key stakeholders in project cycle management (Including design, budgeting, cash-flow planning, multi-annual planning, coordination, monitoring, asset management, evaluation and sustainability planning	MOFPED/DB		X	X			452,000
3.1.4 Investment project costing methodology/formula established	Develop investment project costing methodologies for budgeting processes at MDA- and sector level	MOFPED/DB		X	X			367,350
	Deepen usage of approved national parameters, shadow prices and conversion factors for the preparation, appraisal and selection; and Unitary Prices Database developed and disseminated	MOFPED/DB		X	X	X		314,475
	Develop capacity in project costing methodologies	MOFPED/DB			X	X	X	2,338,290
	Enforce and monitor the use of recommended project costing methodologies	MOFPED/DB						
	Unit prices database developed and disseminated	MOFPED/DB						237,870
3.1.5 Modalities for independent and formal appraisal developed	Decision paper on PIP presented annually to Cabinet to obtain endorsement on (i) medium-term expenditure envelope and shares for each sector, (ii) any projects to add and offsetting ones to remove/suspend to stay, and (iii) a list of well-defined priority areas for development of new projects;	MOFPED/DB		X	X	X	X	353,960
	Fund established for feasibility and/or pre-appraisal studies of projects while they are awaiting their inclusion in the PIP, i.e. the Budget;	MOFPED/DB		X	X	X	X	2,750,000
	Develop Sector specific Appraisal manuals for PIP (including templates)	MOFPED/DB		X	X			125,000

Objective 3: To strengthen public investment management (PIM) for increased development returns on public spending								
Implementing Institutions: MoFPED (PAP, Budget), AGO, PPDA, NPA, Development Committee Key Stakeholders: OPM, MDALGs, SWGs, CSOs, private sector								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
3.1.6. Governance and institutional arrangements for project selection and appraisal strengthened	Review and evaluate institutional arrangements for project appraisal e.g. Development Committee and Guidelines	MOFPED/DB		X	X			506,050
	Implement actions identified in the review	MOFPED/DB		X	X	X	X	308,400
3.1.7. Regulatory and institutional framework for management of PPPs strengthened;	Diagnostic study on legal framework and propose enhancements	MOFPED/DB		X	X			125,000
	Implement recommendations of diagnostic study	MOFPED/DB		X	X			250,000
3.1.8 Capacity for management of PPPs strengthened	Diagnostic study on PPP framework (institutional and regulatory)	MOFPED/DB		X	X			125,000
3.1.9 Capacity for risk assessment of PIPs and PPPs strengthened	Develop guidelines and procedures for PIP and PPP fiscal risk management and analysis during project appraisal	MOFPED/DB		X	X			254,000
	Training for in PPP fiscal risk management and analysis (assessment for their implied fiscal commitments and risks)	MOFPED/DB		X	X			145,000
3.1.10 Strengthened legal framework for PIM	Guide on responsibilities for all stakeholders within the PIMS clearly defined (Identification, mapping and reengineering of processes in the PIM system, involving MDAs-SWGs, NPA, OPM, MFPED and DC);	MOFPED/DB		X	X	X		200,900
	Independent Review implementation of the mandatory 4-phase project life cycle (1. Identification phase, 2. Pre-investment phase, 3.Investment phase, 4. Operation and ex-post phase); for selected high value investment projects	MOFPED/DB		X	X			450,000
	Development of the Public Investment Management Policy, including undertaking a review of the PPP act in order to harmonise the PIMS framework with the PPP legal & regulatory framework.	MOFPED/DB		X	X			3,293,300
	Develop implementation strategy and guidelines for operationalisation of the PIM policy	MOFPED/DB		X				157,170
	Review and amendment of the PFM and PPP Act	MOFPED/DB		X	X			2,231,790

Objective 3: To strengthen public investment management (PIM) for increased development returns on public spending								
Implementing Institutions: MoFPED (PAP, Budget), AGO, PPDA, NPA, Development Committee Key Stakeholders: OPM, MDALGs, SWGs, CSOs, private sector								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
3.2 Enhanced VFM in public procurement for large, complex public procurements								6,931,980
3.2.1 Enhanced governance of public procurement system	Oversight committee of central agencies (MoFPED, PPDA, OPM, NPA) established for large value procurement actions;	MOFPED/AGO	X					20,000
	Finalise and disseminate the Bill on Institute of Supply Chain Management of Uganda	MOFPED/AGO	X	X				200,000
	Automation of procurement audit tools to enable effective procurement audits under PDEs	PPDA		X	X			400,000
	Increasing the audit and compliance monitoring coverage of PDEs	PPDA		X	X	X		120,000
	Undertake an assessment of public sector procurement system for Uganda using MAPs tool	MOFPED/AGO	X			X		800,000
	Develop and establish professional training programme for procurement cadre	MOFPED/AGO	X	X	X	X	X	300,000
	Capacity strengthened for other stakeholders in Local Governments and CG in the procurement cycle	AGO		X	X	X	X	1,167,280
	Roll out of the E-learning system across government	PPDA	X	X				400,000
	Local content implementation strategy	MOFPED/AGO			X			298,500
	Inspection of PDE for both Central and Local Government	MOFPED/AGO		X	X	X	X	651,200
3.2.2. Alignment of the legal and regulatory framework to the revised national procurement policy	Review and Amendment of the legal and regulatory framework & related dissemination	MOFPED/AGO	X	X				330,000
	Develop new regulations for Negotiations, Complex procurements, Sustainable procurement , Reservation and preference schemes, Women and Youth, SMEs	MOFPED/AGO		X	X			525,000
	Develop Implementation strategy for sustainable procurement guided by a study on market readiness for sustainable procurement	MOFPED/AGO			X			525,000
	Develop stakeholder manual/ guide on the vulnerabilities in the public sector procurement process	MOFPED/AGO		X				310,000
	Development and dissemination of amended PPDA SBDs and guidelines	PPDA		X	X			400,000
3.2.3 Capacity strengthened in contract management	Develop contract management manual	PPDA		X	X			50,000
	Enforce appointment of contract managers and use of updated registers	PPDA		X	X			20,000
	Enforce contract management functionality on EGP/IFMS	PPDA		X	X			40,000

Objective 3: To strengthen public investment management (PIM) for increased development returns on public spending								
Implementing Institutions: MoFPED (PAP, Budget), AGO, PPDA, NPA, Development Committee Key Stakeholders: OPM, MDALGs, SWGs, CSOs, private sector								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	(integrated)							
	Training of selected MDAs in contract management	PPDA		X	X			150,000
3.2.4 Improved procurement monitoring for managing large and complex procurements in selected sectors/ MDAs	Introduce independent parallel bid evaluation (IPBEM) in high spend sectors for strategic/complex procurements	PPDA		X	X	X		120,000.00
	Capacity strengthened for IPBEM	PPDA		X	X	X		80,000.00
	Develop guidelines and manuals for IPBEM	PPDA		X	X	X		25,000.00
3.3 Optimal Utilisation and Maintenance of Assets								2,851,000
3.3.1 Public Asset Management Policy (financial and non-financial) framework developed	Baseline study of asset management system (non-financial assets)	MOFPED/AGO	X	X				200,000
	Develop public asset management policy (non-financial assets)	MOFPED/AGO	X	X				150,000
	Undertake a scoping study on Financial asset and investment to establish current practices and related gaps	MOFPED/AGO	X	X				100,000
	Undertake bench marking study on asset management in public sector	MOFPED/AGO		X				150,000
	Develop financial asset management policy, implementation strategy and guidelines	MOFPED/AGO	X	X				110,000
	Develop a government investment policy, related strategy and guidelines	MOFPED/AGO	X	X				135,000
	Develop and implement a governance framework and guidelines for public corporations and state owned enterprises (including reporting mechanisms e.g. website with a published list of SOEs, information on the assets, income, and number of employees)	MOFPED/AGO				X	X	80,000
3.3.2 Guidelines on public asset operation and maintenance developed	Business process mapping and requirements analysis for fixed assets	MOFPED/AGO		X	X			15,000
	Develop asset operation and maintenance guidelines	MOFPED/AGO		X	X			225,000
	Establish a framework for monitoring, evaluation and reporting on government assets (Including asset management monitoring balance score card)	MOFPED/AGO		X	X			176,000
	Review of staffing norms for inventory management cadre	MOFPED/AGO	X			X		30,000
3.3.3 Non-current assets policy operationalised	Design and Pilot the IFMS inventory management module in selected MDAs and LGs	MOFPED/AGO			X	X		800,000

