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**INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY
COUNTRY PARTNERSHIP FRAMEWORK
FOR
THE REPUBLIC OF UGANDA
FOR THE PERIOD FY16-21**

**East African Department 2
Africa Region**

**The International Finance Corporation
Africa Region**

The Multilateral Investment Guarantee Agency

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**The last Country Assistance Strategy was discussed by the Board on April 27, 2010,
followed by the Country Assistance Strategy Progress Report of July 3, 2013**

CURRENCY EQUIVALENTS

(as of March 7, 2016)

Currency Unit = Uganda Shilling (UGX)

US\$1.00 = UGX 3,370.00

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

AAA	Analytical Advisory Activities	FDI	Foreign Direct Investment
AfDB	Africa Development Bank	FY	Fiscal Year
AIDS	Acquired Immune Deficiency Syndrome	GAC	Governance and Anti-Corruption
ASA	Advisory Services and Analytics	GDP	Gross Domestic Product
ATAAS	Agricultural Technology and Advisory Services	GNI	Gross National Income
BTJET	Business, Technical, and Vocational Education Training	GPF	Governance Partnership Facility
CAS	Country Assistance Strategy	HIV	Human Immunodeficiency Virus
CASPR	Country Assistance Strategy Progress Report	HLAM	High Level Action Matrix
CEM	Country Economic Memorandum	IBRD	International Bank for Reconstruction and Development
CLR	Completion and Learning Review	ICT	Information and Communications Technology
CPF	Country Partnership Framework	IDA	International Development Association
CPPR	Country Portfolio Performance Review	IEG	Independent Evaluation Group
CPIA	Country Policy and Institutional Assessment	IFC	International Financial Cooperation
CSO	Civil Society Organizations	IMF	International Monetary Fund
DFID	Department for International Development	IPF	Investment Project Financing
DPOs	Development Policy Organizations	ISR	Implementation Status Report
EAC	East African Community	MDAs	Ministries, Departments and Agencies
EPRC	Economic Policy Research Centre	MDGs	Millennium Development Goals
		MDRI	Multilateral Debt Relief Initiative
		MIGA	Multilateral Investment Guarantee Agency

MoFPED	Ministry of Finance, Planning and Economic Development	PSFU	Private Sector Foundation Uganda
MSME	Micro, Small and Medium Enterprises	RAP	Resettlement Action Plans
MTEF	Medium Term Expenditure Framework	SACCO	Savings and Credit Co-Operative
NAADS	National Agricultural Advisory Services	SDG	Sustainable Development Goals
NDP	National Development Plan	SDP	Sector Development Plan
NPA	National Planning Authority	SCD	Systematic Country Diagnostic
NRM	National Resistance Movement	SMEs	Small Medium Enterprises
NUSAF	Northern Uganda Social Action Fund	SORT	Standardized Operations Risk-rating Tool
PBA	Performance Based Allocation	TSA	Treasury Single Account
PDI	Project Development Indicator	TSDP	Transport Sector Development Project
PDO	Project Development Objective	TTL	Task Team Leader
PFM	Public Financial Management	UBoS	Uganda Bureau of Statistics
PforR	Program for Results	UGX	Uganda Shillings
PIU	Project Implementing Units	UN	United Nations
PLR	Performance Learning Review	UNHS	Uganda National Household Survey
PPDA	Public Procurement and Disposal Act	UNRA	Uganda National Roads Authority
PPP	Public Private Partnership	UPPET	Universal Post-Primary Education and Training Program
PRSC	Poverty Reduction Support Credit	USAID	United States Agency for International Development
PIM	Public Investment Management	USE	Universal Secondary Education
PIMI	Public Investment Management index	USMID	Uganda Support to Municipal Infrastructure Development
PIP	Public Investment Plan	WBG	World Bank Group
PRG	Partial Risk Guarantee	WSS	Water and Sanitation Services
PRI	Political Risk Insurance		

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FY16-21 COUNTRY PARTNERSHIP FRAMEWORK FOR THE REPUBLIC OF UGANDA

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FY16-21 COUNTRY PARTNERSHIP FRAMEWORK FOR THE REPUBLIC OF UGANDA

I. INTRODUCTION

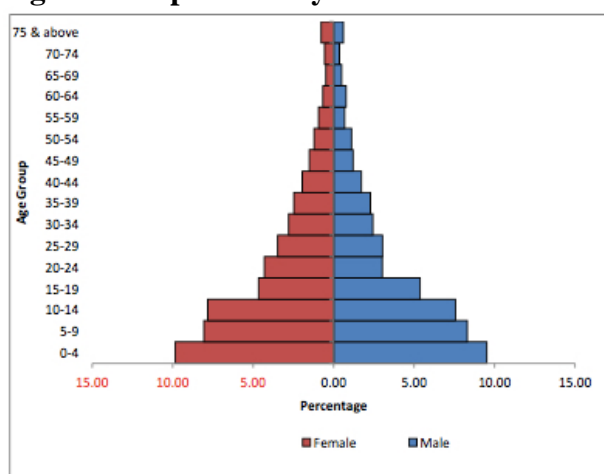
- 1. This Country Partnership Framework (CPF) presents the World Bank Group (WBG) program for the Republic of Uganda for the period FY16-21.** The CPF responds to the Government of Uganda vision of a transformed society from a peasant economy to a modern and prosperous country by 2040. The medium term goal is to attain middle income status by 2020 as described in the second National Development Plan (NDPII). The CPF is designed to contribute directly to achieving the Sustainable Development Goals (SDGs) and is guided by the Addis Ababa Action Agenda on financing for development.
- 2. The CPF is based on the findings in the Systematic Country Diagnostic (SCD) for Uganda.** Uganda faces a number of constraints that slow down its progress toward middle income status; key among those are its governance challenges, infrastructure deficit, high population growth, low levels of human capital, weak public service delivery, limited access to and high cost of credit, and an undeveloped land market. Productivity is low, especially in the agriculture sector which employs the bulk of the workforce. This is also the case for its private sector, which is predominantly consisting of informal micro, small and medium enterprises (MSMEs). The bigger challenge for Uganda, however, may be its implementation deficit. Determining ‘what to do’ is significantly easier than getting to grips with ‘how to do’. The country’s political economy dynamics do not, in some cases, offer sufficient incentives to decision makers to implement adopted policy reforms.
- 3. Ending extreme poverty and promoting shared prosperity in Uganda will entail boosting agricultural productivity and making non-farm sector growth more productive and pro-poor.** It will require deliberate actions to close the gap between formal institutions and actual decision-making. Uganda needs to unleash the productivity of its stagnant agriculture sector and develop the private sector. It needs to equip its young and fast-growing population with the required skills to make a better living in the rural sector or enter the job market in urban areas. With 700,000 new labor market entrants every year and an annual labor force growth of 4.8 percent per annum, Uganda urgently needs to ensure its people have opportunities to live productive lives, while managing its population growth. And it needs to bring its poorest regions—the North and the East—into the mainstream economy, and level the playing field for women and girls whose progress is held back by entrenched socio-cultural norms and practices. Uganda also needs to increase the resilience of its large proportion of vulnerable non-poor households, and protect children from abuse and exploitation.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

2.1 Political and Social Context

4. **Following the end of the armed conflict in 1986, the ruling National Resistance Movement (NRM) led by President Museveni introduced a number of structural reforms and investments.** The resultant macroeconomic stability, post-conflict rebound, and pro-market reforms generated a sustained period of high growth during 1987-2010 and reduced poverty. Gross domestic product (GDP) expanded at an annual average rate of 6.9 percent, one of the highest among African countries, albeit from a very low level. As a result, Uganda transformed from a failed state to one of the fastest growing economies in the world. Due to rapid population growth, however, the increase in per capita income was just above 3 percent per year. President Museveni were re-elected in February, 2016, for another five year term. The election was the most contested in Uganda's history with high voter turnout (67.6 percent, up from 59.3 percent in 2011). As in 2011, election observers reported irregularities, and incidents of intimidation and harassment, as well as restrictions to freedom of speech, and unequal access to resources and the media.

Figure 1: Population Pyramid



Source: UBOS 2014

5. **Uganda has one of the world's youngest populations with almost half of its people under the age of 15 years** (Figure 1). Uganda's population increased from 24 million to 35 million between 2002 and 2014, and is expected to be above 80 million in 2040 notwithstanding a declining fertility rate. The fertility rate is estimated at 5.7 children per woman (2015), down from 6.7 in 2010, and the annual population growth rate of 3.3 percent has resulted in a very high dependency ratio. In order to change its population structure faster, Uganda needs to accelerate the shift from high to lower levels of mortality and fertility.

6. **The overall Millennium Development Goals (MDGs) results in Uganda are generally good, although progress has been uneven across the goals (Annex 13).** Uganda met the MDG target 1a of halving poverty between 1990 and 2015 ahead of schedule, and progress has been made on access to HIV treatment, reduction in incidence of malaria and other major diseases. Meanwhile, progress on universal primary education, gender equality, and maternal health, the spread of HIV/AIDS, all of which are key aspects for human development has been slow, and in some cases, reversed. The underlying constraint to Uganda's ability to achieve these goals relates to unsatisfactory and ineffective public service delivery.

7. **There is significant inequality between regions, and rural and urban areas.** The sustained conflict in the north held the region back by several years, resulting in slower rise in incomes and high poverty levels. Similarly, the differences in welfare between rural and urban areas are pronounced in income as well as non-income dimensions. There are large inequities in

delivery of social services. In 2015, public spending per capita on health and per child in education differed by a factor of more than 10 across districts. This leads to a variation in the level of services, e.g., the share of babies delivered in public health facilities varies from 4 to 94 percent, and the number of students per primary school teacher varies from as low as 32 to as much as 100 across districts.

8. **Gender inequality persists and women face discrimination in access to economic opportunities and ownership of assets.**¹ Only 27 percent of registered land is owned by women, and although 70 percent of women are engaged in agriculture, less than 20 percent control the outputs and proceeds from their efforts. High fertility rates exert serious impacts on women's health and, given their disproportionate share of responsibility for child care, reduce the time available for income-generating activities.

9. **The NRM-led Government, which has been in power since 1986, has provided stability and direction to economic reforms.** Similarly, Uganda has introduced ambitious public sector reforms in the past two decades. This has resulted in the creation of a robust formal governance system and has contributed to a public sector management and institutional quality above that in many other countries of Sub-Saharan Africa. To this end, the last three years have seen an improvement in government effectiveness but, at the same time, the voice and accountability indicator, which improved between 2003 and 2008, has declined, and Uganda's capacity to fight corruption is now only above that of Kenya in the East Africa region.²

10. **The dynamics of Uganda's political economy has implications for effective implementation of policies and programs.** The public sector is over-promising and under-delivering and is not effectively held accountable for poor service delivery and graft. There are positive lessons from implementing the High-Level Action Matrix (HLAM) developed in 2012 and aimed at strengthening governance, public financial management and anti-corruption, but Government is yet to reap some of the dividends.

11. **The policy and legal frameworks continue to improve, notably through the Public Financial Management (PFM) Act (2015), but implementation gaps remain in key areas of procurement and anti-corruption.** Strategies, guidelines and programs are generally sound, but weaknesses in applying sanctions and public service effectiveness constrain implementation and service delivery. Public transparency is improving, e.g. through the budget transparency initiative, but this has not yet translated into accountability and improved service delivery. Public sector projects are plagued by implementation delays, and the capital budget is generally under-executed.

¹ This CPF is informed by gender diagnostic work (as per OP/BP 4.20), aspects of which are discussed further in relevant sections below and in Annex 9.

² Worldwide Governance Indicators (2014).

2.2 Economic Context

12. **The Ugandan economy has been recovering since the slump in 2013, but has not realized the high levels of growth recorded of earlier decades.**³ From a low of 3.4 percent annual growth, the economy grew at a rate of 5 percent per annum during FY15, mainly driven by acceleration in public and private investments. The value of public investments reached the equivalent of 6.3 percent of GDP up from 5.6 percent in FY14. An increase in private investments from 23 percent in FY14 to 25 percent in FY15 was underpinned by low inflation and a neutral monetary policy stance that resulted in an increase in the availability of credit to private sector. This compensated for the declining contribution of net exports. Economic activity leading up to the general elections in February 2016, however, was curtailed by uncertainties surrounding the elections as well as external volatilities.

13. **The structure of the Ugandan economy has changed gradually over the past three decades from agriculture to manufacturing and services.** In recent years, the structural change has been minimal and the services sector has contributed the largest proportion to overall GDP growth, although the manufacturing and agriculture sectors recorded impressive recovery in FY15. Driven by the financial and insurance sub-sector, the services sector grew at a rate of 4.6 percent. Industry grew by 6.4 percent, supported by strong recovery of the manufacturing sub-sector, which has benefitted from more stable supply of electricity following the commissioning of Bujagali hydro power plant in 2012, combined with lower cost of credit as interest rates declined. Due to favorable weather, the traditionally underperforming agricultural sector grew by 4.4 percent in FY15, more than double the rate of growth of the sector over the previous five years. Construction grew by 2.0 percent, much slower than the average of 9.6 percent realized over the five years prior to FY14 due to increased input costs.

14. **After a long period of relative stability, inflation has become volatile.** Policy slippages, combined with high commodity prices and the effects of drought during 2010 and 2011, led to an inflation increase to 24 percent during FY12. Tight monetary and fiscal policies, combined with declining international oil prices and good weather since reduced the pressure on prices. The rate of inflation⁴ averaged about 3.0 percent during FY15, but sustained pressure on prices since March 2015 pushed inflation to a peak of 8.4 percent by December 2015, particularly due to the depreciation of the shilling. As the Central Bank aggressively responded to restore macro stability, its own policy rate increased to 17 percent per annum by October 2015. With a sustained tight monetary policy since then, the cost of credit increased drastically with lending rates reaching 25 percent per annum, while the pressure on prices subsided. By February 2016, headline inflation was recorded at 7.7 percent.

15. **Exports have stagnated on account of low regional and weaker global demand.** Meanwhile, the total value of imports of merchandise goods increased resulting in a deterioration of trade balance in FY15. Moreover, increases in net outflows for services and income and the decline in the value of inward transfers together forced a smaller increase in the current account deficit to reach a value of 10.1 percent of GDP in FY15 from 10.5 percent of GDP in FY14. The

³ See Annex 5 for Selected Social, Economic and Fiscal Indicators.

⁴ Inflation numbers are based on new Consumer Price Index rebased in January 2016.

financial account also deteriorated driven by lower values of foreign direct investment amounting to US\$1,186 million equivalent.

16. **While international reserves declined in FY15, the bulk of adjustment to the balance of payments weakness was the depreciation of the local currency.** The depreciation in FY15 was recorded at 24 percent relative to the US dollar, and at 17 percent in real terms, faster than both Kenya and Tanzania. The shilling depreciated further during FY16, losing 14 percent of its value during the first four months of the fiscal year. The depreciation was exacerbated by a stronger US dollar and by speculative tendencies before the general elections.

17. **Prudent fiscal policy drove sustained macro-economic performance in 1990s and early 2000s, but stagnant revenue and implementation challenges have undermined its effectiveness in recent times.** During FY15, tax revenues reached 12.9 percent of GDP, above the target of 12.7 percent, mainly on account of good performance on direct domestic taxes. But for the third consecutive year, the under-execution of the budget continued to undermine fiscal objectives as the Government's total expenditures fell below target by 2.1 percentage points of GDP, largely on account of slow progress in the construction of the Karuma hydro power plant. A supplementary budget of about seven percent of the total value of the approved budget was used mainly to reallocate resources saved during a clean-up of the pay and pension system to ensure the validity of the government payroll. Consequently, the fiscal deficit reached 4.5 percent of GDP, almost two percentage points lower than planned. More than 75 percent of the deficit, however, was financed through, relatively high cost, domestic borrowing.

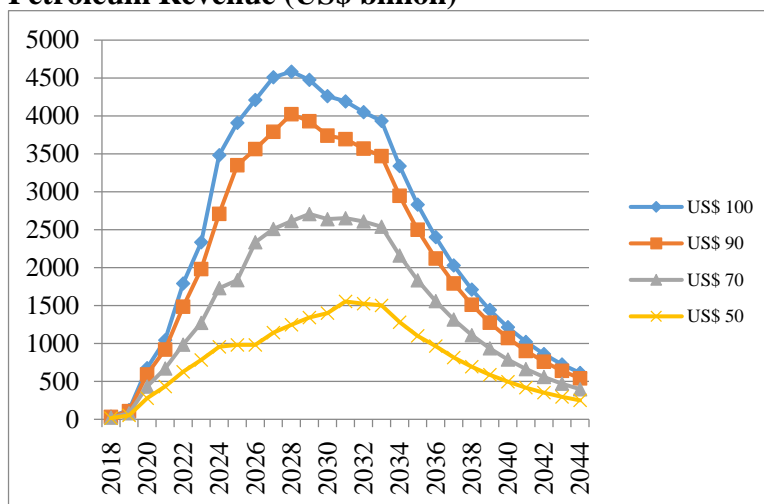
18. **The Ugandan economy is forecast to grow at a rate of about 5 percent in the short term.** The economic outlook is characterized by continued pressure on the local currency. With the recent increase in inflationary pressures, monetary policy has been tightened, resulting in higher cost of credit and reduced availability of credit to the private sector. Under these circumstances, private investment may stagnate leaving fiscal policy as the main driver as implementation of huge investment projects gets underway.

19. **In the medium term, both the expected investments in oil development and the investments intended to address constraints on growth, particularly related to energy supply and transport infrastructure, will revive private investments, boost agricultural production, and energize the light manufacturing sector.** The increase in expenditure required to finance investment in infrastructure is expected to result in an initial expansion of the fiscal deficit, which may subsequently decline around 2020.

20. **Oil revenue is not expected during the CPF period.** In the longer term, however, revenues from oil could double the value of Uganda's current fiscal revenues and generate a high level of foreign investment. The impact of Uganda's oil industry will depend on a range of factors. Paramount is the development of international oil prices as well as oil revenue management, including the Government's use of oil revenue. Using a long-term price of oil of US\$100/barrel, oil revenue could average close to US\$2.5

billion a year for almost 30 years. However, with a price around US\$50/barrel, average oil revenue would only amount to about US\$800 million a year (Figure 2)—and be lower still if prices were US\$30/barrel as in early 2016. Lower oil prices would significantly limit the ability of the Government to increase investment spending.

