13th September 2019

All Accounting Officers (Central Government, Missions Abroad & Local Governments Votes),

All Chief Executive Officers of State Owned Enterprises and Public Corporations

THE FIRST BUDGET CALL CIRCULAR (1ST BCC) ON PREPARATION OF THE BUDGET FRAMEWORK PAPERS (BFPs) AND PRELIMINARY BUDGET ESTIMATES FOR FINANCIAL YEAR 2020/2021

A. INTRODUCTION

1. Section 9(3) of the Public Finance Management (PFM) Act 2015 (Amended) requires that, for every financial year, the Minister of Finance Planning and Economic Development should prepare a Budget Framework Paper that is consistent with the National Development Plan and Charter of Fiscal Responsibility.

2. In line with the above, Section 9(1) of Public Finance Management (PFM) Act 2015 (Amended) requires every Accounting Officer, in consultation with the relevant stakeholders, to prepare a Budget Framework Paper for the Vote, taking into consideration balanced development as well as gender and equity responsiveness. This should be submitted to the Minister of Finance Planning and Economic Development by 15th November. This is meant to facilitate analysis, consolidation of the National Budget Framework Paper (NBFP) and onward submission to Parliament on time.

3. In line with the Law, but also in view of the Christmas holidays, this Ministry will submit the National Budget Framework Paper to Parliament not later than Friday, 20th December 2019.

4. Specifically, this Circular has been issued to communicate:

   (i) The Budget Process Calendar for FY 2020/2021;

   (ii) The challenges that affected the planning process for the budget of fy 2019/2020 and the way forward;

   (iii) The Strategic Policy and Administrative guidelines to be taken into consideration during preparation of the Budget Framework Papers;

   (iv) The Budget Strategy and proposed Strategic Sector Interventions for the Budget of FY 2020/2021 in line with the Third National Development Plan;
(v) The preliminary Resource Envelope, Sector Expenditure Ceilings and Local Government Indicative Planning Figures for FY 2020/2021 and the Medium Term;

(vi) To request you to convene your respective Sector Working Group and Budget Conference Meetings and, the Local Government Budget Conferences to prepare and submit your Sector and Local Government Budget Framework Papers (BFPs) for FY 2020/2021 to this Ministry accordingly, not later than Friday, 15th November 2019.

B. THE BUDGET CONSULTATIVE PROCESS FOR FY 2020/2021


6. The Budget consultative process, including the annual Sector reviews, is intended to discuss the challenges affecting Budget preparation and implementation as well as service delivery and agree on strategic Sector interventions/priorities for the FY 2020/2021 Budget and the medium term. The National Budget Conference will be followed by the Local Government Regional Consultative Workshops scheduled for 16th September – 4th October 2019. The detailed Budget Process Calendar for FY 2019/20 is hereto attached as Annex 1.

C. THE KEY CHALLENGES AFFECTING THE PLANNING AND BUDGETING PROCESSES AND THE WAY FORWARD

7. Over the past FY 2018/2019 and the first half of FY 2020/2021, we experienced a number of challenges during the planning process as various votes prepared their Budget Framework Papers. These affected the budgeting and implementation process and had impact on Budget performance and credibility. I do not expect some of these challenges to recur during this planning stage for FY 2020/2021. I therefore draw your attention to the following issues which I expect you to take into consideration and avoid them, given their implications:

Operation and Maintenance of the Program Budgeting System (PBS)

8. During the execution of the Budget for FY 2019/2020, we experienced a number of issues which should have been addressed during the preparation of the Budget Framework Papers and have negatively impacted on the implementation. I request you to handle these issues to ensure that they don’t recur during FY 2020/2021. Some of these issues include:

Operation and Maintenance of the Program Budgeting System (PBS)

9. Over the past three financial years, I continuously received complaints regarding the operational and maintenance changes that this Ministry makes on the Program Budgeting System (PBS), some of which are:
i. Capturing of all locally raised revenue by source and Non Tax Revenue for both the Central and Local Governments;

ii. Introduction of the One Time Password (OTP) for a one-time log-in to guarantee the authenticity of whoever is logging in;

iii. Ensure control in the submission of Budget Documents such as the BFP, MPS, Budget Estimates, Quarterly Reports etc, to enhance the workflow processes. E.g., you can’t initiate your BFP when your Q1 report has not yet been submitted and approved;

iv. Submission of all staff in-post and their NINs;

v. Capturing of all the Off-Budget information;

vi. Capturing and standardizing the Assets Register; and

vii. Identification of donor by name and amount of funds committed for contribution in the Budget of a given financial year.

10. The above changes were made to enhance the overall security of the system as well as to improve the planning, budgeting and reporting. You are therefore required to take into account to all these changes when they are introduced and adapted accordingly.

11. The System has also been interfaced with the Integrated Financial Management System (IFMS) to match activities directly with planned budgets and expended funds. We can now migrate activities and their budgets directly from the Program Budgeting System (PBS) to the Integrated Financial Management System (IFMS) and the other-way round. This was not the case before. All Accounting Officers should be able to monitor their activities and budgets accordingly and relate them to funds as released and expended per item line without mischarges.

Alignment of Work plans, Budgets and Indicators to the NDP III

12. During the implementation of the NDP I & II, some Sectors failed to align their work plans and budgets to the NDP objectives and programs as demonstrated in the assessment reports and the Certificates of Compliance of the Budget issued by the National Planning Authority. This affected the overall targets and achievement of planned objectives, underscoring the Credibility of the Budget. As we embark on the first year of implementation of NDP III, you are urged to ensure all your work plans (procurement, recruitment, activities) are anchored on the Third National Development Plan objectives and corresponding programs to avoid distortions and misalignments during implementation.

Delayed Submission of Budget Documents

13. I have observed on several occasions that some Votes do not submit their Budget Documents (e.g., BFPs, Quarterly Reports and Budgets) in time. This constrains the whole planning and budgeting process, including the quality of the Budget Documents submitted to this Ministry. This in turn affects the timely submission of the mandatory Budget documents to Parliament by this Ministry. As you plan and budget for FY 2020/2021, please ensure that you work within the time frames provided by the PFM Act, 2015 to ensure compliance.
Change of Work plans:

14. Accounting Officers often request to change work plans and budgets even after Parliament and District Councils have approved their Work plans and the Budget. This leads to distortions during implementation and impacts on Budget Credibility. This practice must stop. I urge all Accounting Officers to ensure their work plans are in line with the Sector Investment Plans, NDP III Objectives/Programs to be able to generate realistic Budget Framework Papers in line with the Government Strategy.

Remittance of Non-Tax Revenue to the Consolidated Fund

15. Some leaders of the Local Governments and some Accounting Officers have written to my office to retain AIA and Local Revenue to facilitate their operations. This is not acceptable. As you are aware, all Appropriation In Aid and Local Revenue is collected and remitted to the Consolidated Fund by Uganda Revenue Authority (URA) in line with the Law. Accordingly, all revenue collected by URA and paid to the Consolidated Fund is released to you by this Ministry, with Expenditure Limits issued according to your projections and collections. Therefore, in the coming financial year, all Accounting Officers should fully plan and budget for AIA and local revenue as will be appropriated by Parliament.

Public Investment Management

16. It has been observed that some MDAs do not follow the required procedures to have their projects approved by the Project Preparation Committees and their Sector Working Groups and the Development Committee of this Ministry. Consequently, such projects are not given Project Codes in time, affecting their financing and implementation plans. As you embark on the planning process for FY 2020/2021 and in line with the Public Investment Management System Reforms, I wish to draw your attention to the following areas:

   i. **Project Identification, Preparation and Approval Process**: All Accounting Officers are once again reminded to follow the required procedures in project identification and approval as per the Development Committee Guidelines of this Ministry;

   ii. **Sequencing of Projects**: All Accounting Officers are requested to ensure that during this planning cycle, investments should be adequately sequenced and budgeted for to ensure timely completion;

   iii. **Prioritization of the on-going projects to ensure they are successfully finalized and commissioned for public use**: You should ensure that the funding requirements of all on-going projects are met in line with the Multi-Year Commitments over the medium term. You are therefore urged to ensure that the Multi-year requirements are adequately costed to inform proper budgeting and allocation of funds especially to counterpart obligations. **Therefore, all on-going projects should take the first call on resources available in your budgets.**
iv. Operationalization of the Integrated Bank of Projects (IBP). Effective July 2019, all projects are submitted through the IBP - an online database developed to store all information on Government projects from project inception to closure. Subsequently, project submissions received by the 7th day of every month shall be reviewed and presented to the Development Committee (DC) in line with the DC Calendar. Accordingly, MDA’s are encouraged to fast track these projects and have them cleared through the four Development Committee (DC) appraisal stages (Concept, Profile, Pre-feasibility and Feasibility) by December 2019 for inclusion in the Budget and the Public Investment Plan (PIP) for FY 2020/21 and the Medium term.

v. All Accounting Officers are further reminded that the deadline for submission of projects for consideration in the FY 2020/2021 PIP will be Tuesday, 31st December 2019.

vi. The Annual Portfolio Review. The Development Committee (DC) is scheduled to review all on-going projects during the month of October 2019. All MDA’s are required to attend the meetings to justify their performance. Projects that are due to exit the PIP shall be required to submit partial completion reports while those recommended for re-application on account of; over staying in the PIP, low absorption of released fund and unsatisfactory financial and physical performance should justify their existence in the PIP;

vii. Retooling Projects. All retooling projects planned and budgeted for in the NDP II will exit the PIP for FY 2019/20 as the implementation of the Second National Development Plan (NDP) comes to an end. In that regard, therefore, MDA’s are expected to plan for new retooling project profiles for the NDP III framework. In addition, MDAs should separate retooling activities from major infrastructure developments and construction activities, which should be submitted as separate projects. The projects should have complete asset registers and asset management strategies including requirements for Operation and Maintenance.

Planning and Budgeting for Wages, Pension, Gratuity and Salary Arrears

Wages/Salaries

17. Wage Allocations and Ceilings for FY 2020/2021 are based on this current financial year’s (2019/2020) approved wage budgets for staff in-post and within the structures cleared by Ministry of Public Service and the available funds including Public Universities that co-finance from their collections. In the Program Budgeting System, each Accounting Officer is required to submit a list of all staff in-post and their corresponding National Identity Numbers (NINs) as an input for wage estimation in FY 2020/2021 which should also be provided as an annex to the MPS. The NINs will be forwarded to NIRA for verification and confirmation.
18. I have also noted that Accounting Officers in some Local Governments do not budget sufficiently for staff under their appropriate wage categories, which leads to shortfalls on some wage expenditure items, while creating surpluses on other wage items, leading to mischarges. To facilitate proper payroll planning management by the Ministry of Public Service (MoPS) and this Ministry, Accounting Officers should ensure that budgeting is accurately done before finalization of the estimates.

19. I have also noted from the various Public Accounts Committee and Audit reports that many Accounting Officers return funds meant for recruitment to the Consolidated Fund at the end of the Financial Year without justification given to the Service Commissions and to my office. Therefore, in the coming financial year, equivalent amounts of funds meant for recruitment and yet returned to the Consolidated Fund at the end of the financial year will be deducted at source from your Wage Bills.

Pensions and Gratuities

20. In line with Government Policy of Decentralization of the payroll and Pension Management as communicated under the Establishment Notice No.2 of 2018, I wish to emphasize that Accounting Officers are responsible for budgeting, reviewing and approval of their Pension and Gratuity payments before they are effected. As such, Ministry of Public Service in collaboration with MDAs and LGs are requested to ensure that accurate records and computed retirement benefits of those retiring in FY 2019/20 are generated and submitted to this Ministry to facilitate adequate and timely budgeting for Pension and Gratuity.

21. For staff who are scheduled to retire in the course of FY 2020/2021, their details should be submitted to the Ministry of Public Service and a copy to this Ministry by Department, Salary Scale, Title and Pay Roll Category for the Local Governments which is already provided for in the PBB. Accounting Officers must make submissions on Pension and Gratuity basing on the Integrated Personnel and Payroll System (IPPS) generated reports for FY 2020/2021.

Off-Budget Financing

With effect from FY 2019/2020, all Accounting Officers were advised to capture their Off Budget financing under their respective Ministerial Policy Statements (MPSs). However, some votes did not declare their off-budget resources and, Parliament also observed this anomaly. Therefore, Accounting Officers are advised to ensure that:

i. All activities financed through off budget support are clearly specified and captured in the Budget Framework Paper and Preliminary Budget estimates and subsequently in their Ministerial Policy Statements before submission to Parliament, and

ii. Considering that off budget support does not form part of the MTEF, all activities financed under off budget should be included in the Vote's Annual and quarterly work plan with a token figure of UShs. 1,000 (Ug Shillings One thousand only). This is intended to ensure consistency between interventions under off budget and those financed through the Vote MTEF in addition to a comprehensive monitoring of outputs/outcomes under the vote.
22. For that purpose, the PBS has been modified to cater for both On-Budget and Off-Budget financing. The Off-Budget Financing line is indicated in Table 4.1 (Past Expenditure Outturns and Proposed Budget Allocations) in the line where AIA was originally captured from, i.e., between the Total and Grand Total Lines under the PBS Vote BFP formulation Section.

Planning and Budgeting for Subventions

23. Funds appropriated under various Ministry Votes for transfer to other institutions under their Sectors always delay before they are transferred. As such, implementation of Government programs in respect of the mandates of these benefiting institutions are delayed, hampering service delivery. These delays must stop. Accounting Officers are urged to plan and budget accordingly and ensure right amounts for subventions are indicated and budgeted for from the start of the planning cycle. This will guide and facilitate the process of transfers during execution.

D. POLICY AND ADMINISTRATIVE REFORMS/GUIDELINES

NDP III Program/Outcome Approach to Planning

24. As you are aware, the draft NDP III is structured under five strategic objectives and sixteen programs, while taking into account the Program Based Budgeting approach and Performance Based Budgeting to address the persistent implementation challenges resulting from uncoordinated programming and planning, weak harmonization, non-sequencing of programs and sub-programs and poor linkages between outcomes and outputs. As we start planning for next financial year, I wish to draw your attention to the prioritization of investments using the programming approach to ensure achievement of planned outcomes in line with the NDP III objectives and your Sector Investment Plans as per the Planning Call Circular, 2019 attached as Annex 3.

25. The NDP III will have five objectives, twenty strategies and sixteen programs to guide the planning process for implementation of Government programs as indicated below:

I. NDP III Objectives

   i. Enhance value addition in key growth opportunities
   ii. Strengthen private sector capacity to drive growth and create jobs
   iii. Consolidate & increase stock and quality of Productive Infrastructure
   iv. Increase productivity, inclusiveness and wellbeing of Population.
   v. Strengthen the role of the State in development

II. The NDP III Program Structure is outlined as summarized below:

   i. Agro-Industrialization
   ii. Mineral-based Industrialization
   iii. Petroleum Development Program
iv. Tourism Development Program  
v. Environment, Climate Change and Natural Resource Management  
vi. Private Sector Development  
vii. Transport Interconnectivity  
viii. Sustainable Energy and ICT Development  
ix. Sustainable Urban Development  
x. Human Capital Development and Social Protection  
xi. Community Mobilization and Mind-set Change  
xi. Technology Transfer and Development  
xis. Special Development Programme  
xiv. Governance and Security Strengthening  
xv. Public Sector Transformation  
xvi. Development Plan Implementation  

**Sector Working Groups (SWG)**s  

26. Over the recent past financial years, Sector Working Groups have not been as functional as expected, and where they are deemed functional, they have not performed as expected. All Sectors are urged to revamp their Sector Working Groups and allocate joint funds for coordinated and effective planning. Sectors contributing to similar outcomes should jointly plan and agree on which intervention each MDA should implement as a contributor to a particular outcome. For instance, the Energy Sector Working Group should ensure that power generation has related and timely investments in both evacuation and distribution of power instead of having its agencies planning and working in isolation, and having negative impacts on power generation, evacuation and distribution.