Objective 3: To strengthen public investment management (PIM) for increased development returns on public spending								
Implementing Institutions: MoFPED (PAP, Budget), AGO, PPDA, NPA, Development Committee Key Stakeholders: OPM, MDALGs, SWGs, CSOs, private sector								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	Provision for computing equipment, related accessories, vehicles and other tools to support Field work processes (BOS)	MOFPED/AGO		X				250,000
	Undertake IFMS Inventory management functional training for key users	MOFPED/AGO		X	X	X	X	150,000
	Extended IFMS functionality (asset & inventory management) available to MDALGS and related training rolled out	MOFPED/AGO	X	X	X	X	X	280,000
	Fixed assets are capitalized and reported in the Consolidated Financial Statements	MOFPED/AGO				X	X	
3.4 Enhanced accountability in resource utilisation and results for project delivery								975,000
3.4.1 Regular performance review and reporting of public projects and PPPs established	Performance Review/Reporting of Implementation of public projects and PPPs	MOFPED/DB		X	X	X	X	400,000
	Require Sector to report on project delivery and evaluation of impact to Development Committee	MOFPED/DB	X	X	X	X	X	100,000
	Guide sectors through development of a project delivery evaluation manual & related capacity building	MOFPED/DB		X	X			450,000
	Enhance transparency and communication of project delivery to the public - enforce display of notice boards at project delivery points & publications	MOFPED/DB		X	X			25,000
TOTAL COST								30,510,470

Objective 4: To strengthen the effectiveness of accountability systems and compliance in budget execution								
Implementing Institutions: MoFPED (Budget, Aid, Debt), AGO, MoLG, MDALGs, PPDA, MoPS Key Stakeholders: NITA-U, URA, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
4.1 Effectiveness and accuracy of public payroll and pension management systems increased								26,743,686
4.1.1 HCM rolled out to MDALGs	Implement HCM Rollout work plan/roadmap	MoPS		X	X	X		7,847,112
	Integrate HCM with other additional Government systems (Pension Fund Information System - PFIS)	MoPS		X	X			148,308
	Implement HCM and integrate with key Government ICT systems (IFMS, PBS, NSIS, NSSF,PDMS,EDMS)	MoPS					X	9,419,612
	Undertake HCM Post implementation review	MoPS		X	X	X	X	4,345,334
	Implement Backlog Reviews/Change Requests	MoPS		X	X	X	X	979,800
	Rollout HCM to newly established votes	MoPS		X	X	X		425,440
	Undertake Technical, Functional and End-User Training across MDALGs	MoPS		X	X	X		1,898,040
	Conduct Technical and Functional Support clinics to sustain adoption and utilization of automated HR functions at MDALGs	MoPS		X	X	X	X	1,430,040
	Skills development in pensions and payroll audits	MoPS			X			100,000
	Build capacity of stakeholders/MALGs - decentralised payroll and pension management	MoPS	X	X				150,000
4.2 Comprehensiveness and quality of financial Reporting								11,291,787
4.2.1 Enhanced professionalization of accounting, Procurement & IT cadre in MDALGs	Develop professional training programmes & implementation arrangements	MOFPED/AGO	X	X	X	X	X	100,000
	Implement IT/IS professional training programmes	MOFPED/AGO	X	X	X	X	X	4,224,200
	Implement Accounting/Audit professional training programmes and other training programmes	MOFPED/AGO	X	X	X	X	X	368,000
	Implement Procurement/Inventory Management professional training programmes	MOFPED/AGO	X	X	X	X	X	193,200
	Undertake Tracer studies for selected Study cohorts to assess impact of learning on improvements in governance and services delivered	MOFPED/AGO		X		X		45,400
	Equipping In-house training facility and enhancement of the AGO Library	MOFPED/AGO		X	X	X		210,000

Objective 4: To strengthen the effectiveness of accountability systems and compliance in budget execution								
Implementing Institutions: MoFPED (Budget, Aid, Debt), AGO, MoLG, MDALGs, PPDA, MoPS Key Stakeholders: NITA-U, URA, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
4.2.2 Improved Compliance to Accounting Standards and guidelines	Conduct Study to understand the gap between the current practice and recommended reporting framework	MOFPED/AGO		X				20,000
	Issue revised reporting framework, guidelines and templates	MOFPED/AGO		X				75,000
	Train staff in MDAs & LGs on the revised financial reporting framework	MOFPED/AGO		X				90,000
4.2.3 Plan for transition to accrual accounting developed	Develop road map and concept note for implementation of Accrual Accounting	MOFPED/AGO	X					1,000,000
	Undertake benchmarking studies to inform implementation approach	MOFPED/AGO		X				150,000
	Establish governance structures for the accrual accounting project	MOFPED/AGO	X					30,000
	Configure/customise systems to activate accrual accounting	MOFPED/AGO		X				150,000
	Conduct change management and information sharing sessions for key stakeholders	MOFPED/AGO		X	X	X	X	340,000
	Capacity enhancement in accrual accounting, reporting for accounting and audit cadre	MOFPED/AGO		X	X	X	X	1,020,000
	Develop financial reporting policies and guidelines to support accrual accounting	MOFPED/AGO		X	X			60,000
4.2.4 Enhanced financial accounting capacity in LGs (LLGs)	Design and rollout Computerized LLGs (w/ simplified spreadsheet to standardize financial (including revenue) accounting and reporting) to fast-track implementation of the simplified accounting guidelines	MOLG		X	X			100,000
	Computing equipment to LLGs for the simplified accounting spreadsheet	MOLG		X				1,473,684
	Undertake training in simplied spreadsheet	MOLG		X				378,947
	Service delivery units (incl. hospitals, health units and schools) trained in simplified PFM guidelines	MOLG		X				413,355
4.2.5 Enhanced automation for reporting and analysis of financial data	Implementation of PFM Business intelligence and dashboards software to support enhanced reporting & Supplier interface	MOFPED/AGO		X	X	X		600,000
	Enhance capacity for data analysis, quality assurance and reporting to maximize the potential for PFM systems integration for efficiency, accountability, transparency and monitoring	MOFPED/AGO		X	X	X	X	250,000
4.3 Strengthen effectiveness and integrity of accountability systems								30,252,600

Objective 4: To strengthen the effectiveness of accountability systems and compliance in budget execution								
Implementing Institutions: MoFPED (Budget, Aid, Debt), AGO, MoLG, MDALGs, PPDA, MoPS Key Stakeholders: NITA-U, URA, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
4.3.1 Integrated E-GP rolled out	Deepen rollout and usage of E-GP across government	MOFPED/AGO	X	X	X	X	X	3,587,500
	Implement integration between EGP and other government systems	MOFPED/AGO	X	X				650,000
	Change management and capacity building for the EGP implementation	MOFPED/AGO	X	X	X	X	X	4,295,600
4.3.3 Core PFM accountability systems enhanced and integrated	Strengthen PFM systems Governance Committee for acquisition & Monitoring of PFM systems by MDAs and LGs	MOFPED/AGO	X					-
	Review, develop and implement road map for integrating government ICT-based accountability systems, including guidelines on acquisition of systems by MDAs	NITAU - RCIP	X					600,000
	Integrate ICT-based accountability systems (IFMS, HCM, PBS, e-Tax, e-GP, e-Payment Gateway, DFMAS, AMP, PIM Systems)	MOFPED/AGO	X	X	X	X	X	950,000
	Establish PFM systems academy and strengthen e-learning for sustainable management of systems	MOFPED/AGO			X	X	X	485,000
	Build capacity of various stakeholders to utilise integrated systems and operationalise guidelines on acquisition of systems	NITAU - RCIP		X	X			400,000
	Upgrade of IFMS (Oracle and FMSFM) databases and applications in line recommended software lifecycle	MOFPED/AGO		X	X			2,000,000
	Enhance/rollout appropriate ICT infrastructure (NBI connectivity, power, centralised hosting, DR)	NITAU - RCIP						-
4.3.4 IFMS (Oracle and FMSFM) & e-Payment Gateway rolled out to all remaining MDALGs	Rollout of IFMS (Oracle) to the remaining MDALGs	MOFPED/AGO/MOLG		X	X			5,300,000
	Set-up Treasury Service Centers to support optimal use of PFM systems by users	MOFPED/AGO/MOLG		X	X			1,000,000
	Undertake PFM systems functional (new & refresher) training for staff in MDAs and LGs	MOFPED/AGO/MOLG		X	X	X	X	600,000
	Establish/Rollout e-Payment Gateway	MOFPED/AGO/MOLG		X	X			150,000
	Provide functional support to enhance optimal use of PFM systems	MOFPED/AGO/MOLG		X	X	X	X	420,000
4.3.5 IT Governance and Security of financial accountability systems strengthened	Enhance/rollout appropriate ICT infrastructure (NBI connectivity, power, centralised hosting, Disaster Recovery)	NITAU - RCIP						200,000
	Build National Data Centre to Uptime Tier 3 standard	NITAU - RCIP						2,500,000