Figure 2: Impact of Oil Price on Projected Government Petroleum Revenue (US\$ billion)



Source: Uganda CEM (2015) estimations using MacMod-UG.

21. **The downward trend observed on oil prices since mid-2014 provides lesson for future oil revenue management.** Oil and gas prices will always fluctuate, and saving part of future oil revenue is the most adequate response. For an emerging oil producing country challenged by weak institutions and capacity, the current trend of oil prices can be viewed as an opportunity to strengthen the country's institutions. Now is the time to focus on public investment management, revenue mobilization, investment climate, the fight against corruption, as well as on establishing well-functioning institutions critical for the oil and gas sector and also on building skills so that Uganda can reap future benefits of oil.

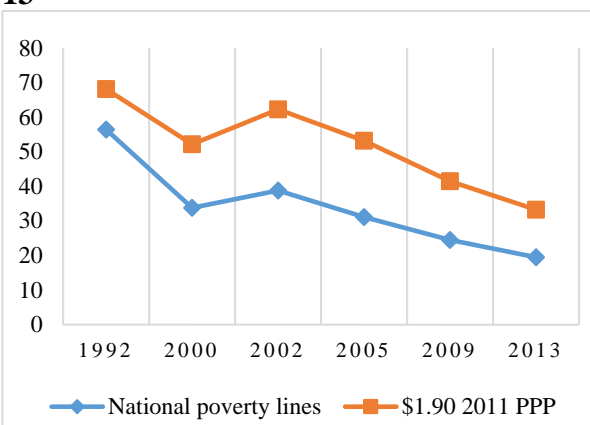
22. **Low domestic revenue mobilization and uncertainty regarding the date of commencement of oil production and the subsequent flow of revenues constitute sources of risk affecting the financing of investments.** These risks could become exacerbated if infrastructure investments are not sequenced in accordance with absorptive capacity and availability of financing. Uganda remains at a low risk of debt distress amidst reclassification from "strong" to "medium" performer under the World Bank-IMF Debt Sustainability Framework in FY16 on account of limited progress in governance reforms. Increasing deficits may, however, negatively impact the cost of borrowing for the private sector and increase the build-up of debt thereby exacerbating debt financing risk. Such risk is best mitigated through a public investment program aimed at generating a strong private sector response, which in turn could result in increased growth and domestic revenues. Yet, a volatile global demand may influence macroeconomic stability and further reduce demand for Uganda's exports thereby exacerbate pressure on the currency. Uganda's trade prospects are strongly influenced by the security

situation in neighboring countries; in 2014, 12 percent and 18 percent of Uganda's total exports were destined for the Democratic Republic of Congo and South Sudan respectively.

2.3 Understanding Poverty and Vulnerability

23. **Uganda has been successful in reducing poverty, but a third of the population still lives below the international extreme poverty line.** The proportion of households living in poverty more than halved from 1993 to 2013, reducing poverty from 68.1 percent to 33.2 percent. Using the national poverty line, the incidence of poverty declined from 56.4 percent in 1993 to 19.5 percent in 2013 (Figure 3). But whereas the MDG 1a was achieved, Uganda failed to achieve universal access to reproductive health, and fell short of its MDG targets for maternal health and primary education.

Figure 3: Headcount Poverty Rates, FY93-13



Source: Uganda Poverty Assessment using UNHS.

24. **A large proportion of the population is highly vulnerable to falling back into poverty.** 43.3 percent of Ugandans live in non-poor, but vulnerable, households defined as living below twice the poverty line. For every three Ugandans who get out of poverty, two fall back in, illustrating the fragility of the gains realized by the poorest households. Furthermore, progress on other dimensions of wellbeing is slow. Life expectancy is 51 years and the fertility rate is among the highest in the world at 5.7 children per woman in 2015.

25. **Prosperity has been shared with the poorest segments of the population as annual consumption growth of the bottom 40 percent averaged around 3 percent during 1993-2013.** This was higher than most countries in the region. Nonetheless, consumption growth of the bottom 40 percent was slower than the consumption growth of the top 60 percent and inequality, as measured by the Gini index, increased from 0.36 in 1993 to 0.40 in 2013. In general, though, Uganda faces moderately-low income inequality in comparison to its regional peers. Nonetheless, inequalities between regions, between rural and urban areas, and between men and women are pronounced and pose formidable development challenges.

26. **Poor and vulnerable people typically live in rural areas, have large families and derive their income predominantly from farming.** One in four rural Ugandans lives in poverty compared to just one in ten urban Ugandans. 53 percent of households in the bottom two quintiles depend on agricultural production for their main source of income compared with 39 percent of those in the top three quintiles. In urban areas, most of the poor and vulnerable are typically engaged in the informal sector where they are underpaid, subject to hazardous working conditions, and unable to improve their skill base. As expected, the probability of being poor decreases with the education level of the household head and the size of the difference is very large: 32 percent of those with no education live in poverty compared to less than 5 percent for those who have

completed secondary education. Larger households are also much more likely to be poor (26 percent) than smaller ones (7 percent).

27. **Women are particularly at risk as attitudes, beliefs and practices that exclude women are deeply entrenched.** Unbalanced power relations between men and women negatively impact women's access to social services and economic opportunities, and their ability to make decisions over their own lives. Women constitute one third of all owners or co-owners of land, but almost one in three Ugandans believe that women should not have the same access to land as men. Sexual and gender-based violence is high—58 percent of girls aged 15-19 years reported having experienced physical or sexual violence in 2013. While Uganda's legal framework provides a good basis for gender equality, its gender-responsive laws are not always followed or enforced in full.

28. **Children and adolescents are also highly vulnerable.** One third of all children under five years are stunted, almost 12 percent of children are orphans, and children below 15 years account for 11 percent of all HIV cases. Adolescent girls are especially vulnerable; early marriages and pregnancy are leading contributors accounting for more than half of all reasons for girls leaving school. 78 percent of primary and 82 percent of secondary students report experiences of sexual abuse in school. One in every four adolescent girls has had a teenage pregnancy—45 percent of uneducated girls become pregnant compared to 16 percent of girls with secondary education—and police annual reports indicate that defilement cases steadily increased between 2009 and 2013. Unemployed youth (aged 18-30 years old) is another vulnerable group accounting for almost two thirds of all unemployed persons in the country.

29. **There are large and increasing regional variations in poverty with most poor households concentrated in the north and the east.** In 2006, approximately 60 percent of the poor lived in the northern and eastern parts of the country. Seven years later, this proportion increased to 84 percent.⁵ Progress, as captured by consumption levels, has been much faster in the western and southern regions, which benefited from an economic boom in Kampala and the surge in regional trade and the global markets. The northern and eastern regions further suffer from significant land degradation and vulnerability to climate change which exacerbates poverty.

30. **Although financial inclusion has improved as a result of mobile financial services, formal bank inclusion is low, and there are large disparities among the rich and the poor.** Less than 14 percent of the adult population in the bottom 40 percent has access to a formal financial institution (compared to an average of 37 percent in the top 60). In addition, two thirds of the population lack access to credit, limiting their ability to smooth consumption in the face of shocks. The low proportion of land formally registered (20 percent) and the lack of tenure security are serious constraints to accessing finance and to the development of financial services.

31. **There are also large variations in asset ownership and access to infrastructure services among rich and poor people.** Access to infrastructure services remains low even by regional standards, and is particularly low for poor households. No poor household reports having access to piped water and only 1 percent to electricity (Table 1). In addition, there are large

⁵ About 47 percent of the poor live in the northern region and 37 percent live in the eastern region.

variations in asset ownership—mobile phone ownership is only 28 percent among the poor compared with 92 percent among the top 5 percent. Interestingly, more poor households report to own land reflecting the predominance of farming as their prime occupation. Households in Uganda’s northern and eastern regions have much lower levels of human capital, fewer assets, and more limited access to infrastructure than households in the central and western regions.

Table 1: Access to Infrastructure Services and Asset Ownership

Percent of households that have:	Poverty status				
	Poor	Vulnerable	Middle class	Rich	Total
Improved roof	33.7	63.7	80.2	93.4	67.8
Improved water source	71.4	71.5	72.3	78.5	72.4
Piped water	0.0	1.7	10.3	28.8	6.8
Electricity	1.4	3.3	19.7	57.1	12.4
Mobile phone	27.8	50.4	74.3	91.8	59.4
Land	84.0	82.3	72.0	63.0	77.1
TV	0.2	1.8	14.1	45.4	10.0
Computer	0.0	0.3	1.1	11.5	1.6
Refrigerator	0.1	0.2	2.9	19.8	2.9

Source: Uganda National Household Survey 2012/13

Categories in percent of population: Poor - 19.5 percent; Vulnerable non-poor (below twice the poverty line) - 43.3 percent; Middle class - 35.2 percent (above two poverty lines); Rich - 5 percent

2.4 Drivers of Poverty Reduction and Development Challenges

32. **The SCD concludes that two key developments explain the progress Uganda has made towards reducing poverty and promoting shared prosperity—increased agricultural incomes and growing non-farm self-employment.** Poverty reduction amongst households primarily engaged in agriculture accounted for 53 percent of poverty reduction from 2006 to 2010, and 77 percent from 2010 to 2013. Improvements in infrastructure, health, and education also contributed to poverty reduction.

33. **Agriculture sector growth has reduced poverty but gains are fragile.** Agricultural incomes primarily depend on exogenous factors—good weather and prices—rather than on productivity-enhancing factors, such as technology, training, irrigation and farm-to-market infrastructure. This renders households susceptible to shocks and raises concerns about sustainability. About two thirds of Uganda’s workforce is predominantly deriving incomes from the agriculture sector, and there is a continuing gender gap in agricultural productivity, owing to gender discrimination in the land tenure system, and women’s concentration in lower value activities and crops. Moreover, the contribution of the agricultural sector to GDP has declined over time (about 25 percent of GDP currently) and the sector has grown at an average annual rate of 2.3 percent during the period FY11-15, i.e., below average GDP growth of 5.4 percent during the same period.

34. **For continued poverty reduction, there is need to raise agricultural productivity and move up the value chain into agro-processing and marketing.** This requires use of modern production technologies and sustainable land and water management practices. It also requires

enhancing the capacity of farmers' organizations and their apexes as well as investment and more direct involvement of the formal sector. Despite years of support for extension services, in part due to the prevalence of low quality or counterfeit inputs, farmers use improved inputs and modern equipment on only 20-25 percent of cultivated land, levels of post-harvest losses are high (estimated at 40 percent). Only a small share of total production (<20 percent) is value added and fetches good market price and income.

35. A concerted push to unleash Uganda's agriculture potential will generate growth and create backward and forward linkages with industries. Ugandan farmers can increase their earnings through commercialization and crop and market diversification. Commercialization will require farmers to transition from subsistence farming through improvements in productivity with the use of modern equipment and improved quality inputs (fertilizers and seeds). Better access to finance and sustainable land and water management will be essential. Progress on the farm, however, will not be sufficient as linkages with markets need to be strengthened through better storage infrastructure and transport, transparent and competitive value chains, and consistent government policies (including taxation). Crop and market diversification will help farmers to hedge the risks, and a shift toward high value vegetables or fruits can generate much needed jobs as Uganda's rural population grows faster than the urban population. It will also generate foreign exchange.

36. Growth in nonfarm self-employment, and to a lesser extent wage employment, over the past decades also raised incomes of the bottom 40 percent. Uganda's less well-off have largely transitioned into self-employment in the informal sector to supplement incomes, while benefitting from improved access to public services (infrastructure, health and education). Those who have transitioned to wage employment have generally had higher levels of education. With their lower levels of education and lower access to assets, women have been less able than men to benefit from the growth in non-farm self-employment, and are generally in lower-earning self-employment activities.

37. Raising non-farm incomes and reducing dependence on the agricultural sector will require a boost to private sector competitiveness. Uganda's private sector is predominantly informal and has low labor productivity. Over 85 percent of Uganda's private sector are MSMEs contributing 75 percent of total GDP. The vast majority of these businesses is informal, small and engaged in low value addition activities. Few survive beyond the second year of operation due to a myriad of challenges—poor management, ethics and planning, lack of access to information and business finance to sustain and grow their businesses. Formally registered firms are also small with almost two thirds having sole proprietorship legal status. The formal sector provides only 19 percent of all jobs; large firms generate 12 percent of the jobs in the formal sector, while MSMEs employ over 2.5 million people across various sectors. Jobs in MSMEs are usually in low labor productivity areas, generating little remuneration. Agriculture, tourism and extractives represent the sectors with the highest job creation potential in Uganda.

38. Several reforms have improved the business environment, but there are still gaps. In FY15, an electronic registry was established as the definitive repository for all licenses issued in Uganda to contribute to reduction of regulatory barriers experienced by businesses. As a result, the time taken to obtain a Trading License was reduced from 15 to 4 days and fees cut by 25

percent. This and previous reforms of the licensing regime have led to increased transparency and reduced costs. Nonetheless, the cost of doing business remains high and is a major deterrent to private sector growth and job creation, and the business environment is characterized by bureaucracy and unnecessary costs. This is reflected in Uganda's low ranking in the annual Doing Business assessment and related to starting a business, paying taxes, getting credit, dealing with construction permits, trading across borders and registering/transferring property. For example, a firm with an annual turnover of US\$67,000 spends US\$2,000-5,000 in processing a construction permit for commercial structures and will be required to comply with 15 procedures over a period over 150 days. Firms' access to credit through banks also remains extremely low—only 10 percent of firms have a bank loan or line of credit, a proportion which is less than half the average for low income countries at 22 percent and lower than in 2006 in Uganda at 17 percent. Only 8 percent of firms use banks to finance investments compared to 19 percent in Sub-Saharan Africa.

39. Youth unemployment and a relatively unskilled labor force pose serious challenges.

Almost two thirds of Uganda's unemployed are 18-30 years of age with the vast majority being engaged in subsistence agriculture as family workers with no wages accruing to them. Informal employment accounts for 95 percent of youth employed in non-farm enterprises. Causes of youth unemployment and underemployment range from an inadequate supply of jobs to insufficient employable skills; of the country's total workforce, only 64 percent have completed primary school and 5 percent a vocational training course.

40. Persistent gender disparities hold back women's access to opportunities. Female heads of households earn 28 percent less than their male counterparts. Women dominate the informal sector, and nearly 55 percent of women work in agriculture notwithstanding that their productivity in the sector is lower than that of men. The existing land management system limits access to land for women, and when employed in commercial farms and estates, women are less likely to reach managerial positions. Gender disparities are multi-dimensional and lower education and cultural norms and perceptions about women contribute to these gender differences in the labor force. The percentage of women-headed businesses is 26 percent, much lower than the average of 36 percent for Sub-Saharan Africa.

41. Rising population density will become a serious problem unless urbanization accelerates in an organized manner. Uganda's population density is already higher than that of Western Europe and China, and it is growing rapidly. This may cause an increase in poverty and social tensions unless a larger number of people migrate from rural to urban areas. Yet urban areas may only be able to absorb a fast increase in population if they also generate higher value jobs and provide decent livelihoods. Rapid population growth may amplify the vulnerability of Uganda's rural population to falling back into poverty in the face of negative shocks, including from effects of climate change, which can negatively impact agricultural incomes. When faced with shocks, poor and vulnerable people have limited recourse to social safety nets (only 4.5 percent of the population receive direct income support), or access to finance (65 percent of the population lacks access to credit). Access to savings instruments and microfinance, improvements in quality and efficiency of public services, and well-targeted, fiscally sustainable safety nets can help the poor and vulnerable to diversify their assets and counter vulnerability.

42. **In order to change its population age structure faster and minimize the risks related to rising population density, Uganda needs to accelerate the shift from high to low levels of mortality and fertility.** The resulting changes in the age structure of population may bring about a “demographic dividend” that can be captured to produce a virtuous cycle of economic growth and poverty reduction. Harnessing the demographic dividend will entail empowering women and girls by increased investment in their education and skills, and ensuring that they have greater market, social, and decision-making power. This needs to come from a policy framework that reduces fertility, creates employment for the young labor force and enables savings. The outcome would particularly benefit poor households who, on average, have higher fertility.

43. **Demographic transition and accelerated urbanization usually work in synergy.** Urbanization tends to accelerate when a large cohort born during the period of rapid decrease in infant mortality grows into the working age. The members of such large cohort will have fewer children, which increases their mobility and in turn the likelihood of them migrating to urban areas in pursuit of better and higher wage jobs. Urbanization also tends to reduce fertility, in part because of different social norms in urban areas, which result in increased female labor participation and access to education for women as well as later marriage and motherhood. Since urban jobs are on average more productive, urbanization amplifies the magnitude of the demographic dividend. For the majority who will remain in rural areas, out-of-pocket school costs and fewer labor market opportunities for women lead families to prioritize investments in boys’ education, thus encouraging the continuation of a vicious circle in which girls leave school early, get married, and have children, foregoing the skills they need to find economic opportunities later in life.

44. **Accelerating this dual transformation will require a sound economic policy framework.** Its speed and benefits to the economy will be greater if Uganda fully exploits the world economy, maintains macroeconomic stability, musters high rates of not only saving but also investment, allows markets to allocate resources, and improves quality of its governance. Progress on gender equality and social services delivery systems will be essential.

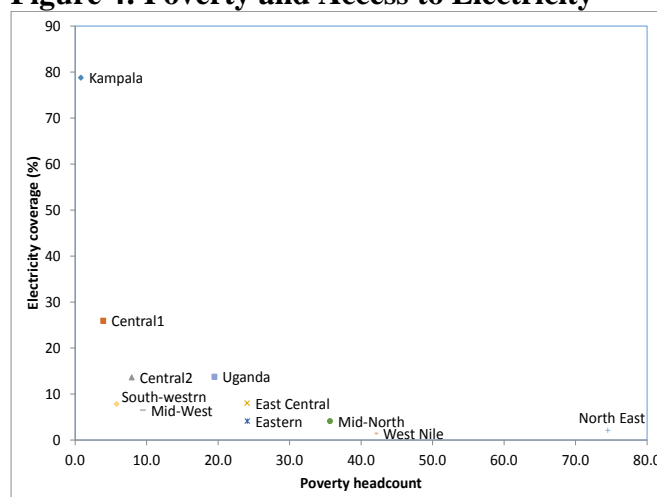
45. **It also requires a will to address the hard constraints on accountability arising from the incentive structure as well as governance challenges in Uganda’s public sector.** There are neither sufficient rewards for good performance, nor sanctions for poor performance. This is coupled with a constrained frontline working environment, e.g. a lack of text books in schools or drugs in health centers, which, together with a low skilled work force, have resulted in low quality teaching and health services. There is a need to strengthen voice and accountability to raise the demand for better public services.

