Vision:

A just and fair society where women and men equally participate in and benefit from decision making processes.

Mission

To promote gender equality in all areas of decision making through advocacy, training, research and publications

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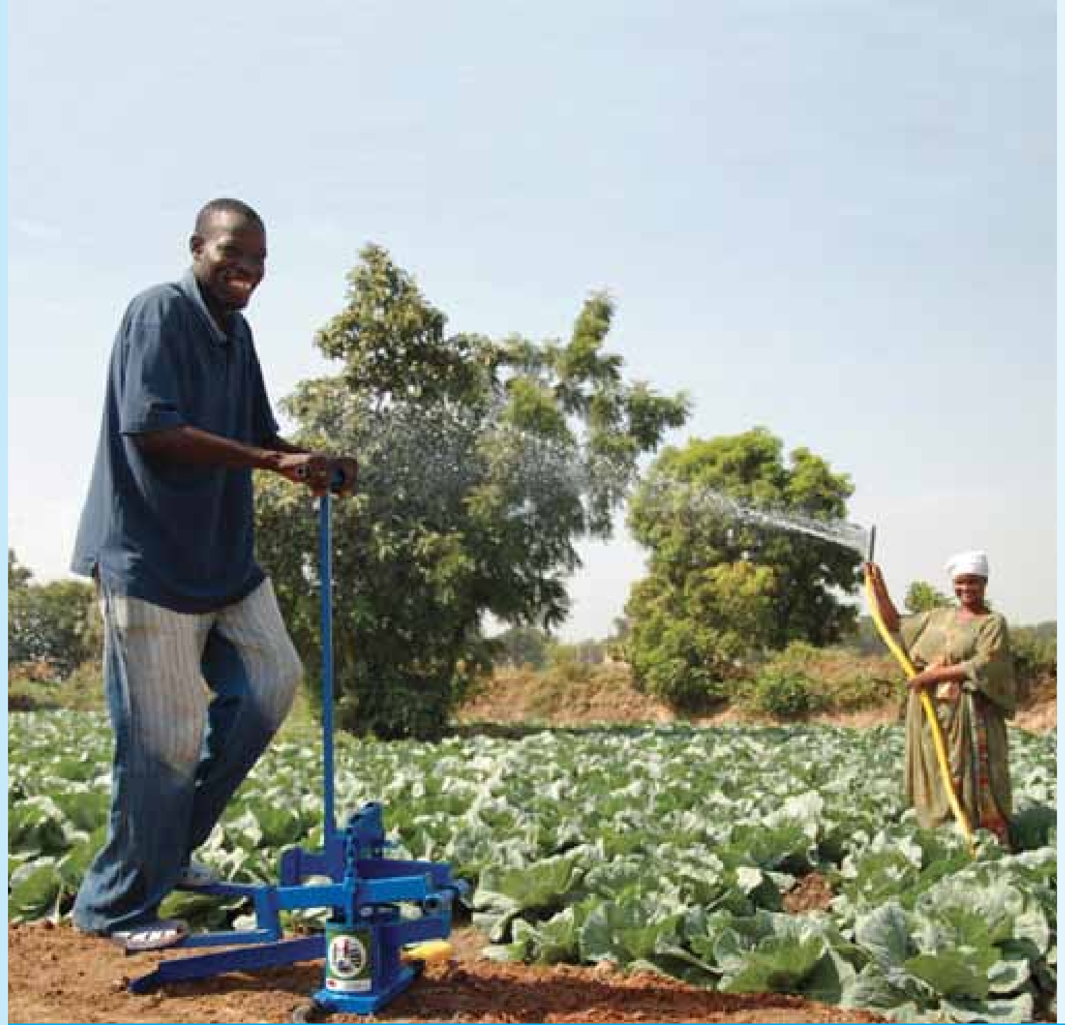

Civil Society Alternative Proposals *on the* National Budget Framework Paper FY 2011/12-2015/16

CS BAG PROFILE

Introduction

The Civil Society Budget Advocacy Group was formed in May 2004 as an ad-hoc, loose coalition to bring together CSOs at national and district levels to advocate for local and national budgets that address the needs of the poor and lift them out of poverty.

Initially the group consisted of four CSOs (UDN, NGO Forum, FOWODE and Oxfam GB) that mobilized other CSOs to begin engaging in the budget advocacy work. Over the last three years, CSOs in Uganda under the Civil Society Budget Advocacy Group (CS BAG) have been engaged in influencing the budget process to ensure that both the local and national budgets incorporate the views of the poor and marginalised people and they are pro-poor and gender sensitive. The group has undertaken a number of activities (such as studies[11], position papers[12], statements[13], public dialogues[14]) to strengthen the CS budget advocacy and to make tangible impact on budget processes.

As of January 2008, the group was composed of over 18 CSOs that are committed to working together and to provide collaborative support to civil society budget work in Uganda. Currently CS members include: Uganda Debt Network (UDN), Forum for Women in Democracy (FOWODE), Environmental Alert (EA), Uganda Coalition for Sustainable Development (USDC), Action Aid International Uganda (AAI-U), African Centre for Trade & Development (ACTADE), Participatory Ecological Land Use Management (PELUM Uganda), Uganda National Health Consumers' Organisation (UNCHO), Africa Leadership Institute (ALI), Centre for Development Initiative (CDI), National NGO Forum (NGO Forum), VECO-Uganda, Caritas Uganda, Concern International Uganda , Oxfam GB, Development Research & Training (DRT), CEEWA, NUDIPU and ESSAF.

CS BAG Strategic Objectives

- The national and local government budget processes are transparent, inclusive and accountable
- Critical information for effective participation of all stakeholders is availed to CSOs and other stakeholders and in good time
- Central and Local Government budgets are pro-poor and adhere to results oriented budget management principles
- Pro-poor budget principles and practices are initiated and integrated in the overall budget process.

CS BAG Activities

- Advocacy for a more transparent and people centred budget process that allows for wide stake' participation
- Effective participating in the budget process at all levels.
- Undertaking specific researches, assessments and reviews to inform budget decisions
- Using various means to raise awareness about the budget process and issues.
- Undertaking in depth analysis of various budget information to give feedback to decision makers at various levels.
- Strengthening the capacity of the CSOs in budget analysis and advocacy.

11 *How pro-poor and pro-growth the 2004/5 budget was done in 2005*
12 *CS position paper on the National Budget Proposal for 2007/08*
13 *Failure of the Parliament of Uganda to comprehensively debate the national budget 2007/08*
14 *These include: public dialogues on the 2004/5, 2006/07 & 2007/08 national budgets*

CIVIL SOCIETY POSITION PAPER

on the

National Budget Framework Paper FY 2011/12 – FY 2015/16

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April 2011

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to reduce the number of MPs, Cabinet and RDCs to a level that is commensurate with the country's resource envelope.

4.4 Incremental budgeting

Resource allocations to various sectors are usually made using the incremental budgeting principle. This does not take into consideration the performance especially achievement of sector objectives in the previous years. Budget allocations are only based on release performance rather than on actual outputs and outcomes. Therefore, sectors such as public administration and security continue to receive increased funding as compared to others such as agriculture and health. Incremental budgeting may not reflect the actual development needs of the different sectors of the economy. As such, some critical sectors such as agriculture have continued to get a very low portion of the national budget.

Another challenge relates to budget led-planning rather than planning led budgeting. Despite the existence of the NDP, budget priorities are not consistent with the set priorities. In most cases funds are allocated sectors without proper planning. A quick example may be the allocation of UGX4 billion in the 2010/11 budget for youth entrepreneurship when there was no plan on what was meant to be funded. Such budget lines become "hot spots" for abuse and corruption.

4.5 Corruption and Abuse of Office

Corruption remains one of the biggest challenges facing Uganda's quest for equitable development. Official and unofficial corruption continues unabated and despite several anti-corruption agencies and policies put in place, the vice is becoming the norm rather than the exception in the country. The impunity with which it is condoned suggests that there is no intention to match the rhetoric of legal and institutional mechanisms with practice. In many ways, financial tyranny and daylight robbery is being passed on Ugandans through high cost of accessing public services and poor delivery of these services (CS BAG 2011).

If the government cannot act expeditiously on the series of probes and commissions of inquiries on corruption undertaken in the past, it makes no sense undertaking more. We consider it an act of corruption when public funds are invested in inquiries and probes, whose recommendations are dismissed or ignored (CS BAG 2011).

We therefore request the President to:

- Expeditiously order the prosecution of all corrupt public officials, including Ministers and Members of Parliament who have colluded to defraud the public especially the CHOGM and Temangalo scandals.
- Not to appoint any Ugandan; politician or otherwise who have pending corruption cases to public office, not as ministers and not even as RDCs. In Particular we insist that all MPs that received the UG X 20 Million infamously deposited on their accounts prior to the campaigns return the money to the Treasury and the President should not appoint any MP who doesn't act on this.

b. **Off budget spending**. In addition to supplementary budget, we concerned about the increasing 'off budget' expenditures. According to recent reports, US $ 240 million (UGX 550 billion) was spent in FY 2009/10 and US $ 440 million (UGX 1.01trillion) in FY 2010/11 has already been spent to purchase fighter jets without Parliamentary approval. This kind of expenditure is more than the combined total annual budget for health and agriculture.

The problem of budget discipline has been mentioned consistently over the last decade both in technical studies and annual budgets. The fundamental question therefore is whether Government has the courage and will to move way from policy rhetoric to policy action to address these challenges.

c. **High cost of running the Government.** The rapid growth in Public Administration expenditure from 14.4 per cent in 2002/03 to 25 per cent in 2011/12 is a major concern in the budget-making process in Uganda. The creation of new local governments, political appointments, widening public service including members of parliament, increasing appetite by most top government officials to live luxurious life is undermining the need to allocate sufficient resources for investment and production. Consequently, the budget which should be an instrument that reflects the strategic development priorities of Government and the county is being reduced into welfare programmes and responses to political constituencies (Mwenda, 2006).

The mushrooming of new districts even when done in the name of taking services to the people is one of the causes of the escalating costs of public administration expenditure. Apart from employment creation (for new staff in the district), there is no value added in terms of service provision since the growth in the national budget (translated into central government grants to local government) remains unchanged.

The number of Members of Parliament in Uganda is excessively high compared to our neighbouring countries.The proposed expenditure of UGX 162.761 billion in FY 2011/12 is too high. The propose expenditure on the legislature is almost 63percent of the entire agriculture budget (UGX 376.292 billion), and 43percent of the Water and Environment budget (UG X 162.761 billion). This kind of spending is unsustainable and should be tamed.

