



THE REPUBLIC OF UGANDA

**MINISTRY OF FINANCE, PLANNING
AND ECONOMIC DEVELOPMENT**

VOTE 008

**PRESENTED TO THE PARLIAMENT OF UGANDA FOR THE
DEBATE ON THE BUDGET ESTIMATES
FOR FINANCIAL YEAR 2006/ 2007**

30 JUNE 2006

CONTENTS

ACRONYMS

AMERC	Agriculture & Middle East Regional Corporation
ARDP	Australia Regional Development Bureau
BFP	Budget Framework Paper
BoU	Bank of Uganda
BTTB	Background to the Budget
CAG	Cash Assistance to Government
CBO	Community Based Organisation
CCS	Commitment Control System
CDS	Central Depository System
CHOGM	Commonwealth Heads of Government Meeting
CMA	Capital Markets Authority
CMSSC	Capital Markets security Systems Challenge
CNDF	Comprehensive National Development Planning Framework
COMESA	Common Market for East and Southern Africa
CPMT	Country Programme Management Team
CSO	Civil Society Organisation
DAPCB	Departed Asians Property Custodian Board
DFID	Department for International Development
DPAs	Directly Productive Areas
DRIC	Divesture and Reform Implementation Committee
DRS	Disaster Recovery Site
EAC	East African Community
EADB	East African Development Bank
EASRA	East African Regulation Authority Association
EFMP	Economic Financial Management Project
EFT	Electronic Funds Transfer
EPRC	Economic Policy Resource Center
FDI	Foreign Direct Investment
FEW	Financial Extension Workers

FPED	Finance, planning & Economic Development
FY	Financial Year
GCR	Global Competitiveness Report
GDP	Gross Domestic Product
GOU	Government of Uganda
HIV/AIDS	Human Immune Deficiency Virus/ Acquired Immune Deficiency Syndrome
HMO	Health Management Organisation
IAIS	International Association of Insurance Supervisors
ICF	Investor Compensation Fund
IDA	International Development Association
IFMS	Integrated Financial Management
IMF	International Monetary Fund
IOSCO	International Organisation for Sectoral Committee
IPO	Initial Public Offering
IPPS	Integrated Personnel and Payroll system
ISA	Internet Security & Acceleration
ISN	Information Sharing Network
IT	Information Technology
ITF	International Training Facility
LAN	Local Area Network
MDG	Millenium Development Fund
MDI	Microfinance Deposit Taking Institution
MFI	Micro Finance Institution
MFPEd	Ministry of Finance, Planning and Economic Development
MMOU	Multilateral Memorandum of Understanding
MPS	Ministry of Public Service
MSE	Medium & Small Enterprises
MTC	Medium Term Competitiveness
MTEF	Medium Term Expenditure Framework
MTTI	Ministry of Tourism, Trade and Industry
NDA	National Drug Authority
NDF	Nordic Fund
NEC	National Enterprise Corporation

NGO	Non Government organization
NICL	National Insurance Company Ltd
NITA	National Information Technology Agency
NPA	National Planning Authority
NPART	Non-performing Assets Recovery Trust
NRM	National Resistance Movement
NSADP	North West Agricultural Development
NTR	Non Tax Revenue
OOB	Output Oriented Budgeting
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PERD	Public Expenditure Restructuring Department
PFAA	Public Finance & Accountability Act
PIP	Public Investment Plan
PIR	Presidential Investor Round Table
PMA	Plan for Modernization of Agriculture
PO	Programme Officer
POPSEC	Population Secretariat
PPDA	Public Procurement and Disposal of Public Assets Authority
PPP	Public Private Partnership
PS/ST	Permanent Secretary/Secretary to the Treasury
PSCP	Private Sector Competitiveness Project
PSFU	Private Sector Foundation Uganda
PSR	Poverty Status Report
RMFS	Rural Micro Finance Support
ROM	Results Oriented Management
RSDP	Road Sector Development Project
SACCO	Savings and Credit Cooperatives Organization
SEC	Security & Exchange Commission
SOC	Social Overhead Capital
SWG	Sector Working Group
TAT	Tax Appeals Tribunal
TM	Treasury Memoranda
TPD	Tax Policy Department
TSIREP	Transport Sector Investment and Expenditure

	Programme
UAIB	Uganda Association of Insurance Brokers
UDB	Uganda Development Bank
UIA	Uganda Investment Authority
UIC	Uganda Insurance Commission
UMI	Uganda Management Institute
UN	United Nations
UNBS	Uganda National Bureau of Standards
UNCST	Uganda National Council of Science & Technology
UNDP	United Nations Development Programme
UNFPA	United Nations Family Planning association
UNHS	Uganda National Household Survey
UNICEF	United Nations Children Education Fund
UPPAP	Uganda Participatory Poverty Assessment Project
URA	Uganda Revenue Authority
URC	Uganda Railway Corporation
USAID	United States Agency for International Aid
USE	Uganda Security Exchange
VAT	Value Added Tax
WTO	World Trade Organization

FOREWORD

Mr. Speaker Sir, I wish to present the Ministerial Policy Statement of the Ministry of Finance, Planning, and Economic Development for the Financial Year 2006/07, in accordance with Section 6, subsection 1 of the Budget Act 2001. The past financial year 2005/06 put emphasis on rural and industrial development, creation of employment, enhancing good governance, provision of security and social services and maintenance of macroeconomic stability.

As communicated in the Budget Speech, the theme for the coming Financial Year 2006/07 is enhancing economic growth and household incomes through increased production and productivity. In line with this, my Ministry has three main objectives: to stimulate economic growth and development; to provide resources for public goods and services; and to promote and maintain macroeconomic stability.

My Ministry's challenge in the short and medium term is to mobilize enough resources to deal with the energy crisis; support indigenous scientists and industrial development; and tackle rural development and urban poverty. This will lead to increased production and sustainable macroeconomic stability

In the FY 2005/06, the Ministry successfully completed construction of the Disaster Recovery Center in Jinja for the Integrated Financial Management System (IFMS).which is critical to promoting transparency and efficiency in utilization of public

resources. The system has also been rolled out to nine other sites.

In spite of the energy crisis that has grossly affected output, modest achievements were made in some areas namely the, financial sector and revenue mobilization.

Dr. Ezra Suruma

Minister of Finance, Planning and Economic Development

EXECUTIVE SUMMARY

This Ministerial Policy Statement presents background information about the Ministry's vision, mission, mandate, functions, and structure. It also highlights the achievements for FY 2005/06 and the policy objectives and programmes for the FY 2006/07 together with the availed resource.

The mission of the Ministry is to stimulate production in all sectors and accelerate poverty reduction. Derived from the mission, the Ministry policies are in line with the Poverty Eradication Action Plan (PEAP) and they include formulation of appropriate macroeconomic framework for development planning and economic growth; efficient mobilization and availability of external and domestic financial resources to execute government programmes; management of public expenditure to ensure accountability and efficiency in delivery of services

During implementation of the budget for 2005/06, only 38% of the resources appropriated for the non-PAF activities was realized. This affected the achievement level of the Ministry's planned activities. Notable achievements in the past FY include IFMS roll out, commissioning of the Statistics House, continued monitoring for transparency and efficiency in public expenditure, strengthening the micro finance sector, support to local innovators, conducted analytical research and continuous monitoring of poverty

In the FY 2006/07, the Ministry will spearhead resource mobilization to finance public expenditure and maintain a stable

macroeconomic framework conducive for private sector development, investment, industrialization and rural development. This will create employment and improve households' incomes. The roll out of the Integrated Financial Management System as part of the ongoing financial management reforms will continue to improve efficiency in public expenditure.

Fitted in the Medium Term Expenditure Framework (MTEF), the Ministry Budget for the FY 2006/07 is Shs.239.8bn for development expenditure, which includes Shs.99.4bn for the Energy Investment Fund while Shs.45.5bn is for recurrent expenditure.

BACKGROUND

Vision Statement

The vision is to have a developed economy that is stable and highly productive.

3.2 Mission Statement, Mandate and Functions

3.2.1 Mission Statement

To achieve the above vision, the Ministry's mission is to stimulate production in all sectors and accelerate poverty reduction.

3.2.2 Mandate

The mandate of the Ministry is to:

- ?? mobilize local and external financial resources for public expenditure
- ?? regulate financial management and ensure efficiency in public expenditure
- ?? oversee the national planning and strategic development initiatives for economic growth
- ?? formulate policies that enhance stability and overall development of the economy

3.2.3 Structure and Functions

At policy level, the Ministry is headed by the Minister assisted by five Ministers of State namely:

- ?? General Duties
- ?? Planning
- ?? Investment

?? Privatization

?? Micro Finance and Enterprise Development

The Permanent Secretary/Secretary to the Treasury (PS/ST) is the Chief Executive. He is assisted by the Deputy Secretary to the Treasury.

The Ministry has three Directorates namely:

?? Budget

?? Economic Affairs

?? Accountant General's office

The Department of Finance and Administration, provides managerial and administrative support to the Ministry. The Under Secretary heads the Department and is the Accounting Officer. The Ministry's roles, and objectives of each department are contained in **Annex A**, while the structure and staff list appear in **Annex D**

3.2.4 Directorates

3.2.4.1 Directorate of Economic Affairs

This Directorate is comprised of four departments:

?? Macroeconomic Policy

?? Tax Policy

?? Economic Development Policy & Research

?? Aid Liaison

The objectives of the Directorate include effective management of resource inflows; stable macroeconomic framework, and economic

development planning. The functions include:

- ?? Formulation of tax policies aimed at generating domestic revenue for Government expenditure
- ?? Development of appropriate fiscal and monetary policies
- ?? Preparation of medium and long term development plans in association with The National Planning Authority
- ?? Coordination of policies that promote institutional capacity and development of the public and private sector
- ?? Mobilization of domestic and external resources
- ?? Formulation of strategies for appropriate external and internal public debt management
- ?? Facilitation of trade and Regional integration initiatives within the East African Community, and the COMESA region
- ?? Harmonization and monitoring of the National Public Procurement Policy with International and Regional Organizations' Procurement and Trade Policy Agreements

3.2.4.2 Directorate of Budget

The Directorate of Budget consists of three departments:

- ?? Budget Policy and Evaluation
- ?? Infrastructure and Social Services
- ?? Public Administration

The Budget Directorate is responsible for the initiation, formulation, co-ordination, implementation, monitoring, and evaluation of budgetary policies and procedures. It ensures that Government Ministries, Departments, and Agencies are allocated

the financial resources necessary for the execution of its programs.

The functions include:

- ?? Development and monitoring appropriate policies and strategies that guide annual and medium term expenditure
- ?? Preparation of the annual National Budget and medium term expenditure allocations
- ?? Formulation, review and appraisal of projects and programs in liaison with line Ministries and Institutions
- ?? Review and update of the Public Investment Plan
- ?? Execution and monitoring of the annual National Budget
- ?? Coordination of releases of funds for both recurrent and development activities in Central and Local Governments

3.2.4.3 Accountant General's Office

The Accountant General's office comprises five departments namely:

- ?? Technical and Advisory Services
- ?? Treasury Services
- ?? Financial Management Services
- ?? Inspectorate and Internal Audit
- ?? Uganda Computer Services

The Office of the Accountant General is responsible for initiating, formulating, and coordinating of policy for management of public funds, assets, and debt. It provides guidelines and procedures for management of public funds.

The functions of the Office of the Accountant General include:

- ?? Production of timely, accurate and reliable financial management information that meets professional standards and conforms to internationally accepted best practices
- ?? Overseeing and implementation of the Integrated Financial Management System (IFMS)
- ?? Ensuring the appropriateness of internal control systems and internal audit functions throughout Government
- ?? Providing the overall framework for control of public resources and expenditure
- ?? Ensuring that Accounting Officers observe the PFAA 2003 and associated Financial Regulations
- ?? Setting standards for professionalism for Accounts Cadres in Government
- ?? Ensuring that provision is made for the security of Government's financial and non-financial assets
- ?? Maintaining a register of public debt
- ?? Management of fiscal data for Government Departments and Agencies
- ?? Provision of information technology related support services to Government Ministries and Agencies
- ?? Financial transaction processing and reporting

3.2.5 Finance and Administration Department

This Department comprises six sections:

- ?? Administration
- ?? Central Accounts
- ?? Human Resource

- ?? Planning
- ?? Procurement
- ?? Resource Center

The department is responsible for provision of management, administrative and financial services to the Ministry. It ensures effective and efficient utilization of the Ministry's human, financial, and physical assets.

The department's main functions include:

- ?? Maintenance of a skilled, efficient and well facilitated workforce
- ?? Prudent management of the Ministry's financial and physical resources
- ?? Management and dissemination of information for timely decision making
- ?? Procurement planning and effective implementation
- ?? Monitoring and evaluating the Ministry's Programs, Projects and Budget performance
- ?? Mainstreaming Gender and HIV/AIDS concerns
- ?? Ensuring implementation of Results Oriented Management (ROM) and Output Based Budgeting (OOB)
- ?? Maintaining a Database on the Ministry's various activities
- ?? Provision of logistical support

3.2.6 Specialized Institutions

There are specialized institutions that support the Ministry execute its functions. These include:

- ?? Uganda Insurance Commission

- ?? Non Performing Assets Recovery Trust
- ?? Non Performing Assets Recovery Tribunal
- ?? Uganda National Council for Science and Technology
- ?? Tax Appeals Tribunal
- ?? Population Secretariat
- ?? Uganda Investment Authority
- ?? Economic Policy Research Center
- ?? National Enterprise Corporation
- ?? Enterprise Uganda
- ?? Departed Asians Property Custodian Board

3.2.7 Autonomous Agencies

The Ministry also has the role of overseeing the operations of the following Autonomous Agencies:

- ?? Bank of Uganda
- ?? Uganda Revenue Authority
- ?? National Planning Authority
- ?? Uganda Bureau of Statistics
- ?? Capital Markets Authority
- ?? Uganda Property Holdings Ltd
- ?? Public Procurement and Disposal of Public Assets Authority

Details on the above Institutions are provided in **Annex B**.

3.3 Statement of Objectives

3.3.1 Policy Objectives

The theme of the 2006/07 Budget is *‘Enhancing Economic Growth and Household Incomes through Increased Production and*

Productivity'. In line with this theme, the Ministry Policy objectives in the long and medium term are:

- ?? To formulate appropriate macroeconomic policy framework, and manage resource inflows and development planning to promote economic growth
- ?? To initiate policies for efficient mobilization and availability of external and domestic financial resources
- ?? To formulate, coordinate, implement, monitor and evaluate budgetary policies and procedures for prudent allocation of financial resources necessary to execute government programmes
- ?? To initiate and implement policy regarding the management of public funds, expenditure, assets as well as process fiscal and payroll data
- ?? To enhance accountability and efficiency in delivery of services

3.3 Policy Framework

This section outlines the initiatives and actions that underlie the achievements of the Ministry in FY 2005/06 and will affect the objectives and levels of activity in the new FY 2006/07.

- ?? Prudent management of public finances and introduction of financial management reforms e.g. Integrated Financial Management System (IFMS), Electronic Funds Transfer (EFT)
- ?? Tax incentives for Hotel industry and investment
- ?? Strict monitoring of spending agencies and strict adherence to

- the commitment control system
- ?? Strict adherence to the PPDA Law
- ?? Appropriate fiscal and monetary policies
- ?? Continued private sector promotion as the main engine for economic growth
- ?? Enabling environment for profitable investment and business
- ?? Facilitate formation and capitalization of financial institutions
- ?? Initiated the legal and institutional framework for micro finance and enterprise development
- ?? Effective mobilization of external and domestic resources to finance public expenditure

The table below explains the linkages between the Ministry's objectives and the National Resistance Movement (NRM) manifesto 2006.

Table 1: Sector / Ministry Objectives and their linkage to the NRM Manifesto

Sector objectives	Ministry Objective	Linkage to the NRM Manifesto
To collect , analyse and disseminate relevant national statistics to support coordinated national planning ; and ensure timely production and availability of quality information to all stakeholders	To formulate appropriate macroeconomic policy framework, and manage resource inflows and development planning to promote economic growth	<ul style="list-style-type: none"> Enactment of the freedom of access to information bill Reduce inflation rate, Increase GDP growth rate, Liberalise the current and capital markets
To ensure efficient and effective mobilization and allocation of public resources	To initiate policies for efficient mobilization and availability of external and	<ul style="list-style-type: none"> Purse policies aimed at increasing national revenue collection to 20% of GDP Strengthen the

Accountability Sector objectives	Ministry Objective	Linkage to the NRM Manifesto
	domestic financial resources	<ul style="list-style-type: none"> Insurance sub sector ☒ Improve management of pensions, social security and provident funds ☒ Development of capital markets ☒ Emphasis on leasing, hire purchase, equity funds and venture capital ☒ Streamlining the taxation system
To ensure functional, harmonized and comprehensive financial management legal and regulatory framework	To initiate and implement policy regarding the management of public funds, expenditure, assets as well as process fiscal and payroll data	Implementation of the PFAA Act
To enhance good governance through accountability and transparency to reduce incidences of corruption	To enhance accountability and efficiency in delivery of services	Promoting good governance and combating corruption
To ensure timely quality audits in Government and ensure transparent, value for money public procurement and utilization of public resources	To enhance accountability and efficiency in delivery of services	Implementation of the PPDA Act
To ensure availability of required resources for Government programmes geared towards poverty reduction	To formulate, coordinate, implement, monitor and evaluate budgetary policies and procedures for prudent allocation of	<ul style="list-style-type: none"> ☒ Assist nucleus farmers in each sub county ☒ Outreach programme to fund youths organized in various trades ☒ Improved accessibility

Accountability Sector objectives	Ministry Objective	Linkage to the NRM Manifesto
	financial resources necessary to execute government programmes in order to reduce poverty	to micro finance through savings and cooperative organizations at county and sub-county level to Conducive environment for Private Sector Growth and Development

Source: MFPED and the NRM Manifesto 2006

3.4 Responses to issues raised by Parliament FY 2006/07

The Sessional Committee on Finance, Planning and Economic Development (FPED) of the Seventh Parliament raised issues on the Budget Framework Paper for FY 2006/07 – 2008/09 of the Ministry. The table below provides a response to each of the issues.

