



Republic of Uganda

SECOND NATIONAL DEVELOPMENT PLAN 2015/16 - 2019/20 (NDPII)

Vision

**“A Transformed Ugandan Society from a Peasant to a
Modern and Prosperous Country within 30 years”**

Theme

**“Strengthening Uganda’s Competitiveness for Sustainable
Wealth Creation, Employment and Inclusive Growth”**

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DRAFT - For Approval

EXECUTIVE SUMMARY

This National Development Plan (NDPII) is the second in a series of six 5-year Plans aimed at achieving Uganda Vision 2040. The goal of this Plan is to propel the country into middle income status by 2020 with a per capita income of USD1,033. This will be realized through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth.

Context

The Plan builds on the achievements registered under the first National Development Plan (NDPI) and takes into consideration the challenges encountered and lessons learnt during its implementation. The achievements realized under NDPI include among others: reduction in absolute poverty from 24.5 percent in 2009/10 to 19.7 percent in 2012/13; increased per-capita income from USD665 in 2009/10 to USD 788 in 2013/14; reduction in under five mortality from 137/1000 live births in 2006 to 90/1000 live births in 2011; increased transition rate from P7 to S1 from 47 percent in 2006/07 to 73 percent in 2013/14; percentage of the population accessing electricity from the national grid increased from 10 percent in 2009 to 14 percent in 2013; and above all, the country enjoyed sustained Peace and Security.

The Plan also seeks to leverage opportunities and honour obligations presented by emerging developments at the national, regional (East African Community (EAC), and the Africa Agenda 2063), and global levels (the Post 2015 Development Agenda).

Strategic Direction

The NDPII aims to strengthen the country's competitiveness for sustainable wealth creation, employment and inclusive growth. Thus, the Plan sets key objectives to be attained during the 5 year period. These include: (i) increasing sustainable production, productivity and value addition in key growth opportunities; (ii) increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness; (iii) enhancing human capital development; and (iv) strengthening mechanisms for quality, effective and efficient service delivery. In order to achieve these objectives, Government will pursue a private sector-led, export oriented, quasi-market and industrialization development strategy coupled with emphasis on skills development.

Over this Plan period Government will focus on attaining the following results: increasing per capita income from USD788 to USD1,033; reducing the poverty rate from 19.7 per cent to 14.2 per cent; reducing the number of young people not in education, employment or training by at least 50 per cent; increasing manufactured exports as a percentage of total exports from 5.8 percent to 19 percent; increasing the percent of the population with access to electricity from 14 percent to 30 per cent; increasing access to safe water from 65 percent to 79 percent in rural areas and from 77percent to 100 percent in urban areas; increasing the quantity of total national paved road network (Km) from 3,795 to 5000; reducing the Infant Mortality Rate per 1,000 live births from 54 to 44 and the Maternal Mortality Rate per 100,000 live births from 438 to 220/100,000; reducing fertility to 4.5 children per woman; reducing child

stunting as a percent of under-5s from 31 percent to 25 per cent; increasing primary to secondary school transition rate from 73 percent to 80 percent and Net Secondary Completion rate to increase from 36 percent to 50 percent.

This Plan prioritizes investment in three key growth opportunities including Agriculture; Tourism; Minerals, Oil and Gas as well as two fundamentals: Infrastructure and Human Capital Development. Investment in the above opportunities and fundamentals will follow the entire value chains which have guided the identification of priority projects and interventions in these areas. This approach is expected to rally the various players along the value chains while maximizing sectoral linkages and increasing efficiency in resource use.

As regards to Agriculture, emphasis will be placed on investing in 12 agricultural enterprises (Cotton, Coffee, Tea, Maize, Rice, Cassava, Beans, Fish, Beef, Milk, Citrus and Bananas) along the value chains. Focus will be on: Strengthening agricultural research; implementing the single spine extension system; technology adaptation at the farm level; increasing access to and effective use of critical farm inputs; promoting sustainable land use and soil management; increasing access to agricultural finance with specific options for women farmers; and strengthening agricultural institutions for effective coordination and service delivery.

Under the tourism priority area, the Plan will focus on improvement, diversification and exploitation of tourism products. Emphasis will be placed on: aggressive marketing; investment in tourism facilitating infrastructure (energy, water, and ICT); appropriate skills development and improvement in related services; increasing the quantity and quality of accommodation facilities; intensifying the provision of security and protection of tourists and tourist attraction sites; combating poaching and eliminating the problem of wildlife dispersal to ensure maximum exploitation of tourist attractions and amenities; capacity building, tourism management (Regulation and enforcement, grading and classification of hotels and restaurants) and; conservation of tourism sites and wildlife.

In the Minerals, Oil and Gas Development priority area, six key minerals are earmarked for exploitation and value addition include; Iron ore, Limestone/Marble, Copper/Cobalt, Phosphates, Dimension stones and Uranium. In addition, the exploitation of an estimated resource of 6.5 billion barrels of oil with a recoverable potential of 1.4 billion barrels is prioritized. Key investments in this area will include: Development of geological surveys; investment in more survey and exploration; faster acquisition of land; construction of 3 Pipelines to transport crude oil to Lamu and Mombasa; refined products to Kampala, Eldoret and Kigali, and Liquid Purified Gas (LPG) to Kampala and Gulu; Construction of oil and gas refinery; and increased prospecting and processing of the selected minerals.

Investment in transport infrastructure will include: the Standard-Gauge Railway; upgrade of strategic national roads from 3,795km to 5,295km. In line with this Plan's prioritization framework, strategic roads to support exploitation of minerals, oil and gas, tourism and decongestion of traffic in the city areas will be targeted. In addition, efforts will be geared towards increasing the volume of passenger and cargo traffic by marine traffic.

As regards to energy infrastructure, investment will be focused on exploitation of the abundant renewable energy sources including hydropower and geothermal, so as to increase power generation capacity from 825MW in 2012 to 2,500MW by 2020; expansion of the national electricity power grid network; and promoting energy efficiency and use of alternative sources of energy.

As regards to ICT, priority during this Plan is extension of the National Backbone Infrastructure (NBI), construction of ICT incubation hubs/ centers and ICT parks.

Government will also invest in water for production infrastructure to boost commercial agriculture and industrial activities, mainly targeting construction of large and small scale water schemes for irrigation, livestock and rural industries and increase cumulative storage from 27.8 to 55 Mcm.

The human capital development priority area will focus on increasing the stock of a skilled and healthy workforce towards the production of human capital to accelerate the realization of the demographic dividend.

Under Health, emphasis will be on: mass malaria treatment; National Health Insurance scheme; universal access to family planning services; health infrastructure development; reducing maternal, neonatal and child morbidity and mortality; scaling up HIV prevention and treatment; and developing a centre of excellence in cancer treatment and related services.

The education component will focus on: Strengthening Early Childhood Development (ECD) with special emphasis on early aptitude and talent identification; Increasing retention at primary and secondary levels, especially for girls, as well as increasing primary-to-secondary transition; increasing investment in school inspection; reviewing and upgrading the education curricula.

The skills development component, will focus on: reforming of the curriculum at all levels to produce skills that are relevant to the market; expanding skills development to include formal and informal through strengthening coordination, regulation and certification of both formal and non-formal training; and establishing skill development centers of excellence in prioritized areas.

In regards to the social development component, emphasis will be on: strengthening Labour Market Information System (LMIS) and Employment Services; implementing a national programme for women economic empowerment; promoting creative industries for job creation especially for young people; establishing and operationalize productivity centres at national and regional levels for improving the productivity of the Ugandan workers; developing and implementing a programme to inculcate positive values and mindsets to produce “skilled and cultured people”; expanding access to contributory social security for workers in the informal sector and gradual roll-out of a non-contributory social pension scheme for older persons; and scaling up the youth livelihood programme.

The water and sanitation component will focus on: increasing access to safe water and sanitation level in rural and urban areas.

To realize the Plan targets, the following core projects are earmarked for implementation: Karuma hydro power plant; Isimba hydro power plant; Industrial substations; Ayago hydro power plant; Grid Extension in North-East, Central and Lira; Masaka-Mbarara Transmission Line; Kabale-Mirama Transmission Line; Grid Extensions; Standard Gauge Railway; the Entebbe Airport Rehabilitation; Kampala-Jinja highway; Kibuye-Busega-Nabingo; Kampala Southern by-pass; Kampala-Bombo Express highway; Upgrading of Kapchorwa-Suam Road; Kampala-Mpigi Expressway; Rwekunya-Apac-Lira-Kitgum-Musingo Road; Road Construction Equipment; Hoima Oil Refinery; Oil-related infrastructure projects; Albertine region airport; Albertine region roads; Agriculture Cluster Development Project (ACDP); Markets & Agriculture Trade Improvement Project (MATIP II); Farm Income Enhancement and Forest Conservation II; Tourism Marketing and Product Development Project; Renovation of 25 Selected General Hospitals; Mass Treatment of Malaria; Comprehensive Skills Development Project; Uganda Women Entrepreneurship Project (UWEP); the Youth livelihood Project (YLP); Strengthening mobilization, management and accountability for public resources.

Macroeconomic Framework

The macroeconomic strategy for the NDPII is underpinned by the objective of maintaining macro-economic stability and the need to raise resources to address the infrastructure deficit. Overall, the strategy envisages modest growth largely driven by public and private investment. The strategy is also characterized by the frontloading of infrastructure spending and consolidation of expenditure in the last two years. Emphasis is also put on domestic resource mobilization and harnessing new sources of financing beyond the traditional sources.

This framework is informed by the following assumptions: The macro-economic convergence criteria of the EAC monetary union which requires the country to meet specific targets, namely; ceiling on headline inflation of 8 percent; a ceiling on the fiscal deficit, including grants of 3 percent of GDP; a ceiling on public debt of 50 percent of GDP in net present value terms; a reserve cover of 4.5 months of imports and maintaining core inflation below 5 percent as agreed in the PSI. The achievement of the above targets has been the basis of arriving at the chosen macro-economic option.

Growth will be driven by public and private investment and export growth, at an average growth rate of about 6.2 percent; Infrastructure spending will be the major driver for the fiscal deficit peaking at 7.5 percent of GDP by 2016/17 and 2017/18 and later consolidating to 5 in 2019/20 to prepare for the East African Community convergence criteria; there will be increased efforts in domestic revenue mobilization, particularly focusing on raising corporation tax revenues, widening the VAT coverage and improving efficiency of tax collection. This will translate into revenues and grants increasing from 14.5 percent in 2015/16 to 15.9 percent of GDP in 2019/20; Expenditures are expected to peak to 22.9 percent of GDP in 2017/18 owing to infrastructure expenditure in the critical years of the NDPII.

The Plan will be financed by both public and private resources, with about 54 percent being Government and 46 percent being private contribution. The overall cost of the NDPII is estimated at approximately 185.2 trillion of these 100.4 trillion is government funding and 84.8 is private sector contribution. Whereas,

on the public side there is a financing gap of about 14 percent over the Plan period, this gap could be covered through increased revenue efforts and off budget financing. Of the 185.2, 22.6 trillion is wage, 28.4 trillion is non-wage and 134.2 trillion is development. Public financing sources will include: External financing namely; budget support, concessional loans, semi-concessional borrowing, non-concessional borrowing; domestic financing namely; Bank financing, Bank of Uganda, Commercial Banks; and Non-banking financing. The non-public sources of financing will include; Public Private Partnerships (PPP), direct private sector investments and CSO contributions. However non-concessional financing will target projects with capacity to pay back.

Implementation, Monitoring and Evaluation

To address implementation bottlenecks, existing institutional implementation arrangements will be strengthened and the following reforms will be implemented:

To fast track implementation of the of core projects, Presidential initiatives and key sector results (Big Results), a Delivery Unit will be established in OPM with a fully functional technical team;

The PCC will be strengthened to oversee implementation of the NDPII and will be supported by the Delivery Unit as its secretariat;

The Sector Working Groups (SWGs) will be institutionalized, and made binding with a lead agency and functional secretariat. The roles of the non-state actors such as the private sector, civil society and development partners will need to be clearly articulated;

Ministers and Accounting Officers will sign performance contracts in line with NDPII results and targets;

NPA will thus be required to issue a Certificate of Compliance to MDA plans and budgets before they are approved by Parliament;

The ruling party manifesto will be fully aligned to the National Development Plan and as part of his team for implementation;

Regional-level technical capacity hubs will be established to support implementation of programmes and projects at district level;

A national service programme will be established and institutionalised for building patriotism, inculcating national values and changing mindsets towards improved service delivery;

A Private Sector/Civil Society Forum will be established to discuss progress in the implementation of the NDP II by non-state actors.

To facilitate tracking of planned results, the following reforms will be made in the monitoring and evaluation framework:

The mandate of the Presidential Economic Council (PEC) will be redefined to evaluate progress made on the realization of NDP II Big Results. In this regard an M&E system will be developed to facilitate reporting of these results to PEC.

Sector reviews will be redefined to focus on performance reporting on the realization of NDPII macro and sectoral results and will be serviced by the Sector Working Group Secretariats.

The NDP Annual Review Forum will be established to review progress on NDPII performance. At the district level, an NDP II review forums will be established to provide a platform for stakeholders at all levels to provide feedback on implementation of this Plan.

The TORs of the Joint Annual Review of Decentralization will be expanded to also consider progress made by LG on the implementation NDPII priorities at the decentralized level.

PART I: BACKGROUND, SITUATION ANALYSIS AND DEVELOPMENT CONTEXT

Introduction

1. Part I of the Plan contains Chapters 1, 2 and 3 which provide the Background, Situation Analysis and Development Context respectively. The background chapter gives a brief of the planning process and delves into performance of NDPI for the period 2010/11-2013/14. NDPI was the first of the six five-year development plans provided under the Comprehensive National Development Planning Framework (CNDPF) that was drawn towards realizing the Uganda Vision 2040. The chapter covers the achievements, implementation challenges; the key lesson learnt over the NDPI period and concludes by introducing the NDP II and its structure. The situation analysis chapter covers the country's macroeconomic developments in the real, fiscal, monetary and external sectors of the economy. In line with the NDP II theme of strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth, Uganda's economic situation is analyzed along the pillars of wealth creation and employment, competitiveness, and inclusive growth. The development context chapter focuses on key development opportunities, international, regional and national development obligations and concludes with identifying workable strategies for exploiting the available opportunities.

CHAPTER 1: BACKGROUND

1.1 Introduction

2. The Uganda Vision 2040 aims to transform the country from being a predominantly peasant and low income to a competitive, upper middle income status with a per capita income averaging USD9,500 by 2040. The Uganda Vision 2040, articulates the vision of what Uganda will be like by the year 2040, and provides the development paths and strategies that will guide this transformation. The Uganda Vision 2040 is conceptualized around strengthening the development fundamentals in order to successfully harness the abundant economic opportunities. The development fundamentals include: infrastructure; Science, Technology, Engineering and Innovation (STEI); land use and management; urbanization; human resources; and peace, security and defense. The identified opportunities, which are considerably under-exploited, include: agriculture; oil and gas; tourism; minerals; Information and Communication Technology (ICT) business; abundant labor force; geographical location; trade; water resources; and industrialization. Implementation of the vision is to be done through three 10-year development plans and six 5-year National Development Plans (NDP).
3. This is the second of the six NDPs envisaged under the Comprehensive National Development Planning Framework (CNDPF) towards implementation of the Uganda Vision 2040. The first Plan, 2010/11 to 2014/15 (NDPI) was instrumental in instilling the culture and discipline of planning as a basis for development planning and financing. Its goal and thrust was on “**Growth, Employment and Socio-economic Transformation for Prosperity**” and it focused on eight (8) strategic objectives to guide its implementation. These included: increasing household incomes and promoting equity; enhancing the availability and quality of gainful employment; improving the stock and quality of economic infrastructure; increasing access to quality social services; promoting science, technology, innovation and ICT to enhance competitiveness; enhancing human capital development; strengthening good governance, defence and security; and promoting sustainable population and the use of environmental and natural resources.
4. To realize the goal, the strategic objectives were designed to undertake policy reforms and strategies aimed at unlocking the country’s most binding constraints to development, namely: i) weak public sector management and administration; ii) inadequate financing and financial services; iii) inadequate quantity and quality of human resources; iv) inadequate physical infrastructure; v) gender issues, negative attitudes and mindsets; vi) low application of science, technology and innovation; and vii) inadequate supply and limited access to critical production inputs.

1.2 Performance of NDPI for the Period 2010/11 – 2013/14

5. This review addresses the main achievements and outstanding challenges arising out of the implementation of NDPI. The discussion is structured around elements of the goal and objectives of the Plan. A detailed discussion of these issues is contained in Chapter 2.

1.2.1 Growth

6. The highest growth rate over the last four years of NDPI implementation was achieved in 2010/11 at 9.7 percent. This performance was, however, not sustained as it decelerated to 4.4 percent the following year, and 3.3 in 2012/13 before recovering to 4.5 in percent in 2013/14. Over the four years of NDPI implementation, overall average GDP growth rate has been 5.5 percent below the 7.2 percent envisaged over the same period. The fluctuations of the growth rates were as a result of many factors, worth noting are the impacts of climate change, drought, flooding and severe storms on productivity and infrastructure. It is worth noting that Uganda weathered the storm of the global financial crisis and has been growing above the Africa average of 5.1 percent since 2010.

1.2.2 Employment

7. There was a modest increase in total employment during the first four years of NDP I implementation. The percentage of the working labour force increased from 70.9 percent in 2009/10 to 75.4 percent by 2010/11. However, the proportion of the labor force in paid employment fell from 21.5 percent in 2009/10 to 18.5 percent in 2012/13 while the youth unemployment rate¹ remained high, estimated at 78 percent.

1.2.3 Socio-Economic Transformation

8. The percentage of people living below the poverty line decreased from 24.3 percent in 2009/10 to 19.7 percent in 2012/13. On the health front, there was an improvement in life expectancy at birth from 51.5 in 2009/10 to 54.5 years in 2011/12. However, there was a drop in the literacy rate from 73 percent in 2009/10 to 71 percent in 2012/13 mainly due to high school dropout rates at primary level. The country also registered some improvement in economic performance as evidenced by an increase in income per capita discussed in Section 1.2.4 as well as the expanding share of industry and services in total economic output.

1.2.4 Increasing household incomes and promoting equity

9. There was an increase in household income as depicted in the increase in per capita income from USD 607 in 2008/09 to USD 788 in 2013/14. The increment in income per capita was in line with the target of the NDP of USD 718 in the same period. Income inequality decreased as measured by the Gini coefficient which decreased from 0.426 in 2009/10 to 0.395 in 2012/13.² While the national percentage of people living below the poverty line decreased, there

¹ Without work, i.e. are not in paid employment or self-employment; and currently available for work (ILO definition)

² The coefficient varies between 0, which reflects complete equality and 1, which indicates complete inequality (one person has all the income or consumption, all others have none).

remained significant disparities in poverty levels across regions, in rural-urban divide with the highest levels reported in Northern Uganda (44 percent) followed by the Eastern region at 24.5 percent. Uganda moved from 43rd to 29th in the global gender gap ranking between 2008/09 and 2011/12 suggesting some successes in equalizing access to services and opportunities between women and men³.

1.2.5 Enhancing the availability and quality of gainful employment

10. While the proportion of the labour force employed increased, only a small proportion was engaged in wage employment (18.5 percent), the majority remaining largely in subsistence agriculture (72 percent). The youth constitute about 4.4 million of the total labour force of which 3.5 million live and work in rural areas and about 80 percent of them are employed in nonwage employment as of 2011. This state of affairs implies that the bulk of the population is still in need of enhanced quality and gainful employment.

1.2.6 Improving stock and quality of economic infrastructure

11. The proportion of national paved roads in fair to good condition increased from 74 percent in 2010/11 to 80 percent in 2013/14, but below the NDPI target of 85 percent. The condition of national unpaved roads in fair to good condition increased from 64 percent to 67 percent over the same period, exceeding the NDPI target of 55 percent. However, whereas there has been an increase in the stock of National paved roads from 3,200 km in 2009/10 to 3,795km in 2013/14, the proportion of paved roads to national road network stood at only 18.1 percent for 2013/14. With regard to railways infrastructure, although the construction of the standard gauge railway line has not been realized, the construction process was launched. The proportion of freight cargo by rail was 8.0 in 2012/13, which was less than the 8.9 percent in 2011/12 and 10 percent registered in 2010/11. The NDPI target of 17.8 percent in 2014/15 is therefore not likely to be achieved. Water transport infrastructure remained under developed during the plan period.
12. The total electricity generation capacity increased by 38 percent from 595MW 2010 to 825MW in 2012. This mix of generation capacity includes: large hydropower plants such as Nalubaale, Kiira and Bujagali; Small and Mini hydropower plants such as Africa EMS Mpanga, Bugoye Power Plant, Kabalega Power plant (Buseruka), Kasese Cobalt Company Ltd, Ishasha Power plant etc.; Co-generation power plants such as in Kakira and Kinyara Sugar Works; and Thermal power generating plants such as Jacobsen in Namanve and, EletroMaxx in Tororo. Transmission infrastructure was also increased with construction of the evacuation line from Bujagali to Kawanda completed. Construction of the 220KV from Bujagali to Tororo and Mbarara to Mirama Hills is ongoing.
13. Regarding ICT infrastructure, the National Backbone Infrastructure (NBI) was extended to a number of districts. Additionally, in order to provide faster internet speeds, 4G technologies have been rolled out using Long Term Evolution (LTE). The total span of fibre optic cables laid

³ NDPI Mid-Term Review Results Framework Thematic Report, 2013

out in the country is 5,110 kilometers by both the government and private sector, providing seamless connection across the country from Malaba to Mutukula, Katuna and Nimule borders. However, a huge ICT infrastructure gap still exists.

1.2.7 Increasing access to quality social services

14. There was positive progress towards achieving the NDPI targets in several key health indicators. Physical access to health facilities increased, with the proportion of the population leaving within 5 km of a health facility standing at 72 percent in 2014. DPT3 pentavalent vaccine coverage is 97 percent and has surpassed the NDPI target of 87 percent. However, there was a reversal in Maternal Mortality Rate between 2006 and 2011 and the condition of health facilities remains sub-optimal as discussed in the situation analysis. The proportion of health facilities without drug stock-outs also increased.
15. With regard to education services, there was a reduction in the Gross Primary School Enrolment Ratio (GER) from 128 in 2010 to 110.9 percent in 2013. The transition rate from P7 to S1 increased from 47percent in FY2006/07 to 73 percent in FY 2013/14 and access to secondary education increased by 67.4 percent over the same period. Although more primary teachers were recruited and deployed in FY 2012/13, the school dropout rates remain high and the quality of primary school education continued to be negatively affected by the high pupil to teacher ratio, among others.
16. Based on estimated total population served, in both large and small towns, there was a continued increase in accessibility to safe water in urban areas (i.e. from 66 percent to 69 percent and 70 percent) in 2011, 2012 and 2013 respectively. Safe water coverage in rural areas increased from 61 percent to 65 percent while sanitation coverage increased from 51 percent to 70 percent during the period FY2005/06 and FY 2013/14. furthermore, the percentage of people within 1 km of an improved water source increased from 64 percent in 2013 to 65 percent in 2014, and the functionality rate of the existing water sources also increased (from 84 percent to 85 percent) during the same time.

1.2.8 Promoting science, technology, innovation and ICT to enhance competitiveness

17. The number of mobile phone subscriptions in Uganda rose from 12.8 million in December

Box 1.1: Key achievements of NDP I

- ✓ Poverty Reduced from 24.5 percent in FY2009/10 to 19.7 percent in FY 2012/13.
- ✓ Under five mortality reduced from 137/1000 live births in 2006 to 90/1000 live births in 2011.
- ✓ Electricity installed Generation increased from 595MW in 2010 to 825MW in 2012.
- ✓ Life expectancy at birth increased from 51.5 in 2009/10 to 54.5 years in 2011/12.
- ✓ Percentage of the population accessing electricity from the national grid increased from 10 percent in 2009 to 14 percent in 2013.
- ✓ The transition rate from P7 to S1 increased from 47 percent in FY2006/07 to 73 percent in FY 2013/14 largely due to the introduction of USE.
- ✓ Volume of national paved roads increased from 3,264 kilometers in 2011 to 3,3,795 kilometers in 2013
- ✓ Per Capita income increased from USD665 in 2009/10 to USD 788 in 2013/14.
- ✓ ICT sector contribution to GDP increased to 8.1 percent in 2012/13 from 5.5 percent in 2009/10
- ✓ Macro-economic stability and growth
- ✓ Above all, there has been sustained peace and security across the entire country

2010 to 16.3 million in December 2012. However, no progress was registered regarding the construction and development of regional science parks and technology incubation centres (SPTIC) envisaged under NDPI. There was also a remarkable increase in optic fibre coverage resulting in a total span of optic fibre cables laid in the country to 5,110.65 kilo meters by December 2013.

1.2.9 Enhancing human capital development

18. Uganda's labour market continues to face a shortage of requisite skills, with only few people being in possession of some form of tertiary education qualification. There was a mismatch between the curriculum at the tertiary institutions and the labour market requirements, which explains the high graduate unemployment rates on Uganda's labour market. The student enrolment in science and technology at both private and public universities is less than 27 percent which is way below the UNESCO minimum of 40 percent required for a country to economically take off and participate in the global knowledge based economy (UNESCO). About 4 percent of the population above 15 years of age has an educational attainment above the secondary school level.

1.2.10 Strengthening Good Governance, Defence and Security

19. The country's performance on the four main governance principles of development assistance (peace and stability, democracy, human rights, and rule of law/access to justice) was satisfactory⁴. The whole country, including the northern parts that had for a long time been insecure, enjoyed a stable security environment over the NDPI period. However, in regards to economic and corporate governance, there were significant shortcomings that had negative influences on achievement of NDPI results. The main limitation noted in this area was the uncontrolled supplementary budgets that took funds away from project and service delivery sectors to administrative sectors. In addition, Uganda's score on the corruption perception index (CPI) oscillated between 2.4 and 2.9 during the NDPI period. In terms of promoting gender equality and women's rights, the Domestic Violence Act, 2010 and the Prohibition of Female Genital Mutilation Act, 2010 were enacted, however, enforcement remains limited.

1.2.11 Promoting sustainable population and use of the environment and natural resources

20. The country's population increased from 24.2 million in 2002 to 34.9 million in 2014⁵. Whereas, the percentage of people living in urban areas increased from 12.3 percent in 2002 to 18.6 percent in 2014, about 60 percent of this urban population still lacks basic amenities such as decent housing, sanitation, and a safe water supply⁶. Uganda's forest estate declined from 4.9 million Ha in 2003 to 3.6 million Ha in 2013, i.e. 24 percent to 18 percent of national land cover.

⁴ NDPI Mid-Term Review Results Framework Report, 2013

⁵ UBOS, 2014, National Population and Housing Census Provisional Results

⁶ UN-Habitat, 2013

1.3 NDP I Implementation Challenges

21. **Slow implementation of core projects:** This was mainly due to inadequate technical capacity in public service to prepare and implement such projects, delays in mobilizing project financing, procurement delays, absence of adequate institutional and/or legal frameworks, for example in the case of Oil and Gas, and the delays in enacting the public-private partnerships Bill.
22. **Limited alignment of planning and budgeting instruments with the NDP:** At the launch of NDP I, some sectors, Ministries, Departments and Agencies (MDAs), and Local Governments (LGs) already had running Development/Investment Plans. As such, there was a disparity between the NDP priorities and financial allocations and those of the Sectors/MDAs/LGs. For example, only eight (8) out of the 15 core projects were considered in the Public Investment Plan.
23. **Limited prioritization and poor sequencing of interventions:** A review of NDP I found that it lacked a clearly defined over-arching critical path for the achievement of its objectives, except for the 15 priority core projects. However, even these lacked well documented key milestones. In effect, NDP I lacked proper prioritization and sequencing of development interventions. For instance, establishment of the iron ore smelter required substantial increase in energy generation and establishment of a railway, both of which are yet to happen.
24. **Inadequate spatial analysis and representation in the Plan:** NDPI did not adequately analyze and spatially represent the strategic planned interventions. This contributed to continued low level of the country's competitiveness. Infrastructure plans did not connect to areas of high resource potential, and there was inadequate spatial integration of transport and modal connectivity. Consequently, industrial development remains functionally inefficient, costs of production are high, resources are wasted and potential synergies which could lead to increased output are not realized.
25. **Inadequacies in the NDP I results framework:** Around half the baselines and many annual targets for NDPI performance indicators were missing. In addition, the targets for the indicators that were set were either not ambitious or unrealistic. This meant that monitoring and evaluation of the implementation of NDP I was rendered difficult.
26. **Limited financing of NDP I:** Financing posed a major problem for the successful execution of NDP I due to slow progress in domestic revenue mobilization since FY 2010/11 to date, poor prioritization and sequencing of projects, and withholding of "on-budget" and "off-budget" donor support due to governance concerns. Tax revenue collection as a percentage of GDP has stagnated at an average of 11.1 percent between 2010/11 and 2012/13, though it increased in 2013/14 at 12.4 percent. As a result, and in light of the declining external assistance, the financing and implementation of NDPI was seriously compromised. In addition, donor support continuously declined during the NDPI period (both in real terms and as a percentage of GDP) and development of new innovative financing mechanisms/ instruments

such as infrastructure bonds was slow due to delays in finalizing the legal framework governing Public Private Partnerships (PPP). The cost of finance and availability of long term finance further constrained private sector investments under NDPI.

27. **Weak Public Sector Management:** Public sector management was characterized by low enforcement of critical reforms and innovation; inappropriate procurement procedures, processes and management; corruption; conflicting, overlapping and duplication of mandates; low levels of productivity; non-compliance with service delivery standards where available; and low motivation and remuneration compounded by the poor mind set and negative attitudes which further contributed to the slow progress in the implementation of the core projects. Weak and limited subnational institutional and technical capacity to plan and deliver on mandated services coupled with limited fiscal space and inadequate public service standards to follow were also constraining factors in the achievement of the NDP I objectives.
28. **Land Related Constraints:** Challenges in securing land for public infrastructure projects coupled with high compensation costs led to delays in the start of some of the major energy, transport and other infrastructure development projects, for example Entebbe Express Highway, Bujagali HEP, the oil refinery in Kabaale-Hoima District, the Phosphate Industry in Tororo District, and Iron ore deposits in Kabale District, among others.
29. **Limited involvement of Non-State Actors especially during implementation:** Though they were consulted during formulation, a number of non-state actors such as the Private sector, Civil Society Organisations (CSOs), the media, development partners and the academia were not sufficiently involved in implementation of NDP I, at both central and local government levels. There was a lack of an effective platform to engage the non-state actors in determining the country's strategic direction during the formulation of NDP I as well as in the implementation process. There were delays in setting up of the partnership policy that would define terms of engagement.
30. **Limited integration of cross-cutting issues** in sectoral plans, programmes and projects, key of these being gender, environment, nutrition and HIV/AIDS due to lack of synergies and coherence across sectors and local governments on what priorities to be taken on.
31. **Inadequate preparedness to respond to Natural Disasters:** The Country witnessed destructive droughts, flooding, landslides and severe storms resulting in the diversion of resources meant for development productivity to procurement of relief commodities and emergency response to disasters.

1.4 Key Lessons

- a. Conscious effort is required to address gaps in development across regions and population groups through specific programmes and interventions that are either mainstreamed within sector plans or are standalone programmes.

- b. Prioritization of interventions/projects and sequencing their implementation is critical in guiding efficient allocation of resources to key growth drivers, while addressing the key constraints to development.
- c. Absence of strategic Spatial Framework negates inter-sectoral co-ordination and synergies. Therefore, there is a need to introduce spatial aspects into planning.
- d. Lack of bankable projects affects absorptive capacity, wastes time and affects efficiency. Therefore, there is need to develop detailed project profiles and make projects bankable at the start of plan implementation.
- e. Weak sector wide approach to planning and implementation affects harnessing inter-sectoral linkages and efficiency gains, thus the need to strengthen the sector wide approach to planning and implementation as well as sector re-clustering where required.
- f. Positive mindsets and commitment among the leaders, implementers, and the general population is critical for effective plan implementation.
- g. Alignment of planning and budgeting instruments is necessary to ensure efficient and timely implementation, while keeping focus on national priorities. Therefore establishing a mechanism to facilitate alignment of sector and local government plans, including plans of development partners and civil society to the National development plan is paramount.
- h. Need for stronger institutional capacity and improved public sector management. Public sector institutions need to be improved to deliver on the Public Investment Plan (PIP) but also to work together to enhance synergies across sectors.
- i. There is need for robust early warning systems and disaster preparedness plans to build resilience capacities in order to mitigate the impact of natural disasters on infrastructure and productivity.

1.5 The Second National Development Plan (NDPII)

- 32. This plan (NDP II) is the second of the six five-year NDPs that will be implemented under Vision 2040 and covers the fiscal period 2015/16 to 2019/20. It builds on the achievements attained under NDP I, mitigates the challenges encountered during its implementation, and seeks to take advantage of regional and global development opportunities to ensure that the country attains its Vision 2040. Unlike its predecessor, NDP II will serve as the point of reference to inform government planning processes, thereby eliminating parallel planning.
- 33. The number of prioritized growth opportunities and development fundamentals has been narrowed to only three and two respectively to increase impact and create growth momentum. The five prioritized growth opportunities and development fundamentals include Agriculture; Tourism; Minerals, Oil and Gas, Infrastructure and Human Capital Development. NDPII emphasizes prioritization of interventions through a value chain analysis; a Spatial Framework; alignment of sector/MDA/LG priorities and budgets with NDPII priorities; appropriate financing

modalities for the priority interventions; spatial analysis and planning to achieve synergies; and addressing the challenges of weak public sector systems among others.

1.6 Structure of NDP II

34. NDP II has been organized in four broad parts: Part I is comprised of the Background; Situation Analysis and Development Context; Part II is comprised of the Strategic Direction and Macroeconomic Strategy and Financing; Part III is comprised of Sectoral Objectives and Interventions for achievement of the Plan Targets; and lastly Part IV is comprised of the Implementation Strategy as well as the Monitoring and Evaluation Framework.

CHAPTER 2: SITUATION ANALYSIS

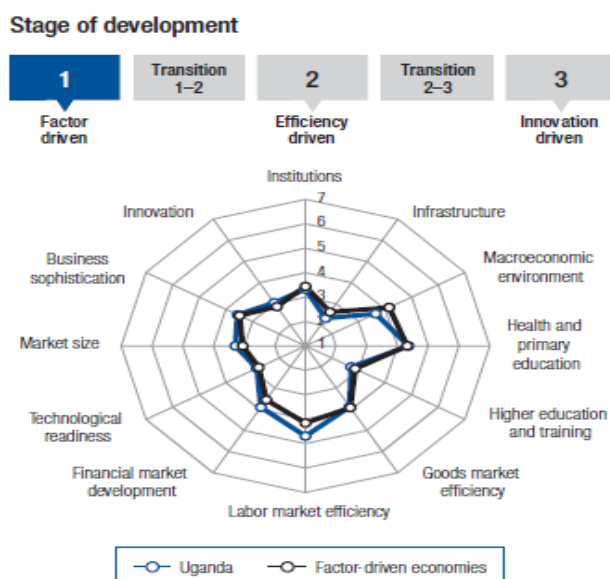
2.1 Introduction

35. This chapter presents a detailed review of Uganda's development status and trends over the period 2008/09 to 2013/14. It presents the country's achievements, challenges and identifies areas that need to be addressed over the period 2015/16 – 2019/20. It is structured around the country's competitiveness, wealth creation and employment as well as inclusive growth.

2.2 Competitiveness

36. Uganda dropped eight places in the global competitiveness index from 121 (out of 142 economies) in 2011/12 to 129 (out of 148) in 2013/14. Areas where Uganda is performing relatively well compared to other factor driven economies⁷ include: labor market efficiency, market size, innovation, and financial market development. Areas where the economy is not doing well include: Infrastructure, macroeconomic environment, institutions, health and primary education and, higher education and training (see Figure 2.1). There is continued need to reduce costs of doing business through investing in infrastructure (transport, ICT and energy), improve public sector management, deliver basic services effectively and improve skills and innovation. Openness to drawing in international experience and investment to enhance technology transfer and diffusion is also important as the economy diversifies and businesses and investors move into value addition in key sectors.

Figure 2.1: Comparison of Uganda's Competitive Position to Peer Group



Source: World Economic Forum, Global Competitiveness Report, 2013/14

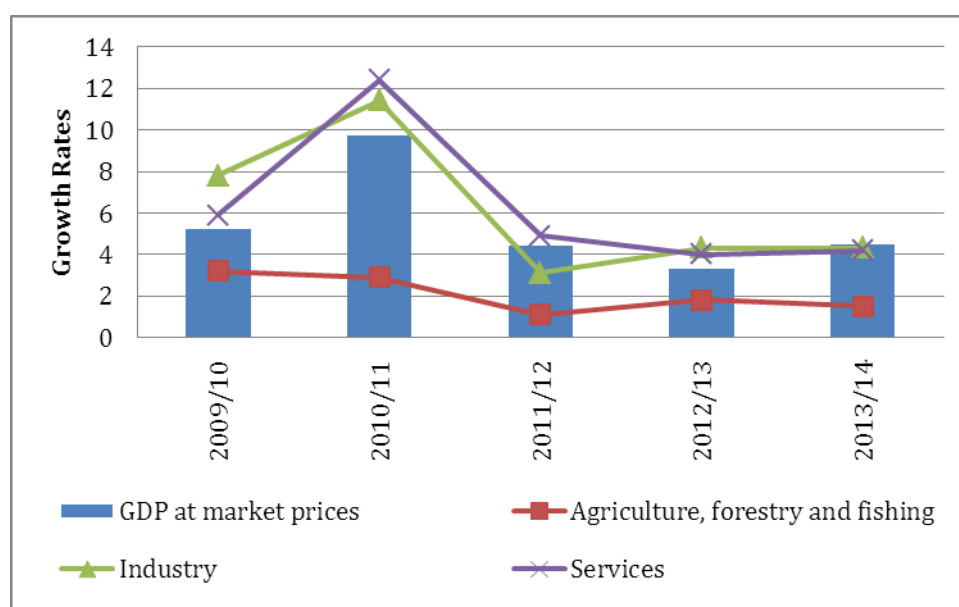
⁷ Factor-driven economies are those whose growth is dependent on their factor endowments—primarily unskilled labor and natural resources.

2.2.1 Economic Management and Financial Services

2.2.1.1 Real Sector

37. Uganda's economic growth rate has averaged 5.5 percent between 2010/11 and 2013/14, with the highest being 9.7 percent in 2010/11. However, this was above⁸ the target of 7.2 percent for the entire NDPI and 8 percent per annum for the Vision 2040 period. It is worth noting that, in 1994, Uganda achieved an economic growth rate of 9.4 percent. In real terms, the services sector continued to lead and in 2012/13 contributed 50.3 percent of GDP, followed by agriculture with 23.5 percent and industry with 18.4 percent. The most significant sub-sector activities that have grown rapidly over the past five years are: Information and Communications, with a GDP share of 9 percent as at 2013/2014 and a growth rate of 16.8percent; and Construction with a GDP share of 6.5 percent in year 2013/2014 and a growth rate of 9.6percent. Both industrial and Services sector emerged as the more resilient and good performing sectors, demonstrating higher potential for recovery and growth than the agriculture sector. However the services sector grew at 6.3 overtaking industry by a margin of

Figure 2.2: Trends of Economic Growth Rate by Sector



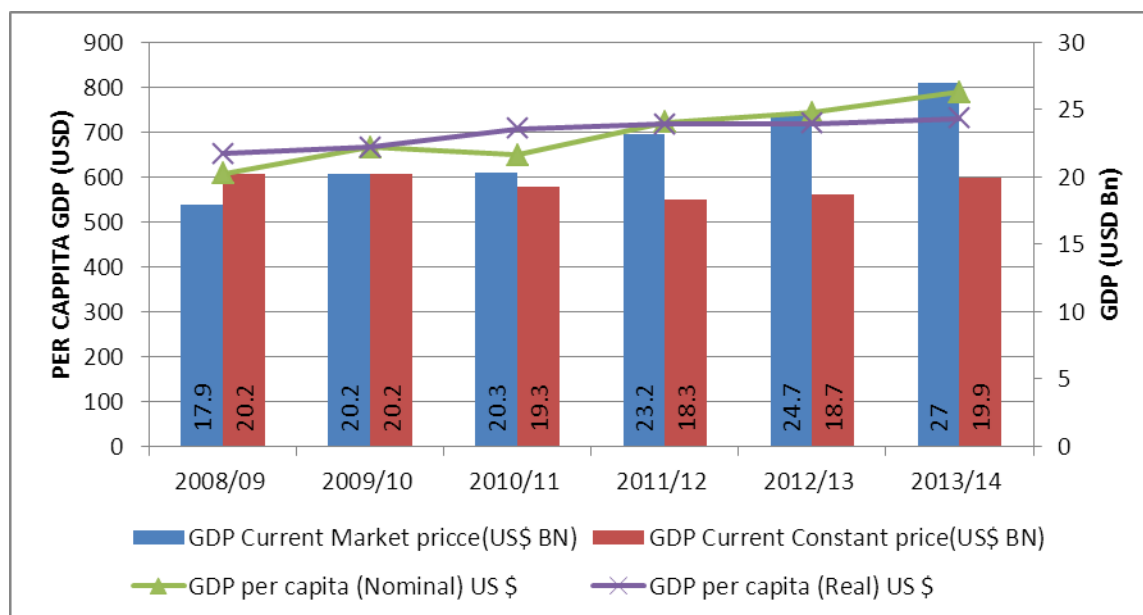
0.1.

(Source: Uganda Bureau of Statistics, 2013)

38. The country's economic growth has not effectively translated into significant wealth creation, taking into account the effects of inflation and exchange rate depreciation. Average per capita income increased from USD665 in 2009/10 to USD788 in 2013/14 at current prices, similarly, in real terms GDP per capita increased during the same period as shown in the Figure 2.3.

⁸ The target of 7.2 was arrived at before the rebasing of the GDP figures however if revised, the target might be different.

Figure 2.3: Economic Growth Performance, 2008/9 – 2013/14



Source: Uganda Bureau of Statistics, 2014

2.2.1.2 Fiscal Developments

39. **Fiscal Deficit:** The overall government budget deficit level was unstable over the three years, increasing from an overall balance including grants of 2.5 percent of GDP in 2011/12 to 3.4 percent in 2012/13 and to 5.0 percent in 2013/14. The movements are partly explained by the changing architecture of Official Development Assistance (ODA) and incidents of withholding of this ODA by some partners, on account of fiduciary concerns. Without grants, the overall balance in the national expenditure was 6.3 percent of GDP in 2013/14 (Table 2.1).
40. Given the country's budget deficit over the years as shown in Table 2.1, Uganda's total debt stock rose from UGX11,234.9 billion in 2010/11 to UGX15,939.1 billion in 2012/13 (close to 30 percent of GDP). External debt in 2012/13 was UGX9,893.3 billion (USD3.761 billion). In 2012/13, the total stock of domestic debt stood at 10.4 percent of GDP and 15.8 percent of GDP for the total stock of External debt.
41. **Domestic Revenue and Financing Options:** Over the last decade, total collections by Uganda Revenue Authority (URA) have increased threefold in nominal terms. However, the trends in net URA collections, as a percent of GDP, show a stagnation of revenue performance. Net URA collections, as a percent of GDP, were 10.33 percent in 2011/12; 11.19 percent in 2012/13; 11.79 percent in 2013/14. There are three main drivers of this performance: the large informal sector that constitutes 43 percent of GDP; the narrow tax base composed of a few tax payers coupled with a weak tax exemptions regime; and weaknesses in tax administration. In order to fund development, there is need to review exceptional tax hurdles, broader tax exemptions and categorization of formal and informal sector, to further increase domestic resource mobilization, estimated at 6.81 percent of GDP in 2013/14. NDPI was financed using traditional sources, largely through foreign concessional borrowing and domestic borrowing. However, from now on, it is important to explore new sources beyond the

traditional sources, including alternative innovative sources, such as locally dominated bonds and infrastructure bonds, while ensuring that expansion of public debt fits within a sustainable fiscal and monetary framework. There is also need to increase registration and categorization of informal and formal sector for easy traceability.

42. The highest value of grants received was in 2011/12 at 2.9 percent of GDP; however, this dropped to a lower value of 1.45 percent in 2012/13, and reduced further to 1.08 percent in 2013/2014 due to the fiduciary concerns cited above. Total expenditure and net lending as a percent of GDP declined from 18.9 percent in 2010/11 to 17.9 percent in 2013/14, despite pressures of demand for services as shown in Table 2.1.

Table 2.1: Revenue and Expenditure Developments (percent of GDP)

Indicator	2010/11	2011/12	2012/13	2013/14
Indicator	2010/11	2011/12	2012/13	2013/14
Total URA Collections	11.6	10.44	11.34	12.29
Net URA Collections	10.86	10.33	11.19	11.76
Non-URA Collections (Non Tax)	0.74	0.11	0.14	0.18
Domestic Taxes	5.99	5.53	6.52	6.81
Direct Taxes	3.54	3.35	3.81	3.8
Indirect Taxes	2.66	2.58	3.11	3.1
o/w VAT	1.54	1.57	2	1.94
o/w Excise duty	0.67	0.61	0.7	0.8
International Trade Taxes	5.38	4.89	4.81	5.22
Fees and Stamp Duty	0.23	0.19	0.17	0.21
Grants	1.89	2.91	1.45	1.08
Budget Support Grants	1.1	1.07	0	0.31
Project Grants	0.8	1.84	0	0.77
Total expenditure and net lending	18.93	15.71	16.18	17.86
Overall balance (including grants)	-3.57	-2.53	-3.39	-4.96
Overall balance (excluding grants)	-5.48	-4.48	-4.87	-6.29
Gross public external debt/GDP	20.92	20.53	22.19	25.46
External debt-service ratio	1.16	1.18	1.39	1.59

Source: Uganda Bureau of Statistics 2014 (GDP Estimates Rebased to 2009/10)

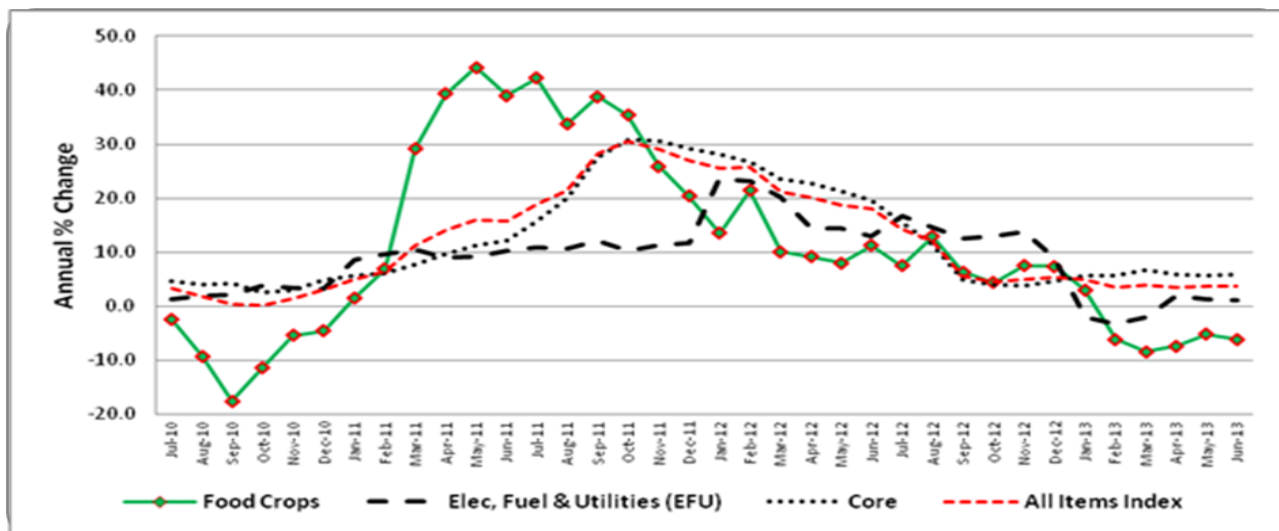
43. **Debt Sustainability:** Debt sustainability analysis for 2013 confirmed that Uganda's total public debt was still sustainable and the country was under no debt distress, when subjected to stress tests over the period of NDP I. The Public Debt-to-GDP ratio is currently (2013/14) at 26.14 percent and is projected to peak at about 42 percent in 2019/20, but will remain below the 2013/14 debt strategy threshold of 50 percent throughout the projection period. The debt is however still highly sensitive to non-concessional borrowing, given the current structure of external debt.
44. **Resource Allocation and Budget Management:** In order to ensure efficient allocation of resources and alignment of budgetary systems with the national priorities/objectives that are in line with the Uganda Vision 2040 and the NDP, public finance management systems through the use of various tools such as the Medium Term Expenditure Framework (MTEF), Output Budgeting Tool (OBT), Sector Development Plans, Budget Framework Papers, Ministerial Policy Statements, Chart of Accounts and LGDPs have been applied in budget preparation and monitoring. The implementation of the Financial Management and Accountability Programme has also made progress in addressing some of the elements of strengthening public financial management through the Public Financial Management (PFM) reforms. As a result, the quality of budget execution and reporting has undergone significant reforms including among others; implementation of the Integrated Financial Management System (IFMS), Output Oriented Budgeting (OOB), a long term expenditure framework for enhanced revenue and expenditure forecasting and issuance of several budgeting documents.
45. The Public Expenditure and Financial Accountability (PEFA) assessment and the mid-term review (2013) for PFM reform strategy recognized a weakness in the average level of budget governance in areas of budget credibility and control and challenges of enforcement of compliance with regulations and the capacity to design and implement projects or programs. In this regard, the government launched the strategy for Public Financial Management (PFM) Reforms for the period July 2014 to June 2018 that vigorously instituted accountability measures to efficiently and effectively utilize public resources. Some of which include; innovations in cash management including implementation of the Treasury Single Account (TSA); Improved payroll and pension management with the implementation and rollout of the Integrated Personnel, Payroll and Pension System (IPPS); enhanced budget transparency hinged on the continued publication of the budget and quarterly releases; introduction of disclosures of in-depth budget performance at the grassroots level through the Budget Website and Call Centre to follow; and enforcement of controls through use of the Integrated Financial Management System (IFMS). There is therefore need to ensure that the strategy is effectively implemented so as to build up on the successes of the previous reforms.

2.2.1.3 Monetary Sector Developments

46. Prior to July 2011, the Bank of Uganda primarily used two instruments to regulate the supply of money in circulation, in order to control inflation and maintain a stable exchange rate. These

were the issuance or redemption of Treasury Bills and Bonds and sale or purchase of foreign exchange. The use of these instruments became less effective as regulation of the amount of money in circulation became more difficult, due to the use of the Uganda shilling as a medium of exchange in some neighboring countries. Heavy reliance on the issuance of treasury bills and bonds also became expensive in terms of interest payments, increasingly taking resources which could have been utilized to finance other priority programs and projects in the budget. In July 2011, Bank of Uganda changed the tools for controlling inflation, to rely primarily on the variations in interest rates or cost of borrowing.

Figure 2.4: Inflation trends, 2010/11 – 2012/13



Source: Bank of Uganda, 2013

47. From the first year of NDPI, inflation persistently increased in consumer prices, mainly driven by the effects of drought on agricultural prices, high demand from neighbouring countries for Ugandan products, exchange rate depreciation and rising global commodity prices. These causes of inflation have persisted except in the third year. At the start of the NDP I implementation in July 2010, annual headline inflation rate was 3.3 percent and by June 2011 it had increased to 16.0 percent.
48. Annual core inflation which excludes food crops, fuel, electricity and metered water rose to 12.2 percent in June 2011. That same year, food crop and Electricity, Fuel and Utilities (EFU) inflation respectively increased to 39 percent and 10.3 percent in June 2011 from minus 2.5 percent and 1.3 percent in July 2010, respectively.
49. The adverse supply-side shocks emerged from the rise in global crude oil prices that fed through into domestic fuel prices. In addition, there were shocks from the persistence of tensions on international food markets and of a supply shortfall on the related segments of the domestic market, resulting in a faster pace of increase of both volatile food prices and prices of staple food items included in the core index. Furthermore, exchange rate depreciation contributed to the observed elevation in inflation. All in all, the climax of inflation recorded

during the period was in 2011/12, when inflation was 23.5 percent compared to the target of 6 percent. This situation continued in the first half of the year 2011/12, and core inflation was due to depreciation of the shilling until the second half of the financial year, when the monetary policy action by BOU took effect on the prices.

50. In 2012/13, food accounted for 27.2 percent of the overall Ugandan consumer basket of goods and services and, hence annual food price inflation significantly influences Uganda's annual headline inflation rate. Whereas annual food price inflation fell to 11.2 percent in June 2012 from 39.0 in June 2011, inflation of non-food items (which accounted for the remaining 73.8 percent of the consumer basket), was much more moderate. In regard to the prices of Electricity, Fuel & Utilities (EFU), the prices rose to the highest of the year in December 2011 to 23.5 percent, before declining steadily to 12.9 percent in June 2012. By end of June 2013, headline inflation was 3.6 percent while core inflation was 5.8 percent. The country continued to import highly priced commodities, especially household goods, clothing and foot wear, whose domestic prices are affected by exchange rate depreciation.
51. In the first year of NDPI, there was a tight monetary policy stance and high inflation expectations from the increase in average yields on both Treasury Bills and Bonds and commercial banks' lending rates. The annualized yield on the 91-day, 182-day and 364-day papers rose from 4.3 percent, 4.9 percent and 5.8 percent in July 2010 to 13.3 percent, 14.0 percent and 15.2 percent at end June 2011. As a result of the rise in yields on the 91-day Treasury Bill, the Re-discount Rate and Central Bank Rate increased from 7.3 and 8.3 percent in July 2010 to 15.7 and 16.7 percent respectively by the end of the June 2011. In the first year, the commercial banks' Weighted Average Shilling Denominated Deposit (WARD) rate also rose to 2.57 percent in June 2011 from 1.95 percent in July 2010, while the shilling denominated lending rates increased by 37 points to 19.94 percent in June 2011 from 19.57 percent in July 2010.
52. In 2011/12 the tight monetary policy stance and high inflation expectations continued and the annualized yield on the 91-day, 182-day and 364-day papers rose from 13.09 percent, 13.47 percent and 13.30 percent in July 2011 to 16.7 percent, 17.11 percent and 16.14 percent at the end of June 2012, respectively (Figure 2.4). As a result of the rise in yields on the 91-day Treasury Bill, the Re-discount Rate and Central Bank Rate increased from 17.0 and 18.0 percent in July 2011 to 24.0 and 25.0 percent, respectively, by the end of June 2012. Still in the second year, commercial banks' WARD rate rose from 2.82 percent in July 2011 to 3.50 percent in June 2012. The shilling denominated lending rates increased by 37 points from 19.94 percent in July 2011 to 27.02 percent in June 2012.
53. It is observed that the interest rates' spread remain as wide as 22 percent and this could be hampering savings mobilization. Whereas there were attempts by the Central Bank to influence the reduction of lending rates, through the reduction of the CBR, the response from the commercial banks was rather too weakly elastic that it took a long time for the commercial banks to reduce lending rates.

2.2.1.4 External Sector Developments

54. Net Exports decreased from 10.9 percent in 2012/13 to 8.4 percent in 2013/14. The trade balance remained in deficit as of end of 2013/14 because of the higher value of imports, compared to the low value of exports, as indicated in Figures 2.5 and 2.6. It is however encouraging to note that imports for investment constitute the biggest proportion of total imports. Tobacco, fish, oil re-exports and coffee (in that order) continue to dominate Uganda's key exports list.
55. COMESA countries remain the main destination of formal exports, accounting for about 56.5 percent of total exports over the last eight years, followed by the EU at 28 per cent and the Middle East at 10 per cent. The major markets for Uganda's formal exports in the region are: South Sudan, DR Congo, Kenya and Rwanda, accounting for over 81.1 percent of exports to the region. Regarding import sources, Asia, COMESA, Middle East and European Union remain the key sources of Uganda's imports. The major sources of Uganda's imports in 2012 were: India (29 percent), Kenya (15 percent), China (13 percent), United Arab Emirates (9 percent), South Africa (6 percent) and Japan (6 percent). Whereas imports from the Middle East have been declining since 2011/12, those from COMESA remained stable in 2012/13.

Figure 2.5: Composition of Imports

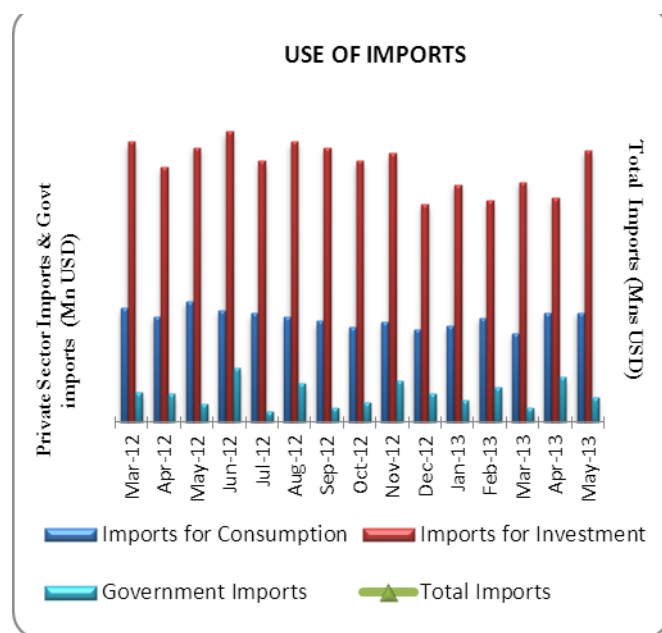
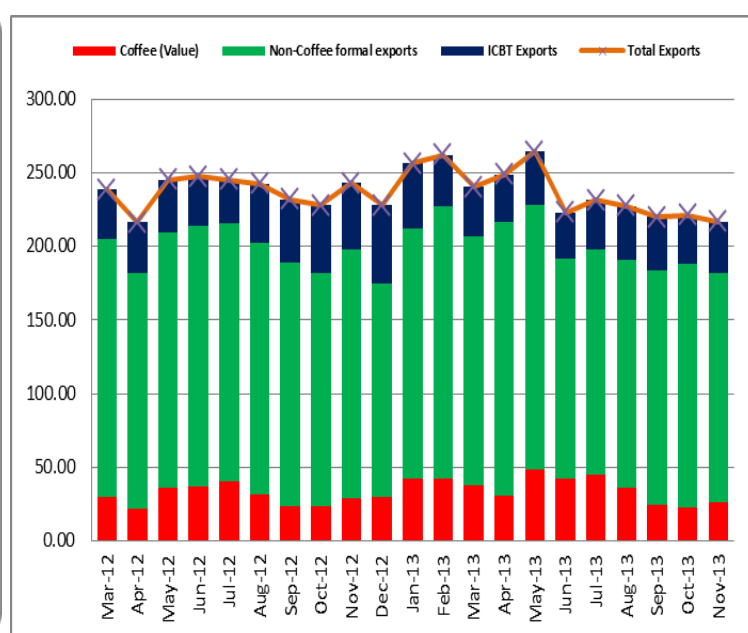


Figure 2.6: Composition of Exports



2.2.1.5 Financial Services

56. The country's financial system has gone through reforms since the early 1990s. The intention of these reforms was to strengthen and broaden the financial system but also enhance competition

in the financial system. Indeed, the financial system soundness and efficiency has greatly improved. Extension of credit to the private sector improved over the last decade, with average credit growth of about 24 percent per annum. However, the degree of diversification of the financial systems and the level of gross domestic savings stands at 9.57 percent of GDP (2013/14), which is very low compared to 23.6 percent, the average for low income countries and 28.6 percent for the lower middle income group⁹. The pension assets in Uganda are only at 2.18 percent of GDP compared to 58 percent of GDP in South Africa.

57. **Financial inclusion** improved and this was attributed mainly to the non-bank formal services, with a particular emphasis on mobile money. The mobile money services tried to address the poor connectivity by accessing geographically hard to reach areas that the formal banking institutions could not access. The financially excluded persons declined significantly from 4.3 million adults in 2009 to 2.6 million in 2013, which was also attributed to the mobilization of the rural population to join village savings and other voluntary groups to save for boosting their small businesses.
58. **Commercial Banking and Microfinance:** As of April 2014, Uganda had 26 licensed commercial banks, with about 544 branches and 5.5 million accounts. The commercial banks hold about 80 percent of the total assets of the financial system and the NSSF holds almost the remaining 20 percent. Savings are still low despite measures to increase savings in the past which included: NSSF improving its return on savings; starting the financial literacy project; URBRA putting in place a framework to enable the informal sector to participate in formal saving schemes; and having SACCO's empowered to mobilize savings. SACCOs and MFIs are still experiencing weaknesses in regard to their sustainability, due to the low mobilization of savings from the public, partly due to the over dependence on Government through the Uganda Micro Finance Support Centre and also the fraudulent activities that are a vice to the people's savings. Banks still provide low interest rates on savings, there are still no proper recording of informal saving mechanisms, there is inefficient utilization of accumulated savings for national development and the pension sector reforms are yet to take full effect.
59. Additionally, given the low level of savings, the banking system faces high costs in mobilizing medium/ long term resources. Combined with the high costs of financial transactions in Uganda, real interest charged by the banks are very high. It is quite common for commercial banks to charge interest rates in the range of 19 to 23 percent for investment projects.
60. **Development Banking:** There are two development banks operating in Uganda - Uganda Development Bank (UDB) and East African Development Bank (EADB). While these offer longer term finance, their lending operations are small in comparison to the total credit extended by the commercial banks.
61. **Capital Markets:** The financial year 2012/13 was a period of recovery in the capital markets industry, after a volatile 2011/12 that witnessed one of the highest inflation rates in the last

⁹ Source: WDI

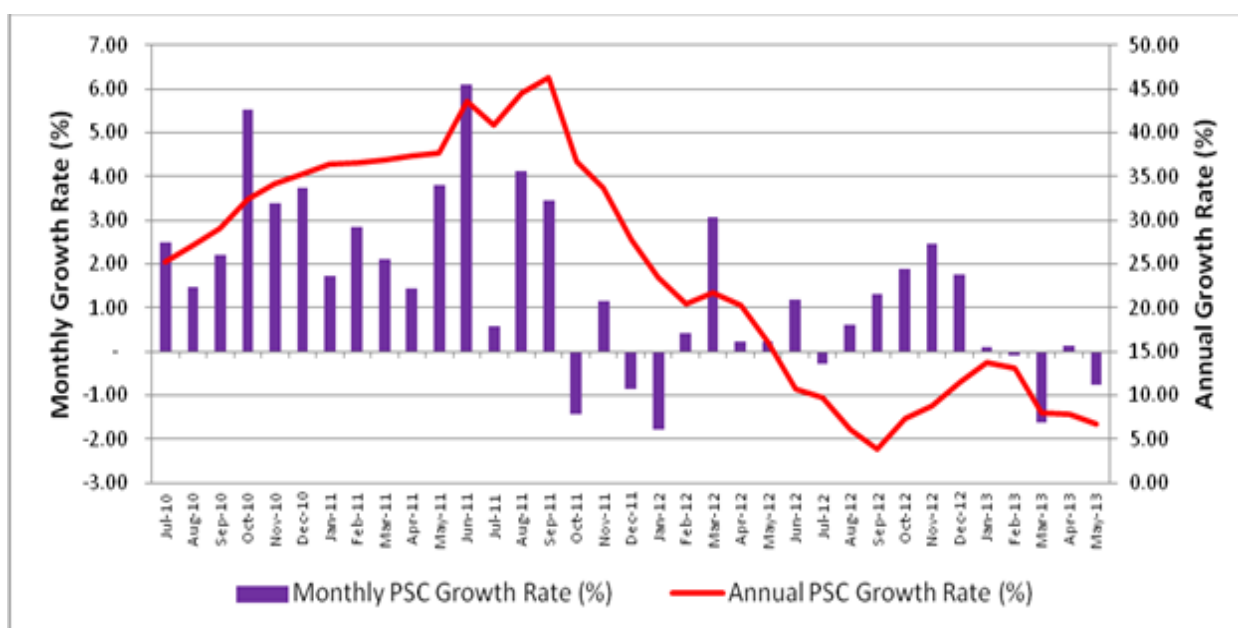
decade. The high inflationary environment adversely affected the growth and performance of the capital markets as investments were diverted to the more lucrative government bond markets. However, as the high inflation rate and government bond yields tapered off in 2012/13, activity picked up in the capital markets. During the same period the country witnessed the largest transactions in the history of Uganda's capital markets in both the equity and bond markets.

62. Overall, Uganda's capital markets are characterized by under capitalization and limited investment opportunities. The Stock Market remains thin, with only 16 companies listed on the Uganda Securities Exchange (USE). Equity markets are poorly developed and only large and well established firms can realistically raise finance on equity markets. As a result, most firms seeking finance for investment on the domestic market have to rely on loan finance, for which the most important source is the banking system. In addition, there is limited knowledge and reach of capital markets; perceptions of lack of safety of capital markets; low number of listed entities; low public float of some listed entities; and laissez faire attitude and change aversion.
63. **Insurance Services:** Uganda's Insurance industry has been steadily growing for the last five years averaging 22.5 percent in terms of the Gross written premium with a total asset base of UGX 774 billion. By the end of 2013/14, the insurance industry had the following players licensed: 1 re-insurance company; 21 insurance companies; 27 insurance brokers; 18 loss assessors/adjustors; 13 health membership organizations; and 894 agents. Out of the 21 insurance companies licensed, 13 are non-life, 2 are life while 6 are composite (life and non-life) companies which are expected to effectively separate operations. However, insurance premium is only 0.57 percent of GDP compared to 3.4 percent in Kenya and 15.4 percent in South Africa, reflecting very low penetration of insurance services in the country due to, in part, lack of a National policy on insurance. The low insurance penetration could be viewed as an opportunity for growth of the sector.
64. **Remittances and money transfers:** The role of Ugandans living abroad is evident in the remittances into the country, which as a source of foreign exchange as well as resources for consumption and investment have grown steadily in recent years. It had risen to USD910 million, equivalent to 4.3 percent of GDP during 2012. The recipient households use remittances to support general household expenses and education (81 percent was used on consumption compared with 16.9 percent used for non-consumption purposes and 2.3 percent that was transferred to other households). However, beyond sending remittances, the Ugandan diaspora have not played a major role in terms of promoting trade, public-private partnerships and FDI, creating businesses and entrepreneurship as well as transferring knowledge and skills. Money transfers increased from 30 percent in 2009 to 55 percent by 2013. These changes were mainly attributed to the increased use of mobile money services that grew from less than 1 million users, in 2009, to about 5.1 million users in 2013.
65. **Private Sector Credit:** The big difference between the saving and lending rates of commercial banks (wide interest rate spread), averaging 22 percent, continue to hamper savings mobilization and hence the persistence of high lending rates. Reduction in the Central Bank

lending rate (CBR) has not triggered a commensurate reduction in the commercial lending rate. The commercial lending rate for Uganda was 21.4 percent as of June 2014, the highest in the region compared to Kenya at 15.1 percent, Rwanda at 16.7 percent and Tanzania at 15 percent for the same period. Limited access to credit has been consistently identified as one of the major challenges to doing business in Uganda.

66. Efforts to contain inflation by the central bank led to an increase in the Central Bank Rate (CBR) from 13 percent in July 2011 to 23 percent in November 2011, and a decline in private sector credit growth from 44 percent in 2010/11 to 11.1 percent in 2011/12. The increase in the CBR and the corresponding commercial bank rates resulted in a shift towards borrowing dollar denominated loans. In 2011, all sectors registered an increase in foreign exchange lending except the agricultural sector, which declined by 0.7 percent. The target for private sector credit was set at 13.9 percent of GDP for the 2012/13. But by the end of the year, the level of credit to the private sector was 12.09 percent of GDP, about 1.83 percentage points below the target.

Figure 2.7: Private Sector Credit Growth, 2010/11 – 2012/13 (Source: Bank of Uganda, 2013)



67. The quality of the credit portfolio was a big issue in Uganda, largely due to the absence of an effective Credit Reference Bureau and a comprehensive biometric registration database. The recent improvements in these two areas have led to an improvement in the quality of the credit portfolio. As a result, there was a reduction of total non-performing loans, as a percentage of total advances, from 2.2 percent in July 2010 to 1.4 percent as at the end of June 2011.
68. Growth in investments overall, both by the private sector and the government, grew at a low rate. In 2011/12, domestic private consumption and investment spending grew by 5.0 percent and 4.1 percent compared to 9.4 percent and 4.9 percent in 2010/11, respectively. While gross capital formation grew at 10.3 percent in 2010/11, it declined drastically to 3.0 percent the

following year, before rising to 9.0 percent in 2012/13. The private sector has been the leading source of growth in investments, in line with the country's policy of private sector led growth. Out of USD 4.8 billion worth of fixed investments in 2011/12, the private sector contributed USD 3.6 billion (76 percent).

69. In view of the above situation, there is need to address the following outstanding issues: raise the tax to GDP ratio; integration between FDIs and local business firms; improve public financial management and consistency in the economic development frameworks; reduce interest rates; raise insurance penetration and national savings to GDP ratio; increase the level of capitalization and widening investment opportunities in the capital markets; and improve statistical data production and policy research.

2.2.1.6 National Statistics Production and Services

70. The implementation of the Long Term Census and Survey Program has also enabled the statistical system to generate key statistical information¹⁰ that informs government planning processes and decision making. The implementation of the Plan for National Statistical Development (PNSD) (2007-12) enabled the statistical system to strengthen statistical development in key MDAs including: improvements in coordination and management of statistics production; human resource and manpower enhancement; development of Uganda statistical standards for quality assurance; and the compilation of some key indicators required for the periodic Government Annual Performance Reviews (GAPR).
71. However, the country continues to be faced with poor quality of administrative data and limited coverage and usability of statistics. Usability and dissemination of statistics is affected by changing data requirements by the private and public sector users and the limited capacity to meet all user data needs or demands. Statistics production and management calls for improvement of harmonized standard core indicators and small area statistics to meet the changing national, regional and international demands. There is also need for strengthening the production of key statistics including: unemployment and under employment rates and human capital, as well as Agriculture related data and indicators such as Producer Price Index (PPI)- agriculture; rural Consumer Price Index and de-personalized CPI; and statistics on waste management, tourism, and minerals. Coordination and management of the National Statistical System (NSS), coupled with the weak institutional and organizational frameworks, is sometimes evident in the duplication of efforts within and between MDAs. This undermines the gains from systemic and synergetic linkages between MDAs and LGs. Further, appreciation of statistics is still limited and has constrained allocation of resources for statistical activities at national, sector and local government levels.

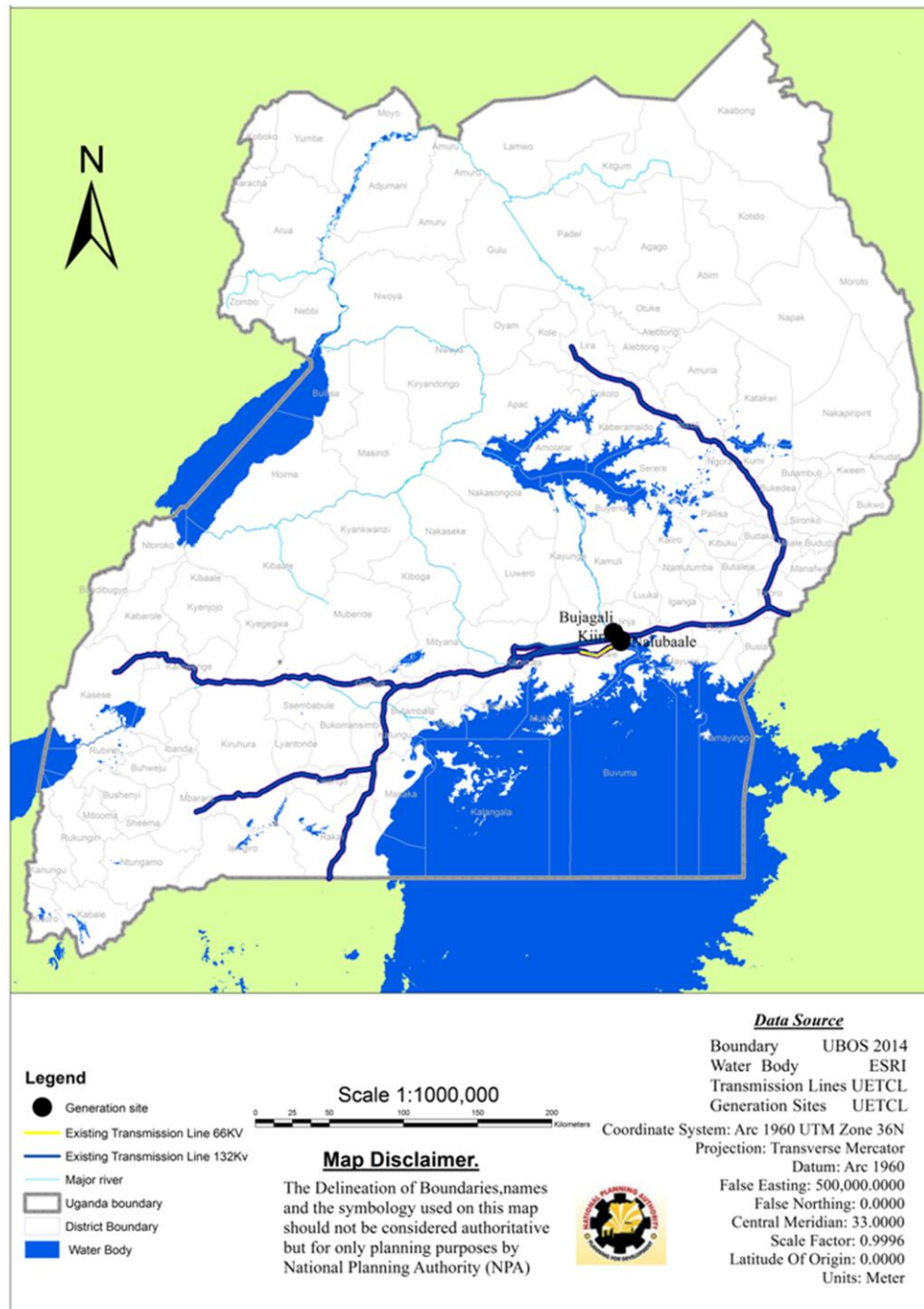
¹⁰ The National Population and Housing Census, the Census of Business Establishments and The Uganda Agricultural Census. The Surveys being conducted include among others the Uganda National Household Survey, the Uganda National Panel Survey, the Uganda Demographic Health Survey, the National Service Delivery Survey, the Labour Force Surveys, the Uganda Business Inquiry, the Private Sector Investment Surveys, the National Governance Survey, Innovation, Research and Development surveys, Informal Cross Border Trade, and Non Profit Institutions Surveys.

2.2.2 Infrastructure

2.2.2.1 Energy

72. Uganda's current energy balance comprises of 92 percent biomass, 7 percent fossil fuels and 1 percent electricity. Most of the biomass energy is from wood, which is consumed in the form of charcoal and firewood. The main burden of biomass collection and use is by women who are the major domestic caretakers and employees in the informal food industry. The critical source

Map 2.1: Energy situation



of energy for industrial and commercial production in Uganda is electricity. Demand for electricity in 2013 grew to 650 MW, mostly driven by growth in electricity consumption in residences. Map 2.1 illustrates the current power generation sites and transmission lines, which have changed little over the past forty years and reflect the past development pattern. A big proportion of the industrial enterprises, businesses and institutions do not have either sufficient or uninterrupted access to electricity from the national grid.

73. The pattern of electricity consumption in 2012 was as follows: 24 percent domestic activities, 11percent commercial, 11percent small industrial users and 47 percent large industrial. An increase in industrialization in the country has seen increased use of electricity for industrialization from 10.7percent in 2007 to 47 percent in 2012. Uganda's electricity consumption per capita is still low, estimated at only 80kWh per capita at the end of 2012, which is significantly lower than Africa's average of 578kWh per capita and the world's average of 2,472kWh per capita. This level of consumption compares poorly with countries like Kenya at 133 kWh, Ghana at 246 kWh and Zambia at 551 kWh per capita.
74. The total installed electricity generation capacity increased from 595MW in 2010/11 to 822MW in 2011/12. The growth in overall installed capacity in recent years has largely been due to additional capacity at Bujagali (250 MW) in 2012, as well as from thermal power plants (100 MW). The recent increase in total grid electricity supply by 8.45 percent from 2,264 GWh in 2009 to 2,456 GWh in 2010, was largely consumed by an increase in urban electrification rates from 36 percent in 1992 to 46.5 percent in FY 2012/13.
75. Access to electricity increased from 11 percent in 2010 to 14 percent in 2012 and about 7 percent had access to electricity in the rural areas. A number of 33/11 kV electrification schemes have been commissioned in various parts of the country and Solar PV systems installed in households, health centers, schools and water pumping stations.
76. The key energy subsector challenges in Uganda still remains the lack of a good mix of energy sources in power generation; low level of access to modern energy; inadequate infrastructure for generation, transmission and distribution; low level of energy efficiency; high tariffs; the unreliable and inefficient supply; inadequate Institutional and regulatory capacity.
77. Therefore, to address the above constraints, there is need to increase power generation, transmission and distribution; increase access to electricity; promote use of renewable energy; develop nuclear energy and strengthen the institutional policy and legal framework.

2.2.2.2 Transport

78. **Road Transport:** The total national road network is categorized as National Roads (21,000 km), District Roads (32,000 km), Urban Roads (13,000 km) and Community Access Roads (85,000 km). Road transport has over the year's registered tremendous growth as illustrated by the number of kilometres of both paved and unpaved roads. For the period 2011 to 2012 there was a notable increase in the length of paved national roads from 3,264 in 2010/11 to 3,795 in 2013/14 kilometres, and the paved urban roads, including dual carriage ways, stood at

2,122km in 2013 (19.6 percent of the total urban road network). Generally, during the NDPI period the paved road stock increased at an average rate of 123km, lower than the targeted increase of 220km per year. The unpaved National roads increased from 17,120 kilometers in 2010/11 to 17,202 km in 2013/14. National roads network increased from 20,000kms in 2011 to 21,000kms in 2013/14 representing a five percent increase and this was a result of government taking over roads from the districts. However, during the NDPI period, the paved road stock increased at an average rate of 123km, lower than the targeted increase of 220km per year. All district and community access roads are not paved.