**Financial Risk Management Strategy in MDAs**  

27. In line with the Uganda Public Financial Management Reform Strategy of July 2018 – June 2023 and, in order to streamline and strengthen effective management and delivery of Government services and operations of fiscal management in all your institutions, emphasis should be placed on the following interventions as we start planning for next financial year’s Budget:

i. Rolling out and operationalizing the Risk Management Strategy (RMS) in all MALGs;  

ii. Plan to operationalize and implement the Internal Audit Strategy with focus on improving the timelines and quality of reporting;  

iii. Strengthening mechanisms for continuous tracking of the implementation and resolutions of audit recommendations by all accounting officers.

**Vote cost centers for Institutions Under Education and Health**  

28. As a measure to deepen the priority setting and budgeting in Public Universities, Government decentralized the budget preparation from Central Administration to the Vote Cost Centers (VCC) at the College and Faculty level, as the case may be, with effect from FY2019/20. Therefore, all Accounting Officers in Public Universities are advised to ensure that the Colleges Principals and/or Faculty Deans are advised of the resources earmarked for them in FY2020/21 for their budgeting in accordance with the priority interventions, approved by the University
Councils, for FY2020/21. It is important to note that the budget at a University vote level should be an aggregate of the submissions by the individual College or faculty VCCs.

29. For all other institutions under Education and Health, Accounting Officers are advised to ensure they plan and budget for them under their right geographical locations to avoid distortions during implementation where a sub-county, a school or health facility is located in another district in the work plan yet in the budget it is in another district. This makes implementation difficult during the transfer of funds to such facilities.

30. Furthermore, the current academic year ending December 2019 will be the last year of Government funding for private education institutions. The Education Sector is hereby directed to ensure that they do not allocate funds to these institutions in the Budget for FY 2020/2021 and they should be removed from the Program Budgeting System accordingly to avoid further distortions during implementation of the Budget.

Creation of New Administrative Units

31. In the course of FY 2018/2019, Government approved the upgrading of ten municipalities to city status, namely: Mbale, Masaka, Mbarara, Arua, Gulu, Lira, Hoima, Jinja, Fort Portal and Entebbe. However, for FY 2020/2021, only seven newly created cities will start with effect from 1st July 2020/2021, namely: Arua, Gulu, Mbale, Fort Portal, Jinja and Masaka. The remaining proposed cities will take effect in a phased manner accordingly as and when resources will be available.

32. In view of the creation of these cities, Accounting Officers of the affected institutions are therefore requested to plan and budget while taking into consideration the required changes in line with the budgetary changes, required human resource and geographical reconsiderations with regards to any changes in the physical boundaries of divisions and other such administrative units.

33. Similarly, Government has approved the creation of 364 Sub-counties and 352 Town Councils. However, resources have not yet been secured for the operationalization of all these Sub-counties and Town Councils. Therefore, Government has taken a policy decision that in future, the proposals for creation of any administrative units should first have a Certificate of Financial Implications to certify that Government actually has the resources to sustainably operationalize any such newly created public institutions.

34. In the same vein, the fiscal year 2020/2021 will be a year of general elections. The Electoral Commission will be creating more administrative units (especially villages and parishes) to facilitate the electoral process. Accounting Officers are therefore advised NOT to capture them in the PBS and Budget. These will bring distortions as indicated in Para 29 above.

Local Government Specific Issues, Reforms and Guidelines

35. The Uganda Local Governments’ Association (ULGA) submitted a letter to my office regarding the annual decline in Budget allocations over the past few financial years. However, I wish to inform all District Councils through their Accounting Officers that between FY 2015/16 and FY
2019/20, allocations to Local Governments increased by **UShs. 1,263 Bn** in nominal terms by over 54%.

36. In FY 2015/16, the allocation to Local Governments was **UShs. 2,361 Billion** and this has since increased to **UShs. 3,623 Billion** in this current FY 2019/20. I do acknowledge the fact that we are constrained by financial resources considering other competing priorities of Government. In that regard, you are advised to plan and budget according to the resources allocated to your vote.

37. Furthermore, as part of the overall public financial management reforms, Government decided to streamline the appropriation of all Government resources including Local Revenue to enhance transparency and accountability but the mandate to project, levy and collect revenue still remains with the Local Governments. However, under this arrangement, all the funds are remitted to the Consolidated Fund but returned to the Local Governments in its entirety. Therefore, all Accounting Officers are reminded to ensure that in FY 2020/2021, all locally raised revenues will be remitted to the Consolidated Fund for appropriation by Parliament.

38. With regard to funds appropriated at the Center but meant for services under the Local Governments e.g., NUSAF III, Uganda Road Fund, Luwero-Rwenzori Development Program etc, transfers will be done directly by this Ministry. I am engaging the Sectors (Office of the Prime Minister and Sectors of Agriculture, Education, Health, Water and Environment, Works and Transport and Social Development) and Parliament on this Policy decision to streamline and have these funds appropriated directly under the respective beneficiary Local Governments. All Accounting Officers of affected Central Government Votes are therefore asked to take this into consideration to avoid incurring further administrative overheads, transfer challenges and implementation delays by the Local Government Votes.

**Financing for Cross-Sectoral Thematic Policy Priorities**

39. Over the years, many MDAs did not take into serious consideration the Cross-Sectoral priority areas of policy intervention such as Gender and Equity, HIV/AIDS, Nutrition and Sanitation, Environment and Climate Change, Population and Urbanization Challenges, etc. This has led to alarmingly high cross-sectoral thematic policy implementation challenges.

40. The slow rate of improvement in cross-sectoral thematic outcomes, e.g., nutrition, has been associated with the absence of a clear policy stance to tackle nutrition related issues effectively across sectors. I hereby urge all SWG Chairperson to engage with key cross-sectoral counterparts with the view to ensure that their work plans and associated budgets support the effective implementation of thematic cross-sectoral investments in Gender and Equity, HIV/AIDS, Nutrition and Sanitation while addressing Environmental and Climate Change issues and, Population and Urbanization challenges.

**E. THE BUDGET STRATEGY AND PROPOSED PRIORITY INTERVENTIONS FOR FY 2020/2021**

41. The theme for FY 2020/2021 and the Medium Term is guided by the draft Third National Development Plan (NDP III) and remains **Industrialization for Job Creation and Shared Prosperity** as under the NDP II.
42. However, the NDP III will focus at consolidating and sustaining achievements of the Second NDP. In that regard, I wish to reiterate Government’s central focus and position in attaining a lower middle income status which requires that an average income per Ugandan is raised from the current US$ 825 per year to at least US$ 1,039 per year by end June 2020. This will be achieved by strengthening the country’s competitiveness through sustainable inclusive growth, equity, employment and wealth creation by largely targeting the 68% of our subsistent population.

43. The Budget Strategy for FY2020/21 will therefore be anchored on the medium-term growth and development objectives of the Third National Development Plan which aims at consolidating the cumulative development gains of NDPs I & II, with a fundamental focus on increasing household incomes through a resource-led industrialization driven strategy guided by the theme ‘Industrialization for Job Creation and Shared Prosperity’ and the five strategic objectives of the NDP III, namely:

i. Efficient and sustained exploitation of the productive sectors;
ii. Consolidating and increasing the stock and quality of productive infrastructure to support trade, industrialization, exports and efficient urbanization;
iii. Increasing the productivity, inclusiveness and wellbeing of the population;
iv. Strengthening the private sector to drive growth; and,
v. Enhancing the effectiveness of both fiscal and administrative governance.

44. The Budget Strategy for FY 2020/2021 will therefore aim at the following specific areas:

i. Agriculture and Agro-Industrialization
ii. Tourism Development
iii. Scientific research and innovation
iv. Improving value addition to tradable minerals and commodities
v. Enhancing efficiency in public investments in provision and maintenance of productive and trade infrastructure, provision of health services and skills development programs.

45. I urge all Accounting Officers to study and internalize the Strategy, attached as Annex 4, and ensure that the respective Budget Framework Papers and preliminary Budget allocations reflect the Strategy.

F. RESOURCE ENVELOPE FOR FY 2020/2021 AND MTEF PROJECTIONS

46. The preliminary Resource Envelope for FY 2020/2021 is UShs 35,092.5 Bn, of which Government of Uganda domestic resource funding (including arrears and domestic debt repayments redemptions) is UShs. 21,905.1 Bn, up from UShs. 20,646.5 Bn and External Financing is UShs. 6,612.3 Bn, down from UShs. 9,433.6 Bn. As you may observe, the overall resource envelope has reduced on account of the reduction in externally funded projects due to some projects exiting the Public Investment Plan (PIP).

47. Furthermore, UShs. 862.6Bn is earmarked for Budget Support, UShs. 3,215.1 Bn for Interest Payments and UShs. 279 Bn for the recapitalization of Bank of Uganda.
48. After effecting the necessary adjustments for one-off expenditures and Gratuity for FY 2020/2021, the Medium Term Expenditure Framework (MTEF) allocations for the FY 2020/2021, for Ministries, Agencies and Local Governments (MALG’s) have equally been adjusted and maintained at the level of FY 2020/2021, with details attached as Annex 5. The Indicative Planning Figures for the Local Governments are meanwhile attached as Annex 6.

49. All MALGs are therefore requested to prepare their BFPs and preliminary estimates for FY 2020/2021 and the medium term in line with the issued MTEF, Budget Strategy and the objectives of the Third National Development Plan, guided by the areas of specific interest of Government as indicated in Para. 45 above.

50. You are therefore urged to prepare your BFPs using the format of the adjusted PBB, PBS and Chart of Accounts. This will provide a direct link between your financial resources with your programs in a given sector and ensure consistency with Schedule 3 of the PFM Act 2015. The proposed structures of the Vote BFPs and Sector BFPs are attached as Annex 7A and Annex 7B respectively for your ease of use.

51. The following critical Government programs/projects have been prioritized for FY 2020/2021 and Accounting Officers are requested to ensure they are captured in your respective Budgets for next financial year:

   i. General Elections;
   ii. Defense Classified Expenditure;
   iii. National Airline;
   iv. Salary Enhancement;
   v. Counterpart Funding for projects;
   vi. Funding for the ten newly created cities.

G. CROSS CUTTING ISSUES

I. Gender and Equity Budgeting

52. As you are all aware, the Minister of Finance, Planning and Economic Development will submit the National Budget Framework Paper with a Certificate of Gender and Equity Compliance. For FY 2020/2021, the National Budget Framework Paper compliance with Gender and Equity was 61%. Eighteen sectors were found to be compliant while two (Lands, Housing and Urban Development and, Energy Sectors) scored below the 50% pass mark. On the other hand, the Local Governments scored an average performance of 62.8%. I therefore implore upon all Accounting Officers that Gender and Equity Compliance is taken into serious consideration since this has implications on the Budget allocation and performance.

53. It is also important that we understand the need for Gender and equity in our daily and practical activities. Therefore, gender and equity centered programming and budgeting is important for both men and women to minimize on gender-based vulnerability and inequities across public spending at both Central and Local Government levels.

II. HIV/AIDS Mainstreaming

54. The HIV/AIDS scourge is on the rise. Currently, there are 1.4M Ugandans living with HIV/AIDS and an estimated 23,000 people died of HIV/AIDS related illnesses in 2018. It is evident that the
epidemic is firmly established in the general population with the estimated HIV prevalence among adults (aged 15 to 49) standing at 5.7%. Women are disproportionately affected, with 8.8% of adult women living with HIV compared to 4.3% of men. Other groups particularly affected by HIV in Uganda are sex workers, young girls and adolescent women, people who inject drugs and people from Uganda’s transient fishing communities.

55. It is also a point of concern that around 27% of adults living with HIV and 33% of children living with HIV are still not on treatment. Persistent disparities remain around who is accessing treatment and many people living with HIV experience stigma and discrimination.

56. I hereby reiterate the need to have HIV/AIDS mainstreamed in all Government programs to create awareness in the general public. The Ministry of Health and her sister agencies are requested to take this up seriously.

III. Malaria Mainstreaming

57. Whereas Uganda has experienced a reduction in malaria prevalence, it is one of the leading killer diseases and largely affects the strength of labor force through sickness and time taken to treat and care for those affected. As part of the budget preparation for FY 2020/21, Accounting Officers are advised to plan for a malaria free environment by ensuring that resources are earmarked for bush clearing around the offices as well as sensitization of staff to adopt malaria preventive measures, among other budget cross cutting actions, in their homes.

58. Furthermore, in the development of work plans where the intended intervention(s) have a community focus, the issue of malaria prevention should be incorporated. The Permanent Secretary, Ministry of Health is advised to issue a guideline on specific details related to malaria prevention by 25th September, 2019 to guide Accounting Officers in the course of preparing their work plans and detailed budget estimates for FY 2020/21.

IV. Environment, Climate Change and Sanitation Issues

59. Climate change has resulted in noticeable changes in rainfall patterns across the country, and total annual rainfall amount is expected to reduce in the near future if redress actions are not taken. These changes have consequently led to increased food insecurity, increased incidences of tropical diseases/pests, land degradation and infrastructure damages caused by flooding.

60. As we embark on planning and budgeting of next financial year, I wish to draw your attention to Government’s plans of scaling up environmental protection and integration of Climate Change mitigation and adaptation actions within the context of the Third National Development Plan (NDP III) and the Budget Strategy for FY 2020/2021. These include the following:

i. Attracting climate change financing in the country;
ii. Enhancing efforts to reduce emissions and build resilience to climate change; and
iii. Strengthening the coping capacity of vulnerable populations to the effects of climate change and disasters; and
vi. Leveraging of research, innovation and adoption of appropriate green technologies to incentivize conservation and diversify economic opportunities for communities in the vicinity of natural resources.
61. On sanitation, I wish to remind you that Government has a vision of achieving access to safe water supply of 79% (rural) and 95% (urban) and access to basic sanitation services of 80% by the year 2020. It will take Government a lot of resources to ensure that the rural coverage is achieved, where sanitation coverage basic level services are at 79%. It will also require significant household participation to eliminate open defecation while progressing to universal access to basic sanitation services. In addition, access to water and sanitation services is significantly lower in poorer communities and among vulnerable groups. Therefore, the Water Sector and her stakeholders are advised to ensure that they adhere to the Budget Strategy accordingly to help Government achieve these targets.

V. Population Issues

62. A huge population base secures a huge market base for domestically produced goods but, this is when we have a healthy and productive population. With Uganda’s annual population growth rate of 3%, there are a number of population growth challenges that need to be contained: the rising poverty gap, high school drop-out rates, low immunization coverage rates, high unemployment rates etc. The Ministries of Agriculture, Trade, Tourism, Gender Labour and Social Development and Population Secretariat are required to lead in addressing the challenges of population pressures.

VI. Physical/Spatial Planning and Urbanization

63. There is a number of deepening challenges, arising from the rapid urbanization and its existing vulnerabilities. It is reported that over 60% of urban households use one room for sleeping and this results in over-crowding and discomfort of the human person. The Ministry of Lands, Housing and Urban Development, in particular, is advised to plan on how to address these challenges.

VII. Nutrition

64. There are growing concerns over nutrition challenges across the country, with only 15% of 6-month to 2-year old children in Uganda consuming the minimum acceptable diet, as measured by diversity and frequency. I therefore wish to reiterate that the sectors of Health, Agriculture, Water, Education, Social Development and Trade should identify how they intend to contribute to addressing food security and under-nutrition, specifically maternal and child under-nutrition which is the lead cause of stunting today.

H. CONCLUSION

65. In conclusion, while preparing your Sector and Local Government BFPs for FY202/2021, all Accounting Officers are required to adhere to the guidelines stipulated in this Circular as well as the requirements of Annex 1, i.e., the Budget Process Calendar in line with the Public Finance Management Act, 2015 (Amended) as well as strict adherence to the Budget Strategy as detailed in Annex 4.

66. All MALGs are required to submit their Vote BFPs and Sector BFPs and draft Budget Estimates, using the PBS, not later than 15th November 2019 to allow for timely consolidation and
submission of the National Budget Framework Paper for FY 2020/2021 to Parliament by Friday, 20th December 2019 in line with the PFM Act, 2015 (Amended).