Objective 4: To strengthen the effectiveness of accountability systems and compliance in budget execution								
Implementing Institutions: MoFPED (Budget, Aid, Debt), AGO, MoLG, MDALGs, PPDA, MoPS Key Stakeholders: NITA-U, URA, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	Single redundant encrypt. gigabit+ ethernet pipe for PFM connectivity a network connection to each PFM of MDALGs	NITAU - RCIP						200,000
	Network links to the PFM pipe to connect all PFM users and servers	MOFPED/AGO						100,000
	Physical & electronic security measures for ICT equipment	MOFPED/AGO		X	X			100,000
	Access to PFM apps through encrypted links / user ident. identification	MOFPED/AGO		X	X			287,500
	Remote access to NBI through controlled connections	MOFPED/AGO		X	X			100,000
	Build Disaster Recovery Centre to Uptime Tier 3 standard	NITAU - RCIP						2,500,000
	Improve environment of existing data centres (DCs)	NITAU - RCIP						25,000
	Rollout upgrade of Foreign Missions FMS & Fixed Assets Module	MOFPED/AGO		X	X	X	X	990,000
	PFM Data warehouse for financial data and transaction	MOFPED/AGO		X	X	X		225,000
	Design and implement PFM Data archiving system	MOFPED/AGO		X	X	X		1,000,000
	Implement Network Access Control (NAC)	MOFPED/AGO		X	X	X		287,500
	Implement Security Information & Event Management (SIEM)	MOFPED/AGO		X				200,000
	Implement Network Packet Capture System	MOFPED/AGO			X			115,000
	Implement Zero day protection	MOFPED/AGO		X				115,000
	Implement Cisco ISE	MOFPED/AGO			X			200,000
	Implement Cisco Prime	MOFPED/AGO			X			230,000
	implement End Point Security	MOFPED/AGO		X				115,000
	Implement Dell EMC integrated protection for converged infrastructure	MOFPED/AGO		X				57,500
	Implement Imperva Web Application Firewall	MOFPED/AGO		X				92,000

Objective 4: To strengthen the effectiveness of accountability systems and compliance in budget execution								
Implementing Institutions: MoFPED (Budget, Aid, Debt), AGO, MoLG, MDALGs, PPDA, MoPS Key Stakeholders: NITA-U, URA, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	Enhance the Ministry Websites - See below for costing	MOFPED/AGO						-
	ICT infrastructural support to Foreign Missions FMS	MOFPED/AGO		X				175,000
4.4 Strengthen effectiveness of commitment controls and cash management								7,497,344
4.4.1 Enhanced and more sustainable Public Service Pension Scheme to minimise pension arrears	Undertake actuarial study of current public service pension scheme	MoPS		X				92,400
	Undertake legal and regulatory policy review	MoPS		X	X			227,500
	Establish board of trust for Public service pension scheme/fund	MoPS		X	X	X	X	966,600
	Build capacity of stakeholders to manage the PS pension scheme	MoPS		X				380,250
	Undertake change management’	MoPS		X	X			480,000
	Establish Information system for the PSPS	MoPS		X				1,579,054
	Develop policies regulations and guidelines	MoPS		X	X			208,000
	Benchmarking Study on pension fund governance, Scheme, Design, Investment, transition management and controls	MoPS		X	X	X		330,240
	Training and Capacity Building Interventions for the Board of Trustees of the fund, Investment Managers, Custodians, Administrators and staff of the fund	MoPS			X	X	X	720,000
	Developing and disseminating IEC materials on the PSPF	MoPS		X				90,500
	Providing administrative Support to Project Implementation and the Inter-Ministerial Committee on the Reform of the PSPS	MoPS		X	X	X	X	140,800
4.4.2 Commitment Controls enhanced and enforced	Enhance commitment controls within IFMS to capture multi-year commitments and arrears	MOFPED/AGO	X	X				150,000
	Consolidated guidelines on recognition, ageing, settlement and reporting of arrears	MOFPED/AGO	X	X				25,000
4.4.3 Enhanced mechanisms for regular reporting and verification of arrears by MDALGs operationalised	Monthly reports provided by MDALGs to MOFPED and OPM on the status of clearing domestic arrears	MOFPED/AGO	X	X	X	X	X	
	Approved arrears clearance strategy with prioritisation criteria and institutional responsibilities for monitoring & clearance	MOFPED/AGO	X	X				-

Objective 4: To strengthen the effectiveness of accountability systems and compliance in budget execution								
Implementing Institutions: MoFPED (Budget, Aid, Debt), AGO, MoLG, MDALGs, PPDA, MoPS Key Stakeholders: NITA-U, URA, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
4.4.4 Enhanced Treasury Single account	Rollout the TSA framework to all LGs and integrate with CG TSA	MOFPED/AGO	X		X	X		250,000
	Rollout TSA framework for externally financed projects	MOFPED/AGO		X				150,000
4.4.5 Active Cash Management Implemented and institutional framework strengthened	Build Capacity in active cash management and forecasting	MOFPED/DCP		X	X	X	X	962,400
	Build capacity of MDA&LGs in cash flow planning and forecasting	MOFPED/DCP		X	X	X	X	305,000
	Develop instruments for financing liquidity shortfalls and investing surpluses	MOFPED/DCP		X	X	X	X	100,000
	Develop and implement guidelines for cash management	MOFPED/DCP		X				137,200
	Undertake Cash Payment Tracking Study	MOFPED/DCP		X		X		171,200
	Reviewing existing legislation and policies and propose amendments	MOFPED/AGO		X	X	X	X	31,200
4.5 Enhanced Assurance (governance, risk and control) by the internal audit function for Compliance of PFM systems								3,237,235
4.5.1 Expanded automation of internal audit processes (using IDEA, CAATs) to LGs not currently covered	Procurement of computer assisted audit tools (CAATS) for LGs	MOFPED/IAG/MOLG	X	X	X			562,410
	Rollout and train MDAs Audit recommendations tracking system	MOFPED/IAG/MOLG	X	X				178,000
	Training program for the use of the CAATs by LGs	MOFPED/IAG/MOLG	X	X	X	X		168,323
4.5.2 Risk Management strategy rolled out	Implement risk management framework	MOFPED/IAG/MOLG	X	X	X	X	X	1,029,283
	Capacity for audit of high value investments enhanced	MOFPED/IAG/MOLG						
	Capacity for oil specialised audit enhanced	MOFPED/IAG/MOLG						
4.5.3 Improved timeliness and quality of internal audit reporting	Build Capacity in Internal Audit practices in MDAs & LGs	MOFPED/IAG/MOLG	X	X	X	X	X	662,240
	Build expertise in IT forensic audit for the PFM Systems; Audit of Oil, Revenue Management	MOFPED/IAG	X	X	X	X	X	636,979
4.6 Increased PFM Compliance through incentives and sanctions mechanisms								4,026,417
4.6.1 Improved treasury inspection arrangements to enhance compliance and capacity building	Enhance capacity for PFM systems inspection and emerging treasury functions	MOFPED/AGO/MOLG	X	X	X	X	X	576,000
	Provision for computing equipment, related accessories, vehicles and other tools to support inspection processes	MOFPED/AGO/MOLG		X				206,000

Objective 4: To strengthen the effectiveness of accountability systems and compliance in budget execution

Implementing Institutions: MoFPED (Budget, Aid, Debt), AGO, MoLG, MDALGs, PPDA, MoPS
Key Stakeholders: NITA-U, URA, BoU

Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	Establish and implement a harmonised Treasury inspection framework for foreign missions	MOFPED/AGO/MOLG		X	X			81,120
	Under comprehensive sensitization on the PFM legal and regulatory framework	MOFPED/AGO/MOLG	X	X	X			600,000
	Undertake a comprehensive PFM policy review and formulate appropriate policies/guidelines to address emerging issues	MOFPED/AGO/MOLG			X	X	X	110,000
4.6.2 Improved access to information on PFM reforms	Strengthen change management and communication processes to enhance ownership of reforms between AGO and Accounting units	MOFPED/AGO/MOLG	X	X	X	X	X	380,000
	Enhance MoFPED website and in-house information sharing network	MOFPED/AGO/MOLG		X				150,000
4.6.3 Improved enabling environment for PFM performance management	Revision of standing orders and disciplinary processes for implementation of a comprehensive sanctions and rewards regime	MoPS	X					534,798
	Developing guidelines for implementing the discipline and disciplinary procedures provided in the Public Service Standing Orders (PSSOs)	MoPS	X	X				267,399
	Revised version of PSSO and guidelines for implementing the new disciplinary procedures procedures disseminated to MDALGs	MoPS			X	X	X	591,100
	Change management support on implementation of the revised PSSO provided to MDALGs	MoPS		X	X	X	X	305,000
	Conduct monitoring and support supervision sessions to sustain compliance of the rewards and sanctions committee with revised standing orders and guidelines for implementation of disciplinary procedures in MDALGs	MoPS		X	X	X	X	225,000
TOTAL COST								83,049,069

Objective 5: Improved transparency and accountability of Local Government PFM systems								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
5.1 Increased contribution of LG own-source revenue								3,312,571
5.1.1 Enhanced enabling environment for LG own-source revenue mobilisation, in line with DRM strategy	Review legal and policy framework for local revenue mobilisation and management and assess local revenue potential	MoLG/LGFC		X				250,000
	Develop an updated local revenue mobilisation strategy and policy, including consideration of potential URA assistance/collaboration	MoLG/LGFC		X				47,199
	Develop legal amendments, if required, based on findings of review	MoLG/LGFC		X				-
	Develop policy and guidelines for revenue management at local governments	MoLG/LGFC		X				151,508
	LG revenue monitoring and policy alignment integrated into the work of the MoFPED Tax Policy Unit.	MoFPED/MoLG/LGFC		X				50,000
5.1.2 Revenue management database rolled out to all Local Governments	Deepen rollout of revenue management database to all Local Governments (manual and automated)	LGFC		X				70,798
	Support for updated strategy to build capacity and systems for LG revenue collection	LGFC		X				262,306
5.1.3 Revenue management and collection capacity enhanced for lower local governments and local governments, in line with DRM strategy	Revenue Management Unit/Dept established in LGs	MoLG/LGFC		X				743,674
	Local Revenue Management committees established in lien with LG Act and LGFC	MoLG/LGFC		X				-
	Establish and operationalise monitoring and evaluation framework for progress against capacity/ systems support for LG revenue collection and management	MoLG/LGFC		X	X			23,599
	Support selected local governments on property valuation	MoLG/LGFC		X	X			1,451,358
	Develop guidelines on local revenue allocations to social services delivery	MoLG/LGFC		X				195,756
	Develop training programme for local government revenue management and mobilisation	MoLG/LGFC		X				66,373
5.2 Effective planning and budgeting at local governments								1,087,042
5.2.1 Harmonized budgeting cycles between LG and	Simplified planning frameworks, formats developed and popularized	MOLG		X	X			194,576

Objective 5: Improved transparency and accountability of Local Government PFM systems								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
National budgets	Review NPA planning guidelines for local governments	MOLG			X	X		193,809
	Review of legal framework on LG budgeting cycles	MOLG		X	X			194,399
	NPA Certification of CG budgets to ensure that they are in line with priorities submitted by LGs	MOLG						-
	Strengthen Planning Units in LGs	MOLG		X	X			504,258
5.3 Improved quality of audit and coordinated follow up of recommendations by LGPACs and regional audit committees								2,645,966
5.3.1. Improved effectiveness and capacity of LGPACs and coordination with other audit committees	Develop policy to clarify and streamline roles and coordination of LGPACs, district PACs and regional audit committees	MolG/MoFPED-IAG			X			-
	Establish and manage change in institutional arrangements to implement policy on roles of audit committees	MolG/MoFPED-IAG			X			174,871
	Develop training programme, systems and guidelines for LGPACs and regional audit committees to operationalise policy on audit committees	MolG/MoFPED-IAG		X	X			209,827
	Consultancy to conduct a Capacity Needs Asessment of the Internal Audit Function in LGs	MolG/MoFPED-IAG		X	X			200,000
5.3.2. Improved monitoring and reporting on implementation of LG audit recommendations	Develop a system to track audit recommendations follow up to guide accounting officers	MolG/MoFPED-IAG		X				150,000
	Support AOs understand and implement audit recommendations	MolG/MoFPED-IAG		X				780,672
5.3.3. Enhanced quality of internal audit assurance function at LG level	Assess, support and incentivise LGs to allocate sufficient resources to internal audit function	MolG/MoFPED-IAG		X	X	X	X	1,130,596
5.4 Enhance accountability and performance monitoring in delivery of services in key service sectors (roads, education, health, and agriculture services)								516,646
5.4.1 Enhanced performance and accountability for service delivery at LG level	Dissemination of performance monitoring guidelines developed by LG, including associated capacity building	MOLG			X		X	191,154
	Develop a harmonized tracking system for services	MOLG		X				102,746
	Annual performance reports published and disseminated on GoU web sites	MOLG						102,746
	Undertake selected local-level Public Expenditure tracking surveys (PETS) and Public Expenditure Reviews (PER), in coordination with PET activities under 2.5.1	MOLG			X	X		120,000

Objective 5: Improved transparency and accountability of Local Government PFM systems								
Implementing Institutions: MoFPED (DEA, Debt), URA, MoLG, MDALGs Key Stakeholders: CSOs, private sector/tax accountants, Regulatory Authorities, NITA-U, BoU								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
5.5 Enhanced integrity and value for money of local government procurements								990,828
5.5.1. Strengthened integrity of LG procurement procedures	Undertake procurement integrity survey at LG level with contractors, procurement officials, LG leaders and CSOs to agree challenges and actions for improvement	MOLG		X				60,000
	Implement a national campaign to strengthen integrity of procurement at HLG level, including collaboration with CSOs for monitoring	MOLG		X	X			255,109
	Assess and support the procurement function in LGs	MOLG		X	X			140,947
	Undertake a follow up procurement integrity survey for LGs in 2020	MOLG		X	X			59,460
	Rollout open contracting approach to empower civil society participation in Selected districts	MOLG		X	X			150,000
	Carry out public consultations on procurement integrity at LG level with contractors, procurement officials, LG leaders and CSOs to agree challenges and actions for improvement	MOLG		X	X			125,312
5.5.2. Enhanced legal framework for LG procurement	Review legal framework for procurement at LG level and propose amendment, if required	MOLG		X				200,000
	Develop proposals from legal review for submission to ministers	MOLG						-
TOTAL COST								8,553,053

Objective 6: To strengthen oversight and PFM governance functions for the sustainability of development outcomes								
Implementing Institutions: OAG, Parliament, PAC, LGPACs, MoFPED (PFM Secretariat, BMAU), MoPS Key Stakeholders: EPRC, CSOs, OPM, external training providers/professional bodies, ASWG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
6.1 Enhanced impact of financial and VFM audit reporting and oversight								19,092,023