46. **It requires, as well, a spatially balanced development strategy and a vibrant private sector.** The role of the private sector in Uganda’s transformation to a middle income country cannot be overstated. Improvements in agricultural productivity will enhance the incomes of the poor and support a larger urban population. This will need to be complemented by public investments to catalyze private sector investments so that formal employment increases and the benefits of urbanization are broadly shared. Public investments in connective and productive infrastructures in urban areas to increase labor demand and job creation are needed alongside an aggressive reduction in disparities in provision of social services throughout the country to improve equity and ensure the employability of future migrants.

47. **Improved management of Uganda’s natural resources and supporting climate change adaptation will increase sustainability and resilience.** Uganda’s adjusted net savings, which account for the depletion of natural capital, mainly forests, are close to zero percent (Annex 5). This means that Uganda is consuming its natural resources at an unsustainable rate. Forests, which provide over 90 percent of Uganda’s energy, mostly to the poor, are being reduced in area by over 5 percent per annum—the second highest figure globally. Fisheries are collapsing and soils are being degraded and depleted at alarming rates. Climate change consequences are expected to include both drier and wetter spells with serious impact on natural ecosystems, water resources, food security, savannah/rangelands, forests, human health, settlements and hydropower generation. Addressing these challenges is paramount to the economy and for poor households, which rely heavily on the availability of renewable natural resources. Restoring degraded agricultural lands to productive use will also be essential to realize Uganda’s agricultural potential.

48. **Household electricity access rates remain among the lowest in the world with only about 14 percent at the national level and 7 percent in rural areas connected to the grid.** Uganda suffers from significant regional variations in access and usage of electricity (Figure 4) and very low per capita electricity consumption, which, at 80 kWh per year, is far below its peers (Kenya at 155 kWh per year and Ghana at 300 kWh per year). Connections are virtually nonexistent for the bottom 40 percent of the population. Electricity supply has improved with the commissioning of the Bujagali hydro-power plant, but tariffs are high and enterprises complain about the elevated cost of electricity during peak hours.

Figure 4: Poverty and Access to Electricity



Source: Uganda Poverty Assessment using 2012/13 UNHS.

49. **About 35 percent of the population does not have access to safe water.** This includes over 10 million people in rural areas and 1.7 million people in urban areas. This inequality between rural and urban areas is primarily due to infrastructure related costs of providing water in remote and rural areas. Only 1 in 3 Ugandans has access to improved sanitation and again, access is unequal. Although 75 percent of the rural population and 84 percent of the urban population has access to improved sanitation facilities, this number includes shared toilets and does not reflect facility quality. In large urban areas, sewerage coverage is only 3–6 percent while in small urban areas, it is almost nonexistent. Most urban areas rely on on-site sanitation and have limited fecal sludge management systems, with serious water quality and health implications.

50. **High transport costs from poor transit and transport infrastructure affect both businesses and households.** As highlighted in the SCD, the country’s district and rural roads are in deplorable condition leading to poor connectivity to markets and other services, especially for

farmers and poor households. Overloading and inadequate road maintenance has resulted in fast deterioration of the road network. The annual allocation for maintenance of the priority national road network was 35 percent of needs in 2015. With its low level of tax revenues, Uganda will likely be stuck in a vicious circle of “build and reconstruct” until it decides to reform how it finances road maintenance.

51. Scaling up public-private partnership (PPP) models, attracting private sector investments in infrastructure, will be required to close Uganda’s infrastructure deficit. This will entail building an enabling environment for PPP and capacity development to undertake PPP policy and transactional tasks at relevant sector and coordination agencies. An effective PPP framework should address issues pertaining to price affordability, cost recovery, cost reflective tariffs, project development funding, viability gap financing, and enabling legislation, regulations and institutional structure and processes to support these. Additionally, Uganda will need to invest in developing capacity in all its infrastructure sector and coordination agencies to undertake the range of policy, operational, and transactional tasks to mobilize private investors and bring viable PPP transactions to closure.

52. Improving the allocative efficiency of the budget, enhancing public financial management and accountability, and raising government revenues are critical for diversifying Uganda’s human and physical assets. Given Uganda’s low level of domestic resource mobilization, it has inherent difficulty finding a balance between spending on infrastructure and social services. The Government has so far failed to invest in sufficient amounts in both infrastructure and social services for the majority of its young people to find jobs when they enter labor market. Increase in one of these categories of investment has led to gaps in the other, and spending on infrastructure, which has increased in recent years, is encumbered with inefficiencies. As emphasized in the SCD, public spending on social services is particularly low in Uganda, even compared with other low income countries.

53. The equity in spending and quality of connective infrastructure and social services needs to improve, especially in underserved rural areas and in the North and East. Access to public services and financial inclusion has been particularly lacking for poor households living in rural areas and in the northern and eastern parts of the country. In part, and particularly for social services, this is due to deficiencies in the intergovernmental transfer system aggravated by rapid increase in the number of local governments over the last two decades. Provision of these services is largely decentralized in Uganda, but financing is largely centralized. Nevertheless, the ratio of average spending on health and education per capita between the ten best funded and the ten worst funded districts was as large as 7.0 and 7.2 respectively in 2014/15. Poor people depend on public services much more than the well-off, especially with regards to healthcare and education. Given the difficult environment in the north as a result of conflicts and an influx of refugees from neighboring countries, the quality of public service delivery is especially low and has resulted in poorer education and health outcomes and lower living standards, and inter-generational transmission of poverty.

54. While addressing these development challenges, opportunities in the oil sector alongside regional integration and ICT development can spur faster growth and structural transformation. First, the development of the oil sector can stimulate growth directly through

increased exports and indirectly through efficient use of public revenues and linkages with the private sector. The development of local capacity, notably in sectors like transportation and logistics, could stimulate the creation of new and higher paying jobs. Second, regional integration can facilitate access to markets and thereby boost the movement of goods, people, and capital. To fully capture the benefits from regional integration, Uganda will need to improve its competitiveness through more efficient modes of transport and improved logistical services. Third, ICT developments can improve firms' competitiveness and improve the delivery of public services, private sector expansion and create jobs for the fast growing Ugandan labor force.

55. Institutional capacity strengthening coupled with social accountability represent important drivers of change. Uganda has historically designed and implemented significant structural reforms resulting in a prolonged period of sustained growth and poverty reduction as clearly documented by the SCD. In recent years, the country has continued policy and legislative reforms largely led by technocrats and supported by development partners. In some areas, such as disclosure of public information, this has made Uganda a regional leader. However, many policies are not being implemented and Uganda is struggling with realizing its “second generation” development reforms.

III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK

3.1 Government's Program and Medium-term Strategy

56. The goal of Uganda's second National Development Plan (NDPII) covering the period 2015/16 to 2019/20 is to attain middle income status by 2020. Like the first NDP, it responds to the national Vision 2040 of a transformed modern and prosperous country. The NDPII is aligned with the SDGs,⁶ and aims at strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive private sector led growth. It includes four primary development objectives: (i) increasing sustainable production, productivity and value addition in key growth opportunities; (ii) increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness; (iii) enhancing human capital development; and (iv) strengthening mechanisms for quality, effective and efficient service delivery.

57. The NDPII has five key priority areas and continues the strong focus on infrastructure development and commercialization of agriculture. Ambitious infrastructure investments are planned in transport, energy, ICT, oil and gas, and water for production and consumption. Agriculture remains central to the Government's strategy, and tourism is emphasized for its potentially high returns on investment. Exploitation of minerals and other resources, especially oil, is identified as a source of finance for infrastructure investments. Finally, the NDPII reflects the Vision 2040 emphasis on human capital development as one of the key fundamentals that needs to be strengthened to accelerate the country's transformation.

58. Successful execution of the NDPII will necessitate addressing the implementation challenges experienced during the NDPI. The NDPII recognizes the importance of reducing corruption and improving accountability, and that implementing existing institutional and legal

⁶ See Annex 13 on the NDPII alignment with the SDGs.

frameworks will be paramount to deliver on reform promises. Improving technical capacity in public service to prioritize, prepare and implement investment projects, and addressing procurement delays and challenges in securing land for public infrastructure will be critical. Increasing domestic revenue mobilization is a *sine qua non* to finance the Plan. The NDPII also recognizes that private sector financing and PPPs will be essential to close Uganda's infrastructure gap.

3.2 Lessons Learned from CAS Implementation FY11-15

59. **The CPF is informed by lessons derived from the implementation of the Uganda Country Assistance Strategy (CAS), which are summarized in the Completion and Learning Review (CLR).** The CLR points to a number of ways in which the WBG can increase effectiveness and impact (Annex 2):

60. **Focused results framework with SMART indicators.** The CPF should limit the number of objectives and draw outcome indicators from national surveys and databases. The Uganda CAS focused on three strategic objectives (promote inclusive and sustainable economic growth, enhance public infrastructure, and strengthen human capital) and one cross-cutting objective (improve good governance and value for money) in support of the NDPI. It had 12 outcomes and 21 indicators. The high number of outcomes and indicators is common for many early generation result-focused CASs, but reduces strategic focus and ability to track effectiveness, especially when indicators are unverifiable. Such indicators are rated as "Not Achieved" and impact negatively on overall outcome ratings.

61. **Alignment and country ownership.** The CPF should align its objectives and outcome indicators with the NDPII to foster ownership. Close coordination with national counterparts throughout the project cycle is needed to ensure strong demand. It is important to consult also with relevant Parliamentary sectoral committees during the preparation. Recent experiences suggest that projects building on predecessors and those with simple designs are approved faster. Use of Additional Financing, however, should be carefully considered due to the long national credit approval process.

62. **Project preparation.** The Independent Evaluation Group recommends realism in project design and adequate time for project preparation to strengthen project relevance and ensure government ownership. Weak institutional capacity should be analyzed carefully to inform project design. The CLR further identifies macro-level risk, including demography, migration, governance and political economy dynamics, as pertinent elements that need to be considered during project preparation.

63. **Strategic portfolio management.** There is need for strengthening systematic portfolio monitoring and pro-activity, including through more frequent portfolio meetings, involving the fiduciary and safeguard teams. Discrepancies between CLR ratings and implementation supervision reports ratings during the CAS period suggest the need for more candor in supervision reporting. Portfolio performance issues include lengthy parliamentary approvals for credits; effectiveness delays; low disbursement ratios, which negatively impact overall portfolio performance often result in project extensions. Country Portfolio Performance Reviews (CPPRs)

conducted during the CAS period highlighted corrective actions, and follow-up was pursued through quarterly Project Coordinator's Forums. Nonetheless, challenges persisted and more vigorous efforts are required.

64. **Development effectiveness.** The WBG should continue its leadership in the overall development partner coordination and dialogue with the Government and take an active role in selected priority sectors. Whereas this requires team resources, it reduces transaction costs and duplication and improves development effectiveness. In sectors with strong development partner presence, the WBG may not necessarily take the lead, but contribute with knowledge and analytics to underpin the partnership dialogue.

3.3 WBG Country Partnership Framework FY16-21

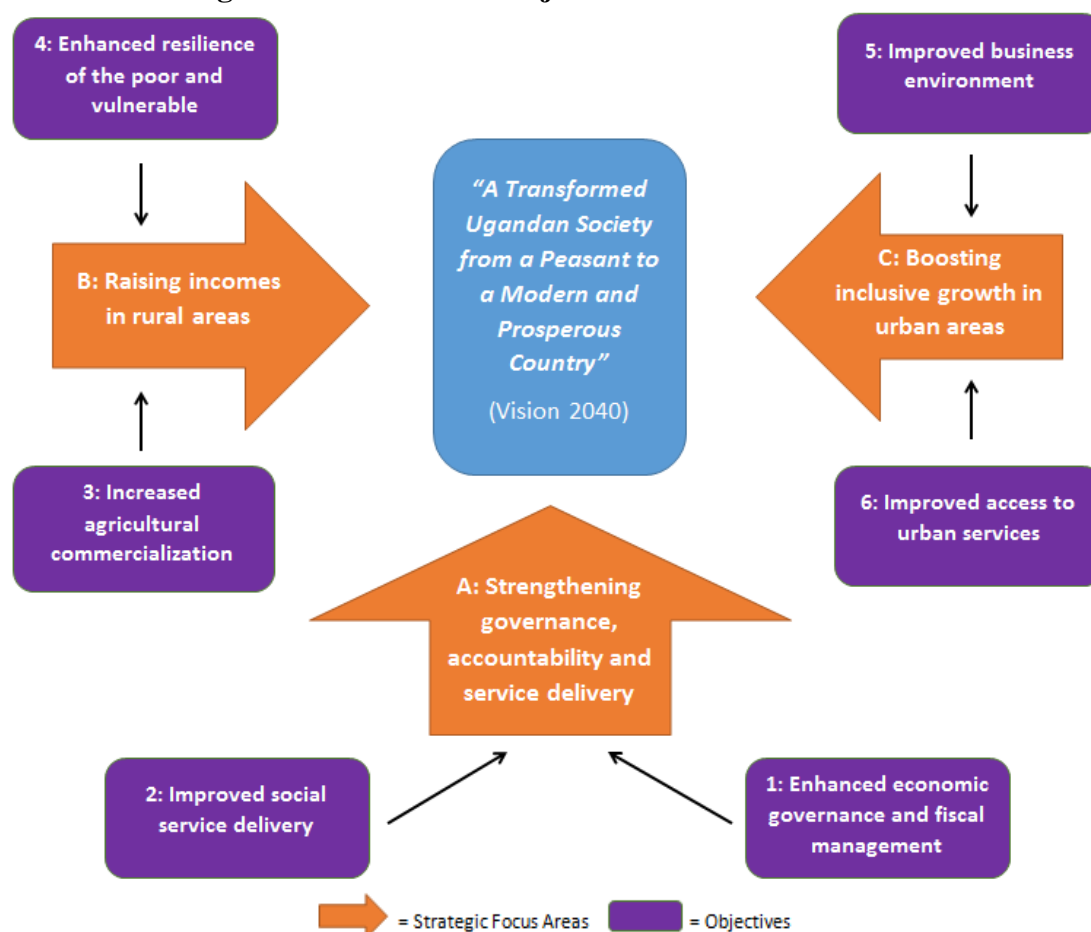
65. **The CPF will assist Uganda to address its national priorities with a focus on ending extreme poverty and promoting shared prosperity in a sustainable manner.** The WBG will support the Government to sustain high rates of growth, socio-economic transformation and inclusion, and reduce poverty and vulnerability to shocks, including from climate change. The CPF will do so in a spatially balanced way, recognizing the dual importance of rural and urban development as discussed in section 2.4, and with special attention to the northern and eastern regions. The WBG will support enhanced agricultural commercialization to increase rural incomes and strengthen backward and forward linkages with industry, particularly agro-processing; while helping Uganda realize the potential of urbanization through investments in productive and connective infrastructure to spur private investments. Combined with investments to strengthen the human capital and employability of future rural-to-urban migrants, the CPF will, in every activity and throughout the portfolio, focus on understanding political economy dynamics, institutional and capacity bottlenecks in implementation, and aim to improve transparency, accountability, and service delivery. The WBG will pay keen attention to the broader social context and the implementation capacity for social and environmental safeguards and risk management.

3.3.1 CPF Program Selectivity

66. **Decisions on selectivity in the CPF are informed by the NDPII, the SCD, consultations with stakeholders, and the carry-over of a large young portfolio, which will contribute significantly to achieving the CPF objectives (Annex 6).** Twenty five projects are carried over into the CPF, of which at least half will be implemented throughout most of the CPF period. As the indicative IDA17 allocation is almost booked, CPF program selectivity, therefore, is primarily concerned with operations planned for FY18-21. This involves difficult trade-offs and competing pressures, but gradually as old operations close and new operations come on-stream, a leaner and more focused portfolio will take shape. To support this sharpened program focus, there will be national and SCD development priorities that the WBG will not be engaged in or where existing engagements will be scaled down or phased out informed by interventions by other development partners and government demand. In such instances, an exit strategy will be prepared in consultation with Government and stakeholders.

67. **The CPF will concentrate on three strategic focus areas and six thematic objectives.** Consistent with the SCD, the strategic focus areas (labelled A, B and C in Figure 5) recognize the dynamic between rural and urban development by deploying a spatial lens as poverty reduction, in the short run, predominantly will come from rural areas through the agriculture sector where most of the poor and vulnerable find their livelihoods. The focus in the medium to longer term will shift towards urbanization and creation of jobs for the rapidly growing labor force. Underpinning this rural-urban dynamic, the CPF aims to fortify the foundation for inclusive development by strengthening governance, accountability and service delivery.

Figure 5: CPF Strategic Focus Areas and Objectives



68. **The CPF's six thematic objectives are pitched slightly higher than project outputs and outcomes, but lower than Uganda's overall development goals.** Discrete sector interventions may contribute to more than one of the objectives (labelled 1-6 in Figure 5) fostering complementarity and synergies between interventions. This represents a shift from the previous CAS approach of choosing objectives based on the sectors of intervention.

69. **The CPF consultations have confirmed the relevance of the CPF strategic focus areas and objectives (Annex 14).** A broad range of stakeholders have clearly indicated that increasing agricultural commercialization should remain a top priority for the WBG. The Government has signaled less demand for support to the roads sector, and continued or increased demand for

support to the social sectors, water (including water supply and sewerage and water for production), natural resources management and climate change; power transmission and distribution; urban development; and private sector development. The Government has furthermore expressed keen demand for budget support with strong sector content such as fiscal management—revenue mobilization and spending efficiency and equity, including under fiscal decentralization—governance and public sector performance, and agriculture sector reforms.