79. The Uganda Road Fund (URF) which was operationalized in January 2010 is responsible for financing maintenance of national roads (21,000 km); Kampala Capital City Authority (KCCA) for 1207 km of city roads; 111 district local governments for district roads (30,000 km), town council roads (8,500 km) and community access roads (42,250km); and 22 municipal councils for municipal roads (4,500 km).
80. **Rail transport:** The rail infrastructure has not changed over the last 5 years. The current rail network comprises of long meter-gauge rail lines, running from the east to the west of the country. Its operations are limited to 640 km between Kampala-Malaba, Kampala–Port Bell, Kampala-Nalukolongo and Tororo-Gulu, while the rest of the network is defunct. There has been a reduction in the proportion of freight cargo by rail from 10 percent in 2010 to 5.79 percent in 2013/14. This decline as a result of taxes imposed on imported grains which adversely affected cargo from Dar es Salaam through Portbell. Although this is not good progress, this is way below the FY 2014/15 target of nearly 18 percent. Joint formal agreements for plans to build a new Standard Gauge railway (SGR) have been signed by the EAC Countries. The SGR project starts in Mombasa through Nairobi, Kampala, Kigali and Juba. A cross section of the different routes of the SGR to the South Western, Northern, North Western and Eastern Uganda will aid the mining industry through transportation of equipment and raw materials. The overall objective of the SGR is to jointly develop and operate a modern, fast, reliable, efficient and high capacity regional railway transport system as a seamless single system and as a mechanism to stimulate overall economic development.
81. **Water Transport:** The total freight on ferries as registered at Port Bell border post significantly increased from 66,582 tonnes in 2011 to 106,315 tonnes in 2012 and to 119,880 tonnes in 2013 to 96,128 in 2014 and a total of 5 ferries were procured and are operational.
82. **Air transport:** International air passenger traffic through Uganda grew from 416,697 in 2003 to 1,343,963 passengers in 2013 at an average annual rate of 12.4 percent. Domestic passengers at Entebbe International Airport (EIA) declined at an average annual rate of 5.4 percent from 44,383 in 2003 to 25,458 passengers in 2013, while transit passengers grew from 31,759 in 2003 to 94,583 passengers in 2013, at an average annual rate of 11.53 percent. Imports by air grew by an average 5.69 percent per annum from 12,485 in 2003 to 21,723 tonnes in 2013, while exports grew at an average 3.75 percent per annum from 23,515 to 33,978 tonnes in the same period. Aircraft movements grew at an average 5.75 percent per annum from 17,361 in

2003 to 30,364 in 2013. Over flights grew at a higher average annual rate of 15.23 percent from 3,197 in 2003 to 13,199 movements in 2013.

83. The sector faces challenges of: weak legal, policy and institutional frameworks especially for the railway sub-sector; a weak local construction industry; limited connectivity to major tourism, Mineral, Oil and Gas facilities as well as social services, poor maintenance of the roads; inadequate human resource capacities and limited funding.
84. Therefore to address the above constraints there is need to develop adequate reliable and efficient multi-modal transport network, support the National Construction industry, improve human resource capacities, and strengthen relevant policy legal and regulatory frameworks.

2.2.2.3 Information and Communication Technology (ICT)

85. Over the years, government has put in place an enabling environment that has seen the ICT sector grow at a cumulative annual growth rate of over 25 percent with significant growth seen in areas of mobile devices, computer applications, information processing, storage and dissemination as well as mobile finance, e-finance, global connectivity and online trade. Over the NDPI period, the ICT sector contribution to GDP averaged 3.1 percent and significantly contributed to national revenue. In terms of the share of ICT in export and import revenue, Uganda's ICT service exports¹¹ stood at USD74.9 million in 2011¹², which was 5.7 percent of total exports, while the import of ICT goods stood at 7.4 percent of total imports in Uganda. The sector has attracted an investment in excess of USD73 Million employing over 1 million people. The revenue collection from telecom companies amounted to Ushs332 billion by December 2013, up from Ushs289 billion in December 2012.
86. Optic fibre deployment in the country stood at 5,110.65 km of optic fibre laid by both the Government and Private Sector. The number of operators providing infrastructure, voice and data services are over 36. Voice and data coverage of telecommunication services at sub-county level stands at 85 percent and 45 percent, respectively, largely accessed through mobile technologies. Operators in the broadcasting industry are over 240. Analogue Radio signals are accessible in all parts of the country while the analogue TV signal coverage exists in over 45 percent of the country. There are over 500 Post Offices including postal agencies and post shops nationwide and the number of courier access points has increased. The advent of mobile telephony has seen the number of telephone subscribers leap from 2.8 million in 2006 to 16.9 million in 2013. The number of Internet subscribers grew phenomenally from 15,000 in 2007 to 3.6 million as of 2013, using both fixed and mobile platforms. The Number of registered Mobile money subscribers rose steadily from 8.87million in December 2012 to 14.24 million in December 2013.

¹¹ Uganda's Information and communication technology service exports included computer and communications services (telecommunications and postal and courier services)

¹² World Bank, 2012

87. There has been an improvement in public service delivery, as a result of convergence of technologies and consolidation of e-Government services, which has led to the introduction and use of financial management services and other ICT-enabled Services (ICTeS) in Government. The laying of the National Backbone infrastructure will further consolidate e-government services and applications for efficiency.
88. Despite the remarkable achievements demonstrated by exponential growth (numbers and services) of the sector in the last years, a number of challenges have emerged that have hindered further growth of the sector leading to the poor ranking of Uganda on the global ICT development index including: high cost of internet bandwidth; vandalism and damage to infrastructure; poor quality of service (give examples); inadequate skilled human resource; limited local content (digital content); low uptake of e-services; and lack of commercial orientation for exploitation of the various ICT innovations. In addition, the increase in the benefits of ICT have not been matched with equal access to ICT platforms that are customized to the information needs of female artisans and smallholders, to link them with local and international buyers.
89. In order to improve access to ICT infrastructure and its usage as well as skills development in the sector, the country needs to address the limited ICT infrastructure network; invest in research, innovation and human capital development; implement policy reforms to ensure increased local participation, including ownership of ICT infrastructure and businesses, in order to reduce the externalization of sector gains.

2.2.2.4 Water for Production

90. Water for Production is defined to include provision of water infrastructure for irrigation, livestock, fishing, mining, wildlife, industries, aquaculture, maintaining the environment and ecosystem. Currently, only 2 percent of water is used for production, with only 1 percent of potential irrigable area, where 15,000Ha out of 3,030,000Ha is under formal irrigation. Access to water for livestock at present is estimated at 48.8 percent. The country is increasingly facing a major challenge of prolonged droughts and unexpected floods due to climatic change and variability and is predicted to be water stressed by 2025.
91. Since 2006, the Water and Environment sector has constructed 11 dams with a total storage capacity of 14.7 Million Cubic Metres (MCM) in the water stressed and cattle corridor belt and 959 small to medium size valley tanks, with total storage capacity of 3.108 MCM in the selected livestock keeping districts countrywide. Total storage capacity for water increased from 17 million cubic meters in 2008/09 to 27.5 million cubic meters in 2012/2013, an increment of 62 percent.
92. To support agricultural production, three irrigation schemes were re-constructed, currently serving a total of 2,150Ha. This more than doubled the farm output providing food and incomes to the participating households with some of the produce entering the export market. To expand the use of water from the facilities created, the Ministry of Water and Environment constructed

nine (9) windmill-powered water systems in Karamoja sub-region creating a total volume of 105,120 cubic metres of safe and clean water annually for both livestock and human consumption. However, the cumulative water for production Storage Capacity is currently meeting only 5.5 percent of the total demand of 499 million M3. Expansion of water storage capacity is not happening fast enough due to limited private sector players (investors and CSO). Accelerating agricultural and industrial production in the country will require the construction of more water for production facilities as well as ensuring that the already available infrastructure is fully functional and well maintained.

2.2.3 Human Capital Development

93. Over the years, human capital development has been viewed purely as a consumption sector thereby according it low priority in comparison with supposedly productive sectors. It is noteworthy however, that one of the major handicaps to Uganda's social and economic transformation is associated with the inadequacy of its human capital. There is therefore an urgent need for concerted and strategic investment in the country's human resource to turn it into the much needed human capital to drive the planned growth and transformation. The components of this human capital are that it must be healthy, educated and properly skilled. In addition, with increased urbanization it is important that planning for land use in terms of housing (settlements) for the country's human resources is geared towards boosting human capital development.
94. Human development has been improving over the years but remains low compared to the countries that Uganda benchmarks with, such as Malaysia, South Africa and its neighbour Kenya (Table 2.2). The non-income Human Development Index (HDI) for Uganda is 0.511 on a scale of 0 to 1. Uganda has over time performed well with non-income measures of human development but there is a reduction of 11 percent in the index, when income is included in the estimation of the level of human development. In regard to income distribution, gender disparities and the quality of education and health, the country is lagging behind its peers as well as inspirers.

Table 2.2: Performance on components of the HDI, 2012/13

HDI rank		Human Development Index (HDI)	Life expectancy at birth	Mean years of schooling	Expected years of schooling	Gross national income (GNI) per capita	Human Development Index (HDI)	Change in rank
		Value	(years)	(years)	(years)	(2011 PPP USD)	Value	
		2013	2013	2012	2012	2013	2012	2012-2013
15	Republic of Korea	0.891	81.5	11.8	17.0	30,345	0.888	1
62	Malaysia	0.773	75.0	9.5	12.7	21,824	0.770	0
63	Mauritius	0.771	73.6	8.5	15.6	16,777	0.769	0
118	South Africa	0.658	56.9	9.9	13.1	11,788	0.654	1
147	Kenya	0.535	61.7	6.3	11.0	2,158	0.531	0
152	Nigeria	0.504	52.5	5.2	9.0	5,353	0.500	1
164	Uganda	0.484	54.5	4.7	10.8	1,335	0.480	0

2.2.3.1 Population

95. **Population size and growth Rate:** During the period 1969 – 2014, Uganda's population increased by 25.3 million, from 9.5 million in 1969 to 34.9 million in 2014. Between 2002 and 2014, Uganda's population increased by 10.7 million in a period of 12 years, at an average annual growth rate of 3.03 percent, a slight decline from the rate of 3.20 observed between 1991 and 2002. This trend suggests that, the population of Uganda could reach 40.4 million by 2020, and 46.7 by 2025. More than half of the population (52%) is female, and due to the country's high fertility rate, estimated at an average of 6.2 children per woman, half of the population is children under the age of 15 years. On the other hand, the proportion of older persons (60 and above), has slightly decreased from 4.6 percent in 2002 to 4.2 percent in 2014. Owing to the high population increase against fixed land, the average population density of Uganda has increased from 48 persons per square km in 1969, 123 in 2002 to 174 in 2014. The dependency ratio has also increased from 110 in 2002 to 124 in 2014.
96. **Fertility:** Uganda's total fertility rate has generally remained high, at 6.7 in 2006, decreasing slightly to 6.2 in 2011. The reasons for high fertility include early onset of marriage and childbearing, religious and cultural beliefs, and preference for large family sizes as a source of sustenance and social security. According to the 2011 UDHS, nearly a quarter (24%) of young women aged 15-19 years had already begun childbearing. Though modern contraceptive use has increased from 18 percent in 2006 to 26 percent in 2011, it is still too low to cause significant reductions in fertility levels. Nevertheless, the unmet need for family planning, though slightly decreased from 38 percent in 2006, remained high at 34 percent as of 2011.
97. **Urban migration:** The urban population has overtime increased five-fold from about 600,000 in 1969 to 3 million in 2002. Between 2002 and 2014, the urban population is estimated to have doubled to over 6 million. This growth has been due to both natural population increase and

reclassification of some hitherto rural areas which increased urban centers from 75 in 2002 to 194 in 2014, and expansion of geographical areas of some existing ones.

Table 2. 3: Key population Indicators (Source: UBOS)

Indicator	1969	1980	1991	2002	2014
Total population (million)	9.5	12.6	16.7	24.2	34.9
Male population (million)	4.8	6.26	8.2	11.8	16.94
Female population (million)	4.7	6.38	8.5	12.4	17.92
Percent 0-4 years	19.3	n.a.	18.9	18.7	
Percent 15-24 years	16.2	n.a.	20.0	19.9	16.6
Percent of females with age 15-49	44.7	n.a.	44.5	43.7	38.7
< 18 (%)	51.4	n.a.	53.8	56.1	56.7
18-30 years (%)	21.7	n.a.	23.6	22.3	18.4
60 years & above	5.8	n.a.	5.0	4.6	4.2
Sex ratio (males per 100 females)	101.9	98.2	96.5	95.3	94.5
Dependency ratio	101.1	n.a.	102.5	110.2	124
Population Density	48	64	85	123	174
Percent urban	6.7	7.4	11.3	12.3	18.4

2.2.3.2 Health

98. Despite the improvements in the health of Uganda's population over the years, the country is still far from the ultimate goal of health for all. One of the biggest drawbacks has been the high fertility that the country has been experiencing which has pushed up and sustained many of the poor health indicators such as maternal mortality ratio, and infant and child mortality rates. In addition, under-nutrition among children below 5 years and women of reproductive age has remained high.
99. **Maternal and child health:** Trends in health sector performance indicators reveal an improvement over the years. Uganda's under-5 mortality rate has reduced over the years from 152(UDHS, 1995) to 137 in 2006 and to 90/1000 live births (UDHS, 2011). The Infant Mortality rate in particular has reduced from 85 deaths per 1000 live births in 1995 (UDHS, 1995) to 54 deaths (UDHS 2011), while the Neonatal mortality rate has remained relatively constant at 27 deaths per 1000 live births. While these have reduced over time, the indicators have not met the HSSIP targets of 56, 41 and 23 deaths per 1000 live births respectively. The maternal mortality ratio has reduced from 506 per 100,000 live births (UDHS, 1995) to 435 per 100,000 live births (UDHS, 2006). The trend has however stagnated at 438 per 100,000 live births (UDHS 2011). The major causes of maternal mortality include; haemorrhage (42 percent), obstructed or prolonged labour (22 percent) and complications from abortion (11 percent), compounded with high adolescent pregnancy rate at 24 percent.
100. **HIV/AIDS:** The HIV/AIDS epidemic has had great impact on the population and the disease burden remains unacceptably high. The HIV prevalence among persons aged 15 to 49 years stands at 7.3 percent (UAIS 2011), and there are disparities among men and women, with that

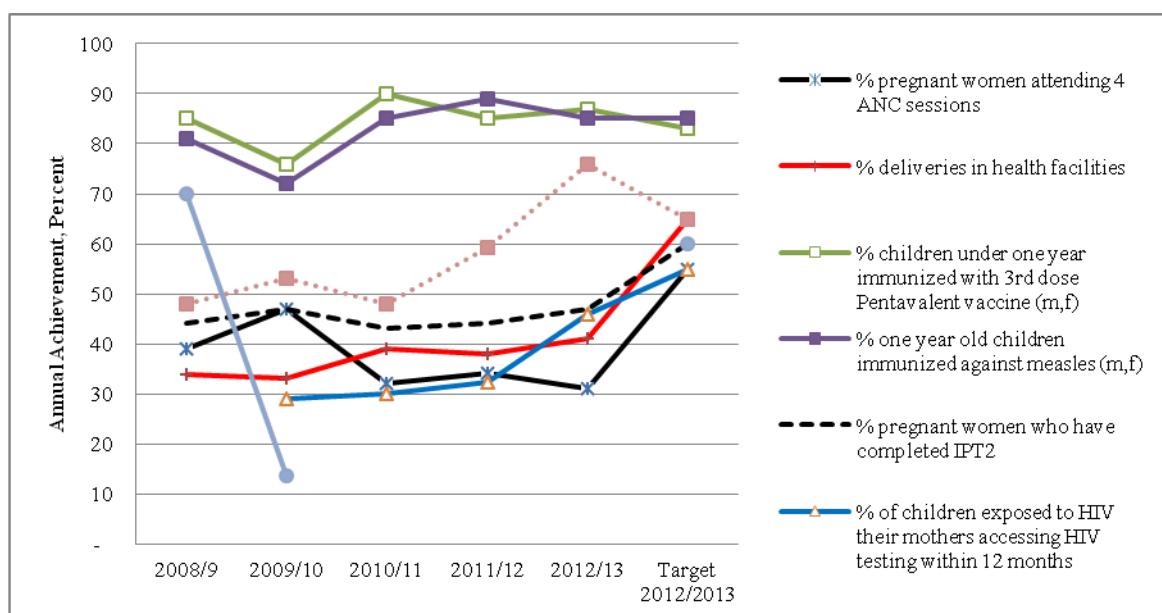
of women being high at 8.3 percent compared to 6.1 percent for men. Overall adult prevalence estimated at 7.3 percent for 15-59 years, An increase in prevalence amongst adolescents i.e. boys 0.3-1.7 percent among 15-19 years, 2.6-3.0 percent for girls and currently, the estimated number of people eligible for antiretroviral treatment (ART) is 1.4 million. Among the youth aged 15 – 24 years of age, only 39.5 percent of the males and 38.1percent of the female have comprehensive knowledge of HIV/AIDS. However, recent efforts have led to successes, namely; the decrease from 28,000 in 2009 to 8,000 in 2014 (Aids Surveillance Data) in the number of infants born with HIV infection. This is a result of the scaling up of the program for Prevention of Mother to Child Transmission (PMTCT); the number of HIV infected persons put on antiretroviral treatment increased from 438,542 in December 2012 to 588,039 in December, 2013, leading to a significant reduction in AIDS-related deaths and improvement in the quality of life of HIV infected persons. There has also been a 50 percent reduction in new Tuberculosis infections due to scaling up of appropriate diagnostics and availability of anti-TB drugs. However, these gains are threatened by emergence of Multi Drug Resistance TB.

101. **Malaria:** Uganda is 95 percent malaria endemic with 5 percent being epidemic prone and malaria remains the leading cause of morbidity and mortality in Uganda especially among pregnant women and children. There has been slow progress towards reducing incidents of malaria cases which had a target of 15 percent by end of 2015, despite national efforts such as mass distribution of long lasting insecticide treated nets (LLIN), Insecticide residual spraying (IRS), use of appropriate diagnostics and effective antimalarial therapy and integrated community case management.
102. **Non-Communicable diseases:** Non-communicable diseases such as high blood pressure, cancers, diabetes, injuries and disabilities, genetic diseases and others are on the increase. While some of these diseases are genetic in nature, majority of them are due to lifestyles. Mental illnesses are on increase mainly due to challenges of urbanization, violence, and alcohol and drug substance abuse. The country has embarked on the first baseline for Non-Communicable Diseases (NCD) survey that intends to determine the burden of disease and the prevalence of risk factors for NCDs. However, the country still has low capacity to manage NCDs especially specialized centers and specialists.
103. **Integrated Disease Surveillance and Response:** There have been significant improvements in disease outbreak response and disaster preparedness. These include; increased functionality of districts response teams from 71 percent in 2010/2011 to 83 percent in 2012/13 (IDSR 2013) and in response to epidemics from 52 percent in 2010/2011 to 57 percent in 2013. This however, falls short of the targeted 61 percent of HSSIP 2014/15 (MTR, 2013). There are new emerging challenges that are related to climate change, global warming, and urbanization among others that need to be addressed.
104. **Financing Health Services:** The trend in allocation of funds to the health sector shows an average increase of 20 percent per annum in absolute terms over the past four years of HSSIP. However, the allocation to health as percentage of the total Government budget has reduced

from 9.6 percent in 2003/2004 (AHSPR, 2013/14) to 8.6 percent in 2014/15 of the total Government budget much lower than the Abuja Declaration target of 15 percent. This decline has taken place in the midst of rising health care demand and costs due to high population growth. As a consequence, the health care financing is largely dependent on financing from the households (43 percent), Donors (34 percent) and 23 percent comes from Government and employers (NHA, 2013). The high dependence on financing by the households reduces access and utilization of health services and while dependence on donor funding affects the sustainability of health financing in Uganda.

105. **Human Resources for Health:** The proportion of filled vacancies increased from 56 percent in 2009/10 (MTR, 2013) to 68 percent in (HRH Audit, 2014). While this achievement is laudable, there remains significant disparities in staffing between rural and urban settings; and across districts particularly midwives and doctors.
106. **Health Infrastructure:** The population living within 5 km of a health facility is currently at 72 percent. In addition, significant challenges remain with an old stock and inadequate infrastructure mainly general hospitals and lower level health facilities. The functionality of some health facilities particularly Health Centre IVs remains sub-optimal largely due to inadequate staff housing and equipment.

Figure 2.8: Trends of Health Services Coverage



Source: Annual Health Sector Report, 2013

107. **Health Management Information System (HMIS):** A major achievement in the health sector has been the migration of the Health information system to DHIS2, a web-based information

management system which has been rolled out to all districts. Despite the achievement, more improvements are required in timeliness and completeness of reporting attributed to poor connectivity and power shortages. Other important innovations in e-health geared towards improving data management and the flow of information from health facilities to Central level are m-Trac and e-health solutions targeted to improve information availability for patients.

108. **Medicines, Medical Products, Vaccines and Technologies:** The National policy on medical products and health technologies is Zero tolerance to stock out of Essential Medicines and Health Supplies (EMHS). As a result, the proportion of health facilities without drug stock-outs increased from 43 percent to 53 percent (AHSPR, 2012/13). However, most products and technologies are imported due to a low and immature local manufacturing capacity within the country.

2.2.3.3 Water and Sanitation

109. Safe water coverage in rural areas has improved from 61 percent to 65 percent and sanitation coverage has improved from 51 percent to 70 percent during the period FY2005/06 and FY 2013/14. The low sanitation coverage is attributed to low priority setting among some rural communities and local governments, inappropriate toilet technologies and weak supply and enforcement mechanisms. There have been many efforts to educate the populace and increase the demand for improved sanitation services, but with limited progress. In addition, utilisation of the sanitation services remains a major challenge.
110. Safe water coverage in the large towns stands at 77 percent while piped sewerage is estimated at 6 percent. The rest of the inhabitants rely on on-site sanitation facilities. Safe water coverage in the small towns has significantly increased from 55 percent to 60 percent as a result of completion of new construction works under the Water and Sanitation Development Facilities (WSDFs) arrangements instituted by the Ministry of water and Environment in the last 3 years.

2.2.3.4 Education and Sports

111. **Pre-Primary Education:** The net enrollment at pre-primary level stands at 10.1percent (EMIS 2013). The provision of pre-primary education continues to be dependent on NGOs, multilateral organizations, and the private sector. This limits access with high disparities between urban and rural areas and among different socio-economical levels. According to MoES/ECD Survey, 60percent of ECD centers are in the central or eastern region; over 80percent of ECD centers are privately owned, and out of the financial reach of most Ugandans. The constraints include: inadequate government support; inadequate policy and regulatory framework and lack of qualified providers.
112. **Primary Education:** The implementation of UPE program since 1997 resulted to increased access from 2.5 million to 8.5 million in 2013. The Pupil/Book ratio has stagnated at an average of 4:1 from 2009 to 2013. The repetition rate reduced from 11.7percent in 2009 to 10.3percent in 2013. The pupil teacher ratio has stagnated at 49:1 from 2009 to 2013 at the national level. The gender gap in primary schools has today narrowed to about 1percent (50.5percent girls and

49.5percent boys). The growth of enrollment has increased demand on delivery inputs particularly classrooms, teachers, instructional material and teacher's houses. The national Pupil Classroom ratio has improved from 68:1 in 2009 to 57:1 in 2013. The subsector challenges include: reduction in the capitation grant from Shs. 8,000/= in 1997 to Shs. 6860/= per child per annum; shortage of critical infrastructure; high pupil/textbook ratio; high dropout particularly by girls; high head teacher, teacher and pupil absenteeism estimated at 20percent; limited community participation; and rapid population growth estimated at 3.5percent per annum.

113. **Secondary Education Sub-sector:** The Student/Classroom Ratio (SCR) improved from 68:1 in 2009 to 57:1 in 2013 (EMIS 2013). In 2013, Government owned secondary schools were 1,019 (36 percent), private schools were 1,819 (64 percent). Enrolment in Government secondary schools is 669,225 (49 percent) and it is 693,514 (51 percent) in private schools. The introduction of USE program in 2007 increased the transition rate from P7 to S1 by 26 percent from 47 percent in 2007 to 73 percent in 2014, increased access to secondary education by 67.4 percent (814,087 students in 2007 to 1,362,739 students in 2014), reduced the gender gap as the absolute number of girls enrolled in S1 by 265,156 (71 percent) from 370,371 (2007) to 635,527 (2014).
114. As enrolment in UPE remains high, the demand for secondary schooling has continued to rise dramatically. The Secondary Education allocation as a percentage of the sector budget has declined from 37percent in FY 2009/10 to 28.8percent in FY 2013/14; limited participation of the private sector in rural areas; the number of sub-counties without any form of secondary school has continued to increase, and (v) declining/low learning achievements/competencies; and inadequate Laboratory Assistants.
115. **Higher Education:** Total student enrolment in higher education increased by 26percent from 183,985 in 2010 to 232,612 in 2013. Universities continue to enrol the majority (67.3 percent) of post-secondary students (156,747) as of 2013. 60 percent of these are in Public Universities. The private providers cater for the remaining 40 percent. The number of students enrolled in Uganda's tertiary education level, regardless of age, as a percentage of the population of official school age (for the tertiary level) was a mere 5.4 percent (2010). This is far below the Sub-Saharan average of 6 percent and the world average of 26 percent and the preferred 40 percent needed for economic take off. Therefore, Uganda needs more university and college spaces to enroll more students.
116. Despite the increased enrolment in university education, student enrolment in science and technology programs at both private and public universities is still low (about 37 percent) which is below the minimum requirement of 40 percent of students registering in Science and Technology (UNESCO). Public funding to higher education remains at 0.3percent of GDP which is below the recommended share of at least 1percent. The provided funding does not match demand as student numbers are increasing by an annual average of over 10percent. The low staff level at the public universities which stands on average at 33percent of establishment definitely lowers the quality of service delivery.

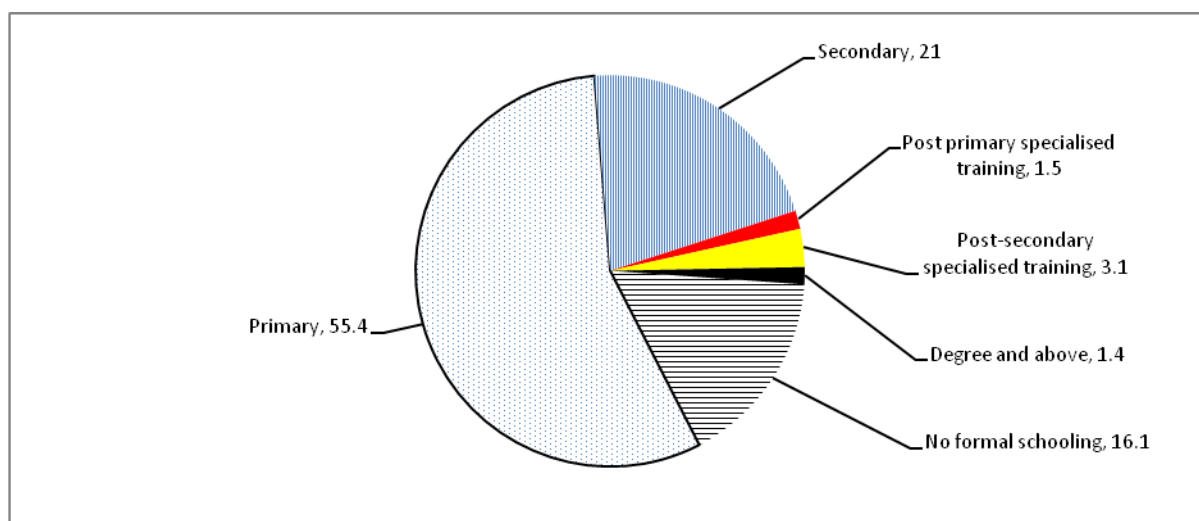
117. **Teacher, Tutor, Instructor Education and Training (TIET):** There are key constraints affecting effective implementation of the TIET programs including: large catchment areas for coordinating centre tutors hamper effective and efficient teacher support hence a need for remapping; Gross under-funding for TIET institutions; Understaffing is a major problem for both TIET Headquarter Department and Institutions; Fragmented teacher policies and guidelines for Teacher Instructor and Tutors by various legal entities; Lack of competence profiles for ECD teachers, secondary school teachers, BTVET instructors, and Health tutors; Lack of a one-stop center for teacher information management system, and manually operating a teacher registration and licensing process; No formal course designated for ICT in teacher education curricula; and The rollout of Kiswahili to primary schools and operationalization of STDMS have remained unfunded priorities.
118. **Physical Education and Sports (PES):** The Education Sector declared PES as a compulsory subject in primary and secondary schools in 2009. This has resulted into: orientation training of 2300 secondary school teachers on handling the basic program of P.E; Monitoring 284 secondary schools in 37 districts in implementing the policy of teaching PES; Trained primary school teachers on P.E and have competently taught infant classes creating a P.E learner competence gap between lower primary and post primary schools to vocational institutes and teacher training levels; development and dissemination of guidelines to improve the conduct of P.E in Educational Institutions; restructured primary school competitions in 2010 were more than 2000 primary schools teachers have been trained in kids athletics and ball game skills that has increased participation of children in primary schools national games and sports competitions. The key constraints include: lack of equipment; inadequate qualified personnel and limited funding.
119. **Special Needs Education (SNE):** The enrolment of pupils with special needs in primary schools is 173,767. Of these 92,315 are males and 81,452 are females in the categories of; Autism, Hearing impairment, mental impairment, multiple handicaps and visual impairment.
120. Key constraints in the delivery of SNE in Uganda include: National Examinations for learners who are Deaf is inappropriate; Despite the provision for affirmative action, learners with special needs still face challenges accessing and receiving specialized support in Higher Institutions of Learning; Specialized support services (e.g. Sign Language Interpreters, Braille) are required but have not been formalized by Government; unsustainable supply of specialized instructional materials & equipment, which by their nature, are highly specialized; inadequate data collected on learners with special needs; funding for SNE activities is grossly inadequate and is not even clearly earmarked; much of the existing infrastructure in most education and training institutions are defective and they disfavour children with SNE.
121. **Inspection:** Inspection of schools remains a challenge. To-date schools are inspected once a term which is below the minimum of at least three times. The Key challenges that government needs to resolve in the next five years include inadequate human resources, poor facilitation and lack of autonomy of the inspection function.

122. Overall, the sector is constrained by the following: low quality of education at all levels due to, shortage of critical infrastructure especially classrooms and sanitation facilities; high pupil/textbook ratio and inadequate supply of non-textbook materials; high dropout particularly by girls attributed to many factors including lack of school feeding programs and poor sanitary facilities in primary school; high head teacher, teacher and pupil absenteeism estimated at 20 percent; low completion rates to P7, weak capacity for school inspection; low university student enrolment in science and technology; pressure on the existing dilapidated facilities in public universities resulting into poor quality of service delivery; low unit cost of private students enrolled in public universities.

2.2.3.5 Skills Development

123. While some progress has been made towards skilling the Ugandan labour force, the economy still faces substantial skills gaps in key sectors of the economy. Over the last five years, progress has been made mainly in formal areas of Business, Technical, Vocational Education and Training (BTJET), registering a 73 per cent increase in enrolment from 24,598 in 2009 to 42,674 in 2013, of which 28,024 (66 percent) are males and 14,650 (34 percent) females. However, the number of vacancies available in BTJET institutions compared to demand from primary and S1-S4 leavers still falls short by 60 percent. With regard to the informal sector, which from anecdotal evidence provides the biggest number of people at the lower skills level, not much progress has been registered in terms of standardization, quality and certification.

Figure 2.9: Education and skills status of the total working population



Source: UNHS 2012/2013

124. At higher education level, total enrolment increased by 18 percent from 169,476 in 2009 to 201,376 in 2013 with significant increase in female enrolment. Universities continue to enrol the majority of the post-secondary students (67.5 percent university enrolment against 32.5 percent for other tertiary institution 2006). Despite this increase, majority of the graduates from

universities and other higher institutions of learning do not have the practical skills required in the job market. This is largely attributed to inappropriate curricula in these institutions and lack of linkage between the training institutions and potential employers.

2.2.3.6 Maternal and Child Under-nutrition

125. Uganda faces various nutrition challenges. Today in Uganda 33 percent of children under the age of 5 are stunted (too short for their age) and almost half (49 percent) suffer from anaemia, according to the 2011 Uganda Demographic and Health Survey. Stunting (or low height for age) decreased by 5 percentage points from 2006 to 2011 but, even with this progress, more than 2 million children in Uganda are stunted. Thirty-three percent of children under 5 years of age in Uganda were vitamin A deficient, while 49 percent of children under 5, 31 percent of pregnant women, and 22 percent of non-pregnant women suffered from anaemia. Adolescent girls in Uganda were the most malnourished group among women of reproductive age, and 10 percent of all births in Uganda were low birth weight, despite national efforts to address the causes of malnutrition.

2.2.3.7 Lands and Housing

126. A crucial aspect of the strategy for realizing the Uganda Vision 2040 is the integration of the land sector function in national economic planning and development decision making. Given the fundamental nature of transparent rights of land ownership and improved tenure for all categories of land ownership, easy access to land for productive investments, progress towards the harmonization of land sector institutions, policy, legal and regulatory framework for land management, modernization of land services delivery, land information and valuation systems and supporting infrastructure for planning and decision making has to be sustained
127. The land tenure system raises concerns regarding the acquisition of land for construction of public infrastructure and urban development projects. There are four (4) land tenure systems in Uganda: Customary, Freehold, Mailo and leasehold tenure systems. Customary land tenure is by far the most common, accounting for about 80 percent of the total land available. Land held under the customary tenure system is largely untitled, meaning that only about 20 percent of the total land available in Uganda is titled. Due to the high cost of land in the urban areas, acquiring land for urban infrastructure projects using limited urban council budgets is a big challenge. In addition, acquisition of land for public investments in areas where either the land is owned under customary law or owned by a large number of small holder farmers is also a challenge.
128. Development will depend on the Land Sector removing land tenure constraints. Secure rights to land enables land holders to plan and invest for the future and the confidence to consider wider livelihood options (including urban migration and livelihood diversification). Security of land access and use is therefore an important and frequently necessary pre-condition for the expansion of production and diversification of economic opportunity. In the case of customary land holding or in cases where people holding land under other tenure systems are unwilling to sell, massive sensitization programmes and negotiations will be promoted to ensure that the interests of all parties are duly protected. In order to promote a culture of trust and fair play, land

tribunals will be activated to provide redress for people or organizations that will feel aggrieved in land matters

129. Land management in Uganda faces a number of challenges. The main ones include: the increasing landlessness and land poverty as illustrated by the increasing numbers of people either encroaching on protected land or living in high risk areas; waste and abuse of government and former public lands; underutilization and scrambling over communal lands; discrimination of women and youth in accessing land; underutilization of land owned by cultural and religious institutions; inadequate land administration services especially land dispute resolution, valuation and land use planning; poorly functioning land sales and rental markets; and poor urban planning and proliferation of informal settlements and slums.
130. Government will, in addition to providing highly reliable land information, ensure the land market operates formally and uniformly throughout the country. Government will, as much as possible, ensure that land acquisition is driven purely by market forces, within the framework of the zoning laws and with minimum distortion. With only 20 per cent of the land formally demarcated and registered, one of the cornerstone activities under NDP II is to embark on a nationwide systematic land demarcation and survey program that will formally title the remaining 80 percent of the land, mostly under customary tenure system by the end of the Vision period.
131. As of 2012, there were 6.82 million households living in 6.2 million housing units with an average household size of 5.0 persons. Most houses are owned by men due to the disparity in the incomes of men and women, although family houses are by law considered matrimonial property. The annual need for new housing for the entire country is estimated at 200,000 housing units of which 135,000 are rural and 65,000 in urban areas resulting from the population growth of 3.4 percent per annual and 5.2 percent urbanization rate. The estimated construction rate of reasonably good houses is estimated at 40,000 housing units in the rural areas and 20,000 urban areas. This will create a deficit of 135,000 inadequate houses nationally of which 95,000 are in rural areas and 45,000 in urban areas. In line with the projected fertility decline, Uganda will need about 12.6 million new housing units in the next thirty years. This means that Government in partnership with the private sector will invest in constructing appropriate housing estates in planned urban and rural areas to provide decent urban settlements.
132. In terms of household facilities, the UNHS 2009/10 indicates that the majority in Uganda still use rudimentary facilities. The “Tadooba” remains the most commonly used source of lighting used in 66 per cent of households with only 12 per cent using electricity. As regards to cooking facilities, nearly all households (95 per cent) still use wood fuels (wood and charcoal) as a main source of fuel. As of 2010, 86 per cent of the households in Uganda still used a pit latrine. The Majority of households (82 per cent) use toilets that do not have hand washing facilities while only 8 per cent have hand washing facilities with water and soap.

2.2.4 Physical Planning and Urban Development

133. The Physical Planning function entails implementation of the Spatial Frameworks for arrangement and organization of socio-economic activities on land at the National, Regional, District, Municipality and other local levels to achieve optimal use of land and sustainable development. Physical planning is therefore a major vehicle for streamlining the country's Vision and Spatial Framework. Urbanization plays a key role in the development process. Highly urbanized countries such as Malaysia, Singapore and China have attained high levels of urbanization through integrated physical planning and investment which has led to establishment of commercial and industrial functional zones. These zones have attracted populations and in the process relieved pressure on the available land for other economic activities such as commercial agriculture.
134. The country lacks a National Physical Development Plan and existing Sectorial and Local Government social and economic development plans are not yet harmonized with Physical Plans (many of which have yet to be prepared at regional and local government levels). The extensive sprawling nature of settlements is reducing land available for agriculture, especially in more populated areas. There is a need to plan and build more concentrated urban settlements.
135. Uganda's annual urban growth rate of 5.2 percent is among the highest in the world and therefore needs urgent attention. However, the level of planned urbanization is still low in most regions of Uganda ranging between 7 percent and 14.5 percent. The urban population can be attributed to the creation of districts, rural urban migration, and natural growth among others. The urbanization process in Uganda is characterized by uncoordinated planning and development leading to unrestricted sprawling of the major towns.
136. The rapid increase in urban population is not matched with growth and development of basic infrastructure, housing, and social amenities. This has led to overcrowding, traffic congestion, growth of slums and informal settlements, dilapidated housing, and poor sanitation. Most urban dwellers do not have stable sources of income and the level of urban unemployment is quite high. Also, there is no policy framework guiding urban development although Government is in the final stages of formulating a National Urban Policy.
137. To enhance the sector's contribution to the delivery of the plan a planned urbanization policy will be pursued to bring about better urban systems that enhance productivity, livability and sustainability while releasing land for commercial agriculture.

2.2.4.1 The Greater Kampala Metropolitan Area (GKMA)

138. In 2013 Cabinet approved the GKMA Development Framework 2040 that provided for the new boundaries and associated maps for GKMA. GKM spreads over an area of up to 839 sq km.
139. Kampala, the capital city of Uganda, has grown four times since 1980s in structure and shape at a pace faster than its planning and structure re-adjustments. A city that had been estimated to host 300,000 at the maximum is now home to almost 2 million people. The rapid growth in the

physical developments as well as in its population since early 1980s have caused Kampala to spread: east towards Mukono, west towards Entebbe and northern towards Luwero, Wakiso and north-west towards Mpigi.

140. This unplanned rapid horizontal city development has caused structural and socio-economic challenges for the greater Kampala including: poor land tenure system low levels of physical planning; lack of an integrated transport system; challenges related to environmental management; development of slums and unplanned settlements, spiralling urban poverty exacerbated by high unemployment levels; poor infrastructure for markets, water and health service systems and housing; and severe challenges of crowding, congestion and pollution.
141. The challenges are contributed to and also affect wider areas that surround the city including Wakiso and its Town Councils; Jinja and Jinja Municipality; Mukono and Mukono Municipality; Entebbe Municipality as well as Mpigi. The overconcentration of development in Kampala has led to a primacy putting enormous pressure on the overall functioning of the city itself compared to other urban settlements across the country.
142. In 2010, Government created the Kampala Capital City Authority (KCCA) as a central government agency with overall responsibility to streamline operations and improve service delivery in the city. Over time, it has become apparent that the development challenges of Kampala cannot be resolved by KCCA alone, thus in 2013, cabinet approved the Greater Kampala Metropolitan Area (GKMA) Development Framework 2040 that provided the new boundaries and its associated maps. The framework also includes various physical, spatial, environmental, ecological, socio-economic and other plans designed under a Capital Investments Planning (CIP) modular that define intended micro and macro projects for the development of the greater Kampala.

2.2.5 Governance

143. Economic development and transformation cannot thrive if citizens and investors have no confidence in the rule of law and the justice system. The rule of law regulates economic activity, defines and affirms rights and obligations, therefore clarifying for investors the laws and institutional environment for doing business.
144. Good governance provides a setting for the equitable distribution of benefits from economic growth. The Constitution requires that the State promotes balanced development for all regions of the country, between rural and urban areas. It also requires the State to take special measures to develop Uganda's least developed areas and to pay special attention to the problems of the marginalized¹³. More equal income distribution stimulates consumption by the majority of the population and therefore raises productivity and results in sustainable growth. The fight against corruption is particularly important with regard to the reduction of poverty and

¹³ Uganda Constitution, Objective XII of the National Objectives and Directives Principles of State Policy

inequality. Corruption impacts the poorest sections of society disproportionately, and generally benefits those already in positions of power and authority. Without reducing corruption and improving accountability, all other development goals could be severely compromised, including the economic growth and infrastructure aspects of the NDP.

145. Governance comprises Public Sector Management, Public Administration, the Legislature and Accountability Sector (LAS), Justice Law and Order Sectors (JLOS), as well as Defence and Security.

2.2.5.1 Public Sector Management

146. In the last five years, progress has been registered in public sector reforms and improved coordination at the national level including: the roll out of performance contracts for top civil servants and Heads of Departments; Operationalization of Integrated Public Payroll System (IPPS) across MDAs and LGs; identification of capacity gaps and adequately tender technical guidance to District Service Commissions (DSCs) by the Public Service Commission; the National Evaluation Facility; output based budgeting which enabled MDAs and LGs to plan and budget against the provision of products and services, and quarterly reporting on spending and progress towards stated output targets as a basis for the next financial releases. This has been strengthened by the introduction of bi-annual Government performance assessment and reporting to Cabinet by the Office of the Prime Minister to provide timely information for decision making.
147. The sector is leading regional affirmative programmes for development in regions of Northern and Eastern Uganda as an incentive to peace and an alternative income source. This has been done in order to, among other things promote food security, and enhance the wellbeing and livelihoods of persons in disaster stricken and former conflict affected areas. The Government has implemented a number of special programmes targeting conflict stricken areas of Uganda, as discussed in the section 2.4.1.
148. Natural disasters lowered the performance of the GDP by an average of 3.5percent between 2010 and 2014 and their impact was equivalent to 7.5percent of the GDP in 2011 (World Bank-GoU: Uganda Rainfall Deficit 2010¹⁴). The value of disaster damages and losses in 2010 and 2011 was UGX2.8 trillion or USD 1.2 billion (World Bank-GoU) and the estimated recovery and reconstruction needs was estimated at UGX423.9 billion or USD 173 million. The major natural and human-induced disasters include drought, flooding, severe storms, famine, landslides, earthquakes, wild fires and lightening, conflicts and wars, accidents, landlessness, terrorism, and environmental degradation. In May 2014, the flooding of rivers Mubuku, Nyamwamba and Nyamugasani in Kasese District caused the closure of Kilembe Hospital and many schools. Efforts have been put towards building the country's resilience to natural disasters namely: District Disaster Management Committees have been established and trained; food security has

¹⁴ Uganda: The 2010-2011 Integrated Rainfall Variability Impacts, Needs Assessment and Drought Risk Management Strategy

been promoted to enhance the wellbeing and livelihood of persons in disaster stricken areas. Positive strides have also been made towards the resettlement and repatriation of refugees.

149. The sector however, is still constrained by: weaknesses in policy making; capacity limitations in the coordination function; inadequate alignment of the sector and district plans to the NDP; weaknesses in data quality; weaknesses in service delivery in special programmes by the districts; limitations in regional planning; limited citizen participation and engagement in policy processes; and high cost of doing business. In addition, there is inadequate funding and the fiscal decentralization challenge; poor infrastructure (offices and transport facilities); inadequate staffing levels; unplanned urban development; and slow implementation of EAC integration in LGs. Other sector constraints include: ineffective public service reforms; corruption; weaknesses in service delivery; lack of retention of highly skilled professionals, compounded by weak management, poor work environment, low motivation and remuneration; inability to retain personnel in hard to reach areas; and low adoption of ICT.
150. In view of the above situation, there is need to strengthen the policy, legal and regulatory frameworks; rationalize institutional structures and systems; rightsize public administration; strengthen civil society and civic participation; build data and information systems; improve service delivery standard and quality infrastructure; eliminate instructional and mandate overlaps; broaden social protection and support systems; strengthen decentralization and improve overall government effectiveness in the execution and implementation of government programmes.

2.2.5.2 Public Administration

151. Over the past five years there has been increased deepening of democracy through-out the country including: enhanced institutional credibility of democratic institutions such as the electoral commission to conduct free and fair general and by-elections; and increased civic participation in democracy related activities. Uganda ranked in second position after Tanzania in the East African region in terms of deepening democratic governance. In the Economist Intelligence Unit's (EIU) Democracy Index 2012, Uganda was ranked in the 94th position of 167 countries, with an overall score of 5.16 points between 2006 and 2012. Of the 40 countries whose democracy systems had improved in Africa, Uganda ranked 19th.
152. A general improvement in Uganda's governance system was also indicated in the Mo Ibrahim Index of African Governance 2013, ranking in the 18th position out of the 52 African States from 20th in 2011. This improvement raises Uganda's image and eligibility for cooperation and support from Development Partners such as the World Bank and African Development Bank.
153. Several regional and international engagements were undertaken to enhance Uganda's relationship with its neighbors and other countries outside the region. In the FY 2010/11, over 400 resolutions and agreements were initiated, negotiated and concluded between Uganda and other countries. These agreements were estimated to be worth over Ugx 588.2 billion in inward direct investments from countries such as; Sri-Lanka, China, Kuwait, Russia, Denmark, the

Netherlands and a few countries of the Middle East. This trend is a reflection of an increase in Uganda's competitiveness and attractiveness as a trade and investment destination. Promotion of regional and international relations enhanced Uganda's image abroad and reduced the security risk at the national and regional level which sustained the country's attractiveness for continued growth, productivity and development. Promotion of trade, tourism and inward direct investment enabled an increase in the country's foreign inflows, and foreign direct investments.

154. In the FY 2012/13, an estimated increase of 14,473 visas was issued by the sector. This enabled an increase in the number of visitor arrivals in support of tourism and investment. This confirms the underlying continued growth in demand for tourism opportunities between Uganda and other countries, especially within the African Region.
155. Despite the marked progress in sector performance, some challenges persist including: Low Citizen Involvement in national governance processes which is mainly attributed to low awareness of citizen rights and the low level of patriotism; and Lack of effective sector M&E systems to monitor key Government policies, programmes and projects. In addition, missions abroad are unable to effectively promote and market Uganda's image and untapped tourism, trade and investment potential due to the inadequacy of staff skills especially in Diplomacy and International Affairs and funding.
156. Despite the marked progress in sector performance, there are still outstanding issues that need to be addressed including: low citizen involvement in national governance processes which is mainly attributed to low awareness of citizen rights and the low level of patriotism; and lack of effective sector M&E systems to monitor key Government policies, programmes and projects as well as weak inter and intra-sectoral linkages. In addition, missions abroad are unable to effectively promote and market Uganda's image and untapped tourism, trade and investment potential due to the inadequacy of staff skills especially in diplomacy and international affairs and funding. There is therefore, need to: strengthen policy development and M&E systems; attract investment and identify markets; attract cooperation assistance and contributions from the Diaspora; and strengthen citizen participation in development and electoral processes.

2.2.5.3 Legislature and Accountability

157. The Government of Uganda has adopted the 'Zero Tolerance' to Corruption Policy (2009). The policy correctly recognizes that fighting corruption requires measures beyond legislation and sanctions against corruption. It also requires restoring public sector ethics and creating behavioural change. The 'National Anti-Corruption Strategy (NACS) stipulates a planning framework 'to make a significant impact on building the quality of accountability and reducing the levels of corruption in Uganda'. There are general anti-corruption laws including the Anti-Corruption Act, 2009, the Inspectorate of Government Act, 2002, the Public Finance and Accountability Act, 2003, the Leadership Code Act, 2002, Whistle Blowers Act, 2010, the Public Procurement and Disposal of Public Assets Act, 2003, Budget Act, 2003, Access to Information Act, 2005, the Audit Act, 2008. These laws are the heart of the national legal framework that is relevant for the fight against corruption.

158. However, international surveys, as well as nationally representative data indicate that corruption in Uganda remains a major problem. The East African Bribery Index (EABI, 2013) found that 82 percent of respondents in Uganda described the current level of corruption as high, while 10 percent perceived it to be medium (Transparency International, 2013). This is consistent with the findings of National Governance Baseline Survey (NGBS) by Uganda Bureau of Statistics, 2013 that indicate that 83 percent of respondent believed that corruption is entrenched in the society and is a very serious problem.
159. The existing policy, legal and regulatory framework is still inadequate, for example, the absence of Leadership Code Tribunal, lack of corporate status and lack of legal regime for asset recovery. There is also weak co-ordination and collaboration among anti-corruption agencies as well delayed discussion and adoption of audit reports by Parliament (audit report backlog goes as far back as far as FY 2005/06). In addition, the government bureaucracy is characterized by lack of motivation and unnecessary delays, for example, to start a business, a company has to pass through 15 procedures that take 33 days and cost 76.7 percent of income per capita. PSFU¹⁵ suggests that Uganda has the highest investment and business operating cost regime within the EAC region. Similar findings are echoed by the Global Competitiveness Index (GCI) which measures the micro and macro-economic foundations of national competitiveness. There is inadequate staffing of key government institutions, particularly at the local government level as low as 53 percent of the approved structure.
160. Although the sector has greatly improved the fight against corruption, there is need to strengthen the capacity of the various institutions to effectively fulfil their mandates; improve compliance with accountability rules and regulations; and providing effective parliamentary oversight, legislation, and national budget scrutiny.

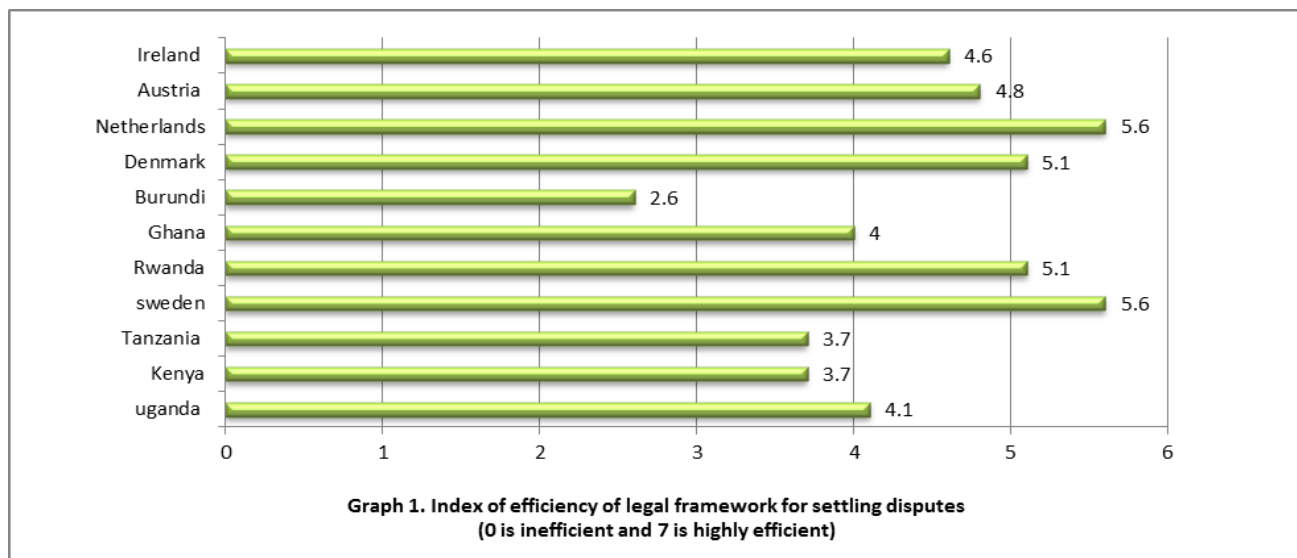
2.2.5.4 Justice, Law and Order

161. The Justice Law and Order Sector registered successes in areas of: law reform, as indicated by the significant improvements in the enactment of laws and regulations in commercial, land, criminal and family justice, institutional efficiency leading to increased responsiveness to user needs as well as improving the regulatory environment for doing business. Increased disposal of cases which has reduced average length of stay on remand to under one year for capital offenders; expansion and de-concentration of JLOS Service Points to reach out to specific groups with limited access to justice as well as hard to reach areas such as Karamoja; and has strengthened processes to address corruption and human rights violations.

¹⁵ PSFU Private Sector Platform for Action March 2012

162. Improvements in the legal, policy and regulatory framework in the previous SDPs have seen the enactment of over 20 bills into law; formulation of regulations and creation of semi-autonomous and one stop units for business dispute resolution. These include the Uganda Registration

Figure 2.10: Global competitiveness Report Ranking on efficient legal framework for settling disputes



Services Bureau (URSB); Directorate of Citizenship and Immigration Control and the Centre for Arbitration and Dispute Resolution (CADER) among others.

163. According to the global competitiveness report 2012-13, Uganda was ranked 49th out of 144 countries from 54th in 2011/12 as having an efficient legal framework for settling disputes as indicated in Figure 2.11. The country is also ranked 59th with regard to the efficiency of the legal framework in challenging regulation with a score of 3.9 out of 7 in 2012/13 from 3.8 in 2011/12, compared to Tanzania and Kenya that take position 70 and 69 respectively. According to the JLOS baseline survey 2012 public confidence in the enforcement of existing laws stands at 29 percent, use of Alternative Dispute Resolution (ADR) generally is at 80 percent but only 26 percent of the cases in courts and tribunals are resolved through ADR while the target population with access to updated laws stands at 52.6 percent.
164. Access to JLOS services has significantly increased. About 70 percent can now traverse shorter distances to access JLOS services, with corresponding reductions in the lead times for conducting business searches and registration of documents. Similarly, the ease of accessing travel permits improved from 34 days in 2000 to 10 days in 2013 for passports and from 3 months to 21 days for work permits. The Governmental Analytical Laboratory under the Ministry of Internal Affairs improved its service time from an average of 6 months in 2005/6 to 3 months 2014. URSB is currently understudying the possibility of providing services on line.

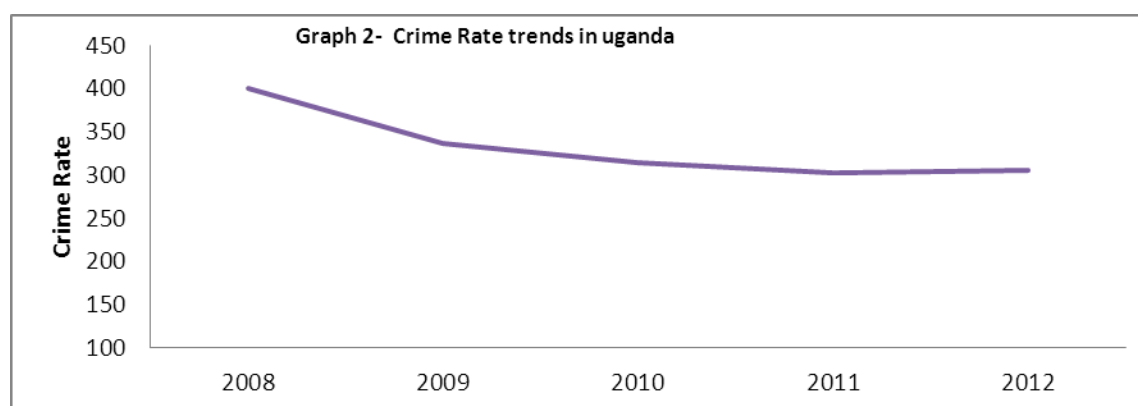
Table 2.4: Disposal rate of cases in High Court Divisions

Row Labels	B/F	Registered	Completed	Case disposal rate	Pending
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Anti-corruption	264	376	360	96percent	280
Commercial	1,585	2,273	1,705	75percent	2,153
Criminal	60,558	80,352	75,934	95percent	64,976
Civil	51,146	24,882	20,374	82percent	55,654
Executions	1,985	2,474	1,359	55percent	3,100
Family	15,503	12,790	10,847	85percent	17,446
Land	8,719	7,446	5,788	78percent	20,377
International crimes	6	-	-		6
Grand Total	149,766	130,593	116,367		3,992

165. With JLOS emphasis on the promotion of alternative dispute resolution mechanisms, the cost of accessing JLOS services has reduced. In the Commercial Division of the High Court, a mediation registry was established leading to the reduction of case backlog from 44 percent in 2009 to 28 percent in 2013. The establishment of the Land and Family Divisions at the High

Figure 2.11: Crime Rate Trends in Uganda (Source: JLOS Secretariat)



Court has increased the case disposal rates from 30.7 percent for commercial cases in 2007/8 to 75 percent in 2012/13.

166. The observance of human rights in the provision of JLOS services too has greatly improved. Through JLOS interventions, Uganda Prisons Services for the first time in 10 years reversed the proportion of remand to convict population from 62:38 in 2003 to 53:47 in 2013. The average length of stay on remand for minor offenders reduced from 15 months in 2003/4 to 3 months and for capital offenders from 30 months in 2005 to 11.4 months in 2013. Human rights violations in prisons decreased with improvements in prisoner access to education, health services, improved diets, complaints mechanisms and a 22.4 percent overall increase in prison physical holding capacity. The sector also registered progress in improving personal safety and security of property. The incidence of crime reduced from 400 to under 300 for every 100,000 in 2013. The Police to population ratio improved from 1:1,734 in 2005 to 1:754 in 2012. There is

now a police post in 95 percent of the sub-counties with the police strength standing at over 43,000 in 2013 compared to 15,000 in 2003.

167. Despite the above achievements, the sector was constrained by: institutional barriers to access JLOS Services; low levels of JLOS Service Delivery and institutional productivity; limited coordination between JLOS and other sectors thus affecting JLOS service delivery; poor staff welfare; corruption; limited infrastructure; and slow implementation and fulfilment of international and regional human rights obligations.
168. There is still need to: improve the legal, policy and regulatory environment that is conducive for doing business to create wealth and employment; enhance access to JLOS services particularly for vulnerable persons; promote human rights in order to ensure accountability, inclusive growth and competitiveness in Uganda; and fight corruption in order to strengthen Uganda's competitiveness for wealth creation and inclusive growth.

2.2.5.5 Defence and Security

169. Overall, the security situation in the country has remained stable. The sector's capabilities were improved, particularly, in the areas of equipment, training, capacity building, re-organization of the Reserve Force, logistic support and management. New skills were integrated through targeted recruitment, training and retraining and efforts to instill work ethics, values and etiquette across the sector are being systematically imparted to change mind-sets of staff and increase productivity. In addition, defence alliances and diplomacy was strengthened and through these efforts the sector was situated as a key driver to regional stability and integration. The cooperation among the regional defence and security sectors improved the strategic and operational responses in dealing with global terrorism and cross-cutting national threats, like transnational border crimes, cattle rustling, money laundering, smuggling and Human Trafficking. The ministry of Defence acquired former Lugazi University with an aim to turn it into a centre of excellence for R&D.
170. Despite the above achievements, the sector was constrained by: inadequate funding for the key sector projects and programmes leading to non-performance on some of the sector priorities for instance, ESO and ISO have had stagnant MTEFs for a number of years, timely retirement cannot be done, and procurement of domestic arrears are increasing; increasing threats to national security; weak institutional, legal and policy frameworks; natural and man-made calamities which are beyond the capacity of local authorities; retention of personnel due to poor terms and conditions of service and working environment; and lack of patriotism, including negative attitudes & mind-sets. In addition, there are still capability gaps across the sector that will have to be bridged in a more gradual manner.
171. In view of the above situation, there is need for continued professionalization and modernization of the sector; institutionalization of the reserve forces; clearance of backlog of retirement arrears and regularisation of retirement; enhancing sector welfare, including accommodation and

medicare; and strengthening and institutionalization of Sector R&D in collaboration with national and regional EAC frameworks.

2.3 Wealth Creation

172. While economic growth has improved over the years and absolute poverty reduced to 19.7 percent, this growth has not generated the momentum needed to transform Uganda's economy at the pace anticipated in Uganda Vision 2040.

2.3.1 Agriculture

173. Agriculture remains the backbone of Uganda's economy. In FY2012/13, the sector accounted for 25.3 percent of the country's GDP up from 24.7 percent in FY 2010/11. The contribution of the sector to GDP in FY2013/14 using current prices stands at 24.8 percent. It employs about 72 percent of the total labour force (including disguised labour), 77 percent of whom are women, and 63 per cent are youth most of whom reside in the rural areas. Its contribution to total goods export earnings in 2012/13 was 40 percent. Over the NDPI period the sector has registered sluggish growth as is depicted in Table 2.4, that is, 1.0 percent in 2010/11, 0.68 percent in 2011/12, 1.13 percent in 2012/13 and 1.33 percent during FY2013/14.

Table 2.5: Real GDP growth for Agriculture Sector

	2010/11	2011/12	2012/13	2013/14
Agricultural Sector GDP	1.00	0.68	1.13	1.33
Cash crops	-1.25	6.93	3.05	2.92
Food crops	0.58	-1.44	0.17	1.68
Livestock	2.49	2.37	2.96	2.92
Forestry	2.32	2.79	1.74	1.94
Fishing	1.49	1.60	2.18	-4.51

Source: Background to the budget by MFPED, 2014/15

174. The sector is dominated by food crops, forestry and livestock production accounting for 51.6 percent, 18.2 and 17.8 percent respectively of the sector's gross value added in 2013/14. Cash crops accounted for 7.2 percent, fishing 5.1 percent and agriculture support services for 0.1 percent. The country is one of the leading producers of coffee, tea, cotton, cereals, bananas, livestock and fish products in the world and it is important to note that there exist enormous opportunities for agro-processing to increase the benefits from the sector which the country has not fully harnessed.
175. Agricultural production is mainly dominated by smallholder farmers engaged in food and cash crops, horticulture, fishing and livestock farming. Farmers that are categorised as subsistence are estimated to deliver between 75–80 percent of the total agricultural output and marketed agricultural produce. Smallholder/enterprises are 12–15 percent of farmers having between 2–200 acres or greater (managing it as business), commercial farmers are 2–3 percent of farmers

having up to 500 acres and estate operators are less than 0.5 percent of farmers, running large tea, sugarcane, coffee, rice and other estate farms.

176. Despite the importance of agriculture in the economy, the sector's performance in recent years in terms of production and productivity, food and nutrition security has not been satisfactory mainly due to: slow technological innovations and adoption particularly amongst women farmers despite being the majority labour force; poor management of pests and diseases; limited access to land and agricultural finance that disproportionately affects women and youth farmers; a weak agricultural extension system, with access to extension services lowest among women, as well as over dependency on rain-fed agriculture. In addition, the majority of the women farmers lack ownership and control over land (28 percent of women own agriculture land compared to 72 percent of men)¹⁶.
177. In addition, there are connectivity problems between the production areas and final markets leading to high transportation costs that reduce agricultural profit margins. The sector is also characterized by limited value addition which is attributed to poor post-harvest handling techniques, inadequate bulking and storage facilities, and high electricity costs. Besides, limited market information and capacity of the primary producers to meet the standards required in the export market limits the sector's contribution to the country's export earnings.
178. In spite of the sluggish performance, the sector is very strong and has abundant opportunities for investment. The sector's strengths are leveraged on the following:
- i) The National Agricultural Policy was approved by cabinet on 25th September 2013. The policy sets a solid framework to guide investment and delivery of agricultural services.
 - ii) A large pool of agricultural scientists and basic infrastructure to generate appropriate agricultural technologies
 - iii) A strong and vibrant sector working group
 - iv) Huge underutilized factors of production like land, water resources, labour, etc that can generate additional growth for the sector without much investment
 - v) The sector has an extensive service delivery structure with clear reporting lines between the lowest administrative units (sub-county level) to the Ministry.
 - vi) The sector has a comprehensive sector strategy (DSIP) and has developed detailed Framework Implementation Plans (FIPs) for sector priorities.
179. On the other hand, sector opportunities include:
- i) **New and expanding markets.** Uganda is uniquely placed to take advantage of expanding domestic, regional and international markets. There is a rapidly increasing internal and regional demand for food and other agricultural products because of rapidly expanding population

¹⁶ UDHS 2011 as quoted in the UBOS Facts and Figures on Gender

- ii) **Potential for increasing production.** Agricultural production in Uganda can be increased through using improved farming methods to increase yields and increasing acreage under farmland.
- iii) **Abundant human resources.** Uganda is endowed with a massive but underused human resource capacity, especially in the rural areas. This resource can be used to change the face of agriculture if young people, from primary to university level, are to be attracted to agriculture as a career.
- iv) **Value addition.** It is estimated that over 80 percent of total agricultural exports are in raw or semi-processed form. Thus, the country could earn billions of revenue by adding value to its produce.
- v) **Abundant fresh water sources** which can provide numerous opportunities to bolster agricultural development through irrigation, aquaculture and availing water points.

180. To enhance the sector's contribution to wealth and job creation, there is need to address the critical gaps in production, transport, post-harvest handling, processing and marketing of agricultural products so as to maximise the benefits from the agriculture value chains.

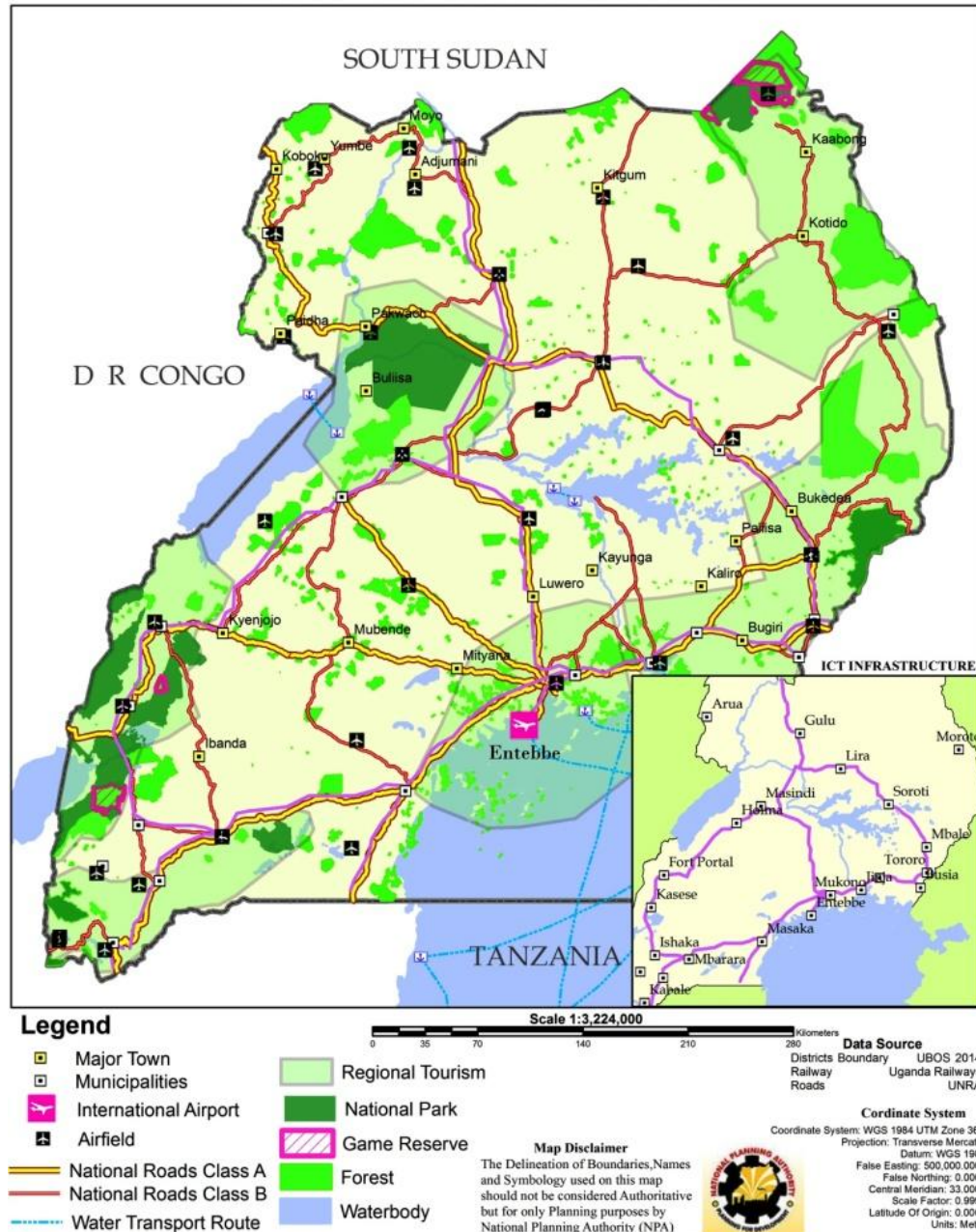
2.3.2 Tourism

181. Uganda is endowed with a variety of tourist attractions especially being a home to 53.9 per cent of the world's mountain gorillas, 7.8 per cent of the world's mammal species including the unique tree climbing lions and white rhinos, 11 per cent of the world's bird species (1063 bird species), and variety of butterflies. Other unique attractions include chimpanzees and golden monkeys. The country has beautiful mountain ranges including the snow-capped Rwenzori Mountain ranges, second largest fresh water lake, third deepest lake and a source of the world's longest river with beautiful waterfalls and unique water scenery in the world.

182. The tourism sector has been growing consistently since the restoration of peace and security, and now accounts for around 9 percent of GDP, amounting to USD1.7 billion¹⁷. As a foreign exchange earner, the sector is estimated to account for about 19.6 percent of total exports or over 60 percent of total inflows from services annually. UBOS estimates that foreign visitors brought into the country an equivalent of USD1.003 billion in foreign exchange earnings in 2012, up from USD 805m in 2011 and USD 662m in 2010. As a source of employment, the sector employs an estimated 200,000 people, which is 6.6 percent of the total labor force, of which only 7.5 percent are women employed in the lowest paying areas within the sector. The majority of the people (180,900) in the sector are employed directly in travel and tourism in Uganda. This figure rises to 447,400 people when all jobs indirectly supported by the tourism industry are factored in. Secondary and tertiary employment in other sub-sectors makes this figure even higher. These developments are supported by the increasing number of tourist arrivals where Uganda received 1,151,000 visitors in 2013, an increase of 21.7 percent from 2010 (945,899).

¹⁷ World Bank, 2012, Report on Uganda Tourism Sector Situational Assessment

Map 2.2: Existing Tourism Infrastructure



183. The disaggregation of tourist arrivals using the criteria of purpose of visit indicates three categories of tourists: “leisure” or “holiday tourists”, “visiting friends and relatives” (VFR), “business tourists”, and “transit tourists”. Leisure tourists represented only 15.7 percent (149,000) of all international arrivals to Uganda in 2010, declining to 12.4 percent (148,000) in 2012 and increasing to 15.6 percent (188,000) in 2013. It is worth noting that leisure tourists are the most coveted type of tourists, as they tend to stay longer and spend more money. Most of

these leisure tourists come from traditional source markets of the United States, United Kingdom, Germany, Canada, the Netherlands, Australia, Italy, France, Sweden and Japan.

184. The sector is largely dominated by foreign tourists. Presently the country has one international airport that is too small to meet the growing international traffic, limited direct flights from key source markets, and lacks a national air carrier which would be used to market the country as tourist destination. In addition, as illustrated in Map 2.2 access and connectivity to the various tourist sites is hampered by inadequate infrastructure. There is narrow product diversity, shortage of wildlife stock in key National parks, limited tourism activities and infrastructure in most Parks, poor tourism skills, especially in the hospitality industry, and low motivation of human resources which impact negatively on the quality of service delivery.
185. To enhance the sector's contribution to wealth creation and employment, effort needs to be put towards increasing and diversifying the stock of tourism products, aggressive marketing, link the tourism development areas along the Rift Valley with biodiversity conservation priority areas to create tourism/green zones. It is also important to link the Tourism regions with urbanisation corridors (MICE), plan for leisure tourism in high quality off-corridor locations and improve sideways linkages between tourism products, such as Wildlife parks and urban leisure in order to enhance tourism sustainability, building tourism skills, and above all maintaining peace and security in the country.

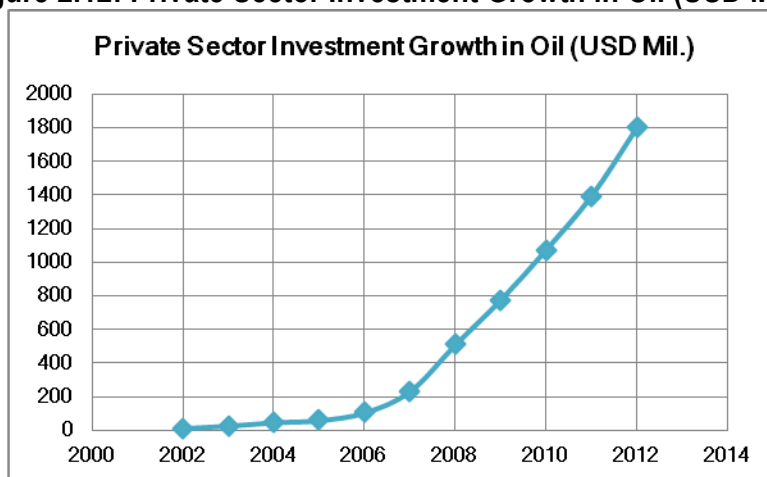
2.3.3 Minerals, Oil and Gas

186. The minerals subsector's contribution to GDP was estimated to be 0.3 percent in FY2012/2013. Value added by the minerals subsector at current prices increased from UGX 134 Billion in FY 2010/2011 to UGX 185 Billion in FY 2012/2013 mainly driven by exports of gold and cement. The country has a huge potential in other mineral products that include: Copper, Cobalt, Tungsten, Beryllium, Bismuth, Columbite-Tantalite, Lead & Zinc ores, Lithium, Tin, iron ores, Platinum Group of Metals, Uranium, Rare Earth Metals, Marble, Limestone, Phosphate (Apatite and francolite), Vermiculite, Kaolin, Bentonite, Diatomite, Gypsum, Glass sands, Salts, Feldspar, Quartz, Pozzolana, Dimension Stones and Gemstones.
187. Government has put a lot of emphasis on attracting private investment in mineral resources exploration and development through the provision of geo-scientific information on minerals, and management of equitable and secure titles systems for the mining industry. Sixteen (16) potential mineral targets for exploration and development from zero targets have been identified in the following locations: Iganga, West Nile, Moroto, South Eastern Uganda, Nigobya, Bukusu, Masindi, Buhweju, Pakwach, Kaiso, Mayuge, Kafunjo- Ntungamo, Makuutu, Hoima, Kaliro and Aboke. In addition, increased exploration and new data led to discoveries of: over 200 Million Tons (MT) of iron ore reserves at Muko in Kigezi and others in Buhara, Muyebe and Nyamiranga in Kabale District (48 MT), Butogota in Kanungu District (55 MT) and Bufumbira, and Kisoro (8 MT); over 300 MT of marble/limestone in Karamoja; over thirty (30) Uranium targets out of which ten (10) are considered priority uranium targets in Arua, Pakwach, Gulu-Kitgum, Masindi, Hoima-Kibaale, Fort Portal, Mbarara and Ntungamo. Mineral exploration in

Karuma and geochemical, geophysical surveys show Nickel-Cobalt-Copper-Chromium, Platinum Group Minerals (PGM), Gold rich anomaly, and Rare Earth Elements which is 2km long and 250 meters wide. There have also been developments in the Sukulu phosphate project in Tororo District.

188. Since 2006, a total of 111 exploration and appraisal wells have been drilled in the country, out of which 99 encountered oil and/or gas in the subsurface. This represents a success rate of over 89 percent, which is among the highest globally. The twenty one (21) petroleum discoveries in the Albertine Graben to date are; Turaco, Mputa, Waraga, Nzizi, Kajubirizi (Kingfisher), Kasamene, Ngege, Nsoga, Ngiri, Jobi, Rii, Ngassa, Taitai, Karuka, Wairindi, Ngara, Mpyo, Jobi-East, Gunya, Rii and Lye. With the exception of Turaco, Taitai and Karuka which were considered to be non-commercial, the oil companies are taking forward appraisal of all the other eighteen (18) fields.
189. The total oil in place is estimated at 6.5 billion barrels of oil and 100 billion cubic feet of gas in less than 20 percent of the Albertine Graben with recoverable of 1.5 billion barrels. A total of 127 wells have been drilled of which 115 have encountered Hydrocarbons. A total of 21 oil and gas discoveries have been made in the Albertine Graben. Crude blend is between 230 to 330 API with very low sulphur of 0.16wt-percent. The appraisal for 9 of the discoveries has been completed and application for production license submitted. Appraisal for the remaining 8 discoveries still on going and is expected to be completed by end of 2014, while 3 were returned to Government Four (4) areas out of the 11 demarcated areas in the Albertine Graben are licensed to three (3) Operators (Tullow, Total and CNOOC) in equal shares of 33.33 percent. Over 80 percent of the Albertine Graben is not yet licensed.

Figure 2.12: Private Sector Investment Growth in Oil (USD Mil.)¹⁸



190. The upstream capital investments in oil and gas grew to about USD 2.5 billion by 2013 and are expected to increase as Uganda embarks on the next stage of field development and production. The private sector investment in the sector increased from USD 1.074 billion in 2010

¹⁸ Source: Ministry of Energy and Mineral Development

to USD1.394 billion at the end of 2011. By the end of 2012, the cumulative investment in the sub-sector (mainly in the acquisition of seismic data and drilling of exploration and appraisal wells), was in the region of USD 1.8 billion (see Figure 2.12).