Table 2 Response to issues raised by Parliament

No	Issue	Response
159	The Committee notes that targeting the inflation rate at 5% may be too tight to boost private investment. The Committee recommends that the inflation target is allowed between 5% and 10% to stimulate long-term economic growth.	The above growth rate will be attainable if resources are efficiently and effectively used by directing them to Directly Productive Areas (DPAs) and Social Overhead Capital (SOC) where there are more linkages and if we implement the Budget as planned. These are projections that will ensure that government programmes are tailored to achieve higher targets. It is more beneficial to aim to attain higher targets than to set lower targets that will require limited effort to

No	Issue	Response
		attain.
160	<p>The Committee notes that the SACCO initiative is premised on its ability to provide credit at low interest rates and ability to recover the borrowed funds. The Committee is concerned that previous similar arrangements have not yielded the expected results and therefore there is need to put in place mechanisms to address similar problems. The absence of viable collateral by farmers still exposes them to high credit risks with high associated interest rates.</p>	<p>High interest rates in the micro finance sector is attributed to three main factors</p> <ol style="list-style-type: none"> i. High operation costs of administering small loans as opposed to administering one big loan 2. Lack of competition 3. Lack of transparency on the associated fees and costs of obtaining a loan <p>Therefore, the essence of forming SACCOs is to create institutions that are managed, used and operated by the communities. The resultant benefits are:</p> <ol style="list-style-type: none"> 1. Members participate in the determination of the interest rate which is beneficial to their activities 2. Members use peer pressure as a substitute for collateral 3. Members share the dividends (profits) which adds to their shareholding and disposable income as opposed to when the institution is privately run 4. Community ownership (voluntarism) reduces operational costs and hence interest rates <p>Therefore, the SACCO plan presupposes expansion of a financial infrastructure to the sub counties for purposes of increasing availability of</p>

No	Issue	Response
		institutions (increasing competition).
161	Continued accumulation and outstanding domestic arrears are a contradiction on Governments objective of people's empowerment and poverty reduction. Households' well-being and ability of paying back loans have been curtailed. This is the main cause of the perceived lack of money and also affects the purchasing power of the people due to the chain of bad debtors to local businesses. The Committee recommends that clearing of domestic arrears should be placed highest on the government expenditure priorities	<p>As a matter of priority Government has programmed to clear the existing stock of domestic arrears estimated at Shs540bn within the next three years starting 2006/07 in which a total of Shs148.9 has been earmarked. The budget provision will be increased by over 100% or to Shs300bn in 2007/08. the balance of the existing stock will then be settled in 2008/07.</p> <p>In addition, efforts will be made to strengthen the implementation of CCS through regular reporting to Cabinet on Ministries that violate the CCS. Government will also continue to encourage utility companies to adopt a prepayment billing system.</p> <p>Government has in place a strategy for clearing arrears and the current arrears programming is in tandem with this strategy. In addition the various expenditure commitments and a limited resource envelope in the medium term necessitate these modest projections for the clearance of arrears. Government however remains committed to clearing the stock of arrears by the set date and arrears will continue to take the first call on new resources.</p>
162	The Committee is concerned that Government has continued the Privatisation	The primary objective of the privatization and utility sector reform program has always been

No	Issue	Response
	<p>policy without adequate safeguards. A few examples of cases that were poorly handled include the utility sector, Dairy Corporation and Kinyara Sugar Works. Some of the above public assets are so crucial to the society that privatizing them without taking care of the concerns of all stakeholders would cause major suffering to Ugandans e.g. Water. What is happening with M/s UMEME ltd. leaves a lot to be desired</p>	<p>to contribute to broad based private sector led growth of the economy by reform and privatization of the parastatal sector. The scope of the program includes completion of the ongoing privatization program, implementation of the utility reform program for telecommunication, power, and railway sector.</p> <p>The program focuses on financial oversight and monitoring of the Public Enterprise sector under the Parastatal Monitoring Unit.</p>
163	<p>The Committee notes that the Dairy Corporation is yet to be privatized. Parliament made detailed recommendations about this sub-sector, which Government has not complied with. The Committee recommends that the recommendations of Parliament on this subject be implemented.</p>	<p>On 23rd March 2006 Cabinet approved that the assets of Dairy Corporation Ltd be leased to Sameer Agriculture and Livestock Ltd. A memorandum of Association was signed on 7th April 2006 to the effect and a lease agreement is to be executed as soon as agreed precedents are performed by either party.</p>
164	<p>The Committee is further concerned that the modalities for privatizing Kinyara Sugar Works are not (clear). The Committee notes that Kinyara Sugar works is currently profitable, remits dividends to Government as well as paying more than 1500 out growers</p>	<p>In September 2005 Cabinet reiterated its earlier decision of February 2004 that Kinyara Sugar Works Ltd be divested as follows:</p> <ul style="list-style-type: none"> ?? 51% of the shares were to be divested to a core investor through a transparent and competitive bidding process. ?? The balance of the shares (49%) to be divested through Initial Public Offering (IPO) as per the following share structure: <ul style="list-style-type: none"> ?? 10% to the employees; ?? 10% to sugar cane out growers;

No	Issue	Response
		<p>?? 10% to Bunyoro Kitara Kingdom;</p> <p>?? 19% to the General Public and the districts of Bunyoro Kitara Kingdom, which would be allotted shares through IPO.</p> <p>Following Cabinet approval, the Divestiture and Reform Implementation Committee (DRIC) approved a two-stage divestiture process, comprising pre-qualification of bidders and submission of final bids. International solicitation of bids commenced in October 2005.</p> <p>At the end of November 2005, DRIC approved the prequalification of seven bidders (out of eight submissions) to proceed to the second stage of the divestiture process. The pre-qualified of bidders are as below:</p> <ol style="list-style-type: none"> a. Deep River Beau Champs Ltd (Mauritius) & Groupe Quartier Français (France) b. Illovo Sugar Ltd (South Africa) c. Industrial Promotion Services Ltd/Transvaal Sugar Ltd/BTL (Kenya, South Africa/UK) d. Libyan Foreign Investment Company (LAFICO) (Libya) e. Madhvani Group/Kakira Sugar Works Ltd (Uganda) f. Olam International Ltd (Singapore and Thailand) g. The RAI Group (Kenya). <p>In December 2005, the pre-qualified bidders commenced their due diligence of the Company in preparation of submission of their</p>

No	Issue	Response
		bids. The bidders have now finalised their due diligence and submitted their bids (comprising technical and price bids) and evaluation is underway.
165	The Committee is concerned about the status of privatization unit, which remains unclear after World Bank stopped funding it. The Committee recommends that the Privatisation Unit, be wound up in an orderly manner	The programme was funded by GOU and IDA under the PUSR Project until January 31, 2006. GOU will continue to fund the activities of the Privatisation and Utility Sector Reform Programme to be completed within the next three years.
166	The Committee notes that the status of Non-Performing Assets Recovery Trust (NPART) is currently unclear after its legal life expired in October 2005. The proposal to extend the Trust for some time to enable it wind up orderly has not been addressed.	The legal life of NPART expired on 9 th October 2005. In March 2006 Cabinet approved an extension of twelve months but a twenty four months period was ideal. A Cabinet memo requesting another approval has therefore been prepared and the matter will be presented to Parliament soon after.
167	The Committee is concerned about the leakage, onto the market, of tax-free materials meant for the construction of CHOGM Hotels. The Committee recommends that Government intensify the monitoring of the construction materials to ensure that only the materials meant for hotel construction in preparation for CHOGM benefit	<p>Although we have no evidence implicating any beneficiary, the following measures are in place to control leakage of the materials:</p> <ul style="list-style-type: none"> <li data-bbox="867 1478 1393 1703">i. Ministry of Lands and Housing has been requested to provide expertise in analyzing the Bills of quantities and quantity of the items being imported <li data-bbox="867 1755 1393 1898">ii. Uganda Hotel Owners' Association recommends members and certifies the quantities required

No	Issue	Response
		<p>iii. Uganda Revenue Authority has been urged to step up their monitoring and to undertake audits on beneficiaries to ensure that the facility is not abused.</p> <p>Uganda Revenue Authority is mandated to verify and monitor the materials and quantities imported by the beneficiaries to ensure that the facility is not abused.</p> <p>Note: The facility is meant to promote the development of the Tourism and Hotel Industry in general as long as the applicants meet the conditions stipulated below.</p> <ul style="list-style-type: none"> i. The hotel should contain not less than 25 rooms; ii. The Bills of quantities must be submitted. iii. Cement and steel are excluded from the list of the materials
168	<p>The Committee noted that NPA planned activities for 2006/07 have not been adequately reflected. This organ has a number of priorities that were under funded this FY and remain unfunded and yet it needs the capacity to steer the planning process in the Country. It was noted that the Ministry of Finance is not taking seriously the recommendations of</p>	<p>In the FY 2004/05 NPA's budget provision was 2005/06 the NPA Budget was Shs.2.49bn while in FY 2006/07 Shs.11.07bn to finance its planned activities.</p>

No	Issue	Response
	Parliament to strengthen the NPA, in order to execute its mandate	
169	The Committee noted that the Ministry of Finance, Planning and Economic Development did not provide additional funding of Shs 1 bn to NPA as per the Committee's recommendation.	All unfunded activities can only be financed through increased revenues. However given our limited tax base and the need to avert the Energy Crisis. Sectors should postpone some of their activities and/or fund them within the available ceiling if they priorities.
170	The Committee learnt that NPA did not participate in the formulation of Budget Framework Paper. The MFPED excluded NPA from the SWG meetings. This was a serious omission for an authority mandated with planning to be left out	National Planning Authority belongs to the Public Management Sector under the chair of the Office of the Prime Minister. Indeed, they attended meetings of their relevant sector.
171	The Committee found out that there is inadequate political will for the functioning of NPA, for instance since its inception it has met the President only once. This partly explains why they have failed to make an impact. The NPA has also not invoked the authority given to them by the Act of Parliament by way of being assertive to ensure that their concerns are addressed. The Committee recommends that an appropriate amendment is brought to Parliament to raise the level of Political Supervision of the NPA in order to make its functioning more effective. The planning	The concerns of the committee have been noted. Corrective action will be taken in support of the NPA to deliver its outputs.

No	Issue	Response
	function of NPA should be streamlined and its funding increased	
172	The Committee noted that NPA operates at 50% staff establishment. This is a result of limited wage bill in the budget. The Committee recommends that the shortfall in salary for this fiscal year be catered for in the 2006/07 budget	The MoFPED is in the process of reviewing its structure and organisation in light of the NPA role and ensuing policy environment. NPA is take lead in the development of the next Comprehensive Development Plan.
173	The Committee learnt that the MFPEP has plans to restructure. The Committee notes that the NPA does not fall within the mandate of MFPEP; hence its restructuring is not a matter of MFPEP.	The MoFPED is in the process of reviewing its structure and organisation in light of the NPA role and ensuing policy environment. NPA is take lead in the development of the next Comprehensive Development Plan.
174	The Committee was informed that that NPA is in the process of developing a comprehensive National Development Planning Framework (CNDF), which will be the official planning tool. The Committee commends this move and appeals for support for its success	The MoFPED is in the process of reviewing its structure and organisation in light of the NPA role and ensuing policy environment. NPA is take lead in the development of the next Comprehensive Development Plan.

Source: Parliamentary Committee on FPED and MFPEP records

4.0 ACHIEVEMENTS IN THE FY 2005/ 06

4.1 RESOURCES IN THE FY 2005/ 2006

4.1.1 The Budget

In FY 2005/06 Parliament appropriated a total of **Shs.31. 566bn** for Recurrent and **Shs 111. 01bn** for Recurrent and Development expenditure respectively and the details are given in the table below.

Table 3 MFPEB Budget FY 2005/ 06

Category	Shs.bn
Wage	2.342
Non Wage	29.224
o/w Arrears	11.095
o/w subvention	7.008
Domestic Development	25.57
Donor Development	85.44
Total	160.679

Source: MFPEB Approved Estimates

The Budget trend for the last three years is given in the table below.

Table 4 Expenditure, Non-Tax Revenue and Arrears for 2005/06

Category	2003/ 04 Shs (bn)	2004/ 05 Total outturn Shs (bn)	2005/ 06 Total outturn Shs (bn)	2006/ 07			MTEF	
				GoU Shs. bn	Donor Shs.bn n	Total Shs. bn (g)	2007/ 0 8 Shs. bn (h)	2008/ 0 9 Shs. bn (i)
(a)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Wage	2.543	2.901	2.35	2.35	0	2.35	2.35	2.35
Non Wage	22.452	12.30	16.60	20.45	0	20.45	20.45	22.08
Developme nt	211.69	159.81		128.36	91.07	219.43	217.39	196.80
Total	236. 685	175.011	18.95	151.16	91.07	242.23	240.19	221.23
NTR	0.0074	0.016		0.016	0.000	0.016	0.020	0.022
Arrears	10.463	13.508		11.145	0.000	11.145	12.145	12.145

Source: Approved Estimates FY2002/03 – 2004/05

4.1.2 Human Resource

Table 5 illustrates the staffing levels of the Ministry.

Table 5 Ministry Staffing Numbers

FY 2004/ 05	FY 2005/ 06	FY 2006/ 07	Variati on (c-b)	Establi shed staff
(a)	(b)	(c)	(d)	(e)
365	358	375	17	375

Source: Personnel Section MFPED

4.1.3 Assets

Tables 6 below indicate the assets of the Ministry.

Table 6 Vehi cles and other Major Assets

ype of Asset	2004 /05	2005 /06	2005/0 6 as at June 30	Planned di sposal 2006/ 07	Planned Acquisiti on 2006/ 07	Expect e d 2006/ 07 as of 30 June (d- e+f) (g)	Reason for vari ati on
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Motor cycles	8	6	6	1	2	7	Disposal and acquisition
Motor vehi cles by capaci ty							
a. < 2000 cc	21	18	18	0	0	18	
b. 2000 – 3000 cc	53	38	0	0	0	38	
c. > 3000 cc	17	19	19	0	2	21	Acquisition for New Ministers
Plant & equipment							
a. Hqtrs building Apollo Kagwa Rd Plot 2-12	1	2	1	0	0	1	
b. UCS building Nasser Rd Plot 3- 7/Nkrumah Rd Plot 3-9	1	1	1	0	0	1	

Type of Asset (a)	2004 /05 (b)	2005 /06 (c)	2005/06 as at June 30 (d)	Planned disposal 2006/ 07 (e)	Planned Acquisition 2006/ 07 (f)	Expected 2006/ 07 as of 30 June (d-e+f) (g)	Reason for variation (h)
c. UBOS building Airport Rd Plot 10-11	1	1	1	0	0	1	
d. Generator 225 KVA	1	1	1	0	0	1	
e. Generator 125 KVA	1	2					
f. Lift	2	2	2	2	2	2	To replace existing 2
Other Assets							
a. Switch Board	3	3	2	0	0	2	UBOS now a vote
b. Servers	10	10	10	0	0	10	
c. Security scanners	2	2	2	0	0	2	
d. Cheque printers	1	1	2	0	0	2	
e. Photocopiers	12	13	13		1	14	
f. Fax machines	3	5	5	0	0	5	
g. Laptops	43	43	43	0	0	43	
h. Copy Printers	1	1	1	0	0	1	
i. Computers	388	288	302	0	14	302	New staff recruited
j. Printers	78	80	82	0	2	82	New staff recruited

Source: MFPED Assets Register

Table 7 below provides details of the Oracle IT equipment for the new Government initiative of Integrated Financial Management System (IFMS).

Table 7: Data Center Assets – IFMS Equipment

No	Description	Make/Model	Qty
1.	Application Servers (App01, App02)	HP rp5470	2

No	Description	Make/Model	Qty
2.	Database servers (Db01,Db02)	HP rp7410	2
3.	Development server (Dev01/Oratrain)	HP rp5470	1
4.	Management server (Mgmt01)	HP rp2470	
5.	NBS servers	HP proliant DL580	2
6.	Virtual array	VA 7410	1
7.	Ultrium tape library	MSL 5000	1
8.	Cisco works server	Compaq Evo	1
9.	Anti virus server	Compaq Evo	1
10.	Top tools server	Compaq Evo	1
11.	NNM server	Compaq Evo	1
12.	UPS with battery bank	DPS 3000	1
13.	HP procure switches	5308x1	2
14.	HP procure switches	4104gl	2
15.	Routers	Cisco 3660	2
16.	Firewalls	Cisco secure PIX 512	2
17.	Router	Cisco 1751	1
18.	HP procure switches	2524	1
19.	Fibre link	Link pro 620	1
20.	Camera system consisting of 3 cameras	Philips Ultrak KXR23164	1
21.	Venturecomms racks	424	3
22.	HP racks for unix servers	414	3
23.	HP rack for Microsoft server	414	1
24.	HP rack for Microsoft server	204	1
25.	Printer	Printonix 1500Q	1
26.	Switch	Compaq KVM switch	1
27.	Air conditioners	Carrier	8

Source: IFMS Data Center

Achievements

During FY 2005/2006, the Ministry registered a number of achievements against its projected targets indicated in Table 8 below:

Table 8 Achievements for FY 2005/06

	Targets	Achievement Outturn	Indicator	Comments
1. Macro Economic Targets				
	1 Real GDP: 6.8%	Growth rate at 5.3%	Real GDP growth at market prices.	Growth lower than projected, due to effect of prolonged drought on agriculture; the power crisis on manufacturing and high and volatile world oil prices.
	2 Increase in total export earnings.	The surplus in the Balance of Payments has increased from US\$234 million last FY to US\$ 235 million, while Reserves in Bank of Uganda have risen by US\$ 75.1 million, enough to cover 6.6 months of imports of goods and services.	Growth in Net International Reserves in the Central Bank.	Provisional estimates show a surplus in the Balance of Payments.
	3 Inflation: maintained at an average low	Inflation at 6.7%	Average annual headline and underlying	Prolonged drought, the power crisis and the escalating prices of oil imports have largely

	Targets	Achievement Outturn	Indicator	Comments
	rate of 5%.		inflation.	contributed to the rise in inflation.
4	Reduction in budget deficit from 11% to 9.2% of GDP.	Provisional estimates show that the deficit declined to 8.6% of GDP.	Percentage fall/rise in deficit	Enhanced revenue efforts and an improved external debt position, following more relief from MDRI on top of HIPC made it possible to reduce the deficit further, in the medium term.
2. Financial Sector Development Initiatives				
	Legislation on Anti-Money Laundering	The Principles of the Bill Approved by Cabinet	Enactment of the Law .	The Bill is yet to be discussed by Parliament.
	Establish a Credit Reference Bureau	The regulations for the Bureau have been finalized	Appointment of The Bureau Operator	The Bureau will help reduce transaction costs and adverse selection by banks.
3. Poverty Eradication Action Plan (PEAP) Issues				
	1. Dissemination of the PEAP nationwide	?? Four regional workshops conducted successfully ?? Summarized and published 3,000 copies of the popular version of the PEAP	??Number of participants ??Copies of the PEAP popular summary versions	This is the main planning and budgeting framework that influences distribution of resources especially PAF. Use of PAF has improved output in priority areas especially in Local Governments
	2. Establish the incidence of	?? Compiled and published the Poverty	PSR 2005 report published	The various studies and reports generated provide poverty

	Targets	Achievement Outturn	Indicator	Comments
	Poverty	Status Report (PSR) 2005		indicators and other statistics for development planning.
	3. Conduct policy, and analytical research	<p>??Produced the National Report on Moving out of Poverty study</p> <p>??Commissioned 6 studies pertaining to education; landlessness; fiscal efficiency; HIV/AIDS; and labour markets. in relation to poverty;</p> <p>??Enhancement of Firm Productivity and Export Competitiveness</p> <p>??Business Development Services for SMES</p> <p>??Organizational Capacity Assessment for UNBS</p> <p>??Development of Impact Mitigation Plan for Potential Adverse Impacts of</p>	Number of Commissioned studies and reports	

	Targets	Achievement Output	Indicator	Comments
	4. Preparation of Policy Briefs and Discussion papers	<ul style="list-style-type: none"> the EAC Customs Union on MSMEs in Uganda ?Implementation of the Industrial Park and Pre-Feasibility Study for Free Zone at Entebbe ?Institutional Assessment of the PSFU ?Horticulture and Floriculture Export Development Strategy ?Benchmarking Uganda's Competitiveness ?Institutional Assessment of MTI ?Environmental Impact Assessment of Proposed Sites under PSCPII 	Conferences, meetings and workshops that use the discussion papers	The discussions provide insight into the implications of the various policies and programmes instituted by Government
4. Micro Finance and Enterprise development issues				
	Enabling the poor to access funds for economic activities to reduce poverty	Launched the Matching Grant Facility and contracted PriceWaterHouse	Growth of Saving Accounts opened with MFIs	For the MFI services to have the desired impact, capacity development is essential.