70. **The WBG will continue supporting the key NDPH priorities.** Increasing agricultural commercialization and supporting human capital development, including water and sanitation, will remain WBG priority areas. The Bank and IFC will continue the on-going support to the tourism sector, and assist the authorities to prepare for oil exploitation. Support to infrastructure development will entail investments in urban development and energy transmission and distribution, as well as a gradual shift towards productive infrastructure in agriculture and industries. The Bank will carry through its large commitments in the road sector focused on introduction of long term performance contracting in the North and East, but will not introduce new investments unless they directly improve regional integration or leverage private investment. Other key national priority areas, where no or fewer WBG engagements are foreseen during the CPF period include hydropower generation, and justice, law and order.

71. **The SCD identifies eight areas for progressing on poverty reduction and shared prosperity, and proposes 36 priority actions, some of which include interventions in multiple sectors (Annex 3).** Whereas the identified priorities and actions are critical for Uganda's development, the WBG cannot support them all. And even when the WBG prioritizes engagement in a sector, there is selectivity at the sub-sector level based on government demand and division of labor between development partners.

72. **The carry-over portfolio addresses many of the SCD priority action areas, including cross-cutting interventions related to voice and accountability, land management systems, PFM, public investment management, and quality of public service delivery.** In order to achieve the CPF objectives, this will be complemented by new operations agreed during the consultations (Table 2). Over the course of the CPF period, the new operations will *inter alia* lead to a stronger emphasis on fiscal management and governance, an increased focus on agricultural commercialization—also through non-sectoral interventions in water for production, land and private sector development—as well as a more pronounced focus on social development, and environment and climate change. MIGA and IFC, as always, will remain flexible to respond opportunistically to private sector demand in line with the CPF objectives.

73. **Advisory Services and Analytics (ASA) constitute a critical component of the CPF.** For instance, to underpin the joint WBG focus on unleashing agricultural productivity and increasing commercialization, ASA activities will respond to knowledge gaps on institutional and governance and political economy dynamics and implementation bottlenecks, which in turn will inform lending operations and investments in the sector. Knowledge work will analyze social sector financing, constraints for private sector development, financial markets, and revenue mobilization and administration. Programmatic work on poverty will also inform WBG interventions as well as projects and programs by Government and other development partners,

and the Bank will continue producing periodic Uganda Economic Updates aimed at equipping Government and stakeholders with evidence-based policy options in a non-technical mode.

Table 2: Indicative CPF IDA Program

FY16	FY17
<p><i>National</i></p> <ul style="list-style-type: none"> • Fiscal Decentralization, Governance and Service Delivery (DPO) (US\$90m) • Grid Expansion and Reinforcement (US\$100m) • Uganda Reproductive, Maternal and Child Health Services Improvement Project (US\$110m) <p><i>Regional</i></p> <ul style="list-style-type: none"> • Great Lakes Trade Facilitation (US\$14m) • Development Response to Displacement Impacts (US\$50m) • Africa Higher Education Centers of Excellence Project (US\$24m) 	<p><i>National</i></p> <ul style="list-style-type: none"> • Secondary Education Improvement (US\$100m) • Fiscal Decentralization, Governance and Service Delivery (DPO) (US\$60m) • Water Management and Development Project – Additional Finance (US\$75m) • Social development (US\$70m) • Lake Victoria Transport (US\$100m) (TBC)
FY18 (TBC)	FY19 (TBC)
<p><i>National</i></p> <ul style="list-style-type: none"> • Intergovernmental fiscal transfers (PforR) • Governance and public sector performance (PforR) • Statistical capacity and M&E • Infrastructure PPP (IFC & IDA) <p><i>Regional</i></p> <ul style="list-style-type: none"> • East Africa Agricultural Productivity 2 • Lake Victoria Environment Management Program 3 	<p><i>National</i></p> <ul style="list-style-type: none"> • Revenue mobilization/public expenditure (DPO) • Private sector development/land • Municipal infrastructure development • Irrigation & water management
FY20 (TBC)	FY21 (TBC)
<p><i>National</i></p> <ul style="list-style-type: none"> • Urban development • Agriculture (DPO) • Water and sanitation • Human development operation 	<p><i>National</i></p> <ul style="list-style-type: none"> • Financial sector • Energy • Human development operation

74. **The Performance and Learning Review (PLR) half way into the implementation of the CPF will be an opportunity to assess anew the relevance of the CPF program, strategic focus areas and objectives.** The PLR will consider developments in the national context as well as changes in government demand and assess progress and performance with a view to draw lessons from implementation and introduce midcourse adjustments as necessary. Based on the PLR, the CPF program for the outer years will be firmed up in consultation with Government.

3.3.2 Strategic Focus Areas and Objectives Supported by the CPF program

75. **The three strategic focus areas of the CPF are each supported by two objectives.** The corresponding interventions are consistent with the SCD and in support of the NDPII and Vision 2014.

Strategic Focus Area A: Strengthening Governance, Accountability and Service Delivery

76. **The WBG will help the Government strengthen institutions and implement reforms that are needed for inclusive economic and social development with a focus on closing the implementation gap.** Improved governance, fiscal management and accountability for public resources alongside more equitable and effective delivery of social services will accelerate poverty reduction and boost shared prosperity across all six CPF objectives.

77. **The first CPF objective focuses on enhancing economic governance and fiscal management.** Uganda has a largely sound legislative and institutional set-up for expenditure and revenue management, but implementation is lacking, which is affecting performance across all sectors. The Bank will support Uganda in closing the policy implementation gap and improve resource mobilization and expenditure allocation. In line with the Addis Ababa Action Agenda on financing for development, the Bank will ramp up support to improving tax policy and administration. The Bank will focus on improving economic governance, including by addressing tax exemptions, which are not always economically justified, and which are a source of revenue shortfalls. The Bank will also support the Government in strengthening evidence based resource allocation both between sectors and levels of government and continue support to implementation of the PFM Act, strengthening the effectiveness of internal audit, and improving the performance of procurement systems. The implementation of fiscal decentralization reforms to improve the equity and efficiency of social service delivery constitute another critical area for the WBG, as well as scaling up engagement aimed at preparing Uganda to leverage the benefits of oil and minimize associated pitfalls.

78. **The Bank will also take steps to strengthen country systems for transparency, participation and accountability.** This effort will be reflected in all three strategic focus areas, as interventions will incentivize enhanced information disclosure through open data and other social accountability measures. This will build on successes that have provided scalable lessons for enhanced citizens' engagement, and will complement engagements by other development partners aimed at strengthening democratic governance and the capacity of civil society. Interventions will also aim at strengthening country systems for social and environmental risk management, particularly in relation to public investments in infrastructure and service delivery. Given the high prevalence of sexual and gender-based violence against women and girls, the Bank will join other development partners in supporting the implementation of existing legislation and policies, including strengthening oversight and compliance arrangements for agencies managing private contractors.

79. **The second CPF objective aims at improving social service delivery.** The commendable improvement in access to primary schooling will need to reach all regions, emulate at the secondary level, and extend to attainment at both levels. The WBG program will focus on increasing access to secondary education in vulnerable areas and on improving educational opportunities for girls at the secondary school level to address the large gender gap. The program will boost quality and equity of primary education nation-wide by improving teacher quality, incentives, and accountability, and by reducing inequities in funding of these services through intergovernmental fiscal transfers reform and other enhancements of the decentralization framework. The engagement will also aim at improving the education sector's institutional setup

including for financial management. The WBG will explore key interventions to ready the young workforce for new types of employment by strengthening policies and institutions for technical and vocational training. In health, Bank support will continue to be focused on strengthening health systems and improving incentives for health providers, as well as maternal and child health. Special interventions will be needed to uplift the living standards of the most lagging areas, especially the Northern and Eastern region. Reducing regional gaps in social services will mean that people migrate to urban areas not in search of better social services, but in search of productive employment.

80. **The WBG will pay particular attention to assisting the Government addressing the high fertility rate.** While population growth may not slow significantly for decades, given the momentum created by a demographic bulge, the chance to capture the “demographic dividend” starts now in order to relieve the stress of increased density in rural areas and the pressures of rapid urbanization. The interventions in health and education will therefore require a strategic focus to promote new and better opportunities for girls and women everywhere, but especially in the impoverished north and east. Progress on girls’ education and creating labor market opportunities are among the most effective ways of managing population growth. The Bank will furthermore support the Government in addressing under-nutrition thereby contributing to reduced health care costs, and improve learning performance.

Strategic Focus Area B: Raising Incomes in Rural Areas

81. **Unleashing Uganda’s agriculture potential through productivity enhancement and commercialization will generate growth, and reduce poverty and vulnerability.** Leveraging contributions across the WBG and the development partners in the rural sector, a concerted effort will be made to catalyze investments in agriculture, move up the value chain to agro-processing, and boost agriculture exports. WBG support will also strengthen natural resource management, build resilience through developing water for production and expand the use of safety nets. Special attention will be paid to governance, capacity and institutional challenges, which pose major constraints to policy development and implementation. The WBG will also put particular emphasis on reducing regional inequalities through interventions supporting transport infrastructure, income-generating activities and intergovernmental transfers targeting the poorest districts, which are in the North and East. WBG support in this area will further pay particular attention to the needs of women, who tend to have weaker access to productive assets, such as land and inputs, less time due to domestic responsibilities, and concentrate on lower value activities.

82. **Increasing agricultural commercialization is the third objective.** The Bank, IFC and MIGA will coordinate closely across multiple sectors to help Uganda make progress towards this objective through interventions focusing both on farm and off-farm constraints limiting the development of the value chain. First, the program will aim to improve access to and security of land, which is important for farmers’ access to finance and investment in soil improvement and climate resilient technologies. Second, the WBG will strengthen value chain coordination in the agribusiness sector in order to seek to mend broken linkages from input delivery to production, storage, agro-processing and marketing aiming to increase the confidence and investments of producers, traders, processors and exporters. Non-financial advisory services from IFC and potential involvement of MIGA will help to strengthen businesses in these value chains. Third, the program will improve delivery of extension services to empower farmers on the choice of

appropriate and adapted inputs and on better agricultural practices, post-harvest handling and storage. This will include improving farmer access to quality inputs and strengthening farmer associations and their linkage with markets. Fourth, improving small scale farmers' access to competitive financial products will be important. This will be supported through arrangements such as linking small holder farmers and their associations to larger scale producers in the agribusiness sector who could facilitate bulk input delivery and marketing opportunities, as well as reducing storage costs through warehouse receipt financing where IFC can play a key role. Access to finance for farmers will also require strengthening rural financial service providers, especially microfinance institutions and savings and credit cooperatives, and increasing the capacity of banks to lend to agribusinesses. Finally, supporting environmentally sustainable agricultural practices will be critical to secure market access, and both Bank operations and IFC advisory services can contribute to this.

83. **The fourth objective aims at enhancing resilience of the poor and vulnerable.** Even as agricultural productivity increases, people in rural areas remain vulnerable to current and long-term degradation of natural resources, droughts, and volatility in farm-gate prices. The WBG will support Uganda in expanding its system of safety nets for those in poverty, and in provision of durable development solutions to ease pressures on host communities caused by an influx of refugees from neighboring, conflict-affected countries. The Bank and IFC will focus on sound risk management approaches and innovative solutions for local communities and enhancing the private sector's capacity to respond to economic, social and environmental shocks. The Bank will also support the development of a resilient landscape program, including integrated water and forest resources management plans for key catchments, to mitigate the effects of climate change, and expand the use of irrigation to alleviate the impact of dry years. As in the past, the Bank will provide technical advice on mainstreaming and adaptation to climate change.

84. **The Bank will also develop financial products to protect the poor and vulnerable, and integrate gender aspects into social protection activities, for example by providing public works opportunities for women.** These efforts will be supported by the gender analysis included in the Uganda Social Protection Sector Review. The push to increase access to electricity in rural areas will continue to strengthen conditions for more diversified employment opportunities, including food processing plants, and social service provision. IFC may complement these interventions through support to development of public-private mechanisms for inclusive development models for local communities, such as warehouse receipt systems.

Strategic Focus Area C: Boosting Inclusive Growth in Urban Areas

85. **The Bank and IFC will support the Government to improve the business environment and provision of essential services in urban areas.** This will involve encouraging private investments for more and better jobs, while improving living conditions and connectivity for urban populations that are expected to be growing as migration from rural areas increases. Gender gaps will be addressed across multiple activities, including responding to inequalities in land use and housing finance, labor market readiness, and access to finance for MSMEs.

86. **The fifth CPF objective involves improving the business environment.** The WBG will support Uganda to stimulate private investment to create more and better jobs, and encourage formalization. Good jobs are mostly in the formal sector and in urban areas, but still too few to

match the increasing supply of labor. Activities will focus on improving land use flexibility (e.g., systems for land registration, valuation and incentives for land owners to rent out land); addressing urban congestion, and enhancing skills and labor market readiness. The WBG will support the Government in providing stimulus for enhanced credit supply to MSMEs and consider supporting SME growth and job creation through industrialization transformation programs, and strengthen investor protections and creditors' rights through regulatory reforms in insolvency, secured transactions, credit information, and dispute. The WBG will continue to support regional integration and connectivity, and options for creating a more conducive environment for industrial development, pursued together with support to climate proofing urban development and infrastructure. Finally, the WBG will support demand-driven skills training and improvements in social services to provide businesses with healthy and skilled labor.

87. **The sixth CPF objective focuses on improving access to urban services.** The construction and development of effective cities is policy-intensive, involving the management of multiple interests and requiring decisions that are likely to evolve over time. Managing economies of scale and investments depend upon layers of coordination between public investment in infrastructure, enterprise investment in productive capital, and household investment in housing. To accelerate its urbanization and improve living standards in urban areas, Uganda needs to improve electricity access and ICT services, as well as water and sewerage provision. It also needs to improve urban transportation—the country is lagging far behind global and regional standards in this regard.

88. **The WBG will support Uganda in improving urban planning and service provision to prepare for the expected rapid urbanization over the coming decades.** The WBG support to enhancing urban planning will include institutional building and strengthening with the aim of providing common knowledge to guide and coordinate public and private investment. Provision of public goods and services, such as electricity access, ICT, transportation, waste management, and water and sanitation services, will remain priority areas as they are necessary for creating a livable city environment. The Bank and IFC will support housing finance programs and investments to increase access to affordable housing. The Bank and IFC will continue to support local financial institutions with long term finance solutions and explore opportunities for structuring sustainable local currency solutions to develop the mortgage sector. The WBG will also continue expanding the electricity distribution network, increasing connections and reducing technical losses. And finally, the WBG will support the Government in its overall ambition to improve the stock and quality of infrastructure through PPPs for better service delivery.

3.4 Implementing the Country Partnership Framework

89. **The CPF is implemented through a range of complementary instruments.** Advisory services and analytics will constitute an important part of WBG country engagement alongside the facilitation of global knowledge exchange through South-South mechanisms, and financial support. The WBG's knowledge work in Uganda is highly appreciated as evidenced in stakeholder surveys. This work will continue to be undertaken in close collaboration with concerned government entities and local think tanks as well as other development partners.

90. **Indicative IDA allocations to support the CPF over the full period may be in the range of US\$2 billion of which around US\$500 million is allocated for pipeline projects in FY16 and FY17.**⁷ Furthermore, additional regional IDA may be leveraged, subject to availability and demand. If resources are available, regional IDA will be sought. Grants, for example, from the Fund for Every Woman and Every Child, will also be available for Uganda. Opportunities will also be explored to augment IDA credit allocations from other sources that may become available during the CPF period, such as Climate Investment Funds.

91. **The CPF will leverage and seek synergies across the WBG.** The CPF relies on a stepped up IFC engagement in Uganda and stronger WBG collaboration (Annex 10). IFC will steadily increase its support for private sector development through investments, loans, and advisory services aligned with the Government's priorities and programs, as well as for activities that promote and strengthen regional integration. MIGA will explore options for increased use of guarantees for foreign investors to support the Government in attracting foreign direct investment.

92. **The Bank will continue to support Uganda to take advantage of the emerging climate finance architecture,** including various environment and climate-related trust funds such as the Global Environment Facility, the Forest Investment Program, the Pilot Program for Climate Resilience and the Forest Carbon Partnership Facility among others as both grant and concessionary sources of finance. In addition, the Bank will support Uganda to access various climate change knowledge platforms to strengthen knowledge and capacity on climate change.

93. **Experience in Uganda has shown positive implementation progress for operations where disbursements are linked to specific results indicators, such as in Program for Result (PforR) operations.** The CPF will therefore increase the use of results based financing and PforR instruments in the medium term. Results based financed operations provide a structured framework for implementation and incentivize counterparts and stakeholders to be results oriented. They also strengthen country systems, shifting attention from transactions to achievement of results. On-going efforts to improve implementation performance by strengthening preparation, project management oversight and project management capacity will be enhanced, including strengthening country systems for implementing social and environmental safeguards and wider risk management, and options will be explored for retrofitting the carry-over portfolio with results-based management principles where justified.

94. **The CPF program will also involve budget support through carefully delineated Development Policy Operations.** Budget support operations for Uganda proved effective in the past when their design incorporated findings of technical knowledge products (such as CEMs and PERs) and paid attention to political economy considerations. Going forward, the Bank will be very selective in the use of development policy financing, by providing a combination of technical and financial support to adoption and implementation of the reforms, which are on top of the policy agenda, and have a strong potential to address implementation bottlenecks and enhance the

⁷ IDA allocations for outer years will vary depending on: (a) total IDA resources available, (b) the country's performance rating, GNI per capita, and population; (c) the terms of IDA assistance (grants/credits) and the allocation deductions associated with Multilateral Debt Relief Initiative annual debt service foregone; (d) the performance, other allocation parameters, and IDA assistance terms for other IDA borrowers; and (e) the number of IDA-eligible countries.

country's governance and provision of public goods. These include reforms related to fiscal decentralization, revenue mobilization, and efficiency of sectoral public expenditures, governance and agriculture sector reform.

95. Resumption of budget support after a three year hiatus will build on results achieved through implementation of the HLAM. The HLAM included a series of actions to improve PFM combined with efforts to strengthen the capacity of anti-corruption agencies and sanctioning of officers involved in the misappropriation uncovered in FY13. These efforts have since been enshrined in the PFM Act, and implementation of e-Government procurement is underway as part of the Bank program. Nonetheless, there are still pending actions on judicial sanctioning and the legal framework. The Bank and DFID are providing technical assistance to strengthening asset declaration and anti-money laundering. This complements support to reinforcing the anti-corruption chain led by others, e.g. through the Strengthening Uganda's Anti-Corruption Response (SUGAR) facility.