191. Other developments in the oil and gas sub-sector include the implementation of a commercialization plan that comprises a) development of a green field refinery of 60,000 BOPD to be located in Hoima District with an expected commissioning in 2017/18 b) use of petroleum for power generation; and c) export of crude oil through a pipeline or any other viable option.
192. The Petroleum (Exploration, Development and Production) Act, 2013 was passed in 2013 to regulate the oil and gas activities, and consequently the drafting of the attendant regulations is in progress.
193. Uganda is destined to benefit from the opportunities explored along the minerals, oil and gas development value chain by addressing a number of challenges and emerging issues involved in minerals and petroleum development. The mineral sub-sector faces a number of challenges which include: an incomplete geological, geophysical, and geochemical mapping of Uganda; Inadequate infrastructure (electricity, rail, water and roads) to support exploration and Mining activities; difficulties in accessing land for Mining Projects; Lack of a geothermal development Policy and Legal Framework coupled with inadequacies in the mining policy; un regulated wide spread small scale and Informal Mining; an acute shortage of skilled personnel and a high proportional of small-scale artisanal miners who use indigenous and poor mining techniques; and Inadequate Earthquake disaster Management Infrastructure.
194. The petroleum sub-sector is challenged by: inadequate industry infrastructure to support upstream petroleum activities; excitement and high expectations from the general public; lack of skilled manpower, both in the public and the private sectors; inadequate financing; land acquisition for infrastructure development for oil prospecting; and low institutional preparedness; huge capital requirements and technical expertise needed for projects; inconsistent fuel supply leading to scarcity of petroleum products; and absence of a legal framework and associated technical capacity to regulate and minimize the attendant environmental risks.
195. Notwithstanding the above challenges in the minerals, oil and gas sector, there exist opportunities that need to be explored which include promoting value addition for minerals particularly those that are exported in raw form. Besides, there is also need to exploit the multitude of opportunities in the upstream, midstream and downstream sub sectors of the petroleum sector to effectively create wealth and generate more employment opportunities over the next five years.

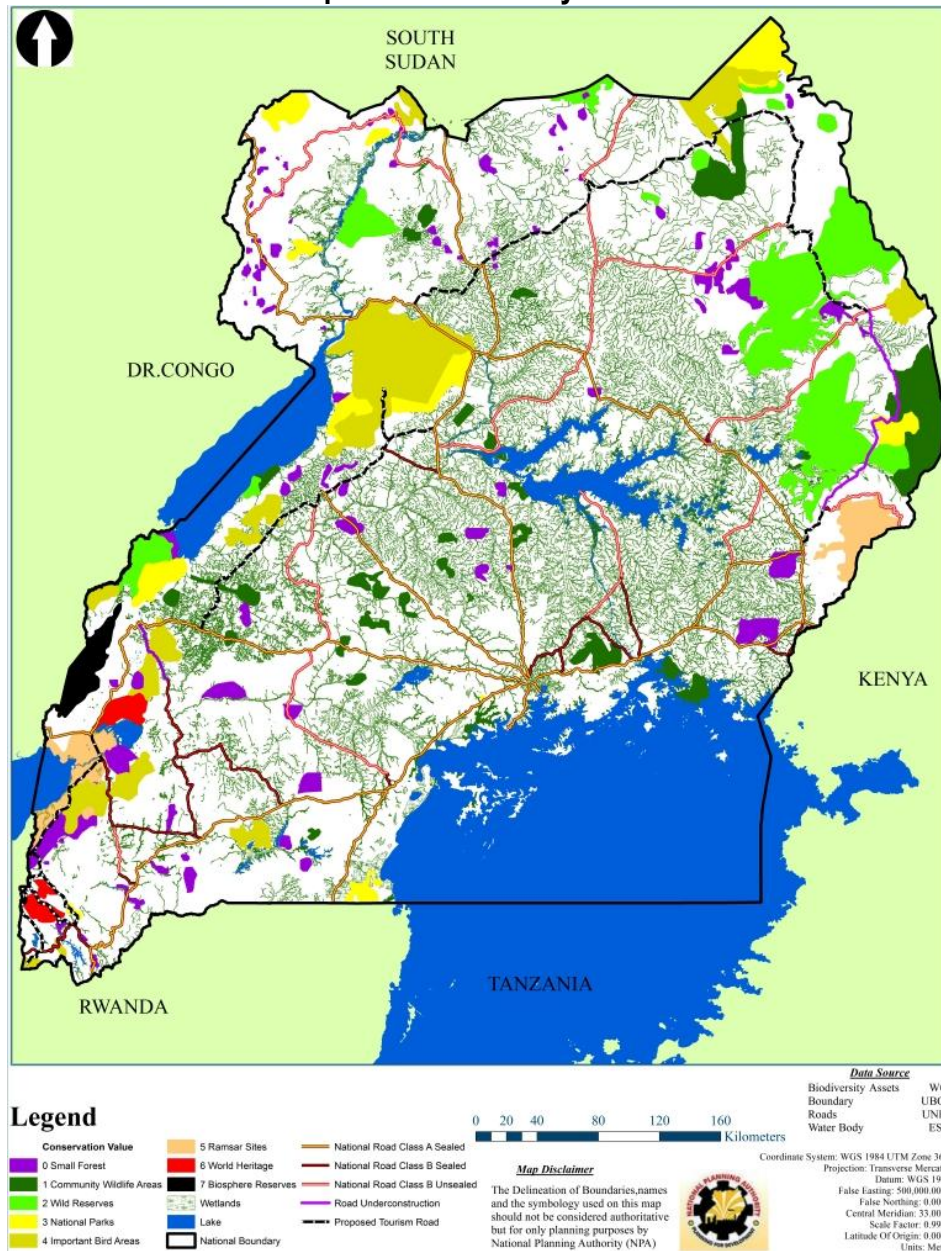
2.3.4 Environment and Natural Resources

196. Uganda is gifted with unique weather and climate that supports resilient ecosystems and biodiversity (see Map 2.3) resulting in unrivalled advantage amongst countries world over in food production, tourism and the services sector. Forests, trees and other biomass grow in all parts of the country providing good soils and watersheds for agricultural production. Large tracts

of inter-connected wetlands exist providing habitat for birds, insects and other benefits to tourists and incomes for local communities. Environmental management is critical to support sustainability of the benefits from nature to support the country's economic growth

197. Over the NDPI period, the Environment and Natural Resource (ENR) sub-sector was successful at improving the urban environment in 17 municipalities through the construction of 12 solid waste composting plants in Arua, Masindi, Hoima, Lira, Soroti, Mbale, Jinja, Mukono, Fort portal, Kasese, Mbarara and Kabale. Specialized equipment for Solid Waste Management was provided to the urban Local Governments in the towns of Busia, Tororo, Mityana, Gulu. Additionally, the sub-sector established a system for sound management of environmental aspects of oil and gas throughout the petroleum value chain as well as enhancing the compliance of manufacturing industries to environmental standards by 70 percent.
198. Besides, there was enhanced implementation of Government of Uganda commitments to Multilateral Environment Agreements (MEAs) and conventions. As per international and regional obligations, the country has developed a National Climate Change Policy (NCCP) which aims at guiding all climate change activities and interventions in the country by: providing direction for the key sectors that will be affected by the impacts of climate change; facilitating adaptation; and strengthening coordinated efforts amongst sectors towards building an overarching national development process that is more resilient. The sector also supported the review of policy and legal frameworks for environment management such as the National Environment Management Policy, and the National Environment Act among others to take into account new and emerging issues.
199. Environment and Natural resources are under threat from both natural and man-made drivers of change including; poverty, rapid population growth, unplanned urbanization, expansion of informal settlements, industrialization and the impacts of climate change and variability among others. Fragile ecosystems including hilly and mountainous areas, riverbanks, lakeshores and rangelands are facing encroachment and degradation. Pollution levels are also on the increase and the country is contending with new and emerging environmental issues arising from e-waste, unsound use of chemicals, oil and gas development and the impacts of climate change such as droughts, floods, storms, heat waves and landslides that have had serious effects on agricultural production, food security, incomes, health status and the livelihoods.
200. In addition, the ENR sub-sector faces a number of challenges that include: limited prospects of long-term investments in both physical ecosystems protection and institutional capacity development; low level of awareness and appreciation of the critical linkages between environment and development; increasing demand for natural resources; limited strategic data and information for planning; and continuous institutional policy reforms that have made long term planning challenging.
201. Given the importance of environment and natural resources in contributing to wealth creation and employment, there is need to maintain and manage a sustainable environment and natural resource base that is resilient to natural and manmade threats.

Map 2. 3: Biodiversity Assets



2.3.5 Climate change

202. The achievement of long-term sustainable economic growth in the face of climate change is a primary concern in Uganda. The climate of Uganda is its most valuable natural resource and a major determinant of other natural resources like soils, water, forests and wildlife, as well as the human activities dependent on them. However, increasing emission of carbon dioxide and other greenhouse gases are changing the earth's climate.

203. The Intergovernmental Panel on Climate Change (IPCC), in its Fifth Assessment Report (AR5), found out that global climate has warmed since the 1950's. The report also indicates, with 95 percent certainty, that increased concentrations of greenhouse gases in the atmosphere, resulting from human activities, are responsible for the increased greenhouse gas concentrations (IPCC, 2014). The rising temperatures, as well as more erratic and extreme weather events are likely to take a disproportionate toll on Uganda. The impacts of climate change (droughts, floods, storms, heat waves and landslides) will most likely reduce the benefits derived from the natural resource base and this will have serious consequences on agricultural production, food security, forests, water supply, infrastructure, health systems, incomes, livelihoods and overall development.
204. Therefore, climate change potentially poses one of the greatest challenges for Uganda to realize its Vision 2040. For instance, climate change has brought about more and longer drought periods which impact differently on men and women farmers. In farming communities, the men go further away to look for pastures, while women go longer distances for water and firewood, limiting the time for agricultural and food production. Thus Uganda needs to respond to the challenges posed by climate change through both adaptation and mitigation to build resilience that is crucial to ensuring sustainable development. Though climate change is a global challenge to which global solutions must be found, the effects of climate change are local and local solutions are necessary while taking into consideration regional and national contexts.
205. Uganda is committed to addressing the climate change challenge. Major steps have been taken to create an enabling policy environment and to implement measures to adapt and mitigate climate change. Uganda signed and ratified both the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol (KP) thus committing itself to the adoption and implementation of policies and measures designed to mitigate climate change and adapt to its impacts. Uganda is also a party to the implementation of the EAC Climate Change Policy, which requires member states to initiate and develop consistent and harmonized, policies and plans to address climate change.
206. In line with international and regional obligations, Uganda has developed a National Climate Change Policy (NCCP) which aims at guiding all climate change activities and interventions in the country. The NCCP is intended to provide direction to the key sectors that will be affected by the impacts of climate change; facilitate adaptation; and strengthening coordinated efforts amongst sectors towards building an overarching national development process that is more climate change resilient. In addition, guidelines for integrating climate change sectoral and local development plans and budgets have also been put in place. Uganda will continue to engage in discussions and actions with all stakeholders to promote climate change resilient and low carbon development pathways.

2.3.6 Trade, Industry and Cooperatives

207. **Trade:** In 2012, Uganda's total export earnings were USD 2.8 billion, of which, formal exports were worth USD 2.4 billion, while informal exports were worth USD 453.7 million. The overall

export earnings rose by 11.8 percent in 2012 after an increase of 17.1 percent in 2011. In 2012, formal and informal exports earnings increased by 9.2 percent and 27.5 percent respectively. Uganda's informal exports, particularly, to the region are increasingly gaining prominence among the foreign exchange earners of the economy. The contribution of Traditional Exports (TEs) to overall formal export earnings decreased from 31.4 percent in 2011 to 25.1 percent in 2012. The TEs notable decrease in share is due to a notable decline in coffee earnings.

208. Uganda's exports per capita are still among the lowest in the world (see figure 2.6) even though there has been a marked increase in the growth of exports for the middle income countries on the continent over the last decade, compared to the country's comparators. The share of manufactured exports, as a proportion of total exports, increased from 4.2 percent in 2008/09 to 4.4 percent in 2010/11 and 6.0 percent in 2011/12. This growth, although well below the NDPI target of 12 per cent, is a trend in the right direction.
209. The export basket remains narrow and is dominated by primary products, including coffee, fish, tobacco, gold, and flowers. Reliance on these exports has made the export sector vulnerable to fluctuations in world market prices and the vagaries of weather, culminating in a significant long-term decline in the country's terms of trade. Production of goods for export in Uganda lacks sophistication owing to the limited technology and technical skills. Besides, there is inadequate capacity to expedite the necessary developments at the border markets, limited storage (warehouse, silos) capacity for effective post-harvest management and structured grain trade that would enable the country to address the challenge of the volatility of the prices of agricultural products. Export trade is also hampered by the continued existence of Non-Tariff Barriers (NTBs) and the inability of Ugandans to fully exploit the vast opportunities under the various market access opportunities that have been acquired through bilateral and regional engagements and agreements.
210. **Industry:** The industrial sector, which includes mining and quarrying, construction and manufacturing, has seen a modest decrease in its share of GDP from about 21.3 percent in 2011/12 to 20.8 percent, in 2012/13 with manufacturing accounting for a 0.9 percent decline in the same period. In 2012/13 the sector grew by an estimated 4.3 percent compared to 3.1 percent in 2011/12. The key driver for this growth was recovery of the construction sector which grew by 10.8 percent and accounted for 61 percent of the value added to the sector. The slow growth of the construction sector in 2011/12 could be attributed to the unstable macroeconomic environment during that financial year that was characterized by high inflation, high interest rates and a slowdown in private sector credit to finance the sector
211. Growth in the manufacturing sector declined by 2.5 percent during 2012/13. The Index of production for Manufacturing stood at 199.5 in the year 2013, indicating a 3.2 percent rise from the year 2012. The 'Food Processing' subsector registered the highest positive growth of 10.5 percent, followed by 'Saw Milling' (8.4 percent), and 'Other industry groups combined' recorded a positive rise of 5.7 percent. There are over 2,000 registered enterprises, engaged in; Agro-processing (63percent), Metal fabrication, furniture, bricks and tiles (12 percent),

Pharmaceuticals and other chemicals (6 percent), Paper, plastics and cosmetics (6 percent), Confectioneries (3 percent), Electricals and electronics (3 percent) and others (10 percent).

212. Currently, there is a huge potential for Uganda to generate more wealth by engaging in the export of processed agricultural commodities and simple manufactured goods to the region, especially, South Sudan and the DRC. A study¹⁹ done in January 2014 concluded also urges the country to diversify its export basket into food processing and agrochemicals, manufacture of construction materials and equipment, as well as garments, machinery and chemicals in that order of priority, especially targeting the regional market. This range of goods also links very well with the other prioritized sectors either as inputs or outputs. For instance, agrochemicals are inputs of the agriculture sector, while food processing as an output.
213. To enable and sustain industrial growth, the country needs to address a number of challenges to the sector which include: inadequate infrastructure such as transport; energy supply; water and sewerage services; and ICT services. There is also inadequate infrastructure for undertaking standardization, testing and quality management including certification and accreditation of the locally produced industrial goods. In addition, it has increasingly become expensive to acquire serviced industrial land which has further increased the start-up costs of setting up an industry especially the Micro, Small and Medium Industries (MSMIs). There is a dire need for technical, production and managerial skills to address the current and new demands in the face of rapid technology transfer and innovations. And lastly, access to affordable finance to undertake long term-investment remains scarce.
214. **Cooperatives:** Government has mobilized the population into cooperatives to reap from economies of scale both at production and marketing levels. Currently, there are 15,225 registered cooperative societies in the country. In the years 2013 and 2014, 481 cooperatives were registered and 1,185 are on provisional registration. There are about 100 Cooperative Unions and Area Cooperative Enterprises that are involved in value addition and agro processing of coffee, cotton, honey and fruits among others. Notable among them are; the Bugisu Cooperative Union Ltd, Ankole Coffee Producers Cooperative Union Ltd, Wamala Cooperative Union Ltd, Kayunga ACE, Teso Cooperative Union Ltd and Gumutindo ACE. The East Acholi Union has been assisted by the Government through PSFU to acquire machinery for cotton ginning.
215. There are over 6,351 registered SACCOS with savings of over UGX 120 billion, total shareholding of over UGX 25 billion and loans of UGX 80 billion. Cooperatives have also been formed in other sectors of the economy. For example, 2 energy cooperatives are managing the distribution of energy, 10 housing cooperatives are at various stages of development. Cooperatives are also managing public infrastructures like markets and transport terminals / taxi parks.

¹⁹ Hausmann et.al. (2014)

216. The development of cooperatives is hindered by the weak legal and regulatory framework governing cooperatives, limited skilled human resource, an acute shortage of storage facilities, low savings culture and low capitalization that constrains the sustainability of cooperatives.

2.3.7 Science, Technology and Innovation

217. Over time a number of Research and Development (R&D) products have been developed in the clusters of appropriate technologies, banana value chain, crop breeding and disease control, malaria and livestock diseases control and ICT among others. The Uganda National Council of Science and Technology has supported various universities and research institutions to train scientists and engineers, develop research capacities and undertake cutting edge research. This has led to some modest development of the STI human resources capacity with the R&D personnel capacity increasing by 6.7 percent between 2010 and 2012. Besides, government has also increased the proportion of sponsorship to science-based courses at tertiary levels to 75 percent and created 3 science-based universities in the country. In setting the foundation for increased enrolment in science-based programs Government made science subjects compulsory in lower secondary.
218. Other key achievements of the sector include formulation of the National Information and Communication Technology (NICT) Policy (2003); the National Biotechnology and Biosafety Policy (2008); and the Science, Technology and Innovation (STI) Policy (2010); establishing the Government of Uganda scientific innovations and value addition funding support mechanism, the Presidential Support to Scientists, with an annual allocation of UGX 8 billion to support scientists in the development and commercialization of local innovations; establishment and nurturing of a number of S&T institutions and enterprises ; establishment of a world class research oversight and regulatory system at the UNCST; and forging of international partnership for scientific and technological development .
219. However, the proportion of R &D funding as a percentage of GDP is still low; averaging at 0.5 percent compared to the African Union recommended level of 1 percent for African countries. The bulk of the R&D funding in Uganda goes towards applied research which stands at UGX44.8 billion attracting 5 times more funding than basic research. Most of the funds for applied research finance agricultural sciences in NARO and engineering and technology in Uganda Industrial Research Institute; with medical sciences accounting for only 2.3 percent. Additionally, there is slow technology adoption and diffusion in the country coupled with a weak legal framework that supports innovation.
220. To enhance the sector's contribution to wealth creation and employment, there is need to address the challenges of low technology adoption and diffusion in the development process, the inadequate R & D facilitation, the poor coordination and guidance of research and development in Uganda and the weak legal and regulatory framework to respond to STI.

2.4 Inclusive Growth

2.4.1 Labour and Social Development

221. **Employment:** Uganda has registered a modest increase in total employment during the last three years. According to the UNHS 2012/13, the total labour force was 16.3 million persons. The percentage of people employed in the formal sector is miniscule compared to those who are self-employed. The proportion of the labour force that is self-employed rose from 70.9 percent in 2009/10 to 81.5 percent. Of those who are self-employed, 73 percent were engaged in agriculture, forestry and fisheries, followed by 9 percent in trade and 5 percent in manufacturing, with a higher proportion of females than males. About 6 million (43 percent) working persons were in subsistence production with a higher proportion for females (49 percent) than males (37 percent). Uganda is faced with low labour productivity levels with a total factor productivity index of less than a unit compared to the global competitiveness standard of at least five units.
222. The proportion of the labour force in paid employment fell from 21.5 percent in 2009/10 to only 18.5 percent in 2012/13. In 2012/13, 15 percent of the labour force had no formal education. The labour force growth rate was estimated at 4.7 percent per annum in 2012/13. The huge increase in the size of the population aged 15 and above is explained by the population momentum generated by the persistence of high fertility. The projected²⁰ job gap of 13 million people between the formal labour market size and the total employable labour force required in 2040 illustrates Uganda's phenomenal job-creation challenge. So, while the effects of the demographic dividend could be harnessed through the increase in working age population, relative to dependent children, the pressure to create enough jobs for the big working age population is quite enormous. The highest rates of unemployment are in regions with low population and low economic activity including parts of the central region and Karamoja, as well as in the northern corridor. But the highest numbers of unemployed are in the urban areas around the northern corridor.
223. Labour markets abroad provide employment opportunities for Ugandans in the short run as the country develops its capacity to generate sufficient jobs for its labour force. The United Nations estimated that 628,845 Ugandans lived and worked outside Uganda in 2013, of which 53 percent were women. As of May 2014, 29 external employment recruitment agencies had been licensed and over 42,000 Ugandans formally recruited and deployed in Iraq, United Arab Emirates, Qatar, Saudi Arabia, Afghanistan, Somalia and South Sudan. Migrant workers' remittances into the economy were estimated at US USD 1,392 million in FY2012/13 which represented a significant increase of 215.5 percent from USUSD 646 million in FY2011/12. The remittances account for 4.0 percent of the GDP. In addition to the remittances, the migrants have acquired new skills, methods of work, and experience.

²⁰ HARNESSING THE DEMOGRAPHIC DIVIDEND. Accelerating socioeconomic transformation in Uganda

224. There is noticeable rampant breach of contracts, unsafe working conditions and sexual harassment, accidents and work related injuries.. On average 2,000 cases of work related accidents are reported annually. Few employers provide a safe and healthy working environment for descent work. There is inadequate awareness and sensitization on Occupational Safety and Health (OSH) standards, limited personnel and logistics and enforcement of legislations has not been effective. These incidences contribute to low productivity, disabilities and loss of life. In Uganda, accidents are common in construction sites, factories, security and transport sectors and commercial agricultural sub sector. In addition, occupational diseases are also on the increase. Immigrant workers impact on the job market thereby competing with Ugandans for the same jobs. From routine labour inspections, it is evident that migrant workers with similar skills as Ugandans do the same or even less work but are paid higher. Others are smuggled or trafficked into the country, confined and work under very poor terms and conditions of employment. There is an information gap on migrant workers in the country making it difficult to regulate the inflow and working conditions of both skilled and less skilled immigrants.
225. **Poverty:** Significant progress is noticeable in addressing poverty and vulnerability in Uganda, with the national poverty rate declining from 56 percent in 1992 to 19.7 percent in 2012/13. However as a result of the high population growth rate, the absolute number of people living below the poverty line has not reduced significantly. To date, over 6.7 million people remain poor and an additional 43 percent of the population is highly vulnerable to falling into poverty. Additionally, there remain significant poverty disparities across regions, social groups as well as between rural and urban areas. In addition, risk and social vulnerabilities are on the increase and are generally associated with demographic characteristics such as age, sex, disabilities and covariate risks such as unemployment, access to social security, poor working conditions, poverty and disasters.
226. **Child vulnerability:** 8.1 Million of Uganda's children live under conditions of serious deprivation or danger. Children who experience abuse, violence or are exploited, abandoned, or severely neglected (in or out of families) also face significant threats to their survival and well-being as well as profound life cycle risks that have an impact on human, social, and economic development. While there has been a significant reduction in the proportions of vulnerable children over the years, the number of Uganda's children who are vulnerable to deprivation, abuse, violence and other challenging circumstances remains persistently high. Overall, 38 percent of the children aged 0-17 years are vulnerable totalling 6.4 million children according to UNHS report 2009/2010. It is estimated that 8 percent of children in Uganda are critically vulnerable, 43 percent are moderately vulnerable while 55 percent of children under 5 years of age are affected by child poverty. Karamoja and West Nile have the highest percentage of children experiencing multiple child poverty (68 percent). Currently, 2.43m children are orphans, over 1.7m children below 14 years are engaged in child labour (with 95.5 percent in agriculture), over 2.1m children live with older persons and 22,500 children fall victims of defilement offences annually. Some of the reasons that expose children to vulnerabilities include malnutrition, HIV and AIDS, orphan-hood, child abuse, neglect violence, limited family and community capacity.

227. In a bid to protect the vulnerable children, Government in partnership with Development Partners and civil society organizations in January 2014, established the Uganda Child Helpline (UCHL)-116 toll free line as a mechanism to increase reporting of cases of child abuse. The Helpline was established as a medium through which children abused and seeking different forms of help could report and be helped. In addition, Government has developed an Alternative Care Framework to promote family based care for children and facilitate access to suitable alternative care options for children deprived of parental care in Uganda. The lack of a strong child sensitive social protection system that would remove the financial and social barriers to accessing services complicates the situation of children.
228. **Youth:** The youth constitute 21.3 percent of the total population and constitute 57 percent of the labour force. Seventy nine (79 percent) of youth live in rural areas where poverty is rife and the major economic activity is agriculture. The youth in Uganda face numerous and multi-dimensional problems including: the persistence of inadequate employable skills; limited access to assets and other means of production; limited access to basic and critical health services, including sexual and reproductive health services, for example, only 30 percent females in Uganda have access to contraception services²¹, the majority being youth; early marriages and pregnancies with prevalence rates at 22.3 for the ages of 12 – 17 years in select districts²²; substance and drug abuse as a coping strategy for lack of employment. They are also affected by peer influence and other social pressures, exposing them to HIV/AIDS, crime, unplanned pregnancies and STIs, lack of life skills needed to resist such pressures and to practice safe behaviour. Although teenage pregnancy has reduced from 43 percent in 1992 to 25 percent in 2013, it is still high.
229. The Government initiated, the Youth Livelihood Programme (YLP), in FY 2013-14 as one of her interventions in response to the high unemployment rate and poverty among the youth. The Development Objective of the Programme is to empower the youth to harness their socio-economic potential and increase self-employment opportunities and income levels. The Programme provides support in form of revolving funds for skills development projects and income generating activities initiated by youth groups. The first phase of the Programme in FY 2013-14 covered 27 districts. The Programme was scaled up in FY 2014-15 to cover the rest of the country in the second phase. A total of 32,374 youths (44% are female) have accessed support under the Programme and are presently engaged in self-employment in various vocational trades and income generating activities as follows: agriculture (53%), trade (21%), vocational trades (9%), small-scale industry (8%), services (8%) and ICT (1%).
230. **Disability:** According to Uganda Population and Housing Census Report (2002) one out of every 25 persons in Uganda had a disability, the prevalence of disability increased from 2% among children of less than 18 years to as 18% among older persons. The Uganda National Household Survey of 2009/10 indicated that Persons with Disabilities were at 16 percent of the population translating to approximately 5.5 million persons with disabilities using the recently

²¹ Statistical Abstract, UBOS, August 2013, Kampala

²² Ibid

concluded Uganda National Population and Housing Census provisional results. Persons with Disabilities face various forms of barriers ranging from negative societal attitudes; discrimination, inaccessible physical environment, information and communication technology to those resulting from insensitive disability friendly regulatory frameworks. These result into unequal access to services in the area of education, employment, healthcare, transportation political participation and justice in communities by persons with disabilities.

231. During the implementation of NDP I, focus was towards equipping PWDs with employable skills in the Vocational Rehabilitation Institutions of the Ministry. Negative attitudes, discrimination, inaccessibility and insensitive laws and policies have been tackled through awareness raising, advocacy and networking, implementation of affirmative programmes and review of some policies and laws to make them disability sensitive such as the Building Control Act 2013 includes Accessibility Standards for PWDs.
232. The Community Based Rehabilitation, for equalization of opportunities, rehabilitation and inclusion of PWDs in their communities, is the current Government strategy towards interventions of PWDs. However, funding is accessed by only 26 districts in the Country which is a big gap. The Special Grant for PWDs is a Country wide affirmative programme for employment creation. The funding for the grant is still meagre to cater for the overwhelming demand by PWD groups.
233. **Older persons:** The number of older persons increased from 1.6 million 2009/10 (2.1 percent of total population) to about 1.8 million in 2013. Majority of the older persons live in rural areas where poverty is rampant with limited productive capacity, lack of decent shelter, lack proper health care and are often discriminated from service delivery yet they still care for a big number of vulnerable children. Currently, only 2 percent of older persons have access to pension of whom 60 percent are males. The Social Assistance Grant for older persons has facilitated access to a monthly social assistance grant to 110,334 older persons in 95,000 households.
234. **Social Protection:** Social protection is globally recognised as critical for sustained poverty reduction, inclusive growth and social cohesion. Many Ugandans however have no access to social security, Direct Income Support (DIS) or social care services in times of hardship. This results in a high level of vulnerability to shocks and persistent poverty. Public investment in Social Protection stands at only 0.78 percent of GDP. Spending on DIS stands at only 0.33 percent of GDP which is significantly lower than the 1.1percent of GDP which is spent on DIS on average by other low income African countries. Currently, approximately only 3 percent of the Ugandan population has access to formal social security. Only 2.8 percent and 2.3 percent of the working population are covered by the Public Service Pension Scheme (PSPS) and National Social Security Fund (NSSF) respectively. A number of small, private social security schemes managed by groups also do exist, but their impact remains minimal.
235. Government started implementing the Expanding Social Protection (ESP) Programme in FY 2009/10 to develop a comprehensive social protection policy and strengthen government leadership, commitment and investment in social protection and pilot systems for delivering

social transfers. A key part of the Programme includes a cash transfer scheme, the 'Social Assistance Grants for Empowerment' (SAGE) pilot, which is now being implemented in 15 pilot districts. Regular monthly grants of UGX 25,000 have been provided to 110,334 beneficiaries. 63percent of direct beneficiaries are women and the programme benefits 221,000 children. The grants are paid as an Old Age Grant for elderly citizens of 65 years and above and a Vulnerability Grant for labour constrained households such as those headed by older people, people with disabilities, orphans and widows. In addition, there are a range of other social assistance programmes, public works programmes. These programmes however are relatively small-scale and rely on Development Partners funding. Finally, there isenormous diversity of projects and programmes providing Social Care and Support (SCSS) to key vulnerable groups such as Orphans and Vulnerable Children (OVC) and people with disabilities. The SCSS system however is poorly coordinated, under-resourced and dependent on Development Partners funding.

236. In order to address the constraints within Uganda's social protection system, a draft National Social Protection Policy has been developed. This policy is intended to promote the expansion of the social protection system, improve coordination and guide investment in the sub-sector. Key priorities include: the expansion of direct income support schemes for poor and vulnerable groups; the expansion of contributory social security schemes to the informal sector; strengthening social care service provision to the most vulnerable; and institutional development within the sub-sector.
237. The Government is already in the process of reforming the Public Service Pension Scheme to improve sustainability and is also reforming the contributory social security system. The Uganda Retirements Benefits Regulatory Authority has been established to oversee the reform of retirement benefits and regulate the industry.
238. **Community and Social Mobilisation:** Community Mobilization is the process of organizing people and persuading them to agree to take actions or tasks that address their common problems, challenges and concerns. A positive, desirable and sustainable change should be the ultimate outcome of community mobilisation efforts. As a process, community and social mobilization thus necessarily involves participation; empowerment and mutual respect to enable people express and analyse their individual and shared realities.
239. Although government has demonstrated commitment and progress towards poverty eradication and wealth creation as well as socio-cultural and political development of all its citizens - NAADs, PMA, Primary Health Care, UPE and USE, Prosperity for All, CDD, NUSAF and PRDP among others, there is low community demand and uptake of programmes. This is mainly attributed to inadequate mobilisation of communities and limited access to development information. Lack of access to information hampers effective decision-making as well as access to essential services, constraining their participation in and benefit from development interventions which ultimately keeps the community in perpetual poverty and low human development.

240. Lack of knowledge and awareness coupled with negative attitudes and perceptions, negative behaviours and mind set of communities continue to undermine efforts towards parental and community involvement in education of children, access to and utilization of clean and safe water and proper sanitation practices, eradication of preventable diseases including HIV/AIDS, peaceful co-existence and security in communities and patriotism.
241. In order to address the community mobilisation challenges a National Community Development Policy and its Action Plan have been formulated ***to strengthen the human resource and operational capacity for Community Development, revitalize the home and village improvement campaigns, rationalize and streamline all funds for mobilisation activities under the Social Development Sector.***
242. **Functional Adult Literacy:** FAL Programme emphasizes the integration of basic literacy and numeracy with functional skills and empowers the non-literates and neo-literates to use the skills for improving their livelihoods and wellbeing. Since 1992 through FAL Programme the Ministry has extended adult literacy services to over 1,200,000 learners in 20,000 learning centers country wide. Capacity building efforts were enhanced and these included; training 20,000 literacy instructors and supervisors; development of manuals for literacy instructors and supervisors; development of Functional Adult Literacy primers and follow up readers in 21 local languages; conducting learning needs assessment in different regions of the country; and, Distribution of 10,000 badges.
243. The country still faces high levels of illiteracy. According to UNHS 2009/10, 6.9 million Ugandans (5.5 million women & 1.4 million men) aged 15 years and above are non-literate - unable to read, write and numerate with understanding. There is regional disparity in illiteracy levels. Northern Uganda has the highest rate (36 percent), followed by eastern with 32 percent and western region has 29 percent. The central region has the lowest illiteracy rate currently at 17 percent. Library and information facilities that provide and promote relevant information, knowledge and services to communities for individual and national development are few in the country and are mainly urban based. There are only 34 out of the required 112 public libraries and 72 out of the required 365 community libraries.
244. In order to address low levels of literacy in the country, the National Adult Literacy Policy 2014 and Action Plan (2011/12-2015/16) have been put in place to guide the provision and coordination of Adult Literacy services.
245. **Culture and Creative industries:** Creative industries offer a potential for job creation and employment opportunities, strengthens cultural identity and values and influence perceptions in the utilization of community services. Uganda is a home to a total 65 indigenous communities each with its unique cultural values, beliefs, practices, heritage and so forth. The Uganda's diverse heritage has contributed to the steady growth of the economy by exploiting the creativity and innovations related to culture and creative industries.

246. There are over 12,000 types of trade in cultural and creative industries employing over 386,000 people. The types are in the areas of handicrafts, visual arts, performing arts, radio and TV broadcasting, Museum and heritage sites, publishing, design and fashion, music and drama among others. The export earnings of cultural goods and services averaged USD50m per annum. The 2013 Mapping Study shows that the contribution of creative industries to employment was only 4.5 percent and yet the industry has a high potential for job creation and employment.
247. The cultural and creative industries are inadequately supported financially. Most players have inadequate professional capacity to effectively run or stimulate the sector and the legal framework is not in consonance with the changing environment. In addition, the negative mind-set that many Ugandans portray today is as a result of ignoring the core values that run within our cultures. This in turn has led to, the breakdown in the socialization and family systems through which positive cultural values, norms, art, skills, beliefs and morals were transferred from generation to generation resulting into low productivity and moral decadence. The family has disintegrated and needs strengthening to be able to nurture culturally conscious citizens who will actively participate in Government programmes in pursuit for wealth creation and sustainable development.
248. With the emergence of the East African Community integration, issues of labour, free movement of persons and language become paramount. The Social Development Sector is strategically positioned to harness the dividends from this integration. The implementation of the decisions of the East African Community by different stakeholders needs strengthening.

2.4.2 Decentralized Service Delivery

249. Local Governments and Lower Local Governments are the frontline service delivery points and they derive this mandate from the provisions of the LG Act 1997 CAP 243 and other provisions and bye-laws of the decentralization policy.
250. The financing for local governments has increased from US\$974 billion to over US\$2 trillion today. The quality of staff has progressively improved through a number of capacity building programmes and in service training programmes. In terms of social accountability, the level of citizen participation in the local governance process has increased with more people participating in decisions that affect them, right from the village to parish, sub-county, town council, division council, municipal council up to district level. This process has also improved downward accountability. Financial Accountability has been greatly facilitated by the improved reporting through IFMIS.
251. The drive for Local Economic Development and Community Driven Development is taking root and will focus Local Government on productive activities which are indispensable of the challenge of increased local resource mobilization. A strong policy and institutional framework is in place in terms of the Local Government legislation with a financing regime in place, clear mandates on decentralized planning, and an array of platforms for engagement. There are real opportunities for resource mobilization with modalities in place to raise and transfer resources

directly to Local Governments. A number of Development Partners are prioritizing support to decentralization. The drive for the PPP policies at the LG level will facilitate and increase the capacity for districts to mobilise revenue to finance development programmes. A number of studies have been undertaken and to provide useful evidence to inform decentralization strengthening. Government's focus on socio economic transformation and wealth creation at the household level clearly establishes the local governments as a major channel for development expenditure.

252. A review of the performance of LGs shows that they are faced with a number of challenges in delivering services mainly related to: financing and revenue mobilization; human resources capacity gaps; urban development and physical planning; and governance. Conditional grants from central government account for 84.2 percent of LG funding. These Transfers have declined from 25 percent of the total national budget in FY2003/04 to 15 percent by FY 2013/14, a trend that has negatively affected service delivery. In general, LG staffing level is at 56 percent for the districts and 57 percent for the municipal councils - a state that has further constrained service delivery. Rapid urbanization characterized by an increase in urban centers from 28 in 1969 to more than 400 in 2013 (1 City, 22 Municipalities, 174 Town Councils and 207 Town Boards) has been without proper planning and facing declining resources. In addition, governance at LGs characterized by poor coordination between the technical and political leadership especially in newly created districts is hindering service delivery.
253. Other challenges include: inadequate community mobilization for development resulting in general poor attitude towards work, civic disposition, and neglect of responsibilities by communities. This is mainly due to breakdown of social values, peoples' expectations of hand-outs from government and CSOs, mistrust of communities towards leaders due to persistent unfulfilled promises; limited Local Economic Development (LED) content in Local Government Development Plans; and limited funding for participatory planning and development function of LGs.

2.4.3 Inequality

254. **Gender equality and empowerment of women:** Uganda has made significant progress in strengthening gender equality and women's empowerment. Notable among these is the formulation of gender responsive regulatory framework including policies and strategies. Further, progress has been registered in the institutionalization of gender planning in all sectors and increased collection of gender disaggregated data and information through research. Some outcomes from these interventions include a critical mass of women in Parliament, gender parity in enrolment of girls at primary level, and increased ownership of land by women.
255. Gender inequality is a constraint to social-economic transformation of the economy. Gender disparities persist due to patriarchal and traditional perceptions and practices.
256. The review of NDP I (2013) reveals that progress has been made in addressing gender inequality which has an impact on the poverty status of women. In addition, the review established that there has been improvement in women's access to water, health and education

services. Specifically the improved access to water and sanitation has reduced the time spent by women and children in fetching water.

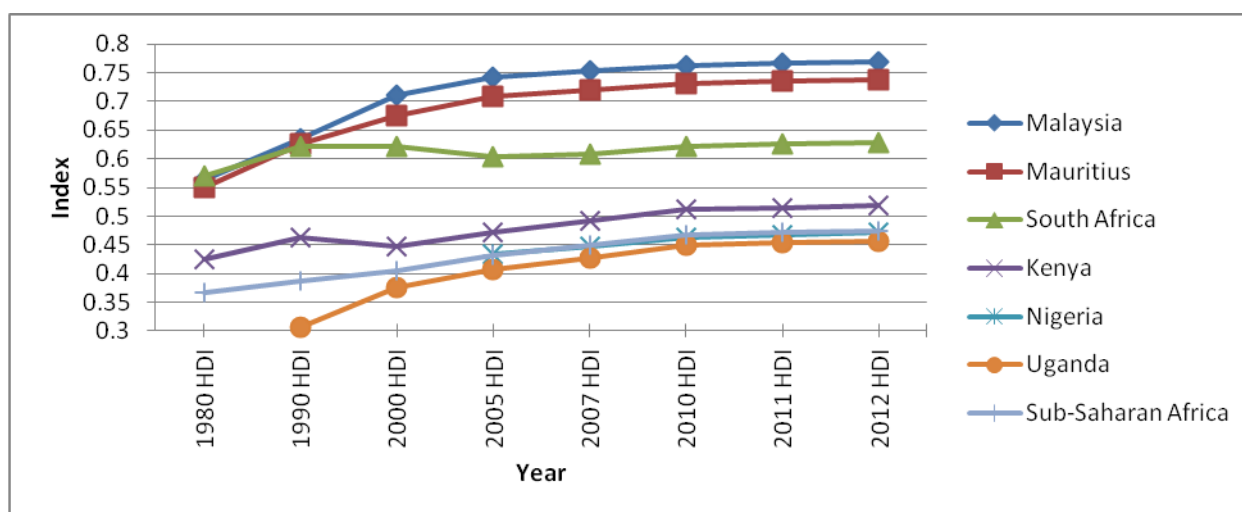
257. Women, however continue to face constraints related to access to, control over and ownership of businesses and productive resources such as land and credit. The review further indicated that there is limited employment of women in skill-based industries and this constrains further women's income potential. Women are also marginalized in skills development, access to financial resources, employment in non-agriculture sectors and inheritance rights. Only 27 percent of registered land is owned by women. Although 70 percent of the women are engaged in agriculture, less than 20 percent control outputs from their efforts. Women comprise of the majority of labour force in the Agricultural Sector while men form the majority of the labour force in the Industry and Service Sectors. Female headed households comprise 80.5 percent of the agricultural subsistence workers compared to 67.5 percent of the male headed households. However, plots managed by women produce 17 percent less per acre on average than plots managed by men or jointly by other family members. In wage employment, fifty percent of the employed women work in the three of the lowest paying sectors compared to 33 percent of men. About 50 percent of women cite getting money as a problem for accessing health care while 41 percent cite distance to health facilities as a challenge for accessing health care. HIV/AIDS prevalence rates indicate higher vulnerability of women and girls arising out of their limited control over decisions for safe sex. Among the age group of 15 to 19 year olds the female prevalence rate has increased from 2.6percent in 2006 to 3percent in 2011 while male prevalence rates in the same age group rose from 0.3percent to 1.7percent in the same age group.
258. Gender Based Violence (GBV) in all its manifestations (physical, sexual, FGM/C, emotional and psychological) remains a critical human right, public health and economic concern with 56 percent of women citing having experienced physical violence by the age of 15 years while 28 percent women aged 15-49 citing having ever experienced sexual violence compared to 9 percent of men in the same age group.
259. Absence of clear indicators for monitoring and evaluation of gender mainstreaming and limited availability of gender disaggregated data for effective programme design has made it difficult to assess impact attributable to gender mainstreaming efforts. Irregular gender audit as grossly limited the tracking of compliance to the regulatory and policy framework by different actors.
260. Significant achievements in improving the status of women and promoting gender equality over the last 10 years among others include:
- i. The supportive policy and legal framework (Prohibition of Female Genital Mutilation Act, Domestic Violence Act, Uganda Gender Policy, and Draft Gender Based Violence Policy) put in place to promote the rights of women;

- ii. Over 5,600 technical staff in MDAs and local governments have been trained in gender planning, analysis and budgeting to ensure equitable participation of men and women in the development process;
 - iii. Gender and equity budgeting as a requirement for sectors and local governments to make the budgeting process and government policies, programmes and projects responsive to gender issues has been introduced;
 - iv. The Equal Opportunities Commission (EOC) was been established to operationalize the Constitutional provision on equal opportunities;
 - v. Gender parity in primary school enrolment was achieved in 2009.
 - vi. Women Councils have been established from grassroots to national level to enhance women's confidence and to provide women at all levels with opportunities to rise into leadership positions.
261. In order to achieve gender equality and women's empowerment, Government will ensure a framework for coordinated interventions through a national policy to eliminate gender based violence and strengthen the capacity of women for increased competitive entrepreneurship and provide appropriate technologies to women.
262. **Income Inequality:** Though still relatively low compared to the Vision 2040 comparators, Uganda's level of inequality is increasing. Income inequality as measured by the Gini coefficient reduced from 0.426 in 2009/10 to 0.395 in 2012/13, and is higher in urban areas (0.41) compared to the rural areas (0.34). The increasing level of inequality could perhaps be explained by the under-performance of the agricultural sector due to declining agricultural productivity, the out-dated BTVET/tertiary education curricula that imparts skills that are not relevant in the labour market place, high school drop-out rates and the dominance of primary commodities in the export basket. An average of 43 percent of the working population was in subsistence production with the proportion higher for females (49 percent) than males (37 percent). Three quarters of the working population had either no formal schooling or had only primary level education.
263. Both income and gender inequalities as well as multi-dimensional poverty have been rising since 2010. Whereas the national poverty rate dropped to 19.7 percent in 2012/13, huge disparities remain between regions as well as between rural and urban areas. Urban poverty increased slightly to 9.3 percent but was considerably low compared to 25.8 percent in the rural areas.
264. Uganda's inequality adjusted HDI in 2012 was 0.303 representing a significant fall²³ (33.6 percent) in human standard of living due to inequality in the distribution of dimension indices.

²³ Population data are based on estimates.

Similarly, the same HDR indicates that the country has got a high gender inequality index (0.517) on the dimensions considered in the assessment (maternal mortality, adolescent fertility rates, empowerment and economic activity) ranking 110 out of the 148 countries assessed. Uganda moved from 43rd to 29th in the global gender gap ranking between 2008/09 and 2011/12 suggesting some successes in equalizing access to services and opportunities between women and men.

Figure 2.13: Comparative Assessment of Income Distribution Countries



Source: World Bank Poverty and Inequality Database, 2014

265. Government has, over the years, attempted to address the regional disparities in poverty and development through the introduction of the equalization grant, and through the introduction of special programmes. The equalization grant was introduced in FY1999/2000 as a top block grant to a number of districts mostly in Northern and Eastern Uganda to give those districts wider fiscal space to address some of the most pressing service delivery gaps. This grant was given to districts for purely social service delivery. This grant has consequently not grown in tandem with the increase in the resource envelope nor the number of districts that have continued to qualify for the grant. In addition, the grant did not incorporate an element of building the local economies and/or raising the incomes of the people in those districts.
266. The introduction of special programs began with the appointment of a Minister in charge of Luwero Triangle to head the Luwero Development Program. Having served as the center for the 1985 liberation war, Luwero's economy and Infrastructure was badly damaged, hence the appointment of the Minister in charge of Luwero Triangle was meant to galvanize and refocus all efforts meant to restore the local economy and repair the damaged infrastructure. The establishment of the Luwero development program was quickly followed by the establishment of similar programs targeting areas that had been affected by the Joseph Kony/Northern Uganda conflict, the insurgency in Teso and the cattle rustling orchestrated by the Karamojong. Currently, all of the special programs are managed and coordinated by the Office of the Prime Minister and include the Karamoja Intergrated Development Program (KIDP); the Luwero and

Rwenzori Development Program (LRDP); and the Peace, Recovery and Development Plan (PRDP) that includes: the Northern Uganda Social Action Fund (NUSAF), Karamoja Livelihoods Programme (KALIP) and Northern Uganda Agricultural Livelihoods Recovery Programme (ALREP).

267. The most significant of the special programs both in terms of budget size and geographical coverage has been the PRDP. The PRDP was first introduced in 2009 as a three year plan for the recovery and development of Northern Uganda but has since been extended to cover more districts and a longer time frame. It currently covers 55 districts and 9 municipalities in the Greater North and about 38 percent of Uganda's population. However, only one third of the population in this area lives in districts that were significantly affected by conflict or cattle-rustling; another third has been sporadically affected by conflict and cattle-rustling and the last third has only suffered from spill-over effects of conflict or cattle-rustling. As such, even though the needs of these three district categories maybe different, the implementation of PRDP programmes continue to be uniform across the board regardless of economic opportunities or level of poverty.
268. The overall goal of the PRDP is to stabilize Northern Uganda and lay a firm foundation for recovery and development. Specifically, the PRDP aims at promoting socio-economic development of the communities of Northern Uganda to bridge the gap between the North and the rest of the Country, so that the North achieves "national average level" in the main socio-economic indicators. The PRDP is organized around four Strategic Objectives, namely: consolidation of State Authority; rebuilding and empowering communities; revitalization of the economy; and peace building and reconciliation. The PRDP is implemented through three modalities, which include the PRDP budget grant, On-budget special projects, and Off-budget funding.
269. Under the "PRDP budget grant", government provides grants through the budget as a top-up to the regular budget allocations of the benefitting Districts and central government agencies involved in PRDP implementation. Under the "On-budget special projects", some donors provide funds for special projects which are managed by the Government (e.g. NUSAF II funded by the World Bank & DFID, and KALIP & ALREP which are funded by the EU). Using the third modality of off-budget funding, donors and other development partners implement projects without the involvement of Government, either directly or through NGOs and CSOs.
270. One of the strengths of the PRDP has been that it has enabled the mobilisation of significant additional resources to invest in the recovery of Northern Uganda. However, even though the region can no longer be categorized as immediately post-conflict, there is still a significant shortfall in its performance against key socio-economic indicators relative to the rest of the country. Northern Uganda contributes only a very small portion to national output especially in the industry and services, two sectors that has higher than average wages. The region contributes only 6 percent of the total national output for industry and services.

271. A review of the PRDP programme conducted in 2011 established that some progress had been made in all four objectives but with significant variation. More progress had been made under the first two Strategic Objectives: consolidation of State Authority, and rebuilding and empowering communities, than under the third and fourth; revitalization of the economy; and peace building and reconciliation. Law and order had greatly improved and State Authority had been consolidated. Trust in authorities had also improved, indicated by the increased crime reporting rates. Communities and sub-counties reported that with the assistance of the PRDP, better services were being delivered though concerns were raised in some cases over lack of comprehensiveness of investments and lack of emphasis on functional service delivery.
272. An analysis of PRDP financing for the first two years of implementation showed that USD110.3m was provided through the PRDP grant, with Government providing over Shs 100bn in own-funding each year and the remainder were being provided by budget support donors. An additional USD98m was provided through Special Projects. Donors reported a further USD382m in off-budget funding. In total, the PRDP received USD590.3m in its first two years of operation compared to an initial budget of USD 606 million for the first three years, indicating that the programme was on track to exceed its original budget estimates. However, the funding provided through Special Projects and donor off-budget financing included administrative costs and technical assistance. It was also not clear whether the reported off-budget funding was wholly additional, or it included projects that were already in existence before the start of the PRDP. In addition, the outputs of donor off-budget funding were hard to track as OPM was not the primary recipient of the project reports, even though individual interventions may be known at District level.
273. During the first two years of the PRDP, the bulk of the funding was provided to the meet strategic objective 2, "Rebuilding and Empowering Communities", which received USD388m (equivalent to 65.7 percent of total funding). About USD290m was channelled through off-budget interventions, USD66.5m through the PRDP grant, and USD30.9m through Special Projects. The PRDP objective 3 focused on "revitalizing the economy" received only USD89m (equivalent to 15.1 percent of total funding). Once again, the bulk of this was channelled through off-budget funding (USD38.1m), with the remainder being provided through Special Projects (USD31.6m) and the PRDP grant (USD19.3m). Strategic Objective 1, Consolidating State Authority, received the least funding (USD14.6m, or less than 3 percent of total funding), while it accounted for over two-thirds of the original PRDP budget.
274. The review concluded that even though progress was made, interventions had generally been weak, and conflict drivers such as land, youth unemployment and inadequate reintegration of ex-combatants were not adequately assessed or addressed. Provision of economic infrastructure (e.g. roads) yielded some positive results but support to farmers had not been adequately addressed. Much more support was needed in order to reduce income poverty and to provide economic opportunities for the youth. In addition, the balance of funding between Strategic Objectives was not fully in accordance with the needs of communities. Communities surveyed cited social infrastructure, agricultural inputs and support to agriculture in general as high priorities, particularly in districts with high numbers of returnees. Further, though PRDP

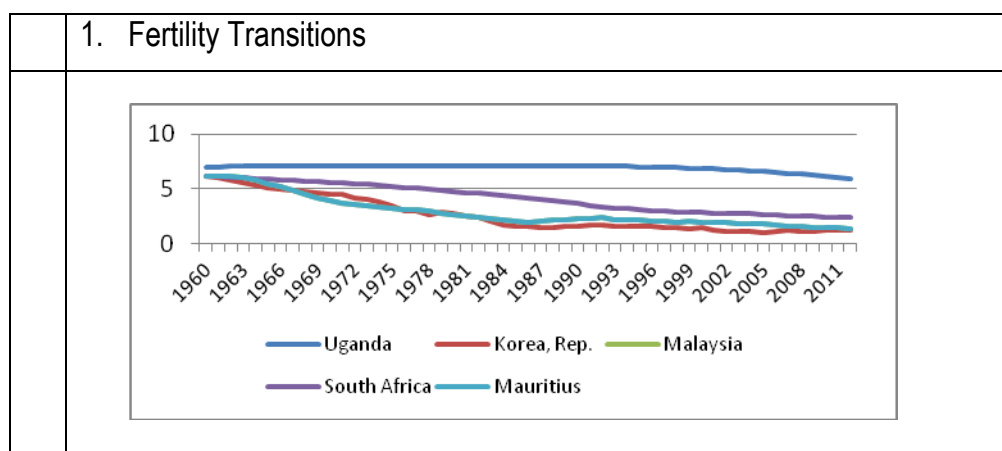
interventions follow sector guidelines and are in many ways similar to those implemented by the sectors, the sectors have not always played an active oversight role in its implementation to ensure optimization of investments or that the construction of infrastructure fits into sector development priorities.

275. At the program level, the PRDP was predominantly focused on social infrastructure receiving an allocation of 53 percent of all funding. Economic Infrastructure rehabilitation, that is maintenance or upgrade of district or community roads, received just 4.4 percent of overall PRDP funding. Production and Marketing Enhancement received 7.6 percent of overall PRDP funding, entirely financed by Special Projects and off-budget interventions, while Environment, Land and Natural Resources received just 1.9 percent. In order to reduce income poverty and improve socio-economic indicators for the region, a greater portion of the funds should have been allocated to meet strategic objective 3, “revitalizing the local economy”.

276. **Natural Disasters:** Landslides, drought, famine, severe storms, wild fires and lightening are increasingly causing destructive impacts on investment in many parts of the Country. There are several factors that influence the risk of occurrence of disasters such as human and social vulnerabilities, coupled with overall capacity to predict, prepare for, respond to or reduce disaster impact. Low levels of disaster preparedness at National, District and Community levels are contributing factors. Disasters disrupt productive capacities of the population, destroy infrastructural and productive investments, divert resources meant for economic growth programmes and retard the pace of GDP growth rate. With increasing public awareness about disasters and disaster risks, climate change and global warming, society is ceasing to portray disasters as mere acts of nature and is therefore eager to contribute to sustainable solutions.

2.4.4 Dependency

Figure 2.14: Dependency Ratios and Fertility Transitions



Source: World Development Indicators, 2012

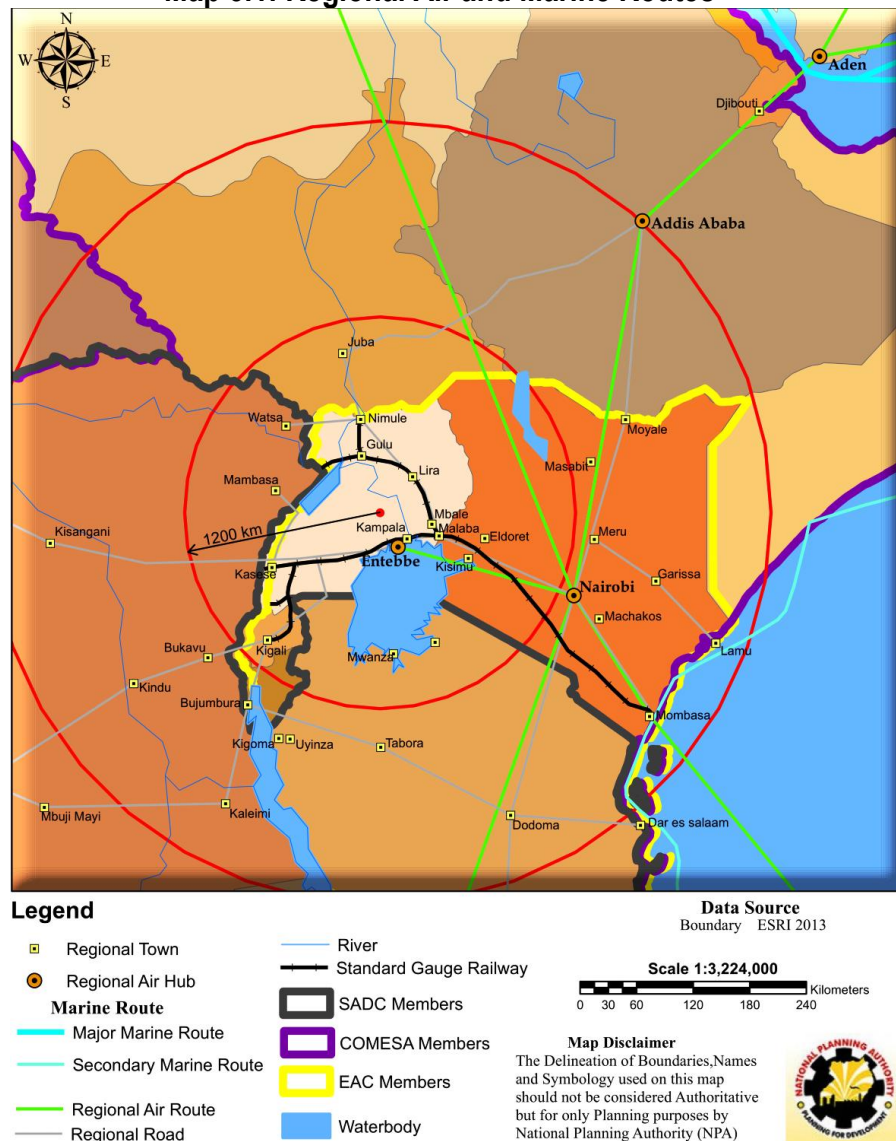
277. The country is still faced with a high dependency ratio mainly due to the high fertility rate (Figure 2.14). While other developing countries have undergone rapid fertility transitions, Uganda's fertility has remained high, although it recently decreased 6.2. High population growth in rural areas has resulted in the persistence of subsistence farming and low agricultural productivity.

CHAPTER 3: DEVELOPMENT CONTEXT

3.1 Introduction

278. As a landlocked country, with a relatively small market, Uganda has to look outside its borders for opportunities to trade and import technology. In that regard, Uganda has committed to building a quasi-market oriented economy, fully prepared to take advantage of the unfolding global development opportunities. NDP II lays strategies to mitigate the impact of the challenges faced, fully cognizant of its development obligations as enshrined in the Constitution of the Republic of Uganda, the East African Community Integration Protocols, the Africa Agenda 2063, and the Post 2015 Sustainable Development Agenda.

Map 3.1: Regional Air and Marine Routes



279. The major development opportunities unfolding at the global and regional level include: the ongoing re-alignments of the global economic, geopolitical, security and social landscapes; and changes and advances in technology, production, trade, knowledge and labour markets. Global demographic trends and the growing global middle classes in emerging and developing countries also present valuable opportunities for Uganda.
280. Uganda's economic growth rate of 5.04 percent in 2012/2013 compared rather favourably with two of Africa's biggest economies; South Africa and Nigeria, at 7 percent and 5.3 percent, respectively. However, Uganda needs to grow at a much faster rate to catch up, for instance, with the size of the South African economy with a GDP of USD 350 Billion and a population of 52 million. For Uganda to change its GDP trajectory, value addition through industrialization or light manufacturing and the potential demographic dividend will be the key drivers, linked to trade, tourism, agriculture, and natural resource exploitation while taking full advantage of the changing distribution of global political and economic power. In the process, the country will put in place the appropriate policies, legal framework and programs to eliminate the main challenges impeding growth, including but not limited to: income inequality; unemployment (especially youth unemployment); unplanned urbanization; inadequate infrastructure, especially energy, transport and water for production, the slow pace of land reforms, impact of natural disasters; climate change and global warming.

3.2 Key Development Opportunities

3.2.1 Demographic Changes

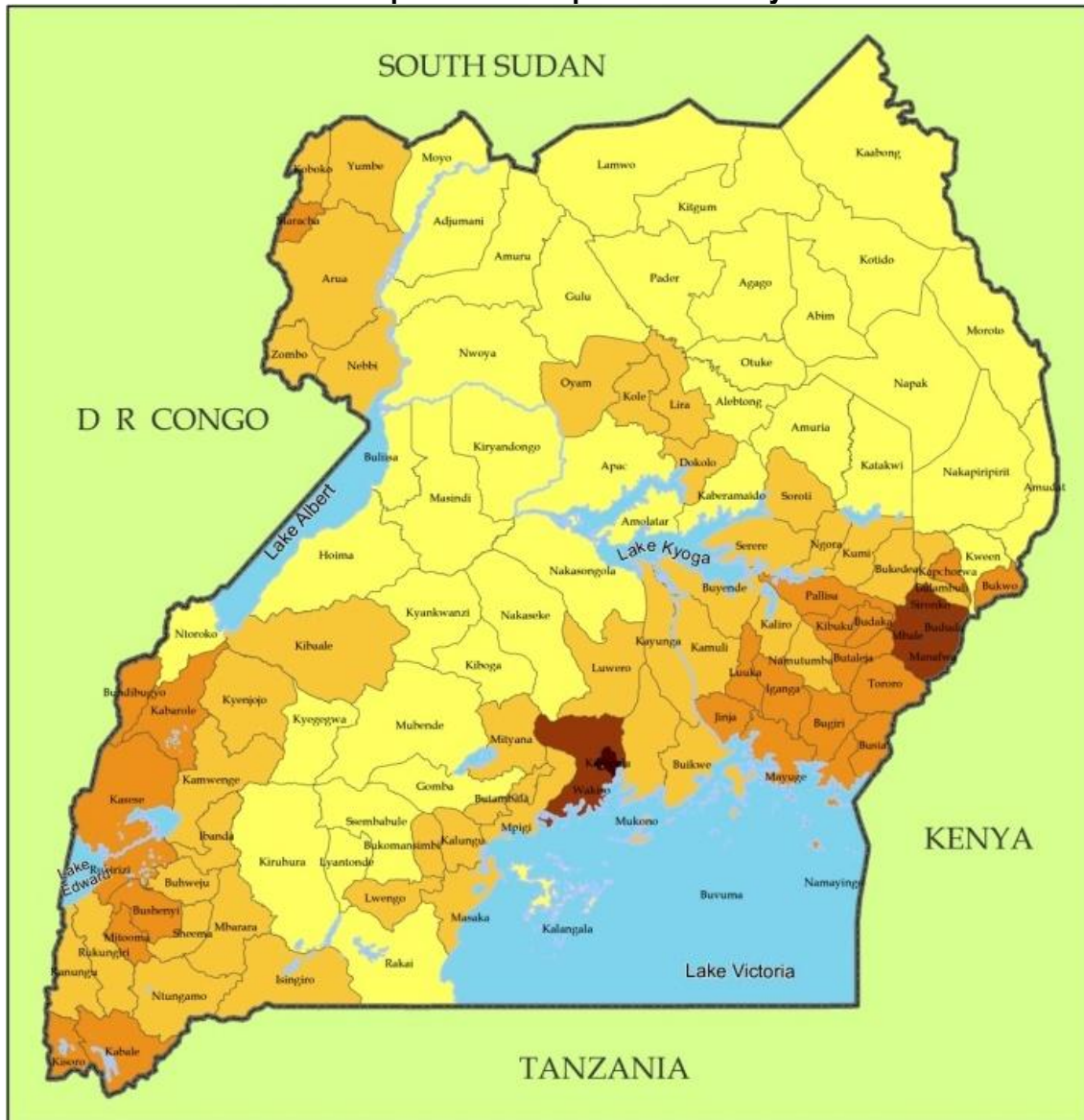
281. The world population of 7.2 billion in mid-2013 is projected to reach 8.1 billion in 2025, according to official United Nations estimates. Much of this increase is projected to take place in high-fertility countries, mainly in Africa. By 2063, Africa's population is projected to reach 30 percent of the world's population, second to Asia which will be making up 50 percent, even if its share of the world's GDP by that date is projected to be only 10 percent.
282. By 2030, most developing countries should have experienced fast enough economic growth rates, averaging 5 percent per year, to bring extreme poverty down below five percent. The consequent growth in the global middle classes in emerging and developing countries will lead to a surge in global demand for natural resources, food items and manufactured goods to service middle class life styles.
283. Uganda, although a low income country, can also benefit from the growth in the size of the global markets for food, natural resources and light manufactured goods by taking advantage of its demographic transition that is starting to take root, by increasing the volume, diversity and quality of goods produced in these categories. Although Uganda's population growth rate of 3.2 percent is projected to drop to 2.4 percent by the year 2040, the total population will increase to 61 million in 2040²⁴. The decline in the size of the young population cohorts, due to declining

²⁴ NPA – Harnessing the Demographic Dividend, Accelerating socioeconomic transformation in Uganda

fertility and the rise of the working age population cohorts, potentially present a demographic dividend for Uganda which, if properly harnessed, could propel the rate of economic growth.

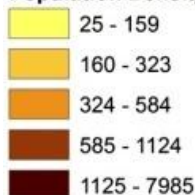
284. Map 3.2 shows the Uganda's population density as at 2014. Generally, the Central part of the country as well as the Eastern, Western and North-Western parts are the most densely populated and therefore in high demand of services.

Map 3.2: 2014 Population Density



Legend

Population Density



Scale 1:3,224,000



Map Disclaimer

The Delineation of Boundaries, Names and Symbolology used on this map should not be considered Authoritative but for only Planning purposes by National Planning Authority (NPA)



Data Source

National Boundary UBOS 2014
Population Data UBOS 2014

Coordinate System

Coordinate System: WGS 1984 UTM Zone 36N
Projection: Transverse Mercator
Datum: WGS 1984
False Easting: 500,000.0000
False Northing: 0.0000
Central Meridian: 33.0000
Scale Factor: 0.9998
Latitude Of Origin: 0.0000
Units: Meter

3.2.2 Increased Global Demand for Agricultural Products

285. Closely related to the growth in global population, is the rising demand for food and food related items, as evidenced by the high and rising global food prices. The combined effect of the rise in total global population, the increasing numbers of the global middle classes, and the negative impact of climate change on food production around the world (due to flooding and droughts), has resulted in a consistent rise in the demand for food relative to food supply. As a predominantly agricultural country, this situation provides a big opportunity for Uganda to increase production, productivity and add value to a variety of its agricultural outputs.

3.2.3 Increased Global Demand for Natural Resources

286. At the global level, it is estimated that, between 2010 and 2040, world energy consumption will grow by 56 percent, with much of this growth derived from strong long term growth in the emerging and developing economies. Non-renewable fossil fuels continue to play a dominant role, supplying close to 80 percent of the world's entire energy demand. Uganda has made significant discoveries in natural resources in recent years and in the last five years; new minerals and fossil deposits have been discovered in commercial quantities.

287. The shift towards non-traditional and more efficient renewable sources of energy has been informed by the undesirable effects of non-renewable fossil fuels on the environment (including but not limited to climate change) on the one hand, and the need to ensure efficiency in energy consumption, for future availability and sustainability of these resources, since they are exhaustible on the other. Renewable energy (that includes sunlight, wind, rain, tides, waterfalls and geothermal heat) and nuclear power are the world's fastest growing energy sources, growing at approximately 2.5 percent per year²⁵.

288. In addition, whereas rapid advances in the development of new technology offers significant benefits to Uganda, if the transfer and adoption/absorption of new technologies is well managed, technological change and the development of new sources of energy, can reduce the considerable economic promise of Uganda's reserves of natural resources. For example, with increased automobile fuel efficiency and the boom in America's natural gas production, the U.S. is becoming less reliant on foreign petroleum oil supplies.

289. In this regard, while Uganda should intensify efforts for the exploration and production of fossil fuel, it should also start investing in the development of other renewable energy sources, particularly in solar, biogas and wind energy.

3.2.4 Increased Access to Development Finance

290. Until recently, Official Development Assistance (ODA) was the main source of funding for development, especially for the low income countries (LICs). Each of the three sources of Aid: Multilateral Institutions, Western and Asian countries and the civil society in the West set up mechanisms for funding development projects (especially infrastructure) in LICs, either with a

²⁵ (International Energy Outlook, 2013)

strong grant element (concessional loans) or at no interest. However, there were always conditions attached to the use of these funds, which diminished the effectiveness of this Aid, especially when these conditions were not properly negotiated or internalized.

291. At a global level, the future will be characterized by the emergence of systemically relevant “growth poles” of several developing and transition countries – most notably the BRICS (Brazil, Russia, India, China and South Africa). At the Fifth BRICS Summit held in South Africa in March 2013, the BRICS leaders agreed to establish a new Development Bank, with sufficient capital for financing infrastructure. They also agreed to establish the BRICS Multilateral Infrastructure Co-Financing Agreement for Africa, which paves the way for the establishment of co-financing arrangements for infrastructure projects across the African continent.
292. The emergence of these new economic and political power centers potentially provide new sources of finance to fund Uganda’s development needs on concessionary terms. In order to seize this opportunity, the country needs to forge a proactive engagement strategy (especially through commercial diplomacy) with these emerging partners, harnessing the growing economic relations with them to advance its long-term development objectives.
293. Africa’s required annual infrastructure spending is estimated to be about USD93 billion per year. However, African countries spend only about USD45 billion annually on infrastructures, a third of which is contributed by donors and the private sector. Two thirds of the total amount of resources spent on infrastructure is used for operation and maintenance, and only one-third to finance new projects. This leaves a funding gap of USD48 billion annually. Over the past five years, the African Development Bank (AfDB) has invested over USD5.4 billion in critical infrastructure in Africa through private sector and public-private partnership (PPP) financing.
294. The “Africa50 Infrastructure” Fund launched by the AfDB together with the “Made in Africa Foundation” will help develop and fund bankable projects. In addition, “Africa50” planned to raise at least USD500 million in 2014 to shorten the time used to move an infrastructure project from preparation to development from an average of seven years to less than three years. China has recently pledged USD3 billion for joint investments with the World Bank/IFC in African infrastructure. In addition, the China-Africa Development Fund—supported by the China Development Bank—has already financed projects in more than 30 Africa countries. Additionally, the President Obama Power Africa initiative, which aims to double electricity access in SSA, is a good source of funding for energy projects in sub-Saharan Africa.
295. Ethiopia and Kenya are pioneering innovative ways of accessing previously untapped sources of funding. Ethiopia has issued diaspora bonds for financing public infrastructure, while Kenya has placed infrastructure bonds to the diaspora. Other African countries are also assessing their feasibility. The African Union in conjunction with AfDB and NEPAD has formulated two mechanisms for infrastructure reform, funds mobilization and capacity building: the Program for Infrastructure Development (PIDA) and the Short-term Infrastructure Program (STAP). STAP was developed based on a survey of infrastructure projects under preparation by countries and regional institutions based on a number of criteria, including projects that are at an advanced

stage of preparation which can therefore be fast tracked, projects that enhance regional integration, those that have stalled for political reasons, and projects that promote private sector involvement. PIDA, on the other hand, aims to develop a vision, policies, strategies and a program for the development of priority regional and continental infrastructure in transport, energy, trans-boundary water and ICT over the medium to long term.

296. Infrastructure development is costly and requires mobilization of significant resources. The EAC integration provides Uganda an opportunity to pool resources with other Partner States to develop regional transport infrastructure projects which are capable of increasing the country's connectivity with the region. These include regional road networks, regional railway networks, regional water ways, ports and other facilities. Efforts are already underway for Uganda, Kenya and Rwanda to jointly improve the quality of the road connecting the three countries and linking them to the sea at Mombasa. The Exim Bank of China and the three governments are also jointly financing the construction of the regional standard gauge railway from Mombasa to Tororo and further to Kampala and Kigali with a branch Juba.

3.2.5 Trade and Expansion of Markets

297. Trade is an important driver of economic growth and job creation worldwide. The success of the South East Asian countries (like South Korea) shows that, with political stability and commitment to development accompanied by proper policies, trade can drive economic growth and development. Trade has been a major engine of growth in all the emerging economies and extensive studies have consistently shown that export growth is closely linked to economic growth. Moreover, there is growing empirical evidence that improved trade performance is closely associated with increased employment opportunities and higher incomes for the poor. For Uganda, a small economy with low consumer purchasing power and agriculture as the dominant sector employing 66 percent of the total labour force, regional and international trade enables local producers to participate in the wider global value chains, access larger markets and increase productivity, efficiency and overall competitiveness in production.

3.2.6 Tourism potential

298. Tourism is one of the world's largest and fastest-growing economic sectors, recording high rates of growth and expansion. Many new destinations have emerged, challenging the traditional ones of Europe and North America. In the recent past, destinations and innovative tourism products in emerging economies have grown faster than in advanced economies and this trend is set to continue in the future.
299. In spite of the occasional shocks, international tourist arrivals have recorded virtual uninterrupted growth, rising from 277 million in 1980 to 528 million in 1995, and 983 million in 2011. In 2012, for the first time in history, tourism arrivals surpassed the 1-billion mark to reach 1.35 billion, representing a growth rate of 4 percent. The number of international tourist arrivals worldwide is projected to increase by 3.3 percent a year on average in the period 2010-2030. In the same period, arrivals to emerging economies are expected to increase by 4.4 percent a

year, double the projected increase in pace of 2.2 percent a year to advanced economies²⁶. This global trend shows enormous potential for tourism in Uganda, if the country's enormous tourism resource endowment (in terms of variety) is well planned and harnessed.

3.2.7 Industrialization, Technological Innovation and Absorption

300. Industrialization plays a very vital role in the economic transformation of countries. With technological innovation and absorption, countries now have the ability to industrialize faster and more cheaply than before. Economies that are effectively engaging in external trade have a better chance of importing and absorbing new technologies and hence can industrialize faster. The industry sector²⁷ in Uganda contributed 20.6 percent to GDP in 2013/14, with manufacturing contributing 9.3 percent²⁸, and employs about 8 percent of the total labour force. The huge demand for light manufactured goods and processed agricultural products in the region (particularly South Sudan and Congo), given the current limited capacity for production of these categories of goods in the wider East African region, the large percentage of the population that is not in paid employment and the labor intensive/low technology nature of this type of manufacturing, presents a major development opportunity. Establishment of light manufacturing/agro-processing industries in Uganda would create good paying jobs that are resilient to economic fluctuations in the developed world for the large and increasing numbers of the jobless youth. Goal 8 (target 8.1) of the proposed Sustainable Development Goals implores member countries to achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour intensive sectors.

3.3 International, Regional and National Development Obligations

301. During the 14 year period since the millennium declaration, the world has seen some of the steepest reduction in the levels of poverty globally. The number of people living below the poverty line, which is on less than 1.25 dollars per day, fell by more than 500 million. Child mortality reduced by more than 30 percent globally and the number of children dying from malaria was reduced by one quarter. Overall, there has been remarkable progress made in all of the eight goals due to:

- Higher rates of economic growth, particularly in the low to middle income countries (including Uganda) driven by better and more evidence based policies, increased regional integration creating bigger markets and free movement of labour
- Increased involvement of non-state actors, and consequently better governance

²⁶ World Tourism Organization Report, 2012

²⁷ The industrial sector comprises manufacturing, mining and quarrying, construction, and utilities. Manufacturing is composed of food processing, beverages and tobacco, textiles, clothing and footwear, paper and printing, chemicals, petroleum and other chemical products, non-metallic minerals, basic metals and metal products and other manufacturing (Source – MTTI/UNIDO).

²⁸ UBOS FY 2013/14 official provisional statistics

- Increased budget outlays for basic social and economic services made possible by the high rates of economic growth and discovery of new natural resources, and more importantly
 - Global commitment to the MDGs, which laid a rallying platform for concerted investments, particularly in social infrastructure.
302. By 2012/13, Uganda had already met two of the 17 MDG targets, and was on track to achieving another eight by 2015. The country halved the number of people living in absolute poverty five years ahead of schedule, and had also achieved debt sustainability. However, there are a number of areas where progress has been slow, stagnated or experienced reversals. These include:
- Reducing maternal mortality rates,
 - Slow progress in giving women access to reproductive health services,
 - Inadequate integration of sustainable development into country policies and programs; and
 - loss of valuable environmental resources. Progress has also been slow in reducing biodiversity loss and improving the lives of slum dwellers.
303. As the MDGs come to an end, a High level Panel of Eminent Persons was appointed by the UN Secretary General to draft, for consideration of the General Assembly, new goals and targets that would guide member states on the post 2015 Sustainable Development Agenda. The panel has recommended that rather than start on a new set of mutually agreed development goals, the sustainable development agenda should build on the achievements made under the MDGs and motivate countries to embark on a more sustainable development path.
304. Consequently, the next 15 years under the post 2015 development agenda will be guided by aspirations for a **world that is more equal, more prosperous, more peaceful and more just.** In that regard, **a set of 17 goals and the attendant targets** has been recommended, with **all targets set at the national or even local level, to account for differences in contexts and starting points.** Targets will only be considered achieved if they are met for all relevant income and social groups.
305. Holding the Presidency of the UN General Assembly during the debate, adoption and launch of the Post 2015 Sustainable Development Goals (SDGs), Uganda is in a uniquely advantageous position to lead by example by adopting and localizing the SDGs, and implementing projects geared towards achievement of the SDGs, particularly those that fit within the current national development obligations as well as East African Regional Integration and African Agenda 2063 development commitments. NDP II presents the perfect opportunity to do this.
306. The full list of the recommended post 2015 Sustainable Development Goals and targets is shown in the appendix. However, this section presents the most critical of the development obligations and commitments in line with the Constitution of the Republic of Uganda, Uganda

Vision 2040, the East African Regional Integration Protocols, Africa Agenda 2063 and the SDGs which have been integrated into NDP II as the platform for mobilizing resources to implement and monitor their achievement. They will also be integrated into the appropriate Sector and Local Government Plans and budgets, as well as, implementation, monitoring and evaluation frameworks.

3.3.1 Develop adequate Energy Supply

307. Review of the economic history of advanced economies shows that growth and development are inextricably linked use of electricity as form of energy. Government is committed to improving electricity generation and supply to support industrialization. Government has also made commitments at regional and international level to improve electricity generation and sharing among partner states through the Eastern Africa Power Pool (EAPP) in a bid to rationalize the generation and use of modern energy sources.
308. Sustainable Development Goal 7 obligates member states to ensure access to affordable, reliable, sustainable, and modern energy for all. Under Target 7.1, members are expected to ensure universal access to affordable, reliable and modern energy services. The Uganda Vision 2040 puts the target at 80 percent access to modern energy by 2040, up from the access rate of 14 percent in 2013.

3.3.2 Develop adequate Transport Infrastructure

309. There is a close relationship between regional integration, growth, and transport infrastructure. Infrastructure development helps to: reduce the cost of production and of doing business; widen and integrate markets; achieve economies of scale; encourage participation of the private sector; and attract foreign direct investment and technology, hence increase a country's competitiveness and effective participation in regional and global value chains.
310. Article 89 of the EAC Treaty gives prominence to regional infrastructure development as one of the major areas of cooperation to facilitate the movement of traffic within the Community, promote integration within the regional and global markets and further the physical cohesion of the Partner States. The Treaty calls on Partner States to "... evolve and expand the existing transport and communication links and establish new ones". The EAC Transport Strategy and Road Sector Development Program (2010–2020), and the 4th EAC Development Strategy for the period 2011/12-2015/16 outlines the broad strategic goals of the Community to include development of: (i) road connectivity and operations across the region; (ii) an efficient railway system, (iii) a safe, secure, and efficient air transport system; and (iv) a safe, secure, and efficient maritime transport system; and (v) integration of information and communication technology (ICT) into regional initiatives.
311. SDG Goal 9 obligates member states to "build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation". In particular, Target 1 under this goal requires member states to "develop quality, reliable, sustainable and resilient infrastructure,

including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all”.

