



# Joint Programme 2021 Annual Progress Report

## SDG Financing Portfolio - Component 1

### Cover page

**UNCT/MCO:** Uganda

**Reporting Period:** 1 January - 31 December 2021

**JP title:** Integrating Policy and Financing for Accelerated Progress on SDGs in Uganda

**PUNOs:** UNDP, UNCDF, UN-Women

**Government partner:** Ministry of Finance, Planning and Economic Development

**Target SDGs:** SDGs 1, 5, 8, 10, 16, 17

**Gender Marker:** 2.7

**Approved budget:** USD 1,000,000

**Co-funding:** USD 994,000

**Total Disbursement by 2021:** USD 403,097

**Total estimated expenditures:** USD 249,611.4 (est. Delivery rate: 61.9%)

**Total estimated commitments** (including expenditures): USD 493,951.3 (est. Committed rate: 123%)

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### Executive Summary

UNDP delivered on three main outputs that have influenced national planning, budgeting, reporting and policy implementation. 1. 176 Local Government Plans including 31 municipalities and 10 new cities were reviewed for quality assurance and alignment to the National Development Plan III (2020/21-2024/25). Local Governments will adopt a programme-based approach of the NDP III for effective planning, implementation and monitoring and integrated financing. In this regard, the SDG fund contributed the review of the plans in line with the LG guidelines and ensured the integration of cross cutting issues such as gender, climate change, refugees, as well as localization of SDGs among others. 2. To ensure effective implementation of the national development frameworks, Government issues a Certificate of Compliance (CoC), an institutional benchmark for the alignment of the annual budgets to the national development plans, the Charter of Fiscal Responsibility, and the National Budget Framework Paper. As a requirement of the Public Finance Management Act, 2015, the CoC for the annual budget for the previous year is issued to accompany the budget for the next financial year. To this end, Uganda adopted a programme-based approach for the implementation of the third National Development Plan (III), which necessitated revision of the

CoC methodology to accommodate all the 20 programmes. In this regard, the JP funded the production of the revised manual providing a step-by-step guide that could assess consistency in the CFR, NBFP as well as integrating cross cutting issues.

3. The Ministry of Finance, Planning and Economic Development (MFPED) undertook the Regulatory Impact Assessment (RIA) of the Cash Management Policy as part of the efforts to improve service delivery. The RIA analyzed the institutional weaknesses in financial management, resource mobilization, and management, as well as related effects including high tax burden, high dependence on borrowing and wastage of resources, and poor reporting and accountability. In conclusion, that RIA report recommended that a new policy is introduced to address the issues encumbering the implementation of the current cash management policies and investment procedures. (draft report available upon request to MFPED)

UN Women: The PFMA 2015 increased appreciation and compliance on gender and equity issues in programming and budgeting at all levels. The 2021 assessment of the PFMA established an increase in allocation by 87% of the national budget from UGX 18,343 billion in FY 2015/16 to UGX 34,304 billion in FY 2019/20 for Gender Equity and Women Empowerment (GEWE). Gender and equity service delivery in hard-to-reach areas in LGs greatly improved from 68% in FY 2019/2020 to 78% in FY 2021/22. There is increased recognition of the needs of women and girls and other vulnerable groups in programming. Recommendations underline the existing gaps in gender and equity that require re-dress by stepping up advocacy for fiscal policy reforms and institutional capacity strengthening for effective collective accountability on GEWE in line with COVID - 19 response plans. There is need to demonstrate increased design and implementation of gender sensitive socio-economic stimulus packages.

UNCDF supported to effectively built capacity for enhanced revenue administration and management with at least 377 people trained on tax administration and at least 54 certified as TADAT trained. The program also effectively supported financial policy development and financial advocacy activities with ongoing progress in development of cabinet paper on capital markets development as alternative source of equity and capital for private sector, central government and local governments for SDG and NDP III implementation.

## Annual Progress

### Overall JP self-assessment of 2021 progress:

On track (expected results achieved)

**Comments on self-assessment:** UN Women provided technical and financial support to government through the Ministry of Finance, Planning and Economic Development (MoFPED) in partnership with Equal Opportunities Commission (EOC) to undertake a review of the Public Finance Management Act 2015 (PFMA 2015). UN Women prepared the Terms of Reference and through competitive bidding procurement process hired a consortium of three consultants to undertake an assessment of the impact of the PFMA2015 on Gender Equality and Women Empowerment (GEWE) in Uganda. The consulting team used a participatory approach to engage selected stakeholders both at national and sub-national levels including UN agencies, CSOs, Ministries, Departments and Agencies (MDAs) and Local Governments to collect data that was analysed to produce the final report. The report was subjected to technical review and a validation process by Reference Technical Group comprising the MoFPED, Ministry Gender, Labour and Social Development (MGLSD), National Planning Authority (NPA), Civil Society Budget Advocacy Group (CSBAG), EOC. and UN Women. The report was validated in stakeholders' workshop with comments integrated and a final report produced ready for printing and dissemination. The reviewed report provided strategic recommendations potential for advocacy to influence fiscal policy reforms and institutional capacity strengthening and overall improvement in financing for gender equality.