96. Slow implementation has weighed down Uganda's development agenda for years, and could hamper the new CPF program as well. Implementation delays are not restricted to the WBG portfolio, but characterize most government programs as well as projects supported by other development partners. The implementation challenges arise from capacity issues in project, procurement and financial management, project design, the national credit approval process, and oversight of project management and compliance with safeguard policies. This is exacerbated by weak performance management and accountability across the Government. Careful political economy analysis will increasingly be used to understand better the incentives in implementing agencies. As recommended in the CLR, the WBG will have a stronger focus on understanding stakeholders, institutions and capacity, and tailor projects better to the Ugandan context. Related, projects and programs will be designed to allow for adaptive learning and pro-active adjustment in response to implementations challenges.

97. Effectiveness delays, including lengthy Cabinet and parliamentary approval processes (mandated by the Constitution) will be partially mitigated through broader engagement with Parliament and stakeholders as recommended in the CLR. The Bank will accordingly brief relevant Committees of Parliament and consult concerned communities during project preparation to generate better understanding, appreciation and ownership of projects and thereby increase the chances of faster approval and enhanced implementation. Where possible, feasibility studies, designs, and environmental and social assessments will be advanced during implementation of predecessor projects so as to improve project readiness. In addition, the Bank will expand its technical engagement with the Parliament with a view to establishing a broader relationship base.

98. Strategic collaboration with other development partners will be a key feature of the WBG's effort to strengthen implementation. Existing partnerships will be scaled up, including through trust fund arrangements, with a focus on providing a rapid and flexible response to address capacity and knowledge gaps, while lowering transaction cost and improving development effectiveness. The Bank will continue to play a lead role in development partners' policy dialogue with the Government at national level as well as in sectors of strategic importance to the CPF. A key takeaway from the CPF consultations with development partners relates to the need for

improving division of labor, both in terms of sector and geographical focus, based on an assessment of comparative advantages and government demand. MoFPED is increasingly taking leadership in this process through clearer messaging in terms of what individual agencies should focus on/exit from. This shift presents an opportunity for improving development effectiveness, and the WBG will actively pursue this agenda in collaboration with the Government and development partners.

99. **Stepping up citizen and beneficiary feedback is a potential game-changer on implementation as it can provide real-time and actionable feedback.** Projects will involve a well-designed consultation strategy to ensure that project design is responsive to the needs of beneficiaries. These strategies will promote continuous engagements with citizens during implementation to track progress, manage risks, and inform project adjustments. The WBG will utilize existing platforms more systematically for collecting feedback from citizens on key issues related to Bank support. This will generate feedback to adapt and adjust for better results. A sex-disaggregated emphasis on youth will be important to understand the views, aspirations and needs of young women and men.

100. **The Uganda Country Team will meet regularly in cross-practice teams to specifically assess progress in achieving the CPF objectives, identify bottlenecks and action areas seeking to accelerate implementation, and ensure complementarity of interventions.** CPPRs will continue to be undertaken jointly with the Government on an annual basis and will be expanded to include results-focused sessions organized around the CPF objectives alongside the more traditional emphasis on implementation progress. The PLR will provide an opportunity to take stock of program-wide progress and allow for mid-course adjustments examining whether, e.g., the new approach to consultations, governance, and citizen engagement has eased implementation bottlenecks; whether PforRs are incentivizing fast implementation and results orientation; whether the CPF assessments of WBG comparative advantage remain valid; and so on. There will be an expectation that experiences, new evidence and changing conditions will lead to adjustments. The CLR from the previous CAS found that the lack of timely data hindered the ability of the program to make changes based on evidence; almost all indicators in the CPF results framework are adopted from and rely on regular national data collection activities.

IV. MANAGING RISKS

101. **The overall risk to achieving the CPF objectives is Substantial.** Risks are mainly related to Uganda's political economy, its broader social and environmental challenges and safeguards, and weak institutional capacity. Important lessons can be derived from the risks that materialized during the CAS period, including in regard to portfolio performance, results, and safeguards management. As an overall mitigating measure, the CPF puts strong emphasis on governance, fiduciary and safeguards aspects of project design and implementation. Similarly, the CPF introduces increased portfolio proactivity, especially with regard to early restructuring, when

required. Risks to the CPF have been assessed using the Standardized Operations Risk-rating Tool⁸ as summarized in Table 3. The risk assessment will be reviewed as part of the PLR.

Table 3: Standardized Operations Risk-rating Tool for Uganda

Risk Categories	Rating (H, S, M, L)
1. Political and governance	S
2. Macroeconomic	M
3. Sector strategies and policies	S
4. Technical design of project or program	M
5. Institutional capacity for implementation and sustainability	H
6. Fiduciary	S
7. Environment and social	H
8. Stakeholders	M
Overall	S

102. **Political and governance (Substantial):** Whereas significant political uncertainty is not foreseen during the CPF, governance and effective public sector management are causes of concern. Key dimensions of the governance environment have been declining since 2003, including capacity to control corruption and regulatory quality as well as voice and accountability. The policy implementation gap is the result of a lack of enforcement of sanctions (mostly driven by political incentives) and a lack of capacity. Notable, however, is the improving trend on government effectiveness and in the existing circumstances, more efforts need to be focused on relieving technical constraints and implementing legislative frameworks, structures, and institutions to improve the accountability framework. To mitigate potential political and governance risks to the CPF, the WBG will put emphasis on designing projects that take into account political economy and governance dynamics.

103. **Macroeconomic (Moderate):** While Uganda is vulnerable to external shocks, the country has managed to maintain macroeconomic stability, and macro related risks to achieving CPF development outcomes are moderate. The Bank of Uganda and MoFPED are generally capable of designing and implementing effective policy responses to macroeconomic shocks and address risks, including those discussed in Section 2.2. Measures to mitigate the effects of external shocks include implementation of policy reforms and public investment management programs aimed at diversifying the economy and enhancing the role of the private sector to boost growth. The WBG will support the Government's efforts on these fronts.

104. **Sector strategies and policies (Substantial):** Sector wide planning and programming approaches are often not institutionalized, with weak links between planning and budgeting and an even weaker link between planning and implementation. Funding in several sectors is inadequate, particularly in social sectors. Uncertainties around sector policies and changing

⁸ The risk assessment is based on current *residual risk*, i.e. it is taking into account the impact of mitigation measures that have already been implemented; but not presuming any future additional mitigation measures, beyond those already in place.

strategic priorities can impact the effectiveness of sector interventions under the CPF. The Bank in collaboration with DFID, has supported the National Planning Authority to develop sector development planning guidelines, and will continue to support the Government in better aligning planning and budgeting strategies at sector and national level. Gaps in sector planning will be identified and addressed through project design.

105. Technical design of project or program (Moderate): The design of the CPF is along thematic strategic areas and objectives rather than sectoral, and interventions will contribute to at least one, but typically several objectives. This design is expected to strengthen complementarity and promote a more focused WBG portfolio. Meanwhile, it may inadvertently signal a shift towards more complex cross-sectoral project designs. Past experience show that delays in project effectiveness occur across the portfolio, particularly when projects are complex and involve multiple implementing agencies. The Country Management Unit will work with task teams to ensure that project designs are simple and aimed at responding to identified national or sector priorities, while promoting synergies between projects.

106. Institutional capacity for implementation and sustainability (High): Institutional capacity and understaffing is challenging effective implementation of projects. Public institutions in Uganda tend to perform poorly, the acquired capacity is underutilized, and policies are not fully implemented. Oversight and control mechanisms are generally weak, there are instances of fraud and corruption in implementing agencies, and there is uncertainty regarding institutional capacities to manage social and environmental risks and to sustain project outcomes. The WBG will conduct comprehensive institutional assessments during preparation stage to identify gaps and introduce mitigating measures, including technical assistance and individual and institutional capacity development making sure to provide opportunities also for on-the-job training to increase local capacity for sustainability.

107. Fiduciary (Substantial): Delays and quality issues across the procurement chain and weak financial management and auditing are a serious concern that can adversely impact achievement of CPF objectives. The implementation of the PFM Act is a significant step towards improving the financial management systems, and the implementation of the Treasury Single Account is contributing to improving the accountability and transparency in cash management of public resources. There are good practices emerging on involvement of internal audit in systematic risk based auditing. This progress notwithstanding, weaknesses in internal audit functions persist—especially with regards to follow up on audit findings, implementation of recommendations and operationalization of audit committees. This has diminished the intended value of internal audit reviews. Delays in payments remain an issue in many projects, which not only affect project delivery, but also increase the cost of doing business as contractors and suppliers factor in the cost of delays. Incidences of ineligible expenditure across projects are a serious concern. WBG will support enhancements to public procurement systems, including improvements in contract management. The WBG will also continue to organize regular trainings on financial management, procurement and safeguards for technical staff in implementing agencies, and programmatic sectoral fiduciary reviews will be conducted as well.

108. Environment and social (High): The Uganda portfolio is vulnerable to non-compliance and, at times, weak Government follow-through on environment and social issues. Infrastructure

projects—around 80 percent of the carry-over IDA portfolio is civil works—pose high risks, and there are multiple risk factors associated with the nature and complexity of the social, political and economic country context. In certain cases, but by no means all, Government ownership of safeguard approaches is inadequate. Differences between Bank policies and country requirements manifest in lack of enforcement of national laws and agreed safeguards instruments, and inadequate and non-continuous risk/impact analysis of both environmental and social safeguards issues. The capacity and commitment of the implementing agencies to satisfactorily implement safeguard instruments is varied. Key challenges include weak documentation and monitoring/evaluation of safeguards implementation performance, lack of adequate and meaningful consultation and participation of all relevant stakeholders during projects preparation and implementation, and lack of follow up on implementation of agreed corrective measures, particularly in low and medium risk sectors. This has resulted in delayed project implementation, project suspension and, recently, in the cancellation of a project. These challenges call for a revisit of some of the current practices in environmental and social management to find opportunities to strengthen more effectively client capacity and ownership.

109. During the CPF period, the Bank will step up support to social and environmental risk management, and more proactively engage with implementing agencies. This effort will aim to strengthen government capacity in social and environment impact and risk assessment and documentation preparation, as well as monitoring/evaluation of safeguards implementation. Carry-over operations are being reassessed to ensure appropriate attention to social and environmental management. Bank supervision and implementation support have been intensified with regards to social and environmental aspects, and preparation of new operations will include in-depth attention to risk identification, risk management and client capacity to effectively manage safeguards. The Bank will encourage inter-governmental agency collaboration to promote ownership and shared responsibility to achieve quality risk and impact assessments, and strengthen government capacity to effectively respond to environmental and social challenges. The Bank will also support policy and program development to facilitate sustainable land management and effective voluntary land acquisition, involuntary resettlement, and livelihood restoration, as well as support for the protection of the most vulnerable, including from sexual and gender-based violence. Finally, the strengthened emphasis on citizen engagement and beneficiary feedback is expected to improve the quality of supervision to mitigate safeguards risks.

110. Stakeholders (Moderate): The CPF consultations have shown that the CPF strategy, its strategic focus areas and objectives are well-understood and considered relevant by the Government and a broad range of stakeholders. Nonetheless, as highlighted in the CAS CLR, implementation has often been delayed by the lengthy Cabinet and parliamentary approval process for credits, sometime due to opposition by Parliamentary Committees and lack of ownership by the sector ministries. During the CPF period, the Bank will make a renewed effort to strengthen the relationship with the incoming Parliament, and consult with the concerned committees during preparation to generate a better understanding and ownership of projects.

Annex 1: CPF Results Framework

Strategic Focus Area A: Strengthening governance, accountability and service delivery

All CPF objectives complement proposed improvements in social service delivery and improved governance, management and accountability for public resources, which will accelerate poverty reduction and boost shared prosperity. While improvements in health and education are important in their own right, migrants to urban areas need strong human capital development to be able to access better jobs that will be created over the medium term. Good health and education would also empower women to access opportunity in a growing Ugandan economy. Increasing economic growth and tax revenue, while efficiently allocating and spending resources will maximize the poverty impact and boost shared prosperity.

CPF Objective 1: Enhanced economic governance and fiscal management

Intervention Logic: The public sector must become more effective in using public resources by closing the policy implementation gap to help Uganda accelerate poverty reduction. This requires four primary changes: (i) increasing revenues to expand the fiscal space to finance infrastructure and social service needs; (ii) improving the allocation of resources both between sectors and levels of government; (iii) preparing for the effective management of future oil revenues and improving debt management; and (iv) enhancing expenditure management through improved PFM and procurement management. This needs to be complemented by strengthening country systems for transparency, participation and accountability. This objective contributes to SDGs 8, 10, and 16 (Annex 13).

On revenues and resource allocation; the Bank will support Uganda through a series of ASAs on revenue mobilization, including at the sub-national level, and on efficiency of resource allocation, including poverty mapping and analysis to help target interventions to the poor. This will be supported by lending operations, including DPOs with strong sector content that will seek to improve resource allocation for service delivery to local governments and enhance transparency and accountability, to be complemented by a DPO/PforR series on revenue mobilization, strengthening institutions and policies for future oil management, and public expenditure efficiency. In addition, an investment project will focus on statistical capacity building, to close systematic gaps, as well as those within the priority areas covered by the CPF. On enhancing expenditure management the Bank will design a results based operation aimed at improving the use of public financial and procurement management systems; making budget planning and execution more transparent, reducing procurement delays while enhancing integrity respectively; and improving the sanctions regime. The operation will complement reforms supported under the current DPO series on fiscal decentralization, governance and service delivery and support interventions to enhance citizen engagement using social accountability mechanisms. The Bank will continue the technical assistance to the implementation of the debt management strategy; and continue the mandatory debt sustainability assessments jointly with the IMF, especially in the context of future oil flows.

Challenges: While support for formal changes in policies has been strong in recent years, enthusiasm has flagged during the implementation phase. There is also a risk that vested interests of different stakeholders delay reforms, and that the government will continue to find it difficult to translate important policy reforms into practical implementation.

CPF Objective indicators	Supplementary Progress Indicators	WBG Program
<p>Non-oil domestic revenue (% of GDP, annual average) Baseline: 12.1 (2010-2015) Target: 13.9 (2016-2021)</p> <p>Ratio of average spending per capita between ten best-funded and ten worst-funded districts</p> <p><i>(i) Health</i> Baseline: 7.0 (2014) Target: 2.1 (2021)</p> <p><i>(ii) Education (spending per child of school going age)</i> Baseline: 7.2 (2014) Target: 2.8 (2021)</p>	<p>New firms paying taxes (%) Baseline: 0.77 (2015) Target: 3 (2021)</p> <p>Budget execution data disclosed in open data format by MoFPED (%) Baseline: 0 (2014) Target: 50 (2021)</p> <p>Average deviation of actual spending of MDAs from approved budget (%) Baseline: 18.4 (2015) Target: 5.0 (2021)</p> <p>Projects underpinned by cost-benefit analysis (%)</p> <p><i>(i) Projects in the PIP with CBA</i> Baseline: 10 (2015) Target: 60 (2021)</p> <p><i>(ii) Investment component share in the PIP (%)</i> Baseline: 67 (2015) Target: 80 (2021)</p> <p>Number of tax audits carried out by Uganda Revenue Authority Baseline: 4,209 (2015) Target: 5,470 (2021)</p> <p>Audited contracts rated low risk or better (%) Baseline: 45 (2014) Target: 65 (2021)</p>	<p><u>Current program:</u></p> <ul style="list-style-type: none"> ➤ ASA: Country Economic Memorandum ➤ ASA: Public Investment Management ➤ ASA: Improving Public Procurement ➤ ASA: Fiscal Transfers Reform <p><u>New program (indicative):</u></p> <ul style="list-style-type: none"> ➤ ASA: Uganda Economic Update series ➤ ASA: Debt Management Reform Plan (FY16) ➤ ASA: Domestic Revenue Mobilization (TBD) ➤ ASA: Programmatic Poverty work (TBD) ➤ DPO: Fiscal decentralization, governance, and service delivery (FY16) ➤ DPO: Fiscal decentralization, governance, and service delivery II (FY17) ➤ PforR: Governance/public sector performance (FY18) ➤ IPF: Statistical capacity and M&E (FY18) ➤ PforR: Intergovernmental fiscal transfers (FY18) ➤ DPO: Revenue mobilization/public expenditure (FY19)

CPF Objective 2: Improved social service delivery

Intervention Logic: Much of Uganda's inclusive development in the short and longer terms critically depends on helping people develop capacities to become self-reliant and productive participants in Uganda society. To seize opportunities people must have a basic level of health, knowledge, and skills. The Government's primary role in this process is to provide the foundations of primary services in health basic education. Health services would include maternal health to ensure safe delivery and proper birth weight, early nutrition services and functional health centers. Basic education services would focus on providing children and adults with skills and cognitive development to tap into labor market opportunities. Addressing under-nutrition would help to improve productivity, reduce health care costs, and improve learning performance thereby contributing to sustained and equitable economic growth.

In primary education, access is nearly universal, but quality is variable and many students, particularly from poorer households, dropout before completion. Access to secondary education is limited, and financing remains inefficient. These shortcomings are particularly prominent in the North and East of the country. The Bank will continue to implement its investment in improving quality and equity of primary education by, among others, improving teacher effectiveness, school level accountability systems, and focusing on schools in rural areas, including measures to prevent sexual and gender-based violence (a common cause of school drop-outs amongst girls) against children both in and out of schools. A new project will focus on increasing access to and quality of secondary education. Of particular importance is progression and retention of girls in secondary school to expand their education and labor market opportunities and indirectly slow population growth. Finally, the Bank will continue ongoing work in skills development by supporting training institutions and employers to deliver high-quality, demand-driven training programs in priority sectors and likely introduce a new operation on youth employment to help Ugandans become more employable as the labor market evolves.

The underlying challenges facing the health sector and constraining its performance arise from the high disease burden (the majority of which is preventable) and under-resourcing, coupled with ineffective and inefficient deployment of human resources, medicines, equipment and infrastructure. Weaknesses in management, especially of the frontline services, where the majority of health facilities are not functional and able to deliver basic/essential health services particularly hamper delivery. As a result, coverage of several key programs is suboptimal, and furthermore, there is significant regional variation in coverage and quality of care. Bank support centers on strengthening health systems and infrastructure, improving incentives for health providers, and increasing the results focus of the Government's health programs. Other partners will focus their efforts on disease prevention, including for specific diseases and through more general approaches including hygiene and water. In both health and education, the Bank will help the government support private sector provision of services. This objective contributes to SDGs 3, 4, 5, and 10.

