



CSBAG BUDGET NEWS BRIEF



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Advocating for a People Centered Budget that Dignifies Humanity



NPA issues Certificate of Compliance to NDP II

As required by the Public Finance Management Act, 2015, on 9th March 2016 the National Planning Authority while assessing the consistency of the National Budget to the National Development Plan rated its overall compliance at 68.3%

The issuance of the Certificate of Compliance (CoC) is a requirement of the Sec. 13 (7) of the Public Finance Management Act (PFMA) 2015 to be submitted to Parliament of Uganda. The CoC aimed at entrenching the implementation of the National Development Plans (NDP) through the National Budget. This requirement guarantees that planning and budgeting frameworks are aligned to achieving vision 2040 through the NDPs broad level of macroeconomic level assessment- where NPA assesses whether the annual budget, the charter of fiscal responsibility, and the national budget framework are consistent with the NDP II macro-economic framework. , NDP national level assessment examines whether the annual budget and the national budget framework paper are geared towards the strategic focus of the NDP II. Under the Sector level assessment, NPA examines whether the annual budget and the national budget framework paper are consistent and compliant to the NDPII sector objectives, interventions and projects, and MDA/Vote assessment, NPA assesses Annual Budget and National Budget Framework Paper consistency with the NDP II sector objectives, interventions, Public Investments Plans projects.

The Certificate of Compliance is also intended to inform Cabinet decision making and the review of the implementation of budgets and plans during Cabinet retreats and policy formulation meetings. Other oversight users of the certificate of compliance are the Office of the Auditor General and Non State Actors which use the findings and recommendations to inform the oversight activities aimed at improving performance towards achievement of the NDP and Vision 20140 targets and goals.

Key findings:

The overall compliance level of the Annual budget was 68.3% as an average of the 3 broad levels i.e. at the macro level the Annual budget was 72.3 compliant and as National strategic level it was 75.4% compliant and the sector and MDA level it was 57.7% compliant.

At the sector level, only 8 of the 17 sectors only had sector development plans and these are Accountability, Lands, Housing and Urban Development, Tourism, Energy and Mineral Development. 4 of the 8 have draft plans i.e. Agriculture, Trade, Industry and Cooperative, Social Development, Water and Environment. Of this only 3 were aligned to the NDPII in terms of focus and timeframe. Additionally most MDAs do not have strategic plans and this is the factor that contribute to the low compliance of sectors.



Dr. Abel Rwendeire Deputy Chair National Planning Authority at the Launch of Vision 2040, from which NDP II is derived

Compliance assessment of the MDAs that collect Non Tax Revenue and spend at source including Civil Aviation Authority, Uganda Communications Commission, UEGC and UEDC, Posta Uganda among others proved complex. According to NPA, further scrutiny of these institutions' planning and budgeting revealed that they neither prepared details Ministerial Policy Statements nor are they well integrated in Ministry /Sector Policy Statements which makes it impossible to scrutinize their compliance to the NDP II and NPA recommends that these institutions detail their revenue and expenditure estimates in line with the format provided in Volume 1 of the Annual Budget estimates for easy assessment.

Assessing compliance of MDAs that collect Non Tax Revenue and spend at source complicated the compliance assessment since they do not provide detailed Ministerial Policy Statements

The other challenges NPA interfaces in assessment is the varying format between the budget and other respective instruments like the budget framework paper make it extremely challenging to assess sector plans and budgets in accordance to the NDP II.

At national strategic level, it was observed that although the annual budget provides support for employment creation, it does not provide resources for areas of innovation in for creative industries which is a key priority in the NDP II. It was also observed that although the annual budget specifies objectives for enhancing human capital development these remain unfunded e.g reviewing the Early Childhood Development (ECD) Policy, redesigning the curriculum and programmes for scaling up critical nutrition outcomes and immunisation among others.