We recommend that:

- Ministry of Finance develops benchmarks for measuring the adherence. This will encourage other sectors to start thinking about implementing the BCC directive
- In reviewing the Budget Framework papers , we request the ministry of finance tosetup a reward and penalty mechanism for the sectors that have adhered or not
- adhered to the BCC directive of Gender and equity budgeting
- Government takes broad steps to seriously address the excessive burden of public administration on taxpayers. Government needs to propose prescriptions based on thorough diagnosis of the determinants of the culture of self-contradiction and non-compliance.
- Government with immediate effect stops the operationalisation of new districts and creation of new ones.
- The Executive proposes amendments to the Constitution in a bid

LIST OF ABBREVIATIONS

ACODE	Advocates Coalition for Development and Environment
ACTADE	Action for Trade and Development
BTTB	Background to the Budget
BTVET	Business Technical and Vocation Education and Training
CAADP	Comprehensive Africa Agricultural Development Programme
CEEWIGO	Council for Economic Empowerment of Women in Africa
CHOGM	Commonwealth Heads of Government Meeting
CS BAG	Civil Society Budget Advocacy Group
CSOs	Civil Society Organisations
DFS	District Forest Services
DIS	District Inspector of Schools
EIA	Environment Impact Assessment
ENR	Environment and Natural Resources
FOWODE	Forum for Women in Democracy
GDP	Gross Domestic Product
HURINET	Human Rights Network
IGG	Inspector General of Government
MDGs	Millennium Development Goals
MFPED	Ministry of Finance, Planning and Economic Development
MoES	Ministry of Education and Sports
MoH	Ministry of Health
MoWE	Ministry of Water and Environment
NAADS	National Agricultural Advisory Services
NARO	National Agricultural Research Organisation
NBFP	National Budget Framework Paper
NEMA	National Environment Management Authority
NFA	National Forestry Authority
NTRs	Non-Tax Revenues
OAG	Office of the Auditor General
OPD	Out Patient Department
PAYE	Pay As You Earn
PEAP	Poverty Eradication Action Plan
PELUM	Participatory Ecological Land Use Management
PER	Public Expenditure Review
PFA	Prosperity For All
PHC	Primary Health Care
PMA	Plan for Modernisation of Agriculture
PWDs	People with Disabilities
R&D	Research and Development
RDS	Rural Development Strategy
SEATINI	Southern and Eastern African Trade Information and Negotiations Institute
SFG	School Facilities Grant
UBOS	Uganda Bureau of Statistics
UCSD	Uganda Coalition for Sustainable Development
UDN	Uganda Debt Network
UPE	Universal Primary Education
URA	Uganda Revenue Authority
USE	Universal Primary Education
VAT	Value Added Tax
VEDCO	Volunteer Efforts for Development Concerns
VfM	Value for Money
WHO	World Health Organisation
WMD	Water Management Division

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The CSBAG was formed in May 2004 as an ad-hoc, loose coalition of Civil Society Organizations (CSOs) and Individuals to advocate for pro-poor budget policies in Uganda. The major aim of the group is to ensure that the views and concerns of the poor and marginalized people are incorporated into local and national budgets

Our thanks go to the CSBAG members who contributed immensely to the production of this publication. These members include: Advocates Coalition on Development and Environment(ACODE), African Centre for Trade & Development (ACTADE), Council for Economic Empowerment of Women in Africa (CEEWA), Center for Women in Governance (CEWIGO) FOWODE, Environmental Alert (EA), Uganda National NGO Forum(NGO Forum, Participatory Ecological Land Use Management Use –Uganda (PELAMU-U), Human Rights Network (HURINET), Southern and Eastern African Trade Information and Negotiations Institute. (SEATINI), The Hunger Project-Uganda, Uganda Debt Network (UDN), Uganda Coalition for Sustainable Development (USDC), VECO-Uganda, Concern International Uganda, and Uganda Road Sector Support Initiative (URSSI).

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Finally, to our friends, we thank you for the support and for the continued struggle for social justice and gender equality. We hope that this publication will be useful to those who would like to influence budgets from a pro poor and gender perspective.

Table 4: Sectoral Allocations and the impact of supplementary budget appropriations

Sectors	Approved Budget FY 2010/11	Supplementary Budget (Sch. 1, FY 2010/11)	Change in allocation due to supplementary budget
Security	9.3	17.8	0.68
Roads and Works	12.8	0.7	-0.96
Agriculture	4.5	0.1	-0.35
Education	15.5	3.6	-0.95
Health	8.2	1.5	-0.53
Water & Environment	3.1	0.1	-0.24
Justice, Law & Order	8.2	23.1	1.19
Accountability	6.1	0.6	-0.44
Energy and Mineral Dev't	4.8	-	-0.38
Tourism Trade and Industry	0.6	-	-0.05
Lands, Housing & Urban Dev't	0.3	-	-0.02
Social Development	0.4	-	-0.03
ICT	0.2	1.1	0.07
Public Sector Management	10.3	1.3	-0.72
Public Administration	6.2	33.5	2.18
Legislature	2.0	-	-0.16
Interest Payments	6.2	-	-0.50
Total	100.0	100.0	

Source: Authors' Calculations based on the MFPED Data over the years. The following areas of indiscipline are particularly noteworthy:

a. **Supplementary Expenditures.** Government is using the supplementary budgets as a mechanism for diverting resources away from agreed priorities in the National Development Plan and development partners (under the Joint Budget Support Framework). The last two FYs have seen large supplementary budgets approved by Parliament amounting to UGX 500billion in FY 2009/10 and UGX 602 billion (schedule I) and UGX 151.6 billion ((schedule II) in Parliament for approval in FY 2010/11.

   The timing of the first supplementary budget in FY 2010/11, at only 5 months into the budget cycle, raises concerns about the credibility of the budget process and budget allocations. In addition, the manner in which Parliament approves the supplementary budgets is also a key concern to us. For instance, Parliament approved the UGX 602.6 billion (schedule 1), in less than a week and without the involvement of the sessional committees. Moreover, there suspicions about the payment of 20 million to MPs to monitor NAADs program, which suggest that MPs were being bribed to pay the supplementary budget.

Most of the supplementary budget items in Schedule 1 such as such defense (107.5 billion), State House (79 billion), office of the president (13.67 billion), and the Police (62.47 billion) were not related to poverty reducing activities. The supplementary budget is not in favor of the service delivery sectors. Instead, the sectors benefitting from supplementary budget are mainly Security (defence), Public Administration (State House and Office of the President), and Justice, Law and Order (Uganda Police). For instance, these four sectors accounted for 75percent of the recently approved supplementary budget (see table 4).

In addition, most the expenditures such as the Presidential pledges made in the first half of 2010 (e.g. UGX 100million for construction of Amuria District Administration Block), domestic arrears (UGX 8.7 billion), salaries (UGX 125.9 billion), social security contributions (UGX 5 billion), jet maintenance (UGX 2.3 billion), preparation of NITA Roadmap (UGX 5.5 billion), staff training (UGX 9.3 billion), travel (UGX 27.1 billion), donations (UGX 18.8 billion), welfare and entertainment (UGX 14.9 billion), special meals and drinks (UGX 763.6 million) were not unforeseen as they should have been budgeted for at the time of preparing the 2010/11 budget.

1.0 INTRODUCTION

This paper is prepared by the Civil Society Budget Advocacy Group (CS BAG)[2], to ensure that the views and concerns of the poor people and gender concerns are incorporated into the national budget priorities for the FY 2011//12 in the up-coming three FYs.

For the past decade, CSOs have been participating in the budgeting process to influence the allocation of resources by government for the purpose of improving service delivery for all Ugandans especially the poor people. While a number of achievements have been realized since the inception of this participatory process, most notably in increased allocation of funds to economic infrastructure such as works and transport sector (14.4percent) and the education sector (15.9percent), many challenges remain - allocation to agricultural and health sectors remain low at 4.9percent and 8.7percent respectively. Uganda's social development indicators such as infant, child and maternal mortality remain among the worst in the world. Consequently, Uganda will not meet most of the MDGs targets by 2015. It is our view that the budget should be aligned to investing in sectors which can aid the government to meet the National Development Plan (NDP) and MDG targets.

While Government has achieved some level of allocative efficiency, inefficiency in the utilisation of budgetary funds dampens the level of performance of government on service delivery. The level of supplementary budget appropriations (SAP) and off-budget spending during FY 2010/2011 is indicative of either poor budgeting or budget discipline or both(CS BAG 2011). A total of UGX 602.6 billion was approved under the Supplementary Budget (Schedule 1), representing an increase of 7.6 percent over the approved budget of UGX 7.9 trillion for FY 2010/11. We are concerned that Government is using the supplementary budgets as a mechanism for diverting resources away from agreed priorities in the National Development Plan and development partners (under the Joint Budget Support Framework). Most of the SAP items in Schedule 1 such as such defense (107.5 billion), State House (79 billion), office of the president (13.67 billion), and the Police (62.47 billion) were not related to poverty reducing activities.

Currently, Ugandan economy experiencing major negative shocks particularly, high inflation rates, that have greatly impacted on both consumption levels and costs of production– largely blamed on increase in international prices and high domestic food prices due to poor harvests. These increases in prices have the potential to impact on the welfare Ugandans (CS BAG 2011). The government has not been moved to allocate funds to correct some of the factors that underlie the inflation - reversing environmental degradation, infrastructural development, and increase in production in the agricultural sector. Beyond sectoral allocations, the issue of inter and intra-sectoral allocations as well as allocation to functions reveals imbalances that limit the amount and quality of services delivered.

Our analysis of the budget priorities for FY 2011/2012 shows profound similarities with those of the previous financial year. It follows that the concerns we raised in the earlier paper are still valid. For instance, we concerned about the high cost of running the government, which is reflected in the escalating allocation to the Public Administration and Public

2 This position paper was developed under this collective framework with substantive contributions from ACODE, FOWODE, UDN, PELUM Uganda, Uganda National NGO Forum, HURINET, Environmental Alert, ACTADE, the Hunger Project Uganda, UCSD, VEDCO, CEWIGO, SEATINI, and CONCERN.

Sector Management, which takes over quarter of the entire national budget. We still contend that unless we deal with the fundamental and underlying challenges that the country faces, the national budget will remain a ritual rather than being responsive to needs of Ugandans. In the sections that follow, the paper provides our views on the Macroeconomic Management, Service Delivery sectors, Infrastructure and Environmental issues as well as budget governance issues.

4.0 BUDGET GOVERNANCE AND BUDGET INDISCIPLINE

The inability to use the budget as a development policy instrument to achieve dramatic and measurable progress in key priority sectors is inherent in the nature of our budget governance and the apparent budget indiscipline. There are at least five critical areas that undermine effective budget governance in Uganda.