Challenges: Well-established incentives for teachers and health care providers will be difficult to re-shape. Several reforms require mobility of human resources, a process that is slow-moving. Other risks include poorly motivated teachers and health care providers with limited scope to change this due to fiscal challenges; limited availability of employment opportunities; and proliferation of districts, which is spreading local government capacity very thin. Government financing of health and education has been declining as a share of the budget and of GDP, and given the rapidly growing population and government policies to provide free basic health and education services, adequate resourcing of the sector is important to ensure adequate access to and quality of services.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Gross enrollment rate, lower secondary school (% of which girls) Baseline: 37 (34 for girls) (2015) Target: 47 (45 for girls) (2021)</p> <p>Deliveries with skilled attendants (%) Baseline: 50 (2015) Target: 65 (2021)</p>	<p>Primary school completion rate (% of which girls) Baseline: 59 (60 for girls) (2013) Target: 65 (65 for girls) (2021)</p> <p>Teacher absenteeism (%) Baseline: 25 (2015) Target: 20 (2021)</p> <p>Proportion of qualified health workers (%) Baseline: 69 (2015) Target: 75 (2021)</p> <p>Facilities without tracer drug stock-outs over a period of three months (%) Baseline: 62 (2015) Target: 70 (2021)</p>	<p><u>Current program:</u></p> <ul style="list-style-type: none"> ➤ ASA: Improving Health Services ➤ ASA: Education Sector Reform ➤ IPF: Health Systems Strengthening Project ➤ IPF: Reproductive Health Voucher Project ➤ IPF: Multisectoral Food Security & Nutrition ➤ IPF: East African Public Health Laboratory Network (regional) ➤ IPF: GPE Teacher & School Effectiveness ➤ IPF: Third Northern Uganda Social Action Fund ➤ IPF: Skills Development Project ➤ IPF: Albertine Region Sustainable Development Project <p><u>New program (indicative):</u></p> <ul style="list-style-type: none"> ➤ ASA: Health financing (TBD) ➤ ASA: Education financing (TBD) ➤ ASA: Sector Institutional and Governance review (TBD) ➤ IPF: Uganda Reproductive, Maternal and Child Health Services (FY16) ➤ IPF: Africa Higher Education Centers of Excellence (regional) (FY16) ➤ IPF: Secondary Education Improvement (FY17) ➤ IPF: Social development (FY17) ➤ IPF: Human development operation (FY20/FY21)

Strategic Focus Area B: Raising incomes in rural areas

In the short to medium term, there is great opportunity in Uganda for rural development and increases in income in rural areas, which will lead directly to robust poverty reduction. Growth in agriculture has had a strong impact on poverty in recent years. The livelihoods of more than 4 in 5 Ugandans are dependent on income from agriculture. But compared to neighboring countries, agricultural growth has been slow, productivity is low, and entire regions of the country have largely been excluded. Variability in income due to external shocks leaves many families vulnerable to falling back into extreme poverty even after they had initially escaped it.

CPF Objective 3: Increased agricultural commercialization

Intervention logic: Growth in the agriculture sector requires higher agricultural productivity and increased commercialization, given the limited remaining potential for expansion of cultivated land, and the unpredictability of weather and prices. The WBG program takes a broad approach to boosting productivity and increasing commercialization, including interventions in many sectors that will encourage farmers to invest in their land. The program will tackle access to and security of land and access to finance so farmers have the capacity to invest. It will support improved extension services so farmers have the right information to invest and to adopt sustainable farming practices using high quality agricultural inputs. And it will help farmers capture economies of scale, including through associations and commercialization. The program will also help farmers get better prices, creating the incentive to invest. This will include strengthening value chain coordination in agribusiness and providing better price information and storage solutions so farmers can reduce post-harvest losses, sell when prices are attractive, and face lower transport costs to markets. As observed by the SCD, given current income levels, the high share of income going to consumption, and the relatively closed economy, an increase in income can produce large multiplier effects. Key indicators are both yields and marketed volumes of selected crops. These will show both that farmers are producing more, and that they are receiving a return on their investment and labor by getting their product to market. This objective contributes to SDGs 1, 2, 7, 8, 9, and 10.

Challenges: First, strategic and policy uncertainty combined with capacity constraints in Ministry of Agriculture, Animal Industry and Fisheries have hampered progress on previous direct support to the agriculture sector. Second, there is a time lag between land registration, access to finance, and greater investment by farmers, suggesting increased productivity through this lever may not begin until the end of the CPF period. Third, the agriculture sector has a track record of slow implementation. Fourth, the dependence on rain-fed agriculture and volatile commodity prices makes yields and productivity highly sensitive to climate and external conditions. Fourth, ultimately agricultural productivity will continue to rely heavily on weather conditions

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Marketed volumes by select commodities (metric tons)</p> <p>Baseline (2014):</p> <p>Beans: 297,000</p> <p>Cassava: 1,200,000</p> <p>Rice: 100,000</p> <p>Target (2021):</p> <p>Beans: 357,000</p> <p>Cassava: 1,500,000</p> <p>Rice: 120,000</p> <p>Yields by select crops (metric tons/acre)</p> <p>Baseline (2014):</p> <p>Beans: 1.5</p> <p>Cassava: 3.3</p> <p>Maize: 2.3</p> <p>Rice: 1.9</p> <p>Target (2021):</p> <p>Beans: 1.8</p> <p>Cassava: 4.0</p> <p>Maize: 2.8</p> <p>Rice: 2.3</p>	<p>Number of irrigation schemes designed</p> <p>Baseline: none (2016)</p> <p>Target: 10 (2018)</p> <p>Number of farmer organizations undertaking collective action (input and product marketing)</p> <p>Baseline: 98 (2016)</p> <p>Target: 250 (2021)</p> <p>Farmers reached with agricultural inputs and services through e-voucher schemes</p> <p>Baseline: none (2016)</p> <p>Target: 100,000 (2021)</p> <p>Rural land registered (%)</p> <p>Baseline: 5 (2014)</p> <p>Target: 10 (2021)</p> <p>Gender disaggregated data on rural land registration available</p> <p>Baseline: no (2016)</p> <p>Target: yes (2018)</p>	<p><u>Current program:</u></p> <ul style="list-style-type: none"> ➤ IPF: Competitive & Enterprise Development Project ➤ IPF: Agricultural Technology & Advisory Services ➤ IPF: Agriculture Cluster Development Project ➤ IPF: Regional Pastoral Livelihoods Resilience Project ➤ IPF: East Africa Agricultural Productivity (regional) ➤ IPF: North Eastern Road Corridor Asset Management Project ➤ IPF: Energy Sector Development Project ➤ IPF: Energy for Rural Transformation II ➤ IPF: Energy for Rural Transformation III ➤ IPF: Skills Development Project ➤ IFC: Investment in Pearl Dairy <p><u>Indicative new program:</u></p> <ul style="list-style-type: none"> ➤ ASA: Agriculture and Irrigation (TBD) ➤ ASA: Sector Institutional and Governance review (TBD) ➤ IPF: Grid Expansion and Reinforcement (FY16) ➤ IPF: Development Response to Displacement Impacts (regional) (FY16) ➤ IPF: Great Lakes Trade Facilitation (regional) (FY16) ➤ IPF: East Africa Agricultural Productivity II (regional) (FY18) ➤ Climate funds: Forest and landscape (FY18) ➤ IPF: Private sector development/land (FY19) ➤ IPF: Irrigation/water management (FY19) ➤ DPO: Agriculture (FY20) ➤ IPF: Energy (FY21)

CPF Objective 4: Enhanced resilience of the poor and vulnerable

Intervention logic: Even as agricultural productivity increases, people in rural areas are increasingly vulnerable to long-term degradation of natural resources, droughts, and volatility in farm-gate prices. Indeed, in recent years, for every three people to rise out of poverty, two have fallen back into poverty. Mitigation of shocks—by helping people who face them, and building up household and community assets, which increase resilience to shocks - is essential to stability and to reducing vulnerability.

The Bank will support Uganda in expanding its system of safety nets, focused in particular on the vulnerable Northern region, to help those already in poverty and those who have fallen back into poverty. It will also support those communities hosting refugees displaced from conflicts in neighboring countries, and help the government protect vulnerable groups through improved social risk management, including prevention of sexual and gender-based violence related to infrastructure development and public works, which accounts for a large share of WBG activities. In addition, the Bank will support social development dialogue and client capacity building to increase inclusion, sustainability, transparency and accountability in development-induced land acquisition. For water for production, the Bank will support the government's development of integrated water resources management plans for key catchments and invest in monitoring and information systems for sustainable water flows and water for production including expanding the use of irrigation to mitigate against droughts.

Investments in water for production will be made late in the CPF period, so results will only become apparent during the following CPF cycle. Support to farmers will include a shift to 'climate smart' agriculture. The Bank will also support investments in the environment and natural resources, including projects in forests and climate adaptation, to help preserve the eco-system on which Ugandan livelihoods depend. This objective contributes to SDGs 6, 13, and 15.

Challenges: Difficulties in targeting safety net support to the poorest, balancing expanded water production with water resources management, and the employability of potential workers in rural areas. Furthermore, the agriculture value chain is currently not adequately developed to generate sufficient off-farm employment and the renewable natural resource base is becoming rapidly degraded.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Household assets (% households sharing at least two basic assets) Baseline: 56.3 (2013) Target: 66.9 (2021)</p> <p>Annual rate of forest loss as a proportion of national forest cover (%) Baseline: 4.14 (2010-2015) Target: 2 (2016-2021)</p>	<p>Number of districts in Northern Uganda and Karamoja (55 districts) in which cash for public works programs are available Baseline: 7 (2015) Target: 55 (2021)</p> <p>Number of households in Northern Uganda and Karamoja (55 districts) benefitting from safety net programs Baseline: none (2015) Target: 415,000 (2021)</p> <p>Households connected to the electricity grid (%) Baseline: 15 (2013) Target: 20 (2021)</p> <p>Functional and operational water catchment management information system Baseline: none (2016) Target: 1(2019)</p> <p>Land covered by resilient landscapes program (ha) Baseline: none (2018) Target: 100,000 (2021)</p>	<p><u>Current program:</u></p> <ul style="list-style-type: none"> ➤ ASA: Social Protection Sector Review ➤ ASA: Social Protection, Governance and Fragility ➤ IPF: Agricultural Technology & Advisory Services ➤ IPF: Agriculture Cluster Development Project ➤ IPF: Regional Pastoral Livelihoods Resilience Project ➤ IPF: East Africa Agricultural Productivity (regional) ➤ IPF: Water Management & Development Project ➤ IPF: Third Northern Uganda Social Action Fund ➤ IPF: Multi-sectoral Food Security and Nutrition ➤ IPF: Energy Sector Development Project ➤ IPF: Energy for Rural Transformation II ➤ IPF: Energy for Rural Transformation III ➤ IPF: Lake Victoria Environment Management Program II <p><u>New program (indicative):</u></p> <ul style="list-style-type: none"> ➤ ASA: Programmatic Poverty work (TBD) ➤ ASA: Youth Employment (TBD) ➤ ASA: Social Development Dialogue ➤ IPF: Grid Expansion and Reinforcement (FY16) ➤ IPF: Development Response to Displacement Impacts (regional) (FY16) ➤ IPF: Great Lakes Trade Facilitation (regional) (FY16) ➤ IPF: Water Management and Development Project – Additional Finance (FY17) ➤ IPF: Social development (FY17) ➤ Climate funds: Forest and landscape (FY18) ➤ IPF: Lake Victoria Environment Management Program III (regional) (FY18) ➤ IPF: Irrigation/water management (FY19) ➤ IPF: Human development operation (FY20/FY21) ➤ IPF: Energy (FY21)

Strategic Focus Area C: Boosting inclusive growth in urban areas

In the medium to long term, as improvements in technology require agriculture to be less labor intensive and population growth creates fragmentation and potential conflict over land, poverty gains from rural development will wane. Good jobs are the key to translating growth in urban areas into poverty reduction and shared prosperity. Migrants from rural areas and higher-skilled workers alike will need new opportunities for formal employment in urban areas to continue poverty reduction, and accelerated urbanization will be the conduit leading the rural poor to higher standard of living. Urban areas must be prepared for the influx of new residents while maintaining and upgrading key urban services. The private sector must operate in a strong business environment to facilitate investments that lead to more and better jobs.

CPF Objective 5: Improved business environment

Intervention Logic: Most new jobs in Uganda come from MSMEs, but they face a difficult business environment that creates a drag on job creation and disincentivizes formalization. At its base, improving the business environment to foster productive MSME growth and help new MSMEs enter the market, as well as encouraging larger businesses to invest, involves maintaining macro-economic stability and easing overly burdensome regulation on business while maintaining necessary rules and policies. But to invest, businesses need access to finance that comes with the certainty, transparency and accountability of land tenure and acquisition and resettlement policies, areas where WBG support will be key. They need security in the knowledge that their costs will be predictable due to a reliable and affordable supply of electricity and urban mobility, and that their outputs will find a market through regional transport links and lower barriers to trade. And they need a steady supply of healthy, educated, and skilled workers to produce their goods and services.

The Bank and IFC will provide support in several of these areas: improving the coverage of land registration, expanding access to credit for MSMEs including through use of non-land assets as collateral, expanding the grid to make power more accessible, and supporting the development of demand-driven skills training and improvements in health and education services. The Bank will carry through its existing commitments in inter-city roads, but not provide new support, as other capable partners lead the dialogue there and the government has expressed greater demand in other areas. This objective contributes to SDGs 8 and 9.

Challenges: Private investment is strongly influenced by the external environment which has been volatile in recent years. There is a time lag between infrastructure investments, improvements in the business environment, and private investment by firms. There are political and capacity challenges to roll out major land registration initiative in a short time frame. Finally, further delays in increasing the generation capacity may restrict affordability and reliability of electricity, which is a key constraint for reducing the cost of doing business.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Number of businesses with loans registered in the collateral registry Baseline: none (2015) Target: 6,730, of which 15% are majority owned by women) (2021)</p> <p>Credit to the private sector (billion UGX) Baseline: 6.63 (2014) Target: 20.0 (2021)</p>	<p>Time to register a business (days) Baseline: 27 (2014) Target: 5 (2021)</p> <p>Time to register land (days) Baseline: 42 (2014) Target: 25 (2021)</p> <p>Urban land registered (%) Baseline: 70 (2014) Target: 90 (2021)</p> <p>Gender disaggregated data on urban land registration available Baseline: no (2016) Target: yes (2018)</p> <p>Power transmission lines (km) Baseline: 1,590 (2015) Target: 2,035 (2021)</p> <p>Number of loans disbursed to SMEs as a result of investments in expanding access to credit - IFC Baseline: 1,242 (2015) Target: 84,297 (2021)</p> <p>Participation of employers in skills training program<i>(Baseline and target to be collected during 2016 under Skills Development Project)</i></p>	<p><u>Current program:</u></p> <ul style="list-style-type: none"> ➤ ASA: Mining Sector Development Support ➤ ASA: Petroleum Sector Capacity Needs Analysis ➤ IFP: Competitive & Enterprise Development Project ➤ IPF: Uganda Support to Municipal Infrastructure Development ➤ IPF: Kampala Infrastructure and Institutional Development II ➤ IPF: Albertine Region Sustainable Development Project⁹ ➤ IPF: Skills Development Project ➤ IPF: North Eastern Road Corridor Asset Management Project ➤ IPF: Energy Sector Development Project ➤ IPF: Energy for Rural Transformation II ➤ IPF: Energy for Rural Transformation III ➤ IFC: Increasing liquidity of local banks ➤ IFC: Capacity building to banks to serve SMEs <p><u>New program (indicative):</u></p> <ul style="list-style-type: none"> ➤ ASA: Policy Dialogue on Financial sector (TBD) ➤ ASA: Youth Employment (TBD) ➤ ASA: Enterprise Survey (TBD) ➤ ASA: Financial Sector strategy (TBD) ➤ IPF: Grid Expansion and Reinforcement (FY16) ➤ TBC: Lake Victoria Transport (regional) (FY17) ➤ IFC/IDA: Infrastructure PPP (FY18) ➤ IPF: Municipal Infrastructure development/planning (FY19) ➤ IPF: Urban Development (FY20) ➤ IPF: Energy (FY21) ➤ IPF: Financial sector (FY21)

⁹ Note that the civil works components of the Albertine Region Sustainable Development Project, and of the North Eastern Road Corridor Asset Management Project, were suspended in January 2016 and remain suspended as of the time of writing (March 29, 2016). This information pertains to similar references elsewhere in the CPF.

CPF Objective 6: Improved access to urban services

Intervention logic: To sustainably accelerate its urbanization and maintain and improve living standards in urban areas, Uganda needs to prepare for migration to cities and small towns by strengthening the institutional capacity to develop implementable urban master plans to connect transport and services to land use as well as own source revenue mobilization. In terms of improving urban services, the Bank will focus its efforts on access to water and sanitation and electricity. The Bank also supports the government of Uganda is strengthening the land acquisition, resettlement and rehabilitation policy. Additional support may come in the form of analytical work on public transport options, laying the groundwork for future investments as well as technical assistance in selected areas such as strengthening capacity to deliver sanitation and manage fecal sludge. IFC will work opportunistically to make investments in banks to assist with the growth of mortgage products to improve access to housing. This objective contributes to SDGs 9, 11, and 16.

