Monitoring profile – October 2016

UGANDA

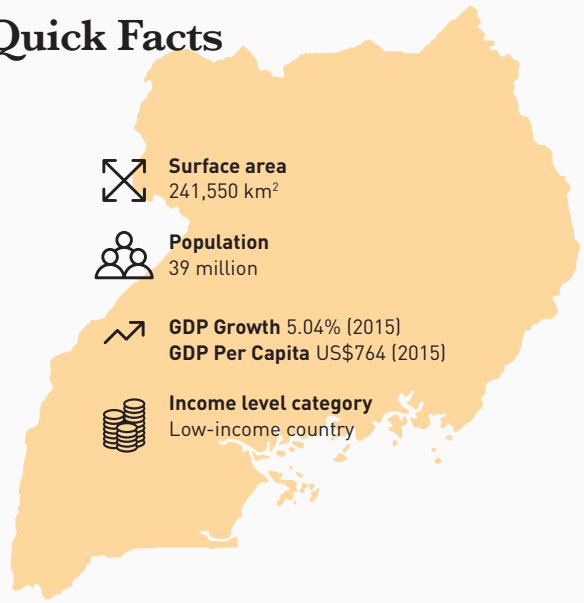
Global Partnership for Effective Development Co-operation

http://effectivecooperation.org

1. Country Context

Uganda has attained relatively high economic growth rates averaging about 6.7% percent since 2008. Growth has been partly due to increased economic investment and macroeconomic stability. After sustained high growth in the period 1987-2010, growth rates above 5% are expected in the coming years, if driven by industry, services and public infrastructure investment. The country has registered progress in all sectors, with an impressive reduction in the poverty level from 54% in 1992 to 19.5% in 2012, achieving the MDG1 target five years in advance of the deadline. Uganda implements initiatives aimed at enhancing economic co-operation with other regional economies, but its overall competitiveness has continued to be held back by an inefficient business environment and indeed by flaws in Uganda's regulation of business, weak infrastructure and poor education and health outcomes. In addition, insecure land tenure, inadequate physical and soft infrastructure, climate change and limited access to productive resources are constraining business growth. Uganda has been a recipient of substantial development finance, with net ODA totalling US$1.6 billion in 2014, or 6.3% of GNI. The top five partners having reported to this monitoring round include the United States, World Bank, United Kingdom, Japan and EU, which represent some 70% of ODA to the country.

Quick Facts



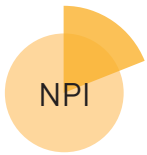
Surface area
241,550 km²

Population
39 million

GDP Growth 5.04% (2015)
GDP Per Capita US$764 (2015)

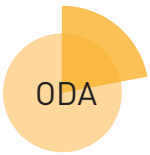
Income level category
Low-income country

Key Development Indices:



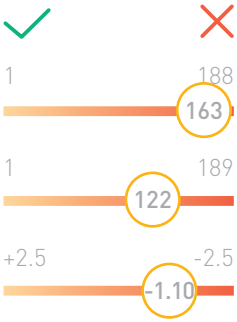
National Poverty Index 19.5 % of pop. (2012)

GINI Index 42.37 (2012)



Official Development Assistance/Capital Formation 22.03% (2014)

ODA per Capita USD$43.22 (2014)



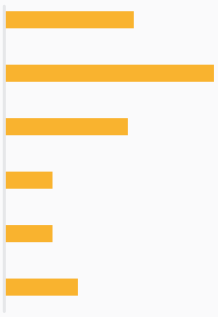
Human Development Index (2014) (Best rank: Position 1)

Doing Business Rank (2015) (Best rank: Position 1)

Anti-corruption Index: -1.10 (2014) (Highest anti-corruption: +2.5)

Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



Tax Revenue	10.0%
Domestic Credit	17.9%
External Debt	10.5%
Net Foreign Direct Investment	4.0%
Remittances	4.0%
Net Official Development Assistance	6.2%

Key Development Challenges

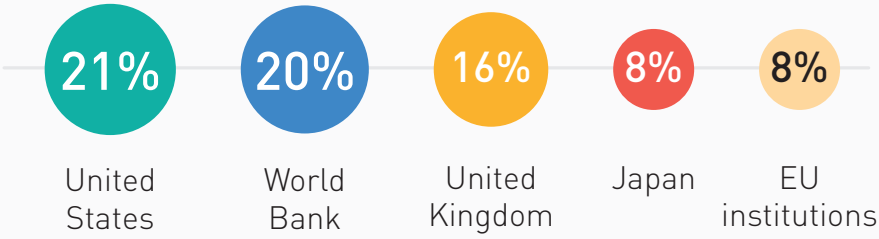
Long-term development progress in Uganda faces key structural challenges: institutional capacity gaps, low technological development, inequitable geographical distribution of growth dividends, and environmental degradation that increases the vulnerability to climate change and natural hazards, aggravated by deforestation from an increasing population. To continue lowering poverty rates, especially in the north and east, the country needs to improve the level of productivity of the primary and secondary sectors supported with greater infrastructure development and human capital development.