4.1 Inadequate Enforcement of the Budget Call Circular Directive on Gender Budgeting

Since FY 2006/07 to date, the Government of Uganda through the Ministry of Finance Planning and Economic Development (MFPED) has been issuing Budget Call Circulars (BCC) that have a gender directive intended to make spending agencies show how they will address gender inequalities in their sectors work plans and budgets. A number of sectors have complied and addressed gender inequalities and others have not or have given it lip service. The budget committee of parliament in its recommendation on the Medium term macroeconomic plan and programmes for social and economic development for fiscal years 2009/10 – 2013/14 and the Indicative revenue and expenditure framework of the government for FY2009/10 stated that:

The Budget Call circular by the Ministry of Finance provided a detailed guide for sectors to apply the concept of gender and equity budgeting in their allocations. The committee did not see evidence of this in the BFP. The Committee interacted with members of the Civil Society Budget Advocacy Group (BAG), represented by Forum for Women in Democracy (FOWODE), who illustrated the benefits of applying the principles of gender and equity budgeting. The Committee urges the government to enforce this requirement in future budget allocations[10]

The continued inability of spending agencies to clearly show how they will address gender inequalities needs to be taken seriously if resources are to be effectively utilized.

We would like the ministry of finance to establish a task force on gender and equity budgeting, develop benchmarks and conduct annual assessment on sectors' adherence to the budget call circular irective on gender budgeting.

4.2 Authority and control over the budget

The Executive arm of Government exercises near absolute control over the way national budget resources are appropriated and utilized. In the majority of cases, Parliament which is supposed to be the guarantor of public interest with regard to public funds acts as a spectator or is sometimes an accomplice in budget abuses (CS BAG 2011). We believe that the passage of the recent supplementary budget was such a case. A realignment of budget priorities without ensuring appropriate checks and balances over the budget between the executive and the parliament will not yield meaningful results. The concept of participatory budgeting has more or less been abandoned or at least only exists as a ritual. This is evident from communities across the country.

4.3 Budget Indiscipline

The major challenge of effective alignment of the budget with NDP priorities affected by gross budget indiscipline that has been displayed by Government

10 *Parliament of Uganda: Recommendations of the Parliamentary budget committee on the Medium term macroeconomic plan and programmes for social and economic development for fiscal years 2009/10 – 2013/14 and the Indicative revenue and expenditure framework of the government for FY 2009/10 14th May 2009*

judicial officers (Magistrates, Judges) and state attorneys /prosecutors.

- The sector allocates more funds towards procuring better IT systems for better evidence collection, storage and management; this portion should also cover training of the required personnel.
- The sector reallocates part o the UGX 20 billion for recruitment for police constables as allocated in FY 2010/2011 to also cater for investigation to boost evidence collection for better dispensation of justice
- The sector increases allocations to the prisons' services from 15percent 2010/2011 by at least 20percent to cater for transportation facilities.
- The sector increases funding towards supervision and monitoring for all the JLOS sectors to ensure effective and efficient deliverance to justice.

Gender Issues in JLOS

JLOS in ints FY201/11 promise to address a number of gender isues inlcuiding:

- Plans to work with Ministry of Gender, Labour and Social Development to identify pertinent gender and equity issues for integration in the ministry's activities
- Plans to set up a task force to train and sensitize staff; and integrate the gender issues in ministry's activities including monitoring & evaluation.
- The ministry is in the process of drafting the following bills:-
  - Marriage and Divorce bill,
  - Administration of Muslim Personal law,
  - National Women's Council bill

Whereas the above action are very commendable we would like JLOS to show the extent to which the above intervention have been implement as we are coming to end of the FY 2010/11the ministry to show progress

2.0 MACROECONOMIC MANAGEMENT

Over the last two decades, Uganda's economic policies have focused on maintaining macroeconomic stability based on a neoliberal macroeconomic framework which relies on market forces to drive development. This implies that fiscal policies revolve around maintaining small deficits, while monetary policy is fixated on a low inflation target of 5 per cent and an exchange rate policy that is committed to full flexibility. Such policies are unlikely to accelerate growth and broaden the impact to the extent necessary to eliminate poverty in Uganda. We are proposing a departure from the prevailing neoliberal macroeconomic framework, by introducing two major alternative economic models that could be successful by tapping into the country's full economic potentials:

i. *A managed exchange rate regime to promote export competitiveness.* Given the fact that Uganda has high export concentration but low export diversification, achieving competitiveness should be a strategic priority for Government. The exchange rate should be managed in order to promote export competitiveness and currency stability. Exchange rate management is essential for: maintaining short-term stability of the nominal exchange rate, which can reduce private sector uncertainty and facilitate public sector budget planning and achieve a real exchange rate that can foster broad-based export competitiveness and structural diversification of the economy. Management of the exchange rate should strive for a real rate that is not only relatively stable but also, if possible, slightly undervalued in order to favour tradable goods, both exports and import substitutes.

ii. *A monetary policy that supports fiscal expansion and export promotion by achieving real rates of interest for private investment* One of the most detrimental monetary policies to expanding public investment to achieve poverty reduction is 'inflation targeting' of less than 5 per cent. In practice, hitting such a target overrides all other policy objectives of growth, employment or export promotion. Inflation control which places restrictions on money supply growth is in most cases difficult to manage. For instance, when the central bank purchases foreign exchange (and correspondingly sells domestic currency) in order to counteract currency appreciation, the domestic money supply grows. In response, the central bank sells Government securities in order to mop up excess liquidity. However, this ends up cancelling the potentially positive effect of the original blend of domestic currency.

Strict inflation targeting is failing due to large and unpredictable swings in prices in Uganda. For instance, the projected annual headline inflation in FY 2010/12 is 8.3 per cent, which is above the Government's annual target average of 5.0 percent (MFPED, *NBFP, March 2011)*. There is little convincing evidence that moderate inflation, i.e. 5-15 per cent, retards growth. If inflation becomes a problem because of adverse supply shocks (such as rising food or oil prices), domestic measures, such as maintaining food buffer stocks or subsiding public transport, could mitigate its impact (John Weeks and Terry McKinley, 2008).

Furthermore, to facilitate group savings and lending for informal and micro-enterprise development, government should develop effective linkages between formal banks and savings and credit associations. Such initiative could be tied to credit guarantees and other policies promoting credit allocation. Government can guarantee a significant portion of loans that commercial banks give to microfinance institutions. This would lower the risks for the commercial banks while infusing the microfinance institutions with enough resources to make a significant difference in promoting small-scale enterprises.

2.1 Resource Allocation and the MTEF

Government has a long established Medium-Term Expenditure Framework (MTEF) that was extended to 5 years to coincide with the new planning horizon within the NDP. The MTEF provides indicative future budgets. However, of late annual budgets have increasingly become less credible because of increasing use of supplementary budgets and off-budget spending. For instance, in FY 2010/11, over 7 percent of the approved budget was appropriated as supplementary budget.

The budgetary allocations are not consistent with government commitment to enhancing economic growth and household incomes through increased production and productivity. The budget is largely recurrent in nature with only about only 33 per cent allocated for development spending as shown in Table 1 below. To make the matter worse, over 30 per cent of the development budget is recurrent in nature, and/or earmarked for less poverty reduction spending such fighter jets and expensive vehicles. With high levels of consumption expenditures (over 65 per cent of the budget), the economy will not be able to generate the required investment for economic growth and development with eventual returns on poverty reduction. There is, therefore, a need to overhaul the entire national budget in order to make it development oriented.

Table 1: Central Government by Major Economic Category

	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
Consumption Expenditure	56.8%	48.8%	46.5%	47.5%
Grants and subsidies	17.6%	18.4%	12.6%	13.7%
Investment (Capital Purchases)	25.6%	32.8%	40.9%	38.8%
Total	100%	100%	100%	100%

Source: NBFP 2011 (page 50)

We are aware that majority of Government Ministries, Departments and Agencies (MDAs) are raising concerns on the restrictive nature of the MTEF, citing it as a key constraint to effective delivery of public goods and services by curtailing capabilities to raise adequate funds to undertake vital capital investments. This funding constraint in the public sector is manifested mainly in underfunding of priorities of public sector programmes and projects, leading to the strange notion of 'unfunded priorities'. We therefore call for a dialogue and agreement among all stakeholders including Parliament on the MTEF allocations, in a bid to ensure that the MTEF is credible and addresses the development needs of the country, rather than being seen as the hindrance to achievement of sector objectives.

2.1.1 Link between the National Budget and the NDP

We are cognisant of the fact that the actual linking of the national budget to the National Development Plan (2010/11-2014/15) will effectively start in FY 2011/12. However, there are concerned that current trends in budget allocations are not in favour of service delivery sectors and those with direct impact on poverty reduction and pro-poor growth. Our analysis of the approved budget FY 2010/11 shows that the overall share of budget to Health, Education, Water and Environment, Roads and Works, Agriculture and Energy and Minerals decreased from 51.0percent in FY 2008/09 to 47.1percent in FY 2010/11.

At least the funds for internal and external trade should be divided up equally.

Economic Partnership Agreements

Uganda needs to negotiate trade agreements at the regional and international level for market access and for appropriate policies at the national level if we are to achieve sustainable development.

While we appreciate the allocation of resources towards trade development, Uganda should be very critical and ensure that specific funds are allocated to trade negotiations at regional and global level.

We recommend that trade negotiations i.e EPAs should not left to donors. Government should be able to put money into the ministry and not have to depend on donors for negotiations that are meant to improve our market access and policy space.

In summary we recommend a paradigm shift from a trade-driven approach to a development-driven approach to trade. This is where trade is geared towards creating productive employment and linking production to the market and ultimately encourages local production, consumption and local markets. Ugandan producers often fail to link their production to the markets especially beyond the local market. MTTI should hence be afforded with specific finances to support their District Commercial Offices so that they are able to enhance the capacity of producers to link markets to production.

3.7 Justice, Law and Order

Safety, security, justice and constitutional development are critical for poor people, as they are most vulnerable to crime. The JLOS faces a number of challenges including:

- Shortfall in investigation and prosecution due to limited resources (fuel, cars, stationary), inadequate capacities of the investigators and state attorney, inadequate motivation of the staff (allowances, awards, etc and corruption both to the victim and the officers.
- Inadequate information accessibility by the public due to unclear systems to access the information and public ignorance of the sector.
  - Inadequate staffing in the judiciary due to low budgetary allocation to recruitment, limited motivation and brain drain.
  - Poor implementation of the existing policy and legal frame work in the sector.
  - Limited access to justice due to procedures/long process/ bureaucratic tendencies, corruption, generative ethical code of conduct, under staffing, inadequate supervision (DPP, judiciary, police, prisons etc), lack of gadgets to cater for the impaired people and lack of rights based approach (especially for vulnerable groups i.e. PWDs)
  - Limited infrastructure development in the sector (police, prisons) due to inadequate budgetary allocation for the development of infrastructure in the sector

Despite all the above-mentioned challenges, we are concerned about proposed cut in the sector budget from UGX 550.042billion in the current FY to UGX 539.389billion in FY 2011/12. This proposed cut is likely to affect the performance of the sector especially access to justice for all Ugandans.