	Targets	Achievement Outturn	Indicator	Comments
		Coopers to manage the fund Over 500 rural micro finance institutions benefited from loan portfolio of Shs10.1bn Financial products specific to agriculture and acquisition of productive assets were developed. Capacity building for MFIs and SACCOs supported	Number of MFIs branches that lend to the poor Number of clients served and loans disbursed Guidelines and regulations manuals Number of clients	Increase in Savings has resulted in availability of funds for lending There is still a lot to be done in consolidating the development of products.
5. Accountability and Financial Management				
	1. IFMS roll-out	IFMS rolled out to sixteen sites The Jinja Disaster Recovery Site completed	Number of connected and operational sites. Centre open and operational	Efficiency and transparency of monetary transactions Data storage and recovery is assured. in the event of a disaster at any of the operation

	Targets	Achievement Outturn	Indicator	Comments
	2. Restructuring Accountant General's Office.	System users trained in IFMS application The approved structure implemented	New Structure operational	sites. E-Finance achieved AG' Office strengthened to carry out its functions
	3. Completion of Treasury Memoranda(TM) for FY 2002/03 /	Responses for 2001/02 received while 2003/04 ongoing	Fewer Audit queries	Parliament yet to clear backlog
	4. Prepare consolidated Accounts of Government	Consolidated accounts of 2004/05 completed in time All votes complied successfully for 2004/05 The new DMFAS 5.3 on course.	Up to date consolidated accounts Availability of Up to date accounts	IFMS expected to improve on prompt reporting
	5. Conduct Annual Boards	Survey for all Votes undertaken	An updated Government Assets	The Assets and Facilities Register helps to determine the

	Targets	Achievement Outturn	Indicator	Comments
	of Survey and Protect Government assets 6. Ensure high quality financial reporting	All Government assets safeguarded Compliance ensured	and Facilities Register	net worth of Government Assets, value and frequency of purchases.
6. Value for Money:				
	1. Decentralisation of Internal Audit 2. Carry out Value for money audit	Ministry of Public Service and Ministry of Finance, Planning & Economic Development piloted the decentralization of Internal Audit. Value for money audits conducted in all spending agencies Reports produced	Approved audit plans in place Functioning Audit committees Number of audits carried out and quality of reporting. Reduced Audit queries	Audit committees were not set up due to lack of funds. Auditors are now part of Management in the pilot Ministries. Value for money audits will improve efficiency in resource utilization
7. Privatization				
	1. Divest NICL, Kinyara Sugar Works, 20% stake in New Vision Printing	Controlling stake in NICL divested to a Nigerian Company, IGI.	Agreement signed and share certificate issued.	Preparations ongoing with the privatization unit to divest Government's stake in NICL through the stock exchange.

	Targets	Achievement Outturn	Indicator	Comments
	and Publishing Ltd. 4 Joint concession of Uganda and Kenya Railways to be undertaken	Process concluded and concession given to a South African Company.	Agreement signed.	More investment by the concessionaire is expected to boost railway transport and reduce cargo costs to the Coast.
8. Revenue/Tax issues				
	Initiate and formulate tax policies to increase revenue Monitor and evaluate revenue performance and impact of tax policies Increase public awareness on tax	Collections increased from U Shs.1,887bn in 04/05 to Shs2,212bn in 05/06 Amended Tax laws Tax laws and reforms implemented Analyzed the performance of URA on a monthly and quarterly basis Sensitized tax payers through workshops and	Increased revenue collections Achievement of set targets Level of taxpayer compliance	Revenue collection has increased over time with continued amendment in the tax law and monitoring and evaluation of URA performance. There is need for continuous public awareness, and to widen

	Targets	Achievement Outturn	Indicator	Comments
	policies	meetings		the tax base
9. External Relations				
	Facilitate trade, investment and regional integration	Concluded a Double Tax Agreement between the Republic of Uganda and the Netherlands Government Tax and trade policies have been harmonised	Bilateral and multilateral trade protocols Double tax agreement in place	Parliament yet to finalise the ratification process International negotiation is an ongoing exercise
10. Information Technology				
	Creation of NITA	Developed framework for operationalising National Information Technology Authority (NITA) Cabinet paper submitted	Cabinet paper approved	NITA is a proposed agency to oversee implementation of E-Government
11. Physical Developments				
	Provision of sufficient office space	Statistics House completed and commissioned	Sufficient office space	Operational costs incurred by UBOS and other agencies in the building have been reduced
12. Personnel Development				
	Professional Skills development Deployment of	Professional Training of Accountants, Internal Auditors	Increased number of professionals Quality of services	Hire and retain high caliber staff in the service

	Targets	Achievement Outturn	Indicator	Comments
	qualified manpower	Core established posts filled	delivered	
13. Budget Issues				
	1. Print and distribute Background to the Budget (BTTB), Budget Speech, Budget Framework Paper, Ministerial Policy Statement, Budget Estimates, Popular Versions, Media pullouts,	Budget documents printed and distributed to stakeholders	Timely presentation of the National Budget to Parliament	The Budget Act provides timeframe for completion of each activity.
	2. Prudent execution of the National Budget	70% of the budgeted for resources guaranteed	Timely releases of funds	Budget execution has now been made much easier with IFMS
	3. Transfer of Project	80% of Project Accounts transferred to BoU	Lower interest rates and better	Government fiscal policy streamlined Long term effect of

	Targets	Achievement Outturn	Indicator	Comments
	Accounts from Commercial Banks to BoU 4. Integration of external funding into sector ceilings	Effectuated integration in the current MTEF ceiling starting with Central Government Development expenditure	financial services Basket funding as opposed to project funding	project accounts transfer will be better banking products and strengthening of the financial sector Donor funding to go towards budget support rather than project support. Sector Wide Approach is a basis of prioritization and rationalization of Resources.
14. Presidential Scientific Innovation Fund				
	Promote Industrialization and indigenous technology	Funding for the ongoing Banana Research provided. Development of Namanve Industrial and Business Park in progress 30 Awards of recognition given to outstanding Innovative Scientists and Researchers.	Export Processing Zone strategy on course Local products on the market	Appropriate technologies of great national and international importance developed. It is hoped that the park will attract local and foreign investments Meritorious awards will encourage competitive innovation and research
15. Capitalization of EADB and UDB				

	Targets	Achievement Outturn	Indicator	Comments
	Capitalization according to the agreement.	Capital Share paid up to date.	Accessible and affordable long-term development loans.	Availability of long term loans for industrial and agricultural projects using the Uganda Shilling.
16. Private Sector Development				
	Develop Medium Term competitiveness strategy	Strategy developed and implementation ongoing.	Number of established medium size enterprises Countrywide.	The strategy will create a conducive environment to promote private investments..

Source: MFPED records FY 2004/ 2005

BUDGET PROPOSALS FOR THE FY 2006/ 2007

5.1 Overall Requirement

The MTEF ceiling for the Ministry for the FY 2006/07 is shown in Table 9 below.

Table 9 MTEF ceiling for 2006/07 Shs. bn

y	Wage	Non Wage Recurrent	Development	Total
GoU	2.36	20.45	28.96	51.77
Donor	0	0	91.07	91.07
Total	2.36	20.45	120.03	142.84

Source: National Budget Framework Paper for FY 2006/7 – 2008/9

Table 10 presents the breakdown of recurrent budget per programme of the Ministry for the FY 2006/07.

Table 10 Summary Recurrent Budget for 2006/07

PROG. NO.	DEPARTMENT	WAGE SHS'000	NON-WAGE SHS'000	TOTAL SHS'000
01	Headquarters	154,676	20,583,245	20,737,921
02	Public Administration	121,403	218,280	339,683
03	Tax Policy	145,568	868,550	1,014,118
04	Aid Liaison	111,616	190,259	301,875
05	Financial Management Services	150,451	2,212,836	2,363,287
06	Treasury Services	100,441	273,234	373,675
07	Uganda Computer Services	429,551	1,287,657	1,717,208
08	Macroeconomic Policy	191,213	1,254,097	1,445,310
09	Economic Development Policy & Research	146,077	853,608	999,686
10	Inspectorate & Internal Audit	401,389	428,575	829,964

PROG. NO.	DEPARTMENT	WAGE SHS'000	NON-WAGE SHS'000	TOTAL SHS'000
11	Budget Policy & Evaluation	139,765	14,421,076	14,560,841
12	Infrastructure & Social Services	192,931	233,842	426,773
13	Technical & Advisory Services	100,916	376,970	477,886
	Total	2,385,997	43,202,229	45,588,227

Table 10 below presents a summary of the Ministry's Development Budget for the FY 2006/07. Details pertaining to the activities of the projects are indicated in **Annex C**.

Table 10: Summary Development Budget for 2006/07

Project code	Project name	Donor Shs. 000	GOU Shs. 000	Total Shs. 000
0015	The Micro Finance Support Center Ltd	9,329,280	1,500,000	10,829,280
0031	Coordination of MSE & Micro Fin. Outreach	4,868,600	2,719,169	7,587,769
0034	Economic & Financial Management II	8,665,397	1,824,161	10,489,559
0037	Facility & Assets Management	0	177,097	177,097
0038	Poverty Monitoring and Analysis/Evidence based Decision Making	2,007,700	0	2,007,700
0039	GOU-UNICEF Cross Sector Coordination	0	65,000	65,000
0048	Private. Sector Competitiveness/Rural Energy	22,100,600	5,132,539	27,233,139
0050	Pubic Enterprise Restructuring & Utility Sector Reform	24,234,590	0	24,234,590
0052	RSDP Coordination Office	0	124,201	124,201
0054	Support MFPED & Govt. Purchases incl	7,508,201	24,458,312	32,286,520

Project code	Project name	Donor Shs. 000	GOU Shs. 000	Total Shs. 000
	Taxes			
0057	Institutional Support Project for Good Governance	1,245,499	60,000	1,305,499
0059	Support to PAF Secretariat	0	234,495	234,495
0061	Support to UNCST	0	110,000	110,000
0065	USAID Trust Funds	0	1,505,505	1,505,505
0745	Population Secretariat	0	110,000	110,000
0933	Support to MTCs Secretariat	1,678,400	0	1,678,400
0945	Capitalization of Institutions/Agencies (EADB, URC, UDB)	0	10,000,000	10,000,000
0950	Financial Management Accountability Programme	4,863,900	1,000,000	5,863,900
0985	Energy Investment Fund	0	99,400,000	99,400,000
0986	Millennium Science Initiative	4,572,343	0	4,572,343
TOTAL		91,074,510	148,740,486	239,814,997

3.2 Ongoing Policies and Programs

The table below outlines programme activities and how these contribute to the overall policy implementation of the Ministry.

Table 3.5 Program Activities

Department	Core activity	Contribution to the Overall Policy
Finance and Administration	Provide Policy and direction; and ensure availability of resources for ministry programmes Monitor and evaluate programs Prudent financial management and Accountability Human resource management and skills development Assets Management. Logistical Support and ensure welfare of staff Procurement Services. Records Management	Provide policy & direction for implementation of programs .Effective monitoring and evaluation of programs Accurate and prompt financial reporting Promote Corporate image and Public Relations Safeguard public assets Ensure delivery of services Ensure value for money Proper record keeping

Department	Core activity	Contribution to the Overall Policy
BUDGET DIRECTORATE		
Public Administration	Prudent financial management	<p>Executing the National Budget with emphasis to the Commitment Control System</p> <p>Enhanced transparency in the budget process</p> <p>Develop and evaluate Sector Expenditure Plans.</p>
Budget Policy and Evaluation	Equitable allocation of resources	<p>Coordinate the release of funds</p> <p>Formulate policies on budgetary issues</p> <p>Support the Public Investment Plan`</p> <p>Enhanced transparency in the budget process</p>
Infrastructure & Social Services	Monitoring utilization of resources	<p>Executing the National Budget with emphasis on Infrastructure Development.</p> <p>Develop clear targets and indicators for monitoring progress of the rural and industrial development strategy</p> <p>Develop and evaluate Sector Expenditure Plans.</p>
DIRECTORATE OF ECONOMIC AFFAIRS		
Tax Policy	Appropriate tax policy formulation and analysis for sustainable domestic revenue mobilization	<p>Formulate tax policies.</p> <p>Enhanced domestic revenue performance</p> <p>Review & assess tax policies impact on the economy.</p>
Macroeconomic Policy	Appropriate macroeconomic framework for economic growth and development	<p>Ensure consistency of Fiscal Policy with macroeconomic stability.</p> <p>Avail economic indicators for planning purpose</p>

Department	Core activity	Contribution to the Overall Policy
		<p>Create an enabling environment for economic development</p> <p>Coordinate debt relief strategy</p> <p>Prepare a domestic debt management framework</p>
Economic Development Policy & Research	Research for sustained economic growth and poverty eradication	<p>Research & analysis on economic policy related matters</p> <p>Socio economic indicators for economic planning</p>
Aid Liaison	<p>Mobilization of external resources</p> <p>Maintain healthy foreign relations</p>	Coordinate foreign resources for implementation of government programs
ACCOUNTANT GENERAL'S OFFICE		
Treasury Office of Accounts	Proper accountability of public resources	<p>Exchequer of Government</p> <p>Control and management of Public funds in accordance with the PFAA and regulations</p> <p>Develop the Accountancy Profession</p> <p>Domestic and External Debt Management</p>
Internal Audit	Ensure adequate Internal Control Systems in Government Financial Management	<p>Adherence to financial management policies and guidelines in Public Expenditure Management Systems</p> <p>Ensure adequate Internal Controls are in place for proper expenditure management in Government</p> <p>Review and ensure that Government Assets are properly accounted for and safely protected.</p> <p>Ad hoc duties to address unstructured</p>

Department	Core activity	Contribution to the Overall Policy
		and illegal financial practices
Treasury Inspectorate	Ensure adherence to Financial Regulations and Property Management	Monitoring government expenditures Compliance with Accounting Regulations and the Commitment control system Compliance with the Non Tax Revenue guidelines Set policy on acquisition, management and disposal of government assets. Production of Treasury Memorandum
Uganda Computer Services	Fiscal Data Management	Printing of Government cheques and payroll Develop IT skills and safe Custody of Data

Source: MOFPED records

3.3 New Policies and Programs for FY 2006/07

In the FY 2006/07 the Ministry will concentrate on generating policies for improving rural development and increased productivity at household level. This will be achieved through provision of well-established micro finance services, private sector development with emphasis on industrialization and value addition; promoting research in science and technology to benefit local artisan. Table 3.6 below presents new policies/programs and their cost implications:

Table 3.6 New policies/programs for 2006/07

Policy/Program	Outputs	Action Agency	Estimated Cost (Personnel and Funds) Shs.
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Policy/Program	Outputs	Action Agency	Estimated Cost (Personnel and Funds) Shs.
Information Technology	E-government and e-commerce established.	Finance and Administration Uganda Computer services	Shs.0.576bn
Deepening the Budgeting and macroeconomic framework	Budget integrity and realistic macroeconomic projections	Budget Policy and Evaluation Macroeconomic Policy	
Economic Development Strategy (EDS)	Household incomes uplifted	Economic Development Policy and Research Department and affiliated projects	Shs.5.24bn
Financial Management Reforms	IFMS roll out to all sites completed.	Accountant General's Office	Shs.34bn
Internal Audit Decentralization	Internal Audit function decentralized and delinked	Internal Audit	Shs. 0.8bn
Anti Money Laundering	Safeguard integrity of the financial system from financial crimes Build confidence in financial sector	Macroeconomic Policy Department	Shs. 0.85bn

3.4 Planned Activities for 2006/2007

The planned activities for the coming year include:

- ☞ Mobilisation of resources for Government expenditure
- ☞ Management of the national financial resources
- ☞ Maintain a stable macroeconomic framework
- ☞ Enhance accountability to reduce corruption
- ☞ Continued roll out of the IFMS to all Central Government/Departments and Local Governments
- ☞ Mid term review of PEAP
- ☞ Audit of means used to identify, measure, classify and report financial and operating information to ensure its integrity and conformance to generally accepted accounting principles
- ☞ Determine the degree of compliance with policies, plans, procedures laws and regulations which have or could have a significant impact on operations.
- ☞ Asses the economy and efficiency with which resources are employed and assets are safeguarded.
- ☞ Determine whether operating and financial objectives, goals, associated control procedures, and reported results are accurately and effectively prepared.
- ☞ Widening and deepening the financial sector
- ☞ Attracting investment in value addition
- ☞ Collection, processing and analysis of financial data and dissemination to stakeholders
- ☞ Automation of records
- ☞ Renovation of the Headquarter building and fixtures
- ☞ Implementation of the Electronic Funds Transfer System
- ☞ Pensions Reform.

~~☞~~ ~~☞~~ Divestiture of the Parastatal Sector.

~~☞~~ ~~☞~~ Promotion of the private sector

CONCLUSION

Mr. Chairman and Honorable members, the most salient challenges in the short and medium term include maintaining macroeconomic stability, averting the energy crisis, increasing production and household incomes. This necessitates step up action in resource mobilization and tracking of expenditure to ensure efficiency. To meet these challenges, the Ministry has budgeted for Shs. **Ug.Shs.45.588bn** and **Ug.Shs.239.884bn** for recurrent and development budget for the new FY 2006/07

Mr. Speaker Sir, I hope the information provided in this Policy Statement will facilitate debate and approve the Ministry's budget.