Challenges: Population growth in urban areas may move faster than the capacity to plan. The focus of policymakers could remain on current urban areas, without as much concern for outlying areas that will urbanize in the near future. Improving urban mobility is extremely complex, requiring coordinated efforts from multiple ministries, and there is limited demand expressed by the client for the Bank to finance projects in this area.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Urban population with access to clean water (%) Baseline: 73 (2014) Target: 80 (2021)</p> <p>Paved roads in fair to good condition (%) <i>(i) Municipalities</i> Baseline: 55 (2016) Target: 65 (2021) <i>(ii) Kampala</i> Baseline: 64 (2016) Target: 74 (2021)</p>	<p>Towns with urban physical development plans (%) Baseline: 40 (2014) Target: 70 (2021)</p> <p>Multi-modal transport plan adopted Baseline: no (2014) Target: yes (2018)</p> <p>Number of towns with access to safe sludge and waste water disposal facilities Baseline: 30 (2014) Target: 40 (2021)</p> <p>Electricity consumers reached through investments in distribution (million) - IFC Baseline: 2.6 (2015)</p>	<p><u>Current program:</u></p> <ul style="list-style-type: none"> ➤ ASA: Repositioning Local Governments for Economic Growth ➤ ASA: Private Sector Provision of Water and Sanitation in Small Towns ➤ IPF: Uganda Support to Municipal Infrastructure Dev't ➤ IPF: Kampala Infrastructure and Institutional Development II ➤ IFC: Waste Management PPP ➤ IPF: Albertine Region Sustainable Development Project ➤ IPF: Water Management & Development Project ➤ IPF: Energy Sector Development Project ➤ IFC: Investment in electricity distribution <p><u>New program (indicative):</u></p> <ul style="list-style-type: none"> ➤ ASA: Water and Sanitation Service Delivery (TBD) ➤ ASA: Spatial Development of African Cities (TBD) ➤ IPF: Grid Expansion and Reinforcement (FY16) ➤ IPF: Water Management and Development Project – Additional Finance (FY17)

	Target: 2.99 (2021)	<ul style="list-style-type: none"> ➤ IPF: Social development (FY17) ➤ IFC/IDA: Infrastructure PPP (FY18) ➤ IPF: Municipal infrastructure development/planning (FY19) ➤ IPF: Water/sanitation (FY20) ➤ IPF: Urban development (FY20) ➤ IPF: Energy (FY21) ➤ IPF: Financial sector (FY21)
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Annex 2: CAS Completion and Learning Review

CAS COMPLETION AND LEARNING REVIEW (CASCLR) FY 2011-2015

CAS April 27, 2010 Report No. 54187-UG
CASPR July 3, 2013 Report No. 75283-UG

INTRODUCTION

1. **This Completion and Learning Review (CLR) is a self-evaluation by the World Bank Group (WBG) country team for Uganda of WBG performance in implementing the Uganda Country Assistance Strategy during the CAS cycle FY11-15 (Uganda CAS, Report No. 54187-UG and Uganda CAS Progress Report, Report No. 75283-UG).** The CLR evaluates the Uganda CAS program performance in achieving Strategic Objectives; the design and implementation of the CAS program, as well as the CAS program's contribution to the twin goals of ending extreme poverty and boosting shared prosperity. The CLR uses the results framework updated during the Uganda CAS Progress Report (CASPR) to validate the achievements. In addition to discussions with the country team and Government counterparts, this assessment is based on reference documents such as Project Appraisal Documents (PADs), Implementation Status Reports (ISRs), Implementation Completion Reports (ICRs), supervision reports and the recently completed Systematic Country Diagnostic (SCD). The findings of the CLR have informed the preparation of the FY16-FY21 Uganda Country Partnership Framework.

2. **The Bank has had a long standing engagement with Uganda and recently celebrated its 50th anniversary of support to the Country.** Indeed Uganda has been among the top regional performers in terms of economic growth and poverty reduction over the past few decades. Uganda is a low-income country that had a gross domestic product (GDP) per capita of US\$660 in 2014. Much of the Bank's program over the recent period was directed towards helping keep sustainable growth going, and finding ways for that to benefit the poor. It is noteworthy that GDP growth averaged about 5.5 percent during FY11-FY14, driven by an acceleration in both public and private investments. Among others, this growth benefitted the poorest households: between 2003 and 2013, Uganda managed to reduce the proportion of households living under US\$1.25 a day in purchasing power parity faster than any other country in Sub-Saharan Africa. Moreover, prosperity was shared with the poorest segments of the population as annual consumption growth of the bottom 40 percent averaged around 3 percent during 1993-2013. However, more recently the rate of economic expansion decelerated because of external factors, inconsistent fiscal and monetary policies, and a slowdown in efforts by the Government to implement further reforms.

3. **There has been a range of positive dimensions in the Bank Group's program over the review period.** For example the total volume of new IDA committed to the country reached US\$2.2 billion (including regional IDA funds), among the highest ever secured for Uganda. In fact this scale actually surpassed the estimate of about US\$1.9 billion that had been made in the earlier CAS. Several projects that have been formally assessed by IEG have delivered notable outcomes – indeed about three-quarters of all projects evaluated by IEG during the CAS period achieved their development outcomes. This stands in good comparison

with many other low income countries. It suggests that there is a base on which the new CPF can build. Investment financing delivered results and indeed the development policy operations that closed and were evaluated in this period were all rated as moderately satisfactory or better.

4. **These positive developments were all consistent with the overall objective of the CAS to support Uganda’s vision of structural transformation by selectively assisting the Government in implementing the National Development Plan (NDP), and to respond to emerging challenges.** The CAS was aligned with the Bank’s Africa Regional Strategy of 2011, and Uganda’s development strategies (NDP and its Vision 2040). The CAS was jointly prepared by the World Bank, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), in close collaboration with the Government of Uganda (GoU). The CAS had three Strategic Objectives, and one crosscutting Objective: i) Promote inclusive and sustainable economic growth; ii) Enhance public infrastructure; iii) Strengthen human capital development; and iv) Improve good governance and value for money. Yet it is important to note that there were also less strong areas – and that the fit between some project-specific achievements and the ambitious targets set out in the CAS’s own results framework was not as well aligned as might be desired. This CLR has therefore rigorously followed the methodology to rate overall country program outcomes based on an aggregate assessment of 12 outcomes in the revised results framework introduced in the 2013 CASPR. The status of CAS indicators at the end of the CAS period provided the evidence for the outcome ratings. Progress under the Strategic Objectives was uneven, with the greatest number of Outcomes achieved under Strategic Objectives 1 and 4, with some results surpassing the targets. **Based on the methodology of assessing Country Partnership Frameworks (CPFs), the overall progress towards achieving the CAS outcomes was Moderately Unsatisfactory.**

5. **WBG performance in designing and implementing the strategy was Fair.** The design of the CAS and CASPR was relevant in the Uganda context, and closely aligned with the Government’s Vision 2040 and the first NDP. IDA delivered a robust lending program of about US\$2.2 billion, which surpassed the indicative support estimated at US\$1.9 billion for the CAS period. Collaboration within the WBG and with development partners was strong. Furthermore, the 2014 Country Opinion Survey highlighted: i) that stakeholders were relatively positive about the WBG’s presence in the country with private sector respondents most positive; and ii) that the WBG received very high ratings as a ‘long term partner’ and how it collaborates with the Government. The design and implementation of the CAS and CASPR contributed to the pursuit of key CAS Outcomes, and delivered a number of achievements that are highlighted under the Strategic Objectives summary sections, including the one WBG approach to supporting the Bujagali hydropower plant (commissioned August 2012). However, a combination of overly ambitious goals, not using SMART indicators,¹⁰ a challenging implementation environment, and lack of timely follow up on issues arising in several operations, resulted in overall insufficient progress towards the achievement of the CAS outcomes. The Bank was proactive in fine-tuning its support following the CASPR in response to governance challenges, which resulted in the discontinuation of the PRSC series. These lessons learned from the CLR have informed the new CPF, in particular related to the appropriate selection and target setting for CPF indicators, as well as the need to proactively address portfolio and safeguards policy challenges (which are critical issues in Uganda).

¹⁰ SMART indicators are Specific (target a specific area for improvement), Measurable (quantify or at least suggest an indicator of progress), Assignable – specify who will do it, Realistic – state what results can realistically be achieved, given available resources, Time-related – specify when the result(s) can be achieved.

6. **In pursuing the One WBG approach, it is useful to highlight some of the areas where IFC and MIGA provided support.** IFC engagement over the CAS cycle focused on Strategic Objectives 1 and 2. Specifically, IFC investments and advisory services contributed with improving doing business conditions for the private sector by supporting financial institutions increase their reach to Small and Medium Sized Enterprises (SMEs), as well as the implementation of reforms that facilitate licensing and on-line payment of taxes. IFC engagements also focused on enhancing key infrastructure in Uganda, such as the rehabilitation of the Kenya-Uganda railway, the financing for the Bujagali Hydropower plant, and advisory services to structure a number of road Public Private Partnerships (PPPs), including the Kampala-Jinja Expressway. During the CAS cycle, **MIGA** actively supported the implementation of the CAS with a particular view on improving conditions for private sector growth (Strategic Objective 1) and increasing access to electricity (Strategic Objective 2). Specifically, MIGA supported foreign direct investment in the agribusiness, manufacturing, services as well as energy sectors.

7. **Alignment with the WBG Corporate Strategy:** The Twin Goals did not exist when the Uganda CAS was approved. Yet, the CAS program did indeed focus on areas identified as critical for achieving the Twin Goals of ending extreme poverty and promoting shared growth. In fact, the first strategic objective of the CAS focuses on promoting shared and sustainable growth, which aligns perfectly with the Twin Goals. Further, the remaining three CAS Strategic Objectives (enhancing public infrastructure, strengthening human capital development, and improve governance and value for money) also directly support the Twin Goals.

CPS PROGRAM PERFORMANCE

8. **Country context:** Uganda's cabinet approved the first National Development Plan (NDP1)¹¹ for the period FY11-15 in February 2010. NDP1's main themes are Growth, Employment and Socio-Economic Transformation for Prosperity. NDP1 broadens Uganda's development strategy from poverty reduction to structural transformation to raise growth and living standards. It is the first in a series of six strategic plans intended to transform Uganda over thirty years into a modern and prosperous country.

9. **CAS program objectives and results:** The WBG CAS, aligned with the NDP, aimed to support structural transformation of the economy. It provided a framework for WBG support for five years (FY11-15), and focused on four strategic objectives and twelve outcomes:

- 1) **Promote inclusive and sustainable economic growth:** (i) improved conditions for private sector growth; (ii) improved interconnectivity for regional integration; (iii) increased productivity and commercialization of agriculture; and (iv) increased efficiency and sustainability of natural resource management.

¹¹ NDP1 has eight objectives: (1) Increase household income and promote equity; (2) Enhance the availability and quality of gainful employment; (3) Enhance human capital development; (4) Improve the stock and quality of economic infrastructure; (5) Increase access to quality social services; (6) Promote science, technology, innovation, and information and communications technology (ICT) to enhance competitiveness; (7) Strengthen good governance, defense, and security; and (8) Promote sustainable population and use of the environment and natural resources.

- 2) **Enhance public infrastructure**: (v) increased access to electricity; (vi) improved access to and quality of roads; (vii) increased access to and quality of water and sanitation services; and (viii) improved management and delivery of urban services.
- 3) **Strengthen human capital**: (ix) improved access to and quality of primary and post-primary education; and (x) strengthened health care delivery.
- 4) **Cross-cutting: improve good governance and value for money**: (xi) increased transparency and efficiency of public financial management and public procurement at national and local level; and (xii) strengthened public sector management and accountability at national and local level.

10. **Progress by CAS Strategic Objectives:** Progress towards CAS program objectives is rated as Moderately Unsatisfactory overall as explained in the below summary.

Table 1: Rating of Strategic Objectives and Indicators

Strategic objectives and indicators	Rating
Strategic Objective 1: PROMOTE SHARED GROWTH AND SUSTAINABLE ECONOMIC GROWTH	MS
1.1 Address constraints for doing business	MA
1.2 Improved connectivity for regional integration	A
1.3 Increased productivity and commercialization of agriculture	PA
1.4 Increased transparency and sustainability of natural resource management	NV
Strategic Objective 2 – ENHANCING PUBLIC INFRASTRUCTURE	U
2.1 Increased access to electricity	PA
2.2 Improved access to and quality of roads in project	PA
2.3 Increased access to quality water and sanitation services	MA
2.4 Improved management and delivery of urban services	NV
Strategic Objective 3 – STRENGTHENING HUMAN CAPITAL DEVELOPMENT	U
3.1 Improved access to and quality of primary and post-primary education	PA
3.2 Strengthened health care delivery	PA
Strategic Objective 4 – IMPROVE GOOD GOVERNANCE AND VALUE FOR MONEY	MU
4.1 Increased transparency and efficiency of public financial management and public procurement at national and local level	PA
4.2 Strengthened public sector management and accountability at national and local level	MA

Strategic Objective 1: Promote Shared Growth and Sustainable Economic Growth Moderately Satisfactory

11. **With World Bank assistance, the GoU started addressing the inefficient administration and poor security of the country's land registration system, while also updating and strengthening the policy and regulatory framework for land management and administration.** The land sub-component of the Second Private Sector Competitiveness Project (PSCP II) supported the rehabilitation/construction of 13 local land offices (including the provision of equipment); the re-engineering and computerizing of land registration systems and records in six zonal land offices covering about 70 percent of the formal land market transactions; and rehabilitating the Institute of Surveying and Land Management, and training

and equipping staff to run the systems and institutions. The project achieved significant progress in the areas of decentralizing and computerizing land registration systems. In particular, the intervention resulted in a reduction in the number of days to transfer property from 227 in 2006 to 52 in 2012. In relation to CAS Outcomes, the time taken to register a property was reduced from 77 days to 34 days against a target of 30 days by end of FY15.

12. **The CAS program also supported Uganda's quest for stronger regional integration.** Under the East Africa Trade and Transport Facilitation Project (EATTF) (079734), which closed September 30, 2015, construction of one-stop border posts between Uganda and Kenya and Uganda and Rwanda reduced transit time through the Northern Corridor from Mombasa to Kigali from 19 days in 2005 to 6 days in 2015 against the target of 13.3 days. This achievement is noteworthy, given that regional projects are often more challenging to implement, as it involves a relatively larger number of stakeholders – surpassing the target is therefore a great achievement. The success of the EATTF is linked to the close cooperation of the participating governments and partnership with the Regional Economic Communities (RECs). Notably the Northern Corridor initiative and the collaboration under the East African Community (EAC) umbrella have been critical for the success of the project.

13. **Under its AAA program, the Bank launched “Regional Integration, Trade and Growth in the Great Lakes Region of Africa” (FY11).** The project also supported the concessioning of the Mombasa to Kampala railway to a private operator and the preparation of a feasibility study to upgrade the Tororo–Pakwach railway line. The Bank and IFC worked jointly with the East African Community (EAC) and the African Development Bank (AfDB) to help formulate regional regulatory and legal frameworks to facilitate sound railway operations. Further achievements under EATTF include construction of the Inland Container Depot (ICD) at Mukono, rehabilitation and re-commissioning MV Kaawa Railway Wagon ferry, Installation of the Electronic Cargo Tracking (ECT) system in Uganda, Kenya and Rwanda (COMESA funding) to facilitate a seamless tracking along the Northern Corridor (NC).

14. **WBG support under Strategic Objective 1 further targeted Uganda's agricultural sector, which was supported through the Agricultural Technology and Advisory Services (ATAAS) Project (US\$120m, FY10) with a fully blended Global Environment Facility (GEF) Grant (US\$7.2m).** ATAAS experienced a number of implementation challenges. While its design was novel in many respects, such as seeking to strengthen the research-extension interface, implementation faced several challenges including: (i) changing, and often unclear policy environment; (ii) institutional rivalries; and (iii) client ownership issues. Following mid-term review, the project was restructured. While many improved technologies demanded by farmers (e.g. crop varieties and livestock breeds) were developed through agricultural research, the dissemination of these technologies to farmers through effective agricultural advisory services was not successful. The National Agricultural Advisory Services (NAADS) that was expected to provide advice and disseminate improved technologies to farmers was diverted, through a change in government policy, to distribution of free, but often low-quality agricultural inputs. Subsequently, the linkage between research, advisory services, and farmers remained weak. Consequently, the expected increase in the share of farm production marketed by NAADS targeted beneficiaries from 25 to 50 percent was not attained. However, the agricultural census data did show significant increases in average agricultural yields of the main crop varieties (particularly maize and beans). Determining farm households' income was not possible, but rural household income increased in real terms due to higher

commodity prices, favorable weather, and area for agricultural production as well as increases to productivity and yields.

15. With regards to indicator four under Strategic Objective 1, increased transparency and sustainability of natural resource management, the regional project LVEMP II did not become effective in Uganda until January 2010, and due to delays in preparation and clearance of work plans, implementation began in earnest in September 2010. Following the discovery of financial irregularities, disbursements and payments were frozen in late 2012. This led to a hiatus in many ongoing and proposed project interventions. Since initial sensitization activities began in 2011, 101 subproject proposals have been developed, and 66 have been approved. As elsewhere, it has proved challenging to engage communities in CDD subprojects focused on natural resource management activities, such as water hyacinth removal and protection of fish breeding areas protection, since these activities do not yield immediate economic rewards. Activities in Uganda were based on the identification of and management planning for priority sub-basins (Katonga in Uganda). However, the sub-basin analysis identified environmental issues and activities to alleviate them, but did not include a quantitative assessment of the scale or map out locations of the interventions needed. The project mid-term review recognized the limitations of using CDD subprojects for basin restoration, in terms of the complexity and scale of the interventions needed, the fact that communities are more focused on immediate livelihood activities rather than communal resource management, and the time taken to identify, develop and approve CDD proposals.

16. **IFC**¹² support to CAS Strategic Objective 1 included a US\$164 million financing package to Rift Valley Railways to rehabilitate the Kenya-Uganda railway, a vital trade link from the coast of Kenya into Uganda. The railway will support regional integration, encourage cross-border trade and investment. Further IFC support to CAS Strategic Objective 1 resulted in the establishment of an e-licensing registry as definitive repository of all licenses in Uganda, reducing time to obtain a Trading License from 15 to 4 days and fees by 25 percent, which in turn resulted in an estimated private savings of US\$69 million. IFC's client SME portfolio grew from U\$170 million in 2011 to U\$253 million in 2014. IFC's AS project (T&C) helped reform licensing procedures by establishing an e-licensing registry as the definitive repository of all licenses in Uganda. As a result, by 2014, 41 redundant/obsolete licenses were eliminated, 294 simplified; 8 amalgamated into 4; and 5 reclassified. These reforms benefited over 501,000 firms with improved procedures that lead to private savings amount to US\$69 million. The project also helped introduce online filing for taxpayers, including SMEs, which translated into annual savings to the private sector of US\$5.9 million. Furthermore, IFC investments in DFCU Bank helped the client expanding its branch network in Uganda. As a result, IFC client SME portfolio grew from U\$170 million in 2011 to U\$253 million in 2014. DFCU reached an average of 12,000 SMEs each year between 2011 and 2014.