3.3.3 Promote a Rule-Based Open Trading System and Regional Integration

312. Uganda’s push for regional integration and its membership in the EAC, COMESA, and the African Union and World Trade Organisation (WTO) is one of the strategic policy choices through which the country is promoting trade and access to new markets. The EAC gives Uganda access to a regional market of 1.82 million Km², a population of 141.1 million people and a GDP of USD 99.8 billion. In 2010, intra-EAC trade grew from USD 1,617.1 million in 2006 to USD 3,800.7 million. Uganda’s share in intra-regional exports rose from an average of 3 percent prior to 2000 to 14 percent at the outset of the global financial crisis in 2008. Thus, not only have EAC markets provided a growing outlet for Uganda’s exports, the country has also been gaining substantial market share of those markets. Furthermore, the regional market is increasingly becoming a fertile ground for growth of small-scale exporters, diversifying the export basket and adding value to the traditional export commodities. Thus, the EAC market is critical for nurturing new and inexperienced exporters and for diversifying the country’s export basket. However Uganda’s membership to WTO provides her with access to the high end global markets of EU, Americas and Asia which though declining has remained important for technological transfer.
313. In addition, Uganda’s strategic location at the heart of East Africa, bordering and inter-linked to 5 other economies, makes it well placed to exploit the regional market. It is in a particularly advantageous position to supply neighboring countries in the Great Lakes region and beyond i.e. South Sudan, the DRC and Kenya. Uganda’s private sector has already established trading partnerships in these countries mainly through informal means. Up until 2010, these countries accounted for 38 percent, 20 percent and 19 percent of Uganda’s exports respectively. Building on the existing trade relations, Uganda can play a stronger strategic role in increasing trade, particularly with the non-EAC Great Lakes countries.
314. Another important achievement of the EAC is the establishment of the Common Market effective July 01, 2010. Although not yet fully functional, the East African Common Market is so far the only one of its kind in Africa. Full implementation of the Common Market Protocol is expected to increase investments in the region, as investors will be assured of a bigger single market, with free movement of all factors of production. In the current phase, Uganda along with the other members of the EAC will undertake a variety of trade and trade-facilitation measures, including removal of internal tariffs, non-tariff and technical barriers to trade, harmonization of standards, adopt an integrated border management system and eliminate restrictions on movement of labor, services, and capital. Regional cooperation will be taken to yet another level when the East African Community monetary Union protocol becomes a reality in 2020. The objective of the Protocol is to promote and maintain monetary and financial stability aimed at facilitating economic integration to attain sustainable growth and development of the community.

315. Regional Commitments: Protocol on the establishment of the East African Community Monetary Union. Particularly; Article 2 (b) attain the macroeconomic convergence criteria in article 6 (2) and maintain the criteria for at least 3 consecutive years. The criteria include:
- a) ceiling on headline inflation of 8 percent
 - b) a ceiling on fiscal deficit, including grants, of 3 percent of GDP
 - c) a ceiling on Gross Public Debt of 50 percent of GDP in Net Present Value terms; and
 - d) a reserve cover of 4.5 months of imports
316. The indicative convergence criteria are;
- a) a ceiling on core inflation of percent
 - b) a ceiling on fiscal deficit, excluding grants, of 6 percent of GDP
 - c) A tax to GDP ratio of 25 percent
317. **Relevant SDG Goal 17:** Strengthen the means of implementation and revitalize the global partnership for sustainable development, particularly:
- a. strengthen domestic resource mobilization, including through international support to developing countries to improve domestic capacity for tax and other revenue collection(17.1)
 - b. promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO including through the conclusion of negotiations within its Doha Development Agenda(17.10)
 - c. increase significantly the exports of developing countries, in particular with a view to doubling the LDC share of global exports by 2020(17.11)
 - d. enhance global macroeconomic stability including through policy coordination and policy coherence(17.13)
 - e. enhance policy coherence for sustainable development(17.14)

3.3.4 Enhance Inclusive growth and Reduce Inequality

318. Globally, even though the number of people living on less than USD 1.25 per day was halved²⁹ between 1990 and 2013, inequality remains a major issue of concern. The economic growth that has been achieved over the last decade has not generated the type and quality of jobs needed to stem the rising unemployment rates especially among the youth and women and has not substantially affected the number of people employed in the agriculture sector. A study by

²⁹ UNDP, Millenium Development Goals Report 2013

UNICEF³⁰ shows that inequality slows economic growth, results in health and social problems, and generates political instability. Countries with high inequalities, related to income and gender, tend to grow more slowly, are politically unstable and have significant social and health problems. Lessons from the developed world and more recently from the Arab World and the late industrialisers, on which vision 2040 is benchmarked, show that an inclusive development agenda promoting employment and universal social policies is key to rapid economic and social transformation. More equal income distribution stimulates consumption, raises productivity and helps sustain growth.

319. Goal number 10 of the Sustainable Development Goals and all its targets emphasize the importance of reducing inequality within and among countries. In addition, Targets 16.5 substantially reduce corruption and bribery in all its forms; 16.6 develop effective, accountable and transparent institutions at all levels; and 16.7 ensure responsive, inclusive, participatory and representative decision-making at all levels, are also very critical.
320. The Constitution of the Republic of Uganda mandates Government to take the necessary measures to bring about balanced development for all areas of the country and between the rural and urban areas. It also mandates Government to take the necessary measures to develop the least developed areas.

3.3.5 Reduce Unemployment through Quality Education and Skills Development

321. The world is yet to fully recover from the global economic and financial crisis of 2008. The global unemployment rate is estimated³¹ to be 6.0 percent of the global labor force in 2014 and is projected to edge higher, due to slower than projected global economic recovery. The estimated unemployment rate for sub-Saharan Africa for 2014 is 7.5 percent, and has been steadily rising translating into crime, violence, conflict and for the girls, exposure to unfortunate vulnerabilities. The situation of the youth is especially dire. There are currently 1.8 billion adolescents and youth in the world, making up one quarter of the world's population. However, the global labor market outlook for young people has worsened for every region in the world.
322. The global youth unemployment rate increased from 12.9 percent in 2012 to 13.1 percent in 2013, while Africa's youth unemployment was estimated to be 51 percent in 2013. Of Africa's unemployed, 60percent are young people and youth unemployment rates are more than double those of adult unemployment in most African countries. Of those in employment, the proportion of young people in the informal sector is significantly higher than that of adults. More than 70 percent of Africa's youth live on less than USD 2 per day. Young people find it hard to get a first job and face many obstacles, ranging from discrimination, marginalization and poverty.
323. SDG Goal 8 places special emphasis on the need to reduce unemployment, especially youth unemployment. Two targets under this goal are particularly relevant: a) by 2020 substantially

³⁰ Global Inequality. Beyond the Bottom Billion. A quick review of Income distribution in 141 countries. UNICEF Working Policy Paper (2011)

³¹ ILO

reduce the proportion of youth not in employment, education or training; and b) by 2020 develop and operationalize a global strategy for youth employment, and implement the ILO Global Jobs Pact.

324. In addition, SDG Goal 4: Ensure inclusive and equitable quality education and promote life-long learning opportunities for all is also very relevant. In particular, by 2030:

- ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes (Target 4.1);
- ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education (Target 4.2);
- ensure equal access for all women and men to affordable quality technical, vocational and tertiary education, including university (Target 4.3);
- increase the percentage of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship (Target 4.4);
- eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations (Target 4.5); and
- ensure that all youth and at least considerable percentage of adults, both men and women, achieve literacy and numeracy (Target 4.6).

3.3.6 Minimize Unplanned Urbanization

325. By 2030 there will be over one billion more urban residents and, for the first time ever, the number of rural residents will be starting to shrink. This matters because inclusive growth emanates from vibrant and sustainable cities, the only locale where it is possible to quickly generate the number of good jobs that young people are seeking. Good local governance, management and planning are the key to making sure that migration to cities does not replace one form of poverty by another, where even if incomes are slightly above USD1.25 a day, the cost of meeting basic needs is higher.

326. SDG Target 11.8 is to “support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning”. Many cities including Kampala have outgrown their original plans and face lagging services and housing. Moreover, in most of the developing world, especially in Africa, the development of cities is only partially planned and cities are surrounded by vast areas of informality and unplanned settlements which are highly inefficient. As a result, the urban system needs increasingly large amounts of resources to be made more functional and livable, which are unaffordable when development is sprawling and unplanned. The city systems are not

properly connected and articulated with the surrounding hinterland, due to lack of appropriate regional planning, rendering them dysfunctional and poorly coordinated.

327. SDG Goal 11 places the responsibility on member states to make cities and human settlements inclusive, safe, resilient and sustainable. Of particular relevance to Uganda is Target 11.1: “by 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums”.

3.3.7 Speed up and Complete Land Reform

328. Globally, access to land for production and public Infrastructure projects is a challenge owing to skewed ownership of land, with women and youth having limited access to productive land. Acquisition of land for public infrastructure where land is privately owned is often very expensive pushing up the costs of public infrastructure projects and delaying the construction of much needed public infrastructure.
329. The land reforms carried out in Japan, Taiwan, and South Korea in the 1950s and 1960s resulted in a consistent growth in the agriculture sector of over 4 percent per annum over the next decade. The experience of Vietnam and China was also similar. After carrying out comprehensive land reforms in late 1970s to mid-1980s, the growth rate of the agricultural sectors of these two countries ranged between 3.4 percent and 7.5 percent over the next decade hence precipitating the socio-economic transformation that these two countries enjoy today. Since Uganda has earmarked agriculture as one of the drivers of the country’s socio-economic transformation over the next ten years, before the industry and services sectors take over, Government needs to prioritize the fast tracking of land reform. Successful land reform will increase the growth rate in the agricultural sector from an average of under 2 percent over the last four years to a targeted minimum of 4.5 percent per annum, hence contribute to poverty reduction.
330. SDG goal 1. “End poverty in all its forms everywhere” and particularly Target 1.3 “by 2030 ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources...” emphasizes the importance of improving access to land for those who need it.
331. The Uganda Vision 2040 also underscores the importance of land reform to enable faster acquisition of land for urbanization, infrastructure development and agricultural production.

3.3.8 End hunger, achieve food security and improved nutrition

332. Uganda is rated among the countries that are judged to be largely food secure. While a lot of progress has made in improving the nutritional status, there is still room for progress. Nutrition is particularly important during early childhood, influencing an individual’s health, cognitive development and economic outcomes into adulthood. Globally, under nutrition is estimated to be responsible for the death of 45 percent of all children. In Uganda however, the steep fall in

the poverty rate has resulted into significant improvements in child nutrition. The share of underweight children under five years of age declined from 25.5 percent in 1995 to 13.8 percent in 2011, and the country is on track to meet the MDG target by 2015. Government efforts to promote maternal nutrition and care, including exclusive breastfeeding for the first six months of life; timely, adequate, safe and appropriate complementary feeding and micronutrient intake between 6 and 24 months; and the fortification of common staple foods has made a significant difference. However, more effort is needed to further reduce the number of cases of malnutrition and stunting.

333. The appropriate SDG goal for maintaining the momentum gained is SDG Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture. In particular, targets:

- end hunger and ensure access by all people, in particular the poor and people in vulnerable situations including infants, to safe, nutritious and sufficient food all year round by 2030 (Target 2.1);
- end all forms of malnutrition, including achieving by 2025 the internationally agreed targets on stunting and wasting in children under five years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women, and older persons by 2030 (Target 2.2);
- increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development, and plant and livestock gene banks to enhance agricultural productive capacity in developing countries, in particular in least developed countries (Target 2.6).

3.3.9 Improve Health and Promote Well-being

334. Global trends show significant gains in the health and well-being of the people especially during the Millennium Development Goals period due to increased investments in basic social services and advances in technology. Life expectancy has increased; and maternal, infant and child mortality has fallen. In Uganda, the health trends indicate a general improvement over the years. However, recent evidence shows that maternal mortality ratio and the number of HIV/AIDS infections have started going up again. Similarly, there has been slow progress towards reducing the incidences of malaria cases which had a target of 15 percent by end of 2015. The allocation to health as percentage of the total Government budget reduced from 9.6percent in 2003 to 8.6 percent in 2014/15 as opposed to the Abuja Declaration target of 15 percent. Also Uganda's fertility rate of 6.2 is among the highest in the world.

335. SDG Goal 3: "Ensure healthy lives and promote well-being for all at all ages" necessitates an increase in budget allocations to the health sector. The targets below are especially critical for Uganda:

- reduce the global maternal mortality ratio to less than 70 per 100,000 live births by 2030 (Target 3.1)
- end preventable deaths of newborns and under-five children by 2030 end the epidemics of AIDS, tuberculosis, malaria, and neglected tropical diseases and combat hepatitis, water-borne diseases, and other communicable diseases by 2030 (Target 3.2)
- ensure universal access to sexual and reproductive health care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes by 2030 (Target 3.7)

3.3.10 Mainstream Climate Change Adaptation and Mitigation

336. The continuation of unsustainable consumption patterns in rich countries, the unrelenting expansion of world demand for natural resources are causing climate change whose impacts are set to pose considerable development and environmental challenges, and the resulting socio-economic effects could be far-reaching. The costs associated with Climate Change adaptation and mitigation as well as environmental degradation are set to rise as many more countries join the ranks of the developed world. Therefore, costs associated with Climate Change adaptation and mitigation as well as environmental degradation need to be factored into the long-term planning.
337. To achieve the Uganda Vision 2040, there is need for clear long-term policies and strategies for adapting to the impacts of climate change while following a low carbon development path through adaptation and mitigation policies and practices. Uganda's approach to climate change adaptation is to strengthen the country's resilience. This involves increasing food security, reducing poverty, increasing levels of education, promoting skills development, and enhancing the integrity of ecosystems. From a mitigation perspective, Uganda will adopt mitigation policies and practices that have adaptation co-benefits, expand renewable energy programmes, promote energy efficiency and those that promote green growth and a green economy. This can however be effectively attained through adequate international climate financing and technological assistance. It is important to recognize that mitigation has multiple benefits to be gained by Uganda in the medium and long-term. Pursuing a low carbon development path has many benefits particularly given the links between climate change action, job creation, poverty reduction and economic competitiveness.
338. Relevant SDG Goal 13: Take urgent action to combat climate change and its impacts. In particular,
- integrate climate change measures into national policies, strategies, and planning (Target 13.2);
 - improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning (Target 13.3);

- implement the commitment undertaken by developed country Parties to the UNFCCC to a goal of mobilizing jointly USD100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible (Target 13.4); and

339. Target 17.7 of SDG Goal 17: promote development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed.

3.3.11 Achieve gender equality and empower all women and girls

340. The attainment of gender equality and women empowerment is a prerequisite for accelerated social economic transformation. More than half of Uganda's population is women and yet they continue to be left behind in the development process, thus slowing down the country's economic development. Although Uganda has made significant progress in this area, including the formulation of gender responsive policies and strategies, institutionalization of gender planning in all sectors and increased availability of gender disaggregated data and information from research, women continue to face constraints related to access to, control over and ownership of businesses and productive resources such as land and credit. Overall, there is limited employment of women in skill-based industries and this constrains further women's income potential. Women are also marginalized in skills development, access to financial resources, employment in non-agricultural employment and inheritance rights.

341. Relevant SDG Goal 5: Achieve gender equality and empower all women and girls. In particular,

- End all forms of discrimination against all women and girls everywhere
- Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life
- Enhance the use of enabling technologies, in particular ICT, to promote women's empowerment
- Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources in accordance with national laws

3.4 Looking to the Future

342. As the country moves into the second five year plan of Vision 2040, it needs to craft strategies and projects that fully embrace the unfolding global opportunities as well as take cognizance of the development obligations of the country specified in the Constitution of the Republic Uganda, the East African Region Integration protocols, African Agenda 2063 and the post 2015 Global Sustainable Development Agenda. The major development opportunities include: rising regional

and global demand for food, leisure/tourism and luxury goods due to the expanding global middle class; the emergence of new development partners that could be a source of concessional finance for development; strong global demand for primary resources that is expected to prevail over the medium to long-term; the emergence of bigger markets due to regional integration; and the rapid advances in science and technology that could easily be imported and adopted.

343. In order to take full advantage of these opportunities, the country needs to:

- i. Prioritize those sectors of the economy that will enhance production of food and food products, leisure and luxury goods and the newly discovered natural resources.
- ii. Forge a proactive engagement strategy (specifically targeting commercial diplomacy) with these emerging partners to advance the country's long-term development objectives. For example, China alone provided 6 percent of all Africa's infrastructure funding in 2012, while official development assistance from all multilateral agencies provided only 4 percent.
- iii. Articulate a transparent and development-oriented policy framework for the minerals sector, to retain a higher portion of natural resource rents and to utilize the proceeds towards achieving economic diversification and structural transformation.
- iv. Make substantial investments in science, technology and innovation to take advantage of the growing sophistication of markets and global value chains
- v. Invest significantly in infrastructure, particularly in-country road and regional rail infrastructure, to facilitate evacuation of goods from the production areas to collection and processing centers and onward to the port of Mombasa for export.
- vi. Focus on creating the conditions and facilities for manufacturing export-led growth in themed production zones with low transport and energy costs. Identify and support specific manufacturing clusters strategically located for agricultural production combined with value addition to other raw materials from Uganda and neighboring sources, as well as outsourcing from more advanced economies.

PART II: STRATEGIC DIRECTION, MACRO-ECONOMIC STRATEGY AND FINANCING

Introduction

344. Part II contains Chapter 4 and Chapter 5, the Strategic Direction of the Plan and the Macroeconomic and Financing Strategy respectively. The strategic direction highlights the key focus areas with the greatest multiplier effect that will propel Uganda to middle income status in the next five years as stipulated in the Uganda Vision 2040. It goes into detail of the goal, objectives, development results and priorities for the next five years. The macroeconomic strategy is underpinned by the objective of maintaining stability and the need to raise resources to address the infrastructure deficit. The strategy highlights the key development outcomes expected under the NDPII, the interventions and resources required to achieve these outcomes. The strategy also provides a motivation for the sources of growth and the expected socio-economic outcomes. The monetary and fiscal strategies are also highlighted in this Chapter. Overall, both chapters take cognisance of the Sustainable Development Goals (SDGs) that define the post-2015 global development agenda in setting the targets for the country's development results as well as the planned interventions envisaged in this Plan's macroeconomic framework. It is important to note that this Plan will have an addendum of the entire set of targets for all the SDGs after extensive consultations with all stake holders.

CHAPTER 4: STRATEGIC DIRECTION

4.1 Goal

345. The goal of this Plan is to attain middle income status by 2020. This will be realized through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth. Government shall pursue a private sector-led; export oriented; quasi-market approach, as well as, industrialization, fast tracking infrastructure and skills development strategies in order to achieve the objectives and targets for the 5 year period.

4.2 Development Objectives

346. This plan has four objectives, namely:

1. Increase Sustainable Production, Productivity and Value Addition in Key Growth Opportunities,
2. Increase the Stock and Quality of Strategic Infrastructure to Accelerate the Country's Competitiveness,
3. Enhance Human Capital Development, and
4. Strengthen Mechanisms for Quality, Effective and Efficient Service Delivery

4.3 Key Development Results

347. Table 4.1 sets out the key development results based on the Plan's macroeconomic projections, previous performance and Sustainable Development Goals, while keeping track of Uganda Vision 2040 development targets. The Key result areas are; a competitive economy, increased employment and wealth, as well as, skilled human capital.

Table 4.1: Key Development Results and Targets

NDP/II Goal and Objectives	Development Indicator	Baseline		
		2012/13	2019/20	V2040
Overall Goal: Achieve middle income status by 2020	1. Income per Capita (USD)	743	1,033	9,500
	2. Average economic growth rate*	5.2	6.2	8.2
	3. Percentage of people living on less than USD 1 a day	19.7	14.2	5.0
	4. Percentage share of national labour force employed	75.4	79	94

	5. The number of young people not in education, employment or training		Census baseline 2014	By 50 percent	By 90 percent
Objective 1: Increase sustainable production, productivity and value addition in key growth opportunities	1. Manufactured exports as a percentage of total exports		5.8	19.0	50
	2. Labour Productivity (GDP per Worker - USD)	Agriculture	581	977.77	6,790
		Industry	5,106	7,871.35	24,820
		Services	2,441	5,217.65	25,513
	3. Nominal GDP (UGX Billions)		55,602	132,249	1,451,250
	4. Real GDP (UGX Billions)		25,203	40,760	128,200
	5. Forest Cover (percent Land Area)		14	18	24
Objective 2: Increase the stock and quality of strategic infrastructure to accelerate the country's competitiveness	1. Gross capital formation as a percentage of GDP		25.5	27.7	30
	2. Quantity of total national paved road network (Km)		3,795	5,000	119,840
	3. Percentage of cargo freight on rail to total freight		12	25.5	80
	4. Percentage of the population with access to electricity		14	30	80
	5. Consumption of electricity (Kwh Per capita)		80	578	3,668
Objective 3: Enhance human capital development	1. Life Expectancy at birth		54.5	60	85
	2. Infant mortality rate per 1,000 live births		54	44	4
	3. Maternal mortality rate per 100,000 live births		438	320	15
	4. Child Stunting as percent of under-5s		31	25	0
	5. Total Fertility Rate		6.2	4.5	3.0
	6. Primary to secondary school transition rate		73	80	
	7. Net Secondary completion rates		35.5	50	
	8. Average years of schooling		4.7	11	
	9. Safe water coverage	Rural	65	79	100
		Urban	77	100	100
Objective 4: Strengthen mechanisms for quality, effective and	1. Government Effectiveness Index (-2.5Weak; 2.5 Strong)		-0.57	0.01	
	2. Public Resources Allocated to Local Governments Level (percent)		15	35	

efficient delivery	service	3. Corruption Perception Index (CPI)	2.9	3.7	7.1
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Note: * this is an average for the Plan period ending that year

4.4 Development Strategies

348. In order to achieve the above objectives and results, the following strategies will be pursued:

1. **Fiscal Expansion for Frontloading Infrastructure Investment:** In order to realize the necessary public investment, government will harness concessional and semi-concessional financing and other development support facilities that are targeted to accelerate investment in infrastructure and human development, among others. However, government will be mindful of the need to maintain macroeconomic stability and a conducive environment necessary for maximizing the country's competitiveness both regionally and internationally.
2. **Industrialization:** To stimulate growth and employment, the country will promote value addition through agro-processing and mineral beneficiation as well as light manufacturing which have a higher multiplier effect on wealth creation. Particular effort will be made to transfer value addition technologies and offer agri-business skills to women. The private sector will be supported to establish technology incubation centers to enable promotion of technological innovation as well as importation and adoption of low cost technology.
3. **Fast Tracking Skills Development:** In order to plug the current skills gap, government will establish five centers of excellence to rapidly build the necessary skills required in the key priority areas. In addition, government will partner with the private sector to identify and train specialized expertise especially in the mineral, oil and gas, energy and transport infrastructure areas. In the medium to long term, government will partner with relevant non-state actors to enact reforms in education and training curricula in order to bridge the gap between the skills acquired in school and those required in the labour market.
4. **Export Oriented Growth:** Uganda's strategic location at the heart of East Africa makes it well placed to exploit the regional market. The region is increasingly becoming a fertile ground for small scale exporters, diversifying the export market and adding value to traditional export commodities. The establishment of the EAC common market and expected formation of the EAC monetary union will increase investment in the region as well as create a bigger single market with free movement of all factors of production. In this regard, the country will prioritize investment in key energy, ICT and transport infrastructure to lower the cost of doing business so as to increase the competitiveness of its private sector in the region and beyond. In addition, the country will diversify its export basket to include processed commodities.
5. **A Quasi-Market Approach:** A Quasi-Market approach will be pursued in order to increase efficiency of the public sector and competitiveness of the private sector. With this approach Government will invest in key strategic infrastructure in order to remove the barriers of entry and increase private sector participation in the key growth areas. Secondly, Government will

create strategic partnerships with the private sector through Public-Private Partnerships (PPPs) for investment in infrastructure, human capital, minerals, oil and gas, tourism and agriculture.

6. **Harnessing the Demographic Dividend:** Uganda will implement policies aimed at accelerating a rapid decline in fertility and ensure the resulting surplus labour force is well educated, skilled, healthy and economically engaged in order to reap the demographic dividend. In this regard, emphasis will be put on improving access to family planning services, improving nutrition and reforming the education system to increase the years of schooling and quality of education critical for enhancing the level of skill and innovation of the labour force.
7. **Urbanization:** Uganda will implement a tripartite strategic policy aimed at accelerating planned and controlled urbanization, while ensuring the critical link between urbanization and modernization of agriculture where the urbanizing community frees land for commercial agriculture as well as create a market for the increased output and quality of agro products. Through the reorganization of these communities into cooperatives they would be able to utilize their increased incomes from modernized agriculture and the urbanizing community to contribute to the creation of vibrant provident funds. These will help to fund housing in the urbanizing conurbations and modernized farmer settlements.
8. **Strengthening Governance:** The key development results cannot be achieved without the necessary enabling environment. Meeting good governance principles which include: constitutional democracy; protection of human rights; rule of law; free and fair political and electoral processes; transparency and accountability; government effectiveness and regulatory quality; effective citizen participation in development processes; and peace, defence and security of the citizens and the country indicators will be important in order to create the required legal and socio-political environment to accelerate economic and social transformation.
9. **Integrating Key Cross-Cutting Issues into Programmes and Projects:** The key cross-cutting issues of; Gender, HIV/AIDS, environment, nutrition, climate change, human rights, social protection, child welfare among others will be mainstreamed in the relevant programmes and projects during the implementation of the Plan.

4.5 Development Approach

349. To ensure that the country attains the targets set above, government has adopted a five pronged approach in developing this Plan which will continue to be followed during implementation, namely:
 - a) Spatial representation of projects to; exploit synergies among the development priority areas, ensure planned urbanization, and balanced regional development.
 - b) Prioritization among identified Uganda Vision 2040 development opportunities and fundamentals in order to maximize development benefits.

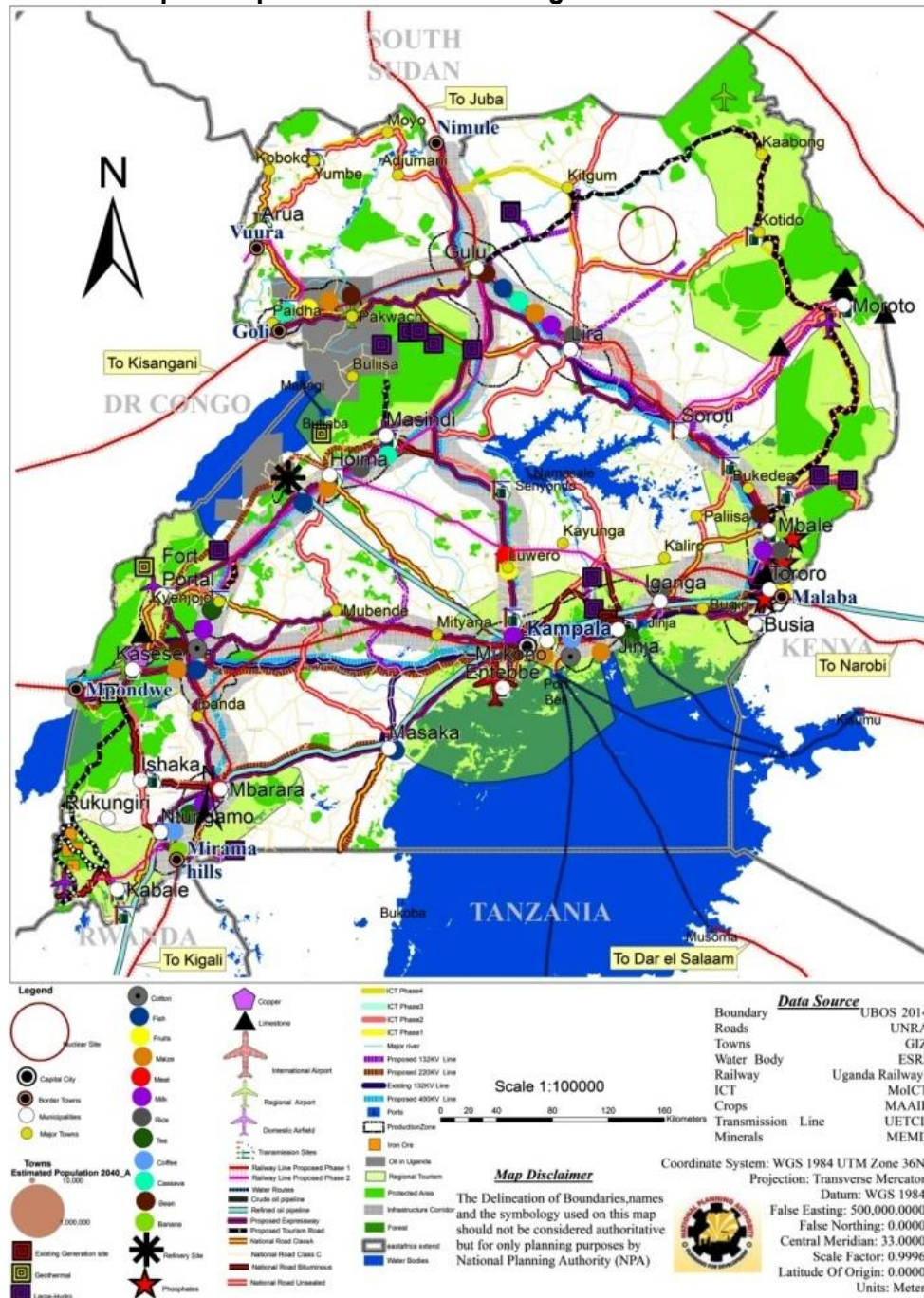
- c) Employed value chain analysis to identify Interventions and reap the benefits of targeting development resources in the prioritized interventions.
- d) Alignment of sector priorities and budget systems to the NDP priorities to ensure coordinated, effective and efficient service delivery.
- e) Strengthening of key public sector institutions and involvement of non-state actors to effectively manage the implementation, monitoring and evaluation of the planned interventions and assure the achievement of the overall goal and targets. In that regard, government will adopt a business approach to service delivery and ensure that all crosscutting issues³² are mainstreamed in all planning, implementation, monitoring and evaluation processes. Spatial Framework for Vision 2040

4.6 Spatial Framework

350. To ensure the main spatial development elements synergistically, cost effectively and efficiently contribute to the attainments of long term socio-economic goals as prescribed in Uganda Vision 2040, a Spatial Framework for the Uganda Vision 2040 was prepared as illustrated in Map 4.1. The Spatial Framework is a twenty-five year projection, covering a period long enough to understand certain long-term factors.
351. NDPII takes the next five year steps towards Vision 2040, and is therefore cognizant of the Spatial Framework which has been prepared for 2040. The rationale for the Spatial Framework for Vision 2040 is as follows:
- 1) The Standard Gauge Railway, which will connect regional capitals, Addis Ababa, Juba, Kigali, Kampala and Nairobi to the sea at Djibouti and Mombasa, is the main determinant of the pattern of regional infrastructure.
 - 2) The infrastructure defines corridors, based on the new railway (130m wide), international expressways and 400KV electricity transmission network and fibre network. Note that the railway will be electric powered.
 - 3) The location of existing and new power sources which are coming on stream, define “production zones” on the corridors and provide the low cost power and transport which will make Ugandan industry globally competitive.

³² Currently there are 13 crosscutting issues that have been identified by the NDPII process. They include i) *Gender*, ii) *Environment*, iii) *human rights*, iv) *Disability*, v) *Nutrition*, vi) *Governance*, vii) *Population and Development*, viii) *Science and Innovation*, ix) *Child Welfare*, x) *social protection*, xi) *climate change*, xii) *HIV/AIDS*, xiii) *Culture and Mindset*.

Map 4.1: Spatial Framework for Uganda Vision 2040



- 4) Production zones provide well designed, serviced sites for agro-processing for specific crop clusters, manufacturing based on processing of minerals, oil and gas from the region, and outsourcing of manufacturing from more advanced economies.
- 5) Towns and cities which are already on the corridor, and some of which are already becoming conjoined (for example Kampala Jinja) grow by in-migration into well-planned, high density urban corridors related to production zones.

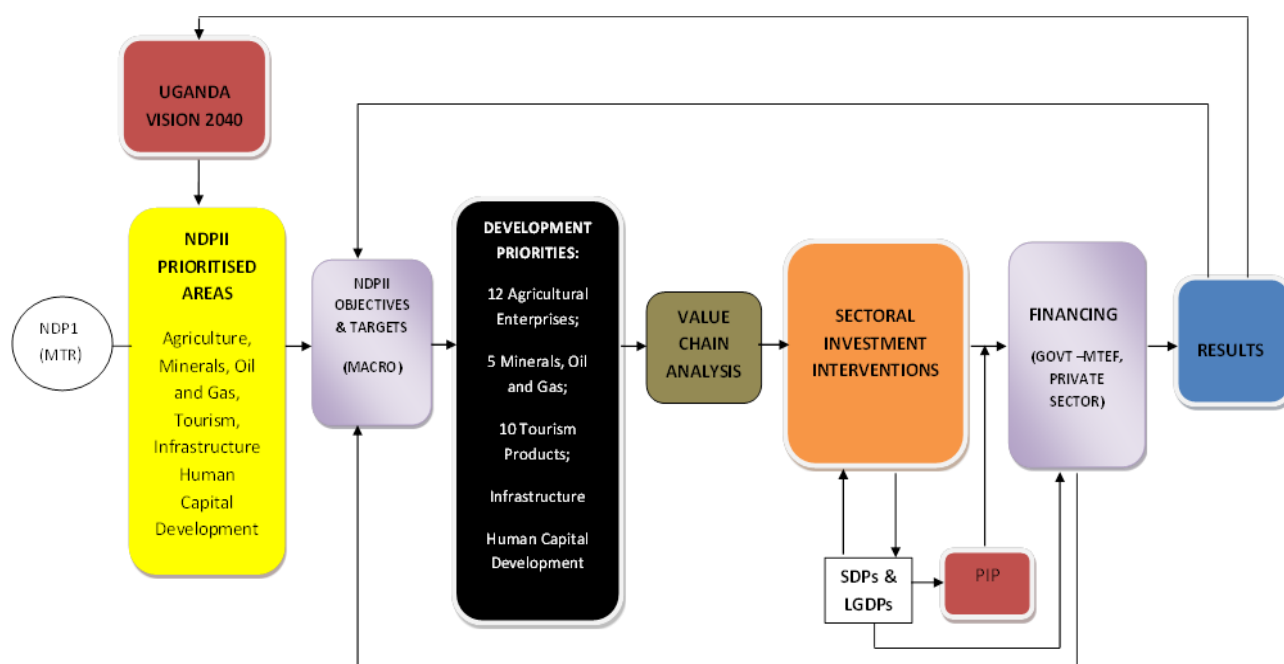
- 6) National Parks, Forests, agricultural areas and related towns which are off the corridors develop as high quality and high value environments for agriculture, leisure and ICT-based economies.
- 7) Conservation and environmental protection areas are extended within the above 'off-corridor' locations; strong measures are taken where corridors pass through environmentally sensitive areas (e.g. in the Albertine Graben).

4.7 Prioritization Framework

352. The Uganda Vision 2040 requires Development Plans at all levels of government to follow the approach of "harnessing strategic opportunities by strengthening the relevant fundamentals that facilitate exploitation of the opportunities". The opportunities identified in the Vision 2040 include: Agriculture; Tourism; Minerals, Oil and Gas; abundant labour force; ICT; Industrialization; water resources; geographical location and Trade. These opportunities were identified based on their potential to generate wealth, create jobs, and improve social development indicators. Within this context, the Spatial Framework for the Vision 2040, and in line with the recommendations of the NDP I review, three growth opportunities (from those enumerated above) have been prioritized under this National Development Plan, together with two development fundamentals, namely: Agriculture, Tourism, Minerals, Oil and Gas; with Infrastructure and Human Capital Development as the two fundamentals. Given the structure of the economy and level of development, these opportunities present the best potential for launching the country onto a sustained path of growth and development.
353. Agriculture remains central to the country's economic growth and poverty reduction strategy. It employs 72 percent of the total labour force, accounts for 54 percent of total exports, generates 25.3 percent of GDP (2012/13), and is a source of raw materials for the agro-processing industry. Uniquely endowed with rich fertile soils and two rain seasons, more than 80 percent of the country can be used for agricultural production. Like South Korea (one of the Uganda Vision 2040 comparators), Uganda can use agriculture as a launch pad for growth and industrialization. Tourism is a major foreign exchange earner. It accounts for 19.6 percent of total exports or USD1.7 billion, and directly employs 6.6 percent of total labour force or about 180,900 in travel & Tourism. Even then, the country's tourism potential has barely been tapped. Uganda's total tourist arrivals are only about 10 percent of South Africa's total. With proven commercial quantities of Minerals, Oil and Gas, this sector has great potential for contributing to economic growth and poverty alleviation through mineral exports, use of oil and gas for local consumption/generation of electricity and employment generation. This sector is projected to be a major driver in employment creation and GDP growth over the medium term through value addition. In addition, lifeline industries will spur growth in manufacturing, infrastructure development, agriculture and ICT industries.
354. The prioritization framework (Figure 4.2) presents a logical flow of processes leading to the achievement of the results of the Plan. The value chain analyses (see Charts in Annex) guided the identification of key players along the various value chains, prioritization and sequencing of

interventions as well as resource allocation to critical interventions across sectors thereby supporting the harnessing of intra and inter-sectoral linkages. While the main emphasis will be placed on financing the implementation of interventions within the critical priority areas, Government will continue funding other sectors of the economy. Within the context of Uganda Vision 2040, the Spatial Framework for the Vision 2040, and in line with the recommendations of the NDP I review, the framework below has been used to prioritize three growth areas which are Agriculture, Minerals, Oil and Gas, and Tourism and two fundamentals; Infrastructure and Human Capital Development from the full range identified in the Uganda Vision 2040 to ensure that the return on every shilling invested is maximized.

Figure 4. 1: Prioritization Framework



355. The prioritization framework requires development of Sector Development Plans (SDPs) and Local Government Development Plans (LGDPs), clearly articulating investment interventions in line with the NDP priority areas. The investment projects highlighted in the sector and local government priorities will inform the development of the Public Investment Plan (PIP) which is an addendum to this Plan.
356. It further indicates the financing mechanisms for the Plan including: Government funding through the MTEF; Public Private Partnerships (PPPs); the Private Sector; Development Partners; and other non-state actors. And finally the framework culminates into the desired results to achieve the Plan's objectives and targets, as well as, the Uganda Vision 2040 aspirations over the next five years.

4.8 Priority Development Areas

4.8.1 Agriculture

357. Agriculture has been and remains central to Uganda's economic growth and poverty reduction. It is a major source of raw materials for the manufacturing sector, a market for non-agricultural output and a source of surplus for investment. Government's strategic investments for modernization of this sector will transform it into a spring-board for socio-economic transformation. Through gender responsive mechanization, commercialization and provision of infrastructure to facilitate marketing, production and productivity will increase leading to increased competitiveness and profitability of the sector. This will lay the foundation for the establishment and expansion of agro-processing and consequently light manufacturing industries. As the commercialization and mechanization of agriculture picks pace, the human resource working in the sector will transfer to the manufacturing and service sectors with better wages, thus accelerating the pace of economic growth and transformation.
358. For this Plan period, focus is placed on investing in the following agricultural enterprises along the value chain: Cotton, Coffee, Tea, Maize, Rice, Cassava, Beans, Fish, Beef, Milk, Citrus and Bananas. These enterprises were selected for a number of reasons including, high potential for food security (maize, beans, Cassava, Bananas); high contribution to export earnings (e.g. Maize - USD 21 million in 2005; coffee -USD 388 million in FY 2007/08; fish - USD 143 million at its peak; tea - USD 56 million in 2007); increased female labour force participation in cash crop production; high multiplier effects in other sectors of the economy; great potential to increase production and productivity through better management; high returns on investment; favourable agro-ecological conditions; high potential for regional and international markets; percentage contribution to GDP and high potential for employment generation while being mindful of the nutritional needs of the country.
359. To increase production, productivity and add value, in the selected enterprises the following stages along the agricultural development value chain (Annex I) have been identified; production, transportation, storage, processing, as well as, marketing and distribution. These stages and the resultant interventions show entry points for the various players and key stakeholders to enable the country attain its medium term objectives.
360. In order to increase agricultural production and productivity in the next five years, government will focus on: strengthening research, identifying and building key human resource capacity; technology adaptation at the farm level including modern irrigation technologies; up scaling the transfer and utilization of food-production and labour-saving technologies for women farmers; enhancing extension services; increasing access to and use of critical farm inputs; promoting sustainable land use and soil management; increasing access to agricultural finance with specific attention to women. The current analysis of soils and fertilizer for specific crops should be extended to cover the whole country leading to a spatially differentiated programme for agricultural research, inputs and irrigation for priority crops.

361. To enhance transportation of agricultural products, investment will focus on improvement of the currently degraded stock of rural road network especially feeder, community and trunk roads, as well as, construction and upgrading of strategic roads and the rail system along key routes to ease delivery of agriculture products to domestic and regional markets. During NDPII locations should be identified for storage and processing at or near farm gate.
362. To minimize post-harvest wastage and enhance quality maintenance, the Plan promotes improvement of the stock and quality of storage facilities for crops, livestock and fish products to enable individual farmers and farmers associations to bulk clean, grade, and store their produce more effectively.
363. To increase value-addition to agricultural products, this Plan will focus on: promoting contract farming or out-grower schemes for high-value produce in order to enhance large scale agro-processing and ensure a steady supply of quality produce. In addition, government will promote and support private investment in agro-processing of the prioritized agricultural products; support women and youth associations to engage in agro-processing; facilitate equal access to appropriate agro-processing machinery and equipment through favourable credit facilities, and intensify enforcement of standards to ensure high quality of local agricultural produce and improved market information flow.
364. During NDPII the necessary institutional changes should be made so that a clear strategy for agro-processing can be developed and implemented. This should enable proposals for locating value addition facilities in the proposed zones. It will align current spatial arrangement of crop production with the wider objective of clustering manufacturing activity.
365. In order to enhance marketing and distribution of agricultural products, focus will be on: developing capacities of existing farmers' organizations, co-operatives and producer associations so as to reap from economies of scale; expanding market access through regional and international protocols and Uganda missions abroad; and deepening ICT access to facilitate market information sharing.

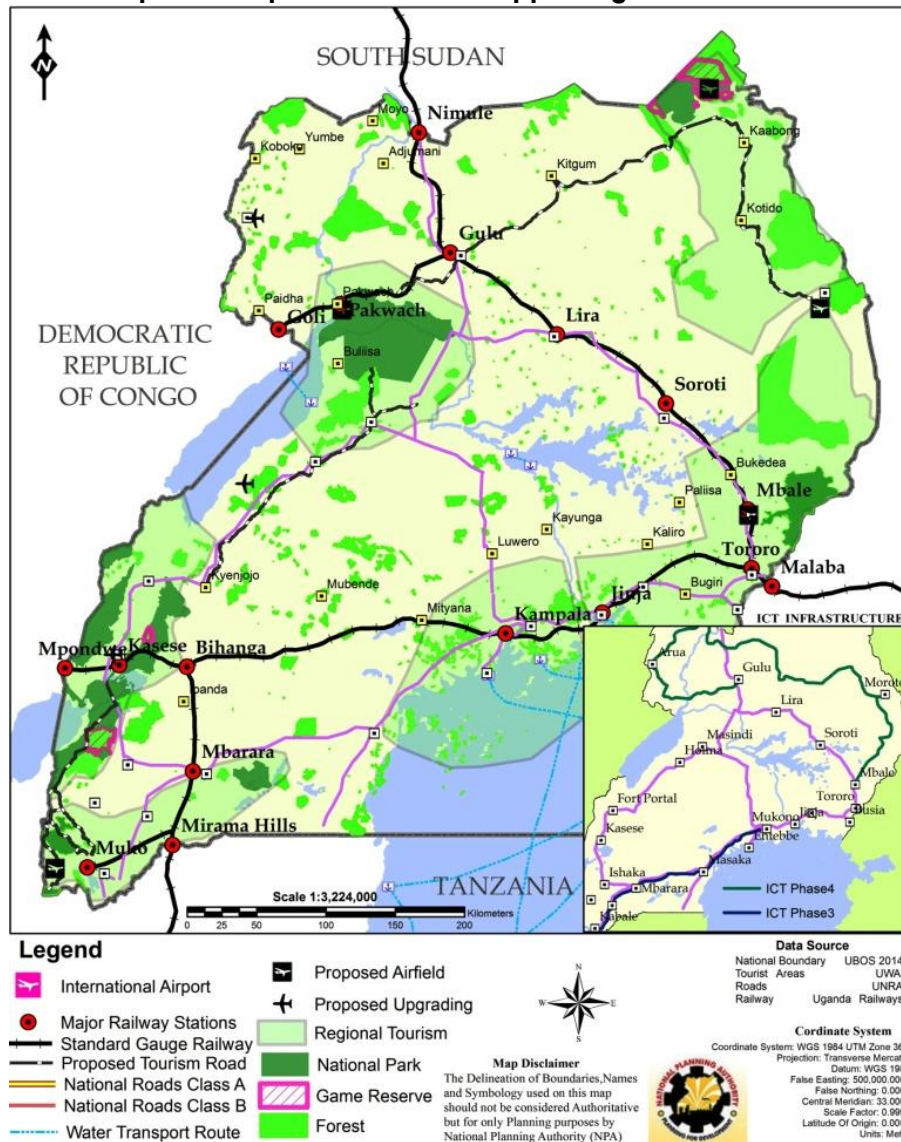
4.8.2 Tourism

366. The tourism sector has demonstrated high potential for generating revenue and employment at a low cost, implying a high return on investment. In 2012, government expenditure on tourism as a percentage of the national budget was only 0.13 percent and yet its total contribution to GDP was 9.0 percent as of 2011/12.
367. The country has numerous tourism attractions including diverse nature based, faith based, culture and heritage, and eco-tourism. This plan will focus on exploitation and improvement of the following tourist attraction products: Gorilla tracking; Chimpanzee tracking; Game viewing (Safaris); Avi-tourism (Bird watching); Mountaineering (Mountain climbing); Historical sites / Monuments; Uganda Martyrs Shrine Namugongo; Local and International Conferences; White water rafting/ Bungee jumping; and Ugandan Culture (people, dressing and food). These products are prioritized because they contribute the highest tourism revenue; some are unique

to Uganda hence giving the country a niche over its competitors whereas others can be easily invested in since the country has already invested significant resources in them.

368. The identified tourism regions should continue to be used for planning developments, and the sideways linkages between leisure tourism and agriculture, mining, and industrial development; urban corridors and high quality rural areas that are evident in the Vision 2040 Spatial Framework should be developed during NDPI. During this, therefore, tourism policies should be extended and adapted towards the business and leisure needs of a modern, industrialised Uganda by 2040, recognizing the key role which the sector plays in marketing Uganda as a whole and providing facilities for visiting foreign, and Ugandan, investors to economic development areas and sites.
369. Investment in tourism will be based on the value chain (Annex 2): Pre-visit Services, Transportation; Information and Reception; Hospitality, as well as, Tourists' Attractions and Amenities.
370. In order to increase the tourism potential at the pre-visit service stage, investment will focus on the following: aggressive marketing of the prioritized tourism products in all source markets; promotion of domestic tourism through cultural, regional cluster initiatives and national events; enhancing women entrepreneurship and employment in cultural and creative industry as well as agro-tourism; diversifying the country's tourism products by developing tourism products that are less vulnerable to climate change.
371. Map 4.2 shows the proposed strategic tourism supporting infrastructure. In the effort to enhance sustainable tourism, the NDPII has prioritized investment in strategic tourism supportive infrastructure (expansion of Entebbe International Airport, construction of Kabale Airport in Hoima, upgrading of strategic airfields, construction and maintenance of strategic tourism roads, as well as, investing in water transport to support tourism activities.
372. Improvement of tourism information and reception is also a key area of focus. It will entail standardization and review of tourism curricula across all the training institutions while emphasizing practical training in order to enhance the sector human resource capacity, with emphasis on addressing the gender gaps, and increasing the country's tourism competitiveness. In addition, Government in partnership with the private sector will focus on increasing the quantity and quality of accommodation facilities, improving the quality of related services, such as skilling the staff in the hospitality industry as well as investing in the provision of reliable and affordable sustainable energy, water, and ICT facilities in tourism development areas.
373. To facilitate excursions, Government will intensify the provision of security and protection of tourists and tourist attraction sites; and invest in improving infrastructure in the national parks, combat poaching and eliminate the problem of wildlife dispersal to ensure maximum exploitation of tourist attractions and amenities.

Map 4.2: Proposed Tourism supporting Infrastructure



4.8.3 Minerals, Oil and Gas Development

374. The minerals, oil and gas sector has a great potential of contributing to economic growth and poverty alleviation through mineral exports, use of oil and gas for local consumption/generation of electricity and employment generation. Exploitation of minerals and other resources, especially oil, will provide vital resources needed to fund the backlog of infrastructure investments.
375. This sector is projected to be a major driver in employment creation and GDP growth over the medium term through value addition. In addition, lifeline industries will spur growth in manufacturing, infrastructure development, agriculture and ICT industries.

376. The key minerals earmarked for exploitation and value addition include Uranium, Iron ore, Limestone/Marble, Copper/Cobalt, Phosphates and Dimension Stones. In addition, oil and gas exploitation will be prioritized. Iron ore is a key raw material for the steel industry; Phosphates are a key input in manufacturing of fertilizers. Limestone/Marble is a key input in the production of cement and hydrated lime dust both of which are key inputs in the construction industry (highways, bridges, dams and housing). Uranium is a key ingredient for nuclear power generation; Copper/Cobalt is a key ingredient in the production of copper wire a crucial input to the energy and construction sectors. Quality Limestone/Marble will be majorly exploited in Hima in the western part of Uganda and Moroto and Tororo in the East. Copper/Cobalt will be majorly exploited in Kilembe near Kasese, Iron ore in Muko in south-western part of Kabale, Phosphates in Tororo and Oil and Gas in the Albertine region of Hoima (Map 4.3). The decision about the location of these processing of these minerals will depend on the cost of bringing power to the site relative to the cost of transportation. The bi-products of these industrial processes will be transported along the electrified railway.
377. The pumping of an estimated reserve of 3.5 billion barrels of oil, expected to start by 2017/18, portends great benefits for transport, energy, road infrastructure and public revenue.
378. The minerals, oil and gas value chain (Annex 3) focuses on the following stages: prospecting, exploration, mining and extraction, beneficiation and refining, as well as, Marketing. Harnessing the opportunities in each stage of the value chain will amplify the benefits from the sector to the Ugandan economy.
379. With regard to prospecting, Government has prioritized development of geological surveys through acquisition of critical mass of specialized skills including: geo-scientists, engineers, geo-economists, technicians, as well as, artisans with competitive skills as well as, application of scientific and technological methods for surveying to defray the costs of entry into the sector and attract more and better private sector players.
380. In order to promote exploration of minerals, oil and gas, Government will: invest in more survey and exploration work to defray the costs of entry into the sector and attract more and better private sector players; facilitate faster acquisition of land, infrastructure development such as roads, railways, energy and water especially in major exploration areas.
381. To facilitate entry into mining and extraction activities, government has prioritized application of scientific and technological methods for mining and extraction of minerals, by partnering with the private sector and through the country's diplomatic missions to attract credible large scale mining companies.
382. Regarding beneficiation, investment will be in strengthening the mineral dressing laboratory (value addition laboratory) in the Department of Geological Surveys and Mine (DGSM) to enable it carry out laboratory tests to help in various mineral beneficiation processes. As a strategy to reduce the export of raw minerals, priority for issuance of exploration and mining licenses will go

to projects that include the establishment of processing and refining plants in Uganda and use of modern technology, as well as, adherence to environmental standards.

Map 4.3: Proposed Minerals and Requisite Infrastructure



383. In the first year of implementation of the NDP II, a mineral development master plan containing the Country Mining Vision will be developed to implement the African Mining Vision. The Vision will clearly provide the detailed strategic direction and guidance for the mining, oil and gas during the NDP period and beyond. In particular in areas of establishing appropriate institutional and legal framework for harnessing the natural resources, establishing a transparent fiscal

regime and revenue management, building linkages, investments and infrastructure along the entire mining value chain, development of artisanal miners, among others.

384. Government will incentivize the private sector to invest in increased value creation, addition and production volumes in order to break into lucrative niche markets, increase export revenue and create jobs as well as construct and improve strategic roads and rail systems to open up and link mining areas to local and international markets. Efforts will be made to ensure that women and the youth artisans and small scale miners participate in the various economic activities along the value chain.
385. Government and the private sector will contribute to gender mainstreaming in the mineral development sector, not only through gender-sensitive corporate social responsibility initiatives, but also through the revision of corporate policies, operations and investment strategies particularly for the benefit of women artisans and small scale miners.

4.8.4 Infrastructure Development

386. Infrastructure development is critical for enabling a timely as well as efficient movement of merchandise and labour resources from production zones to the market. For a country's competitiveness to improve, increase in the stock and quality of strategic infrastructure has to result in the reduction of the time required to get merchandise to the market. The key strategic infrastructure that this Plan focuses on include: transport, energy, ICT, oil and gas, as well as, water for production. Well-developed energy, transportation, and communication network infrastructure will accelerate the harnessing of opportunities thereby spurring growth in the country.
387. Alignment of the right transport mode (road, rail, air, water), and the most efficient co-location of energy sources with the right industrial processes is critical for enhancing competitiveness and reducing the cost of doing business. Infrastructure will be designed around production zones and sites which will underpin agricultural and minerals-processing, use of the refinery products, inward investment in manufacturing. Location of ICT parks and the tourism regions will also provide management facilities for industry, and market Uganda to investors. The management facilities (which may be separately located in nearby towns or high quality tourist destinations) also need high speed internet communications, water, power and good transport links.

4.8.4.1 Transport

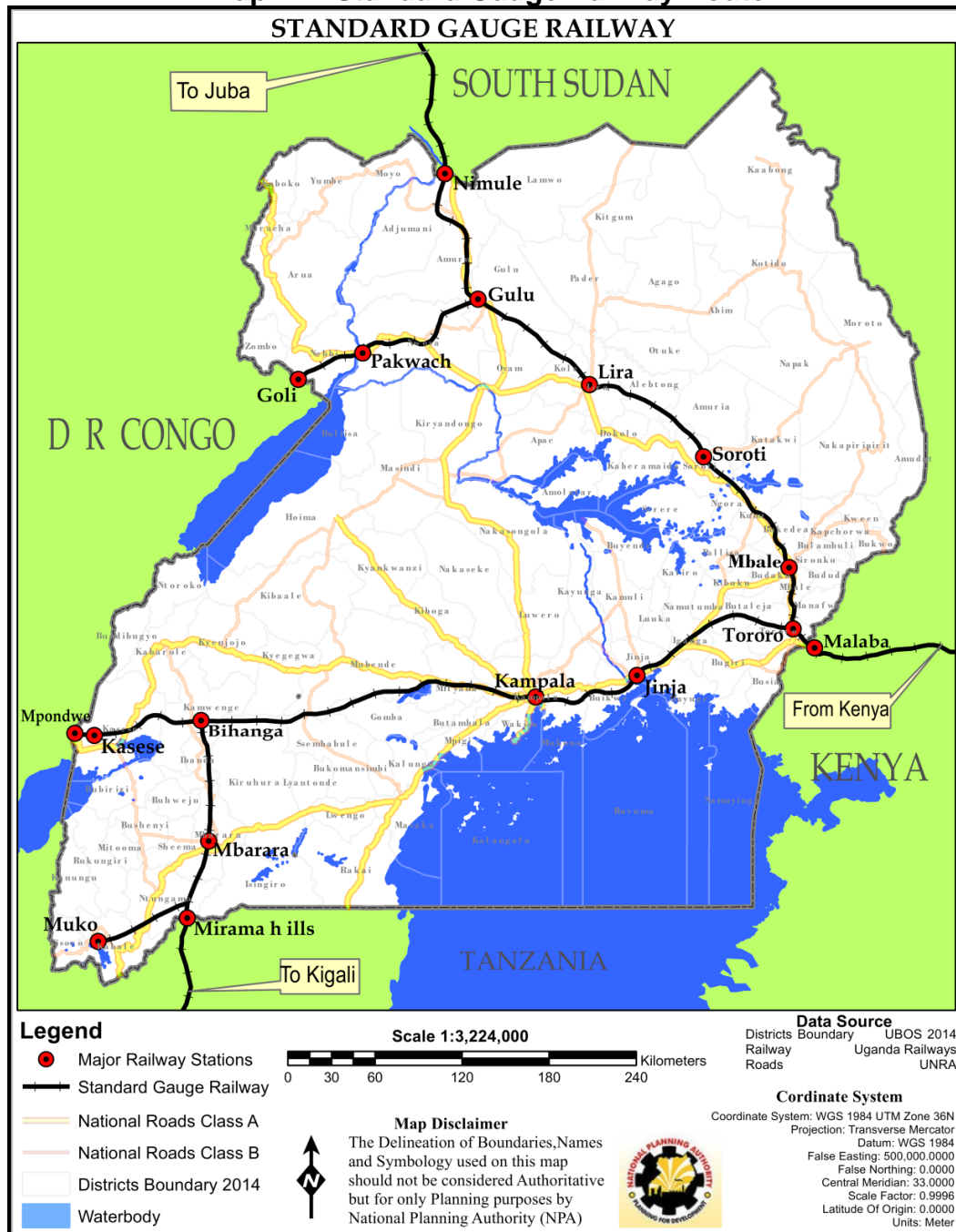
388. The following transport infrastructure forms the NDP II focus areas:

a. Standard Gauge Railway System

389. A good railway system would effectively link Uganda to other countries within the East African region and to overseas. This is key to exporting, and importing for manufacturing and services at affordable/competitive rates via connections to Djibouti and Mombasa if we are to achieve the Plan targets. The country aspires to have a multi-lane Standard Gauge Railway System with

high speed trains using the latest technology for both passenger transport and cargo freights by 2040. The standard gauge railway network will link Mombasa to Kampala, Kasese, Kigali (Rwanda) and Kisangani (DRC). It will also link Tororo to Gulu, Nimule, Juba and Djibouti. There will also be a link from Bukasa port on Lake Victoria to Musoma (Tanzania) and Kisumu (Kenya) linking to Tanzania and Kenya railway networks respectively. A link from Kasese to Gulu will complete the network, joining Kigali with Juba and Djibouti and serve the oil producing and tourism areas of West and North West Uganda (see Map 4.4).

Map 4.4: Standard Gauge Railway Route



390. The process of construction of the Standard Gauge Railway started in NDPI with the completion of preliminary engineering studies and solicitation of funding. The construction will commence during this Plan period. It is envisaged that when completed this railway system will provide the most economical and effective bulk haulage capacity for the country's exports and imports which will reduce the cost of doing business in the region. It will also be useful in human traffic management since it will enable the decongestion of the GKMA and be used in long haul routes. In this regard, development of a Standard Gauge light rail network for GKMA during this Plan will be priority. This will enable fast-tracking of cargo connections between the rail and air transport systems, and provide express passenger transfer services between Entebbe and Kampala.

b. Strategic Roads

391. Uganda depends a lot on road transport which accounts for about 90 percent of the volume of freight and human movement, and is by far the commonest mode of transport. In spite of this, however, the country's road transport network is very small by international standards. There is need to develop the road network infrastructure to improve transport connectivity, effectiveness and efficiency to comparable levels of the developed countries with an average of paved road density of 100 KM per 1000 Sq. KM by the year 2040. The target for this Plan period is to upgrade national roads from 15 percent (3,050KM) to 21 percent (4,105KM) by 2020. The next five years will also witness a reconstruction or rehabilitation of sections of national roads and dueling of specific sections of national roads to improve capacity and upgrade specific district roads to national roads.

392. For this Plan period, 1,500KM of gravel roads will be upgraded to tarmac, 700KM of old paved roads will be rehabilitated and 2,500KM of paved roads and 10,000KMs of unpaved roads will be maintenance. In line with this Plan's prioritization framework strategic roads to support exploitation of minerals, oil and gas, as well as, tourism activities will be targeted. Focus will also be on opening community access roads to link farmers to markets and social services.

393. The key oil and gas roads envisaged in the Plan include: Hoima-Butiaba-Wanseko (111KM); Karugutu-Ntoroko road (55KM); Kabwoya-Buhuka (43KM); and Rwenkunya-Apac-Lira-Acholibur (270KM). The key tourism roads include: Hamurwa-Kerere-Kanungu/Buleme-Buhoma-Butogota-Hamayanja-Ifasha-Ikumba (149 Km); Ishasha-Katunguru (88KM); Kisoro-Rubuguli-Muko (48KM); Kabale-Bunyonyi (22KM); Nakapiripiriti-Muyembe (90Km); Apoka Lodge-Kotido (136KM) among others (see Map 4.5).

394. Expressways will be designed and constructed along the designated development corridors by 2040 in order to facilitate transport costs and the industrialization/ urbanization drive along them. The reservations for these will be undertaken during this Plan. In line with the broad strategy on urbanization, expressways within the Greater Kampala Metropolitan Area and other urban areas including; the Kampala Southern by-pass, the Kampala-Entebbe Expressway with spur to

Munyonyo (51 KM), Kampala-Jinja Express way (77 KM), Kampala-Bombo Express way (35 KM) among others, will be constructed during NDP II.

Map 4.5: Proposed Road and Air Transport Infrastructure



c. Water Transport Infrastructure

395. Inland water transport has great potential for development of an inexpensive, energy-efficient and environmentally friendly transportation system. The country is endowed with numerous rivers and lakes, however, transport services on these water bodies have not been well developed to facilitate trade in goods and services (tourism) and movement of factors of

production between the mainland and country's islands and neighbouring countries. The limited functionality of the ferry system on Lake Victoria and other water bodies coupled with Port Bell's inadequate supporting infrastructure makes the use of water transport challenging.

396. Over the next five years Government will focus on improvement of existing marine infrastructure so as to reduce the cost of transportation and increase connectivity. Efforts will be geared towards increasing the volume of passenger and cargo traffic by marine transport by operationalizing the Second Namasale Ferry, New Panyimur Ferry and the Sigulu Island and recreating the route from Butiaba to DRC across Lake Albert.

d. Air Transport

397. Over the next five year period, Entebbe Airport shall remain Uganda's principal international airport. An additional Airport will be built at the refinery site at Kabale, Hoima to enhance connectivity to the oil sector in Albertine Graben. The strategic Airfield in Kasese shall also be upgraded during this period. Other regional airfields; Kidepo, Moroto, Mbale, Kisoro and Packwach as shown on Map 4.5 shall be connected to the main Airports by roads and the railway.

4.8.4.2 Energy Infrastructure

398. High energy costs, coupled with unreliable supply, contribute to the high cost of doing business thereby reducing the country's competitiveness. While the demand side for energy is growing faster than the supply side, it is prudent to increase the energy levels in order to lower production costs and ultimately improve on the country's competitiveness. Over this Plan period, Government will invest in the necessary infrastructure to facilitate the exploitation of the abundant renewable energy sources including hydropower, geothermal, and nuclear, so as to increase power generation capacity from 825MW in 2012 to 2,500MW in 2020 and prepare for achievement of the required 41,738 Mega Watts by year 2040. Also, the country targets to increase per capita electricity consumption from 80 Kwh to 588kWh by 2020 and 3,668 kWh by 2040. As significant as power generation is the extension of the transmission networks into a national grid in line with the regional agreements.
399. Some of the major projects in this regard include: the completion of construction of Karuma Hydro Power dam (600MW) and Isimba Hydro Power dam (183MW), commencement of construction Ayago Hydro power dam (600MW), and other small hydro power plants. The government will also generate about 125 MW of electricity from different renewable energy sources. Map 4.6 illustrates the proposed energy projects for NDP2 including a new grid network to provide alternative routes to make power supply more reliable.

Map 4. 6: Proposed Energy Infrastructure



4.8.4.3 Oil and Gas Infrastructure

400. Uganda identified commercially viable oil and gas deposits in the Albertine Graben estimated at 3.5 billion barrels of oil equivalent. The pumping of this oil and gas is expected to start by 2017/18. In addition to reviewing the legal and regulatory framework for production of petroleum, over the plan period, Government will also focus on the construction of a refinery for value addition to these resources and a pipeline that will deliver the refined products to the domestic, regional and international markets.
401. The Government will commence construction of a 22-inch diameter, 1,300Km long oil pipeline from Hoima via Lokichar to Lamu in Kenya. This is in addition to the oil refinery that is to be constructed at Kabaale in Hoima to process petroleum and other products for the domestic and international market.

4.8.4.4 Water for Production Infrastructure

402. To promote commercial agriculture, Government will sustainably use water resources for irrigation, livestock and aqua-culture. Bulk water transfer systems will be built to cover long distances and large areas to provide water for multi-purpose use. To mitigate shortages at local level large and medium water reservoirs will be developed. Government will construct large and small scale irrigation schemes to increase water for production.
403. Government plans to invest in the following projects and programmes in order to achieve the planned targets on water for production: (i) water for livestock in cattle corridor Areas; (ii) Livestock water (non-cattle corridor) Areas; (iii) Irrigation development Area A (Off-farm); Irrigation development Area B (Off-farm); Water for aquaculture; Water for Rural Industries; Human Capacity building and Operations and Maintenance support.
404. To improve water consumption levels, Government will invest in the development of water for industrial purposes, by putting in place the necessary infrastructure to support the re-use of water. The nuclear and oil refining industries require considerable amount of water for cooling, of which in turn requires strict adherence to water cooling standards.

4.8.4.5 ICT Infrastructure

405. ICT as an industry has the potential to produce low volume-high value goods to boost the country's exports and foreign exchange earning in addition to employment and wealth creation. It also provides an opportunity to improve national productivity by making Government and business enterprises more efficient, effective and globally competitive. There is potential to improve availability of digital content and e-products, automation of Government processes and inter-agency connectivity, innovation, bridging the gap between industry and the academia, and commercialization of research and development. This industry is expected to greatly contribute to the national GDP and create employment opportunities.
406. Over the Plan period, government will prioritize investment in the following ICT infrastructure: extension of the National Backbone Infrastructure (NBI) to cover most of the country so as to increase penetration of communication services; finalise the migration from analogue to digital terrestrial broadcasting; and construction of ICT incubation hubs/centers and ICT parks so as promote ICT innovations and ICT enabled Services (ICTES) such as Business Process Outsourcing (BPO) services (See map 4.7).

Map 4.7: Proposed ICT Infrastructure



4.8.5 Human Capital Development

407. The Uganda Vision 2040 identifies human capital development as one of the key fundamentals that need to be strengthened to accelerate the country's transformation and harnessing of the demographic dividend. The availability of appropriate and adequate human capital facilitates increase in production, productivity and technological growth thus making it one of the key endogenous drivers of economic growth. In the case of Uganda, human capital development has been conceptualized along the life cycle approach categorized into 6 stages of; Pregnancy to birth, 0 -5years of age, 6 – 12 years of age, 13 – 17 years of age, 18 -24 years of age, and 25 – 64 years of age.

408. During pregnancy to birth stage focus is on improving maternal health in order to increase new born survival. This calls for: increasing the proportion of deliveries in health facilities and births attended to by skilled health personnel. Additionally, antenatal care coverage; improving availability; accessibility of antenatal care; safe delivery and postnatal care; reducing adolescent pregnancies and others forms of gender based violence; improving the net secondary school completion rate in an effort to keep the teenagers in school; scaling up nutrition especially among women of reproductive age, continued reduction of mother to child HIV/AIDS transmission, and eliminating gender-based drivers of domestic violence will also be key areas of focus in addressing maternal mortality and neonatal survival.
409. With regard to the 0 – 5 years of age group, the Plan will focus on providing early childhood survival and full cognitive development. Efforts will be geared at: reducing incidences of morbidity and mortality; scaling up critical nutrition interventions outcomes especially for children below 5-years; and implementation of Early Childhood Development (ECD).
410. Focus at the 6 – 12 years of age will be on increasing enrolment, retention and completion of the primary schooling cycle, with specific interventions for the girl child; provision of good quality education; promotion of health and wellness; talent identification and nurturing; facilitating timely 'self-selection' into different trades that may not necessarily require acquisition of advanced schooling, and enhancing nutrition while at home and at school; and implementation of the National Strategy for Girls Education(2014).
411. The key focus areas at the 13 – 17 years of age are: ensuring that all children of this age group are retained in school with a special focus on the girl child, till completion of secondary school as a strategy to reduce early marriage and teenage pregnancies; re-designing of the curriculum to facilitate proficiency, talent and relevant skills development; designing appropriate vocational training courses; and providing adequate and appropriate sexual and reproductive health information and services; and promoting male involvement in family planning and safe motherhood.
412. To enhance the human capital at the 18 -24 years of age, focus will be on massive gender responsive skills training programmes targeting the rapid build-up of skills within this already available labour that has acquired general education and those that have dropped out of school at primary, secondary and tertiary levels. In addition, the education curricula in the formal education system and the vocational training institutions will be redesigned to suit the current and future skills demands while making it more creative and innovative oriented. The involvement of the private sector in the design of curricula to build convergence between the skills acquired in school and those required in the market will be emphasized.
413. The establishment of a Skills Development Authority/Agency to coordinate the entire skills development agenda will be prioritized. In the short and medium-term, this is expected to fix the divergence between the skills acquired in school and the skills required in the market and ensure that the next generation that enters the workforce has the necessary skills to support the expansion and diversification of the economy. While skills acquisition will enhance employment

among this cohort, expansion of employment opportunities will also be an area of great attention.

414. A skills development programme will be designed and tailored to the Industrial strategy, production zones and urban corridor locations that will be planned during NDP II. Provisions will be made for skills training on location at infrastructure construction sites to give unemployed young Ugandans rather than imported labour the maximum chance of personal development. Following from construction of infrastructure, inward investors in the resulting industrial growth programme will be tasked, to guarantee provision for training and local labour.
415. To reduce early marriages and teenage pregnancies, emphasis will be placed on providing adolescent reproductive health services right from schools and training institutions, while providing incentives for delayed conception. Such incentives will include; connecting young skilled people to employers, provision of youth capital funds, specialized labour externalization programmes and sponsorship for specialized training programmes in and out of the country with specific provisions and affirmative action for girls and female youth, among others.
416. To harness the human capital in the 25 -64 years of age, which is a critical working age group, this plan focuses on making this labour force productive, skilled, and educated through formal and informal means. This will facilitate the shift of the labour force from subsistence production and elementally occupations to mechanized-commercial production and high skilled occupations along the value chains as well as empowering women with skills and labour saving technologies for transitioning from micro and small enterprises to large scale and commodity-based production.

Box 4. 1: Core Projects

Agriculture Priority Area

1. Agriculture Cluster Development Project (ACDP)
2. Markets & Agriculture Trade Improvement Project (MATIP II)
3. Farm Income Enhancement and Forest Conservation II

Tourism Development Priority Area

1. Tourism Marketing and Product Development Project

Minerals, Oil and Gas Priority Area

1. Hoima Oil Refinery
2. Oil-related infrastructure projects
3. Albertine region airport
4. Albertine region roads
5. Other oil-related support infrastructure

Infrastructure Development Priority Area

a) Energy

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

b) Transport

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

Human Capital Development Priority Area

a) Health

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

b) Education and Sports

1. Comprehensive Skills Development Project

c) Social Development

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

Economic Management and Accountability

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

CHAPTER 5: MACRO-ECONOMIC STRATEGY AND FINANCING

5.1 Macroeconomic Strategy

417. The macroeconomic strategy of the NDPII is framed in the context of an economy whose potential to grow is yet to be fully exploited. The strategy is underpinned by the desire to maintain macroeconomic stability while at the same time positioning the country to be competitive within the region. While infrastructure development is at the core of the strategy, consolidation of the gains achieved in human capital development is also emphasized. Overall, the strategy envisages growth largely driven by both public and private investment demand and an increase in export growth. The strategy is also characterized by the frontloading of infrastructure spending with appropriate phasing given the resource constraints and absorptive capacity and consolidation of expenditure in the last two years. Emphasis is also put on domestic resource mobilization and harnessing new sources of financing beyond the traditional sources. Key outcomes of the strategy include sustained growth, keeping inflation below 5 percent, and attaining middle income status. A summary of the key selected economic and financial indicators is provided in Table 5.1.

Table 5.1: Selected Economic and Financial Indicators: NDPII-2015/16-2019/20

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
(Annual percent change, unless otherwise indicated)						
Output and prices						
Real GDP	5.3	5.5	6.1	6.3	6.4	6.5
GDP deflator	5.7	4.9	4.3	4.3	4.3	4.3
Money and credit						
Broad money (M3)	17.5	17.3	15.2	15.9	14.9	15.6
Credit to non-government sector	16.8	19.5	21.9	17.3	11.9	16.9
M3/GDP (percent)	22.1	23.4	24.4	25.6	26.6	27.8
(Percent of GDP, unless otherwise indicated)						
Central government budget						
Revenue and grants	14.7	14.5	14.8	15.3	15.5	15.8
of which: grants	1.7	1.0	0.8	0.8	0.6	0.5
of which: oil revenue	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure	21.3	20.8	22.0	21.6	21.1	20.1
Current	9.9	10.0	10.4	10.6	10.8	10.8
Capital	8.1	6.6	6.5	6.6	6.4	6.2
Primary balance	-4.8	-4.3	-4.7	-3.5	-2.5	-1.1
Overall balance	-6.6	-6.3	-7.1	-6.4	-5.6	-4.2
Excluding grants	-8.3	-7.3	-8.0	-7.2	-6.2	-4.7
Net domestic financing	3.6	1.5	2.9	2.2	2.1	1.6
Public debt						
Public gross nominal debt	31.1	34.8	37.6	40.0	41.4	41.6
of which: external public debt	17.6	20.6	22.9	24.9	26.1	26.3
External sector						
Current account balance (including grants)	-10.6	-10.2	-10.5	-10.1	-10.3	-9.0
Current account balance (excluding grants)	-10.9	-10.5	-10.8	-10.3	-10.5	-9.1
Gross international reserves						
In billions of US\$	3.2	3.4	3.4	3.8	4.1	4.6
In months of next year's total imports	3.9	3.9	3.6	3.5	3.6	3.9
excluding one-off infrastructure-related imports	4.6	4.7	4.4	4.5	4.3	4.5
Memorandum items:						
GDP at current market prices (Shs bn)	75,158	83,378	92,068	101,689	112,392	124,381
GDP per capita (Nominal US\$)	808	833	888	931	982	1,033

5.1.1 Sources of Growth

418. While Uganda has sustained high growth rates over the past twenty years, growth has recently decelerated owing to various factors elaborated in the situation analysis. It's therefore critical to identify the sources of growth for the NDPII. Table 5.2 provides the key interventions identified in the plan that will spur growth.

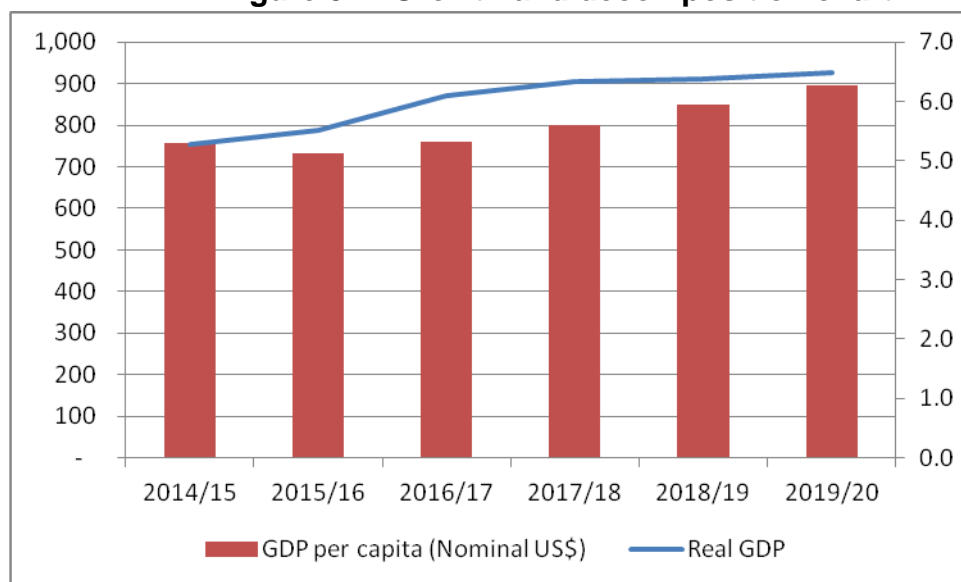
Table 5.2: Key Interventions to drive growth

Energy and Mineral Development <ul style="list-style-type: none"> • Construction of Karuma, Isimba and Small hydropower dams. • Increasing the transmission voltage from 66kV and 132kV to 220kV and 400kV; • Increasing the transmission network coverage; • Increasing the number of transmission substations equitably to aid in rural electrification. • Turning phosphates into fertilizers to boost agriculture productivity • Crude Oil refining • Crude Oil transportation-pipeline 	Works and Transport <ul style="list-style-type: none"> • Standard gauge rail development • Development of inland water transport • Develop and maintain the roads to tourism, mining and agriculture producing areas • Improve 1525Kms of community access roads per year to foster local economic development
Water and Environmental Resources <ul style="list-style-type: none"> • Construct safe water supply systems in rural areas focusing on un-served areas guided by water point mapping to identify and prioritize pockets of low service. • Construct piped water supply systems in Rural Growth Centres (RGCs) to replace the currently overstretched hand-pumped borehole service technology. • Target investments in water stressed areas abstracting from production wells as well as large GfS where appropriate to serve the rural areas. • Promotion of irrigation systems 	Agriculture <ul style="list-style-type: none"> • Increase production and productivity in the 12 selected agricultural enterprises of Coffee, Tea, Cotton, Rice, Maize, Beans, Cassava, Bananas, Diary, Beef, Fish, and Citrus. • Increase value addition and marketing to the 12 selected agricultural enterprises along the agricultural value chain • Establish a Women Enterprise Initiative that enhances women participation along the value chain • Strengthen the institutional framework to support production, value addition and Marketing • Strengthen agricultural products quality assurance systems (invest in laboratories, technologies)
Education <ul style="list-style-type: none"> • Expand equitable access to primary education • Enhanced Quality of Pre Primary and Primary Education • Improve effectiveness and efficiency in the delivery of Primary Education 	Health <ul style="list-style-type: none"> • Health infrastructure development, equipment and maintenance. • Scaling up training of health cadres in short supply but critical cadres • Develop community structures for improved health education, promotion and disease prevention, including the Community Health Extension Workers (CHEWs) strategy. • Support implementation of primary health care.