ANNEX A: FUNCTIONS AND STRUCTURE OF THE MINISTRY DEPARTMENTS

01 Finance and Administration

1. To provide guidance in the policy making process.
2. To prepare the Ministry's development and recurrent expenditure estimates.
3. To ensure value for money utilization of the Ministry's resources
4. To maintain a reliable financial accounting system in the Ministry
5. To properly maintain the Ministry's records and filing system
6. To ensure proper utilization and maintenance of the Ministry's assets
7. To ensure recruitment, development and retention of an efficient and effective work force.
8. To interpret and disseminate the provisions of financial regulations, human resource and training policies
9. To mainstream HIV/AIDS, Gender and various policies within the Ministry
10. To prepare regular quarterly performance reports of the Ministry and submit them to the Office of the Prime Minister and other relevant authorities.

02 Public Administration

1. To identify sectoral expenditure policies and programmes within national priorities in consultation with other

departments of the Ministry, line Ministries and Government Departments.

2. To liaise with other Ministries, Departments and Institutions to prepare Annual Recurrent and Development Budget Estimates.
3. To appraise projects of the sectors under the Department to ensure conformity to the PEAP.

To monitor, analyse and evaluate Recurrent and Development budget expenditure in the Public Investment Plan (PIP).

4. To prepare quarterly performance reports for the votes under the Department.
5. To prepare sectoral contributions to the Budget Framework Paper (BFP).
6. To coordinate the release of recurrent funds to Ministries, Institutions and Local Governments.
7. To give technical advice to Ministries on budgeting and expenditure issues.

03 Tax Policy

1. To initiate, evolve and formulate tax policies to achieve economic policy goals and objectives and raise domestic revenues to finance Government budget.
2. To evaluate and advise on impact of tax policy on the tax payer and the economy.
3. To make annual and medium term recurrent revenue forecasts and revenue performance reports.

4. To coordinate and supervise URA operations to ensure effective implementation and realization of tax policy and revenue targets.
5. To coordinate with organizations like Bank of Uganda, Uganda Investment Authority, Private Sector Foundation and others on taxation matters.
6. To identify new avenues of widening the tax base.
7. To draw up appropriate legal requirements for revenue collection and related legislation.
8. To participate in EAC negotiations, COMESA and WTO activities.
9. To handle negotiations of Double Taxation Agreements, Investment Promotion and Protection Agreements

04 Aid Li ai son

1. To conclude loan and grant agreements with donors consistent with Government policies and maintain good working relationship with all donors.
2. To produce information guide to expenditure departments on external inflows to the budget.
3. To maintain an up to date donor data bank.
4. To disburse and monitor donor resources to the sectors.
5. To initiate disbursement processes for funds to Government Ministries and Agencies and monitor donor resources to the sectors.

05 Financial Management Services

1. Exchequer of Government.
2. To control and manage public funds in accordance with the provisions of the Public Finance and Accountability Act.
3. To administer the implementation of all statutory accounting procedures and regulations.
4. To provide supervision and technical support to managers and accounts staff.
5. To prepare and submit to the Auditor General Final Accounts of the Consolidated Fund including the ten statutory statements.
6. To facilitate and monitor the collection of non-tax revenue in accordance with the Annual Budgetary Estimates.
7. To ensure and plan for appropriate staffing levels of accounts staff in the Public Service and their acquisition of professional skills in the short, medium and long term.

06 Treasury Services

1. Management of Government assets and liabilities
2. Maintain information relating to sources and utilization of public funds and other resources
3. To maintain an accurate and up to date inventory of the public debt of Uganda.

07 Uganda Computer Services

1. To provide Information Technology (IT) related support services to Government Ministries and Agencies.

2. To process Government payroll data.
3. To manage fiscal data.
4. To print Government cheques **(for accounting units which are not yet on the IFMS)**.

08 Macroeconomic Policy

1. To ensure and coordinate, with Bank of Uganda, appropriate macroeconomic analysis including monitoring and maintenance of macroeconomic framework.
2. To formulate, evolve and monitor appropriate fiscal sector policy, including cash flows and fiscal data management policy.
3. To evolve and maintain appropriate external sector policy, which includes trade policy, external debt management, foreign direct investment, Balance of Payments and exchange rate development.
4. To evolve and maintain appropriate financial sector policy, which includes financial sector monitoring of banks and other non-bank financial institutions and monetary analysis.
5. To coordinate negotiations with World Bank, IMF and other donors on budget support, as well as the poverty reduction and growth facility.
6. To advise on domestic debt strategy.

09 Economic Development and Policy Research

1. To co-ordinate the formulation, implementation, review of the Poverty Eradication Action Plan (PEAP) and related policies, programs and activities.

2. To co-ordinate the formulation and implementation of policies that promote private sector-development (including policies to promote micro and small scale enterprises).
3. To analyze Government outlays with a view to influencing the allocation of scarce resources to strategic PEAP priority areas.
4. To assist Budget Directorate in the appraisal, formulation and monitoring of sectoral and district plans, priorities and programmes so as to ensure consistency and coherence with national priorities.
5. To prepare the annual Background to the Budget (BTTB).
6. To coordinate and promote policy research that informs the review of economic development policies and programmes.

10 Inspectorate and Internal Audit

1. To review, appraise and report on extent to which Government assets and interests are accounted for and safeguarded in the operations of the spending agencies and identify weaknesses and make suggestions for their elimination.
2. To review, appraise and report on soundness, adequacy and application of internal controls to realize value for money.
3. To undertake special investigation on Financial and Operational anomalies of spending agencies.

11 Budget Policy & Evaluation

1. To advise on expenditure allocations in line with the National priorities in consultation with other Directorates.

2. To coordinate the budgetary process including documentation such as the Budget Framework Paper, Budget Speech, Budget Estimates, Supplementary Schedules, Financial Statements and Finance Bill.
3. To review, evaluate, analyze and initiate formulation of policies of cross cutting budgetary issues including but not limited to wages, district budgets etc...
4. To operate and maintain the budget management system.
5. To coordinate the analysis, monitoring and evaluation of budget performance.

12 Infrastructure and Social Services

1. To identify and budget for sector objectives/outputs/priorities.
2. To ensure that the PEAP is fully reflected in the recurrent and development allocations.
3. To monitor and evaluate recurrent and development budget expenditure including donor funded projects included in the Public Investment Plan (PIP).
4. To develop, review and report on PAF mechanism.
5. To carry out PAF training, awareness creation and financial performance monitoring.

13 Technical and Advisory Services

1. To research, analyze, develop, establish, inspect and disseminate national standards on financial and accounting regulations within Government.

2. To review all relevant legislation affecting the financial operations of Government to ensure harmony with other legislation, procedures and reforms.
3. To monitor and ensure compliance with the Commitment Control System (CCS) and conditional grants conditionalities.
4. To ensure efficient and effective financial management.
5. To ensure and monitor Non-Tax Revenue (NTR) mobilization and utilization.
6. To coordinate training of the Accounts cadre.

ANNEX B: DEVELOPMENT PROJECTS

	Project Name	Code
1.	The Micro-Finance Support Center Ltd	0015
2.	Coordination of MSE & Micro finance Outreach	0031
3.	Economic & Financial Management II	0034
4.	Facility and Assets Management	0037
5.	Poverty Monitoring and Analysis Unit/Evidence Based Decision Making	0038
6.	GoU-UNICEF Cross Sector Coordination	0039
7.	Private Sector Competitiveness/Rural Energy	0048
8.	Privatization and Utility Sector Reform	0050
9.	RSDP Coordination office	0052
10.	Support MFPED & Government Purchases	0054
11.	Institutional Support to Good Governance & Accountability	0057
12.	Support to the PAF Secretariat	0059
13.	Support to UNCST	0061
14.	USAID Trust Fund	0065
15.	Population Secretariat	0745
16.	Support to MTCs Secretariat	0933
17.	Capitalization of Institutions (EADB, UDB, URC)	0945
18.	Financial Management and Accountability Program	0950
19.	Energy Investment Fund	0985
20.	Millenium Science Initiative	0986

Project Code: 0015
Project description: Micro Finance Support Center Ltd
Start date: 2004

Background

The Micro finance Support Centre Ltd [MSC Ltd] is a limited liability company that is wholly owned by Government of Uganda [GOU]. It was set up in August 2001, to among others manage the Rural Micro finance Support Project [RMSP].

Rural Micro finance Support Project is a countrywide project funded by African Development Bank [ADB] and Government of Uganda. RMSP is a 5-year project that became effective in February 2001. RMSP is geared at the realization of Poverty Eradication Action Plan [PEAP] through the promotion of countrywide access to affordable Micro finance services in Uganda. The RMSP project life was extended to December 2007. MSC Ltd will however continue to exist as a going concern after the expiry of RMSP.

Objective

- ?? To provide financial services to the economically active poor
- ?? Build capacity of the micro finance institutions

Achievements for 2005/06

- ?? MSC Ltd continued to disburse credit funds to identified POs. A total of Ushs. 5,721 billion was disbursed as loans. However it should be noted that cumulatively MSC has so far contracted 389 POs of which 329 are SACCOs. Likewise MSC

has funded the POs to the tune of Ushs. 13,790,959,000 cumulatively. Emphasis is now shifting to SACCOs as demonstrated by the growth in the number of SACCOs so far funded. For the financial year 2005/06 MSC was able to disburse Ushs. 1.4 Billion to 242 SACCO's.

?? The company continued the implementation of the North West Agricultural Development Project (NSADP) project Credit Component, though the progress is slow due to the limited no of MFIs in the project area.

?? MSC Ltd is now operating in all the districts in the country. Recruitment of new POs is on going with a target of having at least one PO in every sub county. As a result POs have mobilised savings of over Ushs. 14,422,600,000 (US\$7,920,154).

?? The impact assessment done has indicated an increment of at least 30%–50% on the clients' household incomes. And on average each micro project funded created at least two employment opportunities for rural people. The **16,250** micro projects have therefore, created about **32, 500** jobs.

?? The company has so far extended support to 103 institutions all over the country. Training has been extended to more than 550 participants including board members, managers and credit officers of the partner organizations. Areas of training include governance and management of MFIs, Loan Appraisal, Financial Analysis, Risk, Fraud and Internal Control, Financial Analysis and Product Pricing. Private

sector service providers undertake the training. About 50,000 clients have benefited through sensitisation and seminars in the districts. This has raised awareness of the public on how to access funds and run their individual enterprises hence, enhancing the client's business management skills. This will in the long run contribute to eradication of poverty in the rural areas.

Constraints

- ?? Lack of viable Non-Governmental Organisations (NGOs), Community-based Organisations (CBOs) and Micro finance Institutions (MFIs) at the grassroots level in some districts, e.g., Karamoja, Kalangala, Kitgum, Pader, etc. However, in the planned expansion of the outreach of sustainable micro finance in Uganda, capacity building and a remote rural outreach fund is being designed to encourage more strong MFIs to link up with the CBOs in those areas. The MSC Ltd. is also encouraging the community to start their own indigenous member-based institutions that will serve them with financial services.
- ?? Lack of support from District Authorities and Local Councils.
- ?? Poor repayment culture due to the effect of unsuccessful Government Programmes/Projects.
- ?? Poor infrastructure, i.e., Financial Institutions like Banks within easy reach of the clients and lack of electricity and good roads.

- ?? Weak intending partner institutions that lack the minimum requirement to meet the eligibility criteria. This has led to the delay in loan processing as the institutions are asked to provide the required information.
- ?? Provision of inadequate security by the intending POs thus taking long to negotiate which eventually leads to delays in disbursement.
- ?? The rush to change the legal status from private limited companies to SACCO's so as to abide by the 2003 MDI act which bars such institutions from mobilising and intermediating savings. These transformations have affected the operations of the said POs.
- ?? The recent massive recruitment of SACCO's under the Government country wide delivery of Micro finance through SACCOs that has brought on board institutions with very weak institutional and organisational capacities.
- ?? Delays in the procurement processes still hinders the company's full scale operations e.g. Vehicles, training needs assessment among others.

Planned Activities 2006/07

- ?? To increase loan portfolio to POs.
- ?? In partnership with the Ministry of Finance Planning and Economic Development, to look for other financiers/donors to increase the loan portfolio to be disbursed to the economically

active poor through POs.

?? To enhance delivery capacities of POs to serve their clients more cost effectively.

?? To develop new products tailored to the targeted clients.

?? To enhance quality service delivery by reduced lead-time in credit delivery to within three months.

?? To build and sustain the organisation as a strong, vibrant going concern.

?? To promote the image of MSC Ltd as a responsible corporate citizen.

?? To empower women and 60% of who should have found permanent employment.

Financi ng

Fundi ng Source	2005/ 06 Shs	2006/ 07 Shs
GoU	2,300,213,000	1,500,000,000
Donor	12,013,060,000	9,329,280,430
Tot al	14,313,273, 000	10,829,280, 430

#####

Project Code:

0031

Project Name:

Coordination of Micro and Small

Start date:

2002/03

Background

The Government of Uganda places great emphasis on the Development of the Private Sector as an engine for Economic growth. This is clearly outlined in the Poverty Eradication Action Plan (PEAP) and the ensuing strategies namely; the Plan for Modernization of Agriculture (PMA) and the Medium Term Competitive Strategy (MTCS). Information available on the Private sector in Uganda explicitly shows that Micro and Small Enterprises contribute substantially towards the efforts to eradicate poverty.

Overall Objective

The Project was designed to achieve effective coordination, formulation and implementation of appropriate policies that promote medium and long term development of the Private Sector and provide an increased rural outreach of financial services, improve regulatory framework for Micro finance Institutions with a view to enabling the poor to access funds for household poverty eradication.

Achievements for 2005/06

- ?? Micro and Small Enterprises Policy Document drafted.
- ?? The Uganda Micro and Small Enterprises forum established.
- ?? Quarterly Micro finance Forum meetings were held and proposals for the formulation of a regulatory/ supervisory framework for Tier 4 institutions prepared.

- ?? Formulated a Rural Finance Strategy for enhancing rural financial savings through Savings and Credit Organizations (SACCOs) in light of the Rural Development Strategy.
- ?? Collected and analysed Micro finance data, following a national census of MFIs and the Micro finance database was updated.
- ?? Promoted Policy Advocacy and sensitization on Government programmes and made feedback into the Policy Making Process.
- ?? Established a Matching Grant for Capacity Building Facility for promoting professional delivery of rural financial services.
- ?? Established a mechanism for promoting Business Culture development among potential consumers of micro finance services.
- ?? Established 20 District Micro finance Committees for promoting policy dialogue at the local levels.
- ?? Supported the transformation of four (4) MFIs into Micro finance Deposit Taking Institutions (MDIs).
- ?? Carried out a pilot implementation of Financial Extension Workers (FEWs) in seven (7) districts where 48 FEWs were deployed at sub-county level.
- ?? Micro Small Enterprises quarterly newsletters published.

Planned Activities 2006/07

- ?? Present MSE draft document to Parliament.
- ?? Hold regional consultative workshops on MSE Policy.
- ?? Expand Rural Financial Services through provision of a matching grant for capacity building of micro finance

- institutions.
- ?? Provide Business Culture services in the communities supplemented by the operationalization of a system for financial extension work at the sub-county level.
 - ?? Support institutional strengthening of Micro finance Apex institutions.
 - ?? Establish 10 more District micro finance Committees in the country.
 - ?? Update database of active Micro Finance Institutions in Uganda.
 - ?? Implement a Financial Extension Worker in support of the Business Culture scheme in the country.
 - ?? Develop principles and promote legislation for regulation of Tier 4 Micro finance Institutions as demanded by Parliament.
 - ?? Assist Micro finance Apex Institutions to promote effective member supervision through acceptable Codes of Conduct.

Financi ng

Fundi ng Source	2005/ 06 Shs	2006/ 07 Shs
GoU	2,262,000,000	2,719,169,504
Donor	529,250,000	4,868,600,000
Total	2,791,250,000	7,587,769,504

#####

Project Code: 0034
Project description: Second Economic and Financial

	Management (EFMP II)
Start Date:	2000
Expected completion date:	December 2006

Background

The EFMPII is a successor project to EFMPI. EFMPI focused on technical and institutional capacity building for major institutions in economic and financial management. These included the MFPED (Planning, Treasury, Statistics and Uganda Computer Services), Office of the Auditor General and Uganda Revenue Authority. EFMPII equally focuses on technical and institutional capacity building but with a strong emphasis on financial management, planning and budgeting. EFMPII is divided into four components namely Planning and Budgeting, Financial Management, Statistics and Distance Learning. The International Development Association (IDA), Netherlands Government, Nordic Development Fund (NDF), and the Department for International Development (DFID) are the co financiers of EFMPII together with Government of Uganda. EFMPII has four components namely Planning and Budgeting, Financial Management, Statistics and Distance Learning.

Objective

The overall objective of EFMPII is to improve effectiveness and efficiency of public expenditure with the goal of enhancing the quantity and quality of public services delivered to the people of Uganda. The specific objectives of the project include:

?? To improve efficiency and effectiveness of planning and

- budgeting processes for central and local governments;
- ?? To strengthen financial management in order to achieve more timely, transparent and accurate financial accounting information for both local and central governments;
 - ?? To improve capacity to manage national statistics, undertake national surveys and to collect, process, store, and disseminate statistical information;
 - ?? To test the effectiveness and sustainability of a distance learning centre (as part of a global knowledge sharing information) in supporting capacity building programs for the public and private sector.

Achievements 2005/06

- ?? The Information Sharing Network (ISN) was upgraded with 330 users migrated to Lotus Notes platform from Domino-Web-access. Intranet upgrades were also completed. Installation and commissioning of centralized computer software patch management were also done. The Microsoft Internet Security and Acceleration (ISA) Server was upgraded from ISA 2000 to ISA 2004. Additional switching equipment was purchased and installed in the Treasury Building for network expansion.
- ?? Continued supporting skills development in the areas of planning and budgeting and statistics management through training. A total of 416 staff from Central Government, Parliament, and UBOS have so far benefited from the training. As a result, budget management and transparency has further improved, and UBOS is now capable of handling

- surveys with less external technical assistance.
- ?? Ten additional IFMS sites were connected bringing the total number of sites already online to 21 (16 ministries and 5 local governments). Financial reports are now generated from the system at the 21 sites.
 - ?? Rollout sites preparation (civil works) was completed.
 - ?? Construction of the Disaster Recovery Site (DRS) at Jinja was completed.
 - ?? Refurbished and further expanded the Internal Training Facility (ITF) at UCS, now with capacity to accommodate 60 trainees at a go.
 - ?? Continued with the IFMS executive and technical training programs.
 - ?? Continued supporting training for professional accountants and technicians in local and central governments. As a result, the number of qualified accountants and technicians in government has increased from 12 in 1999 to 257 in 2005 (out of which 109 are accountants and 148 are technicians).
 - ?? The Advanced IT audit manual was completed. Guidance notes including detailed audit programmes for conducting financial audits for IFMS sites were also developed.
 - ?? Procured IDEAS software for Internal Auditors including training of staff in use of the software.
 - ?? Update of the Corporate Plan for the Office of the Auditor General was completed and implementation commenced.
 - ?? Distribution of Treasury Accounting Instructions was completed.
 - ?? Local Government Financial and Accounting Regulations and

- Manuals were reviewed.
- ?? Construction of the Statistics House was completed and staff relocated to the new building.
 - ?? Phase 1 of the third national household survey was completed having collected information relating to the first agricultural season and socio-economic conditions of household.
 - ?? Implementation of the UBOS IT strategy was completed including migration of the LAN from Entebbe to the new Statistics House at Kampala. The strategy aimed at increasing access to data and information available.
 - ?? Installation of new videoconferencing equipment at the Global Distance Learning Centre at UMI was completed and the refurbished facility is already in business.