We recommend that:

- Government prioritises increasing budget allocations to the sector to cater for civic education on rights and crime prevention, to recruit more

3.6 Trade

Trade is the key driver of an economy and a country. In order for an economy to survive, a country has to sell and buy; and for an agricultural economy like Uganda, it is vital that the country trades for sustainability and growth. Uganda is a predominantly agricultural country and its economic development will depend on improved performance of its agricultural sector along the value chain. This will include production, transportation, processing as well as packaging.

In the year ending March 2010, the total import bill for the previous twelve months was around US $3.9 billion, down by 6.1 per cent compared to the previous year (Budget Speech 2010/2011).
Trends from the Ministry of Tourism, Trade and Industry reveal a growing gap between Uganda's export earnings and the import bill for the five years ending 2008. This gap has more than doubled indicating a trade deficit of $ 2,801.6m in 2008, up from $1,061.1m in 2004. This exhibited a drop of $1,740.5m which is about UGX 3.56 trillion.

The un-favourable trade balance can be attributed to the continued exportation of unprocessed agricultural products which form the bulk of Uganda's exports. In exchange, we import finished goods. It is therefore be-fitting that this imbalance is addressed if we are to achieve sustainable development.

Manufacturing; processing and industrialization

Since the liberalization of the economy in early 1990s, Uganda's manufacturing industry is almost nonexistent with very few manufacturing industries to point at. This has in part also contributed to the increasing trade deficit. The poor performance of the manufacturing sector can also be attributed to the high utility costs especially for electricity. The Small and Medium Enterprises have especially expressed this concern among others as one of the reasons as to why they are failing to shift from this state.

We are therefore proposing that funds are specifically allocated to especially support /subsidise the manufacturing sector in utilities like electricity which are very critical to its development.

We also recommend that key institutions like Ministry of Trade Tourism and Industry and Uganda Development Corporation (UDC) are allocated specific funds within the budget to cater for the development of the manufacturing sector. It should also continue supporting the Uganda Industrial Research Institute (UIRI).

Trade in Services

Uganda government expenditure centres on services sector like communication, Transport and Energy. In 2009 the sector was Uganda's biggest contributor to the GDP with 51percent. In the Mid-Term Government plans to pursue the enhancement of the competitiveness of Uganda's labor force first within the EAC. We appreciate Uganda's realization of the opportunities within the region and the importance of having a competitively educated and skilled labor within the region.

We however recommend that there is a deliberate effort through budget allocation to cater for specific measures like research in trade in services like Education and for a man power survey to weigh Uganda's strength in terms of service provision.

Trade Development (Internal and External trade)

There is very little money on internal trade yet it is important as a launching pad for external trade.

Besides, Education, the share of the budget allocated to these sectors is less than the target set in the NDP. Roads and Works and Health are those with the greater difference between the NDP and the budget (*see Table 2*). The share of the security and public sector management and public administration budget are way above the anticipated NDP allocation of 6.2percent and 7.0percent respectively.

Table 2: Expenditure framework under the NDP and FY 2010/2011

Sectors	Actual share			Deviation from NDP	
	NDP Target	Approved Budget 2010 (excl. arrears and interest payments	Overall (including Supplementary (FY 2010/11)	Approved Budget 2010 (excl. arrears and interest payments	Overall (including Supplementary (FY 2010/11)
Security	6.2	9.2	10.0	3.0	3.8
Roads and Works	23.6	14.8	13.8	-8.9	-9.8
Agriculture	6.6	5.2	4.9	-1.4	-1.7
Education	14.6	17.7	16.8	3.1	2.2
Health	14.5	9.4	8.9	-5.1	-5.6
Water & Environment	4.6	3.6	3.3	-1.0	-1.3
Justice, Law & Order	3.7	7.6	8.9	3.9	5.2
Accountability	4.1	7.0	6.6	2.9	2.5
Energy and Mineral Dev't	6.7	5.6	5.2	-1.1	-1.5
Tourism Trade and Industry	2.0	0.7	0.7	-1.3	-1.4
Lands, Housing & Urban Dev't	0.5	0.3	0.3	-0.2	-0.2
Social Development	1.6	0.5	0.4	-1.2	-1.2
ICT	0.8	0.2	0.3	-0.6	-0.6
Public Sector Management	7.0	11.9	11.2	4.9	4.2
Public Administration	2.1	4.3	6.7	2.2	4.6
Legislature	1.4	2.3	2.2	0.9	0.8
Total	100.00	100.00	100.00	0.00	0.00

Source: Authors' Calculations based on the MFPED Data

2.2 Domestic Revenue Generation

Despite Uganda being ranked among the best performing economies in the region, the growth in domestic tax revenue has hardly kept pace with the growth of the economy. The current domestic revenue ratio to GDP is 13.2 percent, which is low compared to about 25 percent and 17 percent for Kenya and Tanzania respectively. We are concerned that Uganda's tax system has not generally achieved the objectives of adequate revenue, economic efficiency, and equity, an optimal tax mix, simplicity and effective tax administration and transparency due to a number of factors which Government knows, but has failed to address. For instance, in the medium term, tax revenue is projected to grow at 0.5 percent compared to over 7 per cent economic growth.

Lack of a clear comprehensive policy on taxation and revenue generation: This has led to confusion on when, how, by whom and for what objective the people should be taxed and when taxes can be instituted and/or abolished. Government is mainly concerned with maximising tax revenue, but does minimal analysis of tax incidences on various taxpayers. For example the abolition of vehicle road license fees and subsequent tax increment on petroleum products during FY 2007/08 increased the tax burden of all Ugandans even those who don't own vehicles, consequently, the price of fuel hitting hard on all sectors of the economy.

Lack of a clear policy and/ or guidelines on tax incentives and waivers: Government has had an on and off tax regime aimed at attracting investors. Every financial year, government provides incentives and waivers to private investors, but with no clear set criteria on who gets what and how much (CS BAG, 2008). Unfortunately, Government has never carried out a cost benefit analysis of the waivers and tax holidays on the overall tax revenues. In addition, there is lack of effective monitoring and evaluation on waivers. For instance, during the November 2007 Commonwealth Heads of Government Meeting (CHOGM), hoteliers abused the tax exemption plan set up to help them build or improve hotels in time for the meeting. Consequently, it was not clear that the UG X 18.9 billion in tax the Ministry of Finance paid on behalf of the hoteliers covered only the items spelled out in the policy *(Daily Monitor*, Saturday, 26 January 2008).

Inefficiencies in tax administration: Tax avoidance and evasion, corruption and leakages in tax management have continued to hamper the growth the country's tax revenues. The MFPED (2006) attributed the decrease in contribution of VAT to the total collections by URA to low compliance levels, difficulties in enforcement and the presence of a large informal sector. The Auditor General Reports (2003 and 2006) highlight a number of cases of wastefulness in revenue management such as; UG X 4.2 billion not supported by receipts; URA retained UG X 20 billion without authority; UG X 1.5 billion not acknowledged by URA; UG X 3.7 billion uncollected by Uganda Police; UG X 2.3 billion not remitted by the New York Mission; UG X 1.1 billion by MFPED not supported by customs documents; and, UG X 0.2 billion not collected by the Parliamentary Commission.

Abolition of direct taxes. Apart from a few direct taxes such as PAYE, government abolished most of the direct taxes, and instead increases indirect taxes. This has been based on political considerations, rather than equity grounds. This means that, most Ugandans don't directly contribute to the tax revenue base. Besides, reducing the tax base, this act has reduced most Ugandan citizen's ability to demand for improved service delivery.

We therefore request Government to develop a comprehensive taxation policy to guide taxation in Uganda. In addition, comprehensively review all tax policies to identify ways of achieving the objectives of adequate revenue, economic efficiency, and provision of equity, simplicity and effective tax administration should be carried out.

In the upcoming budget, we request government to reduce taxes on petroleum products which could effectively reduce cost of fuel and subsequently inflation and instead re-introduce some on the direct taxes like vehicle road licence and road user fees.

We therefore request Government to finalise and implement the Road Safety Policy and Strategy. This should be done in commensurate with the other relevant sector policies to achieve synergies. In addition, Government should allocate more funds towards road safety activities, especially through working on the dark spots and reducing the number of potholes on the roads. Furthermore, strict implementation of road safety measures such as speed governors and tough punishments for reckless driving should be instituted.

Poor Integration of the transport system

The intregration of the transport system in Uganda is a big challenge, there are no supporting linkages among the roads, rail, air and water transport. The tendency of the works and transport sector has been to concentrate on roads (perhaps because over 92percent of transport needs are on roads), however, other forms of transport such as railway and water are vital in enhancing economic growth and transformation. Investing in the railway and water transport can enhance private sector competitivess through offsetting the high cost of road transportation.

The sector needs to develop transport planning framework which enhances integration of transport networks. In addition, more funds should be allocated towards improving the railway and water transport.

Gender Concerns in the Transport and Roads Sector

It has been noted that the Ministry of Works and Transport is committed to mainstreaming Gender concerns in the planning, implementation and monitoring of its activities. According to the FY 2010/100 MPS, the following are the Gender and Equity activities for implementation in the FY 2010/11:

Gender and Equity -MPS	Recommendations
1. The sector has put in place interventions to ensure that gender is explicit at institutional and operational levels. 2. Gender mainstreaming is being incorporated in Sector plans, programmes and activities. Guidelines for mainstreaming gender into the sector have been developed. 3. The Ministry has developed a Communication strategy that involves sensitization of key stakeholders through workshops and IEC printed materials. 4. The Ministry is updating formats for collecting Gender related data and also develop software to process and analyze data 5. The Ministry will also monitor compliance to the set standards for mainstreaming of Gender issues in the construction industry	1. The Ministry needs to explicitly state the interventions that address the gender related concerns. 2. The Ministry should develop activity based plan following the gender strategy being developed as a basis for funding next FY 2011/12; 3. A communication strategy that sensitizes key stakeholders in gender concerns is a step in the right direction but the Ministry be more explicit on the strategy. 4. Disaggregated gender related data is key in planning strategies to address gender issues. The Ministry should prioritize this activity and expedite it. 5. The Ministry should strengthen its capacity to supervise ongoing projects to ensure value for money and adherence to required standards as set in the designs;

of Ministry of Works and Transport should be a department, in the spirit of rationalization of resource allocation.