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It was also observed that out of the 39 NDP II projects, several remained unbudgeted for by various sectors. These projects included Markets and Agriculture Trade Improvement Project (MATIP II), Phosphate industry in Tororo, Masama-Mbarara Transmission line, National Grid Extensions, Kampala-Mpigi Express way, Mass Treatment of Malaria for Prevention, Comprehensive Skills Development, Strengthening Effective Mobilisation, Management and Accounting for the Use of Public resources (SEMMA), Entebbe Airport rehabilitation and the Uganda Women Entrepreneurship Program (UWEP), storage Infrastructure, Industrial substation, Kabala-Mirama Transmission Line; Kampala Southern by-pass (18km), Kampala-Bombo Express highway (35km) and Rwekunyepac-Lira-Kitgum-Musingo Road.

Specific recommendations were made by the National Planning Authority:

- With the current low levels of growth, the budget should take into account, a higher growth rate for the target for the next financial years to compensate for the low growth out turn projected in FY 2015/16 in order to remain on course with the NDP II per capita income targets.
- All sectors ought to develop their Development Plans that are aligned to the NDP II in-terms of content and timeframe. Another recommendation by the NPA is that the annual budget should prioritise interventions aimed at employment creation i.e special attention needs to be placed on the following areas industrialization, value addition in key priority areas, skills development (Center of excellence), entrepreneurship, creativity and innovation and access to financial services.
- The need to review the regulations of the MDAs that collect Non Tax Revenue and spend at source with a view to enhance alignment of their activities and budgets towards achievement of NDP and Vision 2040 objectives and goals.
- Finally the need to review the budget instruments particularly the Output Budgeting Tool to ensure more comprehensive alignment of the budget to the NDP. Also NPA recommends that a detailed macroeconomic framework reflecting macroeconomic target should be attached to the budget documents again which assessment will be done

SECTOR	LEVEL OF COMPLIANCE
1. Accountability	41.3%
2. Lands, Housing and Urban Development	41.3%
3. Education	49.4%
4. Public Sector Management	50.7%
5. Health	52.9%
6. Energy and Mineral Development	53.4%
7. Water and Environment	55.7%
8. Tourism	55.8%
9. Agriculture	56.1%
10. Public Administration	58.3%
11. Trade and Tourism and Cooperatives	58.3%
12. Defense and Security	61.0%
13. Social Development	65.1%
14. Information Communication & Technology	68.6%
15. Legislature	70.3%
16. Justice, Law and Order	71.0%
17. Works and Transport	72.4%

Sampled sector areas of non-compliance to NDPII

Sector	Areas of Non Compliance
Agriculture	Has draft Development Plan. Low release performance at 50.4 % by 3rd quarter. Many MDAs don't have strategic plans aligned to NDPII. Sector accorded less priority to institutional strengthening of MAAIF structure particularly the extension & regulation function. Other NDP II priorities remained underfunded e.g. extension, pest control, and value addition.
Tourism	Has approved Sector Development Plan, many of the Sector MDAs other than Uganda Wildlife Education Center don't have Strategic Plans. Quarterly release performance of 28% for the three quarters assessed. Many NDP priorities were not considered e.g. new tourism products in marine and zonal clusters, private development and skilling among others
Health	No compliance with the entire objective of addressing key determinants of health through strengthen great collaboration and partnerships save for establishment of a sanitation fund.
Education	Has no Development Plan and its eleven agencies A number of NDP priorities not considered e.g. adopting a different allocation formula for capitation grants, revision of capitation grants pegging them to inflation trends among others
Water & Environment	Has draft Sector Development Plan which is aligned to the NDP II. Some of the NDP priority interventions such as restoration of degraded eco systems are unfunded. The release performance was also weak
Works & Transport	The Sector has no Sector Development Plan aligned to the NDP II
Social Development	Has a draft Sector Development Plan. Strategic plan for EOC is not aligned to the NDPII. the sector prioritized and allocated to 7 out of the 14 NDP II priority projects