However, UNCDF component is assessing the program performance satisfactory because as much as most of the activities in the work plan have been initiated, they have not been completed yet. The delays brought about by the COVID-19 lockdowns and the fact that some of the activities related to support to Government to apply alternative/nontraditional financing instruments like Banks financing, capital markets, demand for improvements in the legal and policy environment and these rather take time as they involve Government approval at cabinet level.

## Overall progress and key developments to date (3 key JP milestones)

- a) INFF: UNDP has keenly followed up on the implementation of the INFFs by the MFPED and confirms that Uganda is on track. With support from UNDP, Uganda is at the second stage out of the four stages recommended in the implementation of the INFFs. It completed the Development Finance Assessment (DFA), and currently finalizing Public Investment Financing Strategy (PIFS). The PIFS is anchored on the following objectives; i. Improve alignment of Government programmes to suitable financing options; ii. Minimise the cost and risk exposure of financing modalities; iii. Leverage additional financing from traditional and other innovative sources to meet the increasing development requirements; and, iv. Provide a framework for partnership with the private sector, both in the implementation and financing of public investment programmes and projects. Given the progress already made, MFPED requested that the INFF launch is postponed and launched with PIFS in Q2 2022. UN Women has developed and submitted a concept note advocating for socio-economic Policies that address gender gaps in fiscal policies to be able to develop gender sensitive stimulus packages to IMF.
- b) UNDP: NDP III implementation: UNDP provided technical and financial support to Government of Uganda through MFPED and NPA to inform the implementation of the NDP III. To this end, this support has influenced national policy reform measures that will improve service delivery to the citizens of Uganda such as, the RIA for cash policy management and revision of the CoC methodology. Furthermore, UNDP followed up on the recommendation by Government of Uganda for the 176 LG plans to be aligned to the NDP III's programme based approach. Results of these efforts will be assessed in the Mid Term and end of Term Review of the NDP III. UNW: Findings of the PFMA 2015 review revealed that Uganda has registered remarkable progress in the implementation of Gender and Equity provisions in the PFMA 2015, with improved financial allocations made towards gender and equity programmes. However, to actualize women's human rights, access to equal opportunities, such as formal employment, economic productive resources, access to quality sexual reproductive health services more attention for financing needs to be prioritised at Local Government levels.
- c) UNCDF serves as a member of task force supporting Government draft cabinet memo for amendment of Local Government regulation and laws that constrain sub-national innovative financing. The first draft is under review for submission to the Cabinet intending to unlock legal regulations limiting local government's ability to mobilize more than 20% of their previous local revenue collections. The program is also supporting the Ministry of Finance Planning and Economic Development develop Cabinet paper for improvement of Capital markets in Uganda. Its hope that improving performance of the capital markets to include participation of cities and local government will avail additional resources for SDGs and NDP III implementation.
- d) UNCDF: Revenue committees were revitalized and trained in two districts in Uganda. A total of about 215 (58F, 153M) participants were trained. This has contributed to improvement of local revenues in the 2 districts. Similarly, the program is also partnering with the International Monetary Fund (IMF)- Tax Administration and Diagnostic Assessment Tool (TADAT) secretariat to build capacity of URA, Central government and LG staff in Tax Administration using IMF's TADAT framework. During the FY the training reached over 162, KCCA, LG and central government staff from the new cities, GKMA, MoLG and the Ministry of Kampala City and Metropolitan affairs and URA staff. 54 of the participants passed the TADAT exams and were awarded certificates.

### Changes made to JP:

**Main Challenges:** Second phase lockdown of the COVID-19 pandemic affected the launch of the INFF and undertaking feasibility studies on Livestock Vaccines Manufacturing and Commercialization in Uganda, and Mt Elgon Tourism Infrastructure. However, this did not deter progress on the implementation which is now at the 2nd stage/ production of the PFIS. It was therefore agreed to have the launch in Q2 2022 after obtaining cabinet approval of the PFIS. In addition, procurements of consultancy firms for both feasibility studies were finalized to ensure that implementation kick starts early Q1 2022.

The second phase lockdown of COVID-19 pandemic has also seriously affected consultations and data collection process for the PFMA 2015 assessment, limited physical meetings leaving us with only online interactions which were also affected by unstable internet connectivity and expenses in affording internet bundles. That Means much of the findings captured depended on what was captured online which limited the method of observation.