Objective 6: To strengthen oversight and PFM governance functions for the sustainability of development outcomes								
Implementing Institutions: OAG, Parliament, PAC, LGPACs, MoFPED (PFM Secretariat, BMAU), MoPS Key Stakeholders: EPRC, CSOs, OPM, external training providers/professional bodies, ASWG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
6.1.1 MDALGs utilise a shared tracking system to monitor and report on the implementation of audit recommendations	OAG Management Information System completed (Developed and tested)	OAG/Parliament	X	X	X			4,757,423
	Administrator and Key User training completed for the OAG Management Information System	OAG		X	X			397,000
6.1.2 The impact of audit recommendations on service delivery is assessed in selected key sectors	Rigorous evaluation of the impact of audit recommendations on service delivery in Uganda's health sector	BMAU/EPRC/OPM		X	X	X		350,000
	Rigorous evaluation of the impact of audit recommendations on service delivery in Uganda's agriculture sector	BMAU/EPRC/OPM		X	X	X		350,000
6.1.3 Improved tracking of follow up of oversight recommendation by MDALGs	Tracking system for OAG & Parliament	OAG		X	X	X		1,192,165
	Training program for Local Government Public Accounts Committees (LGPACs)	IAG/MOLG		X	X			450,000
	An ICT-based follow-up mechanism for MoLG to track recommendations made by LG-PACs established	MOLG						450,000
	Effective Stakeholder Engagement and support to legislative oversight	OAG		X	X	X		387,220
	Action plan targeting improved performance on treasury memoranda	MOFPED/AGO		X	X	X		356,000
	System established for the tracking of actions upon treasury memoranda	MOFPED/AGO		X	X			235,000
6.1.4 Mechanisms for political engagement on PFM for accountability strengthened	Capacity building for parliamentary PFM and accountability forums	PARLIAMENT		X	X			452,000
	Cabinet engagement on PFM (seminars, workshops, policy briefs)	PARLIAMENT		X	X			256,000
	Study on Political Economy of Public Financial Management Reforms to inform understanding of implications for dialogue and operational engagement of non-technical drivers such as 'political commitment' and inform strategies for strengthening sustainability of PFM reform	BMAU/EPRC/OPM		X	X	X		351,000
6.1.5 Sustainable capacity building in audit reporting and support to audit services	Construction of Center for Audit Excellence	OAG		X	X	X		6,985,000
	Capacity built in Financial, Performance, Forensic Audit in addition to specialized audit areas and external audit support functions .	OAG		X	X	X		2,081,900

Objective 6: To strengthen oversight and PFM governance functions for the sustainability of development outcomes								
Implementing Institutions: OAG, Parliament, PAC, LGPACs, MoFPED (PFM Secretariat, BMAU), MoPS Key Stakeholders: EPRC, CSOs, OPM, external training providers/professional bodies, ASWG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
6.1.6 Develop a policy for effective audit planning and rationalization of resources in conducting audits.	Undertake in-depth study to assess risk posed by the different entities to execution of the AG's mandate.	OAG		X				31,315
	Develop policy on rationalisation of resources to conduct audits focused on impact	OAG			X			10,000
6.2 Improved coordination and monitoring of PFM processes within the Accountability Sector								1,704,000
6.2.1 Enhanced communication and feedback mechanisms among MDAs and stakeholders implementing the PFM Reform Strategy	Web-based monitoring system established for PFM Reform Strategy	PEMCOM &ACCOUNTABILITY SECRETARIATE		X				256,000
	Web-based Action Log established for PEMCOM	PEMCOM &ACCOUNTABILITY SECRETARIATE		X				125,000
6.2.2 Improved performance reporting by MDALGs on the implementation of the PFM Reform Strategy	Establishment of a compendium of Metadata (indicator descriptions) for all KPIs agreed on for MDALGs in the PFM-RS	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X			250,000
	Establish and operationalise data collection procedures for any new indicators introduced into PFM reform results framework	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X			150,000
	PFM reform strategy reporting guidelines and templates for MDAs established (updated)	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X			323,000
6.2.3. Coordination structures for joint planning, implementation and monitoring of 6 PFM reform priority areas established and operational	Set up new coordination structures for joint planning, implementation and monitoring of the 6 priority reform areas harmonised with the Accountability Sector.	PEMCOM &ACCOUNTABILITY SECRETARIATE	X	X	X			250,000
6.2.4. Annual reviews of progress of PFM reforms undertaken	Introduction of an annual review of progress of PFM reforms through the Accountability Sector	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X	X	X	350,000
6.3 Sustained uptake of reforms through improved learning and coordination of PFM Reform processes								6,124,491
6.3.1 Enhanced awareness and feedback	MIS established (or extended) to capture LG performance reporting	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X			253,000

Objective 6: To strengthen oversight and PFM governance functions for the sustainability of development outcomes								
Implementing Institutions: OAG, Parliament, PAC, LGPACs, MoFPED (PFM Secretariat, BMAU), MoPS Key Stakeholders: EPRC, CSOs, OPM, external training providers/professional bodies, ASWG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
opportunities for LGs in the implementation of the PFM Reform Strategy	IT based tool developed for capturing in real-time feedback of LGs on the implementation of the PFM-RS such as SMS	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X			350,000
6.3.2 Effective change management and communication on PFM	Develop comprehensive sustainability plan for PFM reforms	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X			125,000
	Update comprehensive capacity needs assessment for PFM and develop training/capacity enhancement plan	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X			450,000
	Undertake feasibility assessment for sustainable delivery of PFM capacity development and training management options	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X			253,000
	Annual assessment of the PFM capacity building programme against the CNA/enhancement plan	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X	X	X	256,145
	Undertake a PFM performance assesement based on the PEFA framework	PEMCOM &ACCOUNTABILITY SECRETARIATE			X			150,000
	Undertake Midterm Review of the PFM strategy	PEMCOM &ACCOUNTABILITY SECRETARIATE			X			150,000
	Undertake Tracer studies for selected Study cohorts to assess impact of learning on improvements in governance and services delivered	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X	X	X	188,800
	Awareness campaign on provisions on PFMA in local governments to demand accountability	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X	X	X	350,000
6.3.3. Training modules and systems for induction and in-service training of civil servants on PFM systems and standard strengthened	Review and improve training modules and systems for induction and in-service training of civil servants on PFM systems and standards	MOPS		X	X	X	X	354,000
6.3.4 Online peer mentorship and support undertaken	Establishment and operationalisation of an e-lab for PFM piloted	MOPS		X	X	X	X	1,012,682
	Development and rollout of a training programme on Financial management for both financial and Non-Financial Managers	MOPS		X	X	X	X	246,300
6.3.5. Civil Service College Uganda (CSCU) Training	Capacity enhancement for CSCU staff and faculty of trainers on PFM modules	MOPS		X	X	X	X	525,100

Objective 6: To strengthen oversight and PFM governance functions for the sustainability of development outcomes								
Implementing Institutions: OAG, Parliament, PAC, LGPACs, MoFPED (PFM Secretariat, BMAU), MoPS Key Stakeholders: EPRC, CSOs, OPM, external training providers/professional bodies, ASWG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
faculty expertise enhanced	Undertake research to inform learning and improvement on PFM reform policies	MOPS		X	X	X	X	308,464
6.3.5 Mechanisms for deepening learning from Budget Monitoring and Diagnostics developed	Efficient systems for fostering implementation of Budget Monitoring recommendations in selected service delivery sectors developed	BMAU/EPRC/OPM			X			125,000
	Develop manual for budget monitoring and expenditure tracking for MDA and LGs	BMAU/EPRC/OPM		X	X			135,000
	Block-chain Technology based Pilots to support selected PFM Reform processes	PEMCOM &ACCOUNTABILITY SECRETARIATE		X	X			542,000
	Impact evaluation for major PFM reforms and investments	PEMCOM &ACCOUNTABILITY SECRETARIATE						350,000
6.4 Increased demand for downward accountability to citizens for public spending and service delivery performance								1,584,000
6.4.1 Public access to PFM reform performance information and downward accountability feedback mechanisms enhanced	Undertake and disseminate studies in thematic areas on PFM implementation and Budget Performance Studies	BMAU/EPRC/OPM		X	X			145,000
	Develop and operationalise ASSIP+ community scorecard aimed at citizen-driven accountability measure for the assessment, planning, monitoring and evaluation of service delivery.	PEMCOM &ACCOUNTABILITY SECRETARIATES		X	X			128,000
	Develop budget transparency and communications strategy	PEMCOM &ACCOUNTABILITY SECRETARIATES	X	X	X			154,000
	Establishment of a PFM Centre of Excellence	PEMCOM &ACCOUNTABILITY SECRETARIATES	X	X	X			750,000
	Develop a strategy / campaign for popularising the Whistle Blowers Protection ACT, 2010 within the citizenry	PEMCOM &ACCOUNTABILITY SECRETARIATES		X	X			254,000
6.4.2 Establishment of structured engagement forums on accountability in Local Governments and CG	Review and improve mechanisms for dialogue on LG issues with the objective of promoting support for change management, accountability and integrity	PEMCOM &ACCOUNTABILITY SECRETARIATES		X	X			153,000
6.5 Cost-effective public administration through rationalisation of the administrative units								