67. In case of any queries regarding the preparation of your Budget Framework Papers for both Votes and Sectors, please contact our Technical Support Team on 0414707151 or on the Toll Free Line: 0800229229 from Monday to Friday 08:00Hrs – 17:00Hrs, and through email: budget@finance.go.ug or contact respective desk officers for immediate assistance.

68. I thank you for your continued commitment and collaboration in improving Service Delivery for shared prosperity.

Keith Muhakaniki
PERMANENT SECRETARY/SECRETARY TO THE TREASURY

Copy to: Rt. Hon. Speaker of Parliament
Rt. Hon. Deputy Speaker of Parliament
Rt. Hon. Prime Minister
Rt. Hon. Deputy Prime Minister/ Deputy Leader of Government Business
Rt. Hon. 2nd Deputy Prime Minister/ Minister for East African Affairs
Hon. Minister of Finance, Planning and Economic Development
All Hon. Ministers and Ministers of State
The Chairperson, National Planning Authority
The Head of Public Service and Secretary to Cabinet
All Chairpersons, Parliamentary Committees
The Principal Private Secretary to H.E the President
The Clerk to Parliament
Hon. Members of Parliament
The Auditor General
The Director, Parliamentary Budget Office
All Resident District Commissioners
All Chairpersons LCV and Mayors of Municipalities
The Head of Parastatal Monitoring Unit
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<th>FY 2019/20</th>
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<td>FY 2021/22</td>
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<table>
<thead>
<tr>
<th>Activity</th>
<th>Proposed Dates</th>
<th>FPM Act 2015</th>
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<tbody>
<tr>
<td>1. Issue the First Budget Call Circular</td>
<td>September 2019</td>
<td>15th</td>
</tr>
<tr>
<td>2. Submission of Secorial Budget Framework Papers to MFPE</td>
<td>October 2019</td>
<td>15th</td>
</tr>
<tr>
<td>4. Framework Paper to MFPE (section 9 (5))</td>
<td>December 2020</td>
<td>31st</td>
</tr>
<tr>
<td>5. Debt Sustainability Analysis</td>
<td>January 2020</td>
<td>31st</td>
</tr>
<tr>
<td>6. Approval of the National Budget Framework Paper by Parliament</td>
<td>February 2020</td>
<td>By 1st</td>
</tr>
<tr>
<td>7. Preparatory and Submission of the 2020/2021 Year Financial Statements to the Auditor General (FPM 2015, section 50 (1))</td>
<td>February 2020</td>
<td>15th</td>
</tr>
<tr>
<td>8. Issue the Second Budget Call Circular</td>
<td>February 2020</td>
<td>By Thursday 11th</td>
</tr>
<tr>
<td>9. Budget Directorate</td>
<td>February 2020</td>
<td>By Thursday 2020</td>
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<tr>
<td>10. Parliament</td>
<td>By Monday 3rd</td>
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<tr>
<td>12. Sector Line Ministries</td>
<td>March 2020</td>
<td>By Thursday 12th</td>
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<tr>
<td>13. Statements to Parliament [section 13 (1)] Presentation of the Ministerial Policy FY 2020/2021</td>
<td>February 2020</td>
<td>15th</td>
</tr>
</tbody>
</table>

**Annex 1: Summary of Key Activities for the Budget Process Calendar**
<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
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<tbody>
<tr>
<td>June 2020</td>
<td>By Tuesday 30th</td>
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<td>Hon. Moped</td>
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<td>Parliament</td>
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<td>Before 1st Wednesday By 2nd Week</td>
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<td>Presentation of the Budget Speech in Parliament</td>
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<td>By 31st May 2020</td>
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<td>Approval of Annual Budget (Section 14)</td>
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<td>Approval of Annual Budget (Section 14)</td>
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<td>resurrection of the budget</td>
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<td>Certificate of Gender and Equity (Schedule of Accounting Officers)</td>
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<td>Management Report</td>
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<td>General;</td>
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<td>Recommendation of Auditor</td>
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<td>Measures to implement</td>
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<td>(1) Resignation Memorandum Nasco.</td>
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<td>(2) Appropriation Bill 2020.</td>
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<td>(3) Tax Bills</td>
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<td>(4) Multi-commitments Plan</td>
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<td>(5) Plan of government assets</td>
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<td>Annual budget by 2018/2019</td>
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<td></td>
<td>Certificate of compliance of the annual budget by 2018/2019</td>
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<tr>
<td></td>
<td>Preparation of the annual budget</td>
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<tr>
<td></td>
<td>Submission of half-year consolidated financial statements to PS/50 (3))</td>
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<td>FY 2020/2021</td>
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</table>

**ANNEX 1: SUMMARY OF KEY ACTIVITIES FOR THE BUDGET PROCESS CALENDAR**
### Calendar

The proposed budget process calendar for 2020/2019 has been harmonized with the normal annual

Note: Dates in bold are stipulated in the Public Finance Management Act 2015 (Amended)

<table>
<thead>
<tr>
<th>Officers (Parliament and Accounting)</th>
<th>July 2020</th>
<th>14 July Budget</th>
<th>16 Page 2020/2021 comes into operation [Section 13 (6)]</th>
</tr>
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<tbody>
<tr>
<td>Parliament</td>
<td>June 2020</td>
<td>30] Expiration of Appropriations [Section 17 (1)]</td>
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</tbody>
</table>

For 2020/2021

ANNEX 1: SUMMARY OF KEY ACTIVITIES FOR THE BUDGET PROCESS CALENDAR.
National Planning Authority

PLANNING CALL CIRCULAR (PCC)

Goal: Increased Household Incomes and Improved Quality of Life

September 2019
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Annex 2. Program Articulation Matrices
Annex 3. Project Identification Guidelines
Annex 4. Mainstreaming Global, Continental and Regional Initiatives
ANNEX 2: THE NPA PLANNING CIRCULAR, 2019

1. Background

Uganda’s development planning processes are guided by the Comprehensive National Development Planning Framework (CNDPF) adopted by Cabinet in 2007, to guide short, medium, and long-term integrated development planning. Accordingly, a 30-Year Vision (the Uganda Vision 2040) was developed and is to be achieved through implementation of three 10-Year National Development Plans and six 5-Year National Development Plans (NDPs).

To-date, two 5-Year NDPs have been developed and implemented. These include; NDPI (2010/11-2014/15) which focused on attaining growth, employment and socio-economic transformation for prosperity, and NDPII (2015/16 – 2019/20), which is in the final year of implementation, is focusing on strengthening Uganda’s competitiveness for sustainable wealth creation, employment and inclusive growth.

In line with the CNDPF and pursuant of its primary function of producing comprehensive and integrated development plans for the country elaborated in terms of the perspective vision and the long term and medium-term plans, the National Planning Authority (NPA) has started the process of developing the 3rd National Development Plan (NDPIII 2020/21-2024/25) and the 10-year NDP. In addition, the 10-year Human Resource Plan (HRP) and 5-Year Human Resource Development Plan (HRDP) are concurrently being produced to guide the country’s human resource planning and employment creation. The production of the HRDPs is in line with the Development Planning Regulations and the National Human Resource Development Planning (NHRDP) Framework issued by NPA in 2018.

The issuance of this Planning Call Circular is in line with the 2018 Development Planning Regulations. The Planning Call Circular (PCC) is intended to guide the planning process for the period 2020/21–2024/25 among Sectors, Ministries, Departments and Agencies (MDAs) and Local Governments (LGs). Overall, sectors are expected to submit their final plans by April 2020 which will simultaneously be launched with the NDPIII in May, 2020.

1.1. Objectives of the Development Planning Call Circular (PCC)

This Planning Call Circular (PCC) is intended to:

i) Communicate the beginning of the third cycle of production of Decentralized Development Plans and key process activities;

ii) Communicate the NDPIII strategic direction and the frameworks for the 10-Year NDP and the attendant Human Resource Plans;

iii) Provide guidance for the preparation of the sector, MDA and LG plans, which include proposed interventions of non-state actors;

iv) Motivate the participation of the various stakeholders in the development process of these decentralized plans.
ANNEX 2: THE NPA PLANNING CIRCULAR, 2019

1.2. NDPIII Key Planning Process Activities

The planning process commenced in June 2018 with the development of the NDPIII strategic direction. The NDPI end-of-term evaluation and NDPII Mid-term review have informed the strategic direction. The overall process of drafting NDPIII is a mix of top-down and bottom-up approaches to ensure strategic guidance at the national level and integration of development concerns at sector and local government levels into the overall national development programmes is consistent with national policies.

The main activities to inform the plan will include development of: Sector Development Plans (SDPs) and Sector Human Resource Development Plans (SHRDPs); Local Government Development Plans (LGDPs) and LG Capacity Building Plans; cross-cutting issues papers; the Public Investment Plan (PIP); and the Implementation and Monitoring and Evaluation Strategies. Nevertheless, as the SDPs and LGDPs are being developed, issues papers/respective draft plans will be utilised to inform the preparation of the NDPIII.

Consultations will be held according to a stakeholder engagement plan that has been developed by NPA. The consultations will take place at different levels and stages of the process to ensure comprehensive coverage of stakeholders to capture issues nationally for incorporation and articulation in the Plans. In line with the 2018 Planning Instruments, sectors and local governments will also hold consultative meetings to enable participatory development of their Plans.

The roadmap for preparing the NDPIII is attached in annex 1.

2. The Strategic Direction for the 10-Year NDP and NDP III

The strategic direction for the 10-Year NDP and 5-Year NDP III provides the overarching philosophy on which these plans will be developed. It includes the underlying theme, overall goal, strategic objectives and measures to help in realizing them. It is the basis on which priority interventions, programmes and projects will be elaborated. The thrust of the plan will be "reducing the subsistence nature of the economy through industrialization" as illustrated in Figure 1 below:
ANNEX 2: THE NPA PLANNING CIRCULAR, 2019

Figure 1: Summary of the NDPIII and 10-Year NDP strategic direction

Goal: Increased household incomes and improved quality of life
Theme: Sustainable Industrialization for inclusive growth, employment and wealth creation

Objective 1: Enhance value addition in Key Growth Opportunities
- Promote agro-industrialization
- Increase local manufacturing activity
- Promote mineral-based industrialization
- Harness the tourism potential
- Promote export-oriented

Objective 2: Strengthen private sector capacity to drive growth and create jobs
- Provide a suitable fiscal, monetary and regulatory environment for the private sector to invest
- Increase local content participation

Objective 3: Consolidate & increase stock and quality of Productive Infrastructure
- Institutionalise infrastructure maintenance
- Develop intermodal transport infrastructure
- Increase access to reliable & affordable energy
- Leverage urbanization for socio-economic transformation

Objective 4: Increase productivity, inclusiveness and wellbeing of Popn.
- Improve access and quality of social services
- Institutionalise HR planning
- Enhance skills and vocational Development
- Increase access to social protection & address

Objective 5: Strengthen the role of the public sector in the growth and development process
- Increase state participation in strategic sectors
- Enhance partnerships with non-state actors for effective service delivery
- Re-engineer the Public service to promote investment
- Increase Resource Mobilization

Programs
1. Agro-Industrialization
2. Oil, Gas and Mineral-based Industrialization
3. Tourism Development Program
4. Environment, Climate Change and

Programs
1. Private Sector Development

Programs
1. Human Capital Development and Social Protection
2. Community Mobilization and Mindset Change
3. Technology Transfer and Development
4. Special Dev't
ANNEX 2 : THE NPA PLANNING CIRCULAR, 2019

The focus on industrialization is meant to consolidate the achievements so far registered and act as a vehicle for driving sustainable growth. It provides unmatched potential for sustained accelerated growth by adding value to the abundant resources in Agriculture, Minerals, Oil/Gas, Tourism and youthful labour force. Industrialisation promotes national forward and backward linkages that stimulate production and productivity growth, which ultimately results in gainful employment, increased household incomes, wealth creation and improved quality of life.

2.1. NDPIII Strategic approach

The proposed strategic approach for the NDPIII embraces two major frameworks that are interlinked:

i) Program-based planning, budgeting and resource allocation. This is anchored on whole-of-government principles to ensure that government ministries, departments and agencies plan, design and implement programs in a coordinated manner beyond sector jurisdictional boundaries to avoid fragmented outputs and achieve greater results and impacts;

ii) Area-based commodity value chain approach that will ensure that spatial location of interventions will be considered and promoted across value-chains.

3. Programmatic Approach to Planning

To realise the NDPIII goal and objectives, a programme approach to implementation will be adopted. In this regard, a programme refers to a group of related interventions/projects that are intended to achieve common outcomes within a specified timeframe. Specifically, the programme approach to planning aims to:

i) Focus implementation of the NDPIII programmes on delivery of common results;

ii) Strengthen alignment of planning and budgeting frameworks. This will provide a logical framework for anchoring the Program-Based Budgeting System (PBS);

iii) Enhance synergies across sectors and other actors to reduce a ‘silo’ approach to implementation. For instance, the realization of a healthy population transcends the health sector to include other sectors like agriculture and water sectors that contribute to the well-being of the population by providing food, nutrition and safe water and sanitation;

iv) Provide a coordinated framework for implementation, monitoring and reporting for improving delivery of results.

3.1. Programme Logic

Programmes were identified on the basis of key development issues that need to be addressed to achieve the overall goal, objectives of NDP III along with corresponding strategies of NDP III and aspirations towards achievement of Uganda Vision 2040. The
Summary of programme logic is illustrated below. **Figure 3: Summary of program logic**

All Programmes have been developed in line with the above logic including sector mapping to programmes as provided in Annex 2.

### 3.2. Implications of the Programmatic Approach

This reform will imply instituting mechanisms for effective programme implementation. These will range from architecture for planning and budgeting, coordination and implementation, monitoring and evaluation mechanisms as well as data production and management. These are explained in detail below:

#### 3.2.1. Implication 1: Planning and Budgeting

The planning will be done within the CNDPF and HRDPF in a programme mode. Specifically, the NDPIII will articulate the programmes together with their corresponding objectives, sub-programmes, interventions/projects and indicators. The Plan will also articulate the strategies for achieving the results. The sector plans will articulate the objectives and interventions of the sub-programmes at Departmental and Agency level. Figure3 illustrates how planning, and budgeting frameworks will be linked at national and LG levels.

The budget architecture/structure will also be re-aligned within the framework of programmes. This will require reconfiguration of the PBBS, Chart of Accounts and MTEF/Budget Codes. The reconfiguration of the budgeting and accounting systems will be implemented in a phased manner starting with programmes that are at sector level in Year One, which will graduate into national level programmes in Year Two of NDPIII implementation. The 16 NDPIII programmes will therefore be initially integrated into the PBBS at the sector level together with their corresponding results indicators.
ANNEX 2 : THE NPA PLANNING CIRCULAR, 2019

The coordination changes in Year-Two notwithstanding, the same programmes will be pursued over the five-year period of the NDP III.

Agencies and LGs will receive technical back-up from NPA and sectors to derive cascaded sub-programmes in their development plans.

3.2.2. Implication 2: Coordination and implementation

The coordination of the programmes shall be led by the Office of the Prime Minister (OPM) with support from NPA and MoFPED. In doing so, the OPM will coordinate work-planning and performance review meetings of all sector-working groups.

Figure 3 shows the linkage between planning, budgeting and implementation for delivery of the programmes.

Figure 3: Linkage between programme-based planning, budgeting and implementation

At the local government level, the implementation of local government plans will be coordinated by the respective Council Committees. The Ministry of Local Government will coordinate reporting to the Office of the Prime Minister. On the other hand, as in line with the Local Government Act and existing regulations and guidelines, the District Executive Committees and the RDCs will undertake oversight of the implementation of Plans and programmes.

At the Parish level, there shall be a parish wealth creation plan that is intended to improve the incomes and welfare at household level. This Plan will focus on five strategic areas of income generation, savings, health, education and sustainable environmental
ANNEX 2: THE NPA PLANNING CIRCULAR, 2019

management. It will be spearheaded by the Parish Chief and will seek to promote wealth creation focusing on one to three commodities in line with agro-ecological zoning of the country. The Community Development Officer at the sub-county will play a key role in mobilisation of the communities.