COVID-19 Lock down has also delayed a number of activities, especially those related to trainings. The project activities were not only directly affected, but also getting Government partners who for half of the year operated

at half capacity. Administrative and political changes in Government also caused some delays in implementation activities like the launch of the initiative and INFF has been delayed up to date.

## Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Completed (100%)	Advancing (50-99%)	Completed (100%)	Completed (100%)	Advancing (50-99%)

## Descriptions on progress by INFF building blocks

**Inception Phase:** Completed JP SDG fund Component 1 Proposal in collaboration with UNDP, and UNCDF, RCO and Government of Uganda. The Proposal was approved by the global SDG Steering committee and funds effected for implementation in October 2021

**Assessment & Diagnostics:** UNDP provided both financial and technical support for the development of the Development Finance Assessment (DFA) in 2019, production of the National Development Plan III (2020/21- 2024/25) and 20 Programme Implementation Action Plans of the National Development Plan III. The DFA has evidently informed the Public Financing Strategy for it provided information on Uganda’s financing flows, needs as well as untapped sources of financing, and their appropriateness. In the Ugandan context, the SDGs are integrated in the NDP III and PIAPs therefore there is no separate SDGs budget or costing. However, discussions are on-going between NPA and the MFPED on how best to have SDG budget tagging. UNDP has on several occasions facilitated meetings between NPA and the Finance Hub in Pretoria with the aim to secure additional support for SDG budget tagging or costing.

**Financing Strategy:** n/a

**Monitoring & Review:** All PUNOs prepare and submit quarterly semi-annual and annual reports using reporting templates provided by the SDG Fund. Agencies also participates in the quarterly INFF JP progress review meetings coordinated by RCO and UNDP.

**Governance & Coordination:** n/a

## Priority Cross-cutting Issues

### How did the JP adapt to the COVID-19 context

UNDP conformed to the COVID 19 SOPs as guided by Government of Uganda to minimize on physical presence. It also funded or facilitated Government with over 10,000 zoom licenses to continue with business processes. COVID-19 pandemic badly affected revenue performance of many LGs because the process was manual and tax collection was done in person. Automation of revenue collection and management for LGs has ensured continuity and improved revenue in during the pandemic.

UN Women adapted to COVID-19 context by largely going virtual most of the stakeholder meetings, consultations and interviews at National and Local Governments were done online and through telephone calls to avoid exposure and minimize chances of contracting the virus. COVID-19 greatly affected Government financing as well as private sector financing and the need for broader sources of patient capital was brought to light and capital markets were seen as one major important source whose potential has not been fully exploited. The program is additionally supporting MoFPED develop cabinet paper to improve the capital markets in addition to the efforts for alternative financing for LGs.

## **How did the JP apply the Gender Marker**

UN Women integrated Gender equality issues in the Joint Programme, in terms of scoring the country status at the highest score being 3 (1-3) on gender equality and clarifying gender and equity requirements in the interventions for the Sustainable development cooperation Framework implemented by all UN Agencies.

*Estimated % of overall disbursed funds spend on gender: 10%*

## **Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)**

The review of the PFMA 2015, also prioritized the extent to which vulnerable groups benefited from GRB procedures especially considering their access to basic services such as health, education, and employment and whether the infrastructural designed provided for the special needs of the vulnerable groups. The review revealed that equity issues were prioritized even under the NDP III and the UNSDCF within the principle of Leaving No One Behind.

The Programme has continued to support Uganda to mobilize additional domestic public and private resources through support to project development, improving tax administration while ensuring debt sustainability for the country. We through improved Governance revenue administration structure at local level (revenue committees) ensured citizens are engaged too and participate in the decision-making process. By applying internationally approved best taxation practices in partnership with the IMF using the TADAT framework, responsible taxation and human rights and transparency is being promoted.

## **How did the JP work to build ownership and buy-in of key stakeholders**

UN Women applied a highly consultative and participatory approach in the design of the intervention, assessment of the PFMA 2015 process with key implementing partners as MoFPED, EOC, MGLSD and UBOS and consultations with MDAs and LGs to compile the PFMA 2015 review report.

The program is being governed at the highest level by the steering committee consisting of UN and Government. The implementation of activities is being undertaken by Government Ministries and agencies, notably, the Local Government Finance Commission, the Ministry of Local Government and the Ministry of Finance, Planning and Economic Development, the Uganda Revenue Authority as well as the District LGs of Zombo and Yumbe in Northern Uganda

## **Annual Reporting on Results**

### **Results achieved in promoting the priority thematic SDG agendas**

UN Women's priority SDGs include SDG 5 on promoting gender equality and empowerment of women and girls, SDG 4 - Quality education, SDG 16 Peace, Justice and Strong institutions and SDG 17 Partnerships for the Goals. SDG target 1.b. Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions SDG target 17.1. Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection

#### **Results Achieved For target 1**

UNCDF was a member of task force supporting Government draft cabinet memo for amendment of Local Government regulation and laws that constrain subnational innovative financing. The first draft is under review for submission to the Cabinet. It intends to unlock legal regulations limiting local government's ability to mobilize more than 20% of their previous local revenue collections. The program is also supporting the Ministry of Finance Planning and Economic Development develop Cabinet paper for improvement of Capital markets in Uganda. Its

hope that improving performance of the capital markets to include participation of cities and local government will avail additional resources for SDG and NDPIII implementation.