Objective 6: To strengthen oversight and PFM governance functions for the sustainability of development outcomes								
Implementing Institutions: OAG, Parliament, PAC, LGPACs, MoFPED (PFM Secretariat, BMAU), MoPS Key Stakeholders: EPRC, CSOs, OPM, external training providers/professional bodies, ASWG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
								11,321,384
6.5.1 Public administration structures rationalised	Undertake independent analysis to review the cost of public administration visa vie service delivery	MOPS		X				919,000
	Analysis of existing Structures and job evaluations	MOPS		X	X			168,000
	Salary and remuneration study/review	MOPS		X	X	X	X	65,000
	Establish cost effective framework of operations for the Public Sector	MOPS		X	X	X	X	65,000
	Benchmark studies to efficient sector countries that have undergone public sector transformation processes	MOPS		X	X			103,200
	Develop policy and roadmap on rationalisation of public administration	MOPS		X				75,000
	Feasibility study on public sector transformation strategy/implementation roadmap	MOPS		X				56,000
	Change Management and Communication Plan developed with Human Resource and Industrial Relations	MOPS		X	X	X	X	1,873,000
	Map, Analyse and Optimize/Re-engineer Cumbersome Systems and Processes	MOPS		X	X	X		272,200
	Understudy and benchmark best practices in institutional review and systems re-engineering in countries that have undergone public sector transformation processes	MOPS		X	X			67,120
	Provide Technical Support to MDALGS on Implementation of Structures, systems; and Monitor and evaluation performance of structures and systems	MOPS		X	X	X	X	222,000
	Undertake review and rationalisation of Government Institutions	MOPS		X	X	X	X	994,240
	Undertake job evaluation for jobs in the Public Service for improved efficiency and service delivery	MOPS		X	X	X	X	834,300
	Review, Simplify and Optimize selected Government Processes	MOPS		X	X	X	X	678,240
	Scale up implementation of Service Uganda Centres across the country	MOPS		X	X	X	X	3,987,484
6.5.2 Legislative framework reviewed	Review legal framework and make recommendations that will allow for a new dispensation in governance.	PEMCOM&ACCOUNTABILITY SECTOR		X				20,800

Objective 6: To strengthen oversight and PFM governance functions for the sustainability of development outcomes								
Implementing Institutions: OAG, Parliament, PAC, LGPACs, MoFPED (PFM Secretariat, BMAU), MoPS Key Stakeholders: EPRC, CSOs, OPM, external training providers/professional bodies, ASWG								
Outputs	Key Activities	Lead Institution	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23	INDICATIVE Cost (USD)
	Develop proposed legal amendments from review	PEMCOM&ACCOUNTABILITY SECTOR		X	X	X		920,800
TOTAL COST								39,825,898

Annex D: Strategic Results Framework - High-level Objectives and Intermediate Outcomes

Ø Level 1 – Impact on service delivery outcomes. While changes in these indicators may not be possible to attribute empirically to PFM reforms, it is expected that the supporting role of PFM systems will have a positive impact on public service quality and effectiveness;										
Ø Level 2 – Effectiveness (delivery against outcomes). PFM outcomes will be measured using PEFA and equivalent assessment frameworks. PFM reforms that contribute to the overall functioning and effectiveness of PFM systems are expected to have a positive impact on overall PFM assessment scores.										
Ø Level 3 – Effectiveness against intermediate outcomes. These are represented by the six high level objectives and their accompanying outcomes. Indicators and targets will be measured at the start (baseline), mid-term review and end of the strategy. The interventions and activities identified in the Implementation Plan are expected to contribute to achieving these outcomes.										
Ø Level 4 – Efficiency (Delivery of outputs and key interventions). As defined in the Implementation Plan. These will be monitored at least annually, using defined means of verification for tracking progress.										
Ø Level 5 – Economy (Activities and resource inputs). At this level, the focus will be on measuring the efficiency of the contributing reform programmes and activities, in terms of their conversion from resources into outputs.										
Level 1 - Impact on service delivery and economic transformation (delivery of NDPII)										
Key Sectors: Education, Health, Water, Energy, Works & Transport, Agriculture										
Sector / Theme	#	Indicator		Baseline 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Assumptions
Economic transformation	1	Economic growth: Real annual GDP growth	GAPR / MoFPED Annual Budget Performance Report	5.8%						Target set in NDPII - therefore assumes objectives/key projects in NDPII are delivered; no significant adverse economic shocks
	2	Public investment efficiency: Public Investment Management Index	ASSIP / IMF PIM assessment	1.44 (2011)	2.05	2.26				
	3	Infrastructure delivery (NDPII): Gross capital formation as a percentage of GDP	Government Annual Performance Report	23% (FY16/17)		28%				
	4	Progress to middle income status: GDP per capita (USD)	Government Annual Performance Report	777 (FY16/17)		1,033				
Sector-level service delivery performance	5	Selected KPIs per sector: Education, Health, Water, Energy, Transport, Agriculture	Government Annual Performance Report	Various (TBD)						

Level 2 - Effectiveness: delivery against PFM outcomes										
PFM outcomes will be measured using PEFA and equivalent assessment frameworks.										
Target is measured as an overall improvement in PEFA scores and qualitative assessment of 3 PFM outcomes: Aggregate fiscal discipline, resource allocation and efficient service delivery Other assessment frameworks to be repeated and show overall improvement include: -- Tax Administration (TADAT) -- Debt Management (DeMPA) -- Public investment management (PIMA) -- Procurement (MAPS)										
Level 3 - Effectiveness: delivery against intermediate PFM reform outcomes										
These are represented by the six high level objectives and their accompanying outcomes.										
Outcome	#	Indicator	Indicator source	Baseline 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Assumptions
Objective 1: To improve resource mobilization for Uganda's sustainable development										
Overall: Resource mobilization outcomes	1	Domestic revenue as a share of GDP	Background to the Budget report (MoFPED)	14.0%	14.5%	15.0%	15.5%	16.0%	16.5%	Economic growth assumptions are met; DRM strategy is implemented; Assumptions in DSA are met
	2	External resource envelope as a percentage of National Budget (incl. externally financed projects)	Background to the Budget report (MoFPED)	26%						
	3	Government fiscal balance (including grants) as a share of GDP	Background to the Budget report (MoFPED)	4.80%		3.7% (ASSIP)			<3% (EAC)	
	4	NPV of Public Debt Stock as a share of GDP	Debt Sustainability Analysis (MoFPED)	27%	32.80%	33.8% (ASSIP)			<50% (EAC)	
1.1 Enhanced enabling environment for revenue mobilisation	5	Ease of paying taxes (Score out of 100)	World Bank Doing Business Indicator 'Paying Taxes'	73.10					80	
	6	URA Client Satisfaction rating (or % standards met) - TBC	Per URA client satisfaction surveys (annual)	URA Reports					TBD	
1.2 Tax compliance improved through increased efficiency in revenue administration	8	Tax Administration use of effective risk management approach	TADAT Indicator POA 2 (annual self-assessment)	C (TADAT 2015)					B	
	9	Integrity of the taxpayer base (accurate and reliable taxpayer information)	TADAT Indicator POA 1, dimension P1-1 (annual self-assessment)	C (TADAT 2015)					B	

	11	Percentage expansion of taxpayer register	URA (KPIs reported in annual revenue performance report)	18%					25%	
	12	Voluntary compliance: % VAT on-time filing by taxpayer office (LTO, MTO, STO)	URA (KPIs reported in annual revenue performance report)	97% (LTO); 89% (MTO); 64% (STO) (FY2016/17)					100%; 95%; 80%	
	13	Tax audit annual 'yield' (value of amounts recovered from assessment issued)	URA (KPIs reported in annual revenue performance report)	UGX 68.91 bn (FY2016/17)					[TBC in DRM Strategy]	
	14	Value recovered from customs enforcement interventions	URA (KPIs reported in annual revenue performance report)	UGX 51.56 bn (FY2016/17)					[TBC in DRM Strategy]	
	15	Stock of tax arrears	URA (KPIs reported in annual revenue performance report)	UGX 2,082.90 bn (FY2016/17)					[TBC in DRM Strategy]	
1.3 Enhanced collections from new revenue opportunities including oil, gas and mineral sectors	16	Net estimated revenue from approved measures in National Budget, as % GDP	URA Annual Revenue Performance Report	0.19% (Budget 2016/17)					[TBC in DRM Strategy]	
	17	Progress towards EITI membership	As reported by Accountability Sector	Commitment (2013)	Applica-tion				Compl-iance	
1.4 Sustainable debt and Development financing	18	Ratio of total nominal interest payments to total government revenue	Debt Sustainability Analysis (MoFPED)	16%					12%	
	19	Propotion of Domestic Debt maturing in one year as a percentage of total domestic Debt	Midterm Debt Strategy (MTDS)	0.362	0.3818					