3.2.3. Implication 3: Monitoring and reporting

At the national level, an integrated web-based NDP M&E system will be developed for tracking progress of NDP implementation. All Sectors and MDAs will be responsible for implementation monitoring of programmes and services planned to be implemented.

The MDAs will be required to monitor and report the progress on the execution of projects/interventions, and services to the SWGs, OPM, MoFPED, and NPA. The manual reporting systems will gradually be automated through the integrated web-based NDP M&E system for timely reporting.

3.2.4. Implication 4: Data production and management

The data production frequencies will be synchronised with the NDPIII data needs. In particular, given the fact that the programme-based planning focuses on outcomes, there will be need for integrating various surveys and/or conducting surveys that cover outcome indicators of the NDPIII. Therefore, the UBOS designated data collection cycles will have to be observed. All UBOS surveys will need to be conducted simultaneously in selected “survey periods”. This will, in particular, require reviewing the funding requirements of UBOS. On the other hand, the administrative data capture and reporting will be strengthened by revamping or introducing management information systems (MIS”) in all MDAs and Districts. All MIS” will be linked into the Web-based integrated NDP M&E system hosted at the National IT Authority of Uganda (NITA(U)). The NDP M&E System, now under design, will interface with the Public Finance Management systems to enhance consistency between budgetary expenditures and NDP monitoring.

A databank on the costing of all the NDPIII objectives, interventions, outcomes, outputs and corresponding targets (Cost-Implementation Matrix) will be developed as Annex to the Plan to facilitate monitoring and linkage with the PFM systems.


In February 2018, cabinet approved the National Human Resource Development Planning (NHRDP) Framework for Uganda as the first stage in the process to revive Human Resource Development Planning at a strategic level. The objective of the NHRDP framework is to provide processes, structures and mechanisms for Human Resource Development Planning and to align it with the Comprehensive National Development Planning Framework (CNDPF) in a coordinated and guided approach.

The approval of this framework implies that, any development plan shall be incomplete without the attendant human resource plan. This human resource planning framework is implemented through (5) main elements namely: The 30-year National Human Resource Development Strategy (NHRDS); 10-year National Human Resource Plans (NHRP); the
ANNEX 2: THE NPA PLANNING CIRCULAR, 2019

5-year National Human Resource Development Plans (NHRDP); the 5-year Sectoral and LG Human Resource Development Plans (SHRDP) as well as a special 5-Year Sector I Human Resource Development Plan for the Education sector to meet national human resource needs of the country.

Therefore, Uganda will produce the National development Plans (10-Year and 5-Year plans) together with the attendant (10 Year and 5-Year) National Human Resource Plans. In addition, sectors will produce the 5-Year Sector Development Plans together with the attendant 5-Year Sector Human Resource Development Plan while LGs will produce the 5-Year LG Development Plans which will include their human resource plans.

At the national level, the 10-year National Human Resource Plan provides the strategic direction for sustainable human resource development in-line with the current and projected trends in human resource supply and demand to respond to the structural education qualifications and skills mismatches. The 5-Year NHRD on the other hand stipulates the planned strategic interventions to provide Ugandans with the necessary qualifications and skills needs for the current and future job needs over the medium term.

5.0 Preparation Sector, MDA and LG Development Plans

5.1 Process and Timelines for the Sector Development Plans

Each sector is required to develop a five-year sector development plan that is aligned to the NDPIII objectives, priorities, and program outcomes. Sector plans will be launched together with NDPIII in May 2020. For this to happen, a draft Sector/MDA Priority Papers that inform the NDPIII are to be submitted by to NPA by 31st October, 2019, and the corresponding draft Plans by 20th December 2019. NPA will thereafter review plans and submit comments for improvement where necessary by end of February 2020. The final sector plans should be submitted to NPA by end of April, 2020. The sector plan should specify the objectives, strategies and interventions for achieving the desired intermediate level outcomes.

5.2 Alignment of sector plans within the framework of the NDPIII programme planning

The approach to planning taken is a hybrid of both top-down and bottom-up. The NDPIII provides the top-down strategic direction including national development programs and the interventions arising from the bottom-up consultation processes. The SDPs on the other hand are expected to articulate the sub-programmes and the detailed strategies and targets for the programmes and interventions outlined in the NDP.

Within the broad objectives and intended outcomes of the Programmes, the sectors will identify their areas of focus to which they will contribute. In this respect sectors should have a lens across the various program value chains (see annex 2 of the broad program objectives, outcomes and outcome indicators).
ANNEX 2 : THE NPA PLANNING CIRCULAR, 2019

Illustration of how sectors will contribute to programmes: Agriculture sector

i) Identify programs to which the sector contributes e.g. agro-industrialization industry, human development, environment and natural resource management program.

ii) Identify focus areas along the program objectives, outcomes and interventions.

iii) Undertake a situation review of the identified focus areas in light of the sector role/mandate (current status/data, key challenges/constraints, emerging issues in the context of global, regional and national agenda).

iv) Identify subprogram(s) max 7, with corresponding specific objectives, results, and interventions to be implemented by MDAs.

v) Identify key actions to be implemented by other sectors for successful implementation of the subprograms.

5.3 Human Resource (Manpower) Plans for Sectors

In-line with the approved National Human Resource Planning Framework (NHRPF), each sector is required to develop a sector human resource development plan every five (5) years. The Plan shall be an Annex to the Sector Plan. To develop this plan, each sector is required to undertake an assessment of the current and projected sector human resource demand and supply over the medium term, map-out the key human resource gaps in terms of education qualifications, skills certification needs and the soft skills needs. Thereafter, phase out medium-term interventions towards realizing the required human resource needs for the sector to support the realisation of programme outcomes. It should be noted that, the sector HRDP goes beyond public service manpower needs and should look at the economy-wide sectoral human resources needs including the private sector, CSOs among others. This plan must project desired medium term and long-term requirements.

For detailed guide on developing SDPs, the sector development planning guidelines can be downloaded from the NPA Website: www.npa.go.ug.

5.4 Development of Ministry, Department or Agency strategic plans

MDAs shall prepare five-year strategic plans that are in line with their respective sector development plans and the NDPIII. MDAs will submit to NPA draft strategic plans for review by May 2020, and thereafter submit final plans by August, 2020. However, the costing of interventions and projects that correspond to the NDPIII will be submitted for incorporation into the Plan by December 2019.

MDAs will outline objectives, interventions and projects, in line with the NDPIII, which will be elaborated in terms of activities and corresponding recurrent services at operational level that must be implemented to contribute to the subprogram and national program results. MDAs will be budgeting/cost centres under program-based planning.
ANNEX 2: THE NPA PLANNING CIRCULAR, 2019

5.5 Development of Local Government Development Plans

All HLG and LLGs shall prepare respective 5-year development plans. These Local
governments include HLGs/Districts, LLGs governments (Municipalities), LLGs (Town
councils) and LLGs (Sub counties).

HLGs and Municipal LGs should submit to NPA draft strategic plans for review by May
2020, and thereafter submit final plans approved by their respective councils by August,
2020. Town council and subcounty development plans will be submitted to respective
district and municipal planning units. Municipal councils and town councils/division
councils should submit copies of their plans to district planning units for integration.
Like for sectors, HLGs and Municipal LGs will submit the costing of the interventions
and projects that are directly included in the NDPIII by December 2019.

5.6 Alignment of LGs in the NDPIII programme planning

HLGs and Municipal LGs shall develop plans aligned to the NDPIII strategic direction.
In this respect LG plan will seek to contribute to the realisation of the broad NDPIII goal
through adaption of broad NDPIII programmes within the framework of decentralised
services. The adaption of the NDPIII programmes should be in light of the standards and
targets of the respective sector. the detailed process for development of the plan is guided
by the Local Government development Planning guidelines accessible via NPA website:
www.npa.go.ug.

5.7 Identification of projects

The production of the NDPIII Public Investment Plan (PIP) will be informed by the
SDPs. It will be a requirement for every SDP and MDA Plan to include projects that
have passed the pre-feasibility stage. This will encourage fast tracking the production of
feasible projects rather than having mere project ideas. NPA through the Project
Development Unit will provide support to sectors to facilitate project preparation. Only
core/flagship sector/MDA/Municipal & HLG projects that will have passed the pre-
feasibility stage will be integrated into the NDPIII. list of projects. Projects that will not
have passed the pre-feasibility stage will be included in NDPIII only as project ideas and
interventions. The NDPIII PIP will be an annex to the Plan. A guideline for project
identification is provided in Annex 3.

5.8 Integration of Global, Continental and Regional Development Frameworks

All plans should integrate respective international frameworks in line with their mandate
and NDPIII priorities. The 2030 Agenda for Sustainable development, the Africa Agenda
2063 and the East African Community Vision 2050 all place sustainable development at
their centre with the premise that equitable and lasting development requires careful
balance in production, consumption and use of natural resources to ensure that today’s
consumption does not compromise the needs of future generations. The development
frameworks converge on issues related to the 5 P’s i.e. People, Prosperity, Planet, Peace
ANNEX 2: THE NPA PLANNING CIRCULAR, 2019

and Partnerships. Although similarities exist, these agenda diverge with the continental and regional frameworks focusing more on integration and cultural aspects. An illustration of these is provided in Annex 4.

The sectors, MDAs and local government will be expected to create a link to the goals for each element in the context/situation analysis of the plan, identifying interventions and corresponding indicators. Indicators for measuring progress on the goals will be integrated in the plans monitoring and evaluation frameworks. The goals will therefore be embedded in the plans at intervention, budgeting and results level. A mapping of these agenda to sectors is attached as annex to guide integration in the sector and LG plans.

5.9 Integration of Cross-Cutting Issues

The Government of Uganda is committed to addressing cross-cutting issues. These include: environment and climate change, HIV/AIDS, gender and equity, Disability, human rights. The existing cross-cutting issues guidelines should be used along with the planning procedures defined by the reviewed NPA sector and local government development planning guidelines.

5.10 Mainstreaming HIV/AIDS

In controlling the spread of HIV/AIDS, the HIV/AIDS Act (Cap 208 of 1992) requires all sectors to mainstream HIV and AIDS interventions in their planning and programming. The Presidential Directive to fast track ending of HIV and AIDS as a public health threat further guides MDAs and Local Governments on key steps in HIV and AIDS mainstreaming as follows; establish HIV&AIDS coordination committees; allocate 0.1% of their total budget to HIV&AIDS activities; develop HIV&AIDS Strategic Plans aligned to the National HIV&AIDS Strategic Plan priorities; develop a work place HIV&AIDS Policy; implement planned HIV & AIDS activities and submit quarterly and annual reports to Uganda AIDS Commission for consolidation and onward reporting. Therefore, all sector and local government plans must include these and other interventions related to the control of HIV/AIDS and indicate costs for the activities equivalent of 0.1% of total budget (excluding pensions, gratuity & transfers).

5.11 Gender and Equity concerns

Mainstreaming gender and equity is a key concern for balanced and sustainable growth and development. Sectors, MDAs and local government must ensure that gender and equity issues are mainstreamed in the plan in order to enhance gender and equity responsive budgeting. Gender and equity issues will include analysis of beneficiaries and populations planned for by sex and other vulnerabilities such as age.

5.12 Mainstreaming concerns of Persons with Disabilities (PWDs)

NPA produced the national disability-inclusive planning guidelines to supporting sectors and local governments to identify, analyse, include, monitor and evaluate disability issues
ANNEX 2: THE NPA PLANNING CIRCULAR, 2019

in their plans and budgets. Reference to these guidelines should be made by all planning entities during plan formulation.

5.13 Mainstreaming Human Rights issues

The integration of human rights into the development planning and programming processes will follow the Human Rights Based Approach (HRBA). The HRBA planning tool for sectors and local governments was developed to guide in the identification, analysis, integration and monitoring of human rights activities in the sector and local government plans. The human rights requirements laid out in the tool will be the basis for reporting, evaluation and accountability of development plans and programmes. Reference to the tool should be made by sectors and local governments during plan formulation.

5.14 Environment and climate change issues

The continued reduction in the forest cover as well as wetland degradation and encroachment have led to increased vulnerabilities and disparities in incomes as well as loss of livelihood to the population and reduction in GDP growth rates. The forest cover reduced to 9.5% in FY17/18 from 14% in FY12/13 while wetland cover reduced from 11.9% to 10.9% over the same period.

Intensification of efforts to increase the forest cover, promote climate change adaptation and mitigation, disaster risk reduction as well as the conservation and regeneration of wetlands will moderate and even reverse some of the impacts.

Sectors, MDAs and local government are therefore required to mainstream environmental issues in their plans programmes and budgets. Sectors, MDAs and LGs should specifically provide planned environmental interventions on afforestation/reforestation and swamp restoration with quantified baselines and annualized targets over the Plan period. Guidelines for mainstreaming climate change and its impacts are already in place and should be referred to during plan formulation. The Climate Change department (CCD) (under the Ministry of Water and Environment) has developed a Climate and Disaster Risk Screening tool to guide the integration of climate risk considerations into project design. The tool enables the systematic upstream identification of climate risks and vulnerabilities of public investments and facilitates integration of resilience building measures into plans, programs and budgets.

6. Way Forward

Well-articulated, consistent and integrated plans at the national, sector, MDA and local government plans levels are key to informing budgeting, implementation and monitoring. In that regard, a productive and participatory consultative process will be vital. A summary of key documents and dates is given below:
ANNEX 2: THE NPA PLANNING CIRCULAR, 2019

I. The draft NDPIII will be in place by 15th September 2019 in order to guide the Budget Strategy for FY 2020/21.

II. Consultations on the Draft NDPIII with Development Partners, other non-state actors, sectors and LGs to take place between October 2019 and January 2020.

III. Finalization of the preparation of the computerised databank (Cost-Implementation Matrix) and determination of the NDPIII MTEF, including division of labour, by January 2020.

IV. Finalization of the fully costed NDPIII PIP is expected by December 2019.

V. Sectors, MDAs and LGs should submit their draft costed plans to NPA by 20th December 2019, May 2020, May 2020; and final plans by April, 2020, August, 2020, and August, 2020 respectively.
BUDGET STRATEGY FY2020/21

Theme: Industrialisation for Job Creation and Shared Prosperity

September 2019
INTRODUCTION

The budget for FY2020/21 will be implemented under a new development plan – the Third National Development Plan (NDPIII). The NDPIII will build on the foundation already laid under the Second National Development Plan (NDPII).

In the second national development plan, the government set a goal of achieving a middle-income status, that is to say, increasing the average income of Ugandans to US$ 1,039. Significant strides have been made already – every Ugandan now earns, on average, US$825 per year. This is up from an average of US$ 745 in 2012/13. While the middle-income goal may not be achieved given the space of time left to the closure of the current plan, good progress has been made with respect to the realization of the strategic objectives of the second national development plan:

i) Investment in the exploitation of the key growth opportunities have yielded several positive results. The tourism sector now ranks as the leading foreign exchange earner and contributes about 10% of GDP, up from 4.3% in 2011. Value added to agricultural activities increased from Ushs.17.4Trillion in 2011 to Ushs.24.3Trillioon in 2018. The legal and regulatory framework for the oil and gas sector have been put in place, local capacity development and other preparatory work for oil and gas exploitation are on-going.

ii) The stocks of productive, trade and export infrastructure have been increased significantly. Electricity generation capacity increased from 610 megawatts in 2011 to 974 megawatts in 2018. As a result, several economic growth centres have access to power. The percentage of the population with access to electricity also more than doubled from 11 to 23. Paved national roads increased from 16.1 per cent in 2011 to 21.1 per cent in 2018. Consequently, production, trade and exports have been facilitated. Export earnings increased from US$3.4Million to US$5.3Million between 2011 and 2018. Overall, the size of the economy more than doubled from Uganda Shillings 46.9 to 101.0 Trillion within the same space of time.

iii) Several key non-income development targets, especially those relating to the quality of life, have already been achieved ahead of schedule. For instance, life expectancy is currently at 63 years. The NDPII target of 60 years by the year 2020 has been exceeded. The increase in life expectancy mirrors considerable improvement in the quality of social service outcomes. Most notably, the
ANNEX 3: THE BUDGET STRATEGY FOR FY 2020/2021

reduction in maternal mortality from 435 to 336; and, under-five mortality from 137 to 64, all between 2011 and 2018.