5.1.1.1 Overall Growth

419. The NDPII assumes that all the interventions outlined in the strategic direction will be implemented during the period 2015/16-2019/20. In particular, it is assumed that the following will be realized during the NDPII period: (i) increasing productivity of all sectors, (ii) pursuing value addition especially for the agro-processing and mineral products, (iii) creating an environment where industrialization can flourish, and; (iv) improving social delivery of services.
420. Given these objectives, there are considerable effects on the level of growth. The average growth of GDP under this scenario is 6.2 percent as shown in Figure 5.1. Despite the recent depreciation of the shilling which has impacted on the GDP per capita, it is expected that by the end of the NDPII, the country will be able to reach middle income status. In addition to public investments, growth will also be driven by exports which are anticipated to grow from 12.9 to 16.5 percent of GDP.

Figure 5.1: Growth and decomposition chart



5.1.1.2 Decomposition of GDP Growth

421. **Agriculture and agro-processing:** In envisaging agricultural investment for growth emphasis has been placed on value addition, increasing productivity, among others. This Plan prioritizes twelve commodities including the traditional export crops (coffee, tea and cotton); cereals (maize); fish; legumes (beans); tubers (cassava); livestock (dairy cattle, and beef cattle); bananas and citrus. Undeniably value addition in these commodities presents a huge opportunity for growth. Value chain analysis of crops like maize reveal that maize processing/milling has enormous potential due to the increased demand for animal feeds, industrial starch in the beer industry, maize flour in for schools, hospitals, prisons and industrial zones, processed foods like corn flakes, maize milk and oil, and quality of maize regional markets. Value addition for crops like cotton can yield yarn, garments and apparel, edible oil

processing, soap production and animal feed which stimulate growth of other industries and the cotton sub-sector growth. The case of livestock is exemplified by the dairy processing which yields a range of products including processed milk, pasteurized milk, and yoghurt, cheese which have both regional and local markets. The harvesting of beef from cattle results into the processing of hides and skin which could earn the country foreign exchange. Like in the case of beef, fish processing has been a huge foreign exchange earner until very recently. It is important the NDP II identify and prioritize the commodities and their various aspects based on level of contributions to growth and their likely multiplier effects on wealth creation. As shown in Table 5.3, while agriculture production will contribute on average 1.4 percent to total GDP, agro-processing could also add an additional 0.5 percent on average to total GDP growth.

Table 5.3: Decomposition of Growth by Sectors

	2015/16	2016/17	2017/18	2018/19	2019/20
Total GDP	5.51	6.10	6.34	6.38	6.48
Agriculture	1.00	1.29	1.20	1.06	1.01
Industry	0.90	1.40	1.55	2.01	1.76
Mineral Development	0.25	0.17	0.09	0.04	0.06
Manufacturing	0.64	1.23	1.46	1.97	1.70
Agro-processing	0.48	0.50	0.49	0.43	0.40
Other-manufacturing	0.16	0.73	0.97	1.54	1.30
Services	3.61	3.41	3.59	3.31	3.71
<i>Of which:</i>					
Electricity, air and gas	0.04	0.04	0.04	0.04	0.04
Water and sanitation-private	0.12	0.14	0.14	0.10	0.10
Construction sector	1.36	0.82	0.48	0.17	0.34
Wholesale and retail trade	0.56	0.56	0.52	0.51	0.51
Transport services	0.16	0.19	0.18	0.17	0.15
Hotel and restaurants	0.16	0.27	0.27	0.23	0.20
Telecommunications-ICT	0.05	0.29	0.39	0.63	0.52
Financial services	0.26	0.36	0.38	0.45	0.40
Public administration	0.35	0.38	0.37	0.22	0.14
Education	0.17	0.17	0.22	0.22	0.18
Health	0.10	0.27	0.32	0.34	0.33

422. **Mineral Development and value addition:** Mineral development and value addition comes with benefits derived from mining, processing and assembly, and it encompasses the multiplier effect of those industries that benefit the service and supply industry, i.e., construction, energy, engineering and environmental services, equipment parts and supplies, financial and legal expertise, among others. Key interventions in the minerals sub-sector that would have significant impact on the economy include: (i) development of the iron smelting plant, which would have positive spill-over effects on steel manufacturing within the region and (ii) Processing of phosphates into fertilizers, which would have positive benefits especially for the

agriculture sector. Mining and value addition in mineral development would contribute on average 0.5 percent to total GDP.

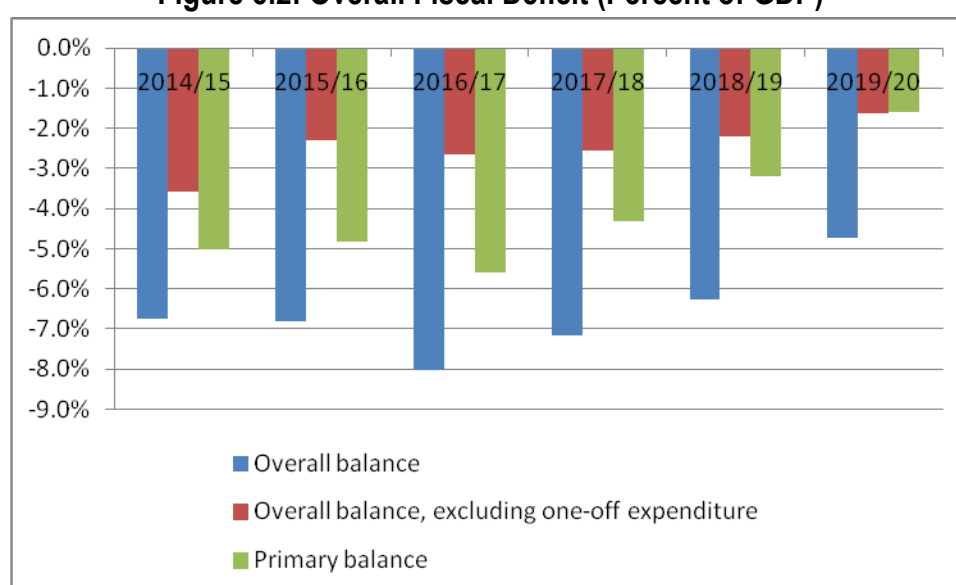
423. **Manufacturing:** The manufacturing sector is characterized by limited value addition which should be exploited during this Plan period. Within its diversity, the manufacturing sector is largely made of processing of raw materials and very few capital goods industries with very low utilization of manufacturing capacity - about 50 percent of installed capacity. This is further manifested in the absence of manufactured products in the export basket. Steps have already taken to diversify the country's manufacturing sector. This process may have been hastened by falling prices for Uganda's main agricultural exports – coffee, cotton and tea. However, the bulk of this diversification has been into other peripheral primary products. That being said, some non-traditional industries, such as cut flowers, plastics and metal products are also increasing their exports, albeit from a low base. Opportunities of Uganda are more ample than those that would emerge if it were to concentrate exclusively on adding value to its existing raw materials. The international evidence shows that countries diversify by moving into products that use similar productive knowledge, not necessarily concentrating on the processing of existing raw materials. In a study by Hausman et.al (2013), some of the commodities identified where Uganda could be able to invest include petrochemical products based on the emerging oil industry, paper and wood industry, aluminium and other related building materials.
424. **Tourism sector:** Tourism is one of the sectors identified with great growth potential yet to be exploited. Under the NDP II, this sector has also been prioritized given the fact that the required investments for the sector are low relative to the potential returns. This sector could be enhanced directly by the government and private sector. The government could provide the necessary inputs like the necessary infrastructure to promote the sector. On the other hand, the private sector would respond by investing in activities for example in hotels, restaurants, and providing transport and tour services for the sector. Based on these interrelated interventions by the private and public sector, potential contributions to GDP from transport services, hotels and restaurants which all serve the tourism industry are estimated at 0.4 percent on average.
425. **Infrastructure developments:** A combination of infrastructure projects highlighted in Table 5.2 will have a large impact on growth during the NDP II period. Key among the projects expected to have an impact include the Karuma and Isimba dams, Oil refinery, Oil pipeline, standard gauge railway and key roads identified under NDPII. The direct contribution to GDP of the infrastructure projects is estimated at 0.3-0.4 percent. Notwithstanding the direct benefits and their positive spillover effects to the rest of the economy, there will be an immediate demand for construction services which is estimated to contribute 0.7 percent to total GDP. The positive effects of these projects on the economy are expected towards the end of the NDP II period after their completion.

5.2 Fiscal Strategy

426. The fiscal strategy of the NDPII is underpinned by the need to maintain macroeconomic stability and a quest to competitively position Uganda to fully benefit from the East African Common

Market. For this to be realized, it will require to address the key binding constraints to growth and factors that can reduce the costs of doing business in Uganda. The focus of addressing the infrastructure deficit while consolidating the gains in human capital development remains a key priority for the NDPII. In summary, being that infrastructure has been prioritized; the fiscal deficit will mainly be driven by the additional resources required for infrastructure and human capital development. As shown in Figure 5.2, the overall fiscal deficit (including grants) is expected to be at its peak in 2016/17 at 8 percent, and thereafter will be consolidated to 4.7 percent in 2019/20. By excluding the one-off expenditures, the overall deficit on average will be between 1.6 and 2.7 percent over the NDPII period. By excluding interest payments which increase owing to the increased debt position, the primary balance will improve over the NDPII period from 4.8 to 1.6 percent of GDP.

Figure 5.2: Overall Fiscal Deficit (Percent of GDP)



5.2.1 Expenditure Strategy

427. The overall average spending is expected to be 21.1 percent of GDP with the peak of 22 percent of GDP expected in 2016/17, and consolidation of spending by the end of the Plan period. This pattern is largely driven by the required spending levels on both infrastructure and human capital development. This section focuses on the key strategic areas that drive the fiscal path of NDPII.

428. **Infrastructure Development:** The composition of spending has been evolving over the last ten years and increasingly more emphasis has been put on infrastructure spending especially roads. While expenditure on the health and education sectors used to comprise about 4.4 percent of GDP as the Poverty and Eradication Action Plan was winding up, spending on human capital development has been maintained in the same range at 4.7 percent of GDP. On the other hand, the spending on roads infrastructure has consistently increased from 2.4 to 3.1 percent of GDP during the period 2009 and 2013. The reorientation of spending towards

infrastructure development is consistent with the priorities of the Vision 2040. Table 5.4 shows the key infrastructure projects and their phasing over the Plan period.

Table 5. 4: Key Infrastructure Projects and their Phasing (US\$)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total	Average
Karuma and Isimba hydro power plants	773	836	545	217	96			2,467	
Ayago hydro power plant							711	711	
Entebbe airport rehabilitation		81	31	40	40	10		203	
Standard-gauge railway			570	454	452	450		1,926	
Kampala – Jinja highway			90	179	31			300	
Kampala – Mpigi expressway			33	66	99	99	33	330	
Other road projects		130	47	55	113	121	27	494	
Hoima Oil Refinery				202	167	167		535	
Other oil-related infrastructure		100	100	121	230	137		688	
Grid extensions and transmission lines				27	61	95	103	286	
Markets and farm income enhancement			9	26	43	51	34	162	
Total	773	1,147	1,424	1,387	1,332	1,130	908	8,102	1,157
o/w non-concessional borrowing	327	1,141	1,118	1,236	1,205	994	521	6,542	935
o/w domestically financed	446	7	306	151	127	136	386	1,560	223
Total as a % of GDP	2.9%	4.3%	5.0%	4.5%	4.0%	3.1%	2.3%		3.7%
o/w non-concessional borrowing	1.2%	4.2%	3.9%	4.0%	3.6%	2.7%	1.3%		3.0%
o/w domestically financed	1.6%	0.0%	1.1%	0.5%	0.4%	0.4%	1.0%		0.7%

429. The main projects identified include: (i) scaling up the generation of electricity from the current 825MW to 2,500MW by 2020; (ii) increasing the electricity distribution ensuring that Universal access to electricity is achieved by 2040; (iii) construction of standard gauge railway; and (iv) upgrading national roads (from 15 percent (3,050km) to 21 percent (4,105km) by 2020) and reconstruct or rehabilitate sections of national roads and dueling of specific sections of national roads to improve their capacity and; upgrade specific district roads to national roads. The build-up in spending for the transport sector is driven by the resources required for the railway particularly in 2016/17. On the other hand, the energy sector expenditures outlays are largely driven by the enhancement of electricity generation, enhancement of the electricity transmission network and the investment for the crude oil refinery.

430. **Human Capital Development:** Expenditure on human capital development which includes health and education has on average been consuming more than 20 percent of the total budget since 2009/10. As a percentage of GDP, expenditures on health on average have been maintained at 2 percent and large part of it is spent on public health service programs and hospital services. Over the next NDP II, government is now prioritizing preventive health care which is expected to have an impact on reducing costs for other services like curative health care. Owing to the introduction of universal access to primary education and secondary education, expenditures on these two items are currently at 2.5 and 1.8 percent of GDP for education and health respectively. While these resources are not enough to address the challenges in both the health and education sectors, it can be argued that there are efficiency gains that can be achieved within the sectors using the same amount of resources. In this regard, the fiscal stance during NDP II would be to modestly increase spending on human capital development beyond current levels while addressing the inefficiencies in the two sectors. Such inefficiencies include for example absenteeism of education and health workers, poor supply-chain management of drugs and the like. There are also challenges for the quality of

services provided in both sectors which will have to be addressed in NDP II. These include overcrowded referral hospitals, overcrowded schools among others. Spending on human capital development will be increased during the period 2015/16-2019/20 from 4.7 percent to 6.5 percent of GDP as infrastructure spending is consolidated and reduced towards the end of the Plan period.

431. **Other expenditures:** Other expenditures excluding works, energy, health and education comprise about 52 percent of the total budget. The key sectors in this category include security (6.7 percent), public sector management (7 percent) and justice, law and order (5 percent). Based on the costing of interventions, spending on other activities will evolve as shown in Table 5.5. However, there is scope to increase resources for infrastructure development by reallocating expenditures from some sectors. The overall cost of the Plan is estimated at about UGX185.2 trillion, of this UGX100.4 trillion is government funding and UGX84.8 is private sector contribution.

Table 5.5: Expenditure Developments-Percent of GDP

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Agriculture	0.69	0.89	0.93	0.97	1.01	1.05
Lands, Housing and Urban Development	0.14	0.14	0.14	0.14	0.14	0.14
Energy and Mineral Development	2.67	2.58	3.41	3.99	3.40	1.71
Works and Transport	3.49	5.77	5.86	5.56	5.40	4.21
Information and Communications Technology	0.02	0.03	0.04	0.05	0.06	0.07
Tourism, Trade and Industry	0.09	0.11	0.13	0.15	0.17	0.19
Education	2.84	3.04	3.24	3.44	3.64	3.84
Health	1.86	2.06	2.26	2.46	2.66	2.86
Water and Environment	0.61	0.98	0.93	0.86	0.67	0.60
Social Development	0.08	0.08	0.08	0.08	0.08	0.08
Security	1.68	1.68	1.68	1.68	1.68	1.68
Justice, Law and Order	1.18	1.18	1.18	1.18	1.18	1.18
Public Sector Management	1.77	1.75	1.73	1.71	1.69	1.67
Accountability	1.07	1.07	1.07	1.07	1.07	1.07
Legislature	0.35	0.35	0.35	0.35	0.35	0.35
Public Administration	0.75	0.75	0.75	0.75	0.75	0.75
Total Expenditure	22.01	24.04	25.37	26.03	25.55	23.04

5.2.2 Revenue Developments

432. On the revenue outlook, the NDP II envisages that there will be some improvement in domestic revenue mobilization (excluding oil revenues). These gains will arise from minimizing the use of non-standard VAT tax exemptions which have compromised the effectiveness of tax collection. These exemptions are estimated to reduce government revenue by 1 percent of GDP. In addition, the exemptions also complicate tax administration and increase the risk of non-compliance thereby costing Government about 6 percent of GDP in foregone VAT revenue annually. Compared to other EAC countries, the efficiency of VAT tax collection is lowest in Uganda (see Table 5.6). Streamlining VAT tax collection will be complemented by the current efforts of broadening the tax base especially targeting the informal sector. There is also scope

to increase corporate tax collection whose effective tax rates remains low compared to other East African countries.

Table 5.6: VAT Revenue Performance in EAC Countries

Country	Standard VAT Rate	C-Efficiency ³³
Uganda	18	28.6
Burundi	18	81.7
Kenya	16	44.4
Rwanda	18	41.7
Tanzania	18	45.7
EAC Average		48.4

Source: IMF, 2013

433. Grants under the NDPII period are expected to decline due to a combination of factors including: (i) austerity measures pursued in donor countries (ii) continued positive growth perception of donors about Uganda's recent developments and therefore not being eligible for certain grants. As a result grants are expected to decline further to 0.5 percent by the end of 2020.
434. Overall implications of these developments will result into total revenues and grants increasing from 14.7 percent to 15.9 percent of GDP. This will be supported by increment in tax revenues over the Plan period.
435. The fiscal strategy fronted in this Plan does not depart substantially from the path adopted by the neighboring countries (Table 5.6). Most notable is Kenya whose expenditure as a percentage of GDP has averaged 30 percent over the last five years supported by high domestic resource mobilization at 24 percent of GDP. In addition, Kenya has also continued to borrow from traditional concessional sources, semi-concessional sources and private markets to finance its infrastructure needs. Expenditure by Tanzania has on average been 27 percent of GDP for the last five years while collection of revenues has averaged 17.5 percent of GDP. The fiscal deficit excluding grants has also been on average 10 percent. This high deficit has been partly financed by grants and borrowing. Albeit this expansionary fiscal policy stance, macroeconomic stability has been maintained in these countries.

³³ The C-Efficiency is an indicator of the departure of the VAT from a perfectly enforced tax levied at a uniform rate on all consumption. It is calculated by dividing VAT revenue as a percent of aggregate consumption by the headline rate.

Table 5.7: Comparative Macroeconomic Developments for Selected Countries, 2004 - 2015

Country	2004-08	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real GDP Growth (Percent)												
Ethiopia	11.8	12.6	11.5	11.8	11.2	10	10.6	11.4	8.5	9.7	7.5	7.5
Kenya	5.2	5.9	6.3	7	1.5	2.7	5.8	4.4	4.6	5.6	6.3	6.3
Rw anda	9	9.4	9.2	7.6	11.2	6.2	7.2	8.2	8	5	7.5	7.5
Tanzania	7.3	7.4	6.7	7.1	7.4	6	7	6.4	6.9	7	7.2	7
Uganda	8.3	10	7	8.1	10.4	4.1	6.2	6.2	2.8	6	6.4	6.8
Consumer Prices (Annual average, percent change)												
Ethiopia	18	11.7	13.6	17.2	44.4	8.5	8.1	33.2	24.1	8	6.2	7.8
Kenya	8.3	7.8	6	4.3	15.1	10.6	4.3	14	9.4	5.7	6.6	5.5
Rw anda	10.9	9.1	8.8	9.1	15.4	10.3	2.3	5.7	6.3	4.2	4.1	4.8
Tanzania	6.6	4.4	7.3	7	10.3	12.1	7.2	12.7	16	7.9	5.2	5
Uganda	7.5	8.6	7.2	6.1	12	13.1	4	18.7	14	5.4	6.3	6.3
Total Investment (Percent of GDP)												
Ethiopia	22.7	22.4	23.9	20.8	21.2	21.5	23.6	27.2	34.6	28.3	30	27
Kenya	18	16.9	17.9	19	19.2	19.9	19.8	20.5	20.1	20.5	20.6	20.6
Rw anda	20.6	20.8	19.3	20.2	22.8	22.3	21.7	22.2	22.2	23	25.3	25
Tanzania	26.9	25.1	27.6	29.6	29.8	29	32	36.7	34.6	34.2	32.8	31.6
Uganda	21.5	21.6	20.7	23	20.4	22	23.1	25	25.2	26.4	27.5	27.2
Gross National Savings (Percent of GDP)												
Ethiopia	21.2	20.1	18.3	23.7	19.3	19	20.7	27.3	28.1	22.2	24.6	20.9
Kenya	15.1	15.5	15.7	15.1	12.7	14.4	12.4	9.4	9.6	12.2	11	12.8
Rw anda	18.9	21.9	15	18	17.9	15	16.2	14.9	10.8	15.7	13.7	14.7
Tanzania	17.8	18.3	16.8	15.6	19.2	19.9	24.1	19.5	19.2	19.9	18.8	18.8
Uganda	16.6	19	16.5	17.5	11.7	14.7	12	12.5	14.7	14.7	15	15
Government Expenditure (Percent of GDP)												
Rw anda	22.8	23.4	21.7	23.1	24.7	24.1	26.2	26.7	26.3	27.7	29.1	28.8
Ethiopia	21.9	23.3	22.5	20.9	19.1	17.4	18.8	18.5	16.9	17.3	16.1	16.2
Kenya	24.8	24.2	24.6	25.9	26.9	28	30	28.8	29.9	30.9	30.8	30.3
Tanzania	22.6	22.2	23.2	23.1	24.5	27	27.5	26.9	26.3	26.8	27.4	27.3
Uganda	18	18	17.5	17.1	17.7	17.1	22.2	19.9	19.1	18.3	18.4	18.3
Government Revenue, Excluding Grants (Percent of GDP)												
Ethiopia2	14.2	14.8	15	12.8	12.1	12.1	14.2	13.7	14	12.1	11.5	11.9
Kenya	21.3	21	20.8	21.7	21.7	21.8	23.8	23.2	23.2	24	24.6	24.5
Rw anda	12.8	12.5	12.1	12.4	14.8	12.7	13.1	13.9	15.2	16.6	17.5	18.9
Tanzania	13.7	12.2	13.6	15.2	16	16.1	16.3	17.3	17.5	18	19	19.5
Uganda	12.1	11.8	12.2	12.4	12.3	12.1	12.5	14.8	13.4	13.4	13.9	14.5
Overall Fiscal Balance, Excluding Grants (Percent of GDP)												
Ethiopia2	-7.7	-8.5	-7.5	-8.1	-7	-5.3	-4.6	-4.9	-2.9	-5.2	-4.5	-4.3
Kenya	-3.6	-3.2	-3.8	-4.2	-5.2	-6.1	-6.2	-5.6	-6.7	-6.9	-6.2	-5.9
Rw anda	-10	-10.8	-9.6	-10.7	-9.9	-11.4	-13.1	-12.7	-11.1	-11.1	-11.6	-9.9
Tanzania	-8.9	-10	-9.7	-7.9	-8.5	-10.9	-11.2	-9.7	-8.7	-8.7	-8.4	-7.8
Uganda	-5.9	-6.2	-5.3	-4.7	-5.4	-5	-9.6	-5.1	-5.7	-4.9	-4.5	-3.8
Government Debt (Percent of GDP)												
Ethiopia	58.1	76.7	39.4	37.2	30.8	25.3	27.9	26.2	21.2	22.2	23.5	24.2
Kenya	51.6	53.6	50.5	45	48.9	49.7	55.1	52.6	50.5	50.4	51.1	50.6
Rw anda	47.3	70.7	26.6	27	21.3	22.9	23.1	23.9	24.1	29.4	28.8	28.9
Tanzania	42.5	56	42.6	28.4	29.2	32.6	37.1	40.2	40.4	41	42	42.2
Uganda	38.8	52.8	35.5	21.9	21.4	21.4	26.8	29.3	31.1	33.9	36	38.1

Note: 2014 and 2015 are projections.

Source: IMF (2014) Regional Economic Outlook for Sub-Sahara Africa. April 2014

5.2.3 External Sector Developments

436. Through implementation of the fiscal strategy which emphasizes investments in infrastructure combined with the productivity gains in the various sectors, this would have a positive impact on the external developments. With an improvement in productivity of the exportable sectors, the overall level of the trade balance (goods and services) deficit as a percentage to GDP is expected to average about 10 percent of GDP during the NDPII period. The modest improvement is on account of the expected increase in imports for infrastructure development. The overall current account deficit will remain at about 11.4 percent of GDP on the backdrop of decline in official remittances from abroad, and factor income outflows as a result of interest payments on accrued debt. The current account will partly be financed by increase in foreign direct investments especially during the years 2015-18 and increased government borrowing which will largely be used to finance infrastructure development. As a result of these developments, reserves will remain at about 3.9 months of imports (Table 5.8).

Table 5.8: Current Account, Exports, Imports and Financing

	2014/1 5	2015/1 6	2016/1 7	2017/1 8	2018/1 9	2019/2 0
Current account balance (including grants)	-10.6	-10.2	-10.5	-10.1	-10.3	-9.0
Current account balance (excluding grants)	-10.9	-10.5	-10.8	-10.3	-10.5	-9.1
Gross international reserves						
In billions of US\$	3.2	3.4	3.4	3.8	4.1	4.6
In months of next year's total imports	3.9	3.9	3.6	3.5	3.6	3.9
excluding one-off infrastructure-related imports	4.6	4.7	4.4	4.5	4.3	4.5

437. Table 5.9 provides the key drivers of exports growth. Among the exportable cash crops, coffee, tea and flowers would be expected to grow at an average of 4.2, 8.7 and 6.2 percent respectively. On the other hand, there is also great potential in export growth especially for the processed foods, particularly grains. Other exports with significant potential will include oil, chemicals and plastics.

Table 5.9: Export Growth-Key Commodities

	2015/16	2016/17	2017/18	2018/19	2019/20
<i>Cash crops</i>					
Coffee	5.77	6.84	6.75	7.20	7.29
Cotton	2.88	2.20	1.43	1.10	0.99
Tea	7.38	5.14	4.65	2.49	2.20
Flowers	2.76	3.20	3.07	2.55	2.55
<i>Food crops</i>					
Maize	4.81	3.67	2.38	1.83	1.64
Rice	4.59	3.23	1.82	1.42	1.20
Cassava	4.49	3.29	1.96	1.41	1.20
Bananas	0.68	0.66	0.55	0.85	0.77
Beans	0.84	0.69	0.47	0.73	0.64
<i>Processed food</i>					
Meat	6.12	6.23	4.88	3.86	3.77
Fish	1.39	0.69	0.68	1.91	1.88
Dairy	5.47	6.08	5.74	5.11	5.18
Grain	29.82	37.56	28.43	17.00	17.44
Tea	8.48	7.96	5.00	3.81	3.59
Animal feeds	15.36	15.33	11.34	8.81	8.57
Edible Oil	7.36	6.64	4.45	4.00	3.75
Bakery	6.21	6.52	5.84	5.24	5.25
Sugar	22.44	23.48	15.54	9.66	9.25
<i>Other exports</i>					
Textile	1.73	1.89	1.89	1.89	1.93
Metalic products	24.11	24.69	16.80	11.20	10.70
Non-metalic products	18.84	18.38	12.80	9.29	8.90
Chemicals and Plastics	25.54	21.07	18.31	11.54	11.23
Electricity	9.27	9.45	8.52	7.59	7.53

5.2.4 Price and Monetary Developments

438. Monetary policy will be underpinned by the desire to maintain macroeconomic stability. The target of core inflation for the Plan is within single digits and maintained at 5 percent or below. Inflation targeting through the use of interest rates will remain the operational tool used to control inflation. It is important to underscore the fact that there is a trade-off between the desire to control inflation and attaining growth as earlier discussed. Therefore, the central bank will have to strike a balance between controlling inflation without compromising growth especially through high interest rates to curb the growth of private sector credit. While inflation targeting has proved to be successful in maintaining macroeconomic stability, there is also a challenge of market interest rates adjusting in tandem with the CBR owing to the high banking overhead costs and shallow financial markets which limit the banks to achieve the economies of scale. In addition to overhead costs, bank activities are impeded by poor institutional environment characterized by slow and inefficient legal system, problems of land titling and unreliable valuation of properties. The inflation targeting framework will therefore have to be supported by measures that can address the challenges in the banking system so that market interest rates fully adjust to the CBR.

5.2.5 Monetary Policy Stance and Inflation

439. The Bank of Uganda (BOU) has been implementing monetary policy under an Inflation Targeting Lite (ITL) monetary policy framework since July 2011. In this framework, the BOU uses the policy rate (the CBR) to influence the interbank money market rates so that they move in tandem with the movement in the central bank rate which in turn should influence other retail interest rates (both short-term and long-term) in the economy. BOU will continue to implement a monetary policy framework that will ensure price stability and at the same time conducive in attaining economic growth over the NDPII period. The inflation outlook will be largely dependent on changes in domestic food prices, exchange rate and international commodity prices. Over the NDPII period, the objective is to keep annual inflation low and stable assuming no major shocks to the economy.
440. There will inevitably be some macroeconomic costs associated with this strategy.
- (i) **The foreign exchange market:** The import content of infrastructure investment in Uganda is estimated to be between 67 percent and 80 percent, but over 80 percent of the key infrastructure projects will be financed from external sources. Even if some of the external loans are provided as imports rather than disbursed as cash, a proportion of this foreign financing will be spent in the domestic economy. This means there will be a net inflow on the balance of payments, putting some upward pressure on the Shilling, while the larger current account deficit could increase exchange rate volatility. To sterilize the net inflow and ensure adequate reserve cover, BOU will need to increase its foreign exchange purchases to an average of around USD5 million a day over the medium term. If BOU's purchases fall below this amount, exchange rate volatility and/or real appreciation could harm Uganda's export sector.
 - (ii) **Domestic liquidity and private sector credit:** The impact of public investment on domestic liquidity will be limited due to the high import content of the infrastructure projects. Nonetheless, a higher fiscal deficit and foreign exchange purchases by BOU will create a liquidity injection that must be managed appropriately to maintain low and stable inflation and healthy levels of private sector credit. Given this excess liquidity, Bank of Uganda's inflation-targeting regime should be strengthened through further recapitalization or by issuing treasury bills for monetary policy purposes. This may place some upward pressure on interest rates. Further financial regulatory reforms are required to exert downward pressure on interest rates and maximise the contribution of the banking system to economic growth. To minimise crowding out, it is important to maintain domestic borrowing to finance the budget at or below the current level (1.7 percent of GDP).

- (iii) **Credit rating:** There is a risk that higher fiscal deficits over the medium term will reduce confidence in Uganda's public finances. This could lead to a downgrading of the country's credit rating and raise interest costs. This risk can be managed given that higher fiscal deficits will enable investment to increase the economy's long-term productive capacity, but it is critical that Government maintains fiscal discipline and gradually closes the non-infrastructure deficit.

5.2.6 Employment Creation and Unemployment

441. As a result of this growth rate, the level of employment created would partly address the surging unemployment problem. The estimated number of jobs created annually under the NDPII is about 640,000 on average (Table 5.10). While this seems considerable, the bulk of the jobs created are in the agriculture sector which on average would add 156,000 jobs annually. For improved productivity of the agriculture sector, indeed the sector would need to shed off some labor which should be absorbed in industries and services; however, this will only be achieved during the subsequent NDPs. On average, Industry would be able to create about 112,000 number of jobs annually, while for services, 302,000 jobs will be created. Unemployment would mainly be driven by growth of unskilled/semiskilled workers. This implies that for government to address this problem, it would require promoting activities that are labor intensive to absorb unskilled workers especially in the industrial and services sectors.

Table 5.10: Jobs created over NDPII Period

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Stock of Jobs								
Agriculture, Forestry and Fishing	4,696,848	4,867,834	4,953,509	5,057,613	5,201,801	5,382,686	5,563,446	5,737,580
Manufacturing	2,292,840	2,575,716	2,691,656	2,868,627	2,966,648	3,059,399	3,155,049	3,253,690
Construction	639,216	691,197	738,310	784,307	833,374	872,319	907,857	1,067,613
Trade	3,154,392	3,317,688	3,446,438	3,597,070	3,707,159	3,813,701	4,014,130	4,200,206
Transportation	583,632	607,288	639,606	662,583	684,639	710,815	745,914	780,546
Other services	2,529,072	2,654,325	2,819,448	2,904,400	3,013,245	3,200,045	3,355,356	3,456,789
Jobs Created								
Agriculture, Forestry and Fishing		170,986	85,676	104,103	144,188	180,886	180,759	174,134
Manufacturing		282,876	115,941	176,970	98,021	92,751	95,650	98,641
Construction		51,981	47,113	45,997	49,067	38,945	35,538	159,756
Trade		163,296	128,750	150,633	110,088	106,543	200,428	186,076
Transportation		23,656	32,318	22,977	22,056	26,175	35,099	34,632
Other services		125,253	165,123	84,952	108,845	186,800	155,311	101,433
Total jobs created		818,047	574,920	585,633	532,266	632,099	702,786	754,673

5.3 Financing Strategy and Debt Sustainability

442. There have been numerous challenges with raising the necessary financing under the NDPI. This is partly due to the fact that financing has been restricted to the traditional sources in particular external concessional financing and domestic debt issuance. NDPII will therefore require more innovative ways to ensure that resources are mobilized to finance the frontloaded spending on infrastructure. With a deficit which on average will be about 6.0 percent, and the

anticipated reduction in development assistance, this will require tapping into new sources of financing without compromising macroeconomic stability. The various sources of financing enumerated below come with some costs and therefore this would call for a caution while contracting new debt. In recognition of this challenge, the government is in the process of drafting a new Public Debt Policy Framework (PDPF). This framework will lay out GoU's overall policy, legal and institutional framework within which debt will be incurred, used and managed. As a requirement, a Medium Term Debt Management Strategy (MTDS) showing a broad financing plan will be published annually. In addition to raising financing, the objective of the strategy will be to ensure that Government's financing needs are met without compromising macroeconomic stability. Table 5.11 shows the various sources of financing that will be used under the NDPII.

Table 5. 11: Sources of financing –Percent of GDP

	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21
Overall balance	-6.6%	-6.3%	-7.1%	-6.4%	-5.6%	-4.2%	-2.6%
Overall balance, excluding one-off expenditure	-3.6%	-2.3%	-2.5%	-2.4%	-2.1%	-1.5%	-0.6%
Primary balance	-4.8%	-4.3%	-4.7%	-3.5%	-2.5%	-1.1%	0.3%
Primary balance excluding one-off expenditure ^{4/}	-1.8%	-0.3%	0.0%	0.4%	1.0%	1.6%	2.3%
Financing	6.6%	6.3%	7.1%	6.4%	5.6%	4.2%	2.6%
External financing (net)	3.0%	4.8%	4.2%	4.2%	3.6%	2.7%	1.2%
Disbursement	3.4%	5.2%	4.7%	4.6%	4.0%	3.2%	1.7%
Concessional project loans	2.3%	1.5%	1.3%	1.1%	0.9%	0.8%	0.6%
Non-concessional borrowing	1.1%	3.7%	3.4%	3.4%	3.1%	2.4%	1.1%
Amortisation (-)	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.5%	-0.6%
Domestic financing (net)	3.6%	1.5%	2.9%	2.2%	2.1%	1.6%	1.5%
Bank financing	2.6%	0.7%	1.9%	1.2%	1.1%	0.7%	0.7%
Bank of Uganda	1.9%	-0.1%	1.3%	0.5%	0.4%	0.1%	0.2%
Commercial banks	0.7%	0.8%	0.6%	0.7%	0.6%	0.6%	0.5%
Non-Bank financing	1.0%	0.8%	0.9%	1.0%	1.0%	0.9%	0.8%

443. Table 5.11 shows that external financing will continue to have a significant role. This is particularly critical given the need to limit domestic borrowing to sustainable levels to avoid crowding out resources for the private sector. External financing will average 3.9 percent of GDP over the NDPII period and this will be driven by increased borrowing at concessional and non-concessional terms. Domestic financing on the other hand will peak at 2.9 percent in 2016/17 and decline over the years.

5.3.1 Concessional External Borrowing

444. Concessional loans are defined as external loans contracted with a grant element of more than 35 percent mainly sourced from the bilateral and multilateral donors. Over the years these loans

have cushioned Uganda to finance a moderate deficit. In 2014/15, concessional loans were projected to contribute up to 2.3 percent of GDP. Given the low interest rates and long maturity periods of these loans, Government will attempt to maximize the use of such loans to finance the long-term investments especially for both infrastructure and human capital development. Estimates by the IMF show that concessional loans will decline over time as Uganda continues to sustain high growth and its spending requirements continue also to evolve. Less than 50 percent of the financing needs will be met through concessional borrowing in 2013/14. Given this background, the NDP II relies on conservative estimates for concessional borrowing. It is expected that over the NDP II period concessional loans will remain a key source of financing in 2015/16 and 2016/17 and decline to 1 percent of GDP in fiscal year 2019/20 as the financing needs also decline.

5.3.2 Semi-Concessional External Borrowing

445. Given the limited scope for concessional borrowing, this would therefore require Government to explore other avenues of financing its expenditure needs. Semi-concessional loans are similar to concessional loans only that their grant element is less than 30 percent. These loans are contracted from countries like China which are considered to be nontraditional donors and organizations including the African Development Bank, International Bank of Reconstruction and Development and European Investment Bank. Financing from semi-concessional loans especially for large infrastructure projects including Karuma and Isimba dams and the SGR are expected to total USD 5.3 billion during the period 2015-20. Other projects expected to be financed through these loans may include roads construction, rehabilitation of the airport and other projects.
446. Under the NDP II Government will continue to source these types of loans given their favorable terms compared to commercial loans. Government will also put in place mitigation measures to ensure that loans are not tied to preconditions in procurement processes and thereby undermining their concessionality.

5.3.3 Non-Concessional External Borrowing

447. Given the large financing requirements it is not likely that Uganda will be able to raise these resources only from concessional borrowing and tax revenue efforts. It is imperative that Government also starts exploring other options especially to finance large infrastructure projects whose economic returns may not be viable in the short run but with enormous social benefits. Uganda is currently rated at B by Fitch and Standard and Poors rating agencies. The key driver for these ratings includes prudent macroeconomic policies combined with a renewed focus on infrastructure investment. At the backdrop of this development, Government may also consider to issue a Euro bond in international markets. The size of this bond will depend on the financing needs that are not fully covered by concessional or semi-concessional borrowing. Also considerations of the costs and risks associated with such financing instruments will be taken into account. This will also require careful planning and preparations on the part of Government to ensure that proceeds are used immediately after issuance of the bond.

5.3.4 Domestic Borrowing

448. Government started issuing securities for fiscal purposes in the year 2012/13 raising about UGX650bn (1.2 percent of GDP). While this is a positive development, there are costs associated with domestic financing which include (i) crowding out of financing for the private sector; (ii) high interest costs which would therefore lead to increasing costs in interest payments by government. Given these challenges, the NDPII would attempt to limit domestic borrowing to current levels especially as the infrastructure projects get completed. The level of domestic debt would be limited to the range of 1.5-3 percent if domestic debt is to be contained within sustainable levels.

5.3.5 Public Private Partnership

449. Given the scale of investments required under NDPII, there is need to have close cooperation between the public and private sectors in form of public-private sector partnerships (PPP). This form of partnership has already been demonstrated to work even for very large projects most recently applied to the Bujagali dam. Financing under the PPP framework would also relieve the pressure exerted on the meager public resources. Government has already embarked on promoting and encouraging PPP in various forms for the smooth implementation of NDPII. Legislation towards formulating laws for PPPs is also in advanced stages. The forms that PPPs usually take include joint ventures between the Government and private sector entity/ies where both may contribute financial resources, Build, Operate and Transfer (BOT), Build, Own, Operate and Transfer (BOOT), Build, Own and Operate (BOO) and Concessions. Each of these forms of PPPs has advantages and disadvantages that are unique. Careful analysis will be made in deciding the form of PPP that has the highest economic benefit to the country and most suitable for both the public and private sector before any form of PPP is recommended for implementation. In general, however, PPPs will be encouraged and promoted in the provision of infrastructure and energy, as well as huge undertakings which require substantial financial resource outlay.

450. **Fund of Funds for Private Sector Financing:** Private sector financing remains a key challenge especially for start-up companies that are shunned by traditional commercial banks. It is proposed that Uganda considers establishing a fund of funds but adapt it to the local context with improved governance and management principles and practices. The Fund of Funds enables the government to have a stable and unified source of venture investment which can be targeted to priority sectors expected to grow at a high rate and generate employment. Over time the fund of funds can be gradually opened to the private sector, allowing for its efficiency and additional funding to be exploited. The proposal to establish a Uganda Fund of Funds borrows heavily from the Korea experience of establishing fund of funds. The Korea Fund of Funds was fully government funded and allowed fund manager to evaluate, select, and distribute capital to a number of funds based on high standards and with a significant level of independence.

451. To improve governance and management of fund of funds, it is proposed that, although the Fund of Funds would be financed partly by government, management of this fund would require

being autonomous in its decision making and not influenced by government. This would enable the managers to make decisions based on the viability of the projects in question. Notwithstanding the above proposal, the Fund would also have to be regulated by the Capital Markets Authority to ensure that it meets the generally acceptable standards and practices of capital markets and does not out-compete private venture capital initiatives. The venture capital invested in the individual enterprises would also follow the management practices that are used in the private venture capital market as in the case of Venture Capital Trust Fund of Ghana. In particular, the venture capital companies would take positions in individual enterprises and this would only be for a given period of time

452. The source of financing should not only be restricted to government, especially overtime. Once the Uganda government initiates the fund through providing the necessary initial resources, including financial and human resources, it should market it to other potential investors including pension funds and other institutions including international organizations. The government in collaboration with the Capital Markets Authority would make a decision on the initial amount of financing required based on a well-structured study. Once this is determined, the government in collaboration with its co-investors would have to decide on how much to allocate to the various sub-funds. The overall manager of the fund of funds would be given performance targets on the performance of the managed portfolio. This is critical so that the fund is not viewed as another form of subsidy passed on to enterprises. These performance targets in form of dividends earned from the various enterprises would be passed on to the various sub-managers.
453. Once this is set up, it would become a revolving and self-financing fund in the same way the Government of Ghana envisioned the establishment and operations of the Venture Capital Trust Fund in Ghana. The dividends earned from the various enterprises would be ploughed back into the fund for Investment in other SME companies.
454. **Sustainability of the Financing Strategy:** The debt sustainability analysis is based on the forecasts elaborated in Section 5.1. The analysis is based on the following key assumptions (Box 5.1):
455. Based on these assumptions, it is shown that Uganda's Public and Publicly Guaranteed (PPG) debt, which includes external and domestic debt, is sustainable as projected in both the medium term and long-term. This is all based on the assumption that macroeconomic stability will be maintained and the scaling up of borrowings for infrastructure development will impact the economy positively. The required financing will mainly be sourced from the traditional concessional borrowing combined on account of the demonstrated good performance at the policy and institutional levels which is a pre-requisite for accessing of funds under the World Bank IDA and ADF concessional windows. This will be complemented by semi-concessional loans from sources including for example the EXIM Bank of China and borrowing from the financial markets.
456. Under this financing strategy, all the solvency and liquidity external debt-burden indicators remained well below their policy-dependent thresholds throughout the projection period. The

public gross national debt would peak at 42 percent of GDP in 2019/20 while the NPV is expected to peak at about 40 percent of GDP. This is still way below the sustainability threshold of 50 percent. Both the liquidity thresholds of debt service to exports and debt service to revenues ratios remain far below their respective threshold levels. Albeit meeting all the threshold levels, there are risks associated with increasing borrowing especially at non-concessional terms that would require to be mitigated against.

Box 5. 1: Key Assumptions for Debt Sustainability Analysis

Growth: Growth is expected to average about 6 percent over the period 2015/16-2019/20 largely on the backdrop of the recently discovered oil, emphasis on infrastructure development, further development of the value chains especially in the agriculture sector and diversification into mineral and manufacturing activities.

Inflation: Headline inflation is expected to remain in single digits between the range of 5-10 percent.

Exchange Rate: The exchange rate is expected to depreciate over the NDPII period.

Revenues and grants: Revenues are expected to increase as a result of the efforts to boost domestic non-oil revenue mobilization. Revenues and grants are expected to increase from 14.7 percent to 15.9 percent of GDP.

Expenditures and net lending: It is expected that under NDPII expenditures will increase and peak to about 23 percent during 2016/17. This spending will mainly be driven by the required spending on infrastructure.

Fiscal Deficit: The fiscal deficit as a percentage of GDP (including grants) is expected to increase to 8 percent of GDP in 2016/17 and later decline to 4.7 percent of GDP in 2019/20. The increase in the revenues over the same period will largely be used to finance infrastructure development and consolidating the gains in human capital development.

External sector developments: Over the NDPII period, exports of goods are expected to average 14 percent of GDP. However, imports are also expected to continue growing owing to infrastructure related investments. Official transfers are also expected to decline. The overall current account is expected to be on average 11 percent of GDP. This will be financed by increased FDI and borrowing to finance the infrastructure needs.

PART III: SECTORAL KEY RESULTS, OBJECTIVES AND INTERVENTIONS

Introduction

457. This part of the Plan presents the sectoral key results, objectives and interventions which, together, are critical for achievement of the aggregated national results that are articulated in Chapter 4. All the sectors have been grouped into three sections to address the main areas of focus that capture the thrust of the theme as stated, namely: Wealth Creation and Employment, Competitiveness, and Inclusive Growth. The sector key results, objectives and interventions were derived from the sector issues papers that were submitted in support of the development of this Plan. The interventions proposed here are in line with the Plan's macroeconomic framework assumptions and projections, the post-2015 SDGs, build on the accomplishments registered by the sector and directly address the outstanding challenges as identified in the situation analysis.
458. It should be noted that the proposed interventions are high level in order to prevent unnecessary repetitions between the National Development Plan and the Sector/Local Government Development Plans, and hence render the latter irrelevant. It is expected that the sector objectives and interventions stated in this plan will be adopted as the broad overarching results of the Sector/Local Government Development Plans and Annual Workplans (BFPs), and then disaggregated further into sub-interventions, outputs and activities for purposes of budgeting and implementation. Since this Plan is focused on clearly identifying and communicating the results that each sector is expected to achieve over the five year period, the sector strategies have not been included here but will instead be included in the Sector/Local Government Development Plans.

WEALTH CREATION AND EMPLOYMENT

459. Wealth Creation and Employment have been and remain key objectives of efforts to transform Uganda. Significantly gifted by nature, the country's potential for growth, jobs and wealth creation is immense. In order to create jobs and wealth, the approach taken in this National Development Plan is to invest in key strategic opportunities to stimulate production, facilitate manufacturing/processing to increase value addition and increase participation of the citizens in the economy to enable greater retention of the economic benefits within the economy. From the opportunities identified in the Uganda Vision 2040 as well as in Chapter 3, three growth opportunities have been prioritized namely: Agriculture; Tourism; as well as Minerals, Oil and Gas. Industry, Science, Technology and Innovation have also been prioritized to facilitate processing and increased value addition. To increase citizen participation in the economy and ensure sustainable development, the Plan also prioritizes Trade and Cooperatives as well as Environment & Natural Resources. This section therefore presents the proposed sectoral key results, objectives and interventions for the five sectors identified above.

CHAPTER 6: AGRICULTURE

6.1 Overview

460. The Agriculture sector under the leadership of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) is mandated: to promote and support sustainable and market oriented agricultural production, food security and household incomes in the country. The sector comprises of three sub-sectors, namely Crop, Animal and Fisheries Resources with a mission of transforming subsistence farming into commercial agriculture in the country. The sector has the following semi-autonomous agencies,: Control of Trypanosomiasis in Uganda (COCTU), Cotton Development Organisation (CDO), Dairy Development Authority (DDA), Agricultural Advisory Services, National Agricultural Research Organisation (NARO), National Genetic Resource Centre and Databank (NAGRC&DB), Uganda Coffee Development Authority (UCDA), and the Districts Agriculture Sectoral Conditional Grants.



461. During the NDPII period it has a target of increasing agricultural exports to USD 4 billion by 2020 from the current USD 1.3 billion.

462. As highlighted in Chapter 4, the sector is expected to contribute to wealth creation and employment along the agricultural development value chain (see Chart in Annex). This calls for more effort to address issues of: ineffective extension services; low absorption of modern technology; high cost, increased adulteration and limited availability of key agricultural inputs; pre- and post-harvest crop losses; heavy livestock losses to diseases and pests; low and declining soil fertility; inadequate physical and marketing infrastructure; land tenure and access to farmland; insufficient water storage infrastructure; standards, food safety and quality assurance; as well as inadequate meteorological services among others as highlighted in section 2.3.1. Over this Plan period therefore, the sector's key focus areas include:

- i) Increasing production and productivity,
- ii) Addressing challenges in the selected thematic technical areas including critical farm inputs mechanization and Water for Agricultural Production,
- iii) Improving agricultural markets and value addition in the 12 prioritized commodities, and
- iv) Institutional strengthening for agricultural development.

463. It is important to note though, that some aspects of the agricultural development value chain such as agro-processing, infrastructure, storage and marketing are beyond the mandate of the sector and are therefore addressed by the responsible sectors.

6.2 Objectives and Interventions

Objective	Interventions
Sector targets:	
<i>i. Increase agricultural exports from USD 1.3 billion in FY2013/14 to USD 4 billion in FY2019/20, consisting mainly of processed exports and reduce the number of the labor force in subsistence production from 6 million in 2012/13, majority of who are women to 3 million in 2019/20.</i>	

Objective	Interventions
1. Increase agricultural production and productivity	<ul style="list-style-type: none"> i. Strengthen ecologically sound agricultural research and climate change resilient technologies and practices. ii. Implement the Single Spine Agricultural Extension system while promoting gendered innovation in agricultural research centers and extension services iii. Strengthen quality assurance, regulation and safety standards for agricultural products iv. Support access to agricultural finance services v. Accelerate the development of the prioritised agricultural commodities vi. Increase market access and improve physical agricultural infrastructure vii. Control pests, diseases and vectors viii. Enhance consumption of diverse diets at household level ix. Develop early warning systems to prevent and mitigate shocks affecting nutrition and food security x. Promote commercialisation of agriculture particularly amongst small holder farmers xi. Strengthen Farmer Group formation and cohesion including commodity associations, platforms, federations and co-operatives. xii. Enhance sustainable Land Management Practices (SLM) xiii. Promote time and labor saving technologies targeting women farmers.
2. Increase access to critical farm inputs	<ul style="list-style-type: none"> i. Improve access to high quality seeds and planting materials ii. Enhance access to and use of fertilisers by both women and men iii. Increase access to water for agricultural production (Irrigation, water for livestock, aquaculture-fish ponds/caging) iv. Increase agricultural mechanisation (Farm Power)
3. Improve agricultural markets and value addition for the 12 prioritised commodities	<ul style="list-style-type: none"> i. Promote private sector investment in value addition ii. Build capacities of farmers, trades and processors in quality standards and market requirements iii. Operationalize the commercialisation fund iv. Promote investment in storage infrastructures to reduce post-harvest losses

Objective	Interventions
4. Strengthen institutional capacity of MAAIF and public agricultural agencies	<ul style="list-style-type: none"> i. Operationalize the new MAAIF structure ii. Strengthen capacity and coordination between MAAIF and its associated agencies iii. Revitalise and strengthen ATIs (Bukalasa College and Fisheries Training Institute), into institutions that are responsive to knowledge and skill market in the extension service. iv. Mainstream crosscutting issues (HIV/AIDS, climate change, gender, environment, etc) in planning and budgeting

6.3 Sector Projects

- i) Agriculture Cluster Development Project (ACDP)
- ii) Markets & Agriculture Trade Improvement Project (MATIP II)
- iii) Farm Income Enhancement and Forest Conservation II
- iv) Integrated Agricultural Park for Value Addition
- v) Developing Agricultural Technologies
- vi) Strengthening the National Agricultural research System
- vii) Enhancing Partnerships between Agricultural Research, Advisory Services, and other Stakeholders.
- viii) Strengthening the National Agricultural Advisory Services
- ix) Supporting Agribusiness Services and Market Linkages

CHAPTER 7: TOURISM

7.1 Over View

464. The tourism sector through the Ministry of Tourism Wildlife and Antiquities is mandated to provide leadership for the tourism industry as an economic force in the nation by identifying, developing and promoting the tourism, wildlife and heritage resources into highly competitive products that make Uganda a preferred tourist destination and accelerate sector contribution to the national economy. It has 3 major focal sub sectors: Tourism Development, Wildlife Conservation and Museums and Monuments. The sector target for the Plan period is to increase the contribution of tourism to GDP from 9 percent in 2012/13 to 15 percent in 2019/20.
465. The sector has both state and non-state actors that play different roles. The state actors include the Ministry of Tourism Wildlife and Antiquities (MTWA), statutory bodies like the Uganda Tourism Board (UTB); Uganda Wildlife Authority (UWA); Uganda Wildlife Education Center (UWEC); The Hotel and Tourism Training Institute (HTTI) and the Uganda Wildlife Training Institute (UWTI). The non-state players include special programmes, civil society, Development Partners and private sector organizations like Chimpanzee Sanctuary Wildlife Conservation Trust (CSWCT), Bwindi-Mgahinga Conservation Trust (BMCT)' Rhino Fund Uganda (RFU).
466. Tourism continues to be a major foreign exchange earner for the country; however more effort is required to fully exploit its potential to maximize the benefits. The sector is still characterized by low product range, over reliance on traditional tourism source markets, inadequate skills and competencies especially in marketing and the hospitality industry, inadequate supportive infrastructure, and weak management and regulation of the sector. In addition, Uganda's tourism sector is nature based and is vulnerable to the impacts of climate change. Changes in climate lead to wildlife habitat change and/or destruction, which may be too rapid for some species to easily adapt. Wild animal distribution is dependent on temperature and moisture patterns and changes in these patterns lead to changes in wildlife distribution, species composition, and/or even extinction. Therefore achieving sustainable tourism development in Uganda requires building climate change resilient tourism by, among others, strengthening ecotourism, conservation of wildlife resources and diversifying tourism products.
467. The sector's contribution to wealth creation and employment will be achieved through supporting and developing synergies along the tourism development value chain. Consequently, the sector's key focus areas over the Plan period will include: aggressive marketing for tourism; product development and diversification; human skills development; increase the stock of human capital along the tourism value chains; and improve coordination, regulation and management of the tourism sector.

7.2 Objectives and Interventions

Objective	Interventions
Sector Target: Increase the contribution of tourism to GDP from 9 percent in 2012/13 to 15 percent in 2019/20	

Objective	Interventions
1. Increase Market share for tourism	<ul style="list-style-type: none"> i. Aggressive marketing in source markets ii. Promote domestic tourism through cultural, regional cluster initiatives, and national events iii. Develop and upgrade tourism support infrastructure to support the growth of the tourism sector iv. Promote the utility of e-commerce tools such as credit cards, web based bookings and tracking facilities
2. Increase and diversify the stock of tourism products	<ul style="list-style-type: none"> i. Develop the tourism product range and appeal that is less sensitive to the impacts of climate change including marine, faith and cultural based tourism ii. Promote the conservation of tourism resources and taking into account climate resilience. iii. Protect tourism resources and promote safety and security of tourists iv. Set up a specific fund to support women in tourism sector to grow out of the informal to the formal status with clear e-market linkages
3. Increase the stock of human capital along the tourism value chains and create new jobs	<ul style="list-style-type: none"> i. Develop tourism training institutions as Regional Centres of Excellence ii. Promote private sector investment in tourism skills development with focus on hospitality and wildlife management iii. Provide support to communities around/along tourists sites to engage in income generation activities
4. Improve coordination, regulation and management of the tourism sector	<ul style="list-style-type: none"> i. Develop and review the necessary policy and regulatory standards. These will take care of the need for meaningful participation of women, youth and other players in the sector. ii. Establish mechanisms for enhancing inter and intra sectoral linkages iii. Establish a gender responsive information management system for the sector

7.3 Sector Projects

1. Tourism Marketing and Product Development Project
2. Construction of a tourism house;
3. Construction of a museum in Soroti and Kabale;
4. Developing the Jinja source of the Nile tourist site;
5. Establishing a tourist circuit on lake victoria;
6. Staff houses and a museum block at UWTI;
7. Constructing an extension of the Uganda Museums and modernizing its facilities;
8. Electric fencing of 100km of QUENP and 118km of LMNP;
9. Completion of floating restaurant at UWEC

CHAPTER 8: MINERALS, OIL AND GAS

8.1 Minerals

8.1.1 Over View

468. Value addition in mineral development has a high multiplier effect on wealth creation and employment generation. The Minerals Sub-sector is charged with the responsibility of promoting and ensuring rational development and utilisation, in a safe and sustainable environment, of mineral resources for the socioeconomic enhancement. In order to fulfill this mandate, Government put in place the Mineral Policy in 2001, Mining Act 2003, Mining Regulations, 2004 and other relevant legislations to guide the management. The sub-sector targets to increase the average share of mining in total GDP from 0.4 percent in 2012/13 to 0.5 by 2020.
469. Given the emphasis that has been placed on attracting private investment in mineral exploration and development, and the discovery of the various minerals country wide, more effort is needed to address issues of Inadequate infrastructure to support exploration and mining activities, difficulties in accessing land for Mining Projects; Lack of a geothermal development Policy and Legal Framework coupled with inadequacies in the mining policy, among others as identified in Section 2.3.3.
470. Over the next five years, the Government will continue to put in place measures aimed at stimulating further private sector investments to harness the mineral potentials. Focus will be on five prioritized minerals which include iron ore, limestone, phosphates, copper/cobalt and dimension stones. The sector will further develop a mineral development master plan; review the current Mineral policy and Mineral Act; review the current exploration and mining licenses; promote research and development; establishment appropriate educational and training facilities for human resources development; invest in improvement of the mineral dressing; and continue to invest in the relevant infrastructure like roads electricity and rail.

8.1.2 Objectives, Strategies and Interventions

Objective	Interventions
Sub-Sector Target: Increase the average share of mining in total GDP from 0.4 percent in 2012/13 to 0.5 by 2020 through increased exploration and value addition.	
1. Establish the geological and mineral potential of the country	i. Conduct detailed geological appraisal and quantification of the 16 identified mineral potential targets. ii. Map, evaluate and build institutional capacity to develop Uranium resources into nuclear energy iii. Promote the development of Rare Earth Elements (REE) iv. Map and Gazette geosite for geo-tourism and mining industrial parks

Objective	Interventions
	v. Establish the Mineral potential of Karamoja region
2. Increase monitoring and regulation in the mining sector	i. Develop a mineral development master plan ii. Complete the review of mining policy and Mining legislation iii. Inspect and monitor exploration and mining activities and ensure existence of health and safety standards iv. Conduct due diligence on potential investors in the sector v. Implement the strategy for restoration of derelict and abandoned mines vi. Mainstream and monitor operations of ASM/SSM vii. Update and maintain the Mining Cadastre and Registry System.
3. Increase regulations in trade in mineral commodities	i. Implement a regional certification mechanism as a tool for rational management of natural resources to avoid illegal exploitation ii. Establish a public institution to handle certification process iii. Establish a traceability system to ensure availability of the operators iv. Establish an inspection system
4. Increase private sector Investment in the Mineral sector	i. Promote and encourage beneficiation and value addition in the priority minerals ii. Provide an up to date, accurate and reliable geo-information/data for promotion of the mineral sector iii. Establish a strategy for promotion of the sector locally and internationally iv. Build institutional capacity in geo-information management and analysis v. Strengthen the capacity of the mineral testing laboratory
5. Develop geothermal energy in the country	i. Promote and attract investment in geothermal energy ii. Conduct additional geological, geochemical and geophysical studies at Katwe, Buranga, Kibiro and Panyimur iii. Update the current surface models based on geology, geochemical and geophysical surveys iv. Conduct infrastructure assessment and increase equipment for development of geothermal in the four priority areas v. Develop capacity of geothermal exploration, Reservoir engineering, project design, operation and financing

Objective	Interventions
6. Increase response to mitigate seismic risk	i. Map all areas prone to seismic risk and monitor all seismic events ii. Establish earthquake administration policy, disaster management plan and legal framework to enforce seismic safety standards iii. Extend and strengthen seismological network coverage to areas prone to seismic and volcanic risk iv. Strengthen institutional research capacity and develop skills of Ugandans in seismology, earthquake engineering, seismic instrumentation, and computing
7. Increase the stock of skilled human capital along the mineral development value chain	i. Develop and maintain national skills and expertise in the minerals sector ii. Develop appropriate training programs for ASM/SSM iii. Develop the capacity of the new institutions under the Directorate of Geological Surveys and Mines iv. Develop and maintain linkages with other geo-scientific institutions and bodies globally such as SEAMIC & CTBTO v. Promote research and development in the mineral sector

8.1.3 Sub-Sector Projects

- 9 Geological Mapping of Minerals
- 10 Airborne Geological Survey and Geological Mapping of Karamoja
- 11 Exploration and Development of Uganda Geothermal Energy Resources
- 12 Mapping Geo-sites and Geo-parks
- 13 Gazetting Uranium Resources
- 14 Exploration and Development of Rare Earth Elements (REE)

8.2 Petroleum (Oil and Gas)

8.2.1 Over View

471. Government of Uganda has over the years focused on oil and gas sector with the aim of using the finite resources to create lasting benefits to society while ensuring efficient resource management; transparency and accountability; protection of the environment and biodiversity; and institutional building. The Petroleum Sub-sector aims to establish and promote the petroleum potential of the country and to promote, regulate and monitor petroleum supply in Uganda in an environmentally safe and sustainable, free and competitive market.
472. The Petroleum sub-sector comprises of the upstream, midstream and downstream sub-sectors that play vital roles along the oil and gas value chain. Upstream covers promotion, licensing, exploration, development and production of petroleum. Midstream includes transportation, refining of oil and conversion of gas. Downstream petroleum deals with distribution, marketing and sale of petroleum products.
473. Government's investment in the human resource capacity has made significant progress in the petroleum sector and has led to attraction of investment for exploration more importantly, the discovery of commercial oil and gas reserves. As a result, the policy, legal and institutional framework governing the sector has been strengthened, national participation has increased and infrastructure has been developed. Exploitation of oil and gas resources will contribute to the take-off and social economic transformation of the country however a lot more needs to be done to overcome the challenges identified in Section 2.3.3.
474. Developments in the oil and gas sub-sector have great potential of creating employment and generating wealth to Ugandans. Therefore, in order fully exploit the country's oil and gas potential, the sub-sector's focus areas for the next five years will include: strengthen and complete the policy, legal, regulatory and institutional framework; development of the required infrastructure to support first oil; national content development and capacity building; achieving first oil; undertaking the first licensing round in the country; and streamlining petroleum supply and distribution.

8.2.2 Objectives and Interventions

Objective	Interventions
Sub-Sector target: Increase oil and petroleum related wealth by establishing refining and distribution infrastructure.	
1. Increase the exploitation of oil and gas production	i. Complete the required regulation and revision of the Production Sharing Agreement (PSA) model ii. Acquire data (G&G) and seismic in unlicensed areas and new basins for licensing iii. Assess and rank the petroleum prospects identified in both licensed and

Objective	Interventions
	<ul style="list-style-type: none"> unlicensed areas iv. Undertake promotional activities v. Establish mechanisms to regulate licensed areas. vi. Promote the country's oil and gas potential in the unlicensed areas to attract investment
2. Increase efficiency and effectiveness in the management of Uganda's oil and gas resource potential	<ul style="list-style-type: none"> i. Set up exploration parameters and targets for oil companies to accomplish ii. Establish and build the capacity of a petroleum directorate, the Petroleum Authority and the National Oil Company to effectively monitor operations iii. Finalize the regulations on field development and production iv. Develop policies, standards and codes for oil and gas v. Develop and maintain an integrated National Oil and Gas Resource Data Bank vi. Commence the implementation of Monitoring and Evaluation (M & E) strategy for the (NOGP). vii. Develop and strengthen the capacity of the old and new institutions in the sector
3. Increase efficiency in extraction of oil and gas resources	<ul style="list-style-type: none"> i. Dialogue with the oil companies during the preparation of development plans with a view of understanding the assumptions or approaches made by the companies ii. Undertake independent evaluations where necessary with a view of identify any points of divergence from the plans presented by oil companies iii. Closely monitor and regulate activities of the licensed oil companies – including costs and environmental issues
4. Produce refined oil and oil by-products for the local and export markets	<ul style="list-style-type: none"> i. Complete the acquisition of land for development of the refinery ii. Construct the refinery and attendant infrastructure iii. Develop and implement the National Strategy and Plan for Transportation and Storage facilities iv. Conduct a detailed routing survey and Baseline Environmental Survey for Multi-products pipeline from the refinery in Hoima to Kampala (Buloba) Terminal v. Conduct a Resettlement Action Plan study and its implementation for the Multi-products' pipeline from the refinery to Kampala Terminal in preparation for acquiring the right of way. vi. Support the development of the export pipeline i.e. land acquisition, Inter-governmental Agreements among others.
5. Increase efficiency in transportation, storage, handling and security of stock of petroleum products	<ul style="list-style-type: none"> i. Develop and restock national strategic reserves ii. Develop petroleum products pipelines transport infrastructure iii. Establish a regulations and institutional framework for safe handling and utilization of petroleum products and promote the use of Liquefied Petroleum Gas (LPG) iv. Develop a National Petroleum Information System

Objective	Interventions
6. Protect the environment against oil and gas activities and mitigate the likely effects of GHG emissions	<ul style="list-style-type: none"> i. Strengthen institutions with a mandate to manage the impact of oil and gas activities on the environment and biodiversity ii. Review and update the relevant environmental regulations and laws iii. Strengthen the implementation of the Albertine Graben Environmental Monitoring Plan
7. Ensure mutually beneficial relationships between all stakeholders in the development of a desirable oil and gas sector for the country	<ul style="list-style-type: none"> i. Establish and implement a communication strategy for the sector ii. Collaborate with DRC regarding petroleum exploration activities in the Albertine Graben and geo-science data acquired there-from iii. Harmonize policies, legal and fiscal framework for the oil sector in the EAC iv. Participate in Regional Initiatives v. Develop regional infrastructures

8.2.3 Sub-Sector Projects

- i) Feeder crude pipelines from the oil field to the refinery
- ii) Multi-product pipeline from the refinery to the distribution terminal in Kampala (Buloba)
- iii) Export crude pipeline from Hoima
- iv) Airport development in Hoima
- v) Capacity building
- vi) Regional initiatives
- vii) Petroleum Standards and Facilities and Laboratory
- viii) Downstream Health, Safety and the Environment (HSE)
- ix) National Petroleum Information System (NPIS)
- x) National Policy for Downstream Operations
- xi) Downstream Transport and Storage Infrastructure
- xii) Kenya-Uganda products pipeline;
- xiii) Extension of Kenya-Uganda pipeline to Kigali (Rwanda).
- xiv) Construction of Nakasongola and Buloba petroleum strategic storage facilities
- xv) Kenya –Uganda (Eldoret-Buloba) Product Pipeline Extension
- xvi) Resettlement Action Plan (RAP) for the Malaba-Kampala products pipeline
- xvii) Development and Restocking of Strategic Petroleum Reserves
- xviii) Refined petroleum products storage reserves of up to 130,000m³ (130 million litres) worth of refined products strategic reserves and operational depots. The planned storage reserves include:- (i) 60,000m³ (60 million litres) Buloba storage reserves: (ii) 40,000m³ (40 million litres) Nakasongola Storage Reserves.
- xix) Promotion of Liquefied Petroleum Gas (LPG) usage
- xx) Development of 4 regional common terminals for LPG which will include conducting feasibility studies, procurement of developers, and construction and commissioning of the projects, and monitoring and supervising LPG facilities

CHAPTER 9: ENVIRONMENT AND NATURAL RESOURCES

9.1 Over View

475. The ENR sub-sector plays a pivotal role in the realization of sustainable development. The natural assets provide critical inputs into the productive and value addition process that result in employment, wealth creation and increased incomes. The development objective of the Environment and Natural Resources (ENR) sub-sector is **“to promote and ensure the rational and sustainable utilization, development and effective management of environment and natural resources for socio-economic development of the country”**. The sub-sector targets over the next five years are: Increase wetland ecosystem coverage from 10.9 percent in FY2013/14 to 12 percent in FY2019/20; Increase the percentage of forest cover from 14 percent in FY2012/13 to 18 percent in FY2019/2020; and Increase automation of climate monitoring network from 10 percent 2014/15 to 40 percent in 2019/2020. Enhance environmental compliance from 70 percent to 90 percent.
476. The sub-sector encompasses productive sound and wise use of resources from forests and trees, wetlands, the environment as well as climate change. Institutions in the sub-sector include; the Ministry of Water and Environment, and its affiliated agencies namely; National Environment Management Authority, National Forestry Authority, and Uganda National Meteorological Authority (UNMA). Local Governments are key implementers in the delivery of services in the sector as well as private sector firms. Civil Society Organisations offer the much desired interventions in support of government actions for service delivery.
477. The sub-sector has registered achievements in the areas of solid waste management, commitments to Multilateral Environment Agreements (MEAs), climate change response, wetland restoration as well as introducing approaches that have reversed the trend of loss of forest cover, among others. However, there still exist challenges that continue to threaten the country's environment and natural resource base as highlighted in Section 2.3.4. Over this Plan period therefore, the focus of the sub-sector will be geared towards the following: protecting and restoring of degraded fragile ecosystems (bare hills, river banks, lake shores, rangelands; increasing national forest cover and economic productivity of forests; increasing the national wetland coverage, and protecting and maintaining their integrity; automate and expand the climate monitoring network; integrating environmental sustainability and climate change policy interventions in all sector development plans.

9.2 Objectives and Strategic Interventions

Objective	Interventions
<i>Sub-sector Targets:</i>	
i.	<i>Increase wetland ecosystem coverage from 10.9 percent in FY2013/14 to 12 percent in FY2019/20;</i>
ii.	<i>Increase the percentage of forest cover from 14 percent in FY2012/13 to 18 percent in FY2019/2020;</i>
iii.	<i>Increase automation of climate monitoring network from 10 percent 2014/15 to 40 percent in 2019/2020;</i>

Objective	Interventions
<p>iv. <i>Ensure 20 percent increment in national coordination and monitoring of the implementation of international standards and commitments, as well as of the National Climate Change Policy (NCCP) and its implementation strategy in FY2019/2020;</i></p> <p>v. <i>Enhance environmental compliance from 70 percent in 2013/14 to 90 percent in 2019/2020</i></p>	
<p>1 Restore and maintain the integrity and functionality of degraded fragile ecosystems</p>	<p>i. Enforce compliance with environmental and natural resources legislation and standards at all levels.</p> <p>ii. Develop and implement a program on integrated ecosystems assessments</p> <p>iii. Develop and implement ecosystem management and restoration plans</p> <p>iv. Restore the degraded fragile ecosystems (river banks, bare hills, range lands and lake shores)</p> <p>v. Promote ecosystem based adaptation to climate change in order to increase the resilience of ecosystems and communities to the impacts of climate change</p> <p>vi. Promote Payment for Ecosystem Services (PES) and other benefit sharing schemes.</p>
<p>2 Increase the sustainable use of Environment and Natural Resources</p>	<p>i. Promote value addition to ENR goods and services</p> <p>ii. Develop a database system for ENR.</p> <p>iii. Implement the green economy initiatives including integration of environmental sustainability into planning and implementation of development processes</p> <p>iv. Expand research on economic, ecological and socio-cultural values of ecosystems and biodiversity</p> <p>v. Promote sound management of hazardous chemicals and e-wastes including the establishment of modern waste management infrastructure.</p> <p>vii. Develop and strengthen national, regional and international partnerships and networks in environmental and natural resources management</p> <p>viii. Strengthen management of environmental aspects of oil and gas and other finite resources such as water and land</p> <p>ix. Implement national biodiversity and biosafety targets</p> <p>x. Increase public awareness on ENR opportunities, green economy and sustainable consumption and production practices</p> <p>xi. Support the decentralized environment management function at the Local Government level.</p>
<p>3 Increase wetland coverage and reduce wetland degradation.</p>	<p>i. Demarcate, restore and gazette wetland eco-systems country wide</p> <p>ii. Develop wetland management plans for equitable utilisation of wetland resources country wide</p> <p>iii. Expand knowledge base of ecological and socioeconomic value of wetlands among stakeholders.</p> <p>iv. Develop markets for wetland products and services</p>

Objective	Interventions
	<ul style="list-style-type: none"> v. Build the institutional and technical capacity at the centre and Local Governments in wetland management. vi. Develop and operationize legal and governance mechanisms for sustainable wetlands management
<p>4 Increase the functionality and usage of meteorological information systems</p>	<ul style="list-style-type: none"> i. Refurbish, modernize and develop meteorological stations ii. Develop guidelines and regulations for operationalizing the meteorological Act. iii. Develop policy, and strengthen the legal and institutional framework for meteorological services iv. Develop and implement awareness programs on the importance and use of meteorological services. v. Design, develop and implement early warning systems (sector specific early warning products in support of climate change adaptation.) vi. Strengthen research on future climate trends and its impacts
<p>5 Increase the country's resilience to the impacts of climate change</p>	<ul style="list-style-type: none"> i. Integrate and implement the National Climate Change Policy (NCCP) including awareness creation in all MDAs, LGs as well as CSOs and the private sector. ii. Strengthen national coordination, monitoring and reporting on the implementation of regional, international standards and commitments.
<p>6 Increase mitigation and adaptation (afforestation and reforestation and sustainable management) actions.</p>	<ul style="list-style-type: none"> i. Develop countrywide community based and institutional tree planting initiatives ii. Promote sustainable development of commercial forest plantations and industry including value addition. iii. Promote implementation of sustainable management of forests through restoration of natural forests on protected and private land iv. Promote forestry research and development v. Develop markets for forest products and services vi. Develop a National REDD+ Strategy and costed action plan vii. Develop a Forest Emissions Reference Level and a Forest Reference Level (FERL/FRL) viii. Develop a robust and functional National Forest Monitoring System (NFMS) for the monitoring and reporting of the REDD+ activities included in the REDD+ Strategy ix. Promote forestry in urban development planning x. Scale up agroforestry-based alternative livelihood systems
<p>7 Strengthen climate change legal and institutional framework</p>	<ul style="list-style-type: none"> i. Establish an appropriate institution for Coordinating National Climate Change response ii. Establish an appropriate Legal framework for Climate Change Policy implementation and compliance

9.3 Sector Projects

- i) Protect and restore the integrity and functionality of degraded fragile ecosystems (hilly and mountainous areas, river banks, lake shores and water towers)
- ii) Strengthen and develop national, regional and international partnerships
- iii) Value addition to ENR goods and services
- iv) Electronic and other hazardous waste management
- v) Enhanced Monitoring of development in oil and gas
- vi) Implementation of national biodiversity action plan and biosafety targets
- vii) Research and Innovation
- viii) Development of Commercial Forest Plantations
- ix) Community and Institutional Tree Planting
- x) Restoration of degraded natural forests on protected and private land
- xi) Forest law enforcement and governance (FLEG).
- xii) Strengthening forest institutions responsible for forest management and development
- xiii) Quality seedlings development
- xiv) Urban Forestry development
- xv) Mitigation and adaptation actions in the forestry sector
- xvi) Undertake the re-inventory and assessment of all wetlands to create a national database information
- xvii) Linking and maintaining the National Wetlands Information System to all the 112 LGs and 22 Municipalities
- xviii) Undertake total economic valuations (TEV) studies 05 critical wetland country-wide.
- xix) Strengthening the functionality of 04 RTSUs in the 04 regions
- xx) Strengthening of the RAMSAR Centre for Eastern Africa (RAMCEA), for Capacity Development
- xxi) Establishment and operation of RAMSAR site wetland information center in all the 11 sites
- xxii) Representation/negotiation in international arena
- xxiii) Support to implementation & Coordination of NCCP
- xxiv) Operationalization of Uganda National Meteorological Authority
- xxv) Improve the policy, legal and regulatory framework
- xxvi) Strengthen the institutional structures and systems and coordination
- xxvii) Enhance the involvement of private sector players in water and environment infrastructure financing, development and management
- xxviii) Enhance sector development planning, coordination and management.

CHAPTER 10: TRADE, INDUSTRY AND COOPERATIVES

10.1 Over View

478. Trade, Industry and Cooperatives contribute to wealth creation and employment through promoting value addition in agriculture and mineral resources which are areas of competitive advantage to the country. The Trade, Cooperatives and Industry sector is mandated to: Formulate, review and support policies, strategies, plans and programs that promote and ensure expansion and diversification of trade, cooperatives, environmentally sustainable industrialization, appropriate technology development and transfer to generate wealth for poverty eradication and benefit the country socially and economically. The sector target is to **contribute to the increase in exports as a percentage of GDP from 12.9 percent in 2012 to 16.5 percent in 2019/20.**
479. The sector is composed of various public and private institutions with the lead Organization being the Ministry of Trade, Industry and Cooperatives. There are other six (6) public agencies namely: Uganda Industrial Research Institute (UIRI), the Uganda National Bureau Standards (UNBS), the Uganda Export Promotion Board (UEPB), Management Training and Advisory Centre (MTAC), Uganda Development Corporation (UDC), the Uganda Cleaner Production Centre (UCPC) and a private institution called the Uganda Commodity Exchange (UCE). All these are supervised by the Ministry of Trade, Cooperatives and Industry.
480. Significant efforts have been invested in securing markets and improving market access through trade negotiations. Improved access to the EU markets was secured when Uganda initialed a framework Economic Partnership Agreement (EPA) in 2007. Negotiations for an EAC common market and an EPA under EAC configuration are in progress. However the country still faces a problem of inadequate physical infrastructure in transport, energy, ICT, strategic storage facilities and limited access to long term financing which increases the cost of doing business. A weak policy and institutional framework governing the co-operative societies, and Micro, Small and Medium Enterprises is another challenge facing the sector.
481. Over the NDPII period, the key focus areas of the sector include: Increasing the share of manufactured goods and services in total exports; promoting the establishment of competitive and value adding industries; promoting the conformity to standards and production of quality goods and services; Increasing labour productivity in Industry; Increasing the stock of new manufacturing jobs; Improving Private Sector competitiveness; increasing market access and promoting trade in services; improving the stock and quality of trade infrastructure; and Promote the formation and growth of cooperatives.