For target 17

In terms of capacity building, local Government staff to improve local revenue collection and governance. Revenue committees were revitalized and trained in two districts in Uganda. A total of about 215 (58F, 153M) participants were trained. This has contributed to improvement of local revenues in the 2 districts. Similarly, the program is also partnering with the International Monetary Fund (IMF)- Tax Administration and Diagnostic Assessment Tool (TADAT) secretariat to build capacity of URA, Central government and LG staff in Tax Administration using IMF's TADAT framework. During the FY the training reached over 162, KCCA, LG and central government staff from the new cities, GKMA, MoLG and the Ministry of Kampala City and Metropolitan affairs and URA staff. 54 of the participants passed the TADAT exams and were awarded certificates. The training is a precursor to proposed subnational assessments at the local government level to be undertaken in 2022 under DINU, Global SDG Fund and the PIFUD program in the GKMA. Automation of Revenue collection and management works are ongoing and will be completed in 2022.

### **JP contributions to the Joint SDG Fund's global results (especially around Outcome 2 & Output 4)**

n/a

### **Progress against JP-specific outcomes**

With our support to Yumbe and Zombo LGs there has been an increment in local revenue contribution to district budget by 0.6% (Yumbe).

### **Progress against JP-specific outputs**

n/a

### **JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts**

JP brought together various line ministries together for coherent programming. Some of the considerations are in line with the corporate lessons such as addressing policy bottlenecks and using new and alternative financial instruments to enhance private sector engagement will increase development financing.

## **Strategic Partnerships, Documents and Communications**

### **How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space**

The JP has not only facilitated collaboration with stakeholders but also created room for partnerships and resource mobilization efforts. For instance, at UNDP through the JP, partnerships with MFPED, OPM, NPA, IMF and EU have been strengthened.

The JP has facilitated collaboration with diverse bilateral and multilateral stakeholders in the SDG financing space from Government the MoFPEd, MGLSD, EOC and the Civil Society Budget Advocacy Group (CSBAG) and the consultative and review meetings of the PFMA 3015 that involved a wide range of MDAs and LGs. Besides the strengthened collaboration between the PUNOs UNDP, UNCDF and UN Women spearheading the implementation of the JP.

UNCDF has partnered with; 2 local governments (Yumbe & Zombo) to deliver and implement set activities to achieve JP outcomes, International Monetary Fund and the Uganda Revenue Authority (URA) to deliver the Tax

Administration and Diagnostic Assessment Tool (TADAT) to build capacity of Cities, Municipalities, and local governments.

**Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:**

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	Yes	No	No	No

**Comments on additional financing secured:** The JP has not only facilitated collaboration with stakeholders but also created room for partnerships and resource mobilization efforts. For instance, at UNDP through the JP, partnerships with MFPED, OPM, NPA, IMF and EU have been strengthened.

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UNCDF has partnered with; 2 local governments (Yumbe & Zombo) to deliver and implement set activities to achieve JP outcomes, International Monetary Fund and the Uganda Revenue Authority (URA) to deliver the Tax Administration and Diagnostic Assessment Tool (TADAT) to build capacity of Cities, Municipalities, and local governments.

**JP organized events in 2021**

JP Launch Event	Annual Donor Event	Partners Event
No	No	No

*Number of strategic documents produced by the JP: 3*

*Number of strategic documents contributed by the JP: 6*

*Number of communication materials produced: 5*

**2022 Plans & Way Forward**

**JP priority activities & expected results for 2022**

Communities awareness on the mandate, framework, and obligation for revenues collection by LGs and train tax payers on use of digital applications Support the 2 LGs undertake property valuation to update property tax register Supporting the Ministry of Finance Planning and Economic Development develop Cabinet paper for improvement of Capital markets in Uganda Support to cabinet memo drafting for alternative financing for LGs /LG financing bill Develop guidelines for bankable economic projects identification and preparation for sub-nationals Application of the TADAT Assessment

**3 major transformative results that will be achieved by the end of the JP**

Aligning plans, policies and financing Ensuring effective public finance management: Advancing alternative financing for subnationals and capacity development of sub nationals on local revenue mobilization

**Estimated rate of completion for each result as of 31 Dec 2021**

Result.1	Result.2	Result.3
Advancing (50-99%)	Advancing (50-99%)	Advancing (50-99%)