The development milestones achieved cumulatively under both the first and second national development plans, now provide a solid foundation on which the successor third national development plan will drive higher and more inclusive growth in the coming years, beginning FY2020/21. However, to achieve the intended development outcomes, the existing challenges to growth will have to be addressed decisively.

EXISTING CHALLENGES TO ECONOMIC GROWTH AND DEVELOPMENT

Several development challenges were identified during execution of the second national development plan. The key constraints to accelerated and inclusive growth are:

i) **Low productivity in the exploitation of the growth opportunities in agriculture, tourism, minerals and the trade.** Low productivity is majorly due to the low uptake of modern technology and a large subsistence nature of production, specifically under the agriculture sector. Over 68% of the population is in the subsistence economy, with little or no commercial endeavours. Besides, there has been slow progress in the commercialisation of minerals, oil and gas because of delays in the development of requisite infrastructure. Consequently, job creation in the economy has been lacklustre and has not kept pace with the surge in the number of youths joining the labour force.

ii) **Uncompetitive cost of doing business as a result of high cost of electricity and transport.** This is compounded by inadequate investment in infrastructure maintenance, particularly in the transport sector. Uganda’s ranking in the Global Competitive Index for ease of doing business deteriorated from 112 out of 183 economies in 2011 to 122 out of 189 economies in 2018. As a result, Uganda has not been able to benefit fully from the abundant regional and international trade opportunities.

iii) **Existing gaps in social service delivery and widening inequality as well as monetary poverty,** which increased from 19.7% in 2013 to 21.4% in 2017. Most alarmingly, however, 56% of Uganda’s children suffer from multidimensional poverty. In other words, they are deprived from things or...
activities which are deemed essential by the majority of Ugandans and of paramount importance for their cognitive development. To illustrate, 77% of children in West Nile are unable to access a health facility or afford prescribed medicines when ill. Similarly, 86% of children in Karamoja are deprived of three meals per day, and 80% of children in Bukedi are deprived of school fees, uniform and scholastic materials because their parents cannot afford it. Busoga, Bukedi and Bugisu – which, along with Karamoja, Acholi and West Nile rank amongst the poorest sub-regions in the country – are very densely populated and together account for one-third of Uganda’s child population.

Rapid population growth in the face of shrinking fiscal space for strategic investments in health, education, and social protection. Countries in East Asia, including the Asian Tigers, had started off with demographics very similar to those exhibited by Uganda today, yet have successfully achieved the demographic dividend between 1965 and 1990. Regardless of the key strategies (policy interventions) used, all countries who successfully harnessed the benefits from the demographic dividend built their economic success around significant increases in health outcomes, improvements in the quality of education, as well as female empowerment, ultimately fueled by a healthy balance between social and economic sector investments.

iv) **Constraints to private sector investment.** The cost of credit has been a major constraint to private sector investments. Other constraints relate to the trade barriers and business regulatory gaps.

v) **The inefficiency from fiscal, monetary and administrative governance.** As a result, returns to public investments are lower than expected. The contribution of public investment to GDP was only about 3.1% in 2018/19. The increase in administrative units have in most cases resulted into unplanned expenditures and the related supplementary budgets which undermines effective fiscal operations e.g. expenditures on elections.

### PROPOSED BUDGET STRATEGY FOR FY2020/21

Given that 2020/21 is the first fiscal year of implementation of the third national development plan (NDPIII), the budget strategy will be anchored on the NDPIII medium-term growth and development objectives. To address the existing
challenges to growth and further build on the development milestones achieved so far, the medium-term growth agenda will be centred on the following key objectives:

i) Efficient and sustainable exploitation of growth opportunities;
ii) Consolidating and increasing the stock and quality of productive and urban infrastructure to support trade, industrialisation, trade, exports and efficient urbanization;
iii) Increasing the productivity, inclusiveness and wellbeing of the population;
iv) Strengthening the private sector to drive growth; and,
v) Enhancing the effectiveness of both fiscal and administrative governance.

Efficient and Sustainable Exploitation of the Growth Opportunities

Uganda’s economic growth has been robust over the years, but mainly driven by the services sector that employs a few. As a result, there has been slow growth in new jobs, income inequality has widened, and poverty has risen.

The industrial and manufacturing sectors hold the most enormous potential to employ more, drive more inclusive growth and faster economic transformation. The government will therefore pursue a resource-led industrialisation agenda, focusing on commercialisation and value addition in the four areas with significant opportunities for economic transformation (i) Agro-based Industrialisation, (ii) Mineral Beneficiation, (iii) Petroleum Resource Exploitation, and (iv) Labour intensive Manufacturing and Trade. Scaling up measures for environmental protection and integration of climate change mitigation and adaptation actions within the development plan will be an important aspect of a sustainable resource-led growth.

Agro-based Industrialisation

Agro-industrialisation is undeniably the most urgent priority of the government to transform the economy. Growth of the manufacturing industry is critical in the pursuit of accelerated rates of economic growth; hence the focus on agro-industrialisation as the engine for take-off. Agro-industrialisation will provide enormous potential for a sustained and more inclusive growth by adding value to agro-produce. The forward and backward linkages provide a basis for increased
demand for agro-produce and processed agro products, increased jobs, improved trade balance and higher labour productivity.

A good foundation has already been laid to support the agro-industrialisation agenda under both the first and second national development plans. Commercial agriculture is emerging in some regions, with integrated agricultural value chains linking nucleus farmers and out-growers to agro-processing plants and markets. A notable example is the BIDCO vegetable oil processing plant in Kalangala, which closed a crucial gap in the value chain for palm oil production. The vegetable processing plant has provided a steady market to palm oil farmers and availed a steady supply of vegetable oil for both the national and regional markets. Consequently, several jobs have been created, poverty levels have been reduced in the region and the cooking oil import bill has also been reduced.

In the coming FY2020/21, the government will prioritise replication of the BIDCO success countrywide for commodities that have potential for transforming the lives of the majority of the Ugandans engaged in farming and agri-businesses i.e. dairy and beef, coffee, fisheries, cotton, maize and beans, fruits, vegetable and oil seeds, covering the 9 agro-ecological zones of the country. The strategic interventions in the agriculture sector will, therefore, be anchored on supporting the nucleus farmers/out-growers along the agricultural zones and integrating them in the value chain, i.e. linking the farmers to agro-processing plants and markets.

To Enhance Value addition for the vital commodity enterprises, the strategy will develop commodity enterprise-specific Value Chain Solutions covering research, production, post-harvest handling, storage and market access elements that will entail the following strategic actions:

i) Organising farmers into producer cooperatives or groups linked to nucleus commercial farmers/processors who will be encouraged to add value to farmers’ produce, put up efficient storage and minimize post-harvest losses.

ii) Providing agricultural extension services to improve farming practices and increasing the uptake of appropriate research and technologies.

iii) Promoting Climate-smart Agriculture to reduce reliance on rain-fed agriculture and mitigate the impact of climate change through irrigation, including the use of solar-powered irrigation pumps; and rainwater harvesting.

iv) Enhancing the rural electrification programme to develop relevant rural growth centres within Ecological Zones.
v) Strengthening enforcement of regulations for standards and quality assurance.

vi) Facilitating market access for agricultural products through export development.

vii) Streamlining financing of Agriculture and attract investments into the sector.

viii) Providing medium and long-term financing and fully implement the subsidized Agriculture Insurance programmes under the Uganda Agriculture Insurance Scheme (UAIS), which provides loss protection from natural disasters for farmers.

Minerals Beneficiation

The beneficiation of the abundance of mineral deposits such as iron ore, copper, and limestone, among others, will provide economy-wide benefits, far beyond creating wealth within the mineral sector. For instance, processing of phosphates, limestone, and iron ore into fertilizers, cement and steel respectively provide inputs to commercial agriculture and the construction industry which are essential to spur industrialisation.

Good stride has been made already in the beneficiation of some minerals. A case in point is the processing of limestone into cement which has benefitted the construction industry. The total production capacity of cement now stands at 6.8 million metric tonnes compared to 2.3 million metric tonnes in 2015 and 1.6 million metric tonnes in 2011. Several jobs have been created as a result and there has been a reduction in the cost of cement as well as imported cement.

To replicate this success for other minerals, the budget for the coming fiscal year 2020/21 will prioritise the following interventions:

i) Investment in requisite infrastructure for exploration and value addition to priority minerals. The government will continue to invest in equipment for the Entebbe mineral laboratories and training of mineral analysts. In addition to the already procured equipment, more investment will be channelled to acquiring seismic equipment and positioning systems to strengthen mineral exploration.
ANNEX 3 : THE BUDGET STRATEGY FOR FY 2020/2021

ii) Review of the licensing regime to minimize speculation and hoarding. The existing mining regulations 2004 are being revised to align to new proposed legal and regulatory framework.

iii) Enforcement of performance-based system for renewal of licenses. The Ministry of Energy and Minerals commenced development of the Mining Cadastre and e-business portal for renewal of mineral licenses. During FY2020/21, the sector will ensure the harmonisation of the system with the URA system.

iv) Establishment of a proper inventory of the national mineral resource base. In addition to the ongoing Karamoja geo-survey and mapping, there will be more investment in establishing and development of a mineral database and geo-information system.

v) Strengthening the capacity for inspection and enforcement. The Government has already put in place the Mineral Police. Going forward, there is a need to equip and strengthen the police to further promote mineral inspection and enforcement of regulations.

vi) Establishment of the legal framework for non-conventional minerals such as sand and rocks and Streamlining artisan mining. The Minerals and Mining Bill 2019 will establish a legal framework for the whole sector, including new areas such as sand and rocks.

Petroleum Resource Exploitation

The exploitation of petroleum resources was envisaged to add a new base to the economy during the second national development plan period, incentivize growth in other sectors in the economy through backward linkages to agriculture and tourism, and forward linkages to areas such as petrochemicals, oil and gas retail business, among others. However, delays in the development of production and trade infrastructure have prolonged resource exploitation. In the coming fiscal year, the government will need to speed up the development of oil and gas infrastructure and build local capacity to participate and benefit from the sector optimally. The following interventions will be prioritised:

i) Strengthen human and institutional capacity to enable promotion and licensing, effective monitoring and regulation, and management of the
ANNEX 3: THE BUDGET STRATEGY FOR FY 2020/2021

commercial and business interests of the State through building the capacity of UNOC in exploration and other upstream and mid-stream management.

ii) Strengthen the local private sector to promote local participation in the oil and gas supply chain through finalization of the local content Bill under the Oil and Gas industry.

iii) Fast-tracking Investment in oil-related infrastructure; there is a need to clear and compensate project-affected people for the products pipeline from Hoima to Buloba. Investment into the Oil Refinery and the East African Crude Oil Pipeline (EACOP) still await the Final Investment Decision anticipated before close the of 2019.

iv) Attract investment in industries that supply the oil and gas sector with manufactured goods. In the next fiscal year, Government will focus on putting in place a framework that attracts and retains the Private Sector in the development of the Kampala Storage Terminal and Kabaale industrial park.

Labour-intensive light Manufacturing, Export and Trade Promotions

Uganda is well-positioned to benefit from the many trade blocs that the government has established through multilateral arrangements, e.g. COMESA, EAC and AGOA, among others. However, this will require increasing manufacturing capacity as well as addressing trade-related issues, most problematic – the non-tariff barriers. To increase penetration in this trade blocs. The government will, therefore, priorities the following interventions in the coming fiscal year:

i) Development of the special economic zones

Continued Development of Border Export Zones/Market Program (BMP) to position the country and help in harnessing regional market opportunities in the spirit of pursuing regional integration under the EAC, COMESA Free Trade Area (FTA) and the EAC-COMESA-SADC Tripartite FTA. The 18 border points (Bibia, Malaba, Mpondwe, Katuna, Lamy-Busunga, Ishasha, Mirama Hills, Mutukula, Amudat, Lwakhakha, Suam, Vura and Oraba, Busia, Lumino, Ntoroko and MadiOpei and Kikagati) are targeted. Master plans for 6 six border points (Katuna, Busia, Kikagate, Oraba, Lwakhakha and Elegu) was developed with construction at Katuna, Busia, Oraba, Lwakhakha and Elegu (from EU through COMESA) being implemented.
ANNEX 3: THE BUDGET STRATEGY FOR FY 2020/2021

Government will prioritise export promotion and diversification by undertaking the following strategic actions:

a. Review of the market share of various commodities and design export promotion response mechanism (specific for each market) for increased volumes and values of exports during the remaining period of NDPII and preparation of NDPIII.

b. Review the existing bilateral trade agreements between Uganda and the respective markets and advise Government on inadequacies that may need to be re-negotiated with those countries. Furthermore, there is a need to review export development and promotion programs and propose the best way for both existing and potential exporters to respond to market opportunities.

c. Institute mechanisms for providing regular market intelligence reports from Uganda’s foreign Missions in the respective markets to existing and potential exporters.

d. To organize single country exhibitions in those export markets to popularize Uganda’s products.

ii) Regarding consolidation of Government investments, Government will urgently strengthen the technical and managerial capacity of Uganda Development Corporation (UDC) and consolidate all its investments under one roof for effective management.

iii) Enforcing standards/quality. Increased standards development and adoption, system/product certification permit issued, enhance market surveillance inspections, enforce inspection and clearance of imports improve on Laboratory analysis and teasing of verified equipment’s used in trade and calibration of industrial products, laboratory testing and import inspection.

iv) Continued investment in transport, energy and ICT infrastructure to meet manufacturing and trade/export requirements. Regarding the influx of Petty foreign traders, the Ministry of Trade should cooperate with the Directorate of Citizenship and Immigration Control to scrutinize the quality of foreign traders before access and stay in Uganda is granted. The Ministry of Trade, Industry and Cooperatives should expedite the Trade Licensing regulations process.
v) Identifying opportunities for technology importation and streamlining the existing support to the informal sector (Juakalis). Strengthen Uganda’s standards development and quality infrastructure and processes to guarantee industry competitiveness mainly for MSMEs; and, Capitalise the Uganda Development Bank, provide incentives to some commercial banks to design financial products that would benefit MSMEs.

Exploiting the rich biodiversity of Tourism

Statistics show a rapid increase in the number of tourists’ arrival in Uganda over the years. According to the Civil Aviation Authority (CAA), passenger traffic in Entebbe Airport has been increasing by 7% on average, year-on-year, majorly attributed to growth in the number of tourists to the country. The increase in tourists is undoubtedly a response to the campaign and marketing effort that has been pursued by the government over the years. Tourist arrival increased from 1.3 Million in 2015 to 1.8 Million in 2018, representing about 40% increase (UBOS, 2018). While nominal earning increased only modestly by about 27%, i.e. from USD 1.1 Billion to USD 1.4 Billion between the two periods.

A comparison of tourists’ numbers and earning of Uganda against those of regional peers show a rather weak correlation between tourists’ numbers and earnings. In 2015, whereas Uganda received more tourists (1.3Million) more than Kenya (1.1Million) and Tanzania (1.1Million), Uganda earned lower (USD 1.1Billion) compared to Tanzania (USD 1.9Billion) and Kenya (USD 2.5Billion), as shown in the graph below.

![Tourists Arrival & Earnings in 2015](image)

Source: MoFPED illustration based on statistics from UBOS & Tanzania Tourism Sector Survey (TTSS), 2015.
ANNEX 3: THE BUDGET STRATEGY FOR FY 2020/2021

This unusual relationship between visitors’ numbers and earnings is explained by the nature of visits for the different countries. Statistics by UBOS indicate that while over 72% of visitors to Kenya and Tanzania go specifically for holiday/leisure, spend more time (about 2-weeks on average), spend more money and with high possibility of visiting again, only 18% of tourists to Uganda come on holiday/leisure, the rest of the visitors come on short business trips, meetings/conferences and visiting friends, spend fewer days (1-3 days on average), spend less money and most of them do not come back to the country.