	20	Average time to Maturity external debt portfolio	Midterm Debt Strategy (MTDS)	0.147	0.1722					
	21	Nominal Debt as a percentage to GDP	MTS , Statistical Bulletin	37.3&	0.438			48.415		
Objective 2: To Enhance Policy-Based Budgeting & Planning for Allocative Efficiency										
Overall: Improved planning & Budgeting										
2.1 Budgets aligned to Strategic plans and MTEF	1	Proportion of MDALGs and sectors with 'NPA-approved' and costed medium-term strategies (certificate of compliance)	NPA report on Certificate of Compliance for Annual Budget / NPA Performance Review	58.8% (FY2016/17)					100%	Sufficient resource available to deliver NDPII objectives, as planned;No adverse economic shocks / economic growth meets projections;Political commitment to strategic planning/budget reform;Sufficient coordination between planning & budgeting;Wider legal/political procurement bottlenecks are addressed
2.2 Multi-year commitments reflected in annual budgets	2	% deviation of approved annual budget from initial MTEF projections	MoFPED Annual Budget Performance Reports	30%					10%	
	3	Expenditure composition outturn compared to budget	MoFPED Annual Budget Performance Reports / PEFA PI-2 indicator self-assessment	C+ (PEFA 2016)					B	
	4	Medium-term perspective in expenditure budgeting	PEFA PI-16 self - assessment	D+ (PEFA 2016)					C	
2.3 Enhancing Planning and Budget responsiveness to gender equity	5	Proportion of Agencies with Ministerial Policy Statements attaining Gender Equity Certification as per PFM Act	Equal Opportunities Commission report on compliance	50%	55%	65%	75%	85%	100%	
2.4 Increased equity and discretion of resources allocated to LGs for	6	LG per capita funding for services (total public spending in LGs/population)	NEW INDICATOR	TBD						

improved service delivery	7	Share of budget released to LGs as a percentage of total national budget released. (excl. Line ministry subventions)	Includes subventions through line ministries]	0						
	8	Discretionary financing as a share of LG budget	Annual budget performance report	13%					18%	
2.5 Evidence-based policy making strengthened	9	Certification of compliance with fiscal impact requirement	NEW INDICATOR	TBD						
	10	% planned PETS and Impact Evaluations undertaken*	NEW INDICATOR	TBD						
Objective 3: To strengthen public investment management (PIM) for increased development returns on public spending										
Overall: PIM effectiveness	1	Budget execution of public investments (% development/capital spending outturn as % budget)	MoFPED Background to the Budget	76%					100%	Sufficient resource available to deliver large projects; Procurement bottlenecks addressed; Political commitment to PIM; Capacity/skills sufficient to absorb TA on Project Cycle management and appraisal
	2	Public investment efficiency gap (PIM index)	IMF PIM Index report (2011) - to be updated for Uganda	50%					25%	
3.1 Efficient identification, selection and management of Public Investment Projects (PIPs) and Public-Private Partnerships (PPPs)	3	Proportion of major projects subjected to independent appraisal	NEW INDICATOR PAP/DC	TBD						
	4	Value of cost over-runs relative to cost estimates at time of project appraisal	NEW INDICATOR PAP/DC	TBD						
	5	Rate of on-time completion of PIPs	NEW INDICATOR PAP/DC	50%					75%	
	6	Public Investment Management performance	PEFA indicator PI-11 (annual Self-assessment)	D (PEFA 2016)					C	
3.2 Enhanced VFM in public procurement for large, complex public procurements	7	Proportion (by value) of contracts subject to open competition above the defined threshold	PPDA annual report (PPMS data); Accountability Sector Performance report	71.8% (FY16/17)	80% (ASSIP)	80%	80%	80%	80%	
	8	Percentage of contracts (by value) completed within original contract time	PPDA annual report (PPMS data)	66% (FY16/17)						

	9	Percentage of contracts delivered within contract value	PPDA annual procurement audit report (PPMS data); Accountability Sector Performance report	63%					85%	
	10	Percentage of PPDA recommendations implemented by MDALGs and SoEs	PPDA annual report	71%					90%	
3.3 Optimal utilization and maintenance of public assets	11	Transparency of Asset Disposal	PEFA (Dimension 12.3)	C						
	12	Non-Financial Asset Monitoring	PEFA (Dimension 12.2)	C						
	13	Asset Management Balanced Scorecard	New indicator PPDA/AGO)							
	14	% MDALGs with up-to-date asset registers (disaggregated)	NEW INDICATOR: based on IFMS asset module reports	TBD					100%	
3.4 Enhanced accountability in resource utilization and results for service delivery	15	Percentage of projects with project reviews completed	PAP Reports	TBD						
Objective 4: To strengthen the effectiveness of accountability systems and compliance in budget execution										
Overall: System effectiveness and Compliance with regulations	1	Percentage of CG entities with clean audit reports	Annual OAG reports	86%					100%	MDAs have sufficient resource and support to address OAG recommendations; Effective sanctions and rewards, internal assurance etc. to ensure compliance; Effective ICT governance across GoU, incl. procurement of systems
	2	Percentage of votes scoring satisfactory rating on the GoU internal audit compliance assessment	Internal Auditor General's annual report	TBD					100%	IAG conducts annual compliance assessment

4.1 Effectiveness and accuracy of public payroll and pension management systems increased	2	Integration of payroll and personnel records	PEFA PI-23.1 (Annual self-assessment and period full PEFA)	C (PEFA 2016)					B	
	3	Internal control of payroll	PEFA PI-23.3 (Annual self-assessment and period full PEFA)	C (PEFA 2016)					B	
4.2 Comprehensiveness and quality of financial Reporting	4	Financial data integrity	PEFA PI-27 (Annual self-assessment and period full PEFA)	C+ (PEFA 2016)					A	
	5	In-year budget reports	PEFA PI-28 (Annual self-assessment and period full PEFA)	B (PEFA 2016)					A	
4.3 Strengthen effectiveness and integrity of accountability systems	6	Proportion of national budget executed through IFMS	AGO reports	79%					100%	
	7	Percentage of IT integration and security actions implemented	IT Audit Reports	TBD						
	8	Percentage of IT OAG security audit recommendations implemented	OAG system audit reports	TBD						OAG undertakes annual ICT security audits on core systems (IFMS, HCM, PBS, e-GP and AIMS)
	9	Percentage of IT systems integrated based on the approved roadmap	Quarterly NITAU progress reports	TBD						Dependent on the procurement of the systems integration bus under NITAU
4.4 Strengthen effectiveness of commitment controls and cash management	10	Stock of expenditure arrears as a percentage of total expenditure (FY n-2)	MoFPED, Annual Budget Performance Report	10%					5%	
	11	Supplementary budget as percentage of approved budget	MoFPED, Annual Budget Performance Report	7%					3%	
4.5 Enhanced Assurance (governance, risk and control) by the internal audit function for Compliance of PFM systems	12	Percentage of internal audit recommendations implemented annually across MDALGs	Annual consolidated internal audit report	0.69					80%	

	13	Percentage of entities with up to-date risk registers	Quarterly IAG reports	TBD					100%	Internal Audit in MALGs to include review of risk registers in their quarterly reports
4.6 Increased PFM compliance through incentives and sanctions mechanisms	14	No. administrative sanctions applied*;	PSC Annual Reports; Educ SC; Health SC	TBD						
	15	Percentages of votes with functional Rewards and Sanctions committees	MoPS annual report	TBD					100%	
	16	Percentage of LG votes with constituted Rewards and Sanctions committees	MoPS annual report	TBD					100%	
	17	Percentage of votes that recognize and reward good performance	MoPS annual report	TBD					100%	
	18	Percentage of LGs that complied with all the six (6) Accountability requirements (LGPAF)	Local Government Performance Assessment Framework (LGPAF)	6%					TBD	
	19	Recognition of LGs that complied with all the six (6) Accountability requirements (LGPAF)	LGPAF	6%						
	20	% accounting officers compliance with performance contract	LGPAF and IAG	TBD					100%	
Objective 5: Improved transparency and accountability of Local Government PFM systems										
Overall: LG PFM contribution to service	1	% HLG with clean audit reports	Annual OAG reports	85.7%						LGs have sufficient resource and support to address OAG