Planned Activities for FY 2006/07 (Up to December 2006)

- ?? Further IT support for maintenance of the ISN.
- ?? Complete implementation of the Training Plan for Central Government and the Capacity Building Plan for Parliament. So far there are two major programmes that are remaining, i.e. (1) Public Financial Management and (2) Public Private Partnerships for provision of infrastructure and services. The two programs will be run in Jun/Jul at Mbale and Jinja respectively.
- ?? Complete the upgrading and operationalization of the Resource Centre.
- ?? Complete IFMS rollout at the 16 remaining sites including delivery of the associated rollout training for staff.
- ?? Prepare a strategy for decentralisation of internal audit, and

- setting up audit committees in line with the PFAA 2003.
- ?? Review status of implementation of the Public Finance and Accountability Act, 2003, and the adoption of Internal audit, and accounting standards, and procure consultants.
 - ?? Support the implementation of the Accountant General's Office Reorganization Review Report.
 - ?? Support the implementation of the payroll and pensions processes review report.
 - ?? Support the establishment of NITA-U.
 - ?? Setup a centralized Local Area Network (LAN) for the Statistics House.
 - ?? Conclude the construction of the Statistics House including payments for the final certificate after the 12-months defects liability period and payments for the contractual retentions.
 - ?? Support the national household survey (UNHS III).
 - ?? Prepare a project completion report including consultancy fees for project audits.

Financi ng

Source of Fundi ng	Budget 2005/ 06 (Shs)	FY 2006/ 07 (Shs)
GoU	6,993,040,000	1,824,161,250
Donor	18,724,500,000	8,665,397,853
Total	25,717,540, 000	10,489,559, 103

Staffing

Funding Source	Category	Expected Numbers FY 2006/07	Projected cost 2006/07 Shs.
GOU	Local	40	599,226,000
	Expatriate	-	113,175,000
	Sub-total	40	702,279,000
Donor	Local	16	1,806,121,000
	Expatriate	8	2,150,325,000
	Sub-total	24	3,956,446,000
	Total	64	4,658,725,000

#####

Project Code: 0037
Project Name: Facility and Assets Management
Start date: 2001

Background

This project was designed under the Administrative Reform Programme to enhance capacity to manage government facilities and assets, tools and equipment both in country and abroad.

Objectives

- ?? Develop and establish a software to enable data capture of coded and classified data on Government assets and facilities which hitherto never existed in Government
- ?? Develop guidelines that control the management and use of

Government Assets and Facilities

?? Enhance the establishment of Asset Registers in Departments, which do not have sufficient resources to maintain an asset database

Achievements during 2005/2006

- ?? On site training and maintenance of data collected for all the 19 central votes.
- ?? Operationalised software to central votes that are rolled on
- ?? Validation of data from reports received

Planned Activities for 2006/2007

- ?? Supervision and inspection of all votes on board
- ?? Update of the database
- ?? Installation of software in 13 referral hospitals
- ?? Training enumerators involved in data capture
- ?? Continued sensitization of stakeholders

Financing

Funding Source	Budget 2005/06 (Shs.)	Budget 2006/07 (Shs.)
GoU	175,284,000	177,097,000
Donor	0	0
Total	175, 284,000	177, 097,000

#####

Project Code: 0038
Project name: Poverty Monitoring and Policy Analysis Unit/Evidence Based Decision

Making
2001

Start date:

Background

The Poverty Monitoring Analysis Program has two projects namely:

1. Strengthening Evidence Based Decision Making in Uganda (PMAU/UPPAP) November 2005-December 2008
2. Strengthening Partnerships in Government and Civil Society Organizations in Monitoring Public Expenditure

1. Strengthening Evidence Based Decision Making in Uganda

Physical Performance (Nov 05 – March 06)

Objectives	Planned Outputs	Actual Performance
1. Ensure skills development in poverty analysis and pro-poor budgeting	<ol style="list-style-type: none"> 1. Gender and Equity Budgeting Manual produced 2. SWG members for health, JLOS, education, and Agriculture trained in gender and equity budgeting 	<ol style="list-style-type: none"> 1. Gender and Equity Budgeting Manual produced and circulated as part of the Budget Call Circular 2. SWG members of health, education and JLOS trained
2. Produce poverty and PEAP monitoring reports	<ol style="list-style-type: none"> 1. Complete the Moving out of poverty study and produce national and community reports 2. Produce the Poverty Status Report 2005 	<ol style="list-style-type: none"> 1. National report on Moving out of poverty produced but is yet to be published 2. Poverty Status report has been drafted and is being finalized for publication. 3. Commissioned 6 poverty researches pertaining to education, landlessness, fiscal efficiency; HIV/AIDS and poverty; and labour markets.
3. Enhance	1. Poverty focused BFPs	1. Reviewed BFPs for

Objectives	Planned Outputs	Actual Performance
evidence based policies and budgets		poverty focus. 2. Designed a Poverty social impact assessment for universal secondary education 3. Drafted Discussion papers on gender inequality in Uganda; employment; and health and poverty.

2. Strengthening Civil Society and Government Partnership in Monitoring Public Expenditure (Sept 2004-Sept 2007)

Objectives

- ?? To enhance knowledge about methods of data collection, analysis and reporting that promote service user feedback
- ?? To develop a CSO M/E monitoring and evaluation system
- ?? To strengthen the capacity for community based monitoring and evaluation in Uganda

Description

- ?? To support meetings and workshops- between government agencies and CSOs to build consensus on the standardization of methods of data collection for M/E of priority service delivery sectors of health and education.
- ?? Training in data analysis, interpretation and reporting of the collected information, including better packaging, dissemination and advocacy for effective linkage with policy processes.
- ?? To carry out a pilot test of ONE methodology as a learning ground for various actors

?? To equip CSOs.

Results (as of March 31, 2006)

?? Various meetings and 3 workshops have been held to deepen the understanding by Civil Society Organisations (CSO's) of the national Monitoring and Evaluation Systems; identify capacity building gaps in the CSO-M&E system, which would be the basis for this project's work; and agree on M&E tools to be piloted.

?? A mapping exercise of CSOs involved in monitoring and evaluation of public expenditure was done and a report produced.

?? The M&E Tools to monitor public expenditure in the sectors of health and education have been drafted, discussed and are being finalized for piloting.

?? 11 organizations in 7 sub-regions have been selected for piloting the M&E Tools.

Financi ng

Fundi ng Source	FY 2005/ 06 Shs	2006/ 2007 Shs
GoU	0	0
Donors	237,250,000	2,007,700,000
Total	237, 250,000	2,007, 700,000

#####

Project Code:	0048
Project description:	The Second Private Sector Competitiveness/Rural Energy
Start date:	1995

Background

The project aims at enabling the private sector to respond better to potential market opportunities through measures to ensure minimum infrastructure requirements and improve financial services, expand access to enterprise, especially to SMEs to skills training, technology, and business development services and improve the business environment and Private-Public dialogue. As a result of the project, enterprises in Uganda will have a lower business cost environment and be in position to increase investment, production and employment.

Objective

The overall objective of the project is to create sustainable conditions for enterprise creation and growth.

Achievements 2005/06

1. 33 grants were extended to small businesses for activities relating to tourism, the flower industry, ISO certification and horticulture.
2. Development of Terms of Reference for the Design of the Storage and Achival Centre; Information, Education and Communication strategy; and Training Needs Assessment.

Planned Activities for FY 2006/07

1. Provision of basic infrastructure in Namanve Industrial Park
2. Investment promotion activities
3. Business Development Services will be provided to individual firms to enhance competitiveness
4. Construction of six zonal offices for lands registration will commence
5. Commence Land Information System design work
6. Continue with Public Private Sector Dialogues

Financing

Source	2005/ 06 Shs	2006/ 07 Shs
GoU	589,917,000	5,132,539,625
Donor	20,367,000,000	22,100,600,000
Total	20,956,917, 000	27,233.139. 625

#####

Project Code: 0039
Project description: GOU-UNICEF Cross Sector
 Coordination
Start date: 2000

Background

Following the successful completion of the 1995-2000 Country Program, a new Country Programme 2001-05 anchored on the

theme of Human Rights as a basis for design and implementation, followed. This Human Rights approach to programming, builds on achievements of previous Country Programme and focuses on Human rights issues that affect children and women and especially those in conditions of absolute poverty. This Country Programme (CP) is demand driven as opposed to the classic service Delivery. Hence it places the people at the centre of planning. Important too is that this Programme operates within the PEAP framework.

Objectives

- ?? To co-ordinate implementing agencies of the GOU-UNICEF Programmes at national level on policy issues.
- ?? Ensure accountability of Donor and GOU funds under various components
- ?? To monitor implementation of the sectoral programme components at district level and ensure that the following Programme objectives below have been fulfilled:
 - ☞ To reinforce capacity of duty bearers and enable them respect, protect and realise the universal rights of the Ugandan children.
 - ☞ To strengthen capacities of rights holders to make claim and uphold their rights
 - ☞ To ensure the realisation of the rights of the most disadvantaged and vulnerable girl children and women to free them from all forms of discrimination
 - ☞ To strengthen the capacity of communities to analyse, assess, set priorities, take action and monitor outcomes of interventions at the local level.

Achievements

- ?? Improved level of accountability in the districts
- ?? Timely co-ordinated Country Programme Management Team policy meetings.
- ?? Preparation of the Country Programme 2006-2010 ongoing and Country Programme project document produced.
- ?? Infant and Maternal Mortality –causes study carried out and produced Report is being used in the Development of the multi-sectoral approach interventions to reducing the mortality.

Activities 2006/07

- ?? Co-ordinate activities of the Country Programme Management Team(CPMT)
- ?? Review of the Programme Plans of Action (PPAs) with the District Implementation Teams(DITs) in the Districts
- ?? Monitoring of accountability of Cash assistance to Government (CAG) in the 31 GOU-UNICEF Assisted districts
- ?? Carry out Regional and District reviews and National Annual Review
- ?? Carry out an evaluation of the Country Programme 2001-05
- ?? Complete preparations of the New Country Programme 2006-10
- ?? Monitor the progress of implementation of the programme components which provide the social services in the 31 districts. These include:
 1. Rights to Health and Nutrition Program
 2. HIV/AIDS and Rights to Self Protection Programme

3. Child Friendly Basic Education and Learning Programme
4. School and Community Sanitation Hygiene and Water Programme
5. Rights of Children in Armed conflict

Financi ng

Fundi ng source	FY 2005/ 06 Shs	2006/ 07 Shs
GoU	59,000,000	65,000,000
Donors	0	0
Total	59,000,0000	65,000,000

#####

Project Code: 0050
Project name: Privatization & Utility Sector Reform
Start date: 1999

Background

The overall mission and objective of the program continues to be to contribute to broad based private sector lead growth of the economy, by reform and privatization of the Parastatal sector. The scope of the program includes completion of the ongoing privatization program and implementation of a utility reform program for telecommunication, power and railway sector as well as financial oversight and monitoring of the Public Enterprise Sector under the Parastatal Monitoring Unit.

The program was funded by GoU and IDA under the PUSR project until 31 January 2006 when project funding through IDA ceased. On the project side, project activities were commenced with settlement of outputs as at 31 January for ongoing contracts being undertaken, and audits and Government ICR prepared. On its part, IDA undertook to continue dialogue on the development of a public-private partnership framework to ensure sustainability of the policy to support private sector development.

Government will continue financing the activities of the Privatization Unit which is responsible for the implementation of the privatization and utility sector reform program through the divestiture account as provided for in the PERD Act 98, Clause 26. The clause provides for the use of the divestiture proceeds to amongst others pay for costs of expenses of privatization.

A number of activities were identified as necessary to complete, sustain, and attain the program development objective of improving the quality, coverage and economic efficiency of commercial and utility services, through privatization, public private participation (PPP), and achieving an enabling improved regulatory framework for PPP.

Funding of the program activities are to be sustained to ensure that (i) the said economic improvements are sustainable, (ii) the respective operating sectors reap the economic benefits that would ultimately lead to the overall growth in the economy, and (iii) the ongoing Public Enterprise divestitures and reform activities are

seamlessly concluded.

The program activities presented below are therefore those that shall build on the past successes and ensure continued sustainability of the programs' contribution to the private sector development initiative;

- (i) completion of the ongoing reform and divestiture activities (concessions, IPOs and restructuring activities)'
- (ii) regulatory mechanisms for sectoral reforms and setting up appropriate competition structures in the utility and service sectors;
- (iii) Public Private Partnerships;
- (iv) Scope and depth of monitoring framework ;
- (v) Environmental Management programs, geared to resolving arising Social & Economic impact issues;
- (vi) Document Archiving – to ensure efficient storage and ease of retrieval of needed documentation as and when needed.

Achievements during FY 2005/ 06

As at the end of April 2006, 128 divestitures were completed (including 39 liquidations) using various modes of privatization. The program continued to consolidate on IPO successes besides the regular sales. UMEME took over control of the distribution assets, while the signing of the URC concession agreement in April 2006 ushered in the much needed private sector participation in the transport sub-sector.

As at June 2005 (Audited) sales proceeds in the divestiture account

amounted to Shs. 302 bn. Terminal benefits & Care taker costs amounted to Shs. 130 bn representing the largest contribution to expenditure.

The balance of 24 Public Enterprises are in various stages of preparation leading to divestiture. In advanced stages of completion are the Kinyara and Dairy Corporation (by cabinet decision) while Mandela Concession, Stanbic and NIC IPOs are due for completion in the coming fiscal year.

Key Issues / Challenges for the Medium Term

- ?? Inadequate funding for program activities.
- ?? Development of a working framework for the PPP.
- ?? Mounting legal actions/settlements against the divestiture account.
- ?? PMU migration and integration into MFPED (post privatization) which includes but is not limited to the scope of PMU in monitoring the full spectrum of Public Enterprises (commercial and non-commercial) for purposes of enhancing accountability and harmonizing strategic planning. This activity will be commenced with a full scoping and PE sector (commissions, statutory authorities and state agencies) review study.
- ?? Implementation and monitoring of recommended environmental remedial measures and development of future monitoring protocols – and the attendant social and economic impact.
- ?? Harmonization of the existing regulatory agencies and their

- funding.
- ?? Enforcement of statutory compliance and corporate governance practices.
 - ?? Mandate of Asset Holding Companies /monitoring concession provisions over the concession period.
 - ?? Sustainability of the gains made by the Institute of Corporate Governance.

Planned Activities for 2006/07

- ?? Part-contribution of Shs. 30 bn to finance the Bujagali Dam project energy fund
- ?? Payment of Shs. 34 bn for terminal benefits.
- ?? Advisory services for the proposed listing of Stanbic and NICL estimated to cost Shs.3.3bn.
- ?? Operationalisation of Mandela National Stadium Ltd. will be completed pending its transfer to the private sector.
- ?? The process of divesting Post Bank Uganda will commence.
- ?? The restructuring / policy review study of National Medical Stores will be completed.
- ?? It is expected that Shs. 2 bn in terminal benefits will be paid to KML staff.
- ?? The joint URC / KRC rail concession will be concluded.
- ?? It is also expected that the process of GOU's withdrawal from the Mehta group of companies will be concluded.
- ?? GOU will conclude the dilution of its equity in Housing Finance Co. of Uganda in order to allow the injection of mortgage finance into the company to spur growth in the Housing sector.

Revenue

During the course of FY 2006/07, the planned key revenue sources are from divestiture of Kinyara (Shs 30 bn), the listing of 10% of GOU's shareholding in STANBIC Bank (Ushs.25 bn), listing of GoUs 40% in NICL (Ushs 4 bn) and divestiture of assets of Kilembe Mines Ltd. (approx Shs 5bn), Kinyara Sugar Works SEP nance Ltd. Total receipts are expected to be Ushs 64 bn.

If all the planned activities are implemented, the privatization unit will be able to wind up the divestiture program with a surplus of Ushs.122.5bn.

Fundi ng

Fundi ng source	2005/ 06 (Shs)	2006/ 07 (Shs)
GoU	0	
Donors	9,855,000,000	24,234,590,000
Total	9,855,000,000	24,234,590, 000

#####

Project Code: 0052
Project description: RSDP Coordination Office
Start date: 1998
Expected completion date: 2007

Background

The Government of Uganda is implementing the second 10-Year Road Sector Development Programme (RSDP2). The programme covers road improvement and maintenance projects as well as

capacity building in the road sub-sector. For effective coordination and monitoring of the programme, Government established a Steering Committee chaired by the Permanent Secretary/Secretary to Treasury, to oversee the implementation of the RSDP. To facilitate the role of the Steering Committee, the RSDP Coordination Unit was set up in the Ministry of Finance, Planning and Economic Development to act as a secretariat to the Steering Committee and carry out performance audit of the RSDP.

Objectives

To establish procedures and associated capacity to provide macro-level planning, budgeting, coordination and monitoring of the RSDP.

Expected Outputs

- ?? Updates of the RSDP and expenditure budgets and donor coordination
- ?? Regular reports on macro-level performance of national and local road sector programmes and road sector restructuring issues
- ?? Papers for submission to the RSDP Steering Committee highlighting essential or critical issues that need to be resolved
- ?? Technical and financial audits of road programmes
- ?? Staff in place in numbers and with adequate competence

Achievements during FY 2005/06

- ?? Updated the Transport Sector Investment and Recurrent Expenditure Programme (TSIREP) in line with the budget for FY 2005/06 – 2007/08
- ?? Improved donor coordination in funding road projects and studies
- ?? Prepared and disseminated the 26nd, 27rd , 28th and 29th quarterly reports serving as the RSDP monitoring tool
- ?? Continued with the development of a database management system for Performance Monitoring Indicators, and disseminated vital sector policy documents and reports through the RSDP Website
- ?? Supported the 24th, 25th, 26th and two Special Steering Committee Meetings and presented papers to improve road financing and road maintenance and followed up on issues raised in the Annual Transport Sector Review
- ?? Procured consultants to undertake the annual road maintenance technical and financial audits and initiated actions for regular audits of road improvements projects
- ?? Monitored the implementation of Road Improvement projects through site meetings.
- ?? Coordinated the Joint Transport Sector Review in October 2005.