The various marketing campaigns have contributed significantly to the increase in the number of visitors, laying an excellent foundation to increase earnings from the tourism sector. Unlocking Uganda’s tourism sector should now go beyond efforts to increase the number of tourists. The focus should be on increasing the number of high-end tourists who come on holiday and leisure, can stay longer and are interested in coming back again. This will, therefore, require interventions that make Uganda an attractive holiday/leisure destination in the region. In the next FY2020/21, the government should consequently prioritise the following:

i) Identification and development of high-value tourism product to attract high-end tourists, with potential for higher earnings. The government will undertake steadfast and massive investments in the development of products such as waterfalls, hot springs, cultural heritage sites, water bodies, trails, source of the Nile, mountaineering, zoos, and the design and construction of the equator monument in Queen Elizabeth National Park.

ii) Provision of adequate tourism infrastructure, i.e. roads, regional aerodromes, water and sanitation facilities on tourism sites, and reliable ICT facilities on the that will require NITA-U to improve network coverage in protected and conservation areas. Also, the development of Mt. Rwenzori infrastructure, renovation of the national museum, will be undertaken to improve visitor experience. Furnishing of the visitor Information Centre at Sheraton will also be completed.

iii) Incentivizing private sector investments in world-class holiday/leisure facilities. The tourism industry taxes and incentives structure will be further reviewed to harmonize taxes and fees such as the registration of hotels, Steam boilers, periodic examination of lifts, leisure and recreation facilities, Operation License,
iv) Government with engage EAC member states to operationalise the EAC single tourist visa.

v) Developing Skills essential for Tourism growth (Hospitality, Hotel Management, marketing). The government will speed-up completion of the Crested Crane Training Institute to facilitate the training of more assessors to improve the classification and grading of tourism facilities. The upgrading of Uganda Hotel and Tourism Training Institute (UHTTI) Jinja to a centre of excellence will be undertaken. The feasibility studies for infrastructure development at the different Institutions, Uganda Wildlife Research and Training Institute (UWRTI) Kasese and UHTTI will also be conducted.

vi) Scaling up tourism marketing using innovative platforms, e.g. on-board Ugandan branded products, and product catalogue on the National Airlines. The government will also continue to participate in international tourism marketing exhibitions and regional marketing events to consolidate the gains so far realized in promoting destination Uganda. Other interventions will include the hiring of Market Destination Representation (MDR) firms to aggressively promote destination Uganda in the International, African and Domestic Markets; and, attracting international Meetings, Incentives, Conferences and Events (MICE) in Uganda.

vii) Contracting of international brand ambassadors, e.g. entertainment celebrities, to supplement efforts by the already contracted PR firms in Europe, America and Asia.

viii) Conservation and Sustainable utilization of Wildlife resources. Focus will be placed on addressing human-wildlife conflicts through Community engagements; research and ecological monitoring; strengthening the general management of Uganda’s 10 National Parks and 12 Wildlife Reserves as well as provision of guidance for the management of 5 Community Wildlife Areas and 13 Wildlife Sanctuaries; and, strengthening the management of wildlife outside Protected Areas.
Climate change adaptation and mitigation

Climate change has resulted in noticeable changes in rainfall patterns, and total annual rainfall amount is expected to worsen in the near future if redress actions are not taken. The changes in the climate system have consequently led to increased food insecurity, the incidence of tropical diseases/pests, land degradation and flood damage to both private and public infrastructure. Therefore, sustainable growth and development will require urgent actions to protect the ecosystem and promote climate mitigation, adaptation and resilience. The following actions will be undertaken in the coming fiscal year:

i) Attracting climate change financing in the country through strengthening the institutional capacity in the development of bankable projects to lobby for and utilise global climate change financing mechanism, e.g. the Green Climate Fund.

ii) Enhancing efforts to reduce emissions and build resilience to climate change. The government will establish ten (10) regional centres of excellence for demonstrating local champions for climate actions – climate change adaptation sites and learning centres. The development of low emission and climate-resilient investment plans and projects will also be enforced.

iii) Mainstreaming of climate change in policies and development processes at various levels. This will be achieved through building the capacity of Ministries, Agencies and Local government as well as non-state actors in climate risk screening of projects and programs. The ministry of finance will operationalize the tracking of public financing for national climate action through climate change budget tagging for Ministries, Agencies and Local government to enable better targeting of climate change interventions and tracking the utilisation of funds availed for the same.

iv) Strengthen the coping capacity of vulnerable populations to the effects of climate change and disasters through adaptation and mitigation strategies entailing; access to accurate meteorological information, sensitization and implementation of climate-smart agricultural practices, diversification of livelihood opportunities mainly for subsistence farmers and institutionalization of disaster risk reduction.

v) Boost sustainable value addition to water resources, environment and natural resources through leverage of research, innovation and adoption of
appropriate green technologies to incentivise conservation and diversify economic opportunities for communities in the vicinity of natural resources. Interventions such as licensed wood and furniture processing, regulated cottage herbal pharmaceuticals and ecotourism activities will be considered.

Consolidating and Increasing the Stock and Quality of Productive and Urban Infrastructure

The government has made very good progress on the development of infrastructure for energy generation and transportation (roads, railways, water and air transport). The challenge now remains on ensuring that energy is evacuated and transmitted to production centres and household consumption. Scaling up investment in maintenance of the transport network is also crucial. In addition, the approval of the new regional cities will require development of requisite urban infrastructure to sustainably support efficient urbanisation.

The government’s strategic focus will therefore be on the institutionalisation of regular infrastructure maintenance, development of intermodal transport infrastructure to increase connectivity, increasing access to affordable and reliable energy, and, leveraging urbanisation for socio-economic transformation, mainly focusing on the regional cities. These initiatives will be complemented by investments in urban social protection interventions aimed at fostering economic and social inclusion for millions of young men and women in urban areas. In the coming fiscal year, the government will undertake the following interventions:

Energy

i) Investment in electricity transmission infrastructure, associated substations and industrial parks. Government has identified priority transmission infrastructure lines and their associated substations for expansion of the grid and promoting regional trade given the new generation capacity. Some of these include Mbale-Bulambuli Transmission Line, upgrade of Mbarara-Mirama-Tororo Substations, Nkenda-Mpondwe line for D.R.Congo, Olwiyo-Nimule-Juba line. Prioritising power supply to main industrial parks including; Mbale, Sukulu, Kapeeka, Kaweweta, Nakasongola, and Wobulenzi.

ii) Evacuation of electricity from Karuma and Achwa hydro dams. Given that the 600MW Karuma HPP will be commissioned in December 2019, there is a need
to complete construction of the Karuma Interconnection Lines for the 248km between Karuma - Kawanda 400kV; 55km between Karuma - Olwiyo 400kV (initially operated at 132kV) and the 75km between Karuma - Lira 132kV. In addition, the government will complete construction of Gulu-Agago Transmission Line to evacuate the 83MW Achwa I, II, III HPPs. This will ultimately reduce deemed energy costs.

iii) Electricity distribution and connections to last-mile users. Finalisation of the UMEME Concession extension and enabling its implementation to attract investment in the distribution segment. Besides, the government will intensify the implementation of the Free Connections Policy and other rural electrification interventions to spread to the last mile users of electricity.

MEMD will fast track the amendment of the Electricity Act, which amongst others will prescribe circumstances under which a holder of a generation license may supply electricity to other persons than Uganda Electricity Transmission Company Limited (UETCL). This will enable isolated generators/areas to sell their power to other people rather than the UETCL.

Information and Communication Technology

i) Increasing National ICT Infrastructure coverage by continued extension of the National Backbone Infrastructure (NBI). The government will provide the required funding to implement the GovNet project. This project is intended to facilitate the last-mile connectivity to service delivery centres which are currently not covered under the RCIP project. The requirement for the first year of implementation of the project is Ushs. 44 Billion (of which Ushs 32.4Bn is for extension of the NBI). Besides, the government will speed up the acquisition of funding for Phase 5 of the NBI project offered by the China Exim Bank to a tune of US$ 145 Million to enable connectivity of the additional Government administrative units on the National Backbone.

ii) Assembly/Manufacturing of ICT end-user devices which has an impact on job creation. To support this, the government will put in place a supporting tax regime to attract investment. Also, the government will continue funding ICT innovation through the Innovation Fund, and support to commercialization developed ICT solutions.
Transport Infrastructure

i) Modifying existing road contracts to include a provision for road maintenance over the medium and long-term. This will help to improve the quality of road infrastructure as well as reduce the road maintenance burden on the government.

ii) The rollout of the Rural Transport Infrastructure (RTI) which is currently supporting the construction of roads using low-cost seal technologies in twenty (22) districts in Eastern and Northern Uganda to all Local Governments.

iii) Investment in export corridors, that is to say, the northern and southern transport corridors to facilitate ease and competitive access to export markets. Government will prioritise the rehabilitation of the Tororo-Gulu meter gauge; speed up the construction of Bukasa Port to establish a multi-modal transport network to support international trade and reduce on the road maintenance cost due to the burden of heavy good vehicles; expand the operations of the URC railway line to cover other requisite urban centers in a move to decongest cities, reduce road fatalities and improve on the traffic burden; and, fast-track implementation of the Kampala-Malaba meter gauge to cut down the burden of heavy goods on the road network.

iv) Map and acquire infrastructure corridors well in advance to avoid unnecessary delays in infrastructure projects on account of Right of Way disputes and high costs associated with the same. This will also help to avert exorbitant payouts in the future since it is cheaper to acquire the corridors sooner rather than later.

v) Prioritise funding for the completion of the capitalization and operations of the Uganda National Airline.

vi) Prioritising funds for thirteen (13) upcountry aerodromes to provide essential services needed to facilitate the tourism sector.

Regional Cities/Urban Infrastructure

Since the turn of the millennium, the share of Uganda’s population living in urban areas increased by more than 50%, and it is estimated that by 2040 over 20 million Ugandans will reside in urban areas. Notably, the majority (54%) of Kampala residents live in slums with inadequate housing, poor sanitation and limited access to basic services, including education and employment. Alarmingly, 21% of urban
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children complete primary school, and only 2% complete secondary school. To facilitate efficient urbanisation, the following strategic actions will be pursued:

i) Sustainable urban and housing infrastructure development. The government will prioritise the development of physical plans for the approved cities, including the district and lower local governments per the national urban policy. The development of mass transport infrastructure and affordable housing units for the ten (10) cities will also be prioritized to support efficient urbanisation.

ii) Facilitate private sector financing in the design and development of satellite cities to decongest Kampala city and other neighbouring areas.

iii) Continue with the upgrading of urban infrastructure in all the Municipalities across the country.

iv) Prioritize investments in urban social protection programmes to alleviate high level of deprivation across vulnerable populations, with a focus on adolescent girls.

**Increasing the Productivity, Inclusiveness and Wellbeing of the Population**

Improving the productivity of the population

As the country pursues an industrialization agenda, it is important to note that, industrialization requires access to both domestic and foreign capital. For the country to be an attractive destination for Foreign Direct Investment (FDI), there is need for a skilled, innovative and healthy labour force with the right mindset.

Nearly 60% of the Ugandan population is below 18 years of age, government’s vision to achieve Vision 2040 is highly contingent upon our ability to invest in children, young men and women. Such investments demand greater emphasis in (i) pre-primary education services and the effective implementation of the integrated early childhood development policy, (ii) heightened and urgent prioritization of the quality of the education system, as well as (iii) firm assurance of adequate financing for basic health and nutrition commodities. These areas of intervention ought to be supported by improved governance and efficiency in budget execution with a view to prioritize human resource planning to match growth and development needs, including skills and vocational advancement. Such efforts demand the systematic
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expansion of national social protection programmes, informed by rigorous research and bold financial and programmatic innovations aimed at promoting equitable growth across all regions.

In that regard, the focus will be on skilling, social protection and access to education and health services.

Education and Skilling

Uganda has a young and fast-growing population. Notably, poor education outcomes and the lack of good-quality vocational education – such as in practical skills and management – resulted in mismatches between labour skills and business needs, particularly in the skill-intensive manufacturing and service sectors. Several studies have shown that there is a significant gap between the requirements of industry and the skills taught in the education institutions. With an increasingly young labour force, the need for skill development is rising rapidly. An estimated 700,000 individuals enter the Ugandan labour market each year, and they need good-quality education to gain competency for high wage jobs and become competitive in regional and global markets.

Notably, however, children are stuck in early primary school grades and failing to transition into lower secondary. This dynamic has led to swollen numbers in early grades driven by a high level of repetition. This has subsequently led to a far lower transition rate into lower secondary compared with regional peers. Recent evidence suggests that out of 1.7 million children entering the education system at P1, only 100,000 complete ordinary level education. This reflects a highly inefficient use of resources for a small pool of students.

Such inefficiencies have led to poor quality of service delivery. To elaborate, teachers play a key role in the attainment of learning outcomes, yet multiple leakages exist in teacher management in Uganda. Out of a sample of nine countries in SSA, only Mozambique had higher absenteeism rates than Uganda. Moreover, in terms of teacher quality, Uganda scored worse on teacher knowledge of maths, pedagogy and lesson preparation compared with Tanzanian and Kenyan schools.

Going forward, the sector must prioritize improving the quality of the education system at all costs. Key recommendations include:
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i) Invest in pre-primary education to improve the efficiency of the UPE by better preparing students entering the primary system and minimizing the risk of high repetition and drop out.

ii) The Ministry of Education and Sports to develop a more targeted approach to teacher training and management of the school inspection grant. The role and information flows for inspection reporting and unit cost assumptions for primary teacher colleges should be clearly articulated. Concomitantly, there is an urgent need to prioritize the scale up non-wage recurrent funding to districts that meet the relevant performance criteria under the revised conditional grant structure.

iii) Operationalization of international certification for TVET Programs. The Uganda Petroleum Institute Kigumba (UPIK) and Uganda Teacher Colleges (UTC) Kichwamba are being assessed, and final reports on whether they are viable will be communicated within the course of this FY2019/20. The accreditation of Uganda Teacher Colleges (UTCs) of Bushenyi, Elgon, Kyema, Lira, and Arua, Buhimba, Mubende, Kiryandongo, Nyamitanga, Bukalasa and Iganga Technical Institutes to International standards will be fast-tracked to help uplift the institutes to a global and competitive standard.

iv) Retooling of new public universities. Whereas the government operationalised the three new public Universities of Soroti, Busitema, Kabale and Lira, the functionality of these Institutions is still lacking with the majority having staffing levels as low as 30% and inadequate infrastructure to house students and equipment for the practical courses. There is a need to retool not only the new public Universities but also the already existing Public Universities in Uganda which are also operating with limited equipment and staffing hence hindering the quality of education offered. The strategy of retooling will help improve service delivery in Public Universities.

v) Implementation of the recently reviewed national curriculum for secondary education. The government will disseminate the curriculum across the Country, undertake retraining of the teachers on the mode of delivery of the reviewed curriculum, and retool UNEB on the examinable areas with the new curriculum in place.
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Health Care

Uganda has spent more on health compared with low-income country and regional averages, yet outputs and outcomes have not been realised at a commensurate level. Notably, while other EAC countries are investing more domestic resources in order to sustain their health systems, Uganda has relied heavily on external support. This practice, coupled with the unpredictable nature of foreign resources, has led to recurring shortages in basic health and nutrition commodities.

Service delivery constraints at decentralised health facilities point to shortfalls in operational funding, which have been declining in real per capita terms since the early 2000s. Surveys conducted at lower-level health clinics point to weaknesses in health worker knowledge, absenteeism and pharmaceutical supply as key service delivery challenges. Training of health workers, inspection of facilities and provision of medical commodities all rely on non-salary funding, yet non-wage and development spending has declined by 80 per cent from their peak levels in the early 2000s. This suggests that although total sector spending is higher than peers, the targeting of resources to key areas of service delivery is sub-optimal.

On the basis of the analysis clearly articulated above, this budget strategy represents a clear call for increased provisions of non-wage recurrent funding to district local governments. In addition, the Ministry of Health should clearly identify and ensure adequate resources for the provision of basic health and nutrition commodities nationwide.