High cost of construction and maintenance

Poor contract management in the roads sector has resulted in stalling of the Sector's projects at all levels. This is explained by the very poor performance of the road sector (GoU, GAPR FY 2009/10). Some road repairs have not been completed due to purported delayed payments to contractors. This is causing the roads to deteriorate and escalating the costs of completing the works (Auditor General Report on CHOGM 2009). During FY 2008/09, the Ministry incurred a total of UGX 129,348,213 and US$1,247,205.35 in interest charges on delayed payments on various civil works contracts. This expenditure is considered nugatory as it should have been avoided if proper arrangements were made to clear contract payment obligation on time.

The Ministry should further come out with measures to ensure value for money in carrying out roads' projects. This may be through initiating policies that will build the capacity of the players in the delivery of good quality roads. Such players include consultants, contractors and providers of construction materials and services.

Inability of UNRA to effectively utilise the allocated budget

The UNRA is now responsible the construction and maintenance of all national roads and thus takes the lion's share of the overall sectoral budget (58percent). However, UNRA lacks the capacity to utilise the allocated funds in time. For instance, by December, 2010, UNRA had only 63percent of the approved budget had been spent. The inability of UNRA to absorb most of the funds has led the government to reduce the sector budget in the FY 2009/10 to a tune of UGX 295.33billion (or 24percent). There are also concerns that UNRA is spending a lot of money on non-direct road maintenance such as publicity and adverts in the media.

We believe the sector can publicize its achievements better through timely completion of quality projects, rather than through advertising daily newspapers.

Axle load control

Whereas government is investing heavily in the national road network, little attention is being placed on the axle load control. Uncontrolled axle overloading shortens the life of the contructed and rehabilitated roads and leads to unacceptable deterioration of the road network. This greatly undermines the investment in the road network. In addition it reduces the economic value of the road and the return on the investment of the monies government borrows and invests in the road sector.

The sector needs to review the axle load control with the objective of having a stable regulatory framework in line with other EAC countries.

Road Safety

We are concerned about the increasing number of accidents on our roads. In 2007, road accidents were among the leading killers of people in Uganda. In 2006, 2,171 persons were killed in road accidents, of which 73 per cent were passengers and pedestrians (Crime Report, 2007). In 2007, the deaths were 2,334 persons, an increase of 7.5 per cent. Although a total of 16,864 road accidents were reported in 2005, of which 15,783 (94 per cent) were investigated, only 1,081 (6 per cent) were prosecuted. This shows that government is not doing enough to prevent accidents, some of which are caused by reckless drivers and failure to effectively implement road safety regulations.

3.0 PROGRAMMES FOR SOCIAL AND ECONOMIC DEVELOPMENT

3.1 Education

Despite the recent trends (bloating of the public administration budget), over years the education sector has been allocated the highest amount of resources in the national budget (the sector is projected to receive 17.7percent of the national budget in FY 2011/12) with over 52 per cent of the entire sector resources spent on primary education. However, there are concerns that the sector is putting less emphasis in terms of funding on skills development in that technical and vocational training are only getting only 2.2 per cent of the sector budget. This is contrary to the Government focus on employment creation through skills development.

Uganda's educational and training institutions are not producing enough skilled manpower to meet market demands for skills in science and engineering. There is shortage of skilled scientists and engineers. This is a major barrier to improving national technological performance and growing national systems of innovation. Thus, Government needs to reform the education and training systems:

- To increase and improve science and engineering content,
- Increasing the number of science teachers in primary and secondary schools,
- Promoting science clubs in schools, and equipping science laboratories in the schools.
- Increasing universities' capacities by building more and better science laboratories, and increasing the number of lecturers and technicians in faculties of science and engineering, and encouraging private universities to develop and offer science and engineering courses i.e. creating a special tax relief for universities that offer science courses.
- Creating a fund dedicated to training in Masters and PhD in sciences and engineering.

We commend Government for introducing UPE and USE that has seen enrolment rates increase tremendously. The current enrolment in primary education is 7,143,988 and this is expected to increase to 8,624,843 in financial year 2011/12. Of these, 4,295,163 are boys and 4,329,680 are girls. At secondary education the enrolment as per the NDP is 1,165,355 and it is expected to increase to 1,359,284 in FY 2011/12 with 721,908 as males and 637,376 as females. However, we are concerned about the poor quality of education; inadequate facilities for special children with special needs; inadequate infrastructure; and insufficient community participation in school management.

Poor Quality of Education

The low quality of education is shown by the low levels of numeracy and literacy rates for P.6 which stands at 41percent and 49 percent respectively. In addition, the completion rates in primary schools for girls are very low standing at 48 percent and 55 percent for Boys. This means that half of the entire population of children who begin P.1 cannot complete P.7. The major reasons why pupils leave schools included: high cost (39.3 per cent); lack of interest (17 per cent); sickness/calamity in family (12.3 per cent); orphaned (8.5 per cent) among others. Despite UPE being free, parents/guardians continue to pay some money (on average 10,000 shillings) to schools for different items such as lunch fees (27 per cent) and building fund (27 per cent).

Inadequate school inspection partly contributes to low quality of education. Whereas, training and capacity building of 167 inspectors, 100 head teachers and 8 inspectors abroad was planned in FY 2010/11 at a cost of 1.884 billion, by the end of December 2010, only 1 inspector had been trained abroad and 40 inspectors within the country.

Given the huge amounts of resources spent in this sector, we request government to come up with concrete proposals on how to address these teething challenges. For instance, government should consider increasing the UPE capitation grant for pupils from 6,000/= to 10,000/= to enable schools run effectively.

We propose that instead of training inspectors from abroad, the sector trains them from within the country to minimize on costs and relocate the funds to underfunded activities in the sector.

Girl child education

Women in Uganda are at an educational disadvantage compared to men. Girls have higher drop-out rates in primary education, especially at the upper levels. The completion rates for girls are therefore lower. (out of 908 boys and 899 girls who enroll in Primary One, 685 boys are likely to join Primary Seven compared to 307 girls[3]). Female enrolment at post primary levels lags behind that of males.

We would like the Ministry of Education and to establish a gender office at the ministry level to handle the gender concerns such lack sanitary ware, absence of senior women teachers and inadequate psycho-social support for girls. A gender policy which was done by the ministry of education should be implemented

The Ministry of Education in the recent NBFP FY 2011/12 mentioned the establishment of "gender friendly schools". We would like parliament to ask the ministry of education to substantiate what it means by gender friendly schools, how many are they , where are they located and what is unique about them

The inadequate provision of special needs education facilities.

On average, 10 percent of school going-age children have special needs of some kind. The total number of primary pupils with disabilities is 183,537 as per the MoES, Education Statistical Abstract (2008) and 204,352 in 2009 (UBOS, Statistical Abstract 2009). The number of pupils with special needs enrolled in school increased by 11 percent between 2008 of these male pupils with disabilities was at 53 percent compared to 47 percent of female pupils in 2009. Only 11.3 percent of primary school pupils have special needs. The policy for special needs education has never been finalized. This therefore affects the access and utilization of disabled children to the services. In FY 2009/10 only 900 teachers were oriented in special needs education and 3,150 special needs education learners in 105 schools benefited from the subversion grants of the Ministry of Education and only one seed secondary school for the deaf under ADB education phase 3 was completed. The sector continues to further marginalize special needs education. Out of 2 special schools for the blind to be constructed in FY 2010/11, only 1 school in Mbale has been provided with funds for a dormitory and in 2011/12, out of 3 schools needed to increase access for learners with special needs education, especially severe learning disabilities which would cost UGX 3 billion, only 898 million have been budgeted for FY 2011/12.

3 UBOS statistical abstract 2009)

We are concerned that the sector has not prioritized Roads, Streets and Highways which is one of its core mandates. The allocation to this activity will be reduced by UGX 1.278 billion in the FY 2011/12; instead the sector increased the allocations to Monitoring and Capacity Building by UGX 2.235 billion which is mainly consumption expenditure.

Despite investing heavily in the road sector, government has failed to produce reliable data regarding the current state of road in the country. Whereas some information on the road works is produced in the NBFP i.e. number of Kms resealed, rehabilitatated etc, there is very little information regarding DUCAR; in some distritcs the exact Kms of roads is not known. This undermines any efforts at improving value for money in the sector. In addition, the performance pattern in the road sector leaves a lot to be desired. The sector registered under-performance in the percent of kms national paved roads reconstructed/rehabilitated (16percent), kms of national paved roads rehabilitated (24percent), national unpaved roads routinely maintained (19percent) and the number of bridges rehabilitated.

This therefore needs prioritization in the FY 2011/12. For instance, the unfunded priority of a bridge linking Barlegi and Barlonyo and other four strategic bridges requiring additional UGX 5billion need to funded.

Inadequate funding for district urban and community access roads.

We are concerned that the Local Governments which are at the centre of stimulating rural economy are least funded with UGX 32.583 billion compared to the central government allocation of UGX 118 billion . The situation of low funding is worsened by the recurring creation of new Local Governments (Districts, Municipalities, and Town Councils). However, the MoWT's component for District, Urban and Community Access Roads that mainly goes to monitoring and evaluation is receiving of UGX 33.810 billion . In addition, the MoWT had spent a quarter of its allocated funds (UGX 31 billion out of UGX 117.231 billion in FY 2010/11), meaning that the low absorptive capacity is, perhaps, because they did not require such level of funding, compared to, for instance LGs that had performed at 50 percent of their total allocation of UGX 32.583 billion . The inadequate funding is also attributed to the Road Fund being unable to provide adequate and predictable funds because it continues to access funding through the Consolidated Fund, contravening the URF Act that accord it autonomy for revenue generation and disbursement.

In an effort to overcoming poor road maintenance due to inadequate funding, the Road Fund should by way of amending the URA Act should be enabled direct transfer of user charges to URF account to allow more and consistent disbursement to the LGs.

Confusion over mandates among sector agencies

The relationship between the URF and UNRA is unclear; especially on how the two institutions relate with each other and even their mother ministry. For instance, the MoWT has continued to carry out construction works, repairs and maintenance despite the existence of other semi autonomous bodies directly charged with this mandate such as UNRA. This has led to allocation inefficiencies due to duplication of responsibilities among the sector agencies.

Due to the existence of UFR and UNRA, the mandate of MoWT, should be revisited with a view to rationalizing expenditure and prudent utilization of public resources. For instance, the allocations towards DUCAR financing under MoWT and URF should be streamlined to fall under one entity. The MoWT should put more emphasis on policy, monitoring and evaluation and leave the other functions to its semi autonomous bodies of URF, UNRA and Local Governments. We therefore recommend that the Works component headquarters. As a result, there are substantial resources that have been and continue to be invested in agricultural sector without any tangible impact on the farmers.

We recommend that the sector ensures prudent utilization of allocated resources through effective planning and implementation of planned activities.

Gender Issues in the agriculture sector

National Agricultural Research Organisation (NARO) has developed a Gender Action Plan for mainstreaming gender into agricultural research. The action plan outlines activities for;

i. Mainstreaming in planning, budgeting, implementation and monitoring and evaluation of research projects.
ii. Establishing mechanisms for needs assessment of gender responsive technology needs.
iii. Capacity development programs for scientists and research managers in using gender analytical tools in research and outreach.