Activities for the FY 2005/06

- ?? Compile data and update the RSDP and TSIREP
- ?? Coordinate the joint GoU and donor transport sector review for 2006

- ?? Develop a reliable system for collecting and analyzing performance indicators
- ?? Extract key issues from regular reports and policy documents on macro-level performance and sector reforms and provide policy advice towards the implementation of the RSDP
- ?? Organise RSDP Steering Committee Meetings and monitor follow-up actions
- ?? Initiate and review the financial and technical audits and define required follow-up actions
- ?? Monitor all road projects through regular monitoring visits and review of progress reports
- ?? Coordinate the setting up of the Road Fund
- ?? Prepare the phasing out of the technical assistance

Financi ng

Fundi ng source	2005/ 06	2006/ 07
GoU	126,601,000	124,201,000
Donors	2,573,734,000	0
Total	2,700,335,000	124, 201,000

Staffi ng

Technical Advisor, Three local Project Technical Staff (Road Engineer, Road Economist and Financial Analyst, Six Project support staff (Secretary/Administrative Assistant, Secretary, 3 Drivers, Office Attendant).

#####

Project Code: 0054
Project Name: Support to Ministry of Finance,
Planning and Economic Development
and Government Purchases
Start date: 1987

Background

Government has since 1986 initiated a broad based public service reform programme, which involved various reforms in the areas of economic policy and public expenditure management. These reforms call for significant capacity building in areas of policy analysis and formulation as well as use and management of public resources and external aid management. It is imperative to streamline and strengthen aid coordination within the new framework of donor partnership principles. Technical assistance is required in: strengthening capacity for implementing reforms in planning and budgeting targeting output orientation, SWAPs, MTEF; External aid programming and management focusing on budget support and integration of project aid in MTEF; capacity for tax policy analysis, formulation and monitoring; and spearhead a piloting of integrated financial management systems and fiscal decentralisation strategy.

Although Uganda has a great potential in Tax Revenue Collection, there is still a weakness of a narrow tax base and widespread tax evasion. Increasing tax revenue collection is a critical component of the Poverty Reduction Support Programme that has been agreed with the World Bank. Tax Policy is concerned with the design of a tax system that is capable of financing necessary level of public

spending in an efficient and equitable way as possible. The tax system should (i) raise enough revenue in ways that are equitable to finance essential expenditures without recourse to excessive public sector borrowing (ii) raise the revenue in ways that are equitable and that minimise disincentive effects in economic activities; (iii) do so in ways that do not deviate substantially from international norms, and (iv) aim to reduce dependence on donor funding.

Objectives

- ?? Provide a system for collection and analysis of revenue data from URA, UBOS and other Departments.
- ?? Provide senior government officials and policy-decision makers with analysis, information and data to monitor the performance and identify the constraints in revenue administration.
- ?? Develop officials in the Tax Policy Department so that they can assess the macro-economic impacts of alternative tax and revenue interventions and to advise Government accordingly and are able to consider social equity and environmental impacts of alternative revenue collection interventions.
- ?? Develop a process so that policy and strategy developed for further improvements to tax and revenue policy, administration and monitoring in the medium to long-term, is supported by Government and other donors.
- ?? Provide appropriate skills so that TPD can steer/support/make recommendation for the development and the management of the other Government departments implementing tax policies.
- ?? Develop a comprehensive needs assessment to be carried out to

define the priorities for a second phase of the programme to strengthen the capacity of the Tax Policy Department.

The Government of Uganda also recognizes the significant role NGOs and Community Based Organizations (CBOs) play in national development, which has expanded tremendously in the recent past. Besides implementing their respective mandates within the statutory arrangements in Government, NGOs have become local implementing agencies for bilateral and multilateral donor funded programmes and projects particularly at the grassroots. Since the Introduction of Value added Tax (VAT) on all Imports into the Country, it was necessary for Government to counter fund these Institutions by meeting Local Taxes.

Achievements 2005/06

- ?? Forum established with URA to identify performance measurements which will help develop policies to increase revenues and widen the tax base (to supplement existing data used to monitor revenues against targets).
- ?? Workshops held on Economics, Fiscal Economics, Legal Concepts and Interpretation of Ugandan VAT and Income Tax Legislation, Measuring Indirect Tax Loss, Taxpayer Risk Profiling, Process Modelling, Tax Treaties and Tax Administration Organisation and MIS.
- ?? Outward Missions to The Netherlands, UK and Kenya for training/study tours on Principles of Transfer Pricing, International Petroleum Fiscal Systems, Analysis and Design, Auditing Multinational Enterprises.

- ?? Tax Library and Research Facilities provided.
- ?? Retooling of the Ministry
- ?? Payment of taxes for purchases
- ?? Refund of VAT where tax exemptions granted

Planned activities 2006/ 07

- ?? Workshops on Forecasting Econometrics, Targeting and Monitoring of Indirect Taxes, Scope of VAT (Thresholds, Exemptions, Financial Services), Negotiation of Double Taxation Treaties, Accounting and Income Tax Treatment, Trends in Globalisation, Improve Process of Policy Making, Tax Treaties and Ugandan Strategic Policy Goals.
- ?? Outward Missions to The Netherlands (International Tax Law), The Netherlands (Tax Treaties), The Netherlands (Double Taxation Relief), Belgium (WCO), South Africa (Ministry of Finance).
- ?? Implementation of Revisions to Forecasting Tool.
- ?? Continued retooling of the ministry
- ?? Continued payment of taxes for purchases
- ?? Continued refund of VAT where tax exemptions apply

Financi ng

Fundi ng Source	FY 2005/ 06 (Shs)	2006/ 07 (Shs)
GoU	1,243,060,000	4,458,312,000
Donors	19,333,950,000	7,508,201,000
Taxes	18,665,435,000	20,050,000,000
Total	38,242,445, 000	32,016,513, 000

#####

Project Code: 0057
Project description: Institutional Support Project for
Good Governance
Start date: 2004
Expected completion date: 2007

Background

The Institutional Support Project for Good Governance is a multi institutional programme (5 institutions: Office of Auditor General, the Inspector General of Government, the Office of the Prime Minister, the Ministry of Local Government and the Ministry of Finance, Planning and Economic Development), which was conceived in the context of the Poverty Eradication Action Plan (PEAP) to build institutional capacity in those institutions.

Development Objective

The overall development objective of the project is to reduce the level of poverty and inequality in Uganda by improving governance through reinforced accountability and transparency, the elimination of corruption, strengthened decentralization, promotion of monitoring and evaluation and enhancement of the budget process. In the MoFPED the project is to build capacity to enhance budget efficiency and effectiveness through training, technical assistance and acquisition of equipment.

Specific objectives

The specific objectives of the project in MoFPED are to:

- ?? Build institutional capacity of the Ministry through training in budgeting and expenditure management.
- ?? Improve the capacity of Sector Working Groups (SWG) for effective sector planning.
- ?? Improve the capacity of the Budget Policy and Evaluation Department and strengthen its efficiency and effectiveness in budgeting.
- ?? Improve the capacity of the Development Committee for programme/project appraisal.
- ?? Improve the capacity of the Budget Directorate for Monitoring and Evaluation of budget expenditure and outputs.

Achievements during the FY 2005/6

- ?? Recruited consultants to conduct studies on
 - o Unit cost budgeting.
 - o Office accommodation in the public service.
 - o Vehicle use in the Public service.
- ?? Carried out training involving:
 - o 10 external courses for 21 officials.
 - o 2 local courses for 64 officials.
- ?? Procured equipment (computers and accessories, photocopiers and scanners) to improve operational efficiency.

Planned activities FY 2006/07

- ?? Conduct additional training involving:

- 31 external courses to cover 36 officials
- 23 Local courses to cover 711 officials.

?? Recruit additional consultants to increase budget efficiency and effectiveness, strengthen Sector Working Groups and the Development Committee and develop an M & E system for the budget.

Financi ng

Fundi ng Source	2005/ 06 (Shs)	2005/ 06 (Shs)
GoU	46,231,000	60,000,000
Donors	1,460,000,000	1,245,499,870
Total	1,506,231,000	1,305,499,870

Staffi ng

Fundi ng source	Category	Expect ed numbers	Cost
GoU	Local	9	38,400,000
Donor	Local	9	248,850,000
Total		9	287, 250,000

#####

Project Code: 0059
Project Description: Support to the Poverty Action Fund (PAF) Secretariat
Start Date: 2000/01

Background

The PAF was set up in the 1998/99 Financial Year in order to channel resources from HIPC debt relief to key sectors identified in the Poverty

Eradication Action Plan (1997), namely; Rural Roads, Agriculture Extension, Primary Healthcare, Water & Sanitation and Primary Education. Substantial additional donor resources have been mobilized towards these sectors. The coordination of the virtual fund requires a centralised institutional arrangement to track the resources; advice on the allocation of the resources within PEAP areas; spearhead the execution and monitoring of the fiscal decentralisation. The project is intended to provide the technical support to achieve specific objectives and critical needs as deemed appropriate.

Achievements in 2005/06

- ?? Supported the planning and budgeting for PAF Grants in the Local Governments
- ?? Facilitated updating of Fiscal Decentralization Strategy (FDS) planning and budgeting manuals
- ?? Facilitated finalization of the financial management and reporting guidelines under FDS
- ?? Supported negotiations on sector conditional grant policies
- ?? Technical Assistance under the ODI Fellowship
- ?? Carried out adverts of PAF releases in the media
- ?? Facilitated the Local Government Budget Consultative process

Planned Activities 2006/07

- ?? Undertake Budget Efficiency Studies

- ?? Undertake monitoring of PAF activities to enhance its efficiency and effectiveness
- ?? Undertake expenditure tracking studies
- ?? Support the planning and budgeting for PAF Grants to Local Governments
- ?? Facilitate the implementation of FDS in all Districts.
- ?? Implement the PAF communication strategy i.e. Quarterly Publications and Monthly adverts on releases
- ?? Provide logistical support for PAF activities
- ?? Implement revised General PAF operational guidelines

Financi ng

Fundi ng Source	FY 2005/ 06 (Shs)	FY 2006/ 07 (Shs)
GoU	231,365,000	234,495,000
Donors	0	0
Total	231, 365,000	234, 495,000

#####

Project Code: 0065
Project Name: USAID Trust Fund
Start Date: 1993

Background

The United States of America Government requires that a percentage (usually 10%) of its balance of payments support to

developing countries be remitted to the local USAID mission in local currency. These funds are used for operating expenses of the mission. Since the support is utilized mainly for debt relief, it does not generate local currency (i.e. shillings). The Trust Funds requirement must be met, and have to be paid annually indirectly from the savings from debt relief.

Objectives

- ?? To support the operations of the USAID mission in Uganda.
- ?? Improve payments of debt maturities.
- ?? Smooth flow of USAID assistance.
- ?? Improve donor confidence in the Uganda government.

Financing

Funding Source	FY 2005/ 06 (Shs)	FY 2006/ 07 (Shs)
GoU	1,505,505,000	1,505,505,000
Donors	0	0
Total	1,505,505,000	1,505,505,000

#####

Project Code: 0933
Project description: Support MTCs Secretariat
Start date: 2005

Background

In 2000, the Government formulated the Medium Term Competitiveness Strategy, MTCS which aims to create a favorable

environment for the private sector to grow, become profitable and compete both locally and abroad.

The MTCS Secretariat was set up in May 2003 as the critical link in the tri-partite relationship between the private sector, the Government, and donors in the implementation of the MTCS strategy. It is the focal point for coordinating and monitoring the implementation of the MTCS, which is implemented by several public and private sector Agencies and Ministries. It monitors and coordinates by keeping track of performance indicators, benchmarks and policy actions and briefs stakeholders, for appropriate action through a steering committee.

Strengthening the institutional arrangement for coordination and monitoring of the Medium Term Competitiveness Strategy (MTCS) is financed by the European Union and the Austrian Regional Development Bureau (ARDB) with counter part support from the Government of Uganda. Phase 1: Support to the MTCS Secretariat came to an end in May 2005 and the new phase has recently taken off in February 2006.

Objectives and Achievements for 2005/06

Objectives/Activity	Achievements
A revised MTCS 2005 - 2010 acceptable as the framework for priority setting and resource allocation.	The drafting process for the revised MTCS is ongoing with wide stakeholder consultation.

Objectives/Activity	Achievements
The MTCS Implementation Monitored and Facilitated.	<p>-Coordinated and facilitated the implementation of the MTCS priority activities in partnership with the private sector, donors and the public sector through consultations, studies and taskforces.</p> <p>-Spearheaded awareness initiatives on the role of competitiveness for economic growth and supported the data collection process for the Global Competitiveness Report (GCR).</p>
The Public - Private - Partnership Structures Strengthened for private sector growth.	<p>-Built partnerships within the tripartite arrangement involving the public and private sectors and Development Partners.</p> <p>-Facilitated the Presidential Investors Round Table (PIRT) which provides advice to the President on how Uganda's competitiveness can be enhanced.</p> <p>-Developed a communication strategy to increase awareness, ownership for the strategy and build strategic partnerships with the key stakeholders.</p>

Planned Activities for 2006/07

- ?? Complete revision of the MTCs strategy.
- ?? Continued support to the framework for dialogue and coordination for private sector growth.

?? Continued facilitation, coordination and monitoring of implementation of MTCs priority areas.

Financi ng

Fundi ng Source	2005/ 06 (Shs)	2006/ 07 (Shs)
GoU	0	0
Donors	2,390,750,000	1,678,400,000
Total	2,390,750,000	1,678,400,000

#####

Project Code: 0945
Project description: Capitalization of Institutions (EADB, UDBL, URC)

Background

Over the last decade, the economies of Kenya, Tanzania and Uganda have registered uneven rates of economic growth, although all three countries have embraced poverty eradication programmes. Equally, there is determined effort by the Heads of State to re-establish the EAC and market the region as a single investment location. Despite financial sector development, access to long term finance continues to be severely limited, particularly for priority private sectors investments such as agriculture, industry and tourism. Therefore, EADB continues to play a crucial role as the engine for mobilizing such development financing and as an execution agency for EAC programmes, thus justifying part-capitalisation by the three governments. Capitalization is required

to give the bank the financial muscle to provide resources to the private sector and give sufficient cushion against insolvency. Kenya and Tanzania have already allocated funds towards the bank's capitalization. Uganda made its first contribution in 2004/05.

Following Cabinet approval, UDBL is to be revamped and its operations as a government agency that extends medium to long-term financing to business enterprises are expected to resume. To implement this policy, the portfolio of the Development Finance Department (DFD) of the Bank of Uganda, together with all its assets and liabilities are to be transferred to UDBL.

Government has also recognized the need to capitalize URC for effective service delivery.

Financi ng

Fundi ng Source	FY 2005/ 06 (Shs)	FY 2006/ 07 (Shs)
GoU	11,528,000,000	10,000,000,000
Donors	0	0
Total	11,528,000, 000	10,000,000, 000

#####

Project Code: 0950
Project description: Financial Management and Accountability Programme
Start Date: 2006/07

Background

The Financial Management and Accountability Programme (FINMAP) has been designed to deepen and consolidate achievements of financial management reforms to-date and to ensure sustainability. The project has eight components and will cover further rollout of the Integrated Financial Management System (IFMS) in Agencies and Local Governments, strengthen public financial management, provide technical capacity support to Parliamentary Accountability Committees (PAC and the related Committees), and improve National planning and budgeting. The programme will also provide support for development of an Integrated Personnel and Payroll System (IPPS) and its linkage and harmonisation with IFMS to be implemented by the Ministry of Public Service (MPS); the project will also support reforms for the Office of the Auditor General that will make the office more independent.

Financi ng

Fundi ng Source	FY 2005/ 06 (Shs)	FY 2006/ 07 (Shs)
GoU	0	1,000,000,000
Donors	0	4,863,900,000
Total	0	5,863,900,000

#####

Project Code:

0985

Project description:

Energy Investment Fund

Start Date:

2006/07

Due to the energy crisis arising from low hydro electricity generation, which has negatively affected the economy tremendously, Government has set up an Energy Investment Fund. This fund will be set in the Bank of Uganda and will be ring-fenced for dam construction and not for routine recurrent expenditures. Using the Energy Fund, Government will develop the larger hydropower generation facilities at Bujagali and Karuma with the private sector in order to address the power crisis in the long term.

Financi ng

Fundi ng Source	FY 2005/ 06 (Shs)	FY 2006/ 07 (Shs)
GoU	0	99,400,000,000
Donors	0	0
Total	0	99,400,000, 000

#####

Project Code:

0986

Project description:

Millennium Science Initiatives

Start Date:

2006/07

In a bid to promote industrialization, Government has embarked on a strategy of promoting innovations especially in the field of science and technology. In the same spirit, training and education in sciences is high on the agenda.

Government has therefore successfully negotiated a five year project funded by the World Bank to support research, education and training in science and technology with linkages to the industry.

Financing

Funding Source	FY 2005/ 06 (Shs)	FY 2006/ 07 (Shs)
GoU	0	0
Donors	0	4,572,343,000
Total	0	4,572,343,000

ANNEX C: AUXILIARY/ AUTONOMOUS INSTITUTIONS

	SPECIALIZED AGENCIES
1	Uganda Insurance Commission
2	Non - Performing Assets Recovery Trust
3	Non Performing Assets Recovery Tribunal
4	Uganda National Council of Science & Technology
5	Tax Appeals Tribunal
6	Population Secretariat
7	Uganda Investment Authority
8	Economic Policy Research Centre
9	National Enterprise Corporation
	AUTONOMOUS BODIES
1	Public Procurement and Disposal of Public Assets Authority
2	Departed Asians Property Custodian Board
3	Uganda Bureau of Statistics
4	Uganda Revenue Authority
5	Capital Markets Authority
6	Uganda Property Holding Ltd
7	National Planning Authority
8	Bank Of Uganda

1. UGANDA INSURANCE COMMISSION

Mandate

The Uganda Insurance Commission (UIC) was established under Section 14 of the Insurance Statute, 1996 now the Insurance Act 2000 (Cap 213) with the objective of ensuring effective administration, supervision, regulation and control of the business of Insurance in Uganda. Its mission is 'to have an effective and efficient Commission to ensure a sound and stable insurance industry'.