Other key strategic interventions under the health sector will encompass the following:

i) Development of Centres of Excellence for delivery of specialized medical care. Fast-tracking the construction of specialised hospitals such as Regional Hospital for Paediatric Surgery and the International Specialised Hospital of Uganda.

ii) Investment in disease prevention by addressing critical determinants of health in a multisectoral approach. The government will undertake mass sensitization of the public on improving nutrition, especially for children, immunization, use of mosquito nets and HIV/AIDS prevention services.
iii) Investing in prevention and management of non-communicable diseases (NCD) by expanding the geographical coverage of services. Mass sensitization on prevention of NCDs, speeding up the construction of a standalone home for Uganda Heart Institute and the establishment of the proposed regional centres for cancer treatment will also be undertaken.

iv) Strengthening the supply chain for medicines and medical supplies to improve the availability of medicines and ensure accountability for medicines. The government will finalise the procurement of an integrated inventory management system at the National Medical Stores (NMS) with connections to critical supply chain management points at both district and health facility level to improve the tracking of medicines. This system should be interfaced with the electronic solution that is being piloted at hospital levels so that monitoring and accounting for medicines are made possible; The district and hospital stores for medicines should be improved. This would improve the availability of basket of health commodities at health facilities from the current 83%.

As an important caveat, over the years, weak institutional accountabilities across sectors and MDAs have resulted in poor social outcomes for priority areas of policy intervention such as nutrition and sanitation. This has led to alarmingly high malnutrition and stunting rates nationally. Similarly, the slow rate of improvement in sanitation outcomes has been associated to the absence of a clear policy stance to tackle sanitation related issues effectively across sectors. Given that nutrition is cross-cutting in nature, the sectors of Health, Agriculture, Water, Education, and Social Development, among others, shall be required to ensure that their work plans and associated budgets support the effective implementation of thematic cross-sectoral investments in both nutrition and sanitation.

Promoting Science, Technology and Innovation

The following interventions will be undertaken:

i) The Uganda Industrial Research Institute (UIRI) will fully operationalize the Machining, Manufacturing and Industrial Skills Training Centre (MMISTC) project at the Kampala Industrial Business Park (KIBP), Namanve.

ii) This Uganda-China bilateral project has been supported by a US$ 30million grant for the construction and equipping of specialized facilities that will be
used for integrated training and production, as a means to churning out industry ready personnel.

iii) The STI Sector will complete the construction and operationalization of the National Science, Technology and Engineering Skills Enhancement Centre or the National Institute for Techno-preneurs (NIT) in Uganda to enhance the technological and skills base of Ugandan graduates, craftsmen, technicians engineers in the STI fields of Construction and Machinery, Metallurgical, automotive engineering, electro-pneumatics, hydrology, industrial and agricultural mechanization.

Promoting Equity

In order to ensure that all Ugandans benefit from growth and development progress, the government will quickly address issues relating to regional inequality, poverty and economic vulnerability, including social protection.

Social protection plays a key role in alleviating the burden of multiple deprivations on Uganda’s vulnerable populations. In this regard, prioritised investments in social protection represent an important avenue to elevate the national equitable growth agenda. This is especially the case in contextual circumstances characterised by heightened levels of vulnerability in the face of rapid urbanisation, or at the intersection between the national development agenda and the humanitarian response.

The most immediate actions of the government will target the most vulnerable groups/regions and those at higher risks of food insecurity, social and health related problems. The strategic interventions will include:

i) Promoting food security especially in high poverty regions through targeted investment in production of priority fast-growing food crops. Regional economic empowerment initiatives for high poverty areas of Busoga, Teso, Bukedi, Bugisu, Karamoja and Acholi will also be pursued.

ii) Fast-tracking implementation of Universal Health Coverage. In particular, efforts to increase access to health insurance will be undertaken.

iii) Increased investment in social protection, encompassing the expansion of the coverage of Social Assistance Grant to the Elderly (SAGE) to all the vulnerable
elders of 80 years and above, while maintaining all those already on the scheme, irrespective of the age.

iv) Facilitate strategic investments in areas not attractive to the private sector. Government will pursue regionally balanced key strategic public investments to spur private investment in key growth areas.

v) Undertaking further fiscal reforms to support equitable distribution of government financing for education and health services at the local government level.

vi) Provision of operational funds for Community Development Workers (CDWs). CDWs play a key role in community engagement and mobilization. They are key ingredients for the effective implementation of national programmes affecting Uganda’s poor and vulnerable populations.

vii) Recruitment and budget transparency for social welfare and probation officers. The Ministry of Gender, Labour and Social Development should provide a phased approach to how social welfare and probation officers will be recruited, funded and trained as part of the FY2020/21, incorporating the plans of an MOU between JLOS, local government and social development.

Strengthening the Private Sector to drive Growth

The growth and development of the private sector is vital for generation of jobs, increasing the revenue base and closing the gaps on publicly provided services, mostly under education and health sectors. The government should thus provide an enabling environment for growth of the private sector through maintaining macroeconomic stability, provision of long-term finance at affordable rates, reduction in the amount of domestic arrears and enacting required laws and regulations.

*Lowering the cost of credit*

The following interventions should be undertaken:

i) Increasing the capitalisation of the government owned Commercial Banks to avail capital at lower rates.
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ii) Mobilization of alternative financing sources to finance private investment. The government will promote leveraging of non-traditional financing sources like collective investment vehicles and blended financing to provide a wider range of long-term finance options at affordable rates. This, however, will require establishing a regulatory framework for venture capital.

iii) De-risking investments. In particular, partnerships will be established and leveraged to catalyse transformational change towards low risk development.

iv) Enhancing the investment and industrialisation role of government. In particular, the government will continue to strengthen the role of Uganda Development Corporation.

v) Reviving and strengthening the cooperative movement, including the Cooperative Bank. In particular, the government will facilitate formation of producer cooperatives and pooling of resources for investment.

Improving the Business and Investment Environment

i) Improving the business environment requires nurturing of local enterprises and speeding up enactment of business-related legislations. The following interventions will be prioritised in the next fiscal year:

ii) Implementation of the local content policy framework specially to increase participation of local firms in public investment programmes across all sectors.

iii) Rationalising and harmonising standards institutions, and policies at local and regional level. In addition, the review of legal and regulatory framework to remove restrictive legislation and fast-track pending bills is critical.

iv) Strengthening research capacity in support of private and public investment.

v) Increasing integration of local value chains. In particular, nurturing local enterprises for participation in local, regional and global product value chains

Enhancing the Effectiveness of Fiscal and Administrative Governance

Fiscal governance

Inefficiencies in fiscal management are majorly a result of weaknesses in the enforcement of public finance laws and reforms. While government priorities over
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the years have been consistent with the growth and development needs of Ugandans, the absence of fiscal discipline has hindered progress. To counteract this, the government will prioritise the following:

i) The government will introduce the e-citizen program by linking all key government systems together, including the Land information system, the NIN and the TIN as a crucial reform for increasing revenue collection.

ii) Strengthening fiscal management, including local government financing

iii) Rationalization of the entire government architecture, to come up with a lean and efficient government.

iv) Intensifying fight against corruption to ensure that public resources are strictly utilized for the intended purpose. All government institutions must implement the recently reviewed rewards and sanctions framework.

v) Full operationalization of the program-based planning and program-based budgeting in readiness for the full rollout of the reform in FY2021/22. This will to ensure achievement of planned outcomes. The sector working groups will be revamped and allocated some joint funds for effective outcomes planning. Sectors contributing to a similar result will jointly plan and agree on which intervention each MDA should implement as a contributor to a particular outcome.

*Improving budget implementation, including Public Investment Management*

Improving service delivery is still faced with several budget implementation challenges. In the budget for FY2020/21 the government will emphasis addressing the implementation issues through the following measures:

i) Strengthening capacity among state actors, especially in areas of project, contract and logistics management.

ii) Enhancing supervision and monitoring of programmes by improving staffing, skilling and facilitation.

iii) Promote public awareness of government programmes and demand for accountability. All Government institutions will be required to disseminate their client charters to make citizens aware of their entitlements, roles and
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responsibilities under public service provision. The Budget Transparency Initiative (BTI) will also be strengthened to promote transparency and accountability for public resources.

THE FINANCING STRATEGY FOR THE BUDGET OF FY2020/21

In order to increase domestic financing capacity, the government has developed a Domestic Revenue Mobilization Strategy (DRMS). The strategy is the result of a long period of collaborative working, principally by the Ministry of Finance, Planning and Economic Development and the Uganda Revenue Authority, with contributions from a wide range of institutions and development partners, as well as civil society and the Ugandan business community.

The DRMS aims to raise the ratio of revenue to GDP from 15.5% in FY2018/19 to between 18-20% over the next five years, bringing Uganda closer to its theoretical revenue potential.

Over the next financial year, the government will implement reforms, covering several aspects of tax policy and administration:

Tax Policy Initiatives

i) Reform of the tax policy making process. The Government of Uganda has established a process for tax policy-making with a high level of clarity and certainty in many of its stages, where reforms are carefully assessed, quantitatively analysed, and openly debated. This will facilitate the design of a tax system that encourages sustainable economic and social development and has wide public buy-in. Government will review the way that tax policy is made in Uganda. This review will map the tax policy-making process in Uganda from the birth of an idea for reform, through the development of the proposal and related analysis, to the implementation of a legislative measure, and the subsequent review of its impact.

ii) Development of the reporting and monitoring framework for taxation. Government will review the set of key performance indicators to monitor tax revenue performance, administrative efficiency, and the health of the wider economy. Government will build the necessary database of indicators and information, improve the speed and quality of policy analysis and increase
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the demand for structured reporting of information from the URA to MFPED, within the timeframes required by both parties.

iii) Establish and publish a comprehensive Tax Expenditure Governance Framework. Incentives, while sometimes necessary to attract investment, develop the private sector, and encourage employment, pose a risk to the expansion of the tax base and revenue. To address this risk, it is important to develop a tax expenditure governance framework to monitor the effectiveness and cost of incentives, unintended revenues losses, abuse of the tax system including the process of assessment and approval. In FY 2020/21, Government will develop an appropriate, evidence-based Tax Expenditure Governance Framework to limit leakages and improve transparency, which will be published annually as part of the Budget papers and will be used to re-assess the fiscal cost of all existing tax incentives, exemptions, and holidays.

iv) Address the informal economy while preserving Uganda’s entrepreneurial spirit. The spirit of Uganda is entrepreneurial, and this is reflected in the many small and micro-businesses that thrive in cities and villages. However, most of these businesses operate informally, outside the scope of the tax system as well as the regulatory frameworks, hence, missing out on the benefits that are derived from operating in the formal economy. There are also, other informal or semi-informal businesses that need to be encouraged to register as taxpayers and to report their income in full, rather than operating half in the shadows to evade taxes. In this context, the Government will introduce measures to encourage formalization of informal businesses as well as enhancement of compliance to regulatory frameworks and tax laws.

v) Streamlining tax policy and the tax laws. The government will review the existing tax policy and laws with a view of introducing proposals aimed at providing more clarity to the tax laws, enhancing compliance, minimise unnecessary disputes between taxpayers and the tax authorities, eliminate any existing loopholes to deal with tax evasion as well as streamlining tax incentives to promote industrialization and investment in strategic areas. Furthermore, Government will, where necessary propose adjustments to tax rates with a view of widening the tax base.
vi) Complete the review of the Common External Tariff (CET). In FY2020/21, Government will complete the review of the CET, taking cognizant of the need to preserve fiscal stability and revenue generation, the level of progress in manufacturing and value addition that has taken place in certain sectors of Uganda's economy in particular and the economies of EAC Partner States in general, as well as the value chain nature of certain sectors since the inception of the CET. The review will also aim at enhancing the protection of EAC manufacturers by using relevant trade defence measures (safeguard measures, anti-dumping measures and countervailing measures), facilitate businesses to take advantage of various incentives in the EAC that favor exporters, at the same time reviewing the rules of origin to ensure that they are relevant to the trade regime of the region.

vii) Enhancing Non-Tax Revenues. Over the last five years, Non-Tax Revenue (NTR) has increasingly become a significant source of financing for the budget. Government’s objective is to enhance the contribution of NTR to total revenues by raising NTR to GDP ratio by 0.2 percentage points of GDP every financial year. Government will ensure that the URA web portal correctly captures all the NTR items and rates under respective MDAs mandates, review the relevance and appropriateness of the rates currently charged and propose any necessary adjustments to ensure that the rates are commensurate to the services offered by Government, enhance accountability and reporting of NTRS by ensuring that all NTR collected is remitted to the Consolidated Fund in accordance with Section 29 (2) (a) of the Public Finance Management Act 2015.

viii) Strengthen the revenue-raising capacity of local government. The government recognises that the sense of community is strong at the local level and supports the principle of local funding for local needs. In FY 2020/21, Government is committed to working with local government authorities to strengthen their revenue base and to broadening the range of revenue instruments available to them. This will help to make them more independent of transfers from national government.

ix) Strengthen the Tax Appeals Tribunal (TAT). The Tax Appeal Tribunal will be facilitated to enhance its capacity to deal with the high number of pending tax disputes which tie up large amounts of tax revenue to Government and impact on business sentiments. This will enhance provision of independent,
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accessible, and efficient review mechanisms which safeguard a taxpayer’s right to challenge a tax assessment and get a fair hearing in a timely manner.

Tax Administration

i) Lift the human resource capacity at URA. URA is experiencing human resource constraints, with gaps in both staff numbers and staff capacities, particularly on data analysis, tax audit and enforcement, and specialised areas of tax areas such as international tax. Compared to the size of the labour force and taxpayer population, URA’s human resources are overstretched, and research indicates that URA’s staff may be misallocated compared to the importance of certain functions and international benchmarks. In the next Financial Year, URA will undertake a comprehensive review of the human resource strategy, including re-examining the allocation of staff to critical functions and adjustments to the performance management system to enhance staff morale, with a view of addressing the human resource constraints.

ii) Enhance URA’s ICT capacities and data access. The existing ICT infrastructure no longer comprehensively meets URA’s growing needs, with missing electronic services, complexities in updating the system, a limited interface with other internal and external systems, intermittently system availability, and a lack of adaptability to emerging user needs. Poor third-party data access and internal tax management processes limit the ability of the organisation to capture potential taxpayers and validate taxpayer declarations. URA’s technology will be modernised to expand ICT capacities and to fully exploit the available data, including upgrading systems and enhancing the analytical capacity of staff. Furthermore, cross-government information sharing to support tax enforcement and compliance management will be enhanced. This will be facilitated by ensuring that information on citizens is stored and captured in a standard, systematic way across government, which requires expanding the use of the National Identification Number to access government services.

iii) Expand the taxpayer register. Despite a concerted effort, the current taxpayer register does not capture the full potential tax base. Significant challenges remain in ensuring that taxpayer information is accurate, and there appear to be a high number of inactive Corporate Income Tax and
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Personal Income Tax “taxpayers” who have not been deregistered. In FY 2020/21, URA will cleanse the existing taxpayer register to improve operational certainty. This will also seek make it easier for Ugandans who are currently outside the tax system to become registered and active taxpayers, as well as improve the identification of potential taxpayers and verification of taxpayer data through better use of external data, especially from NIRA, URSB, and NSSF.

iv) Strengthen the focus on tax compliance. URA is committed to narrowing the gap between the tax revenues that should be collected under existing law, and those actually collected. URA will continue to make it more difficult for those who can afford to pay taxes by won’t to continue to be “free riders”, benefitting from the contributions of others that fund the development of our economy. URA will undertake strategies that will encourage tax compliance, by creating a predictable and consistent tax system, issuing technical interpretations in a timely fashion, helping taxpayers understand their obligations, ensuring that registration, filing, and payment is efficient, and promoting compliance and fairness through audit and collection enforcement.

v) Improve taxpayer education and services. Over the next financial year, URA will undertake interventions which include conducting systematic surveys to obtain and evaluate taxpayer feedback on URA products, services, and staff integrity. URA’s taxpayer awareness and education campaign currently reflect an isolated approach, unconnected to a comprehensive compliance improvement strategy. URA will also develop and implement a full taxpayer education and service strategy to promote transparency, information-sharing and partnerships with stakeholders. Furthermore, URA will update tax guides, producing clear, comprehensive and easy-to-navigate tax guides and online services.

vi) Tackle corruption. There is a strong negative perception of corruption among tax and government officials and a need to renew efforts to curb dishonest and fraudulent conduct, assuring citizens that this issue is being effectively tackled. Taxpayers should have confidence that the taxes they pay will reach the public purse and be used in value-generating ways. URA will develop strategies aimed at stamping out this errant behaviour as well as ensure staff integrity throughout tax administration.
vii) Customs compliance. Undervaluation, misclassification and cargo control continue to present significant challenges in customs management. Smuggling remains a major offense, reducing the volume of revenues collected from import tariffs. Furthermore, the high usage of bonded warehouses gives rise to opportunities for leakages. URA will strengthen and properly embed risk management practices in Customs, as well as enhance warehousing control. URA will enhance the ability to monitor transit procedures, detect evasion and non-compliance, and sanction offenders.