2. Efforts to Implement the Effectiveness Principles

A. Policies and Tools for Partners' Alignment

The Vision 2040 is the overarching framework for long-term programming planning, while the Five-Year National Development Plan (NDP) is the medium-term plan for the country. All sectors are required by law to develop investments plans with priorities and results linked to the Vision 2040 and the NDP II. Increasingly, partner assistance strategies have become more closely aligned with the NDP II through the Partnership Policy, the government's clear guidance on the management of official development finance. Uganda's Joint Assistance Strategy, signed by development partners, gives a strategic framework for alignment. Uganda started the Division of Labour to align all support to government priorities and systems. Uganda has localized and mainstreamed over 69% of the SDGs in the NDP.

Major Development Partners of this Round (by Reported Disbursements)



Participation in 2014 Monitoring

Existence of a National Co-operation Policy

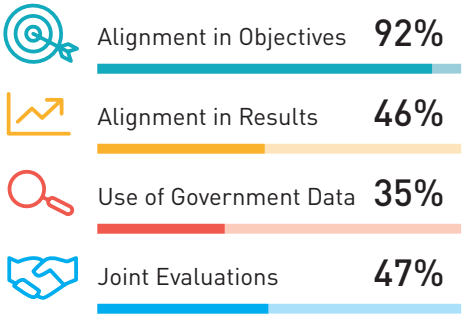
B. Governance and Management of Development Finance and Co-operation

Apart from the overarching NDP, other frameworks shaping co-operation include the Joint Budget Support Framework and the Partnership Policy. Partners have also established joint sector working groups, sector-wide approach programmes and pooled funding mechanisms, joint missions, silent partnerships and joint analytical work and advisory services. The Aid Liaison Department within the Ministry of Finance, Planning and Economic Development coordinates official development finance and monitors the effectiveness of such finance. Uganda launched the official development finance management platform, which is accessible to the public. Managed by the Aid Liaison Department, it is the official online database of official development finance-funded projects and programmes in Uganda. The partner economists group provides standard definitions and reporting formats for the disclosure of information about official development finance. Uganda participates in South-South co-operation.

3. Country Ownership

Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

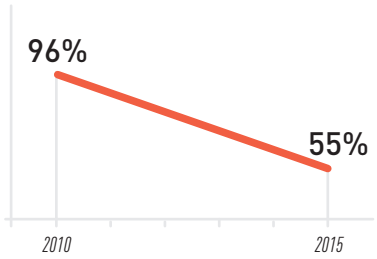
The results are monitored and reported on an annual basis. Government and partners that give budget support assess progress against a single results framework. Uganda has a national monitoring framework to assess implementation of NDP II. Ninety-two percent of development co-operation reported in 2015 aligns to national objectives. However, only 46% includes country-led results and 35% uses the country's monitoring systems, indicating a strong tendency among partners to continue to use their own systems. Although 96% of the projects are evaluated by the government, only 47% are organized jointly with partners and there is considerable variation in the use of country results frameworks among partners, especially bilateral agencies. This leaves quite some room for future improvement.



Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

In 2015, only 55% of development co-operation was recorded in the government budget, a sharp decline from 2011, when 96% of official development finance was captured in the government's budget preparation process. The World Bank and the United Kingdom are the highest performers in this regard, with all of their official development finance reported on budget.

Percentage on Budget



Indicators 9 and 10. Use of Country Systems

With an average of 68%, Uganda offers a rather balanced use of the various country systems. In 2015, 64% of development co-operation used budget execution, 68% followed country financial reporting and 71% followed auditing procedures. Some 70% of development finance used national procurement. Improvements in using auditing and procedures have been recorded since 2010. Partners seem to channel their assistance equitably between government and CSO implementation. Uganda has kept its 3.5 previous score in the Country Policy and Institutional Assessment (CPIA). In order to consolidate national systems, the government has undertaken several PFM reforms, including budget monitoring, and a PFM partner group has been established to strengthen these PFM reforms. As regards the proportion of ODA that is fully untied, Uganda has again seen progress from an already very satisfactory percentage: from 90% in 2013 to 92% in 2014.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	64% ▶	68% ▶	71% ▲	70% ▲		
INDICATORS 9A & 10.					3.5 ▶	92% ▲