10.2 Objectives and Interventions

Objective	Interventions
Sector Target: Sector Target: Increase exports as a percentage of GDP from 12.9 percent in 2012 to 16.5	

Objective	Interventions
percent in 2019/20	
1. Increase the share of manufactured goods and services in total exports.	<ul style="list-style-type: none"> i. Recapitalize UDB and revitalize UDC to establish model agro-processing and manufacturing industries ii. Develop locally manufactured goods through supporting MSMIs iii. Incentivize export of processed products iv. Develop and implement a national trade in services policy
2. Increase labour productivity in Industry	<ul style="list-style-type: none"> i. Strengthen Innovation, Research and Technology development ii. Strengthen technology adaptation and acquisition among local manufacturers iii. Incentivize the Private Sector to take responsibility for capacity development and engage in the development of the business skills curriculum iv. Establish industrial common facilities for local artisans where they can access training and expensive equipment and tools v. Strengthen the existing network of vocational and technical training institutions to cater for the required skills
3. Increase the stock of new manufacturing jobs	<ul style="list-style-type: none"> i. Develop and implement local content policy to increase local participation in the economy ii. Review the policy and legal framework to speed up the creation of a one-stop centre for investors iii. Attract labour intensive light manufacturing industries
4. Improve the Private Sector competitiveness	<ul style="list-style-type: none"> i. Improve the stock and quality of trade infrastructure ii. Develop and implement a national trade information system iii. Establish national and regional technology incubation centres for nurturing SMEs and start-up enterprises. iv. Establish and implement a National regulatory mechanism consistent with the WTO, TBT and SPS Agreements. v. Broaden regulatory regimes to include emerging approaches such as self-regulation, co-regulation and Self Declaration of Conformity (SDoC) to encourage voluntary compliance to standards and regulations by business
5. Increase market access for Uganda's products and services in regional and international	<ul style="list-style-type: none"> i. Negotiate better market access for Ugandan goods and services. ii. Enhance branding of products and services iii. Promote effective positioning of Uganda's products and services in international markets

Objective	Interventions
markets	iv. Negotiate access to high value markets in high income countries through diplomatic missions. v. Eliminate Non-Tariff Barriers
6. Promote the formation and growth of cooperatives	i. Popularize, disseminate and implement the National Cooperative Development Policy implementation strategy to empower and guide cooperatives. ii. Strengthen governance of the cooperative movement iii. Strengthen the cooperative commodity marketing infrastructure iv. Revitalize the Uganda Commodity Exchange v. Improve access to financial services for the co-operative institution
7. Promote green industry and climate smart industrial initiatives	i. Popularize and encourage efficient and zero waste technologies and practices ii. Establish and support climate innovation centres to support investment in industries producing and adopting green technologies iii. Develop decentralized village-based agricultural processing centres that incorporate low-carbon sources of energy, such as biogas-digesters and solar driers; and iv. Build carbon trading capacity within the private sector to harness innovative funding opportunities provided by Clean Development Mechanisms (CDM) and voluntary carbon markets

10.3 Sector Projects

- i) Value Addition and Industrialisation
- ii) Local Economic Development
- iii) Food Storage Facilities Development
- iv) Local Markets Infrastructure Development
- v) Border Markets and Export-Related Infrastructure Development
- vi) Trade in Services Development Programmes
- vii) Export Promotion Agenda
- viii) Business Incubation Strategy and Infrastructure Development
- ix) Quality Assurance Infrastructure Development
- x) Reduction of Non-Tariff Barriers
- xi) Commercial and Economic Diplomacy
- xii) Sector Information System Development
- xiii) Cooperatives Revitalisation
- xiv) Price Stabilisation Mechanism
- xv) MSMEs Development
- xvi) Pre-Export Verification of Conformity (PVoC) to Standards
- xvii) Silk Project

CHAPTER 11: SCIENCE, TECHNOLOGY, ENGINEERING AND INNOVATION

11.1 Overview

482. The mandate of developing and implementing strategies for integration of science and technology into the national development process, advising Government on policy matters necessary for advancing science and technology, and coordination and guidance on research and development in Uganda currently lies with the National Council for Science and Technology (UNCST).
483. There has been impressive overall progress in the country's science and technology status in terms of diffusion of old innovation and human skills development. Creation of new technologies and diffusion of recent innovation is however, still very low owing to the low levels of research and development.
484. The key achievements include: formulation of S&T policies such as the National Information and Communication Technology (NICT) Policy (2003); the National Biotechnology and Biosafety Policy (2008); and the Science, Technology and Innovation (STI) Policy (2009); established Government of Uganda scientific innovations and value addition and value addition funding support mechanism, the Presidential Support to Scientists, with an annual allocation of Uganda Shillings 8 billion to support scientists in the development and commercialization of local innovations; establishment and nurturing of a number of S&T institutions and enterprises³⁴; establishment of a world class research oversight and regulatory system at the UNCST; and forging of international partnership for scientific and technological development .
485. The challenges facing Uganda's STI Sector include: Outdated laws that make it difficult to address contemporary issues and do not adequately empower UNCST to effectively oversee the development of STI; poor policy coherence; existence of a plethora of SETIs often with somewhat parallel mandates which complicates the national STI coordination function of government; unsustainable financing of STI, especially for R&D; difficulty for SETIs to find, acquire and maintain infrastructure for R&D and administration; low technology adoption; and inadequate Intellectual property rights protection.
486. Over the NDPII period, the Council will focus on: enhancing the integration of science and technology into the national development process; increasing transfer and adoption of technologies through strategic international STI cooperation and assistance; improving coordination and guidance of research and development in Uganda; and improving the legal and regulatory framework to respond to STI.

³⁴ Such as the Appropriate Technology Policy Network (ATPN) Uganda Chapter; Uganda National Academy of Sciences (UNAS); Nabweru, Nakaseke and Buwama Community Telecentres; Uganda Society of Professional Chemists; and Uganda Science Journalists Association. The telecentre at Buwama has since been upgraded into an FM Radio Station and it is broadcasting at 103.3 FM and covers the areas of Buwama, Nkozi, Butambala, Gomba, Kalungu, Mpigi, Masaka, and other nearby districts.

11.2 Objectives, Strategies and Priority Interventions

Objectives	Interventions
Sub-Sector targets:	
i. <i>To increase the technology achievement index from 0.15 in the marginalized group to 0.21 placing Uganda in the dynamic adopters group and increase the Gross Domestic Expenditure on Research and Development (GERD) as a percentage of Gross Domestic Product from 0.5 to 1percent by 2020.</i>	
1. Enhance the integration of science and technology into the national development process	<ul style="list-style-type: none"> i. Develop the STI information management system ii. Provide adequate, state-of-the art STI infrastructure and support and coordinate STI activities iii. Build an education and training system that produces human resources with capacity to generate and effectively apply STI based on contemporary needs of society. iv. Support industrial development in Uganda v. Facilitate and encourage innovation through the protection and use of Intellectual Property Rights vi. Facilitate access to new knowledge, technologies and services to support the development of SMEs vii. Streamline the institutional framework for STI to enhance coordination and synergies in implementing STI activities and programs. viii. Establish and support linkages with local, regional and international development partners ix. Mainstream and actively involve the special needs groups in all STI activities. x. Apply appropriate safety and health measures in the generation, development and application of STI.
2. Increase transfer and adoption of technologies	<ul style="list-style-type: none"> i. Enter into agreements with countries that can offer ample opportunities for cooperation in STI. ii. Undertake training in and create awareness on IPR iii. Develop partnerships for exchange of people, ideas and support facilities. iv. Enhance international partnerships and cooperation in STI. v. Collaborate with Ugandan embassies to support importation of technologies vi. Support the development, adoption and transfer of climate change smart technologies

Objectives	Interventions
3. Improve coordination and guidance of research and development in Uganda	<ul style="list-style-type: none"> i. Support basic and applied research for enriching the STI information and enhancing both indigenous and imported technology ii. Promote the design, development and commercialization of Ugandan products and services to be internationally competitive by developing and enforcing Ugandan standards in line with the International Standards.
4. Improve the legal and regulatory framework to respond to STI	<ul style="list-style-type: none"> i. Assess, forecast and advise on issues regarding STI, taking into account current and future trends in development, transfer and diffusion of both local and foreign STI outputs. ii. Guide the judicious use and application of traditional, conventional and emerging technologies for sustainable development. iii. Ensure that mechanisms are in place to develop and apply STI in accordance with acceptable morals and national societal norms. iv. Promote STI awareness and ensure public commitment and support for STI activities in Uganda. v. Strengthen the central co-coordinating institution (UNCST) to effectively provide a sector-wide framework for planning and coordination. vi. Develop policies in the sectors where STI application is relevant

11.3 Sub-sector Projects

- i) Establish a National Science Technology and Innovation Program (NSTIP) Funding Facility
- ii) Establish five (5) Regional Science Parks and Centers
- iii) Institutional Strengthening of Uganda National Council for Science and Technology

COMPETITIVENESS

487. The pursuit of private sector-led, export oriented and quasi market development strategies entails the formation of synergies between the private and public sectors. The biggest challenge that the private sector faces is the high costs of doing business which slows down the process of sustainable wealth creation and employment generation .Building a strong, vibrant and viable private sector that will spur growth both in the short and long run will require addressing factors that increase the country's cost of doing business. In doing so, a highly competitive environment that is favorable for increasing sustainable production will result.
488. This section therefore highlights key interventions that will be undertaken over the next five years so as to transform Uganda into a competitive economy with high productivity. Closing the infrastructure gap will require the provision of reliable and cheaper transport, electricity, water for production and ICT facilities. Interventions to create a skilled and healthy population that will be crucial in creating a strong human capital base that is a requisite for a competitive economy. And above all sound economic management and good governance interventions are expected to foster a conducive environment that supports private sector enterprises.

CHAPTER 12: INFRASTRUCTURE DEVELOPMENT

12.1 Works and Transport

12.1.1 Overview

489. The Works and Transport sector is mandated to plan, develop and maintain an economic, efficient and effective transport infrastructure and services by road, rail, water, air and pipeline; manage public works including government structures and promote good standards in the construction industry. It is composed of the Ministry of Works and Transport, the Uganda National Roads Authority, Uganda Road Fund, Civil Aviation Authority and Uganda Railways Corporation.
490. As presented in section 2.2.2.2, the sector has registered significant progress in the roads, air, water transport subsectors. The sector now targets to complete the Standard Gauge Railway (SGR) and pave 1,500Km of roads to facilitate the exploitation of the development priorities.
491. To address the outstanding issues highlighted in section 2.2.2.2, and meet the required targets, the sector focus areas over the NDPII period are: increasing connectivity to major Tourism, Mineral, Oil and Gas facilities/sites; increasing the physical integration of the Country, promote security and increase access to basic social services; increasing efficiency in the transportation of goods/services and enhance regional Integration; promote climate change resilient infrastructure; and improving the policy, legal, regulatory and institutional framework for the construction industry.

12.1.2 Objectives and Interventions

Objective	Interventions
1. Develop adequate, reliable and efficient multi modal transport network in the country	<ul style="list-style-type: none"> i. Conduct a national study on multi-modal transport system ii. Rehabilitate and maintain the District, Urban, and Community Access (DUCA) road network iii. Construct new and rehabilitate old bridges iv. Undertake periodic inspection of the pavement condition v. Standard gauge rail development (Uganda Section) vi. Develop inland water transport vii. Establish Second Generation Road Fund to effectively control the revenue from Road User Charges for road maintenance viii. Develop and maintain the roads to tourism, mining and agriculture producing areas ix. Climate-proof existing and future transport infrastructure to ensure climate resilient transport systems x. Promote vehicle efficiency and technologies to reduce transport emissions

Objective	Interventions
2. Improve the human resource and institutional capacity of the Sector to efficiently execute the planned interventions	<ul style="list-style-type: none"> i. Review UNRA staff structure to increase staffing levels to match the financial resources ii. Develop a MIS to inform planning, performance monitoring and evaluation iii. Improve institutional planning, monitoring and performance evaluation iv. Strengthen the transport planning function in the Ministry of Works and Transport v. Train staff in professional courses
3. Support the National Construction Industry	<ul style="list-style-type: none"> i. Operationalize the National Construction Industry Policy ii. Review the National Construction Standards and disseminate them effectively iii. Expedite the commencement and operationalization of the Building Control Act iv. Formulation and dissemination of Building Control Code v. Strengthen the enforcement mechanism of approval of Plans and Quality Assurance and inspection of Buildings vi. Promote Certification and Adherence to building regulations
4. Develop adequate, reliable and efficient air transport network in the country	<ul style="list-style-type: none"> i. Upgrade and expand Entebbe International Airport ii. Modify and extend the existing Passenger Terminal Building iii. Construct a new Domestic Passenger Terminal iv. Establish an Aircraft Maintenance Centre v. Construct a new Passenger Terminal Complex vi. Expand car park facilities (surface and multi-storey) vii. Establish a new Cargo Centre Complex viii. Strengthen and widen Runways 17/35 and 12/30 and their associated taxiways ix. Upgrade Air Navigation Services Infrastructure to achieve a globally interoperable air navigation system to provide a seamless service x. Develop a Master Plan and Engineering Designs for Arua Airport (Already done for Kasese and Gulu Airports) xi. Explore development and management concessions (PPP arrangements) for these airports. xii. Revive the National Airline to facilitate the development of Entebbe International Airport into a hub
5. Promote safe, adequate and efficient transport services	<ul style="list-style-type: none"> i. Strengthen Road Safety Measures by establishing a National Road Safety Authority and a Multi-sectoral Transport Regulatory Authority ii. Implement the Private Motor Vehicle Inspection scheme iii. Amendment of the Traffic and Road Safety Act 1998 and formulation of all relevant regulations iv. Formulate and implement the Inland Water Transport Policy and regulation

Objective	Interventions
	for inland ports
	v. Review and update inland water transport legislation and railway safety standards
	vi. Survey, Map and Install Navigation Aids on Inland Waterways
	vii. Increase awareness and advocacy in Safety of Inland Water and Rail Transport

12.1.3 Sub-sector Projects

Bridges

- i) Database/Inventory of Bridges on the DUCAR Network
- ii) Construction of New Bridges/Swamp Crossings including civil works for ferry landing sites
- iii) Stocking of Compact/Bailey Bridges for Emergencies
- iv) New Nile Bridge at Jinja
- v) Pakwala, Nyacyara, Goli, Nyagak- 3 (Nebbi)
- vi) Birara Bridge (Kanungu)
- vii) Mitano bridge Rukunguri - Kanungu road
- viii) Apak bridge on Lira - Moroto road
- ix) Enyau-3 and Alla (Arua) Bridges
- x) Ntungwe bridge Ishasha - Katunguru road
- xi) Kyanzuki-Kasese-Kilembe road
- xii) Cido-Nebbi-Goli,
- xiii) Kabaale-Kyankwanzi-Ngoma road
- xiv) Leresi (Butaleja)-Butaleja-Leresi-Budaka road
- xv) Nyaliti -Kapchorwa-Suam (Designed)
- xvi) Kasozi (Lugogo) Bridge (linking Ngoma-Buruli)
- xvii) Seretiyo on Kapchorwa – Suam road
- xviii) Nalakasi-Ariamoi-Kotido-Kabong-Kapedo road
- xix) Nyamugasani (Kasese)-Kinyamaseke-Kisinga-Kibirizi road
- xx) Kaboong (Kaboong)-Ariamoi-Kotido-Kabong-Kapedo road
- i) Lopei-Ariamoi-Kotido-Kabong-Kapedo road

- ii) Maliba-Nkenda – Bugoye – Nyakalingijo road, Kasese
- iii) Ruboni-Only access to Mt Mageritta tourist site, Kasese
- iv) Ora Bridge on Okokko-Anyiribu road
- v) Aji Bridge on Ullepi-Offaka – Nyiribu road in Arua
- vi) Kangole Bridge on Katakwi – Moroto road

National Roads

- vii) Data collection on National Roads
- viii) Staff Training
- ix) Special Karamoja Security Roads Programme
- x) Ongoing
- xi) Ishaka – Kagamba (35km)
- xii) Moroto – Nakapiripirit (93km)
- xiii) Atiak – Nimule (35km)
- xiv) Kamwenge – Fort Portal (65km)
- xv) Mpigi – Kanoni (65km)
- xvi) Kanoni – Sembabule – Villa Maria (114km)
- xvii) Mukono – Kyetume – Katosi/ Nyenga (74km)
- xviii) Kampala Northern Bypass (17km)
- xix) Musita – Lumino – Busia/ Majanji (104km)
- xx) Olwiyo (Anak) – Gulu – Acholibur – Kitgum – Musingo border (223km)
- xxi) Ntungamo – Mirama Hills (37km)
- xxii) Masaka – Bukakata (41km)
- xxiii) Kigumba – Masindi – Hoima – Kabwoya (135km)
- xxiv) Kabwoya – Kyenjojo (105km)
- xxv) Mubende – Kakumiro – Kibale – Kagadi (107km)

- xxvi) Tirinyi – Pallisa – Kumi/ Kamonkoli (111km)
- xxvii) New Upgrading
- xxviii) Mbale – Bubulo – Lwakhakha (45km)
- xxix) Kapchorwa – Suam (77km)
- xxx) Muyembe – Nakapiripirit (92km)
- xxxi) Express ways
- xxxii) Kampala – Entebbe Express way with spur to Munyonyo (51km)
- xxxiii) Kampala – Jinja Express way (77km)
- xxxiv) Kibuye – Busega – Mpigi Express way (35km)
- xxxv) Kampala – Bombo Express way (35km)
- xxxvi) Kampala fly-over Project
 - i) Seeta - Namugongo - Kyaliwajala - Kiira - Kasangati - Matugga - Wakiso - Temangalo - Buloba - Nsangi/ Najjanakumbi - Busabala (84km)
 - ii) Najjanankumbi - Busabala and Nambole - Seeta (40km)-
 - iii) Muhoro - Ndaiga road (31km)
 - iv) Busia - Tororo (24km)
 - v) Luwero - Butalangu -Ngoma (83km)
 - vi)
 - vii) New rehabilitation Projects
 - viii) OPRC Tororo – Mbale – Soroti – Lira – Kamdini (340km)
 - ix) Ishaka - Rugazi - Katunguru (55km)
 - x) Kyenjojo - Fort Portal (50km)
 - xi) Mbale - Nkokonjeru (20km)
 - xii) Nansana - Busunju (47km)
 - xiii) Namunsi - Sironko - Muyembe (32km)
 - xiv) Mukono – Kayunga – Njeru (94km)
 - xv) Tourism Roads
 - xvi) Hamurwa - Kerere - Kanungu/ Buleme - Buhoma - Butogota - Hamayanja - Ifasha - Ikumba (149km)
 - xvii) Ishasha - Katunguru (88km)
 - xviii) Kabale - Bunyonyi (22km)
 - xix) Kisoro - Mgahinga Gate (14km)
 - xx) Kisoro - Rubuguli - Muko (48km)

- xxi) Oil and Gas roads
- xxii) Hoima – Butiaba – Wanseko (111km)
- xxiii) Karugutu - Ntoroko road (55km)
- xxiv) Kabwoya – Buhuka (43km)
- xxv) Rwenkuny - Apac - Lira – Acholibur (270km)
- xxvi) Nabumali - Butaleja – Namutumba (90km)
- xxvii) Soroti - Katakwi - Moroto – Lokitanyala (208km)
- xxviii) Kamuli – Bukungu (64km)
- xxix) Moroto – Kotido (102km)
- xxx) Namagumba- Budadiri- Nalugugu (30km)
- xxxi) Nebbi - Goli - Paidha - Zombo – Vurra (59km)
- xxxii) Jinja - Buwenda –Mbulamuti – Kamuli (80km)
- xxxiii) Buwaya - Kasanje – Mpigi(20km)
- xxxiv) Kibibi – Mityana (50km)

Urban Roads

- i) Urban Roads Resealing Program (using Force Account modalities)
- xxxvii) Rehabilitation of paved Urban Roads and Upgrading selected gravel urban roads in the Urban centers / towns of Uganda

Community Access Roads

- i) Construction of 1525Kms of Community Access Roads in Uganda

Human Resource Development

- ii) Training of Ministry staff

Public Structures

- i) General Construction and Rehabilitation Works
- ii) Formulation of the Building Maintenance Policy
- iii) Formulation and Operationalization of the Building Control Act and Code
- iv) Formulation of the UCICO Law
- v) Construction of Palace for Obusinga Bwa Rwenzururu
- vi) Construction of State House Phase II and III

- vii) Construction of MOWT HQs

Transport Regulation

- i) Support to Computerised Driving Permits
- ii) Motor Vehicle Inspection Services
- iii) Establishment of National Road Safety Authority
- iv) Establishment of Multi-sectoral Transport Regulatory Authority
- v) Inland Water Transport Safety

Railway Transport

- i) Construction of Standard Gauge Railway
- ii) Supply and installation of railway reserve boundary markers phase1
- iii) Ballasting of Tororo- Pakwach railway line - railway development (USD25m of which USD14m for 2014/15 as grant+loan from KfW)
- iv) Resettlement Action Plan – Compensation of PAP for meter gauge - Kampala-Malaba & Tororo-Pakwach
- v) Construction of a railway inland container depot (ICD) at Mukono railway station (Phase 2)
- vi) Rail-based urban mass transit system for GKMPA phase1 – Feasibility study

- vii) Construction of a railway inland container depot (ICD) at Gulu railway station
- viii) Rehabilitation of 10 locomotives

Water Transport

- i) Rehabilitation of MV Pamba
- ii) Preliminary engineering design of the proposed New Kampala Port at Bukasa
- iii) Preliminary Designs, Detailed Design of ship and of the remodeling of Portbell and Jinja Piers
- iv) Construction of a Ship

Air Transport

- i) Upgrade and Expansion of Entebbe International Airport
- ii) Upgrade of Kasese, Arua and Gulu to Regional Airports
- iii) Upgrade of Air Navigation Services Infrastructure
- iv) Revival of the National Airline

12.2 Energy

12.2.1 Overview

492. The Energy and Mineral Development Sector is mandated to “Establish, Promote the Development, Strategically Manage and Safeguard the Rational, Sustainable Exploitation, Utilization of Energy, Mineral Resources for Social, and Economic Development”. The sector has the following sub-sectors: (i) Energy Resources, (ii) Petroleum, and (iii) Geological Surveys and Mines.
493. The energy sub-sector is assisted by a number of Ministries, Departments and Agencies. The sector Institutions/Agencies include: Electricity Regulatory Authority (ERA); Uganda Electricity Generation Company Ltd (UEGCL); Uganda Electricity Transmission Company Ltd (UETCL); Uganda Electricity Distribution Company Ltd (UEDCL); Rural Electrification Agency (REA); Electricity Dispute Tribunal (EDT), Atomic Energy Council (AEC), UMEME and Kilembe Mines Ltd. Private sector players include: (i) Eskom Uganda Limited which operates UEGCL’s Nalubaale-Kiira Power Complex under a concession agreement; (ii) Independent Power Producers such as Bujagali Energy Limited (BEL) which currently manages Bujagali Hydro Power Station, Electromaxx, Jacobsen, TronderEnergy Ltd, among others; and (iii) Concessioners like Ferdsult, WENRECo, BECS, PACMECS and URECL who distribute and manage different rural power schemes.
494. As highlighted in Chapter Two, the sector has observed progress in the area of rural electrification, electricity generation, transmission and distribution. The sector now targets to increase the percentage of the population with access to electricity to 30 percent and increase electricity consumption per Capita to Kwh 578
495. To meet the new sector targets and respond to issues highlighted in section 2.2.2.1, the key focus areas of the sector include: increasing power generation capacity to drive economic development; expanding the electricity transmission grid network; increasing Energy Efficiency; promoting the use of alternative sources of energy; and strengthen the policy, legal and institutional framework.

12.2.2 Objectives and Interventions

Objective	Interventions
1. Increase power generation capacity to drive economic development	<ul style="list-style-type: none">i. Develop Hydropower energy<ul style="list-style-type: none">a. Large Hydropower plantsb. Small Hydropower plantsii. Develop geothermal power sourcesiii. Build thermal power plants
2. Expand the electricity transmission grid	<ul style="list-style-type: none">i. Complete the ongoing power line upgrade and associated substationsii. Build new transmission lines to evacuate generation plants.

Objective	Interventions
network	iii. Extend the transmission grid to service previously unreached peri-urban and rural areas
3. Promote Energy Efficiency	i. Revamp the transmission networks to reduce technical power losses ii. Install reactive power compensation devices iii. Introduce prepaid meters and increase monitoring to reduce Commercial power losses iv. Develop and enforce standards for promoting energy efficiency
4. Promote use of alternative sources of energy	i. Develop nuclear energy for power generation and other peaceful purposes ii. Promote and facilitate the use of renewable energy technologies like bio-fuels, wind, solar, improved cook stoves and LPG at household and institutional level
5. Strengthen the policy, legal and institutional framework	i. Develop policies to address gaps (atomic energy, thermal power from locally produced petroleum products, biomass, energy efficiency) ii. Review the existing policies and Acts (Energy Policy, Renewable Policy, and Electricity Act). iii. Formulate a PPP framework to allow more private investment in the energy sector
6. Build capacity in the energy sector	i. Strengthen the institutional and human capacity. Train staff in specialized fields like nuclear science, geophysics, geology, hydropower and geothermal technology

12.2.3 Sub-Sector Projects

Power Generation

- i) Karuma hydropower plant to generate 600MW
- ii) Isimba hydropower plant to generate approximately 183 MW
- iii) Ayago Hydro Power Plant
- iv) Ariang Hydro Power Plant
- v) Muzizi, Kikagati, and Nshongyenzi and Nyagak 3 mini hydro power projects
- vi) Small Hydro Power Plants 125 MW
- vii) Thermal power Plant 53 MW as part of oil refinery to utilise Uganda's oil resources
- viii) Solar Thermal Plants
- ix) Geo - Thermal Plants
- x) Generation of electricity from biogas
- xi) Generation of electricity from wind
- xii) Bio-Mass Co - Generation and gasification Plants

Power Distribution

- xiii) Power lines and associated substations: Tororo-Opuyo-Lira upgrade (132kV, 260km), Mbarara-Nkenda (132kV, 160km), Bujagali – Tororo (220kV, 127km), Mbarara-Mirama (220kV, 66km),

Mbarara 220/132/33kV, Mirama 220/132/33kV, Tororo 220/132/33kV, Fort Portal 132/33kV and Bujagali switchyard 220/132/33kV.

- xiv) New transmission lines to evacuate generation plants: Nkenda-Mputa-Hoima (220kV, 226km), Karuma-Kawanda (400kV, 248.2km), Karuma-Olwiyo (400kV, 54.25km), and Karuma -Lira (132kV, 75.5km), Isimba interconnection (132kV, 40km), Ayago Interconnection (400kV, 27km), Mirama-Kabale (132kV, 85.3km), Hoima-Kinyara-Kafu (220kV, 92km), Bulambuli-Mbale (132kV, 60km), Mirama-Kikagati-Nshongyezi (132kV, 38km), Lira-Gulu-Agago (132kV, 175km) and Kabulasoke – Kiboga-Hoima (132kV, 187km).
- xv) New grid extension lines to be built to improve power delivery are: Kawanda-Masaka (220kV, 137km), Mutundwe-Entebbe (132kV, 35km), Opuyo-Moroto (132kV, 160km), Masaka-Mbarara (220kV, 135km), Lira-Gulu-Nebbi-Arua (132kV, 350km), Namanve South-Namanve 132kV transmission line 5km, Namanve-Luzira 132kV transmission line 15km, Nalubaale-Namanve 132kV transmission line: Mukono Tee off (5km) and Nalubaale-Tororo 132kV line: Tembo Steels Ltd tee off (10km), Karuma – Tororo (400kV, 345km), Olwiyo – Nimule (400kV, 190km), Nkenda-Mpondwe (220kV, 72.5km), Masaka-Mwanza (220kV, 82km), Nalubale –Lugazi (132kV, 35.2km), Kawanda-Kasana (132kV, 50km) and Nalubaale – Kampala North upgrade (132kV, 68.8km).
- xvi) Build and upgrade several substations (Kawanda 400/220/132/33kV, Masaka 220/132/33kV, Kabulasoke 132/33kV, Mutundwe 132/33kV, Lugogo 132/33kV, Queensway 132/33kV and Nkenda 132/33kV. The new substations to be built include: Hoima 132/33kV, Moroto 132/33kV, Olwiyo 400/33kV, Entebbe 132/33kV, Kabale 132/33kV, Kafu 132/33kV, Mbale 132/33kV, Bulambuli 132/33kV, Gulu 132/33kV, Kikagati 132/33kV, Nshongyezi 132/33kV, Kiboga 132/33kV, Nebbi 132/33kV and Arua 132/33kV to allow distribution and rural electrification take off.

12.3 Water for Production

12.3.1 Overview

496. Water for Production is a mandate of the Water and Environment Sector. It includes the development and utilization of water resources for productive use contributing directly to socio-economic development of the country. It largely encompasses provision of water infrastructure for irrigation, livestock, fishing, mining, wildlife, industries, aquaculture, maintaining the environment and ecosystem. In Uganda only 2 percent of water is used for production, with only 1 percent of potential irrigable area a currently being irrigated.
497. As highlighted in section 2.2.2.4, progress has been realized in the provision of water for production and storage for multi-purpose use and security. The sector now targets to increase the cumulative storage of water for production from 27.8 MCM in 2012/13 to 55 MCM in 2019/20.
498. The re-construction of three irrigation schemes during the previous development plan increased the total acreage covered to 2,150ha. This resulted in more than double of the farm output increasing food security and farm household incomes. The abundant fresh water sources in Uganda provide numerous opportunities to increase water for production and boost agricultural and industrial activities. Increased investment in this area will require enhancing the capacity of the local private sector players (contractors, consultants and private operators), while reducing the energy costs and expanding the grid power network to lower the associated tariffs.
499. The sub-sector is constrained by: Weak local private sector players (contractors, consultants and private operators) and high energy costs and limited grid power network leading to high tariffs. In addition, the water sector the water sector is highly vulnerable to the impacts of climate change, with persistent droughts causing water stress. Therefore efforts towards development and utilization of water resources for productive use in crop irrigation, livestock, aquaculture, rural industries and other commercial uses could be hampered by future impacts of climate change. It therefore important to take into account climate change resilience in developing and utilising water resources for productive purposes.
500. Over the NDP II period, focus will be put on: increasing the provision of water for production facilities; and increasing the functionality and utilization of water for production facilities.

12.3.2 Objectives and Interventions

Objective	Interventions
Sub-Sector target: Increase cumulative storage of water for production from 27.8 MCM in 2012/13 to 55 MCM in 2019/20	

Objective	Interventions
1. Increase the provision of water for production facilities	<ul style="list-style-type: none"> i. Establish new bulk water systems for multipurpose use (dams, water abstraction, transmission and Distribution to different points of use) while factoring in the impacts of climate change. ii. Protect and manage water catchment areas. iii. Increase private sector involvement in the implementation of water for production facilities, including use of the Public-Private Partnership (PPP) arrangement. iv. Prepare and implement the National Irrigation Master Plan that takes into account future impacts of climate change. v. Gazette water reserve areas for large dams and involve private operators to strengthen management.
2. Increase the functionality and utilization of existing water for production facilities	<ul style="list-style-type: none"> i. Establish functional management structures for Water for Production facilities, such as Water User Committees/water boards. ii. Rehabilitate and maintain existing Water for Production facilities iii. Strengthen Community Based Management System (CBMS) iv. Promote measures undertaken to increase recovery of maintenance costs v. Increase the proportion of Water for Production facilities that are managed by the private sector

12.3.3 Sub-Sector Projects

- i) Water for Livestock in Cattle corridor Area)
- ii) Livestock water (non-cattle corridor) Area
- iii) Irrigation development Area A (Off-farm)
- iv) Irrigation development Area B (Off-farm)
- v) Water for aquaculture
- vi) Water for Rural Industries
- vii) Capacity building and O& M support

12.4 Information and Communications Technology (ICT)

12.4.1 Overview

501. The mandate of the Information and Communications Technology (ICT) sector is to provide strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy for the ICT sector; sustainable, effective and efficient development, harnessing and utilization of ICT in all spheres of life to enable the country achieve its national development goals.
502. The ICT Sector is composed of telecommunications, postal, information technology (IT), and broadcasting subsectors. It is organized along 3 functional levels namely Policy, Regulatory, and Service Provision level. The Ministry of Information and Communications Technology (MoICT) heads and coordinates all the ICT Sector activities in collaboration with the regulatory bodies namely the Uganda Communications Commission (UCC) and the National Information Technology Authority Uganda (NITA-U). At the service provision level, are the Ministries, Departments and Agencies (MDAs); Local Governments (LGs); Academia; and the Private Sector.
503. As highlighted in Section 2.2.2.3, the sector has registered significant progress in the area of access to ICT infrastructure and its usage. The sector targets to increase its contribution to Government revenue from 8.1 percent in 2012/13 to 10 percent in 2020 and increase employment in the ICT sector from 1 million to 3 million people in 2020. Specifically, the sector will improve Uganda's ICT development index by increasing access to ICT infrastructure from 1.96 (2012 Index) to 3.5 (2020 Index); Improving usage of ICT from 0.75 (2012 Index) to 2.5 (2020 Index); and enhance ICT skills development from 3.69 (2012 Index) to 5.5 (2020 Index).
504. To meet the sector targets and respond to issues highlighted in chapter 2, the key focus areas of the sector include: collaborative development of an interoperable and secure ubiquitous ICT infrastructure; creation of an enabling environment that is aligned to emerging changes; enhancing integration and automation of e-Government services and position Uganda competitively in the Global ICT market; enhancing capacity for local content development and usage in the various ICT Sector services; Development of quality ICT human capital stock to meet the industry demands for ICT skills and support R&D.

12.4.2 Objectives and Interventions

Objective	Interventions
Sector targets:	
i. Improve the ICT Development Index from 1.81 in 2012 to 3.5 in 2020;	
ii. Improve access to ICT from 1.96 in 2012 to 3.5 in 2020;	
iii. Increase infrastructure Usage of ICT from 0.75 in 2012 to 2.5 in 2020 ; and	
iv. Increase ICT Skills Development from 3.69 in 2012 to 5.5 in 2020	

Objective	Interventions
1 Increase access to ICT infrastructure to facilitate exploitation of the development priorities	<ul style="list-style-type: none"> i. Extend National Backbone Infrastructure (NBI) with focus on identified development priorities and implement last mile connectivity countrywide in collaboration with the private sector ii. Connect the NBI to the regional backbone infrastructure and develop a mechanism for connectivity to the international submarine cables iii. Complete deployment of Digital Terrestrial Television Broadcasting infrastructure and implement innovative spectrum management practices to ensure optimal utilization of the national resource iv. Undertake common ICT infrastructure deployment and sharing to ensure optimal utilization v. Promote production and use of low-cost locally assembled devices in collaboration with the private sector
2 Enhance the usage and application of ICT services in business and service delivery	<ul style="list-style-type: none"> i. Operationalize the e-government master plan ii. Establish regional information access centres iii. Promote the use of ICT tools for trade, service delivery and exchange of information iv. Develop and implement a National Postal and Courier Services Master Plan to exploit opportunities in e-Government and e-Commerce v. Develop a coherent strategy for mass sensitization and awareness about ICTs
3 Increase job creation through ICT Research and development	<ul style="list-style-type: none"> i. Establish an ICT Research and Innovation fund to support ICT innovation ii. Establish ICT parks and model regional incubation centers / hubs to encourage innovation and creation of local content. iii. Develop a framework for collaboration between research institutions, academia and industry including ICT internship programme to generate the market appropriate ICT solutions and skilled manpower as well as bilateral technology transfer iv. Develop and implement a policy framework and strategy for promoting local content development and use of locally developed solutions in government and private sector v. Implement the master plan for transforming Uganda Institute for Information and Communications Technology (UICT) into an ICT center of Excellence vi. Develop and implement BPO strategy

Objective	Interventions
4 Increase the stock of ICT skilled and industry ready workforce	i. Review, develop and implement ICT training curriculum at all levels of the education system ii. Implement the certification and accreditation for ICT professionals iii. Develop and implement targeted capacity building for teachers in incorporating ICT in pedagogy
5 Improve the information security system to be secure, reliable, resilient and capable of responding to cyber security threats	i. Implement the National Information Security Strategy ii. Develop and implement strategies to protect consumers of ICT services
6 Improve the legal and regulatory frameworks to respond to the industry needs	i. Harmonize Uganda's policy, legal and regulatory framework within the regional and global context. ii. Review and develop appropriate policies, strategies and regulations to keep the sector abreast with technology developments and market forces/industry demands

12.4.3 Sector Projects

- i) Extension of the NBI to cover NDP II priority areas
- ii) Last mile connectivity country wide in partnership with the private sector
- iii) Connectivity of Education institutions for e-learning
- iv) Establishment of the Public Key Infrastructure
- v) Review of National ICT Policies to address requirements in the ICT convergence an, human capital development and ICT exports
- vi) Strengthening Ministry of ICT
- vii) Institutionalization of ICTs in MDAs and Local Govts
- viii) Establishment of the National CERT (Computer Emergence Response Team)
- ix) Implement the National Information Security Strategy (NISS)
- x) Development of a critical mass of ICT skilled Ugandans and industry ready workforce.
- xi) Transformation of UICT into an ICT centre of Excellence
- xii) Connectivity of schools and other education institutions for e-learning
- xiii) Integration and automation of e-Government services
- xiv) Digital archiving and digitization of Government records
- xv) Establishment of a national data centre, disaster recovery centre, secure Government cloud (UG-Cloud) and national databank
- xvi) Establishment of One Stop Shop Centres for e-Government service delivery through the postal network
- xvii) Establishment of ICT Research and Innovation Fund
- xviii) Establishment of ICT Business Parks and Special economic zones

CHAPTER 13: HUMAN CAPITAL DEVELOPMENT

505. In order to accelerate wealth creation and employment while enhancing competitiveness, the country will prioritize investment in developing a strong human capital, the components of which are health, nutrition education and skills development as elaborated in chapter four. To realize these investments the key development strategies include; introducing universal Early Childhood Development (ECD) and harnessing of the demographic dividend. The ECD strategy will focus on cognitive development of a child, and provide a firm foundation for good health and education. The Demographic Dividend (DD) strategy will build on achievements realised in the ECD through increased school enrolment especially for girls followed by substantial fertility decline leading to a transformed age structure characterized by a majority youthful and skilled work force.

13.1 Health

13.1.1 Overview

506. In pursuit of Uganda Vision 2040, the health sector aims at producing a healthy and productive population that effectively contributes to socio-economic growth by provision of accessible and quality health care to all people in Uganda through delivery of promotive, preventive, curative, palliative and rehabilitative health care. Therefore, the roles and contributions of all health care players; the government, non-governmental and private players including indigenous traditional and complimentary health practitioners remain pertinent in the implementation of this Plan. The growing focus on communities and households to take charge of their health makes them important health system players. The bilateral and multilateral health development partners remain key players in supplementing government efforts in financing and provision of health care. Aware that the major determinants of health including income, education, housing conditions, sanitation, safe water access and hygiene, gender, cultural beliefs, social behaviours, nutrition and management of natural disasters are outside the health sector, strong inter-sectoral collaboration to enhance disease prevention and health promotion will need to be enhanced.
507. The sector targets are: to increase life expectancy at birth from 54 years to 60 years; reduce child stunting as a percentage of under-5 from 31 to 25; reduce the Total Fertility Rate from 6.2 to 4.5; reduce infant mortality rate from 54/1000 to 44/1000 live births; and reduce maternal mortality rate from 438/100,000 to 220/100,000 live births.
508. Human Resources for Health remain low particularly midwives and doctors as well as medical specialists. While physical access to health facilities increased to about 72 percent within 5km, health infrastructure remains outdated in many general hospitals and some lower level health facilities and functionality of some health facilities particularly Health Centre IVs remains inadequate.
509. The country's high population growth rate, driven by the high fertility rate of 6.2 children per women (UDHS, 2011) poses challenges for health care delivery in terms of demand and supply. The women and children being the most vulnerable groups to diseases and yet the highest percentage of the population presents both challenges and opportunities that require repositioning of the health sector. Inadequate behavioral change for disease prevention, emerging diseases and epidemics, porous borders are some of the challenges that the sector will need to tackle, while tapping opportunities such as the growing economy and technological advancements in health care and exploiting the large pool of private providers and good will of health development partners.
510. In order to address the above situation and the outstanding issues highlighted in section 2.4.1 the sector shall implement the post-2015 development agenda which prioritizes universal health coverage (including mass treatment of malaria); sexual and reproductive health; ending malnutrition in all its forms; reducing maternal mortality, ending preventable newborn, infant and under-five deaths, ending HIV/AIDS, TB, malaria and neglected tropical diseases, and reducing

premature deaths due to non-communicable diseases. The sector will also work towards achieving Universal Health Coverage (UHC) through establishing a national health insurance scheme while harnessing synergies from public private partnerships and strengthening the referral system.

511. Overall, sector efforts will be geared towards: strengthening of the national health system including governance; disease prevention, mitigation and control; health education, promotion and control; contributing to early childhood development; curative services; rehabilitation services; palliative services; and health infrastructure development.

13.1.2 Objectives and Interventions

Objective	Interventions
Sector targets:	
<ul style="list-style-type: none"> i. Increase life expectancy at birth from 54 years to 60 years; ii. Reduce child stunting as a percentage of under-5 from 31 in 2012 to 25 in 2020; iii. Reduce the Total Fertility Rate from 6.2 in 2012 to 4.5 in 2020; iv. Reduce infant mortality rate from 54/1000 in 2012 to 44/1000 live births in 2020; and v. Reduce maternal mortality rate from 438/100,000 in 2012 to 320/100,000 live births. 	
1. To contribute to the production of a healthy human capital through provision of equitable, safe and sustainable health services.	Primary Health Care
	<ul style="list-style-type: none"> i. Strengthen leadership, governance, management and accountability at all levels of the health sector. ii. Enhance health information, research and evidence generation and strengthen the HMIS to inform policy development and implementation of health interventions and improve decision making. iii. Strengthen the referral system to ensure continuity of care including the Uganda National Ambulance Services. iv. Improve the regulatory function: strengthen regulatory bodies, legal frameworks, etc. v. Review and re-align the essential health package including essential clinical care to the evolving health care needs of the population. vi. Develop Health infrastructure, equipment and maintenance
	Human Resources for Health
	<ul style="list-style-type: none"> i. Scale up pre-service education and in-service training ii. Attract and retain health workers iii. Improve HRH productivity and accountability iv. Strengthen PPP in the development, use and management of the Health Work Force.
	Community Empowerment
	<ul style="list-style-type: none"> i. Develop community structures for improved health education, promotion and disease prevention ii. Support implementation of primary health care.

Objective	Interventions
	<ul style="list-style-type: none"> iii. Engage communities to actively participate in maintaining good health and adopt positive health practices. iv. Promote male involvement in family health. <p>Maternal, Neonatal and Child Health</p> <ul style="list-style-type: none"> i. Scale up and sustain effective coverage of a priority package of cost-effective child survival interventions ii. Provide universal access to family planning services iii. Increase access to Skilled Birth Attendants (SBA), Emergency Obstetric Care (EmOC) iv. Strengthen public awareness and empowerment to enhance consumption and utilization of Sexual and Reproductive Health (SRH) and HIV prevention services. v. Improve access to Antenatal Care (ANC), PNC and PMTCT vi. Ensure availability and accessibility to Adolescent Sexual and Reproductive Health vii. Strengthen School health services and standards to address the specific needs of girls and boys. viii. Develop and sustain collective action and mutual accountability for ending preventable maternal, new born and child deaths; Maternal and Perinatal Deaths, Surveillance and Response. ix. Harness non health sector interventions that impact on maternal, new born and child health. x. Develop capacity to analyse and repackage generated data on maternal and child health for decision making. <p>Integrated Disease Surveillance and Response</p> <ul style="list-style-type: none"> i. Develop a strategy to enhance the capacity for integrated disease surveillance, detection and control; and emergencies management. ii. Build capacity of the HRH in field of epidemiology. iii. Establish and operationalize of an emergency operating centre. iv. Strengthen diagnostic capacity for surveillance, detection and control. v. Establish a National Institute of Public Health. vi. Establish National Health Laboratory services vii. Build community resilience to health disasters capacity of through promotion of disaster risk reduction and management strategies. <p>Burden of Disease:</p> <p>Malaria</p> <ul style="list-style-type: none"> i. Malaria prevention through: <ul style="list-style-type: none"> a. Coordinated and targeted behavior change communication b. Mass treatment

Objective	Interventions
	<ul style="list-style-type: none"> c. Mass distribution of long lasting insecticide-treated nets (LLINs) d. Insecticide residual spraying to high transmission districts e. Larviciding (killing mosquito larvae). ii. Scale up the prevention of malaria in pregnant women as one of the vulnerable groups iii. Scale-up the integrated community case management of malaria and other childhood illnesses. iv. Improve facility based malaria case management <p>HIV/AIDS</p> <ul style="list-style-type: none"> i. Scale-up access to antiretroviral therapy ii. Test and treat children (<15 yrs) and pregnant women, sero-discordant couples, and people with TB/HIV co-infection. iii. Routine screening and treating of TB in all HIV positive clients. iv. Scale-up HIV prevention interventions v. Develop strategies to address gender related barriers that limit access and use of available HIV prevention and AIDS treatment services for all vi. Establish and ensure access to HIV prevention and management programs for adolescent boys and girls. <p>Tuberculosis</p> <ul style="list-style-type: none"> i. Improve detection, management of drug-susceptible TB cases to ensure 90percent treatment success. ii. Improve capacity to diagnose and manage childhood tuberculosis. iii. Increase detection and management of multi-drug-resistant Tuberculosis. iv. Strengthen contact investigation and infection control including congregate settings. v. Increase management of TB/HIV co-infection including enrollment on Antiretroviral therapy. vi. Intensified advocacy, communication and social mobilization for increased funding and responsive awareness for Tuberculosis. <p>Neglected Tropical Diseases (NTDs)</p> <ul style="list-style-type: none"> i. Promote institutionalisation of the One Health Approach to prevent and control of emerging and endemic Zoonotic diseases. ii. Strengthen surveillance and diagnostic capacity for Zoonotic diseases for early detection and management. iii. Strengthen National and district capacity for vector control including Neglected Tropical Diseases (NTD). <p>Immunisation Services</p> <ul style="list-style-type: none"> i. Develop the immunisation policy and enact the Immunisation Act ii. Improve immunization coverage

Objective	Interventions
	<ul style="list-style-type: none"> iii. Introduce new vaccines into the routine immunisation services (Rotavirus, Human Papilloma Virus, Inactivated Polio vaccine and Meningitis A vaccines). iv. Strengthen community participation in immunisation services v. Implement the national immunization communication strategy in all districts. <p>Non-communicable Diseases</p> <ul style="list-style-type: none"> i. Promote healthy lifestyles that contribute to prevention or delay of occurrence of NCDs ii. Improve management of NCDs at all levels of care. iii. Establish a functional surveillance, monitoring and research system to support the prevention and control of NCDs. iv. Strengthen human resource capacity to manage NCDs. <p>Oral Health</p> <ul style="list-style-type: none"> i. Increase screening for and treatment of oral diseases particularly among primary school children. ii. Strengthen dental services. iii. Intensify research in oral health. <hr/> <p>Quality of care and patient safety</p> <ul style="list-style-type: none"> i. Operationalize the Supervision, Monitoring and Inspection strategy ii. Scale up the Health Facility Assessment Program iii. Establish dynamic interactions and feedback mechanism between health care providers and consumers iv. Strengthen National and Sub-national capacity to implement quality improvement interventions <p>Mental Health</p> <ul style="list-style-type: none"> i. Promote availability to services for mental, neurological and substance use. ii. Scale up demand reduction measures for tobacco, alcohol and drug use. <p>Nutrition</p> <ul style="list-style-type: none"> i. Design and implement essential nutrition actions using life cycle approach. ii. Strengthen the policy, legal and institutional framework and capacity to effectively plan, implement, monitor and evaluate nutrition programs. iii. Strengthen advocacy, social mobilization, and communication for good nutrition for all age groups. iv. Support and scale up cost-effective micronutrient and community based initiatives. v. Enhance operational research for nutrition.
	<p>Health Infrastructure</p> <ul style="list-style-type: none"> i. Renovate and consolidate the existing health infrastructure for effective service delivery. ii. Develop and upgrade health infrastructure.

Objective	Interventions
	<ul style="list-style-type: none"> iii. Procure, distribute and maintain appropriate medical equipment at all levels of health service delivery. iv. Build capacity for operation and maintenance of medical equipment. <p>Clinical Services</p> <ul style="list-style-type: none"> i. Provide quality and affordable services that are consistent with the Uganda National Minimum Health Care Package (UNMHCP). ii. Establish a functional National Referral System from community, national and abroad. iii. Set and maintain standards for safe health service delivery in both public and private sector iv. Strengthen the Capacity to manage Emerging Diseases, conditions and NCDs at all levels
<p>2. To increase financial risk protection of households against impoverishment due to health expenditures</p>	<ul style="list-style-type: none"> i. Diversify funding sources and explore innovative mechanisms to increase domestic resource mobilization and allocation for the sector. ii. Develop a system to collect pre-payments and voluntary contributions. i. Design and implement a National Health Insurance scheme (Social Health Insurance, private health insurance and community based health insurance schemes). ii. Design and implement a Co-payment system for health care iii. Develop innovative purchasing and payment mechanisms for efficient use of health resources
<p>3. To address the key determinants of health through strengthening inter-sectoral collaboration and partnerships</p>	<ul style="list-style-type: none"> i. Design and implement a Gender in health strategy and innovative programs to address specific women's and men's, boys and girls health needs. ii. Design and implement strategies and programs addressing the social and economic conditions that make people ill (Sexual and Gender Based Violence (SGBV), Nutrition, Water, Sanitation and Hygiene, attitudes, practices, behavior and mindsets, and appropriate shelter/housing). iii. Design implement and follow up the integration of human rights and disability responsive policies. iv. Adopt an 'Health in all Policies' approach, which ensures the Health Sector, interacts with, and influences design implementation and monitoring processes of programs in all health-related sectors. This will include reactivating and institutionalizing inter-sectoral collaboration fora to address the key determinants of health (Education, Agriculture, Gender, Water, Housing, Trade, Tourism etc.). v. Incorporate health concerns to facilitate safe food production systems, manufacturing, marketing and distribution. vi. Develop and disseminate a communication and advocacy strategy to address key determinants of health.

Objective	Interventions
	vii. Strengthen community structures for identification and participation in addressing social determinants of health
4. To enhance health sector competitiveness in the region, including establishing Centers of excellence in heart, cancer, renal care domains; and diagnostic services	i. Train specialists in Cardiology, Oncology, Nephrology, Diagnostics and Management. ii. Accredit the Uganda Heart Institute, Uganda Cancer Institute, the Supra National Reference Laboratory and Schools of Public Health to be regional training centres. iii. Design and implement an attractive compensation and motivation plan for specialists. iv. Attraction or importation of specialized skills not available in the country. v. Expand research and adoption of modern medical technology. vi. Develop and continuously update a research agenda for the health sector. vii. Strengthen research organizations and institutes for enhanced innovations, inventions and applications (UHNRO, UVRI, Chemotherapy and JCRC). viii. Establish sustainable centres and institutions for super specialized health care ix. Establish a center of excellence in oncology (cancer) services. x. Strengthen the legal and regulatory framework that facilitates investment in health care services. xi. Promote export of locally produced medical products and services.

13.1.3 Sector Projects

- i) Mass treatment of Malaria
- ii) 1 Center of excellence in cancer services and training of specialists
- iii) Rehabilitation and upgrading of existing infrastructure (25 General hospitals)
- iv) National Ambulance System
- v) Rolling out the National health insurance scheme
- vi) Reproductive Health project
- vii) Community Health Extension Workers (CHEWs) project
- viii) Health Promotion
- ix) Quality Improvement and Patient Safety project
- x) Human Resources for Health Development
- xi) Leadership and Governance project

13.2 Education and Sports

13.2.1 Overview

512. The Education Sector comprises of six sub-sectors which include: (i) Pre-Primary and Primary Education; (ii) Secondary Education; (iii) Business, Technical, Vocational Education and Training (BTNET), (iv) Teacher Instructor Education and Training, (v) Higher Education and (vi) Physical Education and Sports. The Sector vision is to have “quality and appropriate education and training, and sports services for all”. The sector target is to increase the completion rate of primary 7 from 70.3 percent in 2012/13 to 85 percent in 2019/20 and increase the transition rate to secondary from 73 percent in 2013/14 to 83 percent in 2019/20 and net secondary completion rate from about 36 percent in 2012/13 to 50 percent in 2019/20. The Ministry of Education and Sports is mandated to plan, formulate, implement, analyze, monitor, evaluate and review policies, provide technical support and guidance, and set national standards for the entire sector.
513. While the sector has made considerable progress especially in increasing access to education at all levels, a number of outstanding issues still need to be addressed in the next five years, key of which include; near lack of ECD programme and policy direction, low quality of education at all levels, low completion rate at primary and high dropout rate between levels especially among girls. In addition, the education system does not facilitate adequate skills acquisition especially at post primary levels.
514. To address the above issues, government in the next five years, will focus on introduction of ECD programmes and improvement of quality, equity, retention, relevance and efficiency in basic education while consolidating the gains made in access to education at all levels. Access to skills in the education system will be expanded particularly beyond the primary level. The Sector will also prioritize the enhancement of the inspection function during the NDP II period. In order to achieve the above mentioned results the sector will pursue three main objectives and several strategic interventions during the five year period of this plan as indicated below.

13.2.2 Objectives and Interventions

Objective	Interventions
Sector target:	
i. Increase the completion rate of primary 7 from 70.3 percent in 2013/14 to 85 percent in 2019/20	
ii. Increase the transition rate to secondary from 73 percent in 2013/14 to 83 percent in 2019/20 and net secondary completion rate from about 36 percent in 2012/13 to 50 percent in 2019/20.	
iii. The sector will further focus on improving education quality at both primary and secondary levels.	
1. Achieve equitable access to relevant and	i. Continue the implementation of UPE, USE and student loan scheme to lower costs to families. ii. Formulate and implement a policy to rationalise fees for private primary

Objective	Interventions
quality education and training;	<p data-bbox="493 258 591 289">schools,</p> <ul style="list-style-type: none"> <li data-bbox="444 317 1425 394">iii. Support and strengthen partnerships for the implementation of pre-primary, primary, secondary and post-secondary education <li data-bbox="444 415 1230 447">iv. Implement the policy of a government primary school per parish <li data-bbox="444 478 1287 510">v. Develop and implement a comprehensive policy frame work for ECD <li data-bbox="444 541 1425 619">vi. Expand community based ECD centers and attach ECD centers to primary schools for the provision of pre-primary education <li data-bbox="444 640 1352 672">vii. Develop and implement a strategy to address school feeding and nutrition. <li data-bbox="444 703 1425 781">viii. Develop and implement programs targeted to disadvantaged communities, marginalized groups and students with special learning needs <li data-bbox="444 802 1425 879">ix. Develop and implement programmes that ensure a safe, non-violent and inclusive learning environment in schools. <li data-bbox="444 900 1425 978">x. Design and implement a partnership framework to address Social-cultural and other barriers to girls' and boys' attendance and retention in school. <li data-bbox="444 999 1425 1119">xi. Expand and improve school infrastructure for all levels, including water supply infrastructure, sanitation and hand-washing facilities, school physical education and community facilities <li data-bbox="444 1140 1117 1171">xii. Provide appropriate equipment for training institutions <li data-bbox="444 1203 1401 1234">xiii. Establish a career advisory and job placement system for post-primary levels; <li data-bbox="444 1266 1425 1344">xiv. Introduce distance, mobile and e-learning education systems for post-secondary at Local Governments <li data-bbox="444 1365 1425 1442">xv. Establish additional sports facilities and basic Stadia at least one per region as well as establishing sports councils <li data-bbox="444 1463 1425 1541">xvi. Improve the rewarding and recognition scheme for excelling sportsmen and women <li data-bbox="444 1562 1425 1640">xvii. Enforce laws against defilement at school level. This will require formulating by-laws and ordinances at district level. <li data-bbox="444 1661 1425 1738">xviii. Provide gender sensitive sanitation facilities that would address special needs of girls and boys.

Objective	Interventions
2. Ensure delivery of relevant and quality education and training;	<ul style="list-style-type: none"> i. Improve the instructional processes that lead to students' achievement of literacy, numeracy and basic life skills ii. Develop and implement appropriate ECD operational standards iii. Institutionalize training of ECD Caregivers/teachers iv. Strengthen delivery of competencies for the workplace, higher education and lifelong skills v. Establish Centers of Excellence by region at post-secondary levels vi. Enhance inspection, support supervision and enforcement of standards at all levels vii. Enhance teacher, tutor and instructor development and management system viii. Rehabilitate, expand and equip existing facilities at primary, secondary and post-secondary levels. ix. professionalize and motivate the teaching force x. Support and strengthen partnerships with the private sector to ensure quality education at pre-primary, primary, secondary and post-secondary xi. Implement community coach qualification initiatives to ensure talent initiation, identification and development by the qualified competent coaches at all levels
3. Enhance efficiency and effectiveness of education and sports service delivery at all levels.	<ul style="list-style-type: none"> i. Empower schools to manage instructional programs, staff and other resources ii. reinforce school inspection by re-centralizing the inspection function; iii. Re-orient School Management Committees to be more active in Schools iv. Ensure schools' compliance to standards and regulations v. Develop and implement a Teacher Development and Management System (STDMS) to provide in-service teacher training and support vi. Re-define and provide full sponsorships in NTCs and Public Universities to increase the number of mathematics and science teachers

13.2.3 Sector Projects

- i) Child friendly Basic Education
- ii) Karamoja Primary Education Project
- iii) WFP Karamoja
- iv) Emergency Construction of Primary schools

- v) Development of Secondary Schools
- vi) ADB Education Project IV
- vii) Support to USE
- viii) Higher Educ. Science and Technology Project-HEST ADB V
- ix) Development of Uganda Petroleum Institute - Kigumba
- x) Relocation of Shimoni PTC
- xi) Rehabilitation of National Health Colleges
- xii) Support to Physical Education and Sports

13.3 Skills Development

13.3.1 Overview

515. Progress in skills development has been registered in Business, Technical, Vocational Education and Training (BTJET) in line with the BTJET Act 2008; higher education and training and non-formal training in terms on in service and new entrants to labour market. The demand for skills development in the country is rapidly growing as seen from the increasing and expanding of education and training institutions; the increasing courses and the yearly expansion of graduates in almost all fields.
516. The pressing challenges faced in this area have been elaborated in Chapter 2 and they include: inadequate skills mix to support increased production and expansion; poor work readiness of many young people leaving formal secondary and tertiary education and entering the labour market for the first time; inadequate linkages between institutional (employers) and workplace learning; lack basic numeracy, literacy, and entry-level skills, and lack of work-based training; continuing skills shortages in the artisanal, technical and professional fields that are fundamental to the development and growth of our economy; lack of synergy between the various post-school sub-systems; lack of clarity in relation to the role expected of the various parts of the skills development system; inefficiency and waste; the silo mentality which prevents the partnerships and alignments needed to improve effectiveness; and the absence of coherent strategies within economic and industrial sectors, compounded by the lack of systematic skills development to support and sustain growth and development.
517. Focus of this sub-sector over the Plan period include: massive skills training programmes targeting the rapid build-up of skills within the already available labour that has acquired general education and those that have dropped out of school at different levels; review, redesign and alignment of the education curricula in the formal education system and the vocational training institutions to suit the current and future skills demands while making it more creative and innovative oriented; matching the demand and supply to build convergence between the skills acquired in school and those required in the market; strengthening science and technology education by providing/equipping science laboratories, ICT laboratory rooms, and well-stocked libraries to secondary schools; and increasing participation in tertiary and higher education in order to ensure that Uganda meets its needs for high-level skilled work force.

13.3.2 Objectives and Interventions

Objective	Interventions
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Objective	Interventions
1. To increase equitable access to appropriate skills training at all levels	<ul style="list-style-type: none"> i. Promote establishment of skills development institutions through PPPs ii. Increase access to non-formal skills development iii. Increase participation and coordination among training institutions and employers to support skills development in the country. iv. Develop innovative financing mechanisms for skills development v. Develop positive perceptions; mindset change and attitude; work ethics; and cultural values and norms towards hands-on training vi. Enhance participation of disadvantaged and marginalized groups in skills development vii. Increase entrepreneurship skills development for women and mentoring of girls
2. Improve quality and relevance of skills development	<ul style="list-style-type: none"> i. Strengthen institutional and human capacities for improved delivery of skills development ii. Review and strengthen standard setting and quality assurance systems at all levels iii. Establish 5 regional skills development centers of excellence in the key priority areas iv. Establish a National labour market observatory v. Develop a framework to enhance standardization and flexibility among Universities and other institutions of higher learning for improved knowledge transfer and skills development.
3. To enhance efficiency and effectiveness in skills delivery	<ul style="list-style-type: none"> i. Institutionalize internship and apprenticeship for hands-on training in both private and public organizations ii. Establish functional linkages between training institutions' curricula, potential employers and job opportunities iii. Develop a strategy to identify and nurture talent development for in and out of school youth iv. Promote establishment of research, innovation and technology incubation centers v. Establish a Skills Development Agency to coordinate all skills development initiatives

13.3.3 Sub-Sector Projects

- | | | | |
|----|--|----|---------------------------------|
| 14 | Development of BTJET | 18 | Development of PTCs |
| 15 | Development of TVET P.7 Graduate | 19 | Improving the Training of BTJET |
| 16 | Nakawa Vocational Institute | | Technical Instructors |
| 17 | Support to National Health and Departmental Training Institute | | |

13.4 Water and Sanitation

13.4.1 Overview

518. Water and sanitation is a sub-sector of the Ministry of Water and Environment. The Ministry is responsible for overall coordination, policy formulation, setting standards, inspection, monitoring, technical back-up support and initiating legislation. Other institutions in the sector include, the National Water and Sewerage Corporation which is a public and state owned utility currently providing water supply and sewerage services in 66 urban areas including Kampala Capital City and its surroundings. Local Governments are key implementers in the delivery of services in the sector as well as private sector firms. Civil Society Organisations offer the much desired interventions in support of government actions for service delivery. 
519. The challenges in rural water supply and sanitation include: poverty, rapid population growth resulting in congested and informal settlements and a continuously increasing need for new safe water sources; lack of funding to keep up with this increasing need; un-reliable Operation and Maintenance (O&M) of water facilities; poor protection of water sources resulting in low and decreasing water quality; poor sanitation practices due to negative customary beliefs and lack of sensitisation; unavailability of appropriate technologies at reasonable cost; Weak enforcement of existing laws and regulations; Poor operation and maintenance of sanitation facilities, more especially in public places and schools; Climate change causing frequent floods and drought; Political instability in neighbouring countries creating settlement camps which characteristically remain unplanned settlements..
520. Constraints to Urban Water Supply and Sanitation include: Pollution and depletion of water resources; Unplanned settlement patterns which lead to difficulties in supply of water and sewerage services; Inadequate institutional capacity; Weak local Private Sector players; Temporal and spatial variability of water resources leading to high investment costs; High energy costs and limited grid power network leading to use of high cost alternatives; Low prioritization of sanitation and hygiene at all levels.
521. Challenges in Water Resources Management include pollution and overexploitation of water resources, low compliance to water laws and regulations, underdeveloped sectoral approaches to planning and implementation of water resources development and management programs, lack of appreciation of the importance of water resources to socio-economic development and poverty alleviation, low prioritization of water resources issues at all levels and trans-boundary water resources issues. The predicted impacts of climate change are likely to hamper water access and supply. Rising temperatures, evaporation and persistent drought are likely into increase water stress, competition for water uses which could result into conflicts over water resources. Climate change is also one of the causes of reduced water tables, drying up of streams and wetlands all which affect agriculture and water access. Changes in onsets of rainy seasons will likely change surface flow regimes. To that end integrating climate change into water resource planning could increase resilience in the water sectors and reduce emerging

conflicts and water scarcities, and accelerate development of water infrastructure in a more sustainable and productive manner.

522. Over this Plan period, the sub-sector will focus on: increasing access to safe water in rural and urban areas; increasing sanitation and hygiene levels in rural and urban areas; increasing functionality of water supply systems; incorporate gender analysis, implement water resources management reforms and promote catchment based integrated water resources management.. The sector targets to: Increase water supply coverage in rural areas from 65 percent to 79 percent while ensuring that at least each village has a clean and safe water source; Increase urban water supply from 77 percent to 95 percent (100 percent NWSC towns), increase sewerage coverage to 30 percent in towns with population greater than 15,000.

13.4.2 Objectives and Strategic Interventions

Objective	Strategic Interventions
Sub-sector Target: <i>Increasing access to safe water supply in rural areas from 65 percent in 2012/13 to 79 percent in 2019/20 and in urban areas from 77 percent in 2012/13 to 100 percent in 2019/20</i>	
Rural Water Supply and Sanitation	
1. Increase access to safe water supply in rural areas	<ul style="list-style-type: none"> i. Construct, operate and maintain appropriate community safe water supply systems in rural areas focusing on unserved areas. ii. Target investments in water stressed areas abstracting from production wells as well as large GfS where appropriate to serve the rural areas. iii. Promote and scale up rainwater harvesting at household, public institutions and community level with particular focus on climate change iv. Promote WASH humanitarian preparedness and response to avert possible outbreaks of water related diseases especially in settlements for poor communities and as well as refugees and displaced persons. v. Improve functionality, sustainability, resilience and source protection of water supply systems in rural areas, including through community involvement. vi. Promote Public Private Partnership arrangements to increase accessibility of water sources
2. Increase access to improved sanitation rural areas.	<ul style="list-style-type: none"> i. Strengthen collaboration amongst the institutions responsible for sanitation activities (MoH, MoES, MWE, LGs) ii. Implement demand led sanitation and hygiene (Community Led Total Sanitation and sanitation/social marketing), including the promotion of hand-washing.

Objective	Strategic Interventions
Sub-sector Target: <i>Increasing access to safe water supply in rural areas from 65 percent in 2012/13 to 79 percent in 2019/20 and in urban areas from 77 percent in 2012/13 to 100 percent in 2019/20</i>	
	<ul style="list-style-type: none"> iii. Modernize solid waste management and treatment in the rural growth centres and fish landing sites. iv. Promote appropriate sanitation technologies. v. Strengthen law enforcement bodies with regards to Sanitation and Hygiene
Urban Water Supply and Sanitation	
3. Increase access to safe water supply in urban areas	<ul style="list-style-type: none"> i. Construct, operate and maintain piped water supply systems in small towns and urban areas country wide ii. Strengthen Operation and Maintenance, asset management and regulation for the urban water systems iii. Improve the enabling environment for private water operators and reform the public utility model. iv. Increase water service coverage with emphasis on the Greater Kampala Metropolitan Area (GKMA) taking into consideration environment and climate change among others.
4. Improve urban sanitation and hygiene services	<ul style="list-style-type: none"> v. Intensify collaboration among Ministry of Water and Environment, Ministry of Health and Local Governments vi. Increase sewerage connections in towns with sewerage systems and develop new infrastructure, including satellite sewerage systems in the Greater Kampala Metropolitan Area vii. Develop Smart Incentive Schemes and intensify Sanitation Marketing for increased household investments in sanitation viii. Construct, operate and maintain a cluster of Faecal Sludge Management Treatment Systems while promoting private sector services for sludge collection and disposal ix. Strengthen law enforcement bodies with regards to Sanitation and Hygiene
Water Resources Management	
5. Improve national capacity for water resources	<ul style="list-style-type: none"> i. Increase use of Integrated Water Resource management approaches in the planning, management and development of water resources ii. Integrate catchment management plans and implement identified climate

Objective	Strategic Interventions
Sub-sector Target: <i>Increasing access to safe water supply in rural areas from 65 percent in 2012/13 to 79 percent in 2019/20 and in urban areas from 77 percent in 2012/13 to 100 percent in 2019/20</i>	
management (WRM)	<p>change (CC) adaptation measures</p> <p>iii. Establish a Water Resource Institute for in-country human resource capacity development for water resources management</p> <p>iv. Develop and review legal and institutional framework for WRM</p>
6. Improve water resources planning, and regulation	<p>i. Improve the assessment and evaluation of permits for various water uses and use of other tools for water resources regulation.</p> <p>ii. Increase compliance monitoring and enforcement based on the compliance and enforcement strategy (2010)</p> <p>iii. Increase the proportion of major polluters, abstractors regulated according to the water laws and regulations from 55percent to 70percent.</p> <p>iv. Promote dam safety and reservoir regulation for large water reservoirs and water bodies</p>
7. Strengthen water resources monitoring, assessment and information services	<p>i. Increase the analytical capability of national and regional water laboratories and establish systems for regulation of water services laboratories</p> <p>ii. Establish a national water resources information system and increase use of water resources information for integrated water resources management, early warning and decision making</p> <p>iii. Establish risk-based systems for regulation of drinking water and wastewater including oil and gas waste</p> <p>iv. Upgrade water resources management tools to include real-time data capture using remote sensing and telemetry</p> <p>v. Provide appropriate water resources monitoring, assessment and information services</p> <p>vi. Provide in-country water security safeguards</p>
8. Safeguard Uganda's interests in international waters	<p>i. Develop and operationalize a national policy and strategy for management of International Waters</p> <p>ii. Promote regional cooperation for equitable and reasonable utilisation of the shared water resources</p>

13.4.3 Sub-Sector Projects

Rural Water and Sanitation

- iii. Borehole drilling (1400 boreholes per year)
- iv. Borehole rehabilitation (10% of investment)
- v. Large GfS (Bukedea, Ogili, Bududa II, Lirima II, Potika, Orom, Ora, Sebwe, Nyarwodho II, Nyamugasani)
- vi. Multi-village piped water systems (Ngoma/Wakyato, Bugangari/Bwambara, Rwebisengo, Bukooli, Yumbe)
- vii. Piped systems for RGCs (16No.) countrywide
- viii. Promotion of Rainwater harvesting in public facilities (countrywide)
- ix. Springs and Shallow Wells
- x. Promotion of appropriate technology
- xi. Support to LGs (TSUs)
- xii. Improved Hygiene and Sanitation promotion

Urban Water and Sewerage

- xiii. Increase water supply service coverage for small towns and rural growth centres in a pro-poor sensitive manner
- xiv. Improve O&M of urban piped water supply systems (small towns)
- xv. Establish effective regulation of urban water supply and sanitation services (small towns)

xvi. Improved Urban Sanitation and Hygiene Services (small towns)

xvii. GKMA water supply and sewerage expansions and extensions

xviii. NWSC-South western towns

xix. NWSC-Albertine Graben

xx. NWSC – Eastern towns

xxi. NWSC - Northern Towns

Water Resources Management

xxii. Water Resources coordination and sector reform

xxiii. Improved water resources planning and regulation

xxiv. Improved water resource monitoring and assessment

xxv. Improved water quality management

xxvi. Improved transboundary water resources management

xxvii. Improved WR management, at the WRM Zones (zonal level)

xxviii. Integrated catchment-based water resources planning (zonal level)

xxix. Integrated catchment-based water resources management (zonal level)

13.5 Lands and Housing

13.5.1 Overview

523. The Lands, Housing and Urban Development sector is mandated to ensure rational and sustainable use, effective management of land and orderly development of urban and rural areas as well as safe, planned and adequate housing system. The sector is comprised of the Ministry of Lands, Housing and Urban Development (MLHUD) and the Uganda Land Commission (ULC). However, the sector working group draws membership from a number of institutions including semi-autonomous bodies, development partners, private sector and civil society organisations that deal in Lands, Housing and urban development.
524. Social transformation entails access to decent shelter by the population in both rural and urban settings. Housing is essential for the well-being of mankind and the conditions of the house are important in improving the sanitation status of a household. In addition, the condition of a structure could be a proxy indicator of the welfare status of a household. Available data indicates that about 60 per cent of the population live in relatively decent shelters with iron sheets roofing and brick walls a total backlog of 1.6 million housing units due to overcrowding and sub-standard structures. This increased from 611,000 units in 2006 for both rural and urban households. The nearly threefold increase is a result of the country's rapid population growth. High cost of building materials which limits the population's ability to access descent housing; high interest rates and stringent terms that do not support long term mortgage financing; Government will, in partnership with local saving societies/ clubs, development partners and financial institutions improve availability of easily accessible housing finance.
525. During NDPII the sector priority is to ensure access to descent, adequate, safe and affordable housing and basic facilities for all. This will contribute to increase from 6.2 million housing units in 2012/13 to 7.8 million units in 2019/20. Much as the sub-sector has registered a number of achievements, there are several challenges that affect its operation. These include: High cost of building materials which limits the population's ability to access descent housing; high interest rates and stringent terms that do not support long term mortgage financing; a total backlog of 1.6 million housing units due to overcrowding and sub-standard structures. This increased from 611,000 units in 2006 for both rural and urban households. The nearly threefold increase is a result of the country's rapid population growth.
526. Together with the computerization of the land registration system to ensure efficient and effective land management and addition of land use planning and land valuation, MLHUD will radically improve the process of land transactions for development. It will facilitate faster acquisition of land for planned urbanization, infrastructure development, and agricultural commercialization among other developments. Wholesale Improvement of Land Valuation is a key part of the MLHUD's plans for NDPII period. With the rapid updating of values which is possible with digital land records in the LIS, combined with increased capacity for managing valuation at national and local levels (which will be located in priority areas), the process of implementing infrastructure and investment will be radically improved. It will also set up the

National Spatial Data Infrastructure which will combine spatial information from all MDAs. This is an essential tool for any modern economy

13.5.2 Objectives and Interventions

Objective	Interventions
Housing	
Sector Target: Increase housing units from 6.2 million in 2012/13 to 7.8 million housing units in 2019/20	
1. Increase access to housing for all income groups, for rental and owner occupation	<ul style="list-style-type: none"> i. Develop and implement a comprehensive National Housing Policy, law and investment plan for the housing sub sector ii. Provide for housing needs for government institutions according to priority development areas for mining, oil and gas and infrastructure corridors iii. Provide technical support to earthquake and other disaster prone areas iv. Develop real estate regulations and guidelines to guide real estate development in Uganda v. Promote PPPs for investment in constructing appropriate housing estates in planned urban and rural areas to provide decent urban settlements according to priority for development of areas for mining, oil and gas and infrastructure corridors. Provide basic infrastructure in pre-planned and developed areas vi. Strengthen regulations and enforcement of standards in the housing and construction sub-sector; vii. Development of capacities to plan, design and Implement affordable construction programs and sustainable use of building materials.
2. Upgrade slums and informal settlements	<ul style="list-style-type: none"> i. Implement the National slum upgrading Strategy action plan ii. Establish livelihood support initiatives to support the plight of women, children and other vulnerable groups
3. Promote and ensure availability and affordable housing finance	<ul style="list-style-type: none"> i. Promote and ensure availability and affordability of housing finance ii. Increase accessibility to housing related inputs through land banking, housing revolving fund,etc iii. Promote rural housing development schemes

Objective	Interventions
Land Administration and Land Management Services	
4. Ensure efficient utilization, protection and management of land and land based resource for transforming Uganda's economy	<ul style="list-style-type: none"> i. Implement and disseminate the National Land Policy and Land Use Policy ii. Develop, implement and disseminate sub-national Land Policies and Land Use Policies iii. Formulate, review and revise land related laws, regulations and guidelines (provision for regularization of land tenure in informal settlements) iv. Identify, assess, inventory and register Government land v. Facilitate better management and use of land owned by cultural and religious institutions
5. Ensure ready availability of land for development	<ul style="list-style-type: none"> i. Strengthen land services to provide land for priority economic development areas and infrastructure corridors ii. Facilitate equitable access to land for orderly development of urban and rural settlements iii. Re-design/Operationalize the Land Fund to provide improved land access iv. Review, update and clarify procedures for land acquisition by government v. Improve accessibility to and functioning of land sales and rental market.
6. Improve and modernize land administration services/system	<ul style="list-style-type: none"> i. Strengthen land dispute mechanisms, institutions and structures. ii. Rehabilitate, densify and modernize the National Geodetic Network; iii. Develop and initiate national mapping program iv. Review, roll out, implement and sustain the Land Information System (LIS); v. Establish National Spatial Data Infrastructure that integrates data for planning and development vi. Review and roll out a national program of Systematic Adjudication, Demarcation, Survey and Certification and titling or Registration of land vii. Streamline and integrate Traditional Land Administration with formal systems.
7. Increase capacity and	i. Review the Structure of the Valuation Division to elevate it into a fully-

Objective	Interventions
support proper institution of Land Valuation Services	<p>fledged department. Establish the Division as a Rating Authority for Local Governments.</p> <p>ii. Recruit and train valuers and technical personnel at all levels</p> <p>iii. Develop and disseminate comprehensive valuation regulations, guidelines and standards.</p> <p>iv. Compile, establish and maintain a National Land Value Database linked to the LIS and NSDI. Digitize valuation records, and develop, establish and maintain CAMA and CAPA systems to facilitate property appraisals</p> <p>v. Build capacity to resolve valuation related disputes</p>
8. Improve equity in access to land, livelihood opportunities and tenure security of vulnerable groups	<p>i. Strengthen the land rights for the poor and vulnerable groups.</p> <p>ii. Increase provision of public information on land rights</p> <p>iii. Strengthen access to land for women and youth</p>

13.5.3 Sub-Sector Projects

Land Administration and Management

- iv. Construction of nine zonal land offices (Kabale, Mpigi, Mtyana, Luwero, Rukungiri, Tororo, Mukono, Soroti and Moroto)
- v. Roll-Out of the National Land Information System to 15 MZOs
- vi. Completing and modernizing the National horizontal geodetic reference framework
- vii. Equipping and building the capacity of the Survey and Mapping Department
- viii. Production of base maps for land administration and sharing them with other users
- ix. Undertaking systematic registration of individual land in SW, Midwest & Eastern Uganda and communal land in North and North East.