We would like parliament to ask NARO officials progress in achieving the above.

NAADS was silent on adhering to the budget call circular directive, can parliament inquire why the NAADS did not adherence to the BCC directive on Gender budgeting and what plans it intends to put in place to address the gender issues in its plans and budgets

3.5 Works and Transport

The works and transport sector budget was increased tremendously over the last three financial years after years of neglect. In the past three years, the works and transport sector has received UGX 1.1 trillion in FY 2009/10 and UGX 919.49 billion in FY 2010/11 and UGX 1.032 trillion in FY 2011/12. However, absorption capacity remains a key challenge for the sector. For instance, during FY 2008/9, only 53percent of the funds allocated to the sector had been used by the first half of the year (MoFPED mid-year Budget review 2008/9). According to the NBFP (March, 2011), by December 2010, only UGX 692,251 billion of the UGX 1.04 trillion to works had been spent.

We are concerned that the sector cannot spend the allocated funds, despite the poor state of roads (especially in urban roads) in the country. Despite the low absorption capacity of funds allocated the works and transport sector, we are afraid that the NBFP (2011/12), shows that the sector will not receive any additional funding, despite the increasing cost of road construction in the country. We are worried that this might precipitated a reduction in the number of kilometres of roads constructed and maintained.

We commend the sector for reducing expenditure on Government Buildings and Administrative Infrastructure by a tune of UGX 1.149 billion and for increasing expenditure on rehabilitation of Upcountry Aerodromes especially upgrading Kasese Airstrip to Airport status.

We also commend government for its emphasis on improving the road network in Uganda, through the construction of superhighways. However, we believe that the current challenges in transport sector not be solved by constructing superhighways, but rather by improving the existing roads (completion of the Northern by-pass and maintenance of Kampala city roads) and revamping of the railway network.

We therefore request Government to divert the recent US $ 380 million loan that was approved by Parliament for the construction of the Kampala-Entebbe superhighway to revamping the Kampala – Malaba railway network.

We request the sector to finalize the SNE policy during this Financial Year and to provide sufficient funding SNE.

Inadequate infrastructure

This continues to affect the quality of learning in all UPE schools. There are a number of schools that conduct lessons under trees, yet the Government tremendously reduced funding to School construction through SFG from 2.08 billion in FY 2010/11 to 1.795 in the FY 2011/12 proposed budget. Even in places where construction was done, it was poorly done. Pupil classroom ratio of 72:1 (2009) as per the NDP is still high to accord pupils conducive learning environment. Thus, at least every 1 in 3 pupils enrolled in primary schools does not have adequate writing and sitting space. The situation is worse at lower levels where 50percent of the pupils enrolled do not have sitting and writing space.

Considering that enrolment has increase and we still have a gap in sitting and writing spaces, We recommend that the ministry reallocates more resources for educational materials and infrastructure

Insufficient and ineffective community participation

Under decentralization, implementation of education programmes is a responsibility of various local governments. We appreciate the fact that over 73 per cent of the sector budget is spent at local government levels. However, implementation is marred with a number of challenges ranging from late disbursement of UPE funds by districts to schools; lack of clarity of roles and responsibility among stakeholders in the district; poor monitoring and supervision of schools; and, weakness in management and accountability of UPE funds. This has resulted into a weakened involvement of parents in the management and running of schools, as most parents seem to relegate the responsibility of educating their children entirely on teachers; most of whom do not care whether children attend school. Although the SMC and PTAs are supposed to actively participate in education planning and budgeting processes, this has not been the case. Due to apathy, communities have found it extremely difficult to monitor schools and how they are managed while few SMCs know their roles and responsibilities. Since parents of late contribute less to the education of their children, they continue to play a limited role in determining the standard and quality of the education sector. In FY 2008/09 62percent of 12 worse off districts had functional school management committees and only 400 primary schools across the country in the primary sub sector had their SMCs trained in FY 2010/11.

We request Government to improve on inspection by reinstating the PTA to elect their SMCs which will empower the parent to oversee education.

3.2 Health

Uganda has been one of the pioneering countries in undertaking health sector reforms within the framework of decentralization. In addition, Primary Health Care (PHC) and Minimum Health Care Package (MHCP) were introduced and have significantly contributed to improving the health of the population. There has been some improvement in a number of health sector inputs and output indicators. However, despite these reforms health and poverty indicators in Uganda remain some of the worst in the continent. The performance of the Primary Health Care[4] is generally poor. There is preference for selective primary health care[5] to comprehensive health care. For instance, the proportion of deliveries in health facilities stands at only 33 percent, whereas immunisation rates (proportion of children immunised with DPT3) have been declining over the last three years from 83 percent in 2007/08 to 76percent in 2009/10.

4 PHC is seen as the first element of a continuing health care process and should not necessarily be equated to health facilities.
5 The approach of elimination of disease by mobilizing health services to attack the most prevalent diseases

Performance of the health sector as indicated in the NBFP for FYs 2011/12 -2014/15indicates a number of areas where targets have not been achieved. This shortfall notwithstanding, the budget allocation to the health sector has been reduced –albeit marginally (from UGX 666.606 billion in FY 2010/11 to UGX 666.123 billion)-rather than increased so as to meet the sector targets. The strategy by government to achieve sector goals appears to be the re-allocation of resources within the sector i.e. development expenditure reduced from UGX 98.214 billion to UGX 88.083 billion while non-wage increased from UGX 293.709 billion to UGX 303.407 billion. Budget allocations to the health sector should aim at achieving sector goals as articulated in the NDP as well as the MDGs.

Though there has been increase in funding for primary health care services at the local government levels, the actual work on the ground has remained more rhetorical than real. Much of the funding goes into construction of heath facilities as a symbol of health services. There is less focus on strengthening the health promotion and disease preventive measures. The situation is worsened by the weak capacity at local government levels to implement primary health care.

Drug stock outs

Drug stock out at health facilities has been identified as a key issue in service delivery. The NBFP indicates that by the end of December, 2010, the proportion of health facilities not reporting stock out of any one of the six tracer medicines is currently at 42percent (excluding ACTs) and 29percent (including ACTS) at national level. Other studies indicate more dire levels of up to 73percent[6]. Furthermore, the target indicated in the NBFP of 55 percent is too low. However, the indicative budget figures provide for an increase of about 1 percent for Pharmaceuticals and Medical supplies to National Medical Stores (NMS). This increment when compared with the gap implied by the prevalence of drug stock out coupled with the increase in population as well as costs-inflation is very low. While the government acknowledges inefficiencies and suggests ways of making improvements to the effect, it is unlikely that a 1 percent increase in the budget would achieve the target. It is also clear that the allocation for Health Supplies to National Referral Hospitals remained the same at UGX 10.50 billion while that to Local Government Units and Regional Hospitals is proposed to be increased by a meagre 6.5 percent to UGX 43.921 billion.

The delivery mechanism of drugs to Health units under the 'Push' policy leads to delayed deliveries and thus stock outs. While the government has indicated that the plan to set up regional centres will be implemented soon, the local governments appear more suited for delivery to lower HCs given the level of interaction with the units compared with NMS and contracted transporters.

Against this backdrop we request government to increase funding to Pharmaceuticals and Medical supplies by at least 10 percent to cater for inflation. We also suggest that Government allocates additional funds National Referral Hospitals and Health Supplies to LG Units, General and Regional Hospitals. In addition, the basic kit for HC III and II should be reviewed to ensure that the drugs supplied match the need/disease burden.

Inadequate Staffing

Availability of health workers at Health Units has been cited as a major impediment to service delivery. The NBFP suggests that outcomes in the sector would be greatly improved by availability of qualified health workers at Health Units. It further indicates that the percentage of approved positions filled by qualified health workers was at 53percent in 2010 falling short of the target of 65percent of the HSSPII. Availability of health workers determines the level of effectiveness of other interventions in the sector and

6 A Public Expenditure Tracking Study by ACODE in 8 districts indicated stock outs of over 70%.

We propose that government sets up a special fund for input subsidies earmarked to benefit all farmers; government can borrow from Malawi's experience.

Access to credit

Despite the fact that farmers cite shortage of capital and credit as their single biggest constraint to improving farming, government has not provided adequate funding towards improving access to credit by farmers (Benin, S., et al , 2007). Only 4percent of the PMA funds are allocated towards rural finance services, which include increasing access to credit. Though Government recognizes the need to increase the availability of credit to farmers, there is general belief among policy makers that credit is a private rather than a public good. However, lack of credit for agriculture has resulted in locking many farmers in poverty. Without access to credit, many farmers are unable to invest in future production, to expand their farming or take a risk (Lukwago. D, 2011).

Even with government support to savings and credit cooperatives (SACCOS) through the Micro Finance Support Centre Limited to access credit, the process of acquiring this credit is so difficult for most small scale farmers, who lack most of the requirements as per the guidelines set by the micro finance support centre.[9] Most farmers fear to get loans because of harsh treatment of that defaulters get, also the repayment period that does not coincide with the harvest season (PELUM Uganda, 2010). In addition, the money allocated in the budget for lending to agriculture such as the UGX 30 billion in FY 2009/10 (MFPED, Budget Speech, FY 2009/10), is not readily available to the intended people. It seems to benefit the elite and progressive farmers, but not the small scale farmers.

We recommend that Government allocates earmarked funds for lending to small scale farmers. In addition Government through the MFPED should exploit the possibility of establishing an Agricultural Bank that will explicitly focus on farmers' credit needs, hedge against risks like crop failures and volatilities in the prices of agro-products.

Rural infrastructure

Roads and infrastructure is critical to production, competitiveness and trade. There has been some effort to improve the road network in Uganda; however we are concerned that a lot of emphasis has been put on national than District and Community Access roads yet these are the most critical to production competitiveness and trade. In the FY 2010/11, a meagre UGX 23.6 billion (2.6percent of the total Works and Transport sectoral budget) was allocated to district, urban and community access roads (UDN 2010). Because of minimal emphasis on DUCAR, only 10percent of the community access roads are in good and fair condition (EPRC 2010).The long travel times in agriculture increase transaction costs for agricultural inputs and output thus lowering the profitability levels.

We propose that Government invests more resources to activities that, although considered to be non-agricultural, will promote agricultural processing and marketing, such as investments in rural electrification and community roads.