STATE OF THE ECONOMIC AND GROWTH PROSPECTS

Uganda’s economy has recovered from the low growth rate of 3.9% experienced in FY2016/17 to an average of over 6% over fiscal years 2017/18 and 2018/19. The recovery in growth is majorly attributed to improvement in productivity. Other critical factors for the economic rebound include the recovery in global economic and domestic factors such as the rise in demand, recovery in private sector as reflected by the growth in private sector credit, among others.

The policies and interventions that the government is currently implementing in FY2019/20 are expected to translate into an economic growth rate of 6.3%. Growth is estimated at 6.2% in FY2020/21 as investment in infrastructure slows down following completion of major hydroelectricity projects, the slow recovery in the global economy and domestic shocks stemming from speculations around the 2021 general elections.

Based on Uganda’s productive capabilities and the medium-term growth agenda that government will undertake, the economy is expected to grow at an average of 6.4% in the medium-term.

![Economic growth and projections]

Source: Ministry of Finance, Planning and Economic Development
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During the first month of the current FY2019/20, annual headline inflation was recorded at 2.6%, a decline from 3.4% in June 2019. This was largely attributed to a reduction in core inflation as prices of communication services reduced during the month. The annual headline inflation is projected at 4.1 percent in FY2019/20, which is higher than the 3.1 percent for FY 2018/19 mainly on account of stronger aggregate demand. In coming fiscal year 2020/21, inflation is projected to increase slightly to 5.4%, driven by higher expenditure to support the general elections as well as higher food crop prices on account of unpredictable weather conditions. Despite the likely increase in inflation rate, it is expected to remain within the 5% target over the medium term supported by prudent monetary and fiscal policies.

The Ugandan Shilling gained value against all the major currencies (US dollar, Euro, Pound), during July 2019 compared to June 2019. The Shilling appreciated by 0.9%, 1.6%, and 2.4% against the U.S Dollar, Euro and Pound Sterling respectively in July 2019 compared to the previous month. The appreciation of the Shilling against the U.S Dollar was due to lower demand for the dollar than its supply. Despite the appreciation in the month of July 2019, the shilling is expected to depreciate by 1.6% during FY 2019/20 affected by uncertainty in global trade markets and the persistent current account deficit. The Uganda shilling is also expected to depreciate by 0.5% in FY 2020/21 due to the persistent current account deficit as imports continue to rise at a faster rate compared to exports.

CONCLUSION

To sustain and accelerate inclusive economic growth, the budget for the fiscal year 2020/21 and the medium-term will focus on increasing productivity in the four areas critical for job creation and exports, that is to say, (i) Agriculture and Agro-industrialisation, (ii) Tourism Development, (iii) improving value addition to tradable minerals and commodities, and (iv) enhancing efficiency in public investments in provision and maintenance of productive and trade infrastructure, provision of health services and skill development programmes.

The third national development plan, which is currently being finalised in consultation with government agencies, will spell out programmes and projects needed to drive growth in the priority areas enumerated above. All government institutions will accordingly have to align their investment plans to the third national development plan. In addition, the programme structure for the programme-based budgeting will have to be aligned to the NDPIII implementation and reporting
framework. This may necessitate a restructuring of institutions, the composition of sectors and mandate, all of which require extensive consultations and buy-in and therefore gradual transition.

The proposed budget strategy is intended to kick-start budget consultations for FY2020/21. The proposed strategic direction in this paper will be refined after gaining consensus in subsequent budget discussions with local government representatives, development partners, cabinet and other relevant stakeholders.
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<th>Source/Reallocations</th>
<th>Allocation</th>
<th>Destination</th>
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<tbody>
<tr>
<td></td>
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<td>Local Governments - Agriculture Cabinet</td>
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<tr>
<td></td>
<td>95.16</td>
<td>Road Maintenance</td>
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<td></td>
<td>(5.80)</td>
<td>Acquisition of new Japanese equipment for 13 new districts</td>
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<tr>
<td></td>
<td>(5.50)</td>
<td>Bridges and Swamp crossings</td>
</tr>
<tr>
<td></td>
<td>(5.00)</td>
<td>Urban Roads Resettlement</td>
</tr>
<tr>
<td></td>
<td>(3.00)</td>
<td>Force Account Links</td>
</tr>
<tr>
<td></td>
<td>(3.00)</td>
<td>Interconnection Links</td>
</tr>
<tr>
<td></td>
<td>(1.20)</td>
<td>Low cost sealing of district roads rehabilitation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ministry of Works and Transport</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Source/Reallocations</th>
<th>Allocation</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td></td>
<td>4.95</td>
<td>Ministry of Trade, Industry and Cooperatives</td>
</tr>
<tr>
<td></td>
<td>7.14</td>
<td>Ministry of Energy and Mineral Development</td>
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<tr>
<td></td>
<td>7.88</td>
<td>Ministry of ICT and National Defence</td>
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<tr>
<td></td>
<td>3.20</td>
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<tr>
<td></td>
<td>0.30</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td></td>
<td>2.00</td>
<td>Ministry of Finance, Planning &amp; Economic Dev.</td>
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<tr>
<td></td>
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<td>Ministry of Foreign Affairs</td>
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<td></td>
<td>0.30</td>
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ANNEX 4B: ONE OFF EXPENDITURES AND RE-ALLOCATIONS ON FY 2019/20 (USS BILLIONS)
<table>
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<tr>
<th>Code</th>
<th>Description</th>
<th>Quantity</th>
<th>Unit</th>
<th>Unit Cost</th>
<th>Total Cost</th>
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</thead>
<tbody>
<tr>
<td>001</td>
<td>Item 1</td>
<td>100</td>
<td>Unit</td>
<td>100.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>002</td>
<td>Item 2</td>
<td>50</td>
<td>Unit</td>
<td>200.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>003</td>
<td>Item 3</td>
<td>20</td>
<td>Unit</td>
<td>300.00</td>
<td>6,000.00</td>
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<tr>
<td>004</td>
<td>Item 4</td>
<td>15</td>
<td>Unit</td>
<td>400.00</td>
<td>6,000.00</td>
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<tr>
<td>005</td>
<td>Item 5</td>
<td>10</td>
<td>Unit</td>
<td>500.00</td>
<td>5,000.00</td>
</tr>
<tr>
<td>006</td>
<td>Item 6</td>
<td>5</td>
<td>Unit</td>
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**Total:** 33,000.00
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<tr>
<th>Code</th>
<th>Description</th>
<th>Year</th>
<th>Monthly Payment</th>
<th>Total Payments</th>
<th>Annual Percentage Rate</th>
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<td>1111</td>
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<td>$1000.00</td>
<td>$12000.00</td>
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<tr>
<td>2222</td>
<td>Payment 2</td>
<td>2024</td>
<td>$1200.00</td>
<td>$14400.00</td>
<td>6.00%</td>
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<tr>
<td>3333</td>
<td>Payment 3</td>
<td>2025</td>
<td>$1300.00</td>
<td>$15600.00</td>
<td>7.00%</td>
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**Note:** This table represents a sample of payments and annual percentage rates. Actual values may vary.
### VI: VOTE OVERVIEW

#### VOTE: [Vote] Ministry of Finance Planning and Economic Development

<table>
<thead>
<tr>
<th>Accountability</th>
<th>Vote Budget Framework Paper FY 2020/2021</th>
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</table>

**ANNEX 6A: PROPOSED STRUCTURES OF THE VOTE BFP**

<table>
<thead>
<tr>
<th>Table V1: Overview of Vote Expenditure (US$ Billion)</th>
<th>Snapshot of Medium Term Budget Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vote</strong></td>
<td><strong>Medium Term Budget Allocations</strong></td>
</tr>
<tr>
<td><strong>2019/20</strong></td>
<td><strong>2020/21</strong></td>
</tr>
<tr>
<td><strong>2021/22</strong></td>
<td><strong>2022/23</strong></td>
</tr>
<tr>
<td><strong>2023/24</strong></td>
<td><strong>2024/25</strong></td>
</tr>
</tbody>
</table>

**Budget**

**Grand Total**

**AIV**

**Ex-Plan (MTE)**

**Total Gol**

**Col Total**

**Dept Gol**

**Col Non-Wage**

**Recurrent Wage**

<table>
<thead>
<tr>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>100X19</td>
<td>70X20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>METE Budget Total</th>
<th>Proposed</th>
<th>Approved</th>
<th>End Of</th>
<th>Budget</th>
<th>Budget</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24</th>
<th>2024/25</th>
<th>2025/26</th>
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<tbody>
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<td>100X19</td>
<td>70X20</td>
<td>100X21</td>
<td>70X22</td>
<td>100X23</td>
<td>70X24</td>
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<td>70X26</td>
<td>100X27</td>
<td>70X28</td>
<td>100X29</td>
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</table>
V3: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATION

Major Expenditure in the Vote

Vote Investment Plans

Efficiency of Vote Budget Allocations

Medium Term Plans

Planned Outlays for FY 2020/2021 (Y1)

Performance as of BFP FY2019/2020 (Y0)

Performance for Previous Year FY2018/2019 (Y-1)

V2: PAST VOTE PERFORMANCE AND MEDIUM TERM PLANS

ANEX 6A: PROPOSED STRUCTURES OF THE VOTE BFP
<table>
<thead>
<tr>
<th>Program Name</th>
<th>Total for the Program</th>
<th>[Program Name]</th>
<th>[Program Name]</th>
<th>[Program Name]</th>
</tr>
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<tbody>
<tr>
<td>Voice: The Office of the President</td>
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</table>

**Billion Local Shillings**

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<tbody>
<tr>
<td>Voiced Budget</td>
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<tr>
<td>Planned Budget</td>
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<td></td>
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<tr>
<td>Approved Budget</td>
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<td></td>
<td></td>
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<tr>
<td>End of Year</td>
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<tr>
<td>Performance Target</td>
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<tr>
<td><strong>Program Outcome Indicators</strong></td>
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</tr>
</tbody>
</table>

**ANEX 6A: PROPOSED STRUCTURES OF THE VOTE BFP**
Change in Allocation (Net) (b) : 3,948 (Y1 Change)

Output: 1401 Macroeconomic Policy Monitoring and Analysis

Vote Function: 1401 Macroeconomic Policy and Management

Vote: 008 Ministry of Finance

Table V4.2: Key Changes in Vote Resource Allocation

<table>
<thead>
<tr>
<th>Table V4.2: Past Expenditure Outturns and Proposed Budget Allocations</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Program 1401: Development Policy Research and Monitoring</th>
<th>Budget Available</th>
<th>Special End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Subject Program Code] [Subject Program Name]</td>
<td>[Available Budget]</td>
<td>[Special End of Year]</td>
</tr>
<tr>
<td>Budget Available</td>
<td>2022/2023</td>
<td></td>
</tr>
<tr>
<td>Special End of Year</td>
<td>2021/2022</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total for the Program</th>
<th>[Available Budget]</th>
<th>[Special End of Year]</th>
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</thead>
<tbody>
<tr>
<td>[Subject Program Code] [Subject Program Name]</td>
<td>[Available Budget]</td>
<td>[Special End of Year]</td>
</tr>
<tr>
<td>Available Budget</td>
<td>2022/2023</td>
<td></td>
</tr>
<tr>
<td>Special End of Year</td>
<td>2021/2022</td>
<td></td>
</tr>
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</table>

ANNEX 6A: PROPOSED STRUCTURES OF THE VOTE BETP
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Proposed Budget and Planned</th>
<th>September Expenditure and Achievements</th>
<th>Append Budget and Planned Outputs</th>
<th>FY 2019/2020 VI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6.4: Major Capital Investment (Capital Purchase outputs over 0.5 billion)

ANNEX 6A : PROPOSED STRUCTURES OF THE VOTE BFP
<table>
<thead>
<tr>
<th>Description</th>
<th>Funding requirement (Rs. in : 3,948,744)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support programme: 14I Macroeconomic Policy Monitoring and Analysis</td>
<td></td>
</tr>
<tr>
<td>Programme: 14I Macroeconomic Policy and Management</td>
<td></td>
</tr>
<tr>
<td>Vote: 008 Ministry of Finance</td>
<td></td>
</tr>
<tr>
<td>Table VI.1: Additional Funding Requests</td>
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</tr>
</tbody>
</table>

**VS: VOTE CHALLENGES FOR 2019/2020 AND ADDITIONAL FUNDING REQUESTS**

**ANNEX 6A: PROPOSED STRUCTURES OF THE VOTE BF**
### V6: VOTE CROSS CUTTING ISSUES

ANNEX 6A: PROPOSED STRUCTURES OF THE VOTE BFP

<table>
<thead>
<tr>
<th>Performance Indicators</th>
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<tbody>
<tr>
<td>Budget Allocation (Billion)</td>
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<td>XXXXXX</td>
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</table>

<table>
<thead>
<tr>
<th>Planned Interventions</th>
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<tbody>
<tr>
<td>Issue of Concern</td>
<td>XXXXX</td>
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<tr>
<td>Objective</td>
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**HIV/AIDS**

This is generated as a separate report for all votes
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<tr>
<th>Performance Indicators:</th>
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</thead>
<tbody>
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<td>Budget Allocation (Billion)</td>
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</tr>
<tr>
<td>Planned Interventions</td>
<td>Xxxxx</td>
</tr>
<tr>
<td>Issue of Concern</td>
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<td>Objective 1</td>
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ANNEX 6A: PROPOSED STRUCTURES OF THE VOTE BFP
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<th>2020/21</th>
<th>2019/20</th>
<th>2018/19</th>
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</tr>
</tbody>
</table>

Table SL1: Overview of Sector Expenditure (US$ Billion)

Snapshot of Medium Term Budget Allocations

SL: SECTOR OVERVIEW

ANEX 6 B: PROPOSED STRUCTURE OF THE SECTOR BFP
TABLE S1.2 SECTOR OUTCOMES AND OUTCOME INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>Outcome 1</th>
<th>Outcome 2</th>
<th>Outcome 3</th>
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</thead>
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<tr>
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<td>Baseline</td>
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<td></td>
</tr>
<tr>
<td>2020/21</td>
<td>Baseline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021/22</td>
<td>Baseline</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sector Objectives contributed by the Sector Outcome

1. xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx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<th>2018/19</th>
<th>Actual</th>
<th>O1 Actual</th>
<th>Program Outcome Indicators</th>
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### 1. Sector Outcome

**Sector Outcome Contributed to by the Program Outcome**

**Program Outcome**

1. To support management and formulation of development policy
2. To build an adequate and relevant policy evidence base

**Programme Objectives**

1. Development Policy Research and Monitoring
2. Ministry of Finance, Planning and Economic Development

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**Table 2.1: Program Outcome and Outcome Indicators Adjacent to the NDP**

**ANEX 6 B: PROPOSED STRUCTURE OF THE SECTOR BFP**
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Table 2.2: Past Expenditure Outlines and Medium Term Projections by Programme

ANNEX 6 B: PROPOSED STRUCTURE OF THE SECTOR BFP
Sector Challenges in addressing gender and equity issues for FY 2019/2020

ANNEX 6 B: PROPOSED STRUCTURE OF THE SECTOR BPR