- x. Strengthening land administration and management institutions (DLB, ALCs, LC courts and District Land offices)

- xi. viii) Implementation of Land Policy

Housing

- xii. Institutional Housing for Teachers and Health Professionals with a planned expenditure of UGX 93.278 Billion
- xiii. Development of 3000 Housing units for civil servants in Uganda over the NDPII period on land located in Jinja and Wakiso districts.
- xiv. Urban Environment Improvement Programme
- xv. National Slum upgrading Programme.
- xvi. Planning of the 5 towns within the Albertine Graben
- xvii. Country Wide Land use compliance status report

CHAPTER 14: PHYSICAL PLANNING AND URBAN DEVELOPMENT

14.1 Urban Development

14.1.1 Over View

527. The Physical Planning and Urban Development sub-sector's mandate is to ensure rational and sustainable use, effective management of land and orderly and urban development of rural areas as well as safe, planned and adequate housing for socio-economic development of the country and management of government land.
528. The Vision 2040 proposes the establishment of four regional cities namely; Gulu, Mbale, Mbarara and Arua and five strategic cities: Hoima (oil), Nakasongola (industrial), Fort Portal (tourism), Moroto (mining) and Jinja (industrial), which have also now been identified as part of the urban corridor development which is already occurring. Government is in the final stages of formulating a National Urban Authority which will provide a framework for the management of urban areas. During the plan period, government will pursue urbanization as a broad strategy to provide amongst others, platform for social transformation, mutual people-to-people interactions; employment opportunity for rural immigrants; market for goods and services; reduced transaction cost, cost efficient and effective service delivery, modernization of agriculture through emphasis on intensive urban agriculture, and effective use of environmental and natural resources. The Real Estate sector will continue to grow due to rapid population growth, increase in disposable income, increase in foreign direct investment, and immigrant remittances.
529. In order to address the gaps and constraints highlighted in Chapter Two, during this plan period, the sector will focus on: promoting comprehensive physical planning for urban development, and a vibrant competitive Urban Economy; improving urban infrastructure services and utilities; creation of an inclusive policy and regulatory framework for urban development; development of environmentally resilient cities in Uganda; and increasing availability of and access to land for urban expansion and investment. Government will control urban sprawling through preparation and approval of Integrated Development Plans which encourage increasing density of settlement by construction of high rise buildings, and by strict development control. This will involve adopting well-planned high density settlements for Kampala and medium density settlements for the regional and strategic cities which will also take into consideration provision of social amenities such as education and health, and recreational facilities.
530. Government will also develop and ensure implementation of Regional Physical Development Plans, District Physical Development Plans, and Sub-Urban and local Physical Development Plans to guide the establishment and development of Urban Corridors for Jinja-Kampala incorporating GKMA, and Gulu-Lira-Karuma, regional and strategic cities, and other urban centers

14.1.2 Objectives and Interventions

Objectives	Interventions
1. Operationalize the Physical Planning Act, 2010 to support orderly and sustainable development	<ul style="list-style-type: none"> i. Develop and implement National Physical Development Plan (NPDP). Including approval mechanism for public infrastructure projects ii. Develop and implement Regional Physical Development Plans (RPDP) iii. Develop Sub Regional Physical Development Plans for the Kampala-Jinja corridor and the Karuma-Lira-Gulu corridor, and others as identified as priority in NPDP iv. Develop and implement District Physical Development Plans and Plans for priority urban areas, for the oil and gas areas, highly mineralized areas and infrastructure corridors v. Set up GIS unit for Physical Planning at MoLHUD; GIS training to priority districts and urban Local Government and link to NSDI vi. Ensure proper land use practices comply with sound environmental and natural resources management
2. Improve urban and rural development through comprehensive physical planning	<ul style="list-style-type: none"> i. Strengthen the technical capacity of LGs to prepare and implement Physical Development Plans and undertake development control of physical plans; and capacity at MLHUD to train, supervise and monitor physical planning at LG levels. ii. Review the Structure of LG with a view to strengthening their capacity to deliver planned development, massively improve Own Source Revenue and be self-sustaining through cost recovery systems. iii. Recruit, train and equip physical planning and urban development technical personnel at LG levels with GIS to carry out Integrated Development Plans for priority areas with full stakeholder involvement. iv. Continue development of Urban Forums for inclusive management of urban areas.
3. Improve the policy framework for the establishment and management of cities and other urban areas	<ul style="list-style-type: none"> i. Review the policy and procedures for the establishment and management of cities and other urban centers ii. Finalise and implement the National Urban Policy and a Strategic Urban Development Plan aligned with objectives of NDP II and the Spatial Framework 2040, to guide urban planning, development and management. iii. Develop appropriate urban development standards and guidelines and Manuals and Guidelines on Integrated District Development Plans, Structure Plans and Detailed plans including methods of

	public participation
4. Improve and strengthen a competitive urban economy	<ul style="list-style-type: none"> i. Establish a framework for regulated urban agriculture ii. Strengthen urban Local Economic Development (LED) initiative to exploit investment opportunities in urban areas iii. Develop an inclusive policy and regulatory framework for managing smooth rural-urban transition that ensure adequate support services infrastructure and amenities iv. Improve urban safety, security, sanitation and waste management
5. Improve Urban Infrastructure Services and Utilities	<ul style="list-style-type: none"> i. Develop and implement strategic urban infrastructure and investment projects through PPPs to ensure cost recovery and sustainability ii. Develop a framework for planning and management of trans boundary infrastructure iii. Map utilities and infrastructure development corridors and acquire adequate land for them
6. Increase availability of and access to serviced land for urban expansion and investment	<ul style="list-style-type: none"> i. Establish land banks in urban areas ii. Establish land consolidation schemes

14.1.3 Sub-Sector Projects

Physical Planning and Urban Development

- i. Implementation of the Physical Planning Act in all Districts
- ii. Implementation of Albertine Region sustainable project
- iii. Implementation of support to National Physical development Planning Modernisation of surveying and Mapping services
- iv. Capacity building project for Geo- Spatial information, construction to support Urban Development of GKMA
- v. Digital Mapping
- vi. Albertine Region sustainable development project
- vii. Uganda Support to Municipal Infrastructure Development Programme (USMID)
- viii. Urban Redevelopment Program
- ix. Urban Local Economic Development Program
- x. Municipal development Strategies
- xi. Implementation of the National Urban Policy.
- xii. Ensure well planned and managed quality, efficient, progressive and sustainable urban sector
- xiii. Develop and strengthen a competitive urban economy

14.2 The Greater Kampala Metropolitan Area (GKMA)

14.2.1 Overview

531. GKMA is defined under the KCCA Act 2013 to include Kampala city, Mpigi, Wakiiso, Entebbe Municipality, Mukono Municipality and Jinja Municipality. The Greater Kampala Metropolitan Area has over the last 30 years grown to the country's economic hub accounting presently for over 80percent of the country's industrial and commercial activities. This has posed both benefits and challenges alike to the tranquility of the city and the neighboring areas that lie under the jurisdiction of Local Governments and urban authorities beyond KCCA.
532. GKMA is therefore, very critical to the delivery of NDP II and ultimately the Uganda Vision 2040 as it forms the economic hub and administrative capital of the country.
533. The areas of focus for GKMA over the plan period include: a legislative framework to facilitate individual and collective development of the GKMA; physical infrastructure development to reduce the cost and time of doing business, as well as support excellence in travel and communication; access and exploitation of socio-economic opportunities through innovation, progressive production and entrepreneurship; protection of natural environment to support sustainable growth and development; and tourism development to contribute to further reformation and development learning from best practices from other cities across the world.

14.2.2 Objectives and Strategic Intervention

Objective	Interventions
Greater Kampala Metropolitan Area	
1. To improve the institutional and legal framework governing the GKMA	i. Review existing legislation (KCCA Act and LG Act) to conform to the aspirations of the GKMA planning framework ii. Review the urban aspects of the current land management and use to make it conform to unique urban issues and aspirations of the GKMA planning framework iii. Build technical capacity of GKMA urban authorities to foster seamless development
2. Improve GKMA Physical Infrastructure	i. Implement the Integrated Urban Transport Master Plan for the Greater Kampala Metropolitan Area ii. Develop a framework for integrated planning and provision of infrastructure for orderly development in the GKMA
3. Improve the livelihoods of urban dwellers in GKMA	i. Promote urban tourism in the GKMA i. Maintain law and order within GKMA ii. Transform the city education and health system iii. Increase the stock and quality of trade infrastructure to attract more investors in the industry and the services sectors

Objective	Interventions
	<ul style="list-style-type: none"> iv. Establish artesian parks and business incubation facilities v. Promote regulated urban agriculture
4. Improve on environmental and ecological planning of the GKMA	<ul style="list-style-type: none"> i. Finalize and implement the GKMA environmental management project ii. Revitalize the LVEMP iii. Promote public safety and hygiene through mindset change iv. Implement the GKMA Waste Management Policy v. Implement phase 1 GKMA drainage master plan vi. Develop and implement a GKMA climate change resilient strategy
Kampala Capital City Authority	
5. Improve service delivery in Kampala City	<ul style="list-style-type: none"> ii. Introduce an e-system to public service delivery iii. Transform the city education and public health system iv. Maintain law and order in the City v. Enhance urban governance, Citizen Accountability and Integrity vi. Enhance the KCCA Human resource capacities and productivity
6. Improve Kampala Capital City physical infrastructure	<ul style="list-style-type: none"> i. Expand and upgrade Kampala transport network ii. Integrate the different transportation modes in the city
7. Improve the institutional and legal framework	<ul style="list-style-type: none"> i. Review existing legislation (KCCA Act) to improve the functioning of KCC
8. Improve people's Livelihoods and incomes	<ul style="list-style-type: none"> i. Strengthen the Revenue Mobilisation ii. Promote urban agriculture iii. Provide employment centers iv. Embracing Youth Agenda in the City and the vulnerable groups Agenda v. Develop and implement the Kampala Tourism Development Plan
9. Improve Kampala physical planning and development control	<ul style="list-style-type: none"> i. Upgrade and revitalize declining areas within Kampala City ii. Develop detailed city neighborhood physical plans iii. Upgrade Kampala slums iv. Streamline parking and management of public transport system
10. Improve on environmental and ecological planning of the city	<ul style="list-style-type: none"> i. Review and implement Kampala Drainage Master Plan ii. Strengthen wetlands conservation and management iii. Develop and implement a KCCA low carbon development and climate change resilient strategy

14.2.3 Projects

Greater Kampala Metropolitan Area (GKMA)

- i) Construct the Bus Rapid Transport Pilot Corridor Phase 1
- ii) Finalize the development of the Kampala expressways
- iii) Link all major transport infrastructures in the city to the SGR
- iv) Design and construct the three Ring roads that connect Entebbe Buloba Nsangi and Kakiri, Seeta Namugongo Kyaliwajala Kira, Kasangati Matuga Wakiso Temangalo, Buloba Nsangi Nambole, Namiryango, Mukono connecting to Najjanankumbi Busabala

Kampala Capital City Authority

- i) Kampala Physical Development Plan Project
- ii) Kampala BRT project – civil engineering works
- iii) Kampala BRT project – Equipment and operations
- iv) Kampala Flyover project
- v) Kampala Roads improvement project (150Km)
- vi) Kampala Roads and drainage improvement project (70Km of roads & Nalukolongo, Kinawataka & Lubigi secondary channels)
- vii) Pilot Non-motorized Transport
- viii) GIS upgrade and Comprehensive Street Naming and Addressing Project
- ix) Upgrade of Street Lighting system (solar street lighting) project
- x) Parking Tower and Transport terminal project (Old Taxi Park)

- xi) Parking Tower and Transport terminal project (New Taxi Park)
- xii) Hospital improvement project (Kirudu & Kawempe) – civil works
- xiii) Hospital improvement project (Kiswa & Kitebi)
- xiv) City referral and ambulance project
- xv) Integrated solid waste management project
- xvi) Kampala Primary schools improvement project
- xvii) City sports facilities improvement project
- xviii) Construction of SME workspaces (Artisan/business park)
- xix) Market infrastructure improvement project (Busega, and Kasubi)
- xx) Market infrastructure improvement project (USAFI)
- xxi) Market infrastructure improvement project - Nakawa & Kitintale,
- xxii) Kalerwe agricultural market construction project
- xxiii) Kyanja Agricultural Center up scaling
- xxiv) Agriculture Bulk Warehousing and Export Facility
- xxv) Kampala Fish Farming project
- xxvi) Development of a Kampala City Local Economic Development Strategy
- xxvii) Development of the Kampala City Climate Change Resilience Strategy (ecological systems, climate change adaptation & Mitigation)
- xxviii) Revenue modernization project
- xxix) Revaluation of properties
- xxx) Institutional Development
- xxxi) Light Rail Project (Feasibility study)
- xxxii) Open Public spaces

CHAPTER 15: GOVERNANCE

534. This section comprises the Accountability Sector, Public Sector Management, Public Administration, Justice Law and Order, as well as Defence and Security.
535. The Accountability Sector is one the enabling sectors which manages the mobilization, management and accounting for the use of public resources and facilitates the planning and delivery of quality public series. The goal of the Sector is to; achieve a transparent, responsive and accountable public sector that delivers value for money services in a timely and effective manner. The Sector consists of 10 institutions, namely: 1) Ministry of Finance and Economic Planning, 2) Inspectorate of Government, 3) Office of the Auditor General, 4) Directorate of Ethics and Integrity, 5) Uganda Bureau of Statistics, 6) Uganda Revenue Authority, 7) Public Procurement and Public Disposal of Assets Authority, 8) Ministry of Local Government Inspectorate Department, 9) Ministry of Public Service Inspectorate Department, and 10) Kampala City Council Authority Revenue Mobilization Department.

15.1 Economic and Financial Management Services

15.1.1 Overview

536. This sub-sector comprises of the Ministry of Finance, Planning and Economic Development, Uganda Revenue Authority, Uganda Bureau of Statistics and Public Procurement and Disposal of Assets Authority. The overarching goal of the economic management sub-sector is to accelerate national progress towards achieving the targets for inclusive economic growth and macroeconomic stability. It supports the actualization of multi-sector sector policies that are designed, adapted and implemented to meet the prerequisites for socially inclusive growth. It further identifies and executes instruments that will facilitate the realisation of desired saving and investment levels for both public and private sector along the chosen path/strategy of an export oriented and private sector led quasi-market economy in Uganda. The statistical system responds to most evolving data priorities by providing key leading indicators such as the GDP, Quarterly GDP, Monthly and Weekly Consumer Price Index, Producer Price Indices, Poverty Rate, Export and Import Price Indices, Science and Technology Indicators, Governance, Gender and other indicators from other key Ministries, Departments and Agencies (MDAs) among others.
537. Economic Management functions include but not limited to Macroeconomic policy analysis and research, Budget preparation and execution, Development policy research and monitoring, National Statistics production and services, Economic monitoring, Investment Planning and Private Sector Promotion, Public Financial Management including Resource mobilisation, public procurement and disposal of Assets, Raising capital for public and private actors, and Capital Markets Development and Regulation.
538. Despite the reforms and significant progress recorded in the sector, there are still outstanding issues as discussed in section 2.2.1 Over the Plan period therefore, the sector efforts will be geared towards: raising the tax GDP ratio; enhancing integration between FDIs and Local Business Firms; Improving public financial management and consistency in the economic development frameworks; reducing interest rates; raising insurance penetration and national savings to GDP ratio; increasing the level of capitalization and widening investment opportunities in the capital markets; improving statistical data production and policy research; and implementation and roll-out of e-Government Procurement (e-GP). The introduction of e-GP will increase transparency and efficiency in procurement procedures and practices as well as reduce the procurement cycle time, maximizing value for money, and fostering accountability.

15.1.2 Objectives and Interventions

Objective	Interventions
Sector Target:	
i) Increase the rate of economic growth from 5.2 per cent in 2012/13 to an average rate 6.2 per cent.	
ii) Increase Revenue to GDP ratio from 12.7 per cent in 2014/15 to 16 per cent .	

Objective	Interventions
1. Raise the tax GDP ratio	<ul style="list-style-type: none"> i. Develop and implement a policy on mandatory association membership for informal sector players ii. Rationalize the rental tax regime and integrate e-tax with utilities and other agencies iii. Streamline the non-standard VAT tax exemptions iv. Develop mechanisms for exploiting capital gains tax v. Strengthen Inter-Agency collaboration among agencies concerned with investment promotion i.e. UIA, KCCA, LGs, URA & URBS to design and implement a mutually beneficial comprehensive investment regime vi. Combat international tax evasion schemes in complex sectors to raise more tax e.g. corporate tax vii. Develop capacity of relevant staff in critical functions of revenue management, audit, forensics investigations and Legal Affairs.
2. Increase private investments	<ul style="list-style-type: none"> i. Fast track the one stop centre which is linked with other business related institutions ii. Fast track the establishment of online registration (e-registry) of business licenses iii. Develop a local business firms data base with their respective profiles (investment interests, legal status & contacts) iv. Avail medium to long-term development finance v. Facilitate the linkage of FDIs that require local partnerships with the local business firms e.g. through web portals
3. Reduce interest rates	<ul style="list-style-type: none"> i. Diversify and promote financial products and services that are tailored to the needs of population ii. Liberalize the pension sector to facilitate access to development finance iii. Maintain the Macro Economic stability iv. Facilitate the Credit reference Bureau (CRB) system to reduce default rates and increase the pool of new borrowers. v. Fast track the national ID project to make it easier for banks to track their clients vi. Amend the financial institutions act to introduce Islamic banking vii. Limit Government domestic borrowing viii. Implement the bankruptcy reform legislation to boost commercial banks' willingness to lower their lending rates and improve loan recovery. ix. Create specialized funds at low interest rates targeting NDPII prioritized areas and channelled through Uganda Development Bank Limited (UDBL) and Uganda Development Corporation (UDC).

Objective	Interventions
4. Improve Public Financial Management and consistency in the economic development frameworks	<ul style="list-style-type: none"> i. Develop an Integrated Planning and Resource Allocation Frameworks to ensure alignment of the planning and budgeting instruments. ii. Establish a national Project Appraisal Unit to spear head the preparation of Bankable projects iii. Introduce measures to strengthen the capacity of sectors to prepare Bankable projects iv. Implement the programme based budgeting to effectively focus on national and sectoral budgets on achieving results v. Establish mechanisms to enhance capacity for development of consistent sectoral and national development plans vi. Support continuous professionalization of economic management cadre across government and partner institutions vii. Introduction and roll-out of e-GP
5. Raise insurance penetration	<ul style="list-style-type: none"> i. Develop and implement a National policy on insurance to provide appropriate guidance on insurance of Government assets and insurance in key sectors of the economy such as agriculture. ii. Fast-track the implementation of the National Health Insurance Scheme and develop systems to ensure operational efficiency. iii. Develop and implement a sector-sensitive financial literacy program.
6. Raise national savings to GDP ratio	<ul style="list-style-type: none"> i. Introduce viable investment products to increase domestic savings ii. Transform the public service pension into a savings contributory scheme iii. Develop a framework for informal sector to come together and save iv. Fast track the implementation of the pension sector reforms to attract more institutional investors
7. Increase the level of capitalization and widen investment opportunities in the capital markets	<ul style="list-style-type: none"> i. Modernize the stock market listing system ii. Develop a mechanism for local credit rating iii. Introduce long term infrastructure bonds iv. Introduce the growth Enterprise Market segment on the Uganda security exchange
8. Improve statistical data production and policy research	<ul style="list-style-type: none"> i. Introduce measures to support institutional capabilities to carryout policy research ii. Establish measures to stimulate the demand and usability of statistics iii. Develop and enhance data quality assurance systems iv. Introduce measures to strengthen the capacity for coordination and management of quality statistical data production

15.2 Audit and Oversight

15.2.1 Overview

539. The audit and government oversight sub-sector consists of the Office of the Auditor General, Inspectorate of Government, and Directorate of Ethics and Integrity. The sub-sector is mandated to provide oversight and ensure transparency, integrity and accountability in delivery of services to the citizenry. The sub-sector's mission is to promote good governance in management of public resources for equitable and sustainable national development in Uganda
540. Commendable strides have been made in strengthening public accountability for improved service delivery. The regulatory and institutional frameworks have been strengthened to tackle corruption and ensure better public finance management. There has been an increase: a) in the number of clean audit reports both in the Central and Local governments, b) corruption cases prosecuted, 3) implementation of PPDA audit recommendations; and 4) general improvement in compliance with accountability policies in statutory bodies.
541. However, some challenges still remain as spelt out in section 2.2.5.3 and these include: non-compliance with laws and regulations, failure to fully implement recommendations of oversight institutions, low public demand for accountability, and high levels of corruption among others.
542. In the next five years, the sub-sector will focus on; improving compliance to accountability policies, service delivery standards and regulations, enforcement of the regulatory frame work and streamlining the inspection function strengthening of oversight function to effectively detect, investigate, report and prosecute corruption cases; and following up and implementation of recommendations made by oversight institutions.

15.2.2 Objectives and Interventions

Objective	Interventions
Sub-Sector Targets:	
i) Increase the no. of clean audit reports from 34.3 percent (FY14/15) to 70 percent (FY 19/20)	
ii) Reduce corruption as measured by the Bribe Payer Index from 34.9 percent (2011) to 60 percent	
1. Prevent, detect and eliminate corruption	i. Strengthen the Anti-Corruption institutional and legal framework ii. Strengthen the enforcement of the existing legal framework iii. Strengthen the capacity of investigation and prosecution function iv. Design programmes to strengthen the ombudsman function to safeguard the rights of individuals against maladministration, abuse of power or office by the public authorities. v. Create Public awareness on corruption vi. Strengthen policies and systems for detecting corruption across MDALGs vii. Carryout period reviews of the existing relevant anti-corruption policies and laws

Objective	Interventions
	viii. Develop, adopt and main stream national value systems ix. Develop capacity for intra and inter sectoral collaborations, partnerships and networks in the fight against corruption.
2. Strengthen demand accountability public for	i. Promote active communication between implementers of programmes and the public ii. Develop, adopt and mainstream national value systems in the Government development agenda. iii. Establish national service delivery standards iv. Improve communication and impact of audit findings to stakeholders v. Design and implement capacity building programmes for DEI to engage and fully coordinate ethics and integrity issues in Uganda
3. Improve compliance with accountability rules and regulations	i. Review and harmonize the policy, legal and organizational framework in order to improve the operations of the IG in the fight against corruption. ii. Ensure follow up and implementation of recommendations made by oversight institutions iii. Strengthen the capacity of oversight function to effectively detect, investigate, report and prosecute corruption cases iv. Strengthen the enforcement of the regulatory frame work and service delivery standards v. Streamline and Strengthen inspection function in the sector vi. Introduce measures to improve timeliness, audit coverage and quality reporting vii. Enforce follow up mechanism on the implementation of the Audit recommendations viii. Strengthen existing mechanisms for providing technical support to districts and PAC on Audit reports
4. To strengthen collaboration and networking amongst development institutions.	i. Develop capacity for intra and inter-sectoral collaborations, partnerships and networks in the fight against corruption. ii. Identify and pursue appropriate collaboration and networking with Audit, Ethics and Anti-Corruption Institutions at Regional and International levels.

15.3 Legislature

15.3.1 Overview

543. The Legislature performs three roles in the conduct of its business: It performs: 1) a legislative role; 2) A representational role - representing the interests of the constituents in the conduct of public affairs; 3) an oversight role over the executive. Over the planning period, Parliament will undertake the following interventions in fulfilling of the three roles mentioned above with the overall aim of promoting good governance to enhance sustainable growth and development; fighting corruption and improving compliance with accountability rules and regulations; providing effective parliamentary oversight, legislation, and national budget scrutiny.

15.3.2 Objectives and Interventions

Objective	Interventions
1. Increase efficiency and effectiveness in the enactment of legislation on any matter for peace, order, development and good governance of Uganda	<ul style="list-style-type: none"> i. Review and strengthen mechanisms for clearing backlog of constitutional reports and legislation considered by Parliament. ii. Fast track legislation that facilitate implementation of NDPII priorities. iii. Promote application of human rights based operations in government operations. iv. Promote peace and security in the country through enacting laws and investigating cases of abuse of civil liberties. v. Enact laws to strengthen credibility of electoral processes in Uganda. vi. Review appropriate legislation to facilitate elimination of corruption.
2. Strengthen the institutional capacity of Parliament to independently undertake their constitutional mandates effectively and efficiently	<ul style="list-style-type: none"> i. Build strong institutional mechanisms for effective parliamentary oversight, legislation, national budget scrutiny and multi-party dispensation. ii. Introduce measures to strengthen availability and visibility of evidence based support to legislative processes. iii. Improve the working environment for MPs and Staff of Parliament iv. Develop capacity for internal monitoring, evaluation and reporting in Parliament. v. Empower political offices to fully participate and provide leadership in Parliament.
3. Improve citizen participation and contribution in promoting rule of law, transparency and accountability in the provision of services to achieve equitable and sustainable development.	<ul style="list-style-type: none"> i. Introduce measures to strengthen citizens and the public participation in parliamentary business. ii. Institute a system of linkages between local government, constituencies and the national Parliament. iii. Empower Parliament to effectively play its role in the national budget processes and oversee equitable and sustainable national development.
4. To strengthen collaboration and networking amongst	<ul style="list-style-type: none"> i. Enhance Parliament engagement and participation in international affairs.

development institutions.	
5. Increase efficiency and effectiveness in the enactment of legislation on any matter for peace, order, development and good governance of Uganda	vii. Review and strengthen mechanisms for clearing backlog of constitutional reports and legislation considered by Parliament. viii. Fast track legislation that facilitate implementation of NDP II priorities. ix. Promote application of human rights based operations in government operations. x. Promote peace and security in the country through enacting laws and investigating cases of abuse of civil liberties. xi. Enact laws to strengthen credibility of electoral processes in Uganda. xii. Review appropriate legislation to facilitate elimination of corruption.

15.3.3 Sector Projects

- i) Strengthening the Policy, Legal and regulatory framework of LAS institutions for improved efficiency and effectiveness in delivery of their mandate.
- ii) Support to clearing statutory backlogs of LAS institutions
- iii) Support strengthening of auditing, investigations and prosecutions to curtail corruption and strengthen accountability measures.
- iv) Build institutional capacities and systems to prevent, detect and eliminate corruption and improve compliance with accountability rules and measures.
- v) Establishing computerised management information systems including databases and online platforms for effective and efficient execution of LAS institutional mandates.
- vi) Capacity building programmes through skilling, development and equipping of staff of LAS institutions.
- vii) Equipping, Digitalisation of Information and Knowledge Management Systems within LAS institutions
- viii) Construct office accommodation for LAS institutions
- ix) Establish a modern parliamentary museum to preserve and share the democratic heritage of Parliament and the Country.
- x) Strengthen planning, monitoring, evaluation and reporting systems in LAS institutions.
- xi) Promotion of representative and Participatory democracy in Uganda
- xii) Strengthening research and evidence based analysis for effective decision making by LAS institutions.
- xiii) Strengthening collaboration, cooperation and networking of LAS institutions with relevant and affiliate institutions at national, regional and international levels.

15.4 Public Administration

15.4.1 Overview

544. The mandate of the sector is to provide leadership in the initiation, formulation, coordination and monitoring of public policies and programs, as well as mobilization of the population for development. It consists of the Office of the President (OP), Ministry of Foreign Affairs (MoFA), Electoral Commission (EC) and State House (SH). The sector vision is, “a well governed, empowered and satisfied citizenry”.
545. Although the sector made great strides as highlighted in section 2.2.5.2, it still faces limitations. Over the next five year, the sector will focus on: strengthening policy development; and M&E systems; attracting investment and identifying, market; attracting cooperation assistance and contributions from the Diaspora; strengthening citizen participation in development and electoral processes.

15.4.2 Objectives and Interventions

Objective	Interventions
1. Improve policy development and implementation effectiveness across all priority sectors	<ul style="list-style-type: none"> i. Review and align priority sector policies to the NDP II objectives and goals. ii. Develop and implement programmes to strengthen national capacity for policy development, implementation and monitoring across government and non-state actors.
2. Strengthen National M&E systems for increased service delivery efficiency, effectiveness and economy in the priority sectors	<ul style="list-style-type: none"> i. Establish a monitoring and evaluation system to track the implementation of key government policies, programs and projects in NDP II priority areas. ii. Strengthen the capacity of resident district commissioners and local governments to effectively monitor and report on the implementation of the NDP II priority areas.
3. Attract new investment opportunities in infrastructure and mineral development and secure markets for the Agriculture and Tourism sectors	<ul style="list-style-type: none"> i. Negotiate, sign and ratify trade and investment agreements. ii. Establish and strengthen missions in strategic locations. iii. Increase the number of commercial attaches to missions abroad. iv. Establish and strengthen collaborations between key players in trade investment. v. Mobilize the population for local investment and consumption of local products. vi. Promoting a positive image of the country at national and international levels
4. Increase the human capital stock in the NDP II priority areas	<ul style="list-style-type: none"> i. Initiate and develop a national strategy for attracting cooperation assistance for human capital ii. Build capacity of the Heads of Missions in the NDP II priority areas and how to attract and negotiate for assistance. iii. Build and strengthen strategic partnerships to attract cooperation assistance (exchange programs). iv. Develop strategies to attract skilled Ugandans in the Diaspora, to support the

Objective	Interventions
	NDP II priority sectors.
5. Strengthen democracy and good governance for increased stability and development	<ul style="list-style-type: none"> i. Implement programmes to strengthen civic participation and engagement in national democratic processes. ii. Strengthen institutional structures and instruments for transparent and credible democratic processes. iii. Establish the National Service Program to strengthen patriotism. iv. Strengthen regional and international relations between Uganda and other countries to strengthen and sustain national peace and security.
6. Strengthen the sector secretariat capacity, systems and infrastructure	<ul style="list-style-type: none"> i. Strengthen sector institutional infrastructure ii. Strengthen sector linkages in planning systems, communication, coordination and collaboration iii. Develop the sectors service delivery standards

15.4.3 Sector Projects

- i) Strengthening National Service and Citizen Patriotism
- ii) Capacity Building Project
- iii) Strengthening Sector Capacity and systems
- iv) Strengthening Sector Research and Development
- v) Infrastructure Development
- vi) Regional and International Cooperation
- vii) Policy, Planning and Support
- viii) Management of Elections

15.5 Public Sector Management

15.5.1 Overview

546. The purpose of the Public Sector Management (PSM) Sector is to promote sound principles, systems, structures and procedures of managing public services. The members of the PSM-Sector³⁵ are responsible for spearheading and managing reforms in Government, managing talent as well as coordinating resources and information flow in the public sector. The sector target is to spearhead management of reforms and talent in government so as to improve the Government Effectiveness Index from -0.57 in 2012/13 to 0.01 in 2019/20.
547. The sector successfully implemented a number of reform programmes and strategies for improving service delivery. However, as analysed in section 2.2.5.1, it is still constrained by strategic coordination issues, decentralization challenges and a perceived slow and non-responsive public service among other challenges.
548. Over the next five years, the Sector will focus on: reviewing systems, structures, processes and procedures for effective coordination of service delivery; harmonizing and reforming policies, laws and regulations at the national and local government level to bring them in line with regional and international obligations; spearheading reforms and managing talent to create a well-motivated, competitive public service, competitive public service; coordinating information flow and resource allocation towards Government priorities; reducing the impact of natural disasters and emergencies; spear heading comprehensive and integrated development planning at local and National Level; and developing mechanisms for Local Government Financing.

15.5.2 Objectives and Interventions

Objective	Interventions
Sector Target: <i>Improve Government Effectiveness Index from -0.57 in 2012/13 to 0.01 in 2019/20</i>	
1. Promote coordinated and harmonized policy, planning, budgeting, and M&E at National and Local Government levels	<ul style="list-style-type: none">i. Coordinate and harmonize M&E at the national and local Government levelii. Coordinate and harmonize implementation of Government policies and programmesiii. Develop and institutionalize a National value systemiv. Coordinate the planning process at the national and local Government level

³⁵ The Public Sector Management (PSM) Sector is comprised of; the Office of the Prime Minister, Ministry of Public Service, Ministry of Local Government, Ministry of East African Community Affairs, Ministry of Finance Planning and Economic Development, Cabinet Secretariat- Office of the President, Public Service Commission, Local Government Finance Commission, National Planning Authority, Kampala Capital City Authority, Urban Authorities Association of Uganda and Uganda Local Governments Association.

Objective	Interventions
2. Attract, recruit, develop and retain a highly-skilled and professional workforce, develop management and operational structures and systems for effective and efficient service delivery in the public service	<ul style="list-style-type: none"> i. Establish mechanisms for strengthening human capital planning, development and management ii. Review and develop management and operational structures and systems for effective and efficient service delivery in the public service. iii. Rationalize and harmonize policies and planning to support public service delivery iv. Strengthening performance management and accountability in public service delivery
3. Steer Uganda's regional integration agenda in accordance with the objectives of the treaty for establishment of EAC	<ul style="list-style-type: none"> i. Coordinate implementation of the National Policy on EAC integration ii. Develop and implement a National Communication Strategy on EAC integration iii. Coordinate EAC integration through policy oriented research. iv. Spearhead negotiations on the roadmap towards political federation
4. Coordinate the development of capacities for mitigation, preparedness and response to natural and human induced Disasters	<ul style="list-style-type: none"> i. Develop disaster risk profile and vulnerability map of the Country. ii. Coordinate the development and implementation of disaster mitigation and preparedness plans in all local governments iii. Coordinate regular disaster vulnerability assessment at community level, hazard forecasting and dissemination of early warning messages. iv. Resettle landless communities and victims of disasters v. Coordinate timely responses to disasters and emergencies vi. Provide food and non-food relief to disaster victims vii. Coordinate other state and non-state actors in fulfilling their mandates towards disaster issues viii. Develop and implement humanitarian interventions and Support livelihoods of disaster
5. Enhance national response capacity to refugee emergency management	<ul style="list-style-type: none"> i. Formulate and implement a national refugee policy ii. Develop and implement a Refugee Settlement Transformative Agenda iii. Develop and implement contingency plan for refugee emergencies iv. Review domestic laws governing refugees v. Develop and implement projects and programs for refugees and refugee hosting areas. vi. Receive and grant asylum to refugees in accordance with national, regional and international covenants

15.5.3 Sector Projects

- i. Government Evaluation Facility (GEF)
- ii. Strengthening Performance Monitoring and Evaluation in Uganda
- iii. Capacity Building for Strategic Coordination of Government Policies and Programmes
- iv. Capacity Building for M&E Across Government
- v. Capacity building for Implementation of the Uganda Nutrition Action Plan
- vi. Enhancement of the National Evaluation Facility to implement the 5-Year Evaluation Agenda
- vii. Support to the Public Sector Management –Secretariat
- viii. Strengthening Government/CSO Engagement
- ix. Support for the Presidential Investors Round Table (PIRT) and the Prime Ministers SMEs Forum
- x. Development of an M+E Web Portal with Database functionality to act as a one stop centre for information on monitoring and evaluation of Government Programmes
- xi. Support for the Implementation of the Government Communication Strategy
- xii. Support to Information and National Guidance
- xiii. Support to Refugee Management II

Disaster Preparedness and Management

- i) Humanitarian Assistance
- ii) Resettlement of landless Persons and Disaster Victims
- iii) Support to the Implementation of the Disaster Preparedness and Management Policy

Refugees Management

- xiv. Support to Refugee Management II

National Planning Authority

- i) Development and launch of NDPIII – time 2018/19
- ii) Development of the 10-year perspective Development Plan (2020-2030)
- iii) Strengthening Institutional Capacity for the coordination, implementation and Monitoring and Evaluation of NDPII-
- iv) Capacity Building programme for Planners at Central and Local Government levels

MEACA

- i) Promotion of EAC Integration in Uganda focusing on establishing Regional Integration Centers and capacity building of MEACA.
- ii) Promotion of Kiswahili language Program
- iii) Support to mainstreaming of EAC Integration in Uganda.
- iv) Conducting policy oriented research on EAC.

Ministry of Public Service

- i) Support to the Ministry Of Public Service
- ii) Public Service Transformation Programme
- iii) Extension of Office Block at MoPS Headquarters

15.6 Justice, Law and Order

15.6.1 Overview

549. The Justice Law and Order Sector (JLOS) focuses on a holistic approach to improving access to and administration of justice through a sector wide approach to planning, budgeting, programme implementation, monitoring and evaluation. It is a sector wide approach which brings together 17 institutions³⁶ responsible for administering justice, maintaining law and order and promoting the observance of human rights. JLOS is a significant innovation now in operation for over 13 years as a holistic Government approach focused on improving the administration of justice, maintenance of law and order as well as the promotion, protection and respect for human rights. The sector is interlinked with a number of services delivered by other institutions including; NGOS, academia, traditional institutions and Faith Based Organizations; private sector groups, other line Ministries, Departments and Agencies.
550. The Justice, Law and Order Sector registered successes in areas of: law reform; increased disposal of cases; expansion and de-concentration of JLOS service points; and reduced incidence of crime. However, despite these achievements, the sector still has outstanding issues that need to be addressed as highlighted in section 2.2.5.4.
551. Over the next five years, the sector will focus on: improving the legal, policy and regulatory environment that is conducive for doing business to create wealth and employment; enhancing access to JLOS services particularly for vulnerable persons; rights promotion in order to ensure accountability, inclusive growth and competitiveness in Uganda; and fighting corruption in order to strengthen Uganda's competitiveness for wealth creation and inclusive growth.

15.6.2 Objectives and Interventions

Objective	Interventions
Sector Targets:	
1. Public confidence in JLOS Services: From 35 percent in 2014 to 50 percent in 2020	
2. Public satisfaction in JLOS Service delivery: From 60 percent in 2012/13 to 75 percent in 2020	
3. Case disposal rate from 42.7 percent in 2013/14 to 60 percent in 2020	
1 Strengthen policy, legislative and regulatory framework	i. Review and harmonize the legal and policy environment underpinning JLOS Service delivery for the realization of national development objectives ii. Introduce measures to strengthen the independence of JLOS Institutions iii. Harmonize and enforce performance and administrative service delivery standards

³⁶ Ministry of Justice and Constitutional Affairs (MoJCA); Judiciary; Centre for Arbitration and Dispute Resolution(CADER); Directorate of Citizenship and Immigration Control(DCIC); Directorate of Public Prosecutions (DPP); Judicial Service Commission (JSC); Law Development Centre (LDC); Ministry of Gender, Labor and Social Development (MoGLSD) -Gender, Justice for Children, Labor and Probation Functions; Ministry of Internal Affairs(MIA); Ministry of Local Government (MoLG)-Local Council Courts; Tax Appeals Tribunal (TAT); Uganda Human Rights Commission (UHRC); Uganda Law Reform Commission (ULRC); Uganda Law Society (ULS); Uganda Police Force (UPF); Uganda Prison Service (UPS); and Uganda Registration Services Bureau (URSB).

Objective	Interventions
	<ul style="list-style-type: none"> iv. Introduce measures to ensure effective enforcement of laws v. Initiate the enactment of transitional justice policy and legislation vi. Develop the informal justice framework and link it to the formal justice system vii. Introduce measures to improve JLOS compliance with and participation in East African Regional Integration processes
2 Enhance access to JLOS services particularly for vulnerable persons ³⁷	<ul style="list-style-type: none"> i. Rationalize physical de-concentration of JLOS services ii. Develop JLOS infrastructure to facilitate service delivery iii. Institute measures to improve the adjudication of labour justice iv. Review and enforce compliance with service delivery standards v. Empower the citizenry to demand and access JLOS services vi. Profile vulnerability and eliminate discrimination and bias in access to JLOS Services vii. Introduce measures to enhance JLOS capacity to prevent and respond to crime in accordance with constitutional and human rights standards viii. Develop and implement a legal aid policy and law ix. Inculcate JLOS User- oriented Service Attitude
3 Promote Accountability and the Observance of Human Rights	<ul style="list-style-type: none"> i. Develop and implement measures to promote human rights observance in JLOS institutions ii. Introduce and enforce measures to ensure external and internal JLOS accountability iii. Adopt and implement anti-corruption measures iv. Introduce and enforce measures to ensure accountability in transitional justice

³⁷ Vulnerable persons under JLOS SIP III include persons whose access to JLOS services is limited by age; material and knowledge poverty; physical impairment; powerlessness; gender based barriers and may extend to minority groups; 25 Internally displaced persons; migrants; children; suspects and prisoners; refugees; persons living with HIV/AIDS; persons with disability among others.

15.6.3 Sector Projects

- i. Construction of a one-stop service centre called the JLOS House
- ii. Capacity building programmes through skilling and developing of staff and provision of facilities and equipment at the national, district and lower levels
- iii. Establishing a Management Information System (MIS) that comprises a computerised database of financial information, cases handled in the sector, archival information and special reports.
- iv. Program to provide legal aid to vulnerable and marginalised groups including children.
- v. Constructing of One stop district JLOS Service Points to give special attention to special groups like children, vulnerable men and women and persons with disabilities at district level
- vi. Justice for Children (J4C) initiative to respond to children's needs in the justice system
- vii. Recruitment, training, welfare, and institutional restructuring of more officers to guarantee that legal needs, especially for the vulnerable and marginalised are met
- viii. Construction of sanitation facilities to maintain high sanitation levels in detention facilities
- ix. Increase civic engagement programmes through the various JLOS institutions to enable Ugandans acquire knowledge on their rights and obligations
- x. Printing and publication of laws and other publications to increase legal knowledge and understanding of the ordinary citizen
- xi. Creation of one stop border points to ease the immigration procedures and attract business transactions with Uganda
- xii. National Identification project which aims at giving identity to every Ugandan in the long run. and assist government to plan for citizens, curb crime, promote electronic business transactions
- xiii. Crime prevention programmes including community policing to curb crime and ensure that Uganda is conducive for foreign and local investment.
- xiv. Automation of business processes to reduce the time and increase efficiency and accountability
- xv. Rehabilitation and reintegration of offenders in order to guarantee a safe and conducive society
- xvi. Support to Uganda Prisons Service farms to promote offender rehabilitation through skilling to empower them to become self-employed after prison
- xvii. Prison decongestion programmes including community service, diversion, parole and probation especially for children in order to increase resourcefulness
- xviii. Accountability projects to ensure harmonised, transparent, fair and non-costly institutional and individual mechanisms to promote accountability and ensure that economic development is not curtailed through corruption and related vices
- xix. De-concentration of services for JLOS institutions
- xx. Restocking of libraries and resource centres to ensure rendering of quality services to citizens
- xxi. Program to enhance the transportation systems to increase efficiency in court attendance
- xxii. De-concentration of Court of Appeal to regional level
- xxiii. Construction of the second maximum security prison and construction of 40 one stop JLOS service points at district level
- xxiv. Implementation of the National Action Plan for Human Rights

15.7 Defence and Security

15.7.1 Over View

552. The mandate of the sector is preserving and defending the sovereignty and territorial integrity of Uganda, the people and their property; cooperating with the civilian authority in emergency situations and in cases of natural disasters; fostering harmony and understanding between the Defense forces and civilians; and engagement in productive activities for the development of Uganda. The sector is comprised of the Ministry of Defence (MoD), Internal Security Organization (ISO), External Security Organization (ESO), and the Uganda Peoples Defence Forces (UPDF). It is linked at strategic and operational levels through the National Security Council (NSC) and the Joint Intelligence Committee and Teams.

553. While the sector's capabilities were improved, there remains significant issues that need to be addressed as discussed in section 2.2.5.5. Therefore, over this Plan period, the sector will focus on: continued professionalization and modernization of the sector; institutionalization of the reserve forces; clearance of backlog of retirement arrears and regularisation of retirement; enhancing sector welfare, including accommodation and medicare; and strengthening and institutionalization of sector R&D in collaboration with national and regional EAC frameworks.

15.7.2 Objectives and Interventions

Objectives	Interventions
1. Improve capability of defense and security forces.	<ul style="list-style-type: none"> i. Acquire, refurbish and maintain relevant defense and security equipment. ii. Institute measures to strengthen combat service support iii. Develop and implement human capital development programmes for defence and security
2. Strengthen internal and external security	<ul style="list-style-type: none"> i. Institute measures to enhance information collection and analysis capability to deter and curtail hostile activities against the country internally and externally ii. Harmonize the intra-sectoral and multi-agency coordination and operations
3. Enhance defense and security infrastructure	<ul style="list-style-type: none"> i. Develop and maintain Air Force physical infrastructure ii. Construct and renovate administrative and operational Infrastructure iii. Develop and maintain social services infrastructure
4. Enhance Research and Development (R&D)	<ul style="list-style-type: none"> i. Review and harmonize the R&D policy ii. Introduce an incentive and reward mechanism for innovation and prototype development iii. Equip and facilitate the Defence Research, Science and Technology Centre (DRSTC-Lugazi) and the Nakasongola Avionics Research Centre
5. Enhance production for wealth creation and self-	<ul style="list-style-type: none"> i. Establish commercial agriculture and value addition facilities ii. Establish mechanisms for defense to participate in primary, secondary and

sustainability	<p>industrial production.</p> <p>iii. Revitalize and facilitate defence production enterprises</p> <p>iv. Fast track the development of regulatory frameworks to guide and support involvement in national infrastructure development</p>
6. Establishment of National Service	<p>i. Develop and implement a National Service System.</p> <p>ii. Review policies and legislation for the reserve force.</p>
7. Strengthen Administration, Policy and Planning	<p>iii. Implement measure to strengthen the policy and planning function of the sector</p> <p>iv. Review and implement reforms to improve welfare of staff (including defense and security forces) and their families</p> <p>v. Develop and implement human resources master plans.</p> <p>vi. Streamline the management of gratuity, pension and survivors benefits.</p> <p>vii. Revitalize mechanisms for HIV prevention and treatment.</p> <p>viii. Integrate human rights, gender, environment and governance issues in the training and operational guidelines.</p>

15.7.3 Sector Projects

- | | |
|--|--|
| i) Defence Capacity Building Project | xv) National Defence College (NDC) |
| ii) Military Referral Hospital (MRH) | xvi) Dormitories for the Institute of Security and Intelligence Studies (ISIS) |
| iii) Establishment of a National Service | xvii) Referral hospital- Kitante Medical Centre (KMC) |
| iv) Barracks Construction | xviii) Execute Retirement for ISO staff |
| v) Food and Beverages Production Projects- Kakiri | xix) Payment of Statutory arrears |
| vi) Retirement Benefits and Arrears Project | xx) Capacity building |
| vii) Luwero Industries | xxi) Security Information monitoring centre |
| viii) Magamaga Armoured Vehicle Engineering Centre (MAVEC) | xxii) Capacity Building Project |
| ix) Defence Research, Science and Technology Centre (DRSTC)-Lugazi | xxiii) Diplomatic and Security stations |
| x) MoD Headquarters | xxiv) Jumbo Medical Centre |
| xi) Development of UPDAF Physical Infrastructure | xxv) Retirement and Statutory benefits |
| xii) Tororo Railway and Road polytechnic | xxvi) Construction of ESO HQRS and Field offices |
| xiii) National Military Museum (NMM) | xxvii) ICT and Specialized Technical Equipment |
| xiv) Establishment and Development of an Engineer Division | xxviii) Executive Guest houses |
| | xxix) International Centre (Katonga Project) |

INCLUSIVE GROWTH

554. Given that the disadvantaged individuals and communities face challenges that impair their conditions and limit their opportunities, to be inclusive, growth should benefit everyone while reducing the challenges faced by the disadvantaged, both in terms of benefits enjoyed and, especially, in terms of access to opportunities for participation. To ensure that the disadvantaged individuals engage in productive employment as a means of increasing their incomes and to raise their standards of living this Plan sets interventions that serve as safety nets for to cater for this population.
555. In addressing regional inequities especially among local governments and regions that are economically lagging behind, this section presents interventions focusing on boosting the functionality of local governments and rationalising special programmes.

CHAPTER 16: SOCIAL DEVELOPMENT

16.1 Overview

556. The Social Development Sector is mandated to mobilize and empower communities to harness their potential, while protecting the rights of vulnerable population groups. The Sector promotes cultural growth, non-formal skills development, labour productivity and gender responsive development, while focusing on reducing vulnerability associated to being or becoming poor. The Sector also redresses imbalances to eliminate discrimination and inequalities against any individual or group of persons and also take affirmative action in favour of the marginalised. The cross-cutting nature of the issues handled, justifies its need for strong intra and inter-sectoral collaboration. Indeed, while providing direct services to specific vulnerable and marginalized population groups, the sector guides and facilitates the mainstreaming of issues such as rights, employment and gender through influencing and supporting policy and programme development in other sectors. Apart from collaborating with Government agencies in implementation, the sector heavily relies on non-state actors both for implementation and financing of programmes. Overall, the sector aims to achieve a better standard of living, equity and social cohesion.
557. The Sector is composed of Ministry of Gender, Labour and Social Development, National Women's Council, National Youth Council, National Council for Children, National Council for Disability, Uganda Culture Centre, National Library of Uganda, Industrial Court and the Equal Opportunities Commission.
558. The Sector is characterized by: inadequate funding, both at central and local government levels; inadequate human resources, the Sector is grossly understaffed at the central and institutions and local government levels, with a staffing rate at all levels estimated at 46 percent; weak coordination, the Sector has a broad mandate with multiple actors and multiple coordination sub systems which poses the challenge of overlaps and duplication; inadequate data for planning and policy formulation, the sector requires a wide range of information needs; continued exclusion of vulnerable and marginalized groups in the development process, increasing poverty and vulnerability; inadequate mobilization of communities, negative mindsets and declining cultural and moral values coupled with limited skills and failure to access information has led to low appreciation, demand and uptake of government services; and functional constraints - amalgamation of functions (labour, gender, culture, probation and social welfare, community development, social rehabilitation, youth work and social gerontology) to the extent that some functions are subsumed under others which lead to ineffective service delivery.
559. To address the above challenges, over the NDPII period, the Sector has prioritized to: promote decent employment and Labour productivity; enhance Community Mobilization and Empowerment; provide Social Protection services; promote of youth employment and participation; promote Gender equality and women's empowerment; strengthening Institutional Capacity and redressing the imbalances and promoting equal opportunities for all. The sector targets are to Increase the number of vulnerable people accessing social protection

interventions from about 800,000 in 2013 to about 3 million by 2020 ,Increase the percentage of women accessing empowerment initiatives from 12 percent in 2009/10 to 30 percent by 2019/20 , Increase decent work coverage from 40 percent to 70 percent by 2020, increase adult literacy rates to from the current 73 percent to 80 percent by 2020, Reduce the rate of discrimination and marginalization by 4 percent by 2020 and increase community participation from 50 percent to 70 percent in the development process.

16.2 Objectives and Interventions

Objective	Interventions
Sector targets:	
i. Increase the number of vulnerable people accessing social protection interventions from about 1,000,000 in 2013 to about 3 million by 2020	
ii. Increase the percentage of women accessing economic empowerment initiatives from 12 percent in 2009/10 to 30 percent by 2019/20.	
iii. Increase decent work coverage from 40 percent to 70 percent by 2020	
iv. Increase adult literacy rates to from the current 73 percent to 80 percent by 2020	
v. Reduce the rate of discrimination and marginalization by 4 percent by 2020	
vi. Increase community participation from 50 percent to 70 percent in the development process	
1. Promote decent employment opportunities and labour productivity	i. Promote and regulate externalization of Labour ii. Develop and operationalize work ethic skills in the formal and informal sectors iii. Promote compliance with Occupational Safety and Health standards at Public and private workplaces and working environment iv. Establish and operationalize productivity centres at national and regional levels for improving the productivity of the Ugandan workers v. Promote culture and creative industries vi. Strengthen functionality of the Minimum Wages Advisory Board vii. Strengthening the Industrial Court viii. Support research, innovation and creativity in both formal and informal sectors ix. Domesticate chemical weapons convention x. Strengthen Labour Administration (Inspections, Labour Analysis and Research, Mediation and Arbitration) at the Centre and in Local Governments
2. Enhance effective participation of communities in the development process	i. Strengthen the functionality of and accessibility to quality non-formal literacy services ii. Expansion of Library and Information services iii. Strengthen mechanisms for planning, implementation and monitoring of services and community level initiatives iv. Promote culture for economic development and social transformation v. Strengthen the legal and policy framework for culture and creative industries

Objective	Interventions
	<ul style="list-style-type: none"> vi. Promote the development of languages in Uganda vii. Strengthen the family as social unit to serve as a springboard for, wealth creation, social transformation and nation building viii. Mobilize and facilitate communities to appreciate, demand, own and sustain personal and national development programmes
<p>3. Improve the resilience and productive capacity of the vulnerable persons for inclusive growth.</p>	<ul style="list-style-type: none"> i. Expand the scope and coverage of the social security services ii. Expand labour intensive public works to poor and vulnerable households. iii. Promote access to social care and support services including OVC, PWDs and older persons iv. Promote and protect the rights of vulnerable groups-children, PWDs, older persons against abuse, exploitation, violence and neglect v. Strengthen the scope of social Assistance Grant to vulnerable groups vi. Promote the formulation of legal frameworks for vulnerable persons at all levels. vii. Enhance Social Rehabilitation viii. Establish the National Council for Older Persons.
<p>4. Empower youth to harness their potential and increase self-employment, productivity and competitiveness</p>	<ul style="list-style-type: none"> i. Provide life skills and livelihood support to the youth ii. Develop and adopt regulatory frameworks policy that give youth affirmative quota in all public institutions and business establishments iii. Establish a national and regional framework for youth participation in economic and social activities within the EAC region. iv. Support entrepreneurship through tax rebates to create employment opportunities v. Establish centers of technical advisory services vi. Enhance mindset change campaigns
<p>5. Promote rights, gender equality and women's empowerment in the development process.</p>	<ul style="list-style-type: none"> i. Mainstream gender and rights in policies, plans and programmes in sectors and local governments ii. Strengthen capacity of stakeholders in social equity and human rights promotion, protection and reporting iii. Promote formulation of gender sensitive regulatory frameworks in all sectors and local governments with a focus on emerging areas of climate change and oil and gas iv. Prevent and respond to Gender Based Violence v. Promote women economic empowerment through entrepreneurship skills, provision of incentives, and enhancing their participation in decision making

Objective	Interventions
	at all levels
	vi. Formulate a National Sexual Harassment Policy
6. Improve the performance of the SDS institutions	i. Strengthen the capacity of stakeholders for implementation of Sector programmes ii. Strengthen systems to implement the SDS iii. Mobilise resources for implementation of Sector programmes iv. Implementation of gender and equity certificate.
7. Redress imbalances and promote equal opportunities for all	i. Eliminate discrimination, marginalisation and ensure that all persons have equal opportunities in accessing goods and services. ii. Enhance effective participation of the marginalised in social, economic and political activities for sustainable and equitable development. v. Strengthening the capacity of state and non-state actors to mainstream equal opportunities and affirmative action in all policies, laws, plans, programmes, activities, practices, traditions cultures, usages and customs

16.1 Sector Projects

Social Protection

- i) SAGE (Social Assistance Grants for Empowerment)
- ii) SUNRISE OVC (Strengthening the Uganda National Response for Implementation of Services for OVCs)
- iii) SCORE (Strengthening Community OVC Response)
- iv) HIV/AIDS programmes
- v) Child Helpline
- vi) Youth Livelihoods Programme
- vii) Promotion of Children and Youth (PCY)
- viii) Community Based Rehabilitation
- ix) Alternative Care for Vulnerable Children
- x) Equity and Justice Programme

Labour Productivity and Employment

- i) Strengthening Safeguards, Safety and Health at Workplaces (SSASHEW)
- ii) Promotion of Green Jobs and Fair Labour Market in Uganda
- iii) Strengthening Occupational Safety and Health Standards in the Contraction Industry

- iv) Strengthening Occupational Safety and Health Standards in Oil and Gas (Upstream and Downstream) Industry
- v) Strengthening Chemical Development and Safety Management Systems
- vi) Strengthening Medical Surveillance at Workplaces in Uganda
- vii) Decent Work Country Programme
- viii) Elimination of Child labour Programme

Community Mobilisation and Empowerment

- i) Functional Adult Literacy Programme (FAL)
- ii) Promotion of culture and creative industries in Uganda
- iii) Gender Equality and Women's Empowerment
- iv) Elimination of GBV Programme (Gender Based Violence)
- v) Elimination of Female Genital Mutilation
- vi) Uganda Women Entrepreneurship Programme (UWEP)

Institutional Capacity Development

- i) Strengthening Ministry of Gender, Labour and Social Development

CHAPTER 17: SUB-NATIONAL DEVELOPMENT

17.1 Over View

560. In 1993, Uganda adopted the decentralization policy as an instrument to deliver subnational development with the aim of bringing services and development closer to the people. Under this policy the following functions were devolved to subnational governments: Planning, budgeting, fiscal management and control, administration, administration of justice in local courts. The responsibility of local planning, budgeting and implementation rests primarily at the level of district/municipality and sub-county/town council levels.
561. Sub-national governments are at the frontline of delivering services to their constituents as well as creating vibrant local economies that provide economic opportunities and jobs for their people. Whereas there has been an improvement in service delivery in areas of education, primary health care, water and sanitation and roads as well as increased participation of communities in planning and political governance, subnational governments have not performed as well in creating vibrant local economies and providing economic opportunities and jobs for the people. The push for bringing services closer to the people has resulted in the creation of more but at the same time smaller districts that are not economically viable hence significantly increasing the administrative cost overheads of service delivery.
562. Under the decentralized form of governance, Local Governments (LGs) are the frontline agents for service delivery where implementation of most of the government programs takes place. LGs are therefore, key to the successful implementation of the Plan.
563. There are a number of development opportunities that can be harnessed by LGs during the plan period. Promoting agriculture is a viable strategy given the opportunities arising from natural endowments in terms of fertile soils, vast water bodies across the country, abundant labour and a wide internal and external market for agro-produce. Also the exploitation the tourism potential across regions for employment and wealth creation as well as improving the physical infrastructure and social services provision in LGs are all critical to the transformation of LGs. Another development opportunity at both at national and LG levels is harnessing the population dividend for development.
564. Given the current situation in LGs as highlighted in chapter two and the available opportunities in LGs, the plan will focus on; improving functionality of LGs for effective service delivery; promoting Local Economic Development; improving governance at LG level; promoting comprehensive physical planning and urban development; improving community mobilization for development; and promoting provision of some key infrastructure services at regional level.

17.2 Objectives and Interventions

Objectives	Interventions
1. Strengthen the decentralization system	<ul style="list-style-type: none"> i. Coordinate the financing of Local Governments ii. Establish mechanisms to strengthen LG institutions and systems on a sustainable basis iii. Harmonize LG policies, laws and regulations with those at the national level iv. Promote Transparency and accountability under decentralized governance v. Build Partnerships with other stakeholders to promote and advocate for equity, transparency and fairness in the resource allocations for local governments vi. Establish mechanisms to strengthen the policy, planning, monitoring and evaluation framework in the Local Government Finance Commission vii. Establish mechanisms to strengthen the internal systems to ensure economy, efficiency, and effectiveness of Local Government Finance Commission
2. Improve the functionality of the LGs for effective service delivery	<ul style="list-style-type: none"> i. Build technical capacity and increase staffing levels of LGs ii. Strengthen the planning, supervision, monitoring and evaluation functions in LGs iii. Promote good governance at LGs for improved service delivery iv. Review the decentralization policy with the view of rationalizing the structures and institutions in LGs v. Increase financing and revenue mobilization of LGs to match the functions of LGs vi. Revive community mobilization systems in LGs
3. Increase local investments and expand local revenue base	<ul style="list-style-type: none"> i. Promoting the Local Economic Development (LED) program ii. Develop enabling laws and regulations to facilitate implementation of LED in LGs iii. Exploit investment opportunities in LGs iv. Increase the stock of physical and social infrastructure at LGs v. Provide extension services for increased agricultural production and productivity
4. Improve environmental and ecological management in LGs	<ul style="list-style-type: none"> i. Promote climate change resilience at LG ii. Promote wetlands conservation and management iii. Establish and maintain waste management systems for LGs iv. Mainstream climate change adaptation and mitigation in DDP, work plans and budgets
5. Improve planned urban development	<ul style="list-style-type: none"> v. Develop and align LG physical plans to the national physical plans vi. Establish regulations and standards to guide urban development

17.3 Projects

On Going Projects

- i. Markets and Agriculture Trade Improvement Project (MATIP)
- ii. Energy for Rural Electrification (ERT II)
- iii. Community Agriculture and Infrastructure Improvement Programme (CAIIP 11)
- iv. Community Agriculture and Infrastructure Improvement Programme (CAIIP 111)
- v. Support to Ministry of Local Government
- vi. Uganda Good Governance and Accountability Programme
- vii. Millennium Villages Project Phase II
- viii. Strengthening Institutional Framework For Service Delivery

Proposed New Projects

- ix. Local Economic Growth Support (LEGS) Programmes
- x. Local Infrastructure for Transformation(LIFT)
- xi. Support To Water Stressed LGS
- xii. Local Financing Initiative Project
- xiii. Switch Africa Green project, Uganda
- xiv. Support to Urban Planning in Kampala, and other selected Towns
- xv. Support to Implementation of National LED Policy
- xvi. Support to District planning units
- xvii. Integrated rural development project
- xviii. MATIIP II

CHAPTER 18: REGIONAL BALANCED DEVELOPMENT

18.1 Over View

565. Uganda has made significant gains in poverty reduction. However, whereas the decline in poverty is gaining pace for the central and western regions between 2005/06 and 2012/13, poverty rates remain high and relatively stagnant over the same period for the Eastern and Northern regions. In particular, the East Central (Busoga), Mid North (Acholi), North East (Karamoja), and West Nile are the worst performers with significantly above average poverty rates.
566. As of 2012/13, the Northern and Eastern Regions accounted for about 50 percent of the total population. Therefore if poverty was to fall as fast in the North and East as in the rest of the country, national poverty reduction would have even been steeper. The high rates of poverty in Northern and North Eastern Uganda is partly explained by the conflicts that engulfed those regions for much of the 1980s and 1990s. But poverty in East Central (Busoga) and the rest of the Eastern region remains entrenched even though these areas have remained largely peaceful over the last 30 years.
567. In addition, while their share of the total population is increasing, Eastern and Northern Uganda have significantly higher levels of age dependency than other parts of the country. Eastern and Northern Uganda's share of the population has been increasing over the years and currently contributes about 50 per cent of the total population.
568. For there to be inclusive, broad-based, shared, or pro-poor growth, the country has to undertake deliberate focused efforts aimed at achieving sustainable improvements to employment and living standards in those regions. Vision 2040, which rightly puts emphasis on transformation of the economy through exploiting development opportunities and strengthening fundamentals, inherently comes with more geographic concentration of economic activity around the areas gifted with tourism hotspots, commercially viable concentration of minerals, oil and gas and possibly energy generation sites, with a likely widening of the inequality between regions and sub-regions. The spatial maps in Chapter 4 clearly illustrate that over the next five years, economic activity will be concentrated in the western, central and north eastern regions. International experience shows that trickle-down effects cannot address regional imbalances, especially when the pace of transformation is rapid and sustained. In fact it tends to exacerbate them. The poverty reduction challenge is likely to become larger as the population grows and as the initial gains to poverty reduction and economic recovery occasioned by the end of the war peter out. The lack of spatial focus in national planning also compounds the problem.

18.2 Regional Equalization Programmes

569. The major objective for the introduction of special programmes and other targeted interventions as highlighted in section 2.4.3 is to reduce income poverty and improve the socio-economic

indicators of those regions. However, these special programmes have had a highly disproportionate investment in social service delivery to the disadvantage of investments aimed at revitalizing the local economies and increasing the incomes of the local people. Although investments channeled through special programmes are top up to the normal conditional grants, often these have been viewed as separate from sectoral investments. Even with significant investments in social service delivery, the regions benefitting from special programmes continue to post poor socio-economic indicators, similar to regions like East Central which also have low household incomes. Income poverty limits people from seeking health and education services and is synonymous with high rates of child labour and high school drop-outs. In that regard, government will maintain but reform special programmes to address the needs of lagging areas as follows:

- a) All the social service delivery and social protection components of the special programmes will be mainstreamed into the relevant MDAs to ensure greater involvement of the sectors in determining the quantity, quality and location of the social service investments in the disadvantaged regions as part of the equalization programme. For instance, health (and related) budget allocations will include earmarks for those areas that require more health related investments for them catch up with the national averages. The same will be done for education service delivery and other sectors.
- b) Special programmes targeting areas with significantly higher poverty rates and poor socio-economic indicators will exclusively be focused on re-building and revitalizing local economies as well as increasing the incomes of the local people. This will be done using the approach already described in chapter four, that is, identifying which combination of growth opportunities and development fundamentals provides the biggest potential for rebuilding the local economy and increase people's incomes. Using analysis done prior to the start of a "Special/Regional Programme", a critical path for the transformation of the local economy consisting of synchronized and prioritized interventions will be developed, agreed, and will form part of the project proposal.
- c) Since in special programmes targeting areas the revitalization of the local economies was not adequately addressed, much more support is needed to enhance production and productivity, marketing and agro-processing particularly in districts with high numbers of returnees in order to reduce income poverty. In addition, there is concern that high levels of unemployment amongst the youth can act a form of conflict driver and so it is important to emphasize enterprise development, skills training and access to finance to provide economic opportunities for the youth.
- d) As is already evident in Busoga and the Eastern region, environmental degradation is a reality for local economies dependent on production of primary commodities particularly agriculture, forestry, fishing, and tourism. This can take many forms including declining soil fertility, deforestation and over-fishing. The rapid population growth in these regions together with rapid urbanization greatly increases the risk if appropriate measures are not taken.

- e) Since agriculture forms the mainstay for the income poor sub-regions, effort will be made to significantly address the infrastructure deficits of those regions to facilitate the transportation of inputs to production zones and connect production to the markets as well as provide reliable and affordable commercial (as opposed to residential) power supply. In particular, consideration will be given to balancing future residential versus commercial demand for power when determining transmission and distribution.
- f) Since agriculture has a limit to how much new labour can be absorbed, especially if it has been modernized and commercialized, impartation of technical and engineering skills which are relevant for transformative growth sectors such as mining, electricity and agro-processing as well as apprenticeship schemes is essential. Government will implement programmes aimed at developing the skills of youth in these regions to increase youth employment. Government will ensure that skill development policies are fully integrated into the economic development strategy as well as the education policy. The appropriate government MDAs will provide regular feedback to the OPM and NPA on timeframes within which skill targets can be met and the specific volume of skills to be produced by universities and other institutions of learning. Employers will also use this information to find and attract the right talent for their needs.

570. Using this six step approach, the following interventions will be prioritized for the six sub-regions identified above as having significantly higher poverty rates and poorer socio-economic indicators. Lessons from international best practice highlight the need to focus initially on areas critical for the current stage of growth, while creating the pre-conditions for the next stage of growth.

18.3 Objectives and Interventions

Objective	Interventions
1. Pacify and develop formerly war ravaged areas	<ul style="list-style-type: none"> i. Promote peace dialogue aimed at resolving armed conflict in Northern Uganda ii. Coordinate implementation of Government funded programs/projects in the Luwero-Rwenzori, Karamoja, Teso, Bunyoro and Northern Uganda iii. Rehabilitate formerly war affected areas iv. Coordinate, jointly with other key actors, all the special development recovery programs v. Monitor and supervise Government programs and activities of special development recovery programs
2. Reduce income poverty and improve the socio-economic indicators of the regions	<p>Karamoja, Northern Uganda, Teso, Bunyoro, Luwero-Rwenzori, Eastern, Busoga and West Nile Sub-Regions</p> <ul style="list-style-type: none"> i. Improve the regions road, electricity and water infrastructure, as well as production skills to promote agriculture, fishing, agro-processing, light manufacturing, tourism and mining. ii. Enterprise development and production, value addition and marketing to

	<p>increase productivity and provide economic opportunities for the communities</p> <p>iii. Construction and rehabilitation of valley tanks, valley dams, canals, drainage, ponds to provide water for production</p>
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18.4 Projects

Northern Uganda Rehabilitation

- i. Monitoring and Evaluation of PRDP
- ii. Peace Recovery and Development Programme III

Luwero-Rwenzori Triangle

- iii. Post-war Recovery and Presidential Pledges
- iv. Support to the LRPD II (Scaling Up)

Karamoja Affairs

- v. Development of Karamoja
- vi. Dry land Integrated Project
- vii. Karamoja Livelihoods Improvement Programme (KALIP) – Scale Up
- viii. Karamoja Integrated Development Programme (KIDP) III

Teso Affairs

- ix. Support to Teso Development
- x. Teso Development Plan
- xi. Agricultural Livelihood Recovery Programme (ALREP) – Scale Up

Bunyoro Affairs

- xii. Support to Bunyoro Development
- xiii. Bunyoro Integrated Affirmative Development Plan

PART IV: IMPLEMENTATION, AND MONITORING AND EVALUATION STRATEGY

CHAPTER 19: IMPLEMENTATION STRATEGY

19.1 Introduction

571. This chapter presents the implementation arrangements for this Plan. It highlights the existing institutional arrangements for implementation and identifies gaps/ weaknesses therein that affected the implementation of NDPI and documents how these weaknesses will be addressed during the course of implementation of the NDP2. The chapter further presents the institutional arrangements for implementation highlighting major responsibility centres and their roles. It then identifies and presents critical institutional and policy reforms required to address the gaps in the existing institutional framework to accelerate implementation. The sequencing of the implementation of the core projects is also presented in addition to a detailed implementation matrix for the other critical projects.
572. The implementation strategy takes cognizance of the existing institutional arrangements and implementation instruments such as the national budgets, SDPs, LGDPs, PIP, and BFPs. Further, the strategy aims to enhance the implementation of the Plan through strengthening and maximizing institutional synergies amongst the stakeholders to achieve efficiency in resource use. It therefore emphasizes the need to have a well-coordinated and strategic partnership with the private sector, development partners, the civil society and other non-state actors since implementation of this Plan is a shared responsibility of all stakeholders.

19.2 Existing Institutional Arrangements and Weaknesses

573. The existing institutional arrangements for implementation of government programmes and policies, though comprehensive, still have gaps that need to be redressed to facilitate efficient implementation and attainment of the desired development results of this Plan.
574. **The Office of the President and Cabinet:** The overall oversight for implementing government programmes is under the leadership of His Excellency the President supported by the Cabinet. Due to the overwhelming duties and responsibilities in the Office of the President, the oversight function for implementation has over the years been a challenge. This is so because while the president appoints ministers to act on his behalf in various ministries, in undertaking this role, there is no contractual obligation on the performance required from the ministers regarding the realization of desired sectoral results amongst other national results. In the next phase therefore, measures will be put in place to facilitate ministers and their appointing authority to evaluate their performance vis-à-vis the set development targets.

575. **Parliament:** This plays a significant role in facilitating implementation through their oversight and legislative roles. It receives reviews and appropriates budgets for MDAs. Though this institution has ably played this role they have not been in position to adequately ensure that the MDA plans and budgets are aligned to the NDP and MTEF. Parliament will therefore need to be equipped with the means and capacity to scrutinize MDA plans and budgets to ensure alignment with NDP priorities before approval.
576. **The Office of the Prime Minister (OPM):** The primary responsibility of coordinating implementation of government programmes and policies lies with the OPM. In undertaking their coordination role, the OPM operates mainly under two frameworks i) the Institutional Framework for Coordination of Policy and Program Implementation in Government, 2003 (IFCPPI) and has a three tier committee structure to facilitate this role: the Policy Coordination Committee (PCC), the Implementation Coordination Steering Committee (ICSC) and the Technical Implementation Coordination Committee (TICC), and ii) the sector wide approach under the Public Sector Management Working Group (PSM-WG) which brings together all coordinating MDAs to address coordination challenges in Government at the sector level. While these arrangements led to realization of some milestones in the implementation of NDPI, major gaps still remain requiring urgent redress to strengthen and make the coordination role efficient.
577. The mandate of the OPM is to coordinate the implementation of government policies and programs and the implementation includes both state and non-state actors. In light of this, coordination platforms have been put in place to engage non-state actors, namely a) the Presidential Investors' Round Table (PIRT) which provides a forum for Government to engage with local and international private investors to improve the investment climate in the economy, b) the Joint Budget Support Framework (JBSF) which coordinates development assistance through budget support, c) the National Partnership Forum whose main aim is to coordinate and align external funding to the implementation of the NDP, d) The joint GOU/ UN Country Team Forum which coordinates UN development assistance to Uganda. These and other coordinating platforms are necessary and need to be strengthened in order to ensure implementation of government programmes.
578. **Sector Working Groups (SWGs):** Government instituted the Sector-Wide Approach to Planning (SWAP) and subsequently SWGs were formed. This approach was meant to bring different sectors and MDAs together in planning and implementation to realize common outcomes and maximize synergies and complementarity while efficiently utilizing the limited resources. This approach has over time been abandoned by most sectors save for a few. This was so because the SWGs were not binding entities and majority lacked operational secretariats and clear lead agencies. This scenario has affected implementation over years as most sectors have not been developing comprehensive SDPs that are focused on delivering sector level results. Besides, it has also weakened multi-sectoral implementation as well as complicating the allocation of resources to cross-cutting programmes which has left sectors and MDAs to work in silos.

579. **Ministries, Departments and Agencies (MDAs):** The actual implementation starts at MDA level. These entities are mandated to facilitate implementation of Government programmes and guide the non-state actors through policy formulation, setting service delivery standards, resource mobilization and disbursement, supervision of LGs, in addition to actual implementation of big national projects that are beyond LG capacity. While a number of MDAs have over time strengthened their capacity to undertake this role, a number of gaps and weaknesses still exist thereby affecting efficient implementation of programmes and projects.
580. Most MDAs have limited capacity to: translate national plans into sector level plans with proper sequencing of projects; efficiently carry out procurement processes; design, profile and develop bankable projects; effectively monitor and evaluate projects and programmes; and capacity to effectively engage and develop the private sector into critical partners in implementation of government programmes. In addition to this, most MDAs are operating far below their staff ceiling levels and lack adequate skills requirements to implement and manage projects and programmes. This has greatly affected the supervisory role of MDAs to LGs, disenabled them to develop and implement service delivery standards as well as implement big projects on time.
581. Furthermore, the existing institutional structure at MDA level for implementation does not situate the non-state actors such as the private sector, civil society groups, the media, the academia, development partners, cultural and faith based institutions in the mainstream implementation structure, although some participate through the existing sector working groups and PPP arrangements which are not binding.
582. **Local Governments (LGs):** These constitute; City Authorities, Districts and Municipalities which are the front-line service delivery units at the grass root levels. The decentralization policy has not been fully implemented resulting in limited financing of LGs and low staffing levels and skills requirements affecting delivery of services. The planning and implementation capacity of most LGs also remains limited affecting the translation of national and sectoral development priorities into LGDPs, projects and programmes. LGs heavily rely on the central government to mobilize revenue and apportion them a percentage for service delivery which has however dwindled over the years to only 19 percent of the national budget in FY2012/13. To complicate matters there has been an increase in the number of districts which has inevitably increased the costs of LG administration. Just like in the case of MDAs, there are no systematic and binding mechanisms at the LG levels to facilitate engagement with and participation of the private sector and other non-state actors in the implementation of government programmes.
583. **Development Partners:** These play a big role in facilitating implementation of government programmes directly and indirectly at both national and local government levels. While some development partners do participate in the functioning SWGs or directly in the planning and implementation of programmes at the MDA or LG level, these arrangements remain not binding in many sectors and thus affecting the level of financing and implementation of planned programmes and projects. Some Development Partners have lost trust in some government institutions due to corruption incidences and inadequate capacity to utilize resources in a timely manner, thus withdrawing from those agencies. This scenario has greatly affected the

realization of planned results and some projects are either delayed or cancelled. Others have decided to either implement directly or form loose partnerships with private sector and CSOs to carry out direct implementation. However, due to the limited capacity of these agencies and lack of proper coordination with government agencies in the implementing areas/regions, implementation efforts are still frustrated. That notwithstanding, many development partners' country development strategies have in the past not been adequately aligned to the priorities and targeted results of the NDP. In addition, many development partners have continued to fund programmes of CSOs that are not aligned to the national priorities, creating disjointed and parallel programmes and implementation which ultimately leads to non-realization of planned results and targets. The National Partnership Forum between Government and Development Partners is a good step to ensure that external financing is adequately coordinated and aligned to the priorities and targeted results of the NDP and this Forum need to be strengthened.

584. The other gaps affecting implementation include; inadequate and untimely financing of major development projects partly due to limited domestic revenue, poorly developed capital markets that hinder private sector investment, and the weak PPP arrangements for major development projects and cumbersome procurement processes which heavily affect infrastructure projects. Furthermore, the private sector, civil society and development partners among other non-state actors have not been well mobilized and organized to effectively engage in the implementation of government programs.
585. All the identified institutional gaps are exacerbated by the slow pace of implementation and enforcement of critical reforms in the public sector and administration. The implementation of NDPI therefore faced a number of challenges namely: slow implementation of core projects; limited prioritization and poor sequencing of interventions; limited alignment of planning and budgeting instruments; limited financing; land-related constraints especially in acquisition of land for infrastructure; limited involvement of non-state actors; and limited integration of cross-cutting issues in sectoral plans, programs and projects as discussed in detail in chapter I. The NDPII therefore aims to improve implementation by tackling the above mentioned existing institutional weaknesses that hinder implementation of programmes as well as addressing emerging challenges and various measures are already being instituted for enhancing service delivery under NDPII.

19.3 Objectives of NDPII Implementation Strategy

586. The main objective of this implementation strategy is to provide strategic guidance on the required institutional and policy reforms necessary to deliver the Plan goal of propelling the country to middle income status by 2020. The strategy therefore seeks to guide the execution of the NDPII and its attendant projects and programmes. Specific objectives of this implementation strategy include:
- (i) To provide an institutional framework for implementation of the Plan, based on lessons learnt during NDPI implementations and emerging issues; and

- (ii) To enhance efficiency in implementation of the Plan for sustainable achievement of national goals and objectives.

19.4 Pre-requisites for NDPII Implementation

587. A number of pre-conditions will be required to be in place for successful implementation of the NDPII. These include:

- (i) Political will and commitment at all levels;
- (ii) Ownership of the Plan by all
- (iii) An integrated M&E system
- (iv) Effective use and management of information for decision making
- (v) Increased private sector capacity
- (vi) Behaviour change, patriotism and elimination of corruption
- (vii) Effective M&E to support implementation
- (viii) Effective partnerships with non-state actors
- (ix) Human resource capacity and conducive working environment
- (x) Effective and efficient resource mobilization and utilization

19.5 NDPII Institutional Arrangements and Implementation Reforms

19.5.1 NDPII Implementation Institutional framework

588. **The Office of the President:** His Excellency the President will provide overall oversight and stewardship for the implementation of this Plan. In this regard therefore, the President will ensure that the ruling party manifesto is fully aligned to the national development priorities and programmes laid out in this Plan.

589. **The Cabinet:** Through cabinet, ministers will report on progress of implementation of key programmes and projects in their ministries while highlighting the challenges that need redress to facilitate implementation. To ensure that ministers are keen, vigilant and provide stewardship in the implementation of the planned projects and programmes in their sectors, they will sign performance contracts with the appointing authority in line with the set sector development targets highlighted in NDPII. The Prime Minister will be required to assess the performance of Ministers and annually report to the appointing authority.

590. **The Parliament:** Parliament through its oversight, legislative and appropriation functions will hold the executive accountable for service delivery to citizens and ensure that MDAs align their

Ministerial Policy Statements and budgets to the priorities in NDPII. It will further ensure appropriation of budgets to MDAs in accordance to the NDPII MTEF. The NPA will provide technical support to Parliament to ensure that alignment takes place before approval of budgets. Furthermore, Parliament will be charged with ensuring that adequate legislation is in place to facilitate efficient implementation of the Plan. A number of legal reforms have been proposed that parliament will need to take up.