Prudent utilization of budget resources

Notwithstanding the fact that the agricultural sector is poorly funded and indeed requires more funds, the sector has exhibited high levels of inefficiencies in the utilization of the allocated funds. Public Expenditure Reviews (PER) in agriculture have indicated great inefficiencies in resource utilization in this sector. There are value for money concerns as regards to procurement of goods and services in the sector especially at the MAAIF

9 Guidelines: For a SACCO to access credit it must be registered, have a minimum of one year experience in running the activity, must show clear ownership, governance structures and management capacity, adequate staffing with knowledge and skills in Microfinance.

up to UGX 54.5 billion on agricultural R&D. However, this growth is still below the Maputo declaration of 1percent and the African average (Flaherty Kathleen, IFPRI 2010). The CAADP programme calls for African countries to double their annual spending on agricultural research within 10 years to USD 4.5 billion by 2015 entailing a rise of 7.2percent every year (Action Aid, 2010).

Government spending on agriculture research and development is low compared to expenditure on the provision of other public agricultural goods and services (Benin, S., et al, 200). On average the agricultural research budget accounted for 24percent of sector spending between 2000 and 2005 and 18percent between 2006 and 2009. The National Agricultural Research Organization (NARO), the main institution responsible for agriculture R&D, has continued to receive less funding over years. The budget breakdown of NARO shows that nearly a third of the organisation's entire expenditure is accounted for as import taxes and VAT on donor funded imports, mainly machinery and vehicles (UGX 7 billion out of UGX 24.6 billion budget). After salaries have been paid, just over shillings 3 billion is left for actual projects. The biggest challenge is that NARO is weak in disseminating its technology to farmers, especially small scale farmers. As of 2006, just 55percent of NARO's research outputs had been disseminated and these had reached less than half of all crop farmers and 30percent of livestock farmers (Action Aid 2010).

We appreciate the fact that Government is proposing to strengthen the linkage between NARO and NAADS to ensure that research products from NARO are effectively disseminated and utilised by farmers in the NAADS programme. We are however, worried that this initiative is implemented in a project mode and largely funded by donors which might undermine its long term sustainability.

We recommend that Government allocates at least 1percent of the total national budget to agricultural research and development. At least 20percent of the total research allocation should be earmarked to multiply and disseminate research findings. In addition, Government needs to consolidate all the research funding that are scattered into various ministries and agencies into one research agency to constitute a national research agenda. Government needs to strengthen research and extension service linkages. Government should ensure that increases in agriculture extension funding is matched with the increased in funding for agricultural research

Access to agricultural inputs

The challenges of food insecurity and poverty are compounded by the current low productivity in the agricultural sector. The sector requires significant transformation such that crop yields and incomes are greatly increased. Such transformation cannot be achieved without the sound application of improved technologies such as improved seeds and fertilizers.

The NRM Government has always acknowledged the importance of maintaining fiscal discipline and maintaining a stable macro-economic framework through removing government interventions in the market that distort prices. Public agricultural institutions (e.g. marketing boards) were abolished because they were thought to constrain private sector development, were inefficient, and a drain on public resources. As a result, public spending on agricultural subsidies vanished (Headey, D, D., et al, 2009). Therefore, there are no government subsidies on inputs and seeds and no controls/regulations of prices and input trade. Consequently, Uganda is experiencing low use of fertilizers and inputs. Uganda is using 1kg per hectare fertilizer annually which is grossly inadequate to replenish the nutrient depletion of more than 80 kilogram per hectare. This fertilizer use is four times as much in Mozambique and six times as much in Tanzania (WFP, 2009; p.3).

therefore it is very important otherwise the proposed increase in the budget for drugs may not yield much.

It is for this reason that we suggest a target of 70percent on this indicator and consequently the inclusion of UGX 36 billion needed for PHC wages to districts as well as UGX 1.8 billion for recruitment of health workers which has been put under unfunded priorities. Recruitment of health workers at regional referral hospitals could be stayed but not that at lower Health Units.

It is also clear that remuneration of health workers is a de-motivating factor; for instance, a doctor receives UGX 780,000 including the lunch allowance which is subject to PAYE. This has de-motivated the health workers in the sense that the lunch allowance was meant to be an incentive which is negated by the tax deductions to which it is subjected.

We propose that the wages of health workers be doubled across all categories as a way of attracting more workers to the sector as well as a measure to increase retention. In addition, to the increase in pay, other incentives such as child education fund, further training, and performance based promotion should be explored.

Inadequate Health Infrastructure

The facilities at health Centres particularly HC IVs negatively affect the delivery of health services. For instance the level of functionality of theatres and maternity wards greatly impact on indicators of maternal health care. However, the NBFP indicates that the allocation to development budget for the sector under which infrastructure falls, has been maintained at the previous financial year's level of UGX 188.6 billion of which almost half is donor funded.

We thus, request government to increase the development expenditure to meet the increasing demand at LGs.

Low allocation to non-wage

There have been complaints from local governments that the budget architecture does not afford them the discretion required to deliver services under their mandate. The low levels of non-wage allocations affect performance of health workers since they cannot provide adequate services due to lack of implements. This is has also been one of the key de-motivators cited by doctors. For instance, a doctor a certain HC IV in Kayunga district abandoned work due the fact that he could not carryout of major surgeries due to lack of blood and other specialised equipment, according to a study by ACODE. A number of other case studies have also pointed out the same short coming. The amount of UGX 450,000 per month indicated by the NBFP allocate to HCIIls for delivery of a range of services such as maternal health including Emergency Obstetric Care (EMoC) and outreach to the community is not enough given the rising costs of health care delivery. It is also surprising that even the UGX 4 billion required for this purpose has not been provided for.

We thus, propose that Government doubles the non-wage allocation to HCIIIs and IVs to cater for increasing cost of health care delivery.

Slow progress to improve Maternal Health indicators

Despite the reforms by government, especially in Primary health care, maternal health indicators are still very worrying. 16 women die every day from pregnancy related illness, only 42% of births in Uganda are assisted by a skilled healthy professional, and maternal and infant mortality rates are still appalling at 435/1000 and 76/1000 lives respectively. The proportion of all expectant mothers who deliver in health has stagnated at 29%. By government's own admission MDG 5 is likely not be achieved. The Ministry of Health promised to conduct a maternal audit and also implement a maternal roadmap strategy in the FY 2010/11. The government also started procuring mama kits to reduce unsafe deliveries in the county. The kits have the minimal medical and personal items for a clean delivery. In the last FY 2010/11, the ministry through national medical stores procured only 13,000 kits. This number is far below what is needed considering Uganda's birth rate of 47.49 births/1,000[7].

We would propose that the Ministry of Health officials give details of where the maternal audit promised is and why the maternal health roadmap has not been finalised.

We also propose that the Ministry of Health improve on the utilisation and distribution of mama kits in the country to enable expectant mothers have safe deliveries

3.3 Water and Environment

Uganda is endowed with a high-value renewable resource base that supports the rural and urban populations and provides a significant portion of the revenue generated by the government and private sector. Environment and natural resources (ENR) contribute immensely to the national economy (in terms of GDP, exports, employment, and other uses and facilities), poverty alleviation (through dependence of households and communities on the environment and natural resource-derived goods and services) and overall improvement of livelihoods.

Although there is inadequate data for qualifying the overall contribution of the sector to GDP; estimates put this contribution to 54 per cent. For example, the estimated economic value of fisheries per year stands at $301 million, while forestry is estimated at $360 million with over 90 per cent of the population depending on biomass energy. Most of our domestic and international trade is natural resource based. Land is a key strategic resource for Uganda's entire population, constituting over 50 per cent of value of the 'asset basket' of the poor in Uganda, and climate is a crucial sector that greatly influences productive potential (ENR Sector Investment Plan, 2007). However, this resource is rapidly being degraded thereby threatening livelihood security and sustainability.

The national Development Plan (NDP) recognizes the importance of ENR in the development of the country and the rationale for its sustainable use. The forestry sector is regarded as one of the primary growth sectors. Environment, Wetland, Meteorology are regarded as complementary sectors i.e. sectors that provide institutional and infrastructural support to the primary growth sectors.

Improving agricultural productivity is one of the priority areas for the FY 2011/2012, which can be greatly affected by the changing climate that has been worsened by environmental degradation. Uganda's rain fed agriculture cannot be sustained amidst an unfavourable environment unless urgent strategic interventions and reforms are made in the water and environment sector in terms of improved service delivery through enabling policies, programmes and plans with sufficient resource allocation. The same applies to other sectors such as Health, Energy and Tourism.

The Water and Environment sector is challenged by the following critical budget issues which if not addressed would undermine sustained socio -economic transformation in the country: Limited resources allocation and re-investment at both local and national levels; Poor governance in the implementation of policies and programs in the sector and limited capacity

7 http://www.indexmundi.com/uganda/birth_rate.html

We are also concerned by the lack of a coherent Government policy on agricultural development in Uganda. Consequently, most of the initiatives towards agricultural development have been projectised. Since 2000, several programmes, initiatives and projects aimed at improving the livelihoods of agriculture-dependent households have come out of different centres of government (ACODE, 2009). Key ones include: the famous PMA, Rural Development Strategy (RDS), and Prosperity for All (PFA), and currently NAADS. These multiple interventions have not helped the agricultural sector. In fact they have led to uncoordinated multiple initiatives that have created unnecessary bureaucracy, struggle for recognition, uncertainty among farmers and other stakeholders leading to duplication of efforts and wastage of resources (ACODE, 2009). The existence of these parallel structures means that the rules, procedures and ethos of public spirit built up in the civil service over some years are confused and undermined (Joughin, J., and Kjær, A., M., 2009).

Government should expedite the process of promulgating the National Agriculture Policy with a clear definition of public and private sector interventions to integrate and harmonize all the sub-sectors and programmes.

While we appreciate that there are several challenges in the agricultural sector, CSBAG brings to the attention of government on the key issues that are affecting productivity that if addressed will go a long way in improving agricultural productivity, these are; value addition, agriculture research and development, access to agricultural inputs, access to credit facilities and rural infrastructure.

Value Addition

The National Budget Framework paper (2010-2011 p.83) states that despite the increasing demand for value added agricultural products and commodities, Uganda still registers only 5percent of value added products and commodities. Lending to agricultural value addition was increased by 4percent from 34percent in 2008 to 38percent in 2009 but there is still a lending gap especially to small scale producers (PMA, Financial year book, 2009, pg 11). According to the budget speech FY 2010/11, Minister Syda Bumba said that, "they would ensure that there will be rice hurlers and maize mills in every sub county across the country to increase processing of agricultural products and value addition." However, poor coordination among different chain actors, low capacity of farmers to effectively participate and benefit in the chain, and limited access to affordable equipment and machinery has made value chain addition for small scale farmers a nightmare (PMA, Financial year book, 2009, pg 11). Perishability of these produce and lack of appropriate technology poses a big challenge to farmers.

