

## **KEY MESSAGES: APPRAISAL OF PERFORMANCE BY GOVERNMENT OF UGANDA AGAINST THE JOINT ASSESSMENT FRAMEWORK 1 (2008/09):**

### **RESPECT BY GOVERNMENT OF UGANDA FOR THE UNDERLYING PRINCIPLES**

- Overall, the Government of Uganda continues to show a reasonable level of commitment to the Underlying Principles to enable the JBSF Development Partners to continue with the provision of budget support. However, in certain areas the Government's adherence to Underlying Principles is weakening and if this negative trend continues it may have serious consequences for future disbursement of budget support.  
***Respect for democratic institutions, human rights, rule of law and peace and stability is at the heart of the partnership between Uganda and its development partners. For some partners they are an important condition of support and we will continue to monitor adherence to these core principles.***

### **OVERALL GOVERNMENT PERFORMANCE AGAINST TARGETS SET OUT IN THE JAF**

- Strong government performance in macroeconomic management during global slowdown, improvements in PFM in terms of introduction of performance based budgeting and quarterly releases to key sectors. Some progress made in education, health and water and sanitation sectors. Weaker performance on compliance with PFM rules, public service reform, anti-corruption, and in reforming the transport sector.  
***Lack of compliance with PFM rules and deadlock in PSM reform are key areas of development partner concern.***
- 73 per cent of targets for which data was available were met, and 53 per cent of actions. Data availability is a serious issue: 36 per cent of targets have none at all, and in several areas, particularly health, education and roads, data is unreliable. Data improvements are needed and development partners are willing to provide support.  
***Data improvements are a key area of development partner concern. Reaching joint agreement on exact definition of absenteeism and drug stock outs and the way to measure these should be given high priority.***
- OPM leadership in coordination of JAF monitoring and dialogue has provided new momentum to the programme and is already giving stronger coordination in cross-government areas of reform. Development partners note however that there are limited opportunities for dialogue on fundamental policy changes that have serious consequences for the impact of budget support e.g. the shift to force accounts for district road maintenance.  
***While leadership by OPM is commendable, DPs would appreciate more dialogue on fundamental policy changes that have consequences for the impact of budget support provided.***

### **SECTION I: PRE-CONDITIONS FOR EFFECTIVE AND EFFICIENT IMPLEMENTATION OF GOVERNMENT POLICIES (5 out of six pre-conditions met)**

- Five of the six pre-conditions have been met: on macroeconomic management, strengthening PFM systems through a credible reform programme, having a transparent and strategic budget process, focusing on poverty reduction and having a strong dialogue with development partners around the budget support programme. But on the sixth pre-condition, effective control of corruption, including grand corruption, progress was limited during the assessment period. Key policies, laws and institutions are in place but enforcement is limited, leaving a culture of impunity. The previous JAF 0 appraisal report agreed by government warned that "A failure to act [on high level corruption] could have serious implications for future disbursements." However, there have been encouraging developments since the time of the appraisal, as the Government has taken remedial administrative actions in response to the CHOGM audit.

*The government's continued commitment to addressing cases of grand corruption is a key priority for development partners.*

**SECTION II JAF: IMPROVED VALUE FOR MONEY IN SERVICE DELIVERY THROUGH REMOVAL OF BARRIERS IN PFM AND PSM SYSTEMS WHILE REINFORCING COMPLIANCE WITH REGULATIONS AND AVOIDANCE OF LEAKAGE (67 per cent of targets met for which data available and 46 per cent of actions; data unavailable for 9 out of 21 targets)**

- **Public Financial Management:** A positive step is the new quarterly releases for line ministries and local government, which makes the flow of funds more predictable. However, although PEFA indicators improved between 2005 and 2008, compliance with PFM rules remains weak and external and internal audit findings are given insufficient attention. Arrears management also remains weak. The very late communication of the budget call circular and the budget ceilings seriously erodes the quality of budget preparation by sectors. GoU needs to keep its focus on fixing the basics of PFM, making sure PFM platform 1 reforms are fully achieved before more attention is given to platform 2 and 3 issues.