Functions

Section 15(2) of the Insurance Act stipulates the Commission's functions as:

- (i) To establish standards for conducting insurance and reinsurance business.
- (ii) To license all persons involved in or connected with insurance business including insurance and reinsurance companies, insurance and reinsurance intermediaries, loss adjusters and assessors, risk inspectors and Valuers.
- (iii) To approve texts of policies and proposal forms.
- (iv) To approve minimum rates of insurance premiums and maximum commission in respect of all classes of insurance.
- (v) To safeguard the rights of insurance policy holders and insurance beneficiaries to any insurance contract.
- (vi) To provide a bureau to which complaints may be

submitted by members of the public.

- (vii) To advise Government on adequate insurance protection and security for national assets and national properties.
- (viii) To promote a sound and efficient insurance market in the country.
- (ix) To supervise and control transactions between insurers and reinsurers.
- (x) To ensure strict compliance with the provisions of the Insurance Act and regulations made under it and any other law relating to insurance.

Achievements for 2005/06

- (i) Licensed 20 insurance companies, 22 insurance brokers, 12 loss assessors, and 326 insurance agents.
- (ii) Carried out on-site inspection of 21 insurance companies (including one which is not licensed and is handling its business on a run-off basis), 3 brokerage firms, office premises of 8 insurance companies and premises for 1 loss assessor. We also inspected 52 agency offices.
- (iii) Compiled and published the 2004 Insurance Market Report. Compilation of the 2005 report commenced.
- (iv) Completed terms of reference for the consulting Actuary who will carry out the study on the performance of Health Management Organisations (HMOs), besides carrying out other actuarial functions for the Commission, and we are currently sourcing for one.
- (v) Continued to guide players regarding issues conducive to the development of a healthy insurance industry through

ensuring compliance with the regulatory requirements, and in the areas of training, fighting against fraud and money laundering.

- (vi) We handled 31 complaints from members of the public, 10 of which were definitively settled, 8 were referred for Alternative Dispute Resolution and 13 have reached various stages of resolution.
- (vii) Commenced on the process of constructing the Commission's own offices on its property at Plot 6, Lumumba Avenue, Kampala.
- (viii) Sensitized the public through the media on the Commission's role as a regulatory body in the insurance industry, its achievements and on the value and contribution of insurance to the country's social and economic development.
- (ix) Encouraged existing and prospective investors (local and foreign) in the insurance sector to overhaul, modernize and come up with products, which are more appropriate for Ugandan consumers. Additionally, we supported organisations with insurance developmental programmes, e.g. premium financing.
- (x) Made big progress towards complying with the International Association of Insurance Supervisors (IAIS) core supervision principles.
- (xi) Finalised the Commission's Debtors' Policy.
- (xii) Finalized the Management Investment Guidelines in respect to the investment of the Commission's funds.
- (xiii) Drafted The Insurance (Guidelines for the investment of

paid-up capital and insurance funds) Regulations in respect of the investment of the players' paid-up capital and insurance funds and sent them to the Ministry for the necessary action.

- (xiv) Updated the Commission's 5-year (2004/5 - 2008/9) Strategic Plan.
- (xv) Continued to ensure compliance with the Insurance Act, thereby ensuring a sound and stable insurance market and contributing to the positive development of the financial sector.

Ongoing policies and programs

- (i) Sensitisation of the public about the role and functions of the Commission, and on the value and contribution of insurance to the country's social and economic development.
- (ii) Handling of complaints by the Commission's Complaints Bureau.
- (iii) On/off-site inspection of the insurance players to ensure their financial soundness and compliance with the Insurance Act.
- (iv) Implementation and review of the 5-year Strategic Plan.
- (v) Construction of the Commission's office premises.
- (vi) Processing licences of the insurance players.
- (vii) Lodging caveats on insurers' real estates titles for the protection of policyholders.
- (viii) Compilation and publication of the 2005 Insurance Market Report.

- (ix) Following up on the amendment of the Insurance Act and the Motor Vehicle Insurance (Third Party Risks) Act (Cap 214) Laws of Uganda, 2000 (Motor Vehicle Insurance Act).
- (x) Continue monitoring as well as encouraging the reactivation of Life assurance business in addition to devising and marketing of products that are more appropriate for the insuring public.
- (xi) Prepare, with the Bank of Uganda (BOU) expert's assistance, for the investment of players' security deposits when BOU is relieved of its obligation to do so.
- (xii) Start on the transformation of the Commission's nascent library into a modern one.
- (xiii) Ensure that the Uganda Insurers Association (UIA) and the Uganda Association of Insurance Brokers (UAIB) submit their proposed premium rates in respect of the proposed statutory awards under the Motor Vehicle Insurance Act.

Financing

Funding Source	2005/ 06 (Shs)	2006/ 07 (Shs)
GoU	300,000,000	430,000,000
Other	3,823,468,525	7,707,944,193
Total	4,123,468,525	7,737,944,193

Staffing

Funding Source	Expected Numbers FY 2006/ 07	Projected cost FY 2006/ 07 (Shs.)
GoU	23	893,062,328
Donor	-	-
Others	-	-
Total	23	893,062,328

#####

2. NON - PERFORMING ASSETS RECOVERY TRUST

Background

The Non Performing Assets Recovery Trust (NPART) is a body corporate established by Cap 95 of the Laws of Uganda to recover expeditiously certain loans and investments made by the Uganda Commercial Bank and Uganda Development Bank whose recovery is overdue in a bid to strengthen the financial sector of Uganda's economy. The Trust is expected to expire in October 2005.

A Board of Trustees appointed by the Minister of Finance, Planning and Economic Development is the governing body of the Trust. The Trust is headed by a Trust Administrator, supported by two line Managers, twelve professional staff and, twelve support staff, giving a total workforce of 27 people.

Objectives

- (i) To hold and recover, on behalf of the Government the non performing assets which were transferred to it by the Uganda Commercial Bank (UCB) and Uganda Development Bank (UDB).
- (ii) To take such actions as may be necessary to recover the outstanding amounts.
- (iii) To create an enabling environment of probity and accountability in the financial sector, and build local capacity in debt recovery and asset management.

Achievements in the FY 2005/ 2006

- (i) Cash recoveries worth Shs. 0.9bn.
- (ii) Assets on the market worth around Shs. 5.43bn against a budgeted target of Shs. 2.5bn.

Constraints

- (i) Lack of mandate caused by the delay in resolving extension has rendered the Trust inactive since 10th October 2005.
- (ii) Introduction of the Court of Appeal in the judicial system has lengthened the process of litigation thereby causing further delays in the collection process.
- (iii) The Judicature Amendment Act (Cap.13) arising out of the 1995 Constitution took away the exclusive powers that had been granted to the Tribunal in handling all matters arising out of the NPART Act (Cap.95). The High Court now has concurrent jurisdiction with the NPART Tribunal over NPART matters. Consequently, some debtors have chosen to pursue their cases in the High Court, which is less expeditious.
- (iv) The land tenure system further restricts the market to which assets can be sold. Restrictions of land tenure systems and ownership of land like Freehold and Mailo land to citizens only means that other potential purchasers who are non-citizens are eliminated from the market.
- (v) The recognition of squatters' rights by the 1995 Constitution and the Land Act (Cap.227) meant that properties which were originally mortgaged without encumbrances from these rights are now effectively encumbered. This reduces both their size

and sale-ability and the Trust's capacity to recover debts expeditiously.

- (vi) The creation of decentralized Land Boards meant that the Trust would now have to renew expired leasehold interests at District Land Board Offices unlike before where all extension of leases and registration of leases were carried out at the Uganda Land Commission Head offices in Kampala and the City Council in Kampala where the Trust has its sole office.
- (vii) The limited absorptive capacity of the local economy to handle the numerous assets already in the market from NPART, the Privatization Unit, the sale of Government properties and the sale of Asian properties continues to impact negatively on Management's ability to effectively market immovable assets. Yet, the activities of the Trust have encouraged other Banks to foreclose on their non-performing assets thus increasing the number of immovable assets in the market.
- (viii) Insecurity in some parts of the Country continues to hinder the Trust's ability to identify and recover all its assets.

Income & Expenditure 2006/07

Period	Projected June 2007 (Shs. bn)
Loan Recoveries	2.878
Assets taken over	2.500
Total Recoveries	5.378
Expenditure	1.651

#####

3. NON - PERFORMING ASSETS RECOVERY TRIBUNAL

Background

The Non-Performing Assets Recovery Tribunal was established under Statute No. 11 of 1994 pursuant to Sections 15 and 19. The Tribunal was mandated to expeditiously hear the cases originating from the Trust and the public concerning all matters of Non-Performing Assets disputes of Uganda Commercial Bank Ltd. (UCBL) and Uganda Development Bank (UDB).

Achievements for 2005/06

?? Registered 29 cases.

?? Heard and completed 14 cases with a monetary value of UShs.181m.

Planned activities for 2006/07

?? To resolve 71 cases still outstanding, with a monetary value of UShs.2.4bn.

Financing

Funding Source	2005/06 Budget Shs.	2006/07 Budget Shs.
GOU	380,000,000	350,000,000

Staffing

Funding Source	Category	Expected Numbers 2004/05	Projected cost 2004/05
GOU	Local	11	184,627,000

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4. UGANDA NATIONAL COUNCIL OF SCIENCE AND TECHNOLOGY (UNCST)

Background

The Uganda National Council for Science and Technology was created by Statute No.1. of 1990 of the Republic of Uganda with the mandate to develop and implement strategies for integration of science and technology in the national development process and to advise government in the formulation of policies that enhance and foster the integration of science and technology in Uganda's socio-economic and cultural development of Uganda."

Functions

- (i) Provide advice to Government and coordinate the formulation and management of an explicit science and technology policy in all field of science and technology;
- (ii) Promote the application and development of science and technology to serve the national socio-economic development needs.
- (iii) Develop strategies and carry out activities that ensure sustainable integration of science and technology in the national development process;
- (iv) Strengthen and promote the development of human resource capacity in science and technology;
- (v) Co-ordinate all scientific and technological activities in the country through a national programme geared to national

socio-economic development.

Achievements in 2005/06

- ?? Sound S&T policies for technological and economic growth:
Biotechnology and Bio-safety; indigenous knowledge
- ?? Formulated Research, transfer and acquisition of materials
for research guidelines

Planned Activities 2006/07

- ?? Implementation of the Millennium Science Initiative
- ?? Development of appropriate technologies
- ?? Protection and commercialization of S&T innovations

Financing

Category	Budget FY 2005/ 2006 Shs.	Budget FY 2006/ 07
GoU	0	747,000,000
Donor	1,250,000,000	0
Total	1,250,000,000	747,000,000

Staffing Numbers

FY 2005/ 2006 (a)	FY 2006/ 2007 (b)	Variation (b-a) (c)
31	31	nil

#####

5. TAX APPEALS TRIBUNAL (TAT)

Background

The Tribunal was set up by an Act of Parliament (Cap 345) as a

specialized court to provide the taxpayer with easily accessible, efficient and independent arbitration in tax disputes with Uganda Revenue Authority (URA). This is part of Government efforts to provide a conducive environment to doing business in Uganda so that investors can develop confidence in the economy. TAT therefore enhances taxpayer compliance and smoothens revenue collection in the long run.

Achievements for 2005/06

- ?? Resolved tax disputes involving over Shs. 20bn.
- ?? Facilitated out of court settlements involving Shs. 5bn.
- ?? Produced the 4th Volume of the TAT law reports.
- ?? Conducted public education countrywide.

Planned Activities for 2006/07

- ?? To continue resolving tax disputes.
- ?? To build up a reference library.
- ?? To conduct public education programmes countrywide.

Financing

Source	2005/06	2006/07
GoU	590,000,000	690,000,000
Donor	0	0
Total	590,000,000	690,000,000

#####

8. POPULATION SECRETARIAT

Background

The Population Secretariat (POPSEC) is the focal point for the coordination, advocacy, monitoring and evaluation of the implementation of the population programmes and activities in Uganda. It is the specialized Government organ responsible for facilitating the formulation and review of a comprehensive, explicit National population policy and ensuring the incorporation of demographic variables in development planning.

The **Vision** of POPSEC is to have ‘a nation that takes into account demographic trends and patterns in all its policies and programmes’ while the **Mission** is ‘to influence Government policies and programmes on current unfavorable demographic trends and patterns in order to improve the quality of life of the people of Uganda’.

Strategic Objectives

- ?? To spearhead the development and implantation of an explicit National Population Policy.
- ?? To promote the integration of population factors in development planning at national, sectoral, district and lower levels.
- ?? To promote collaboration and partnerships among Government Ministries, Agencies, Institutions and Civil Society Organizations that address population issues.

- ?? To promote networking and linkages with international institutions and programmes that deal with population issues.
- ?? To mobilize resources for programmes that address population issues at national and lower levels.
- ?? To develop capacity for efficient and effective implementation of policies and programmes
- ?? To assess relevancy, efficiency and impact of population policies and programmes

Achievements for 2005/06

- ?? Concluded revision of the National Population Policy.
- ?? The Secretariat brought high on the agenda discussion on the interrelationship between very high population growth rate and development.
- ?? Continued playing an advocacy role for a supportive environment for population and development programmes.
- ?? Built capacity for District Population Officers (under District Planning Units) to integrate population variables in district and sub-county development plans.
- ?? Coordinated the finalization of the 5th GOU/UNFPA Population Country Programme (2001-2005) worth US\$ 24m; and the commencement of the 6th GOU/UNFPA Population Country Programme (2006-2010) worth US\$ 30m.
- ?? Shifted from the rented offices at Crane Chambers to the new Statistics House

Planned Activities for 2006/07

- ?? Coordinate, monitor and evaluate population programmes

- ?? Continued capacity building of District Planning Units and ensure that population issues are integrated in district plans
- ?? Maintain strategic alliance and networking with partners

Financi ng

Funding Source	FY 2005/ 07	FY 2006/ 07
GoU	1,320,000,000	1,410,000,000
Donor	0	0
Total	1,320,000,000	1,410,000,000

#####

7. UGANDA INVESTMENT AUTHORITY

Background

The Investment Code 1991 created the Uganda Investment Authority as the statutory executing agency, which was mandated to initiate and support measures that will enhance investment in Uganda and advise Government on appropriate policies conducive to investment promotion and growth. Government also identified information and communication technology as a sector to benefit from as an export service, to attract investments in this area.

Objectives

- ?? Target Foreign Direct Investment (FDI) in identified markets that will generate quick gains
- ?? Focus on investments that will accelerate employment creation and export generation.

- ?? Provide excellent investment facilitation and after care services to existing investors.
- ?? Stimulate and promote indigenous investments, as well as investment upcountry in priority sectors.
- ?? To play a leading role in creation of the most favorable investment environment within the region

Achievements for 2005/06

- ?? Licensed 58 projects with planned investment of US\$63m and planned employment of 3,874
- ?? Through monitoring and evaluation generated data on constraints facing investors in the country

Planned Activities for the FY 2006/07

- ?? To license 134 projects worth US\$340m
- ?? Continued mobilization of local and foreign investors
- ?? Provide necessary infrastructure for the Namanve Industrial & Business Park

Financi ng

Funding Source	2005/ 06 Shs	2006/ 07 Shs
GoU	1,900,000,000	1,900,000,000
Donor	0	0
Total	1,900,000,000	1,900,000,000

#####

8 ECONOMIC POLICY RESEARCH CENTRE (EPRC)

Background

Established in 1993, the Economic Policy research Centre (EPRC) is mandated to undertake applied policy research and analysis that support Uganda's policy making processes. In addition to research, the Centre provides analytical technical support to development policy actors, and participates in other forms of knowledge sharing activities. All this is to ensure that policy debates, formulation, implementation, monitoring and evaluation benefit from applied policy research and analysis.

Objectives

- (i) To conduct policy relevant high quality applied economics research and carry out rigorous policy analysis;
- (ii) To filter and produce research outputs in a user-friendly form for dissemination to a broad spectrum of stakeholders;
- (iii) To provide intellectual backstopping to other institutions that undertake economic policy analysis and policymaking;
- (iv) To provide a forum for policy information filtering, amplification and dissemination;
- (v) To enhance capacity for research and policy analysis through professional training and other development programs;
- (vi) To maintain an expanded national and international institutional linkage; and
- (vii) To ensure intellectual sustainability of core in-country capacity for economic policy research.

Achievements for 2005/06

The physical performance is reflected in terms of research papers produced, technical assistance rendered to government, donor and civil society actors in the development process, capacity building undertaken for enhancing in-country skill for policy analysis, and output dissemination at workshops or conferences.

Policy research undertaken, 2005/06

No	Title of research	Effect/Impact
1	Illicit trade in East Africa: the case of Uganda	British American Tobacco Company of Uganda used the results to discuss tax policies affecting the company with fiscal authorities; 2005/2006 fy
2	Taxation of Alcoholic Beverages in Uganda: The Case of Excise Duty on Beer and Spirits	The results were used by the East African Breweries Company to discuss with fiscal authorities the beer tax structures for the year 2005/2006.
3	A microsimulation of the Uganda tax system: the poverty implications	Micro-simulation capacity built.
4	Macroeconomic policy issues and convergence criteria: The case of the proposed EAC Monetary Union	Served as a discussion paper to inform the initiative by IDRC to create a regional trade research network in East Africa.
5	Vulnerability and poverty dynamics in Uganda	Paper presented at USAID Kampala mission to inform the agency's prioritization of their project aid
6	Further analysis of Uganda's poverty and inequality trends; under a poverty assessment project of the World Bank	Produced evidence that raised lots of issue about the sustainability and distributional impact of Uganda's growth and poverty reduction strategies.
7	Operationalizing Pro-Poor Growth, Uganda case study	Informed policy debates at major conferences. Has been particularly cited in the current thinking of growth and pro-poor growth strategies.
8	Review of district health expenditures on the basis	Fed into the country's annual public expenditure review of the World bank

No	Title of research	Effect/Impact
	of Uganda's Health Sector Strategic Plan	
9	Effectiveness of agricultural and veterinary extension services in the implementation of Uganda's Plan for Modernization of Agriculture	Provided evidence for policy discussions of the functioning of the public private partnership in the delivery of extension services.
10	Essential service delivery in the health sector of Uganda	Provided analytical inputs into the understating of the challenges of service delivery in the health sector
11	Extension of the rural taxation study: From revenue composition of local taxes to service delivery	Exploration of rural livelihoods to inform policymakers about vulnerability of rural households to poverty
12	Macro-level investment trends in Uganda: Implications for sustainable growth	Contribution to Uganda Country Economic Memorandum
13	Globalization, foreign direct investment and employment of women in Uganda	Provide gender disaggregated evidence of the impact of foreign direct investment
14	Survey of Uganda's industrial competitiveness	Provided evidence on the issues to focus on when tackling constraints affecting the development of private sector firms.
15	Balancing social sector spending and spending on the real sector - A review	Used by UNICEF to argue with government policymakers in favor of relaxing fiscal limits on social sector spending
16	MDG Progress Report for Uganda	Used by UNDP Kampala office to file a an MDG progress report on Uganda to the UN Secretary General
17	Initiated Computable General Equilibrium and sector modeling for Uganda	To be used extensively by government economic policy analysts to assess ex ante and ex post the distributional impacts of policies

Planned activities for the year 2006/2007

The functions and activities of the EPRC are applied economic policy research, policy analysis, analytical knowledge sharing, and capacity building with the objective of informing policy processes. Except for continuous reorientation of our research programs to contemporary development policy issues of Uganda, we do not expect changes in our institutional policy/mandate and program activities.