delivery	2	Overall average performance on crosscutting measures for district and LGs	LGPAF	All 56%; LGs 55%; MCs 58%						recommendations and comply with regulations; Political commitment to reform resource allocations and discretionary grants to LGs; Effective coordination with MDAs on devolved functions; Wider procurement issues are addressed across Government
	3	Proportion of LGs that complied with all the six (6) Accountability requirements	LGPAF	6.0%						
	4	LG performance on financial management and reporting, by sector (% score) (Other parameters on Procurement, governance and transparency; monitoring and supervision)	OPM LGPAF annual reports (dimension on FM and reporting under overall sector performance scores)	Education 22%						
				Health 21%						
				Agriculture (N/A)						
				Water 32%						
5.1 Increased contribution of LG own-source revenue	1	LG own-source revenue as a percentage of total LG budgets excluding windfalls	LG audited final accounts; Accountability Sector Performance report	Rural: 4%	Exclude Windfalls		11% (ASSIP)			Assumes current legal and policy framework provides sufficient potential to reach target - may require more structural reforms
				Urban: 20%			30%			
	2	Percentage increase of Local Revenue Collection	LG audited final accounts; Accountability Sector Performance report		New Indicator					
5.2 Effective planning and budgeting at local governments	3	% LGs with revenue collection ratio (outturn against planned) within 10% deviation	Annual LGPAF (Revenue mobilisation indicator)	40%					50%	
	4	% LGs with approved plans by Council	Annual LGPAF report (OPM)	56%					70%	
	5	Percentage of funds utilized against funds released in LGs	TBD (LG audited final accounts; Annual budget performance report, AGO)	(FY16/17)						
	6	Expenditure (absorption) as a proportion of budget released by Sector (Key Sectors)	TBD (LG audited final accounts; Annual budget performance report, AGO)	Education						
				Health						
				Water						

5.3 Improved quality of audit and coordinated follow up of recommendations by LGPACs and regional audit committees	7	Percentage of LGPACs submitting quarterly reports to their councils	MoLG Inspection Reports/Submission of LGPAC Reports to Parliament	55%	Submission of LGPAC Reports to Parliament				75%	
	8	Percentage of LGPAC audit recommendations implemented	Internal Auditor General's annual report	66%					75%	
5.4 Enhance accountability and performance monitoring in delivery of services in key service sectors (roads, education, health, and agriculture services)	9	% LGs submitting annual performance reports on time	LGPAF annual report	51%						
	10	% LGs submitting all 4 quarterly performance reports on time	LGPAF annual report	30%						
5.5 Enhanced integrity and value for money of local government procurements	11	LG compliance with procurement and contract management procedures (% score)	LGPAF annual report - composite indicator of procurement and contract management	60%						
	12	LG procurement corruption perception	PPDA procurement integrity survey	[PPDA to confirm]						
Objective 6: To strengthen oversight and PFM governance functions for the sustainability of development outcomes										
Overall: governance and oversight of PFM reform	1	Government effectiveness index (-2.5 weak; 2.5 strong)	Worldwide governance indicators (World Bank); Accountability Sector Performance Indicator	-0.57 (2016)						GoU improves in delivery of NDPII; Sanctions and rewards for following procedures are effective; Delivery of services against budget/plans; feedback from citizens reaches GoU and is acted upon
	2	Corruption perception index (0=highly corrupt; 100=very clean)	Transparency International Corruption Perception Index; Accountability Sector Performance Indicator	26 (2017 CPI)						
	3	Level of satisfaction with public service delivery (NSDS or, in future, 'citizen scorecard')	National Service Delivery Survey Report; Reported in Accountability Sector Performance Report	[see 2015 NSDS]						

6.1 Enhanced impact of financial and VFM audit reporting and oversight	1	% external audit recommendations implemented by MDALGs	OAG annual audit report of government	25%	30%	35%	40%	50%	60%	Audit recommendations are clear, understood and MDAs have resources/support to address them; Parliamentary committees review VfM reports; Treasury memoranda are issued on time, following parliamentary scrutiny of audit reports
	2	No. VfM reports adopted by Parliament and submitted to Executive as a % of reports tabled in the plenary	Parliamentary records (Accountability sector indicator)	10% (2015/16)	60%	80% (ASSIP)	100%	100%	100%	
	3	% actions taken reported in the Treasury Memoranda in line with Parliamentary resolutions	MoFPED, Accountant General's Reports	50% (FINMAP 2014/15)	50%	60%	70%	80%	90%	
6.2 Improved coordination and monitoring of PFM processes within the Accountability Sector	4	Percentage of indicators in PFM-RS results framework that are collected, tracked and online.	PFM Monitoring System (PFM Reform Secretariat)	0%	80%	100%	100%	100%	100%	
	5	Functional PFM Sub-groups	PRAM Joint Rating	0%	20%	40%	60%	80%	100%	
6.3 Sustained uptake of reforms through improved learning and coordination of PFM Reform processes	6	% activities/functions in sustainability plan mainstreamed (cumulative value)	NEW INDICATOR	0%	20%	40%	60%	80%	100%	
	7	% capacity building plan delivered (cumulative)	NEW INDICATOR	0%	20%	40%	60%	80%	100%	
6.4 Increased demand for downward accountability to citizens for public spending and service delivery performance	8	No. citizens participating in citizen scorecard assessment	NEW INDICATOR	0						
	9	% LGs conducted discussions with public to provide feedback on status of activity implementation	LGPAF annual report - dimension 7 of composite indicator on governance, oversight, accountability & transparency	52%						
6.5 Cost-effective public administration through Rationalization of the	10	Government employees as % population	World Bank World Economic Indicators	TBD					TBD	

administrative units	11	Proportion recurrent budget to development expenditure	NEW INDICATOR	TBD					TBD	
	12	Government wages as % GDP	World Bank World Economic Indicators	2%					TBD	
Level 4 - Efficiency: Delivery of outputs and key interventions										
Programme level measured, to be reported quarterly and annually to PFM reform secretariat/PEMCOM										
As defined in the Implementation Plan - Annual tracker to be developed, including: output, means of verification, responsibility, achieved/in progress/delayed.										
Level 5 - Economy (Value for money): Activities and resource inputs										
Programme-level indicators, to be reviewed/consolidated where possible at PFM reform level. Measures the conversion from resources into outputs. Examples might include:										
-- Average Fee cost of Technical Assistance (LT/ST)										
-- Average workshop cost per participant										
-- Average training cost per person trained										
-- Cost of support per internal/external/URA audit undertaken										
-- Cost of reform inputs per additional taxpayer registered										
-- Cost of revenue reform support as % revenue collections										
-- % deviation of actual spend on PFM reform compared to budget										
-- Deviation in cost of procurements compared to budget/procurement plan										
-- Cost of new system roll-out compared to value of transactions on-system and/or value of any efficiency savings e.g. from removing 'ghosts'										

Annex E: PFM Reform Strategy List of Technical and Core Design Team

A)	Steering Committee /PEMCOM	
PS/ST – Chair DST, US/AO, DEA,AG,DCM,,DB ,IAG, H/BMAU, PS – MoPS, PS – MoLG, OAG, ED-PPDA, CSBAG representative & All members of the PFM Donor group		
B)	Technical Design Team	
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4.	Mr David Kiyingi	C/PPM/AGO
5.	Mr. Kakama Godwin	Commissioner BPED/ DB
6.	Mr James Wokadala	Commissioner/ PAP/ DB
7.	Mr Ismail Magona	Commissioner/ISSD/DB
8.	Mr. Charles Byaruhanga	Budget Advisor
9.	Mr. Robert Okudi	Commissioner (DARC) /DCM
10.	Dr. Albert Musisi	Commissioner Macro/DEA
11.	Mr. Moses Bekabye	Economic Affairs Advisor/DEA
12.	Mr. Stephen Enabu	Internal Audit/IAD
13.	Mr. James Tibenkana	Head Planning/MFPED
14.	Mr. Johnson Mutesigensi	PC FINMAP MSU
15.	Mr. Paulo Kyama	CMC – FINMAP MSU
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17.	Ms. Watera Josephine	Parliament of Uganda
18.	Mr. Patrick Kakembo	Manager MIS/PPDA
19.	Mr. Edwin Muhumuza	Manager Performance Mgt/PPDA
20.	Mr. Ismail Ahmad	Ministry of Local Government
21.	Mr Johnson Gumisiriza	Local Government Finance Commission
22.	Mr. Robert Bataringaya	AC/Policy & Planning - MoPS
23.	Mr. Allan Muhereza	AC/IPPS/MoPS
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