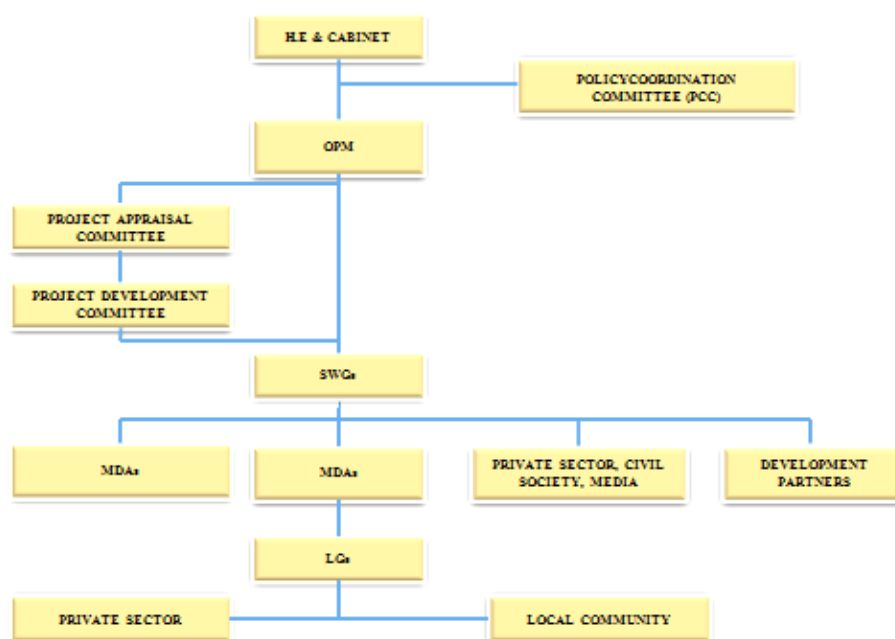
591. **The Policy Coordination Committee (PCC):** is a Cabinet committee, chaired by the Prime Minister and will be responsible for monitoring progress in the implementation of NDPII core projects, key sector results and presidential initiatives and responsible for policy coordination and monitoring progress on the implementation of government programs. The Committee is composed of the Ministers of Finance Planning and Economic Development, Public Service, Presidency, Local Government, General Duties (OPM), the Chairman NPA, Ministers of State for Economic Monitoring, Ethics and Integrity, and its secretary is the Head of Public Service and Secretary to Cabinet. Any other Minister or chairperson of an agency may be co-opted whenever a subject matter under discussion requires his or her participation. To strengthen the link between the PCC and the Delivery Unit and ensure that the Prime Minister is fully updated on progress of implementation, the Delivery Unit will also serve as the Secretariat for the PCC. This Committee ensures that the Prime Minister is at the helm of the implementation of Government Policies and Programs. The PCC will meet on quarterly basis and will receive and discuss progress reports on NDPII core projects key sector results and presidential initiatives. The committee will also make decisions or recommendations necessary to resolve implementation challenges.
592. **The Office of the Prime Minister:** Coordination of implementation of this Plan across all Sectors of the economy is the responsibility of OPM. OPM will be required to establish mechanisms and platforms to ensure that coordination of implementation of this Plan covers the public, private sector actors, Civil Society, Development Partners and all other non-state actors. In this regard, OPM will need to design a system that captures progress on implementation both among public and private sector actors. OPM will also need to design a partnership instrument with all the private sector, development partners, and the civil society implementing partners to create a binding and partnership agreement for ease of coordination of implementation. This role therefore will require that OPM's capacity is enhanced to efficiently coordinate the entire scope of stakeholders involved in implementation of this Plan.
593. **Project Development and Appraisal Committees:** To address the challenge of limited technical capacity of MDAs and LG planning units in developing bankable projects, two committees will be established: the project development committee and the project appraisal committee. The project development committee will be situated at NPA and charged with the responsibility of supporting the development of project ideas, proposals, and project profiles into concrete bankable projects for implementation by the sector. The Project appraisal committee which will be based at MoFPED will be charged with appraisal of the already developed projects to prepare them for financing. The two committees will work closely with the MDAs' planning units and relevant technical departments.

594. **Sector Working Groups (SWGs):** With the focus shifting from outputs to outcomes and more emphasis on 'big results' that will propel the country's transformation to middle income status, the Sector Working Group approach will be rejuvenated to maximize synergies and reduce duplications in the implementation of government programmes, hence increase efficiency in the utilization of public resources. SWGs will be charged with the responsibility of implementation of sectoral programmes and projects highlighted in this Plan. In that regard, all sectors will develop Sector Development Plans (SDPs) and Budget Framework Papers (BFPs) that are aligned to the priorities of this Plan. SWGs will also participate in the allocation of resources within and across votes under the sector. As a starting point, each SWG will establish a basket fund that will be used to fund NDP II priority interventions that straddle the mandate of more than one MDA or whose impact is likely to benefit more MDAs than the one implementing it. The basket funds will comprise at least 10 percent of the total sector budgets resourced by GOU and development partner resources. Sectoral allocations from the basket fund will be made by all members of the SWG with the technical Support of the NPA and the OPM.
595. The Sector Working Group approach will require bringing on board all public, private and other non-state actors into the sectoral planning process and implementation. Consequently, SWGs will be formally institutionalized and will be required to have clear leadership structures, a lead agency and, more importantly, a functional secretariat to coordinate sector planning, implementation, monitoring and evaluation. The roles of the non-state actors such as the private sector, civil society, media and development partners will be clearly articulated.
596. **Ministries, Departments and Agencies (MDAs):** The various MDAs will continue to develop agency specific plans in line with the results and desired targets set out in the SDPs that a particular agency is party to. This will require designing and implementing national capacity building programmes in the areas of planning, project implementation, monitoring and evaluation, procurement to build capacity of MDAs to ably translate national plans into sector level plans with proper sequencing of projects and to effectively engage the private sector as strategic partners in implementation of programmes. MDAs capacity to develop and enforce service delivery standards will also be an area of key focus during implementation
597. **Regional-Level Implementation Mechanisms:** Due to the implementation challenges arising from the small size nature of a number of districts, the financial and human resource capacity constraints as well as the need for efficient utilization of resources, regional implementation mechanisms will be designed and implemented on a service delivery and project basis. These mechanisms will facilitate allocation of staff at regional level to handle a number of districts especially in the areas of transport and works energy, physical planning, procurement among other key areas. These mechanisms will also facilitate the implementation of special programmes
598. **Local Governments (LGs):** These are the front-line service delivery units. During the implementation of this Plan all LGs will be required to produce and implement development plans that are aligned to NDPII priorities. Since most of the funding for LGs is conditional and determined by the line ministries, LGs will be required to develop their plans in consultation with

the various SDPs while taking into consideration their local development priorities. In addition, all LGs will be required to engage and ensure participation of the private sector, civil society and other non-state actors during the planning and implementation processes. In this regard therefore, LGs will require additional resources to facilitate them to hire skilled staff and acquire other logistical requirements in addition to increasing the budget allocation to local governments for implementation of programmes and projects.

599. The overall implementation institutional framework is summarized in Figure 20.1 which has His Excellency the President providing overall oversight of implementation of the Plan. The OPM is coordinating implementation through a number of Agencies. Special attention is given to the coordination of core projects that yield 'Big Results' which will be done through the PCC. SWGs, MDAs and LGs are major agencies through which the NDPII will be implemented and these are expected to work with non-state actors such as the private sector, civil society, and development partners among others.

Figure 19. 1: NDPII Implementation Institutional Framework



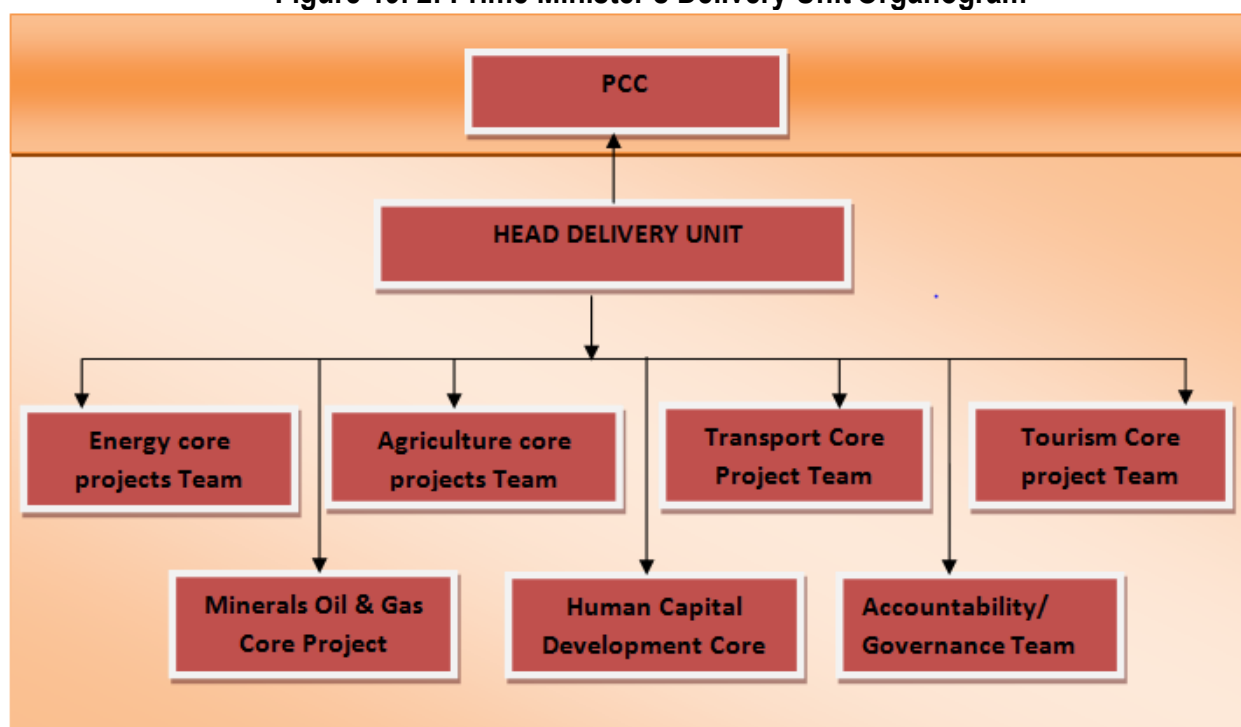
19.5.2 Key Institutional and Policy Reforms to Accelerate Implementation

Institutional Reforms

600. Establish a Prime Minister's Delivery Unit. This Unit will be responsible for driving the agenda to achieve results in the priority areas of this Plan and will serve as the secretariat to the PCC. The Unit will work directly with the MDAs responsible for implementation of core projects and achievement of Key Sector Results to provide problem solving support and achievement of results on time and within budget. To do this, the leadership of the Unit will establish strong working relationships with the sector secretariats as well as the leadership of these MDAs with

whom they will meet on a monthly basis to review implementation progress and agree on the issues to escalate to the PCC. The Head of the Delivery Unit will also serve as the secretary of the PCC, and will in consultation with the Prime Minister, set the agenda of the PCC. The Head of the Delivery will also be responsible for following up the decisions made in the PCC meetings and will be part of the technical secretariat of the Committee. The head of the Delivery Unit will have direct access to the Prime Minister, meeting him or her on a monthly basis to brief him or her on the progress made in the implementation of the PCC decisions. The head of the unit will be supported by Seven teams covering the priority areas of this plan as shown in Figure 20.2 of the organogram

Figure 19. 2: Prime Minister's Delivery Unit Organogram



601. **Establish and operationalize a full-time Project Development Unit at NPA and Project Appraisal Unit at MoFPED:** These two units will work in partnership to ensure that project ideas and proposals are developed, projects are profiled and developed to bankable levels and appraised for financing. These committees will be also mandated to guide the sequencing of implementation and resource allocation towards the realization of national development results. While the committees will be independent, they will work in partnership with the relevant technical experts in line ministries.
602. **Establish an industrialization Development unit and fund in UDC:** To scale up the pace of industrialization given the weak and poorly capitalized private sector, an Industrial development unit will be set up with a fund of funds (FoF) in UDC to build capacity and provide capital to Medium and Small Sized Industries (MSMIs) targeting mainly agro-processing, light manufacturing and oil and Gas related industries.

603. **Establish a strong PPP unit at MoFPED and PPP institutional mechanisms in MDAs:** To create and operationalize strong PPPs to facilitate implementation of strategic investment projects and participation of non-state actors, a fully functional PPP unit will be established at MoFPED and a PPP mechanism designed and implemented by all MDAs and LGs. This will facilitate the implementation of the PPP law.
604. **Strengthen the institutional mandate of Ministry of Information and National Guidance:** This will entail harmonizing the mobilization functions in Office of The President, MGLSD, and the Civil Society. This will facilitate rallying the entire population towards implementation of the NDP through a single coordinated national mobilization programme.
605. **Establish a National Service training Programme for the youth:** This will involve partial restructuring of the Defense and Security sector to accommodate the role of training the youth in patriotism and nationalism. The training will include basic military training and vocational skilling at regional centers of excellence. The framework for national service training will be developed in liaison with the Ministries of Information and National Guidance, Education and Sports and Gender, Labour and Social Development. In liaison with Ministry of Defence Strengthen the mandate and institutional framework of the Ministry of Information and National Guidance to build patriotism and nationalism through the implementation of the National Service programme: This reform will facilitate the nurturing of a national value system, provide national guidance and build a clear ideological orientation programme for the entire population.

Policy reforms

606. **The National Coordination Policy:** To provide a clear framework for coordinating the management of service delivery in the public sector on the basis of the NDP. Harmonizes the implementation of policies and programs across MDAs, reviews the architecture of the Government service delivery systems to ensure connectedness in Government so as to deliver as one Whole Government. Reduces wasteful spending due to gaps in coordination particularly policy and program duplication, overlaps, fragmentation, and poor communication. Ultimately leading to harnessing synergies and improved service delivery.
607. **Implement Public Service Reforms:** In an effort to increase public service efficiency in implementation of policies and programmes, Government will implement public service delivery reforms in areas of; pay reform (competitive pay), performance contracts for Heads of MDAs and LGs (contracts should include NDPII sectoral targets and results), and establishing an incentive and punishment system for best performing institutions and individuals and non-performers respectively. These reforms will be complemented by Judicial Service reforms which impact on government effectiveness through successful prosecution for abuse of public office and also act as a deterrent to malpractices.
608. **Public Procurement Reforms:** In order to address the cumbersome procurement processes and the related delays, there is need to finalize development of the national public procurement policy and its implementation, enhance efficiency and transparency of public procurements

through e-procurements, complete the development of the regulatory framework for the amended PPDA law and ensure that Procuring and Disposal Entities (PDEs) use framework contracts and standardized guidance on common user items. Government will review the procurement law to mitigate delays caused by rigid requirements under cash budgeting and other financial regulations.

609. **Land reform and Physical Planning:** To increase land utilization for agricultural production and infrastructure development, land reforms will be carried out. These will include: partnerships between land lords and commercial farmers for effective utilization of land; gazetting and de-gazetting land to provide for infrastructure development; and resettlement of the displaced. To allow for planned urbanization, District Integrated Development Plans will be prepared with designated hierarchy of settlements and defined settlement growth limits to concentrate urban growth and limit encroachment on agricultural land. There is also need to establish presidential prerogative for land acquisition for public infrastructure development and planning for utility corridors.
610. **Population Policy:** to accelerate the realization of the demographic dividend, Government will put in place an incentivized population policy and programmes to encourage the young adults to delay child birth, and promote adequate child spacing and small family sizes. Government will also put in place legislation that ensures all children of school going age are kept in school in order to drastically reduce the school dropout rate, early marriages and adolescent pregnancies.
611. **Policy on restricting export of un-processed products:** To promote value addition and export of processed products, Government will put in place a policy and administrative mechanisms to restrict the export of un-processed products.
612. **Rationalize the special regional programmes:** to ensure equitable development across regions with household income as the main criteria, and fast track socio-economic transformation, a policy to equalize and re-distribute wealth will be formulated and implemented in regions lagging behind development.
613. **Bridging the skills gap:** In order to facilitate the rapid accumulation of skills required in the priority areas, Government will establish an incentive policy framework to attract private sector investment and PPPs in skills training centres across all regions. In the long run, Government will undertake a comprehensive review of the curricula at all levels of education to facilitate relevant skills acquisition.
614. **Integrate a Human Rights Based Approach into Development Planning:** In order to ensure inclusive development, all sectors, MDAs and LGs will adopt a human rights based approach in their respective policies, legislation, programmes and plans. This will require that during the implementation of their plans and mandates, sectors, MDAs and LGs will be guided by the following principles: express linkage to human rights instruments; equality and equity; accountability; empowerment; participation; non-discrimination and attention to vulnerable groups.

CHAPTER 20: MONITORING AND EVALUATION

20.1 Introduction

615. This chapter articulates the institutional arrangements, reporting mechanisms as well as the monitoring and evaluation capacities that need to be in place in the sectors, MDAs and local governments to support achievement and measurement of the results under this plan. The monitoring and evaluation system for NDP II has been designed taking into account the lessons learned under the NDP I period and the proposed reforms. It also includes a detailed Results Framework that will guide the collection, analysis and reporting of data and information needed to assess progress towards the realization of the country's development goals and objectives.
616. It will be used to generate data for evidence-based planning and accountability in monitoring government policies and programmes; institutional learning through data utilization and sharing; as well as decision making through measuring the impact of development interventions.

20.2 Monitoring and Evaluation during the NDP I period

20.2.1 Key achievements

617. The M&E initiatives implemented during the NDPI period have contributed to promotion of accountability and transparency, largely driven by increased demand for performance and results within government and by the civil society, development partners and general public. The demand for performance was promoted across government through strengthening of reporting systems at central and local government levels, particularly with support from development partners. The production of a number of mandatory/periodic reports was mainstreamed within government. These include: the NDP Annual and Quarterly Progress Reports which are used to prepare the annual National Development Report (NDR); the OPM's Annual and Semi-Annual Sector Performance Reports (GAPR); the financial quarterly and annual reports used to prepare the Annual and Semi-Annual Budget Performance reports; and the Annual Sector and Local Government Performance reports used to inform the respective annual reviews and the GAPR. These reports have been supplemented by periodic survey reports on social, economic and demographic outcomes by the Uganda Bureau of Statistics (UBOS). The integration of the African Peer Review Mechanism Plan of Action (APRM-POA) into the NDPI Results Framework and overall NDPI M&E Strategy enhanced measurement of good governance and accountability, including comparability with other African countries.
618. Government launched the Public Sector Monitoring and Evaluation policy that provides a framework for strengthening the coverage, quality and utility of the assessment of public policies and investments. It is meant to facilitate Government, the Legislature and other actors to access greater evidence to inform policy and programmatic decisions, and to hold the public sector accountable for its utilization of resources. The policy was designed to address gaps in existing legislation and administrative practices with respect to the tracking the performance and evaluation of public policies and investments. The policy also clarifies the roles and

responsibilities of the various actors in the assessment of public policies and programmes, strengthens the coordination of public and private institutions in the supply and demand of monitoring and evaluation, and provides for the enhancement of capacities of MDAs and LGs in terms of skilled personnel, requisite infrastructure, and policy environment for M&E.

20.2.2 Key Challenges

619. Despite the above achievements, the country's M&E systems still face a number of challenges. The culture of accountability and of evidence-based management is still relatively new and not yet well-established and widespread in the public sector except in a few centers of excellence. Several policy-makers do not perceive the value-addition of M&E as a tool to guide future policies, programs, and budgets for better results (MoE). In terms of strategic planning, various strategic plans exist at national level, although they are not always well articulated at the operational levels. Most sectors do not have Sector Development/Investment Plans (SDPs), and where these exist, they are not well aligned to the National Development Plan, are not always based on a sound analysis of the situation with solid baseline data and use of evaluation information from previous plans and interventions. There are problems in the identification of performance indicators, some of which lack targets or time frame and are in some cases not measurable. At programme and project level, there is also a lack of uniformity in the use of the logical frameworks which makes it hard to ensure synchronization of actions (operational planning) with strategic plans.
620. The incentive system of rewards and sanctions is found wanting, with no positive or negative consequences for achievement of results or the lack thereof. The end result is decreased motivation and interest given to M&E by civil servants and public institutions. Monitoring in most MDAs is largely a compliance based system with reporting on inputs, activities and outputs to MoPFED, OPM, and donors in order to trigger further releases of funds rather than as a tool to guide future policies, programs, and budgets for better results.
621. Failure to integrate a number of information systems that have been developed over the years by various MDAs and sub-units for specific purposes on various ICT platforms is of critical concern. While they help provide information to their users, the lack of integration has resulted in cases of duplication, additional work for making various data bases communicate with each other, the impossibility to relate some data bases, and the existence of several estimates for the same indicator. The data validation procedures remain limited for some data bases and metadata is often inadequate or unavailable. This reduces the credibility of some data bases and therefore the use by potential users. When two estimates exist for the same indicator, the user is not in a position to explain the differences and determine which data to use. As M&E obligations at local level increase due to new MIS systems being put in place, the consequent multiplicity and duplication of M&E systems leads to fatigue, especially in districts that receive requests to provide the same data to different stakeholders.
622. Demand for evaluation is insufficiently institutionalized to be aligned in a consistent way to national priorities. There are still very few evaluation initiatives developed as part of policy

management and accountability processes. OPM has established a Government Evaluation Facility that contains resources, guidelines, evaluation standards and a data base of information to support all sectors and MDAs on evaluation. However, the Facility needs to be strengthened to support an increased number of evaluations across the public sector and to respond to all evaluation needs of the Country. Nationally, the demand for evaluation is primarily from donors although there is a growing demand on the part of Government. In addition, there are no clear expectations with respect to evaluation and their use, or meaningful incentives to undertake them. Evaluation is mainly oriented towards project evaluations rather than towards programme evaluations. Evaluations are usually donor-funded, neither owned nor shared across the public sector and wider stakeholders.

20.2.3 M&E capacities

623. Although a number of central high level civil servants involved in M&E have received some training in M&E, M&E units are still hampered by insufficient capacities to handle all their M&E obligations. A complicating factor is the high staff turnover which results in further staff training needs. M&E Units are understaffed, and skills, experience and know-how rest mainly with individuals, and are not yet systematically institutionalized. Capacity constraints increase significantly as one moves from central to district level. There is no dedicated M&E officer at district level. M&E functions are conducted by technical and administrative officers (e.g. planning specialist, population specialist, statistics officer, education officer, inspector of schools) who have many other functions and priorities. Their M&E skills are unequal and sometimes quite limited. Areas with important capacity-building needs have been identified by most actors as data management (including proper recording), analytical skills, results monitoring, impact evaluation, internet skills, network skills.

20.3 Lessons learnt and proposed reforms

624. Increase convergence of the existing M&E systems. To address the challenges highlighted in section 11.2, Government developed a policy on Monitoring and Evaluation in the Public Sector to increase the convergence of the existing M&E systems, reduce duplication and the resultant waste of resources. The objective of this policy is to ensure that government programs are effectively and efficiently implemented. The policy will assist **policymakers** in government to make informed decisions based on evidence-based data and information. In addition, government has initiated other reforms complementary to the policy to further address these challenges, including conducting value for money audits, strengthening output based budgeting and results oriented management, and introducing performance contracts for senior civil servants. Government has also established the Government Evaluation Facility (GEF) under Office of Prime Minister to strengthen systems for evidence based policy making. The major role of this facility is to design, conduct, commission, and disseminate evaluations of public policies and major public investments in order to improve the quality and utility of evaluations conducted across government departments.

625. Identify and prioritize information needs. As a demand driven system, it should start by the clear identification of the users of the M&E system at various levels. Producers of information such as UBOS should know in advance what the information needs of the users are, which should in turn be informed by the unified list of indicators agreed on at the national level and included in the National Development Plan.
626. Implement a simple, but robust and useful M&E. At the national level, a simple, yet robust and effective M&E complemented by properly aligned M&E systems at the sector, MDA and Local Government level to allow for aggregation and benchmarking, and used for decision-making and accountability is necessary. Establish a schedule of reporting timelines to ensure proper and timely implementation and results monitoring.
627. Enhance the reporting formats and guidelines. At the macro level, Government has come a long way in working through a unified reporting system through the Programme budgeting tool that is fed by one set of performance indicators, with uniform standards of data collection, analysis and reporting. In addition, Joint evaluations, missions, and reports should be used to the maximum extent possible. However, the tool is limited in terms of the restrictions placed on the number of indicators allowed per sector and the inability to provide explanatory information for performance against set targets. Results' reporting through the tool has not been fully developed to enable online reporting which would reduce paper work and other costs associated with physical management of hard copy reports. The reporting format and system should therefore be reviewed and strengthened to accommodate the information requirements of this plan.
628. Use an incentive system to foster accountability and performance. The budget has been found to be an effective leverage tool when future budget appropriations partly depend on past performance records. However, both monetary and non-monetary incentives should be considered.
629. Build up capacities. Government through OPM developed an M&E training plan and so far 56 Trainers of Trainers have been trained at the Civil Service College in Jinja to facilitate targeted tailor made training on M&E at MDA and LG levels. An M &E capacity development plan, based on a good diagnosis of M&E capacity needs, should be designed and implemented. This plan should include a series of sensitization meetings targeted at policymakers as well as a series of technical training workshops aimed at developing a critical mass of civil servants who are competent in M&E.

20.4 The NDPII M&E System

630. Successful implementation of NDP II will in large part depend on a studious execution of a simple but robust and effective M&E system. Such a system should clearly articulate an M&E institutional framework as well as reporting and dissemination systems and ensure that appropriate M&E capacities are in place. The sections describe the M&E system that will be used to monitor and evaluate the implementation of NDP II. However, before commencement of

implementation, a comprehensive survey of all relevant indicators will be conducted to establish the baseline situation against which the progress and achievement of results will be measured.

20.4.1 Institutional Framework

631. The system proposed below is similar to the one used in Malaysia that enabled it to achieve economic transformation in one generation and has now been introduced in Kenya and Tanzania to guide implementation of those country's Development Plans. The critical point to note is that at the highest decision making level of government, focus will be on monitoring achievement of the "big results", which in the context of this NDP means "Key Sector results, CORE PROJECTS and Presidential Initiatives" at the macro level, and "NDP II Sector Objectives and outcomes" at the sector level, as articulated in the results framework.

- a) **The Presidential Economic Council (PEC):** The Presidential Economic Council chaired by the President will serve as the highest decision making organ of government that will monitor NDPII implementation and hold all responsible government institutions accountable for the achievement of their respective results on an annual basis. To maintain focus on monitoring achievement of the "big results", which in the context of this NDP means "Key Macro and Sectoral results, Core Projects and Presidential Initiatives", OPM/NPA will develop an M&E system to facilitate reporting of these results to PEC.

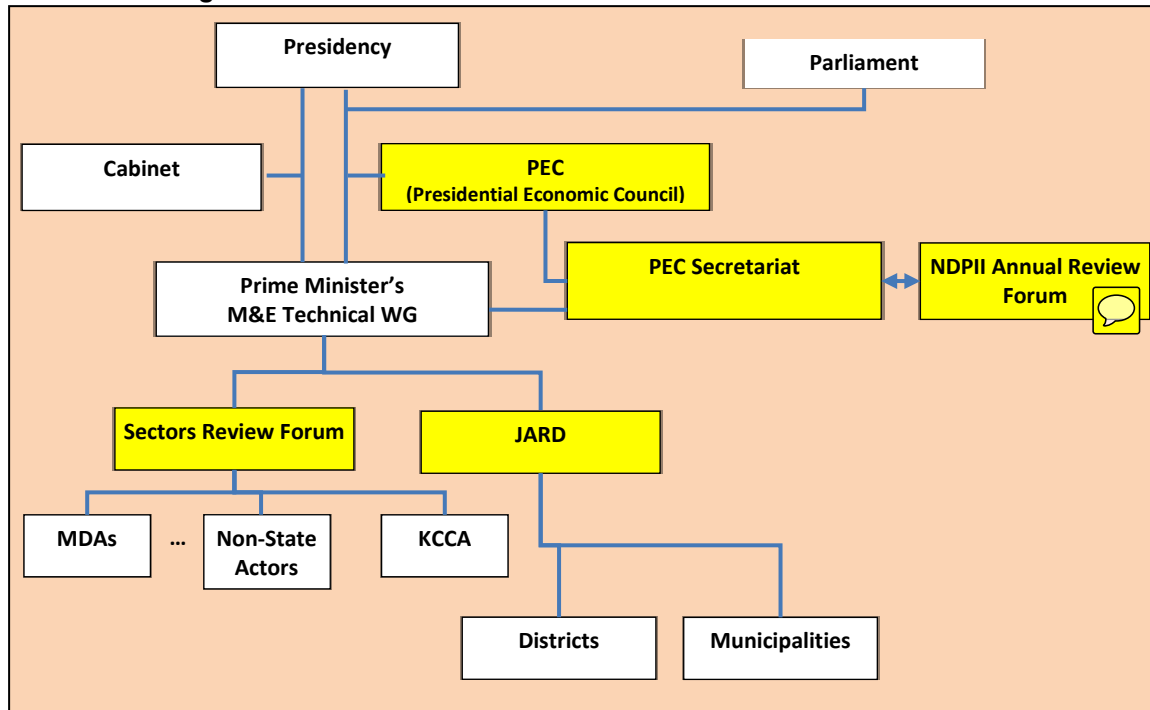
PEC will meet every 2 months and will deal with strategic national economic, policy and development issues as well as tackling implementation challenges in national programmes. The PEC secretariat will continue to be housed in NPA.

- b) **The National M&E Technical Working Group (TWG):** This is a multi-stakeholder body based in the Office of the Prime Minister, which facilitates, enables and provides professional and engaged decision making on M&E in the public sector. The TWG is the primary body responsible for guiding and overseeing the development and implementation of the M&E policy, strategy and system. It is responsible for among other things; providing quality assurance and approval of M&E reports. The TWG works to promote a culture of generating and using M&E results at all levels of government for performance monitoring and decision-making. The TWG will take responsibility for receiving performance data from all implementing agencies, and then compile the semi-annual and annual performance reports that will be submitted to Cabinet, PEC, and other decision making institutions of government.

632. In addition to the above, it is proposed that there will be M&E Forums at various levels of Government to periodically receive updates on status of projects and programs at various stages of the NDPII Public Investment Management cycle.

- a. **NDP Annual Review Forum:** This forum will assess the NDPII performance on an annual basis. The forums will also receive reports on the projects and programmes at various stages of the public investment management cycle i.e. pre-implementation phase, implementation phase and post implementation phase. Chaired by H.E the President, the Forum will comprise Ministers, PSs, CSOs, Local Governments, Cultural Institutions, Development Partners, Faith Based Organizations (FBOs) and Private Sector Representatives. The Forum will be serviced by NPA as its Secretariat.
- b. **Sector Review Forum (SRF):** Under NDP II, sectors M&E capacities will be enhanced to enable them better perform their monitoring and evaluation functions. Sector reviews will focus on reporting performance against agreed priority interventions and results. These reviews will take place twice a year to consider progress made in achieving the sector results, including of programmes implemented by Development Partners, Private Sector and Civil Society. The Sector reviews will be serviced by the Sector secretariats and have as its members the Permanent Secretaries of the MDAs that comprise the sector, NPA and OPM representatives, relevant Private sector and Civil Society representatives, and donors.
- c. **Local Government Review Forum/The Joint Review of Decentralization:** The TORs of the Joint Annual Review of Decentralization will be expanded to also consider progress made by LG on the implementation NDPII priorities at the decentralized level. This Forum will review LG performance on an annual basis. It will also review the status regarding LG projects and programmes at the various stages of the public investment management. It will include Districts, KCCA, City Councils, Municipal Councils, and Town Councils. Relevant FBOs, Cultural Institutions and CSOs may be invited to attend.
- d. **Other Forums to review implementation of the NDP II:** The forums proposed above at the national level will be complemented by others at the district level which will be organized by the district, cities and municipalities with the participation of stakeholders from the district and sub-county level to review progress. These forums will provide a platform for leaders at all levels to provide feedback on implementation of this Development Plan.

Figure 20. 1: Information flow in the NDP II M&E Framework



20.4.2 Performance Reporting and Dissemination of Results

633. The performance monitoring reports that will be produced and disseminated at various levels as outlined in the sections below, include:

a) Economy-Wide Performance Reports

(i) **National Development Report (NDR):** This report will be produced annually by the National Planning Authority and submitted to Parliament, as required by the NPA Act (2002). It will provide a review of the progress made towards achievement of NDPII objectives and targets. The report will contain an assessment of the development performance of the economy including the contribution of the public and private sector as well as other non-state actors. It will be disseminated to all MDAs and other stakeholders (private sector, civil society, development partners, researchers, etc), through the NDPII Annual Review Forum. The report will serve as the main monitoring and evaluation annual feedback from the Authority to stakeholders.

(ii) **Government Annual and Half Annual Performance Report (GAPR & GHAPR):** These reports will continue to be produced annually and semi-annually by the Office of the Prime Minister to facilitate internal review of Government performance by Cabinet. The reports provide analysis of the performance of sectors, ministries, department and agencies against

the national budgetary resource allocations. They are largely focused on assessing progress on interventions that are aimed at achieving planned outputs. As before, the GAPR and GHAPR will continue to be disseminated through the Government Retreat with Cabinet Ministers, Permanent Secretaries, local government leaders and various technical officers in attendance.

(iii) Annual Budget Performance Report (ABPR): The Ministry of Finance, Planning and Economic Development will continue to produce the Annual Budget Performance Report which provides information on the performance of the National Budget against the annual plans. In particular, the report provides analyses of the revenue and expenditure, including sectoral and local government financial and physical performance. The report is disseminated to MDAs and local governments during the national and regional budget conferences, as a key feedback to inform the next budgeting process.

(iv) Annual State of the Economy Report: A state of the economy report will continue to be produced by Bank of Uganda to provide information on the performance of the monetary policy, financial services sector and the external sector. The report also provides an assessment of the performance of the economy in relation to global perspectives and trends, including the economy's prospects. The annual performance of the Bank is also included in the report. The report is largely based on the Bank's transactional records and is the main source of information for Uganda's economic performance review and trend analysis.

b) Sector level reports

(i) Annual and Semi-Annual Sector Performance Reports: The production of sector annual and Semi-annual performance reports was not mandatory during the NDPI. The reports will however be required as the main performance review reference during finalization of the subsequent financial year's BFPs and budget appropriation by Parliament. The report will also be used as the main reference material during the NDPII annual review forum to be conducted in January. Data for production of the reports will be based on the NDP II results indicators. All sectors will be required to produce and disseminate these reports in July and January of each financial year.

c) Local Government level reports

(i) Joint Annual Review of Decentralization (JARD) Reports: Currently local governments produce annual performance reports which are submitted by districts to the ministry of local government for dissemination at the Joint Annual Review of Decentralization (JARD). The JARD report will be restructured to focus on progress in the NDPII implementation by local

governments. District Planning Units will be strengthened to provide data for preparation of the JARD reports, including generating Semi-annual and annual NDPII progress reports.

20.4.3 Building M&E capacities

634. The NDPI mid-term review highlighted the need to strengthen M&E capacities at various levels i.e. National level, Sector level, and local government level. So far, the Office of the Prime Minister has been implementing a capacity development programme through which a number of M&E staff from the Public and Private sector as well as CSOs have been trained within and outside the country. In addition OPM has strengthened the capacity of the Civil Service College in Jinja through the provision of training and IT equipment, development of training modules and other resources to further enhance M&E capacity. However, capacity needs still exist.

635. In response to this need, OPM working together with the NPA will prepare a detailed training plan, based on a good diagnostic of M&E capacity needs, for the key M&E officers in OPM, NPA, the sectors and MDAs, and the local governments. The training plan will comprise of both; sensitization meetings targeted at policymakers as well as technical training workshops aimed at building a critical mass of civil servants. In addition, government MDAs and local governments will be required allocate more funds to M&E departments to enable them deploy adequate human, material and financial resources for quality and useful M&E.

636. The OPM, in consultation with NPA will work with MDAs and LGs to define:

- Minimal requirements in terms of staffing at each level. At a minimum, there should be an M&E officer at district level;
- Clear roles and responsibilities for each position in the M&E units at each level;
- Minimum funding requirements for the M&E units at each level.

637. The gaps and capacity building actions required for each of the key institutions at each level are given below:

a) National Level

i) **Parliament:** The M&E capacity gaps at Parliament relate to the need to strengthen the oversight monitoring, accountability and reporting. In particular, there is need to enhance capacity for coordinated reporting on oversight field monitoring and reporting on oversight committee recommendations and follow up actions. Capacity strengthening is also required for the Parliament's M&E department to synthesize and provide sufficient briefs for timely parliamentary follow up of recommendations contained in statutory reports.

ii) **OPM:** The capacity building needs of OPM were identified by the NDPI MTR to include; (i) training of existing staff, (ii) equipment, (iii) resources for coordination of JAF results; (iv) MDA M&E capacity building resources; (v) capacity for facilitating alignment of sector and LG BFPs

and work-plans to the NDP II; and (vi) capacity strengthening for production of the GAPR, vii) Strengthening the Government Evaluation Facility (GEF). The Office of the Prime Minister has designed an MIS called the Prime Ministers Management Information System (PIMIS) to support the collection and storage of data for NDP II reporting. The platform for this MIS system will be interfaced with other M&E MIS systems such as the GAPR, HMIS, EMIS etc. to enable increased sharing of information for M&E across government. A pilot is being conducted in 3 MDAs namely Office of the Prime Minister, Ministry of Energy and Mineral Development and Ministry of Health.

- iii) **NPA:** It will be necessary to address NPA M&E capacity needs in order to facilitate operationalization of the M&E systems proposed in the NDP II as the Authority is a central player in designing and making operational these systems. The areas where capacity is required at NPA include: (i) Beefing up of M&E staffing levels; (ii) Equipment; (iii) System development and maintenance; and (iv) Resources for coordination of the results Systems and operations.
- iv) **National NGO Forum:** Strengthening of capacity is required at the NGO Forum to particularly support participation of the civil society in providing independent assessments on NDP implementation and overall service delivery. Capacity strengthening for the NGO Forum has been identified to include: (i) training of trainers for field work, data collection and analysis; (ii) building capacity for designing of surveys and evaluative studies; and (iii) capacity for reporting and communication of findings.

b) Sector Level

- i) **Ministry of Finance Planning and Economic Development (MoFPED):** M&E capacity needs at MoFPED have been identified to include: (i) capacity strengthening for production of the annual budget performance report; (ii) capacity for continued alignment of the NBFPs and the sector BFPs to the National Development Plan; and (iii) capacity for timely production of the expenditure outlays reports.
- ii) **Ministry of Local Government:** The Ministry of Local Government will play a coordination and central reporting and feedback role between LGs and MDAs. This will require capacity in the areas of; (i) technical capacity for coordinating the design and implementation of NDP II LG results framework and reporting systems; and (ii) LGs capacity building resources.
- iii) **Other MDAs:** The MDAs' existing capacities were assessed and the following needs identified: (i) designing, establishing and maintaining MIS' for the NDP reporting system; (ii) training of personnel to be identified for NDP progress reporting and M&E in general; and (iii) NDP II M&E data collection, analysis and reporting.

c) Local Government Level

638. The capacity gaps identified at LGs include: (i) staff recruitment and training; (ii) equipment (solar, computers); (iii) resources for identified 17 regional centres' data collection, data entry, coordination and reporting; (iv) data collection, coordination and production of the District NDP progress reports; and (v) provision of office space for district M&E units.

20.5 Evaluation

639. To ensure learning from implementation of public policy interventions, at least 50 percent of public investment projects will be subjected to rigorous evaluation or value-for-money audit. All MDALGs, in collaboration with other members of their respective Sector Working Group, will prepare and implement a five-year rolling Evaluation Plan. All projects over 70 billion shillings will be subjected to rigorous evaluation. The type of evaluation to be planned for and conducted should reflect the nature and scope of the public investment. As a minimum requirement, each project in this category will be required to conduct the following:
- (i) A Baseline study during the preparatory design phase of the project
 - (ii) A Mid-term review at the mid-point in the project to assess progress against objectives and provide recommendations for corrective measures
 - (iii) A Final evaluation or value-for-money audit at the end of the project. A VFM audit will be carried out for key front-line service delivery project where value for money is identified as a primary criterion. All other projects will be subjected to standard rigorous final evaluation.
640. The lead implementing Ministry, in collaboration with the Evaluation Sub-committee in OPM will be responsible for the design, management and follow-up of their programme and project evaluations (including baseline and mid-term reviews). All project evaluations will be conducted by external evaluators to ensure independence. The Office of the Prime Minister will provide standards and guidance for conducting project evaluations, and will manage an evaluation database.
641. In the case of Public Policy Evaluation, Cabinet will determine a 5-year rolling agenda of public policies and topics of major national interest to be subjected to rigorous independent evaluation. These evaluations will be managed under the Government Evaluation Facility, managed by the Office of the Prime Minister, and overseen by a national evaluation sub-committee with membership drawn from the Ministry of Finance, Planning and Economic Development, the Ministry of Public Service, the National Planning Authority, the Uganda Bureau of Statistics, and with representation from academia, the voluntary and private sectors and Uganda's development partners. The financing of public policy evaluations will be budgeted for under the Office of the Prime Minister Development Budget.

20.6 NDPII Results Framework

642. The results framework presented below focuses on measurement of results at the national aggregate (Macro) and sectoral level. It therefore includes only the Goal, national level objectives, sector level objectives and outcomes. This results framework will be complimented by Results Frameworks in the SDPs and LGDPs that will articulate further detailed sub-outcomes, outputs and their indicators which will be directly aligned to this Results Framework. NPA will conduct a baseline survey within the first six months of the passage of this Plan to determine baselines and establish targets for all the indicators in the Results Framework. NPA will take lead in conducting a mid-term and final evaluation of the NDP and present the results to the bodies described above for consideration as well as to guide preparation of the next Development Plan. The Result Framework will be used to measure and assess progress during implementation of this Plan.

20.7 Project

643. **Strengthening Performance Monitoring and Evaluation (SPME):** The project will focus on strengthening the use of evaluation and monitoring frontline service delivery and citizen based monitoring to inform Government work of delivery of results to the citizens. The outcome of SPME Project is 'effective frontline service delivery, citizens based monitoring and an outcomes system evaluation support for accountability to the citizens of Uganda'

ANNEXES

Annex 1: Agricultural Development Value Chain

	1. Production	2. Transportation	3. Storage	4. Processing	5. Marketing and Distribution
Activities	<ul style="list-style-type: none"> Research and Development Capacity building in Agriculture R & D Providing specific Input supply Planting (crop management) Breeding Harvesting and post-harvest handling Providing extension services Proper land management Quality Control Providing and ensuring security 	<ul style="list-style-type: none"> Purchase of raw output from farmers and out growers Bulking and Hauling Maintenance of transport infrastructure 	<ul style="list-style-type: none"> Ware housing Packaging Pest control Refrigeration 	<ul style="list-style-type: none"> Branding Packaging Additives Quality control Environmental awareness 	<ul style="list-style-type: none"> Adverts promotions shipping
Constraints	<ul style="list-style-type: none"> Over dependency on rainfall Limited agricultural finance Inadequate security of land tenure Poor management of pests and diseases Limited availability of farm inputs Limited use and adaptation of technology Inadequacy of meteorological services/information Shortage in quality technical support Insufficient volumes of output to sustain markets 	<ul style="list-style-type: none"> Inadequate and poor transport infrastructure (roads and railway) Inadequate vehicle fleets to transport commodities. 	<ul style="list-style-type: none"> Inadequate post-harvest facilities 	<ul style="list-style-type: none"> Inadequate energy infrastructure Poor environmental management. Inadequate access to finance Inadequate awareness of investment opportunities Inconsistent supply of produce 	<ul style="list-style-type: none"> Inadequate physical infrastructure Weak standards, food safety and quality Inadequate market information
Actors	<ul style="list-style-type: none"> Farmers and Labour Farmers associations Extension workers Land lords MAAIF Defence and Security Research Institutions Agro-input dealers Tertiary institutions 	<ul style="list-style-type: none"> Private sector MoWT UNRA Public Transport SMEs Tracking companies Defence and Security 	<ul style="list-style-type: none"> Traders Manufacturers Agro dealers MTIC UNBS MEMD Defence and Security 	<ul style="list-style-type: none"> SMEs UNBS MEMD Manufacturers NEMA Defence and Security 	<ul style="list-style-type: none"> Gov't Marketers Traders Exporters Private sector Farmers markets Supermarkets Defence and Security

Annex 2: Tourism Development Value Chain

	1. Pre-Visit	2. International Transport	3. Information and Reception	4. Local Transport	5. Hospitality	6. Excursions
Activities	<ul style="list-style-type: none"> Strategic marketing of the prioritized products in traditional and other sources of tourists Public Relations Providing information on attractions 	<ul style="list-style-type: none"> International connectivity Regional connectivity Airport maintenance, expansion & upgrading Providing and ensuring security 	<ul style="list-style-type: none"> Ground handling Checking in & out Information provision on arrival Providing and ensuring security 	<ul style="list-style-type: none"> Transportation to various destinations Transport infrastructure, upgrading and maintenance Providing and ensuring security 	<ul style="list-style-type: none"> Accommodation Entertainment Food Shopping Construction Security, law and order Conferences 	<ul style="list-style-type: none"> Travel guidance Transportation Information provision Tourism experience Maintenance and conservation of tourist attractions Tourism policing
Constraints	<ul style="list-style-type: none"> Dependency on traditional sources of tourists (Africa and Europe) 	<ul style="list-style-type: none"> One international airport that is too small to meet the growing international traffic Few direct flights from source markets Lack of a national air carrier which would be used to market 	<ul style="list-style-type: none"> Inadequate skills and competences 	<ul style="list-style-type: none"> Inadequate tourism roads infrastructure 	<ul style="list-style-type: none"> Inadequate skills and competences inadequate lodging facilities Low productivity levels of staff, Inadequate international banking facilities 	<ul style="list-style-type: none"> Inadequate skills and competences Product offering does not yet match the extensive set of natural and cultural resources
Actors	<ul style="list-style-type: none"> Travel Agents Foreign Missions UTB Tour Operators PR firms MoTWA Media 	<ul style="list-style-type: none"> Airlines Railway Water CAA MoWT Defence and Security 	<ul style="list-style-type: none"> Immigration UTB Airlines Private sector MoTWA Defence and Security 	<ul style="list-style-type: none"> Local & regional airlines Tour & Travel operators Public transport MoWT UNRA UWA Defence and Security 	<ul style="list-style-type: none"> Hotels, Motels, guest houses etc. Bars, restaurants, Discotheques, etc. Shopping centers, souvenir shops etc Defence and security UWA UIA Tourism private sector actors Banks The Ugandan People 	<ul style="list-style-type: none"> Guides, Tour operators Travel agencies UTB UWA Artist's Associations Hotels, tour operators Artists Cultural institutions Other private sector actors

Annex 3: Uganda's Mineral, Oil and Gas Development Value Chain

	1. Prospecting	2. Exploration	3. Mining and Extraction	4. Beneficiation and Refining	5. Marketing
Activities	<ul style="list-style-type: none"> Geological Surveying Licensing 	<ul style="list-style-type: none"> Pre-feasibility study, metallurgical test work, Engineering, economic and environmental studies Land acquisition Incentives framework PPP Environmental impact assessment On site construction and technology adoption Resettlement Aerial survey 	<ul style="list-style-type: none"> Legal framework Environmental management Occupational health and safety Human resource and training Environmental management Human resource skilling Technology Utilisation of co-existing minerals Management of the Bi products Occupational health and safety 	<ul style="list-style-type: none"> Smelting Environmental management Human resource skilling Technology Management of the Bi products Occupational health and safety 	<ul style="list-style-type: none"> Packaging Advertising Transportation
Constraint	<ul style="list-style-type: none"> Limited application of Scientific and technological methods for surveying Inadequate geo-data to enable an investor take a business decision geoscientists, mining engineers, and other expertise in the area of value addition are critically wanting 	<ul style="list-style-type: none"> Inadequate transport infrastructure Limited expertise and equipment non-compliance to licence terms Inappropriate grant of exploration rights Limited or no' due diligence The land tenure system poses a challenge to acquisition of surface rights Lack of professional courses in processing, and geophysics 	<ul style="list-style-type: none"> Limited mechanization, Highly reliability on manual labour Informally organized Hazardous working conditions, Lack of planning Issues related to child labour, poor health conditions and gender inequalities inadequate power supply and transport infrastructure limited mining expertise addition are critically wanting 	<ul style="list-style-type: none"> Inadequate energy for refining Capital intensive activities Inadequate refining plants Labour intensive processes, such as craft jewellery, metal fabrication and ceramic pottery Limited expertise in the area of value addition Smuggling of un-refined minerals to neighbouring countries 	<ul style="list-style-type: none"> Limited value addition and therefore failure to access niche markets Inadequate transport infrastructure to facilitate exploitation of minerals. Insufficient production volumes to warrant the attention of credible buyers Inadequate numbers of marketing professionals with adequate knowledge of the demands of niche markets.
Actors	<ul style="list-style-type: none"> MEMD UNCST MoLG MLHUD Local Governments Communities Parliament MGLSD/OP STI 	<ul style="list-style-type: none"> MEMD STI Sector UNCST Private Sector Communities Local Governments NEMA Parliament MoH MoES(BTVET) SPV 	<ul style="list-style-type: none"> MEMD STI Sector UNCST Private Sector Local Governments NEMA MoH MoES(BTVET) MGLSD(Labour) 	<ul style="list-style-type: none"> MEMD STI Sector UNCST Private Sector Local Governments NEMA MoH MoES(BTVET) MGLSD(Labour) MoWE 	<ul style="list-style-type: none"> MoWT Private Sector MoTIC

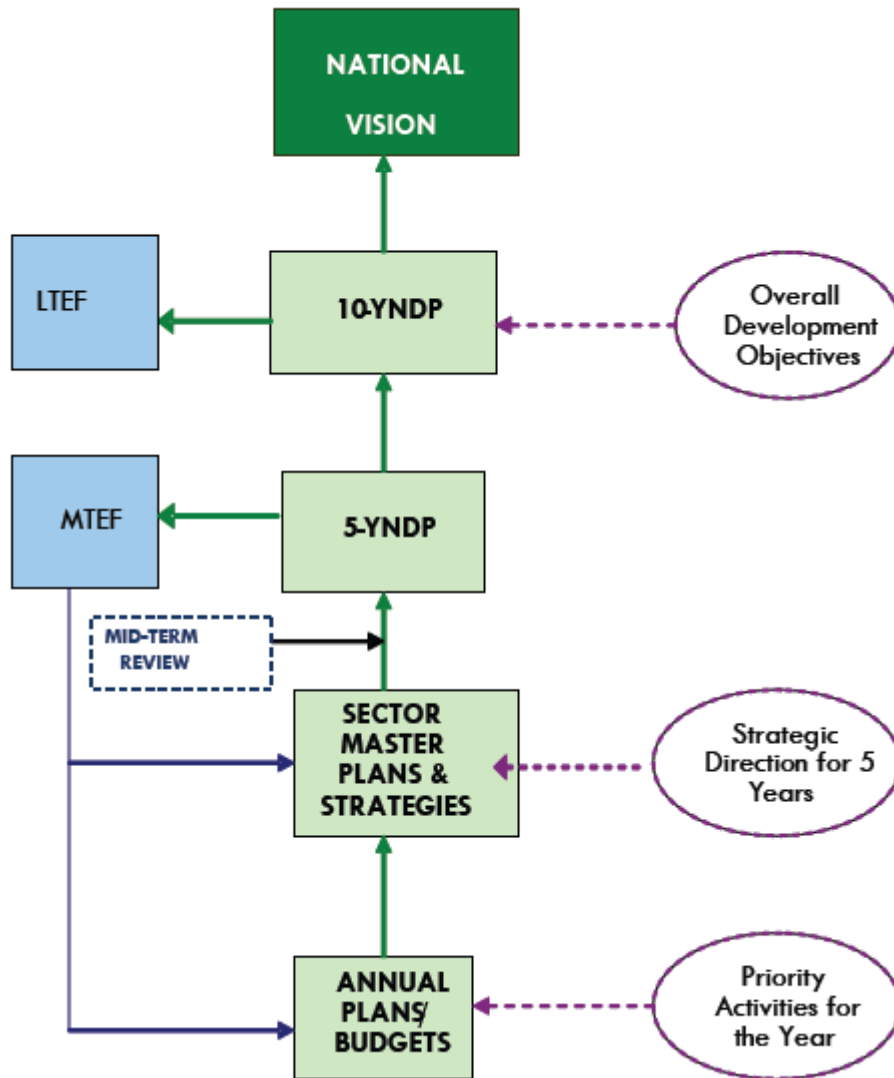
Annex 4: Infrastructure Development Project Cycle

	1. Planning	2. Financing & Procurement	3. Implementation	4. Operation & Maintenance
Activities	<ul style="list-style-type: none"> Project identification and prioritization Project feasibility study (highly technical, commercial, legal and environmental) Engineering and design Project Appraisal EIA Stakeholder consultations Project approval, per its, licenses 	<ul style="list-style-type: none"> Project financing Contracting (bidding structures) Procurement practices 	<ul style="list-style-type: none"> Construction and supervision Spatial mapping Quality assurance (environment, health and safety) 	<ul style="list-style-type: none"> Monitoring and evaluation Auditing and reporting Upgrade and renewal Continuous skills development
Constraints	<ul style="list-style-type: none"> Inadequate planning and management Shortages in project financing Weak policies, laws, regulations and institutions to support development of projects Long bureaucratic approval processes Challenges with land acquisition Inadequate skilled human capital 	<ul style="list-style-type: none"> Shortages in financing/Underfunding Inadequate Procurement systems Slow progress of PPPs Lack of bankable project Lack of skilled man power 	<ul style="list-style-type: none"> Shortages in financing/Underfunding Inadequate Procurement systems Slow progress of PPPs Lack of bankable project Lack of skilled man power 	<ul style="list-style-type: none"> Poor project management Inadequate financial provision for infrastructure maintenance Poor project finance discipline
	<ul style="list-style-type: none"> MoWT UNRA MEMD MoA MoWE Development partners Private Sector NEMA CSOs Local Governments 	<ul style="list-style-type: none"> MoFPED Private sector UNRA Development partners Contractors/consultants/Providers 	<ul style="list-style-type: none"> MoWT Civil Societies/Anti-Corruption Activists UNRA MTIC MEMD Defence and Security 	<ul style="list-style-type: none"> Civil Societies/Anti-Corruption Activists MEMD NEMA OPM Defence and Security

Annex 5: Human Capital Development Cycle

	1. Pregnancy to birth	2. 0 - 5 years of age	3. 6 - 12 years of age	4. 13 - 17 years of age	5. 18 -24 years of age	6. 25 + years of age
Issues	<ul style="list-style-type: none"> • High infant and maternal mortality • Maternal under-nutrition 	<ul style="list-style-type: none"> • High Child Mortality rate • High prevalence of stunting 	<ul style="list-style-type: none"> • High dropout rate • Low quality of education • Disease prevalence • Inadequate provision of physical education • Inadequate quality sports academies 	<ul style="list-style-type: none"> • High dropout • Early marriage • Teenage pregnancy • HIV/AIDS prevalence 	<ul style="list-style-type: none"> • Relevance of existing curricula • High HIV/AIDS prevalence • Occupational hazards 	<ul style="list-style-type: none"> • Low levels of practical work skills • Low motivation of workers • Prevalence of communicable and non-communicable diseases
Activities	<ul style="list-style-type: none"> • Planned pregnancies, reduction of HIV/AIDS • Elimination of mother to child transmission • Proper nutrition and sanitation practices • Provision of adequate reproductive information • Improve availability and accessibility of Antenatal, Safe delivery and Postnatal 	<ul style="list-style-type: none"> • Birth registration • Proper nutrition • Promotion, prevention and treatment (PPT) • Provision of safe water and sanitation • Early childhood development • Eliminating Domestic violence • Policy and enabling environment 	<ul style="list-style-type: none"> • Elimination of dropout • Promotion, prevention and treatment (PPT) • Enhance the quality of education • Enhance access to inclusive education and health services • Talent identification and nurturing • Policy and enabling environment 	<ul style="list-style-type: none"> • Elimination of dropout • Adequate reproductive sexual health information and services • Improved sanitation and hygiene • Increased practical and vocational training • Talent development • Policy and enabling environment • Life skills (e.g. vocational, attitudinal, etc.) 	<ul style="list-style-type: none"> • High level of creativity and innovation • Nurturing skilled, talented & High productive labour force • Life skills (e.g. vocational, attitudinal, etc.) • Tailor training to labor market needs. • Policy and enabling environment 	<ul style="list-style-type: none"> • Refresher courses in relevant skills • Link schooling with labor market requirements. • Reduce incidence of communicable and non-communicable diseases • Improve on compensation and motivation • Strengthen safety and health at a workplace • Policy and enabling environment
Actors	<ul style="list-style-type: none"> • Ministry of Health • LGs, • MoGLSD, • MAAIF, • MOES • Cultural Institutions • CSOs • MTTI • Religious institutions 	<ul style="list-style-type: none"> • Ministry of Health • LGs, • MoGLSD, • MAAIF, • MOES • Cultural Institutions • CSOs • Private Sector(e.g daycare centers and kindergartens) • MTTI 	<ul style="list-style-type: none"> • Ministry of Health • LGs, • MoGLSD, • MAAIF, • MOES • Cultural Institutions • CSOs • UOC • Private Sector (e.g. sports academies) 	<ul style="list-style-type: none"> • Ministry of Health • LGs, • MoGLSD, • MAAIF, • MOES • Cultural Institutions • CSOs • UOC • Private Sector (e.g. sports academies) • Religious institutions 	<ul style="list-style-type: none"> • Ministry of Health • LGs, • MoGLSD, • MAAIF, • MOES • Cultural Institutions • CSOs • UOC • Private Sector (e.g. sports academies) • Religious institutions 	<ul style="list-style-type: none"> • Private sector, • MoH, • MoES, • Defence and Security

Annex 6: Comprehensive National Development Planning Framework (CNDPF)



Annex 7: Progress on implementation of core projects

Core Project	State Of Progress
1. Water for Production	
<ul style="list-style-type: none"> Construction of five irrigation systems 	Rehabilitation of Doho, Agoro, Mubuku rice irrigation schemes was completed. Olweny rice irrigation scheme and Kiige, are on track.
2. Oil and Gas	
<ul style="list-style-type: none"> Refinery development 	Procurement of lead investor was completed. Project is expected to be finalised by the end of NDPII period.
<ul style="list-style-type: none"> Construction of inter-state distribution pipeline 	<p>For the pipeline for refined products discussion are on-going under the Northern Corridor Development Agenda.</p> <p>For crude oil pipeline development, the commercialization plan (Memorandum of Understanding, MOU) between GOU and upstream companies.</p>
3. Energy Infrastructure	
<ul style="list-style-type: none"> Construction of Karuma HEP project (600MW) 	Work has commenced and is on track to be completed during the NDPII period.
<ul style="list-style-type: none"> Construction of Ayago HEP project 	Memorandum with construction company has been signed; feasibility study underway.
<ul style="list-style-type: none"> Construction of Isimba HEP Project (140MW) 	Work has commenced and is on track to be completed during the NDPII period.
4. Transport Infrastructure	
<ul style="list-style-type: none"> Rehabilitate the existing railway lines 	Rehabilitation of Malaba - Kampala and Tororo-Gulu have been rehabilitated, but Kasese-Kampala remains undone
<ul style="list-style-type: none"> Construct the standard gauge rail from Malaba to Kampala, Malaba- Nimule, Kampala-Kasese-Mirama Hills 	Preliminary engineering studies underway, cooperation agreements with Heads of state have been signed; some routes of the project are expected to be completed within NDPII period. Solicitation of funding is also underway.
<ul style="list-style-type: none"> Improve water transport on lake Victoria 	Slow progress
5. Improve transport infrastructure and safety for Greater Metropolitan Kampala	Feasibility study for flyover from Queensway to Jinja Road roundabout finalised. Rapid Bus Transport System not yet implemented.

Mining	
6. Construction and development of phosphate industry in Tororo	Memorandum of Understanding has been signed, mining lease issued and preliminary works have begun.
7. Development and production of iron ore ingots	No tangible progress. Fragmentation of surface rights has hampered implementation of the project.
Others	
8. National non-formal skills development programme	Strategic plan for the BTVET program has been developed and proposal for skilling Uganda has also been developed. Institutional implementation constraints have hampered the progress.
9. Construction and development of 4 regional science parks and technology incubation centres (SPTIC)	No tangible progress.
10. Information Technology (IT) business parks construction project	No tangible progress

Source: Mid-Term Review of the NDP 2013 and sector consultations

Annex 8: List of recommended post 2015 goals and targets

<p>1. End poverty in all its forms everywhere</p>	<p>1.1 by 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than USD1.25 a day</p> <p>1.2 by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p>1.3 implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable</p> <p>1.4 by 2030 ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance</p> <p>1.5 by 2030 build the resilience of the poor and those in vulnerable situations, and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters</p> <p>1.a. ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation to provide adequate and predictable means for developing countries, in particular LDCs, to implement programmes and policies to end poverty in all its dimensions</p> <p>1.b create sound policy frameworks, at national, regional and international levels, based on pro-poor and gender-sensitive development strategies to support accelerated investments in poverty eradication actions</p>
<p>2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture</p>	<p>2.1 by 2030 end hunger and ensure access by all people, in particular the poor and people in vulnerable situations including infants, to safe, nutritious and sufficient food all year round</p> <p>2.2 by 2030 end all forms of malnutrition, including achieving by 2025 the internationally agreed targets on stunting and wasting in children under five years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women, and older persons</p> <p>2.3 by 2030 double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment</p>

	<p>2.4 by 2030 ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality</p> <p>2.5 by 2020 maintain genetic diversity of seeds, cultivated plants, farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at national, regional and international levels, and ensure access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge as internationally agreed</p> <p>2.a increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development, and plant and livestock gene banks to enhance agricultural productive capacity in developing countries, in particular in least developed countries</p> <p>2.b. correct and prevent trade restrictions and distortions in world agricultural markets, including the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect in accordance with the mandate of the Doha Development Round</p> <p>2.c. adopt measures to ensure the proper functioning of food commodity markets and their derivatives, and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility</p>
<p>3. Ensure healthy lives and promote well-being for all at all ages</p>	<p>3a. by 2030 reduce the global maternal mortality ratio to less than 70 per 100,000 live births</p> <p>3.2 by 2030 end preventable deaths of newborns and under-five children</p> <p>3.3 by 2030 end the epidemics of AIDS, tuberculosis, malaria, and neglected tropical diseases and combat hepatitis, water-borne diseases, and other communicable diseases</p> <p>3.4 by 2030 reduce by one-third pre-mature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and wellbeing</p> <p>3.5 strengthen prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol</p> <p>3.6 by 2020 halve global deaths and injuries from road traffic accidents</p> <p>3.7 by 2030 ensure universal access to sexual and reproductive health care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes</p>

	<p>3.8 achieve universal health coverage (UHC), including financial risk protection, access to quality essential health care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all</p> <p>3.9 by 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination</p> <p>3.a strengthen implementation of the Framework Convention on Tobacco Control in all countries as appropriate</p> <p>3.b support research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration which affirms the right of developing countries to use to the full the provisions in the TRIPS agreement regarding flexibilities to protect public health and, in particular, provide access to medicines for all</p> <p>3.c increase substantially health financing and the recruitment, development and training and retention of the health workforce in developing countries, especially in LDCs and SIDS</p> <p>3.d strengthen the capacity of all countries, particularly developing countries, for early warning, risk reduction, and management of national and global health risks</p>
<p>4. Ensure inclusive and equitable quality education and promote life-long learning opportunities for all</p>	<p>4.1 by 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p> <p>4.2 by 2030 ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education</p> <p>4.3 by 2030 ensure equal access for all women and men to affordable quality technical, vocational and tertiary education, including university</p> <p>4.4 by 2030, increase by xpercent the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>4.5 by 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations</p> <p>4.6 by 2030 ensure that all youth and at least xpercent of adults, both men and women, achieve literacy and numeracy</p> <p>4.7 by 2030 ensure all learners acquire knowledge and skills needed to promote</p>

	<p>sustainable development, including among others through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development</p> <p>4.a build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</p> <p>4.b by 2020 expand by xpercent globally the number of scholarships for developing countries in particular LDCs, SIDS and African countries to enrol in higher education, including vocational training, ICT, technical, engineering and scientific programmes in developed countries and other developing countries</p> <p>4.c by 2030 increase by xpercent the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially LDCs and SIDS</p>
5. Achieve gender equality and empower all women and girls	<p>5.1 end all forms of discrimination against all women and girls everywhere</p> <p>5.2 eliminate all forms of violence against all women and girls in public and private spheres, including trafficking and sexual and other types of exploitation</p> <p>5.3 eliminate all harmful practices, such as child, early and forced marriage and female genital mutilations</p> <p>5.4 recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies, and the promotion of shared responsibility within the household and the family as nationally appropriate</p> <p>5.5 ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life</p> <p>5.6 ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the ICPD and the Beijing Platform for Action and the outcome documents of their review conferences</p> <p>5.a undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources in accordance with national laws</p> <p>5.b enhance the use of enabling technologies, in particular ICT, to promote women's empowerment</p> <p>5.c adopt and strengthen sound policies and enforceable legislation for the promotion of</p>

	gender equality and the empowerment of all women and girls at all levels
6. Ensure availability and sustainable management of water and sanitation for all	<p>6.1 by 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>6.2 by 2030, achieve access to adequate and equitable sanitation and hygiene for all, and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</p> <p>6.3 by 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and increasing recycling and safe reuse by xpercent globally</p> <p>6.4 by 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity, and substantially reduce the number of people suffering from water scarcity</p> <p>6.5 by 2030 implement integrated water resources management at all levels, including through transboundary cooperation as appropriate</p> <p>6.6 by 2020 protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes</p> <p>6.a by 2030, expand international cooperation and capacity-building support to developing countries in water and sanitation related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies</p> <p>6.b support and strengthen the participation of local communities for improving water and sanitation management</p>
7. Ensure access to affordable, reliable, sustainable, and modern energy for all	<p>7.1 by 2030 ensure universal access to affordable, reliable, and modern energy services</p> <p>7.2 increase substantially the share of renewable energy in the global energy mix by 2030</p> <p>7.3 double the global rate of improvement in energy efficiency by 2030</p> <p>7.a by 2030 enhance international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies</p> <p>7.b by 2030 expand infrastructure and upgrade technology for supplying modern</p>

	and sustainable energy services for all in developing countries, particularly LDCs and SIDS
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<p>8.1 sustain per capita economic growth in accordance with national circumstances, and in particular at least 7percent per annum GDP growth in the least-developed countries</p> <p>8.2 achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour- intensive sectors</p> <p>8.3 promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services</p> <p>8.4 improve progressively through 2030 global resource efficiency in consumption and production, and endeavour to decouple economic growth from environmental degradation in accordance with the 10-year framework of programmes on sustainable consumption and production with developed countries taking the lead</p> <p>8.5 by 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.6 by 2020 substantially reduce the proportion of youth not in employment, education or training</p> <p>8.7 take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour, eradicate forced labour, and by 2025 end child labour in all its forms including recruitment and use of child soldiers</p> <p>8.8 protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment</p> <p>8.9 by 2030 devise and implement policies to promote sustainable tourism which creates jobs, promotes local culture and products</p> <p>8.10 strengthen the capacity of domestic financial institutions to encourage to expand access to banking, insurance and financial services for all</p> <p>8.a increase Aid for Trade support for developing countries, particularly LDCs, including through the Enhanced Integrated Framework for LDCs</p> <p>8.b by 2020 develop and operationalize a global strategy for youth employment and</p>

	implement the ILO Global Jobs Pact
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<p>9.1 develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p>9.2 promote inclusive and sustainable industrialization, and by 2030 raise significantly industry's share of employment and GDP in line with national circumstances, and double its share in LDCs</p> <p>9.3 increase the access of small-scale industrial and other enterprises, particularly in developing countries, to financial services including affordable credit and their integration into value chains and markets</p> <p>9.4 by 2030 upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities</p> <p>9.5 enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, particularly developing countries, including by 2030 encouraging innovation and increasing the number of R&D workers per one million people by xpercent and public and private R&D spending</p> <p>9.a facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, LDCs, LLDCs and SIDS</p> <p>9.b support domestic technology development, research and innovation in developing countries including by ensuring a conducive policy environment for inter alia industrial diversification and value addition to commodities</p> <p>9.c significantly increase access to ICT and strive to provide universal and affordable access to internet in LDCs by 2020</p>
10. Reduce inequality within and among countries	<p>10.1 by 2030 progressively achieve and sustain income growth of the bottom 40percent of the population at a rate higher than the national average</p> <p>10.2 by 2030 empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>10.3 ensure equal opportunity and reduce inequalities of outcome, including through eliminating discriminatory laws, policies and practices and promoting appropriate</p>

	<p>legislation, policies and actions in this regard</p> <p>10.4 adopt policies especially fiscal, wage, and social protection policies and progressively achieve greater equality</p> <p>10.5 improve regulation and monitoring of global financial markets and institutions and strengthen implementation of such regulations</p> <p>10.6 ensure enhanced representation and voice of developing countries in decision making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions</p> <p>10.7 facilitate orderly, safe, regular and responsible migration and mobility of people, including through implementation of planned and well-managed migration policies</p> <p>10.a implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with WTO agreements</p> <p>10.b encourage ODA and financial flows, including foreign direct investment, to states where the need is greatest, in particular LDCs, African countries, SIDS, and LLDCs, in accordance with their national plans and programmes</p> <p>10.c by 2030, reduce to less than 3percent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5percent</p>
11. Make cities and human settlements inclusive, safe, resilient and sustainable	<p>11.1 by 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums</p> <p>11.2 by 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p> <p>11.3 by 2030 enhance inclusive and sustainable urbanization and capacities for participatory, integrated and sustainable human settlement planning and management in all countries</p> <p>11.4 strengthen efforts to protect and safeguard the world's cultural and natural heritage</p> <p>11.5 by 2030 significantly reduce the number of deaths and the number of affected people and decrease by ypercent the economic losses relative to GDP caused by disasters, including water-related disasters, with the focus on protecting the poor and people in vulnerable situations</p> <p>11.6 by 2030, reduce the adverse per capita environmental impact of cities, including by</p>

	<p>paying special attention to air quality, municipal and other waste management</p> <p>11.7 by 2030, provide universal access to safe, inclusive and accessible, green and public spaces, particularly for women and children, older persons and persons with disabilities</p> <p>11.a support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning</p> <p>11.b by 2020, increase by xpercent the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, develop and implement in line with the forthcoming Hyogo Framework holistic disaster risk management at all levels</p> <p>11.c support least developed countries, including through financial and technical assistance, for sustainable and resilient buildings utilizing local materials</p>
12. Ensure sustainable consumption and production patterns	<p>12.1 implement the 10-Year Framework of Programmes on sustainable consumption and production (10YFP), all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries</p> <p>12.2 by 2030 achieve sustainable management and efficient use of natural resources</p> <p>12.3 by 2030 halve per capita global food waste at the retail and consumer level, and reduce food losses along production and supply chains including post-harvest losses</p> <p>12.4 by 2020 achieve environmentally sound management of chemicals and all wastes throughout their life cycle in accordance with agreed international frameworks and significantly reduce their release to air, water and soil to minimize their adverse impacts on human health and the environment</p> <p>12.5 by 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse</p> <p>12.6 encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p> <p>12.7 promote public procurement practices that are sustainable in accordance with national policies and priorities</p> <p>12.8 by 2030 ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p> <p>12.a support developing countries to strengthen their scientific and technological</p>

	<p>capacities to move towards more sustainable patterns of consumption and production</p> <p>12.b develop and implement tools to monitor sustainable development impacts for sustainable tourism which creates jobs, promotes local culture and products</p> <p>12.c rationalize inefficient fossil fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities</p>
13. Take urgent action to combat climate change and its impacts	<p>13.1 strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries</p> <p>13.2 integrate climate change measures into national policies, strategies, and planning</p> <p>13.3 improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning</p> <p>13.a implement the commitment undertaken by developed country Parties to the UNFCCC to a goal of mobilizing jointly USD100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible</p> <p>13.b Promote mechanisms for raising capacities for effective climate change related planning and management, in LDCs, including focusing on women, youth, local and marginalized communities</p>
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<p>by 2025, prevent and significantly reduce marine pollution of all kinds, particularly from land-based activities, including marine debris and nutrient pollution</p> <p>14.2 by 2020, sustainably manage, and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience and take action for their restoration, to achieve healthy and productive oceans</p> <p>14.3 minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels</p> <p>14.4 by 2020, effectively regulate harvesting, and end overfishing, illegal, unreported and unregulated (IUU) fishing and destructive fishing practices and implement science-based management plans, to restore fish stocks in the shortest time feasible at least to levels that can produce maximum sustainable yield as determined by their biological characteristics</p>

	<p>14.5 by 2020, conserve at least 10 percent of coastal and marine areas, consistent with national and international law and based on best available scientific information</p> <p>14.6 by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to IUU fishing, and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiation</p> <p>14.7 by 2030 increase the economic benefits to SIDS and LDCs from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism</p> <p>14.a increase scientific knowledge, develop research capacities and transfer marine technology taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular SIDS and LDCs</p> <p>14.b provide access of small-scale artisanal fishers to marine resources and markets</p> <p>14.c ensure the full implementation of international law, as reflected in UNCLOS for states parties to it, including, where applicable, existing regional and international regimes for the conservation and sustainable use of oceans and their resources by their parties</p>
<p>15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>15.1 by 2020 ensure conservation , restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements</p> <p>15.2 by 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and increase afforestation and reforestation by xpercent globally</p> <p>15.3 by 2020, combat desertification, and restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land-degradation neutral world taking into account ongoing WTO negotiations and WTO Doha Development Agenda and Hong Kong Ministerial Mandate</p> <p>15.4 by 2030 ensure the conservation of mountain ecosystems, including their biodiversity, to enhance their capacity to provide benefits which are essential for sustainable development</p> <p>15.5 take urgent and significant action to reduce degradation of natural habitat, halt the</p>

	<p>loss of biodiversity, and by 2020 protect and prevent the extinction of threatened species</p> <p>15.6 ensure fair and equitable sharing of the benefits arising from the utilization of genetic resources, and promote appropriate access to genetic resources</p> <p>15.7 take urgent action to end poaching and trafficking of protected species of flora and fauna, and address both demand and supply of illegal wildlife products</p> <p>15.8 by 2020 introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems, and control or eradicate the priority species</p> <p>15.9 by 2020, integrate ecosystems and biodiversity values into national and local planning, development processes and poverty reduction strategies, and accounts</p> <p>15.a mobilize and significantly increase from all sources financial resources to conserve and sustainably use biodiversity and ecosystems</p> <p>15.b mobilize significantly resources from all sources and at all levels to finance sustainable forest management, and provide adequate incentives to developing countries to advance sustainable forest management, including for conservation and reforestation</p> <p>15.c enhance global support to efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities</p>
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<p>16.1 significantly reduce all forms of violence and related death rates everywhere</p> <p>16.2 end abuse, exploitation, trafficking and all forms of violence and torture against children</p> <p>16.3 promote the rule of law at the national and international levels, and ensure equal access to justice for all</p> <p>16.4 by 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organized crime</p> <p>16.5 substantially reduce corruption and bribery in all its forms</p> <p>16.6 develop effective, accountable and transparent institutions at all levels</p> <p>16.7 ensure responsive, inclusive, participatory and representative decision-making at all levels</p> <p>16.8 broaden and strengthen the participation of developing countries in the institutions</p>

	<p>of global governance</p> <p>16.9 by 2030 provide legal identity for all including birth registration</p> <p>16.10 ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements</p> <p>16.a strengthen relevant national institutions, including through international cooperation, for building capacities at all levels, in particular in developing countries, for preventing violence and combating terrorism and crime</p> <p>16.b promote and enforce non-discriminatory laws and policies for sustainable development</p>
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	<p>Finance</p> <p>17.1 strengthen domestic resource mobilization, including through international support to developing countries to improve domestic capacity for tax and other revenue collection</p> <p>17.2 developed countries to implement fully their ODA commitments, including to provide 0.7percent of GNI in ODA to developing countries of which 0.15-0.20percent to least-developed countries</p> <p>17.3 mobilize additional financial resources for developing countries from multiple sources</p> <p>17.4 assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries (HIPC) to reduce debt distress</p> <p>17.5 adopt and implement investment promotion regimes for LDCs</p> <p>Technology</p> <p>17.6 enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation, and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, particularly at UN level, and through a global technology facilitation mechanism when agreed</p> <p>17.7 promote development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed</p>

	<p>17.8 fully operationalize the Technology Bank and STI (Science, Technology and Innovation) capacity building mechanism for LDCs by 2017, and enhance the use of enabling technologies in particular ICT</p> <p>Capacity building</p> <p>17.9 enhance international support for implementing effective and targeted capacity building in developing countries to support national plans to implement all sustainable development goals, including through North-South, South-South, and triangular cooperation</p> <p>Trade</p> <p>17.10 promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO including through the conclusion of negotiations within its Doha Development Agenda</p> <p>17.11 increase significantly the exports of developing countries, in particular with a view to doubling the LDC share of global exports by 2020</p> <p>17.12 realize timely implementation of duty-free, quota-free market access on a lasting basis for all least developed countries consistent with WTO decisions, including through ensuring that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access</p> <p>Systemic issues</p> <p>Policy and institutional coherence</p> <p>17.13 enhance global macroeconomic stability including through policy coordination and policy coherence</p> <p>17.14 enhance policy coherence for sustainable development</p> <p>17.15 respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development</p> <p>Multi-stakeholder partnerships</p> <p>17.16 enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals in all countries, particularly developing countries</p> <p>17.17 encourage and promote effective public, public-private, and civil society partnerships,</p>
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	<p>building on the experience and resourcing strategies of partnerships</p> <p>Data, monitoring and accountability</p> <p>17.18 by 2020, enhance capacity building support to developing countries, including for LDCs and SIDS, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts</p> <p>17.19 by 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement GDP, and support statistical capacity building in developing countries</p>
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