* Country Policy and Institutional Assessment

4. Inclusive Partnerships for Development

Indicators 2 and 3. Fostering Inclusive Partnerships for Development

The current legal and regularly framework provides for regular consultative processes with civil society and private sector stakeholders throughout the policy cycle. National development policies such as the NDP II were developed through consultative processes involving CSOs and the private sector. The Government of Uganda has a guide to policy development and management that emphasizes multi-stakeholder consultations in policy formulation, implementation and monitoring, but the various government departments have not always adhered to this policy. Multi-stakeholder consultation processes are not institutionalized and the participation of CSOs remains largely ad hoc. CSOs have instituted independent processes to inform policy formulation, implementation and monitoring. However, these have been hampered by unaddressed capacity constraints and CSOs have resorted to joint actions through networks and coalitions on various policy issues to increase their voice and effectiveness in policy dialogue. Some development partners have also tried to promote an enabling environment for CSOs as part of their support to civil society. There is also strong public-private dialogue at all levels. The Private Sector Forum is an example of efforts to broaden participation.

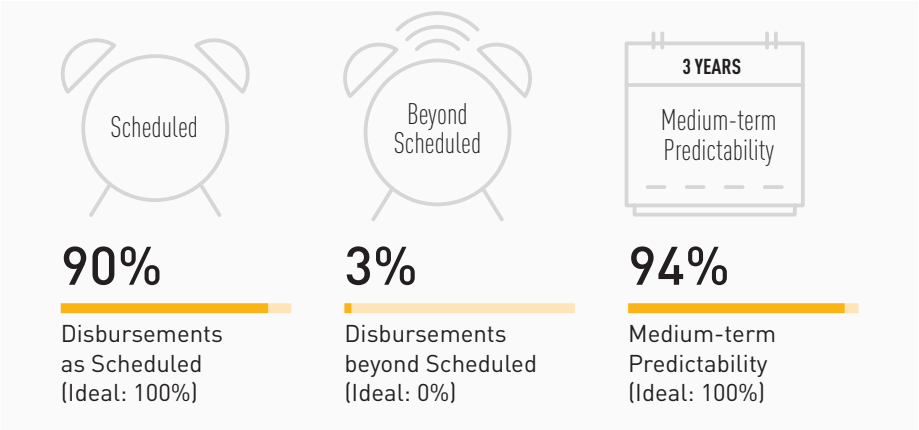
Indicator 8. Gender Empowerment

Uganda has mainstreamed gender budgeting and set up a system to track allocations for gender equality. The central government unit in charge of public expenditures ensures the leadership and oversight of the tracking system. Gender-specific indicators inform budget allocation decisions; there are regular impact assessments of budgets and expenditures. Gender-equality-focused budget information is publicized. All ministries, departments and agencies are required to secure a certificate of compliance with regard to gender budgeting before their respective budgets are integrated and consolidated into the national budget.

5. *Transparency and Accountability*

Indicator 5. Development Co-operation is More Predictable

In 2015, 90% of development co-operation was disbursed as scheduled in-year (74% in 2010 and 84% in 2005) and 94% was predictable for the next three fiscal years. The latter rate is high, as partners are required to submit annual projections over the medium term.



Indicator 7. Mutual Accountability

The official development finance policy, 'Partnership Policy', defines national priorities for development co-operation. These include specific country-level targets. The medium-term planning and budgeting system allows for annual plans to be rolled over the medium term in order to achieve specific outputs that contribute to consensual targets. The targets are set by sector. The government conducts performance assessments, which are publicized. The joint assessment framework used by budget support partners under the Joint Budget Support Framework contains mutual accountability with indicators to assess partner performance annually. Uganda participated in the Mutual Accountability Survey organized by UNDESA-UNDP in 2015-2016.

National Priorities Going Forward

"Progress lies in the development of management tools for official development finance. What ingredients are needed to successfully operate management systems for official development finance? We need a focus on results from partners and recipients alike. We need transparency and predictability as well as ownership and inclusiveness. These can help countries to better integrate official development finance into the implementation of national development strategies and plans. Elements of good practice in tracking results, such as a country results framework, should be urgently supported. This is being considered for support by UNDP. The government's capacity to track official development finance and its results should be enhanced. There is a need to improve transparency concerning the use of official development finance and results.

Furthermore, as ODA resources are becoming scarce, it is critical that development support be used more smartly and effectively. A new and dynamic development co-operation policy in the context of changed national and international scenarios is therefore key to addressing the aspirations emerging from the changes in the architecture of official development finance."

Government of Uganda

Disclaimer This document was prepared based on data collected from voluntary reporting to the Second Monitoring Round of the Global Partnership for Effective Development Co-operation and, for Country Context, other open source information available online. The information provided does not necessarily represent the view of UNDP.

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