*Making sure the original timeframe of the budget cycle is adhered to and PFM platform 1 is consolidated is a key area of development partner concern.*

- **Public Procurement:** The proposed PPDA amendment bill, particularly the proposed introduction of force account as a method for implementing public works, threatens to reduce transparency, equal opportunity and value for money in the use of public funds. *Introduction of a set of restrictions that limit the use of force account to emergency situations or in very remote locations is a key priority for development partners.*
- **Spending on front line service delivery:** Per capita allocations for front line service delivery in JBSF sectors, as measured by conditional grants to local government (which do not include direct spending by line ministries on on-the-ground services), fell in 2008/09. This is compounded by a worrying trend of falling share of the budget allocated to local governments over the past ten years. *Falling per capita spending in real terms on front line service delivery is a key area of development partner concern.*
- **Performance of civil servants:** The majority of targets and actions to address absenteeism and fill vacancies, especially in hard to stay and hard to reach areas, were not met. These targets and actions are central to improving service delivery on the ground. *Lack of progress in PSM reform is a key area of development partner concern.*
- **Taxation:** The government met its own target of increasing revenue as a proportion of GDP by 0.5 per cent in 2008/09. Taxation efforts at local government level to decrease dependency on central government have not been as effective and need to be supported.
- **Anti corruption:** As mentioned under Section 1, at the time of the appraisal, more than a year after CHOGM audit reports were issued, insufficient action had been taken by Government to discipline public officials and recover misappropriated funds. Since then, Development Partners have commended the Government on a number of remedial actions it has taken in response to these appraisal findings. Furthermore, the Public Accounts Committee has concluded hearings and criminal investigations have been initiated by the Director of Public Prosecutions. It will now be important for Parliament to vet the PAC report and for judicial matters to proceed unimpeded.

**JAF SECTION III: SECTOR PERFORMANCE (76 per cent of targets met for which data is available and 48 per cent of actions; data unavailable for 15 out of 48 targets)**

- **Health:** Most JAF 1 targets were achieved, including the proportion of deliveries in health facilities, the proportion of children immunized with DPT3, and the proportion of posts filled by qualified health workers. The target for drug stock-outs was not achieved:

drug procurement, recently centralized through National Medical Stores, needs to improve. An issue for future dialogue on setting targets for JAF 3 and JAF 4 (JAF 2 targets are the current targets, for 2009/10) is that, despite a satisfactory performance against JAF targets, most health MDGs are off track. Realism will also be important. Target setting will need to take account of resource constraints and a rising population. Health spending rose as a share of the budget, from 8.4 per cent to 10.8 per cent, having fallen in previous years.

***Drug stock outs and high levels of health workers absenteeism are key areas of development partner concern. Exact measurement of absenteeism should be given priority.***

- **Education:** Most JAF 1 targets were achieved. The number of students passing the Primary Leaving Exam increased, survival to P7 increased, and numeracy proficiency rose. But literacy proficiency fell. Only two of seven actions were met but many others were close to being met, reflecting considerable effort by the Ministry of Education and Sports. Future dialogue on JAF targets should focus on how far good quality Universal Primary Education can be achieved in the context of resource constraints and a rising population. Education spending fell as a share of the budget in 2008/09.

***High levels of teacher absenteeism and lack of effective inspection of schools are key areas of development partner concern. Exact measurement of absenteeism should be given priority.***

- **Transport:** Performance against JAF 1 targets was broadly satisfactory, but there was no data for 7 out of 17 targets. Performance against actions to improve sector governance was weak: only two of the seven actions were achieved. ***This is a key area of development partner concern.*** Government is putting significantly more resources into roads and needs to increase the sector's efficiency and absorption capacity. Development partners are extremely concerned that the reinforcement of force accounts, where local government can waive best procurement practice to build roads themselves, is not the best way to go to increase capacity. This new change of Government policy will affect the intended sector budget support from some Development Partners. Axle overloading is a major cause of road degradation and has not been addressed.

***Lack of data in the transport sector, introduction of force account operations and the lack of axle overload control are key areas of development partner concern***

- **Water and sanitation:** Performance against JAF 1 targets was strong. The sector met all but one of its ten targets and there were no targets for which there was no data. The context for future dialogue on sector targets is that the share of the population with access to clean drinking water will decrease without increased investment, given population growth. Water and sanitation fell as share of the budget in 2008/09. ***Given high population growth lack of investment in the water and sanitation sector will impact on public health and is therefore a key area of development partner concern.***

#### **SECTION IV: DONOR PERFORMANCE**

There has been some progress by against the JAF 1 actions, on establishing an aid management platform and reporting quarterly on the next financial year's commitments and actual spending for the past financial year. But there has been no systematic improvement in donor predictability, and the quality of the data remains low. The establishment of the aid management platform needs to be accelerated.

Dialogue on future JAF targets should look at significantly expanding mutual accountability targets to improve donor performance.

***Development Partners are committed to working with Government to improve donor performance.***