Financing

Funding source	Budget 2005/06	Budget 2006/07
GoU	352,108,000	393,725,000
Total	352,108,000	393,725,000

#####

9. NATIONAL ENTERPRISE CORPORATION

Background

National Enterprises Co-operation (NEC) a body corporate established by Statute No.1 of 1995 acts as a coordinating unit of various subsidiaries engaged in manufacturing Industry, Construction and Agriculture. The subsidiary companies include Luwero Industries Ltd., NEC Construction Works and Engineering Ltd, NEC Farm Katonga Ltd and NEC Pharmaceuticals Ltd

Objectives

?? To act as a commercial arm of the army

- ?? To equip soldiers with skills to benefit individuals upon retirement
- ?? To participate in projects of strategic importance where private investors may not readily participate
- ?? To create employment for the people
- ?? To facilitate technology transfer from developed countries through joint ventures, hiring experts and outright purchases of technology

Achievements in 2005/06

- ?? Remodelling of NEC pharmaceutical factory and offices in line with National Drug Authority (NDA) requirements
- ?? Attracted joint venture partner to inject capital and expertise in factory
- ?? Improved the farm infrastructure
- ?? Renovated the office premises at Muweesi Road
- ?? Production of military goods and equipment

Planned Activities for 2006/07

1. Production of uniforms and leather shoes for the army and the public
2. Construction and stocking of a new Officers Mess, a Guest House and Tax Free Army Shop
3. Put up a tractor assembling plant and its accessories in joint venture with Tractorsazi Commercial Company of Iran
4. Acquisition of 90 tractors and their implements

Financing

Source	2005/ 06 (Shs)	2006/ 07 (Shs)
Donor	0	0
GoU	1,500,000,000	1,500,000,000
Total	1,500,000,000	1,500,000,000

#####

DEPARTED ASI ANS PROPERTY CUSTODI AN BOARD

Background

The Departed Asians' Property Custodian Board (DAPCB) is a body corporate established under the Assets of Departed Asians Act, Cap 83 Laws of Uganda. Its role was to take over and manage the assets left in Uganda by 'departed Asians'. The Expropriated Properties Act 1982 gave DAPCB the additional role of handling the disposal of 'departed Asians' properties by either repossession or sale, and compensating the former Asian owners of sold properties. It is currently executing this role.

The DAPCB is governed by a Board of Directors, consisting of the Minister of Finance as Chairman, and the Members are the Ministers responsible for Commerce; Lands; Local Government; Attorney General, and two other persons nominated by the President. The Board of Directors however last met in July 1997. In view of the diminished size of the Custodian Board, the Board of Directors delegated their functions to the Minister of Finance, to make all policy decisions regarding the Custodian Board.

The Custodian Board is in the process of winding up. In December 2005, the services of most of its staff were terminated, and the Divestiture Committee was wound up. The DAPCB now consists of only three employees, who are a Legal Manager, a Claims Manager, and a Secretary. The final winding up is to be debated by Parliament when the Bill to wind up DAPCB is presented to it. The Bill is still in the form of a Cabinet Memorandum, pending Cabinet approval.

The DAPCB's achievements and constraints are as shown in the matrix below:

Achievements	Constraints
<p>1. Repossession A total of 4,063 properties were repossessed by their former Asian owners</p>	<p>??There were some cases of fraudulent repossession. Unfortunately some properties had already been sold by the fraudsters hence were never recovered. Some of the genuine owners filed suits against Government, which are still pending in courts of law.</p> <p>??Some repossessors have not taken effective management of their properties as required by law. Whenever such a case is discovered, the Minister of Finance is requested to revoke the repossession so that the property can be sold in accordance with the law.</p>
<p>2. Sales A total of 1,664 properties were offered for sale, of which 1,506 were fully paid for, and 158 were partially paid for.</p>	<p>??A big number of mailo land owners have affected re-entries on expropriated properties. This has made it impossible for the properties to be sold by Government.</p>

Achievements	Constraints
	?Many purchasers fail to complete payment within the specified time. This has slowed down the divestiture process.
<p>3. Compensation to former Asian owners A total of 163 former Asian owners have been compensated for their properties following the sale of those properties by Government to the tune of Shs. 2,555,701,234.</p>	Government has not yet imposed a deadline to receiving of compensation claims. This is one of the proposals in the Bill to wind up DAPCB to be presented to Parliament after Cabinet approval.
<p>4. Compensation in respect of nullified sales There are a total of 81 properties which were sold by the DAPCB to indigenous Ugandans between 1973 and 1980. Those sales were subsequently nullified by the provisions of the Expropriated Properties Act, and the properties repossessed by their former owners. Of the 81 purchasers, a total of 61 have so far been compensated by DAPCB to the tune of Shs. 3,375,909,639.</p>	A total of Shs. 452,952,000 is required to compensate the remaining 20 purchasers. The DAPCB does not have the funds. A request has been made to Government to cover the balance of compensation due.
<p>5. Civil suits against the Attorney General over expropriated properties A number of civil suits which had been filed by 'departed Asians' against the Attorney General regarding expropriated properties have been concluded. Some of them were settled through consent judgments.</p>	The court awarded huge court awards against the Attorney General. The Attorney General pushed the judgment debts to DAPCB to settle. However, DAPCB does not have the funds. The matter has been forwarded to Government. The judgment costs amounts to Shs. 3,943,974,281.

Planned activities for FY 2006/07

- i) Valuing and offering for sale the remaining 136 properties.
- ii) Verifying compensation claims and effecting payment of compensation to the former owners of properties which have been sold.

- iii) Completing payment of compensation to people who had purchased departed Asians' properties between 1973 and 1980, but whose purchases were nullified by the provisions of the Expropriated Properties Act.
- iv) Handling Civil suits against the DAPCB.
- v) Handling the large volume of correspondence which includes claims and complaints from former Asian owners; mailo/freehold land owners, as well as former tenants of the DAPCB.

Financi ng

DAPCB retains 10% of the purchase price of each property sold to finance its activities. The Ministry has provided additional Shs100m to facilitate DAPCB activities

1. PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY (PPDA)

Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) was established in 2003 under the PPDA Act to serve as the central organ of the Government for all matters concerning public procurement and is therefore a policy and advisory body. The reform aims at greater accountability, integrity, and value for money in the Public Procurement and Disposal System.

Objectives

- ?? To ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices;
- ?? To harmonize the procurement and disposal policies, systems and practices of the Local Governments and the Central Government;
- ?? To set standards for the public procurement and disposal systems in Uganda
- ?? To monitor compliance of procuring and disposing entities
- ?? To build procurement and disposal capacity in Uganda

#####

2. UGANDA BUREAU OF STATISTICS

Background

The Uganda Bureau of Statistics (UBOS) was created by an Act of Parliament with the mandate to among others, manage, coordinate, collect, monitor, supervise and disseminate national statistics for effective planning for economic development and poverty eradication.

Objectives

?? Develop capacity of UBOS to manage national statistics and undertake national surveys.

?? Facilitate the monitoring and evaluation of the impact of PEAP.

#####

4. UGANDA REVENUE AUTHORITY (URA)

Mission Statement

URA is intensifying its effort to effectively contribute to national development through the maximizing of Central Government tax revenue and optimising resource utilization by ensuring a fair and equitable tax system with a highly motivated and professional staff, and strict expenditure management.

Functions

?? To administer tax collection by identifying and monitoring all actual/potential taxpayers in order to attain revenue targets

- ?? To enhance efficiency in order to meet the expectations of all stakeholders through improved systems, procedures supported by automation to cut down lengthy processes and time spent by clients.
- ?? To develop a strong, productive, efficient and motivated workforce through championing ethics and integrity amongst staff through adherence to the code of conduct; evolve an organization culture.
- ?? To identify taxpayers' needs and draw up strategies to meet these needs by establishing linkages with them and all departments, sensitizing public on tax issues and any new tax policy changes.
- ?? To continue implementing government policies and commitments relating to international and regional arrangements

5. CAPITAL MARKETS AUTHORITY

Background

The Capital Markets Authority (CMA) has now been in existence for ten (10) years. Established by the enactment of the CMA statute in 1996, CMA is an auxiliary agency mandated with promoting, developing and regulating the capital markets industry in Uganda. Promotion of the industry has been done through road shows, seminars, workshops, one to one meetings, publications and the mass media. To develop the industry CMA has sought incentives to promote the demand and supply of products on the Uganda Securities Exchange (USE), particularly tax incentives. CMA

continues to review its legal regime to incorporate lessons learnt from increasing market activity and with a view to paving the way for new products.

CMA's **vision** is: "to make Uganda's capital the centre of choice for capital raising and investment in the region". In order to achieve this vision, CMA's **mission** is: "to regulate and promote a robust, transparent, fair and efficient capital market in Uganda".

The Authority's functions as provided for under section 6(1) of CMA Statute are:

- i. To develop all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of incentives for longer term investments in productive enterprises;
- ii. To create, maintain and regulate, through implementation of a system in which the markets participants are self regulatory to the maximum practicable extent, and of a market in which securities can be issued and traded in an orderly, fair and efficient manner;
- iii. To protect investors' interests;
- iv. To operate an Investor Compensation Fund (ICF).

By virtue of CMA's membership in the International Organization for Securities Commissions (IOSCO), it has also embraced the following internationally recognized objectives:

- i. The protection of investors;

- ii. Ensuring that markets are fair, efficient and transparent, and
- iii. The reduction of systemic risk.

Achievements in the Financial Year 2005/06

- (i) Licensed three new market players as follows:
 - a. Crested Stocks & Securities Limited for a Broker/Dealer license;
 - b. PricewaterhouseCoopers Limited for an Investment Advisory license;
 - c. CDH Securities Limited for a Broker/Dealer, Investment Advisor and Fund Manager License.

- (ii) Two licensed firms had their licenses revoked on their own initiative these were:
 - a. East African Development Bank (Investment Advisor license) and
 - b. Global Investment Consultancy Limited (Investment Advisor License).

CMA also took enforcement action by placing public notices of persons who were refused investment advisory licenses on the grounds that they were not fit and proper to conduct the business of Investment Advisor in Uganda:

- a. Paul Lambert also trading as Millennium Offshore (U) Limited, and
 - b. Allen Hope.
-
- (iii) Drafted the Central Depositories System Bill meant to

demobilize and dematerialize securities.

- (iv) The Board issued:
 - ?? Disaster Recovery Guidelines to guide industry participants to put in place business continuity and contingency measures
 - ?? Approved the necessary changes to the regulations regarding the rotation of auditors for listed companies and licensees
 - ?? Approved that auditors of listed companies submit to CMA periodic accounts and annual reports (Currently the reports as submitted to the stock exchange only)
 - ?? Approved the relevant change to regulations of licensed persons and corporate governance guidelines for listed companies with regard to the restriction on audit and non audit services.

- (v) Commenced on the IOSCO Multilateral Memorandum of Understanding (MMOU) assessment exercise, this is meant to prepare it to review its laws and regulations to enable it sign the MMOU by 2010 as required by IOSCO. A detailed analysis of the relevant laws is currently underway and thereafter necessary amendments to facilitate CMA's ability to be a signatory will be put in forward. The goal of the exercise is to strengthen cross-boarder co-operation in the enforcement of regulation by the East Africa Securities Regulation Authorities Association (EASRA) member countries. The project is being carried out jointly with the securities regulators in Kenya and Tanzania, and is expected to be completed in September 2006.

- (vi) Actively participated in the Anti Money Laundering

Committee meetings and events, empowering it with the relevant skill and information on how to handle anti money laundering and ridding the financial sector of financial crime.

(vii) Approved the following products:

?? The **East African Development Bank** (EADB) 7 year unsecured US\$ 20 Billion floating rate bond was listed on the Uganda Securities Exchange (USE) on the 22nd December 2005. EADB will use the proceeds to finance pipeline projects.

?? **Standard Chartered Bank (U) Ltd** (SCB) issued a US\$ 23,000,000 unsecured subordinated bond. The bond will offer both fixed and floating interest rates during the 7 year tenure based on the 182 day Treasury Bill Rate. This bond is to be listed on the USE.

?? In February 2006 the **Jubilee Holdings Limited** was cross listed from the Nairobi Stock Exchange. This brings the number of cross listings to three and the total number of listings to eight.

(viii) Market activity is summarized in the table below:

	2004/ 2005	2005/ 2006	Growth
Volume of Shares Traded	7,726,579	10,659,144	38%
Turnover (UGX)	3,347,083,070	7,328,335,245	119%

¹This covers the period 31st July 2005-16th May 2006

Market Capitalization (Bn UGX)²	3,014.00	4,369.80	45%
All Share Index³	622.28	875.50	41%
MBEA Index⁴	254.998	308.39	20.9%

Source: Uganda Securities Exchange (USE)

For the second year in a row Uganda's stock market emerged strong, third overall in the All Africa Shares Index in 2005 (according to a research report by Databank Research Africa, a finance Advisory Services firm based in Ghana released in January 2006). The USE posted 81 per cent index gains after Egypt and Zambia. This performance was attributed to the "influx of foreign investors" and the presence of cheap valuations in the country relative to those of neighboring countries.

- (ix) There was increased growth in fund management activities. Currently the funds under management by licensed firms total UShs 100 Billion , an indication that there are several private pension/provident funds that companies are developing for their members on top of NSSF. This re-enforces the need to liberalize the pension sector to offer competition to the NSSF.
- (x) Commissioned a study on consolidated regulation of non bank financial institutions. The study proposes a framework for the consolidated regulation of capital markets, pensions

² End of period figures

³ End of period figures

⁴ This index excludes the cross listed companies thereby giving a true picture of the performance of the local listings. The figures covered are end of period figures.

and insurance.

- (xi) Continued to carry out several public education initiatives in a bid to ensure continued investor protection. These include
 - ~~///~~ 9 Seminars
 - ~~///~~ 4 Exhibitions
 - ~~///~~ 3 'Office to Office' meetings

CMA continued with the Capital Markets Secondary Schools Challenge (CMSSC) in which 74 schools from all over the country were invited to participate. CMA also introduced the Capital Markets University Challenge in which 8 universities were invited to participate. These two initiatives have been very successful and have captured the attention of students, parents and teachers. They have also culminated in the establishment of investment clubs by the various participants to enable them save, invest and put what they have learnt into practice.

- (xii) Continued to work with the National Curriculum Development Centre to develop student and teacher training manuals for capital markets studies which have been included as modules in the new subject called Entrepreneurship Skills. The pilot testing of the subject started in some schools. The new subject will be taught as a compulsory subject in the first two years of secondary school and will be offered as an optional subject in all other classes. The subject is examinable by the Uganda National Examinations Board.
- (xiii) Regional and international co-operation has had a big impact

on shaping the growth of the Ugandan capital markets industry on the legal and regulatory, information sharing, market development and capacity building fronts. Outlined below are some of achievements on this front.

CMA signed a Memorandum of Understanding (MOU) with the Securities and Exchange Commission (SEC) of Nigeria on the 25th July 2005 bringing to four (4) MOUs that have been signed with other regulatory bodies. The 5th MOU was signed with the SEC Zambia in October 2005. The MOUs will facilitate the exchange of information for regulatory and enforcement purposes.

The Authority hosted the International Organization of Securities Commissions (IOSCO) Africa and Middle East Regional Committee (AMERC) Seminar Training Program on the implementation of IOSCO principles and combating financial fraud through enforcement related cooperation & information sharing. The seminar was attended by 40 delegates from 35 countries who shared pre and post signing experiences of signing the IOSCO Multilateral MOU. The hosting of this seminar was seen as a sign of confidence in CMA by its fellow regulators and enhanced its profile.

CMA continued to participate in regional and international fora. As a result of participation at the Committee for Insurance Securities and Non Bank Financial Institutions (CISNA) of Southern Africa (SADC), Uganda will benefit from a

training of regulators program that will be funded by FIRST Initiative.

Constraints

The growth of the capital markets industry has continued to be limited by the few public offers and the low interest from the public to invest in the capital markets. The number of investors in the Ugandan stock market currently stands at 10,504. The Table below shows a detailed analysis of the investor profile at the Uganda Securities Exchange.

Investor Profile

	Number (a)	Shares Held (b)	Shares per capita { b/a }
Foreign Investors	194	6,864,798	35,386
Local Investors			
<i>Pension Sector</i>	4	32,769,012	8,192,253
<i>Insurance Sector</i>	10	12,781,907	1,278,191
<i>Others</i>	10,296	45,523,939	4,422
Total	10,310	91,074,858	8,834
Grand Total	10,504	97,939,656	9,324

Source: Livingstone Registers.

Data from the Table clearly shows that much as there are few foreign investors, their per capita investment far exceeds that of the local investors attesting to the fact that foreign investors have and will continue to play a vital role in the development of Uganda's capital markets. The dominance and the importance of the pension sector as evidenced in the figures above cannot be overemphasized.

Compared to Kenya and Tanzania, Uganda's tax regimes still remain the highest as shown in the Table below.

A Cross-Country Comparison of Tax Rates in East Africa's Capital Markets

	Corporati on Tax		Capital Gains Tax	Withholdi ng Tax on Di vi dends	
Kenya	20% issued shares listed (1 st 3 yrs)	27%	Nil	Dividend > 12.5% voting power	Exempt
	30% issued shares listed (1 st 5 yrs)	25%		Dividend < 12.5% voting power	5%
	40% issued shares listed (1 st 5 yrs)	20%			
Uganda	30%		30%	15%	
Tanzania	30%		30%	5%	

Source: PWC East Africa Tax Reference Guide 2005/06

Despite the above mentioned constraints, with the right tax incentives, and the passing of the long awaited Central Depository System bill and Pension Reform Uganda's capital markets industry is destined for tremendous growth. Pension reform in Kenya and the commencing of the CDS operations in 2004 has greatly revitalized Kenya's capital markets industry and indeed there are many lessons we can learn from Kenya.

Staffing

FY 2005/ 06 (a)	FY 2006/ 07 (b)	MTEF 2 nd Year (c)	MTEF 3 rd Year (d)
18	19	20	20