We therefore, recommend that government reduces the cost per unit of electricity and other energy sources to make it affordable to agro-processing. Government should also explore and invest in alternative sources of energy like, bio gas, solar and wind energy. In addition, government should subsidize agriculture equipments for both inputs and outputs markets. Furthermore, government should re-introduce national food reserves through allocating resources to finance its re-establishment and operation.

Agricultural Research

Studies have shown that investing in agricultural research and development is among the best ways for developing countries to reduce hunger and poverty. Since 1995, spending on public agricultural research and development has grown substantially though most of this growth is the result of long-term donor support which mainly went to staffing and salary levels at NARO. The ratio of agricultural research to agricultural GDP grew from 0.06percent in 1990 to 0.71percent in 2000. In 2008, Uganda spent

Table 3: Trends in National Budget allocations (share in percentages)

Sectors	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 Proj. Budget
Security	10.1%	9.2%	9.3%	8.1%	6.7%	8.6%	8.1%
Roads and Works	10.1%	11.3%	13.2%	18.5%	16.7%	13.8%	12.8%
Agriculture	4.0%	3.6%	4.3%	3.8%	4.3%	4.8%	4.5%
Education	17.1%	17.5%	16.1%	15.4%	14.9%	16.5%	15.4%
Health	13.7%	9.3%	9.0%	10.7%	10.1%	8.7%	8.2%
Water & Environment	3.0%	3.0%	3.3%	2.6%	2.4%	3.3%	3.1%
Justice, Law & Order	4.9%	4.8%	4.9%	4.8%	5.0%	7.1%	6.5%
Accountability	4.7%	4.8%	7.1%	7.1%	6.4%	6.5%	6.1%
Econ. Func. & Soc. Svcs	11.0%	16.3%					
Energy and Mineral Dev't			9.5%	7.9%	9.6%	5.2%	15.3%
Tourism Trade and Industry			0.9%	0.5%	0.7%	0.7%	0.6%
Lands, Housing & Urban Dev't			0.2%	0.2%	0.3%	0.3%	0.3%
Social Development			0.5%	0.4%	0.4%	0.4%	0.4%
ICT			0.1%	0.1%	0.1%	0.2%	0.2%
Public Sector Management	6.0%	6.3%	10.2%	9.1%	9.7%	11.1%	10.3%
Public Administration	7.6%	7.8%	3.7%	2.3%	3.0%	4.0%	2.8%
Legislature			1.7%	1.9%	1.7%	2.2%	2.1%
Interest Payments	7.8%	6.2%	6.1%	6.5%	8.0%	6.7%	3.3%
Total	100%	100%	100%	100%	100%	100.0%	100.0%

Source: Authors' computations based on the MFPED, Approved Estimates of Revenue and Expenditure (various years)

The argument fronted by government is that agriculture is multi-sectoral and is usually compensated by investments in infrastructure (roads, energy) and social sectors (health, education), which are expected to support agricultural development, with better access to markets, opportunities for developing agro-processing industries and better human capital. The challenge with this approach is that one to be held accountable for meeting the stated objectives. For instance, of the seven pillars of the PMA, only two pillars are ever regarded as being successfully implemented: NAADS and NARO (Headey, D,D., et al, 2009). This can be attributed to several factors: both pillars were more conventionally "agricultural" than the other five pillars; both were created by Acts of Parliament, whereas the other five pillars relied on soft political pressure; and both were created (or re-created) as agencies that were largely autonomous from the MAAIF (Headey, D,D., et al, 2009).

of CSOs both financially and institutionally to participate effectively in monitoring sector performance among others.

Inadequate budget allocation

Despite the sector's contribution to the national economy and livelihoods, it remains the least funded. The projected budget for FY 2011/12 presents a 1.1 negative change in budget allocation for the sector down from 3.6percent to 3.1percent of the total budget allocation in 2010/11 and 2011/12 respectively. For the ENR sub-sector alone, budget allocation declined from 2.5percent in 2004/05 to 0.5percent in 2008/09 and 0.6percent in FY 2010/11. The situation is amplified at local governments where the allocation to ENR ranges from 0.5 per cent to 1 percent. This gross under-funding has resulted in mal-functional institutions which can never deliver effectively on their plans because of limited resources and poor policy implementation, monitoring and law enforcement overall.

We therefore recommend that Government prioritizes water and environment sector in planning and budgeting. In addition, ENR issues should be mainstreamed in all sectors.

We appreciate the fact that Government is putting more emphasis on energy. The budget allocation to the Energy and Mineral development sector is projected at 15.3percent for the 2011/12 from 5.6percent in the FY 2010/11 which presents a 214.5percent increase. This allocation will help to solve the county's energy deficiencies which have historically paralyzed the water and environment sector resulting to increased deforestation. However, the implementation of Environmental Impact Assessments (EIAs) needs to be highly considered to ensure that energy production does not negatively affect the sustainability of our environment.

Low absorptive capacity and limited institutional capacity to deliver on budget priorities

The sector is faced with low absorption capacity. According to the NBFP March, 2011 (page 54), there is a significant disparity between approved and released funds. For instance UGX 264.175 billion was approved, but only UGX 63.743 billion had been spent by December 2010. This low absorptive capacity implies that there is insufficient service delivery and challenges to achieve projected outputs. It also implies that even if more resources were allocated to the sector, that wouldn't significantly improve its performance.

We recommend that the sector enhances its staffing level of all its agencies such as Forest Sector Support Department (FSSD) and Climate Change Unit (CCU). In addition, the sector needs to enhance its capacity of the technical staff to ensure timely execution of roles and responsibilities.

Marginalization of ENR sub-sector within the Water and Environment sector

CSOs appreciate achievements registered in the water sub sector. As of June 2010, the national safe water coverage for rural water supply was estimated at 65percent, no change from June 2009. There was an average of 302 persons per improved water point across rural Uganda. The mean sub-county deviation from the national average was 162 compared to 178 in June 2009, which indicates an improvement in the equity of water points between sub-counties in the country (SPR, 2010). This particular achievement and others under the water sub sector is attributed to the reasonable funding allocations compared to the ENR sub sector given that the former constitutes 4 out of the 7 MTP objectives of the sector. However, availability of water resources depends on the sustainability of ENR (especially forests and wetland). The 2010/11 ENR sub-sector budget as a percent of the total Water and Environment Sector budget constituted only 21percent while the 2011/12 budget constitutes 28percent. However, Water insecurity as a result of ground water depletion is linked to climate change with far reaching effects to food productivity in many sub Saharan countries falling by more than 20 percent thus posing grave threat to agricultural systems, food security and livelihood (CSBAG position paper, 2007). Increased funding to the forestry sub sector would support various water supply strategies including rain water harvesting.

We recommend that the water and environment sector prioritizes the ENR budget issues within the sector. The sector should also build the capacity for ENR institutions in terms of technical input to sector development priorities and should also streamline institutional coordination, synergy and governance issues among ENR institutions such as FSSD, NEMA, NFA and DFS.

Lack of synergy in implementation of sector priorities between government and CSOs

There is no systematic arrangement to ensure that CSOs contribute to achievement of government priorities especially the unfunded priorities. This partly due to the fact that CSO contribution to the sector are not adequately captured to inform government planning and the negative perception of CSOs as watchdogs which prevents realization of PPP in implementation of plans and programmes. The situation is further worsened by the fact that, there is inadequate budget support to Water and Environment CSOs by government in terms of capacity building towards increased participation in implementing of key priority targets.

We therefore recommend that the sector takes the required actions to promote government CSO collaborations to avoid duplication of programmes while supporting budget leverages.

Gender Inequality in the water sector

Drinking water in sufficient quantity and quality is a human right and one of the most basic human needs. Millennium Development Goal 7 on Environmental Sustainability aims at halving the number of people who have no access to clean drinking water and basic sanitation[8]. In most societies, women have primary responsibility of managing household water supply, sanitation and health. Water is necessary not only for drinking, but also for food production and preparation, care for the sick and domestic animals, personal hygiene, cleaning, washing and waste disposal. Because of their dependence on water, women have accumulated considerable knowledge about water resources, including location, quality and storage methods. However, efforts geared towards improving the management of the world's finite water resources and extending access to safe drinking water and adequate sanitation, often overlook the central role of women.

The sector should now consider focusing on evidence-based planning to provide services to the poor. This helps in effectively utilising the inadequate resources to the sector and to track progress of programmes through effective evaluations. Evidence-based planning is the only link to addressing issues that directly affect the marginalised people like the poor women and men. Outcomes of gender analysis need to be incorporated into project designs and operation and maintenance practices.

A disproportionate part of investments goes to large, multi-village schemes that offer less opportunity for participation, in particular by women (GWA 2003). Women and men's different skills and knowledge regarding the local water situation needs to be tapped for more efficient water management and increased sustainability. Participation of women in water management can also improve their dignity through giving them a voice and choice. It also improves targeting and efficiency.

8 *SDC 2005 Gender and Water*

3.4 Agriculture

It's a well known fact that agriculture is the engine of Uganda's growth and poverty reduction. Despite the fact that the share of the Agricultural sector in Uganda's total Gross Domestic Product (GDP) has been declining from 39.9percent in 2001/02 to 15.4percent in 2008/09, the sector still employs majority of Ugandans and most people derive the livelihood from agriculture. The slow pace of socio-economic transformation in Uganda can be attributed to the neglect of the agricultural sector as an engine of growth. Whereas national GDP has been growing above five per cent per year over the last decade, during this same period, the agricultural sector experienced very low growth of about two per cent per year. Furthermore, agricultural growth has been erratic, with agricultural GDP rising during 2002-2003, falling in 2004, and then remaining stagnant during 2005-2006 (Lukwago. D, 2011).

Public spending is one of the most effective instruments in promoting agricultural growth and poverty reduction in Uganda. In absolute terms, government spending on agriculture (national budget allocation to agriculture) has been increasing from UGX 135 billion in 2000/01 to UGX 320 billion in 2009/10. This means the agricultural sector budget has more than doubled over the last ten years. However, this is less than the growth in the total national budget; which increased more than three-folds during the same period. The agricultural sector is among the lowest ranked sectors in the national budget (Lukwago. D, 2011).

Investment in agriculture has been found to contribute to growth and poverty reduction, yet the development of the sector remains poor. The agricultural sector has not received more than 4percent of the Government of Uganda (GoU)-financed budget in any year since 2000/01 (*see table 3*). Budget allocation to the agricultural sector (MAAIF and its agencies) in relative terms has slightly increased from 2.6percent in 2000/01 to 3.8percent in 2009/10. This level of spending on the agricultural sector is grossly insufficient for sustaining any major or substantial investments that can create the necessary institutional and physical infrastructure (Lukwago. D, 2011)) required to transform the economy.

Government should tremendously increase budget allocation to the agricultural sector even beyond the Maputo commitment of 10percent of the total national budget. This can be done through curtailing the cost of public administration and prudent utilization of oil revenues towards agriculture development.