17. **MIGA** support to the manufacturing sector included the FY11 guarantee supporting investments by Icam SpA and Giovanni Aletti of Italy in Icam Chocolate Uganda Limited. The guarantees total US\$2.1 million and provide coverage for a period of up to six years against the risks of transfer restriction, expropriation, and war and civil disturbance. The aim of the project is to help boost and diversify Uganda's agricultural exports. The guarantee was underwritten through MIGA's Small Investment Program.

¹² Annex 4 details IFC support during the CAS period.

Strategic Objective 2: Enhance Public Infrastructure

Unsatisfactory

18. **WBG support to Uganda in the energy sector focused on increasing access to and usage of electricity.** Despite WBG support, overall access to electricity in Uganda remains very low and is estimated at approximately 14 percent nationally, well below the average access rate of 24 percent for countries in Sub Saharan Africa. Efforts to accelerate access to electricity during the CAS period were hampered by a number of factors, including unclear roles and responsibilities of agencies involved in expanding access to power. Progress towards CAS Strategic Objective 2 was measured on people in rural areas connected to the power grid. About 397,000 people were connected during the CAS period, representing about 75 percent of the CAS target. A second indicator, flow of electricity (in GWh) through the Masaka substation, was Not Achieved within the CAS cycle period, as works related to the substation are scheduled for completion outside the CAS cycle (August 2016).

19. WBG support to Uganda's power infrastructure also included funding of the 250 MW Bujagali hydropower plant (BHPP), which was commissioned in August 2012. IFC investments in BHPP helped increase hydro electrical power generation to 1,305 GWh in 2014, benefiting 4.6 million users with renewable energy. BHPP is the biggest hydropower in the country, generating about 35 percent of the total electricity production. Support to BHPP was provided through an IDA partial risk guarantee (PGR) of US\$110 million, an **IFC** loan of US\$130 million, and a 20-year **MIGA** guarantee of US\$115 million. Further MIGA support to the energy sector came through an amended risk guarantee, which included an additional US\$5.3 million of coverage insuring additional equity investment in BHPP. Similarly, IFC investments in Umeme Ltd helped improve the electric grid. Umeme's customers benefiting from power distribution increased from 1.24 in 2011 to 2.6 million in 2014.

20. In the area of road transport, WBG support was delivered through the Transport Sector Development Project (TSDP).¹³ An amount of US\$75 million of additional financing to TSDP was approved in June 2011. Progress was modest in relation to road access with around 700,000 additional people against a target of 1.4 million people having access to all-weather roads. For travel time, the targeted reduction of travel time from 120 minutes to 90 minutes was achieved. Under TSDP TA was provided to the Uganda National Roads Authority (UNRA). Further, a Governance Partnership Facility (GPF) grant financed a Governance and Anti-Corruption (GAC) diagnostic for the transport sector and the development of a GAC Action Plan for the TSDP. The WBG further supported increased access to quality water and sanitation services (WSS) under CAS Strategic Objective 2, resulting in an increase according to target in households with access to safe and effective sanitation rising from 62 percent to 77 percent against a target of 73 percent and people with access to improved water sources rising from about 6.5m to about 12.6m against a target of 12.95m.

21. WBG support for increased access to quality water and sanitation services (CAS Outcome 2.3) was provided through three projects, including one DPL (PRSC-9). Under the second Kampala Institutional and Infrastructure Development APL Project (KIIDP-2, P133590) strong progress is noted in the areas of financial health and governance at both Kampala City Council and Kampala Capital City Authority, which are responsible for infrastructure and service delivery in Kampala. For Uganda Support to Municipal

¹³ The TSPD was cancelled in December 2015. See further discussion in paragraph 44 below.

Infrastructure Development (USMID, P117876), disbursements were strong in the first year, but while progress towards Program Development Objective achievement was Satisfactory and good progress was made in the implementation of capacity building activities, delays in the implementation of the civil works, which account for about 90 percent of the Program resulted in downgrade from Satisfactory to Moderately Satisfactory in overall Implementation Progress (IP). The PPAR for PRSC 5-9 for Uganda notes that the drive to extend budget support focused primarily on social sector expenditures, the Bank and the other budget support donors missed an opportunity to help significantly increase domestic revenue mobilization, which would have made these gains more sustainable. As budget support began to decline in 2009 and then came to an abrupt halt in 2012, low domestic government revenues (13 percent of GDP) increasingly put pressure on public expenditures on basic social services. As a result, these services became underfunded, affecting outcomes negatively. Water and sanitation is mentioned as a sector where acute underfunding threatens reversal of past gains, notably in the most vulnerable rural areas. On the other hand, achievements of PRSC8-9 include gains in access to health, education, and water and sanitation.¹⁴

22. Finally, the WBG supported improved management and delivery of urban services through the Kampala Institutional and Infrastructure Development Adaptable Program Loan Project (KIIDP1) with an IDA credit of US\$33.6 million. The ICR for KIIDP-1 rates both performance and progress against PDO as Moderately Satisfactory. However, for the indicators chosen to measure progress under the CAS, progress was limited. Progress was measured as a function of public satisfaction in service delivery in Kampala in three areas (roads, drainage, and solid waste). For one area (roads) increase in public satisfaction was detected (from 18 percent to 29 percent), but not enough to meet the target of 50 percent. For the two remaining areas, progress was either absent (drainage) or negligible (solid waste). In relation to CAS design, the revision of indicators and targets of the monitoring and evaluation framework during KIIDP1 restructuring as well as CASPR did not include an alternative approach to capture public satisfaction, nor was a substitute indicator for the CAS Outcome identified.

Strategic Objective 3: Strengthen human capital development

Unsatisfactory

23. WBG support to Uganda's education sector during the CAS cycle was aligned with NDP Goal V (increasing access to quality social services). Bank support focused on improving access to and quality of primary and post-primary education, and was measured by the following indicators: i) pupils reaching literacy proficiency in Government aided schools; and ii) higher average national gross enrolment for lower secondary education. IDA support to education during the CAS period was provided through the Universal Post-Primary Education and Training Program (UPPET) (US\$150m, FY09), which closed during the CAS period in July 2014. With regards to literacy proficiency, progress since 2010 has been negative. Literacy proficiency for boys and girls in Primary 6 was 41 percent in 2013 declining from 52 percent proficiency in 2010. While no proficiency assessments were undertaken for Primary 6 learners in 2014, the assessments for Secondary 2 show a continuous and worrying annual decline from 2013 to 2014. Primary school enrolment in Uganda has seen a significant increase, accompanied by achievement of gender parity. However, the system remains largely

¹⁴ Specifically the PRSC-9 Letter of Development Policy sets out piloting of the country-wide establishment of water user bodies for water-for-production facilities, starting with at least 18 percent established and functional bodies, piloting contracting of private operators to handle day-to-day maintenance of large water for production facilities (dams and valley tanks with capacity exceeding 40,000m³, starting with at least one large facility.

inefficient with high dropout rates and low levels of completion (59 percent in 2013). While enrolment in lower secondary has increased substantially since the introduction of Universal Secondary Education in 2007, the increase has not been as large as expected and GER at this level remains low compared to countries at similar levels of growth. There is also significant variability and disparity in access, performance and completion of primary and secondary education by region, gender and income levels. UPPET implementation demonstrates the importance of SMART project indicators that are well understood and constantly monitored for reliability.

24. WBG support to Uganda's health sector during the CAS period aimed at strengthening capacity for health care delivery. The CAS health sector objectives were aligned with the NDP goal of increasing access to quality social services and the Health Sector Strategic Investment Plan's objective of delivering a package of essential services and tackling major bottlenecks constraining service delivery in the sector. Two outcome indicators measured progress towards CAS objectives: i) increase in deliveries taking place in Government and PNFP Health Facilities and ii) increase in the contraceptive prevalence rate (CPR). The indicator on health facility deliveries was achieved with an increase in deliveries taking place in health facilities from 34 percent in 2009 to 52.7 percent in 2014/15. The latest CPR is pending conclusion of the demographic and health survey scheduled for 2016. However, the CPR measured in the 2011 DHS was reported at 30 percent, which is short of the target in the CAS of 34 percent.

25. WBG activities included the Uganda Health System Strengthening Project and the East Africa Public Health Laboratory Networking Project (Regional Project). The objective of the regional project was to establish a network of efficient, high quality, accessible public health laboratories for the diagnosis and surveillance of TB and other communicable diseases in the East African Community (EAC) member states. The project promoted a unique client focused approach with each participating country providing regional leadership in a thematic area - Uganda is providing regional support on Laboratory Networking and Accreditation. The project successfully introduced a unique and cost effective peer review mechanism by which the five EAC member states assess performance of each other's laboratories, ensuring objectivity and promoting cross-country learning. It also supported the Uganda National TB Reference Laboratory to reach the gold standard ISO accreditation, and qualify to serve as a prestigious WHO Supranational Reference Laboratory (SRL), the second of its kind on the continent. Furthermore, Uganda's ICT innovations were replicated in West Africa to fight the Ebola virus.

26. A reproductive health voucher program was implemented in 20 districts in the western and southwest regions of Uganda, from April 2008 to March 2012. An impact evaluation study was employed to examine the differences in utilization of health services among women who participated in the voucher program and non-voucher clients. Baseline data were collected in 2008, as well as follow-up data in late 2010 and early 2011. Among women in villages where vouchers were used, there was a 26-percentage-point increase in private facility births compared to a 10-percentage-point increase among non-voucher users, yielding a net 16-percentage-point increase in utilization among the former group. This difference was statistically significant, indicating that the project contributed to an increase in private facility births among voucher clients. Similarly, home deliveries decreased more in villages among voucher clients. The impact evaluation revealed that a higher percentage of voucher users came from households in the two poorest quintiles, showing that the project indeed benefited the poor (52 percent, as opposed to 38 percent from non-poor households). Additionally, there was

a net 33-percentage-point decrease in out-of-pocket expenditure at private facilities in villages with voucher clients as compared to villages without voucher clients.

Strategic Objective 4: Improve good governance and value for money

Moderately Unsatisfactory

27. WBG Support to CAS Strategic Objective 4 took place through a number of operations, including the ninth budget support operation, Poverty Reduction Support Credit 9 (PRSC9) (P097325). Achievements under the Strategic Objective include that most Local Governments (LG) publish their financial transfers and the target of 100 percent was achieved. On the other hand, the share of contracts with complete procurement records with compliance of Public Procurement and Disposal Act (PPDA) regulations went down from 32 percent in 2008 to 17 percent in 2011, substantially missing its target of 70 percent. Moreover, the PEFA rating for competition, value for money and controls in procurement (PI 19) was only D+, in 2012, which constitutes no improvement since the 2008 PEFA survey and one of the worst performing dimensions in Uganda's PFM system.

28. IEG notes the achievement of greater value for money in public services as "substantial", citing improved aggregate budget execution numbers and budget implementation with a variance of total expenditure below three percent. Furthermore, the ICR for PRSC 8 and 9 observes that service delivery reforms took place in a cross-sectoral manner, and ministries involved cooperated on key crosscutting measures, such as performance contracts. Progress towards the Strategic Objective was affected by the 2012 corruption scandal in Uganda, which was brought to attention of the WBG with the release in October 2012 of a report of the Auditor General of Uganda. The report raised serious concerns about governance issues. Linked to the corruption scandal, CPIA ratings on transparency, accountability, and corruption in Uganda's public sector have deteriorated since 2008. IEG note that prior to 2008, Uganda performed consistently better than the IDA-eligible Sub-Saharan average. Since then, Uganda has lost ground, in particular related to governance dimensions. According to the World Governance Indicators, Uganda's government effectiveness and regulatory quality are on a declining trend. However, the overall CPIA ratings for Uganda are still above the Africa region average, as well as above the average for all IDA recipients.

WBG PERFORMANCE

29. **WBG performance during the CAS cycle was fair.** This rating is justified on the following grounds. Both CAS and CASPR design and implementation, while overall relevant, had some shortcomings and setbacks, in particular related to the use of non-verifiable indicators and implementation challenges, which impacted the achievements of the CAS Outcomes.

CAS and CASPR Design

30. **The CAS program design was relevant to Uganda's development challenges and priorities and selectively aligned with the NDP, as advised by the Uganda CASC¹⁵.** The CAS candidly identified the following risks to CAS implementation in Uganda: i) political

¹⁵ The CASC observes that alignment with an incomplete and/or irrelevant national development strategy should be avoided and careful assessment of completeness, ownership, and strategic relevance of the NDP should guide formulation of the CAS.

fragility and ethnicity; ii) oil discovery and the resource curse; iii) high population growth; iv) urban poor and a youth bulge; iv) regional instability and spillovers; and v) weather and climate risks. CAS mitigation measures included a governance matrix to map risks and regular reviews of governance risks to inform adjustments of the Bank's program. With respect to the oil sector, the institutional structures that promote transparency and accountability were identified as the key mitigation measures. In regards to youth unemployment the Bank identified collaboration with the Youth Unemployment Network to update the National Action Plan for youth unemployment in Uganda as a mitigating measure.

31. **In 2013, as a reaction to emerging governance and development challenges, the CASPR introduced significant adjustments to the portfolio.** Under the CASPR the WBG discontinued the Development Policy Lending (DPL) instrument, which had been in use in Uganda since 2001. The CASPR also emphasized risks related to political economy, and the need to better understand political economy dynamics in order to implement mitigating measures. Other mitigating measures included analytical work, and ensuring that further risks management measures be included in Bank projects and programs. At CASPR, less than 70 percent of CAS outcome indicators were on track, but with adjustment to the lending instruments mix and advances in GoU's project implementation and governance reforms, the CASPR argued that CAS Outcomes could be achieved. The CASPR argued for shifts in the portfolio mix towards larger, transformative operations. This observation was followed up with a shift in WBG support towards infrastructure investments, notably roads and power supply and generation, which took up 50 percent of WBG support to Uganda from 2013 to 2015 as per the two charts below.

Figure 1: commitment by theme from CAS to CASPR (percentage and million US\$)

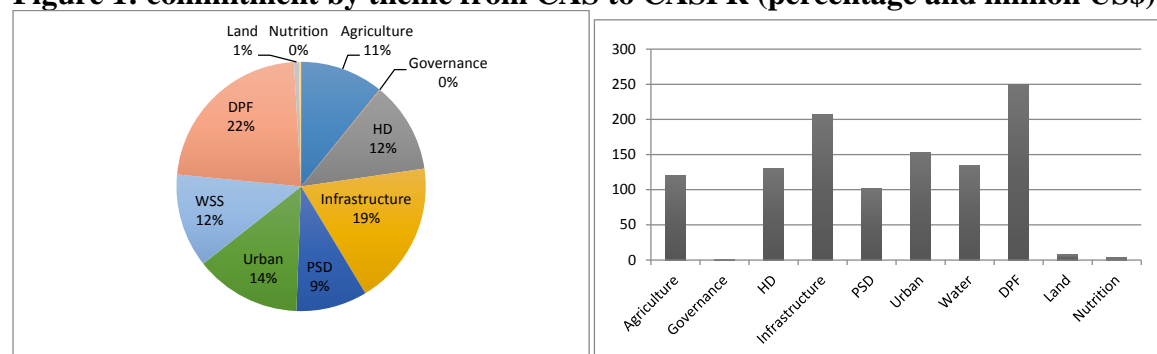
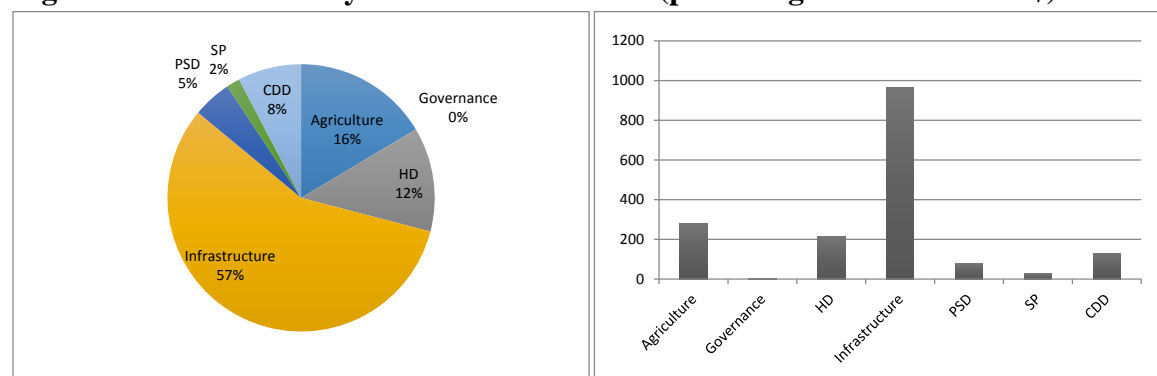


Figure 2: commitment by theme since CAS PR (percentage and million US\$)



32. **The overall CAS design was appropriate and incorporated some of the lessons learned from the 2010 CASCR, including a focus on fewer outcomes, which resulted in a**

condensed results framework with 12 Outcomes and 21 indicators. The previous CAS results framework included 40 Outcomes and 56 indicators. However, overly ambitious and non-SMART indicators in the results framework, combined with lack of adequate adjustment in the CASPR to address a gradually deteriorating portfolio, contributes to an overall lower rating of CAS cycle design. There were substantial achievements through Bank support during the CAS cycle, but achievements of CAS objectives were uneven. Synergy and additionality across the WBG was high in certain areas, notably energy and road construction, which involved IDA, IFC, and MIGA.

33. **The CASPR reacted proactively to the deteriorating governance situation in Uganda by discontinuing the DPL-series and increasing investments in infrastructure, including energy generation.** However, the CASPR could have done more to address challenges in the CASPR results framework, including ensuring that all indicators would be verifiable at CAS completion stage in order to assess progress towards outcomes, as well as emphasizing the importance of strong results frameworks in individual projects. Similarly, the CASPR could have done more to emphasize the importance of Political Economy dynamics, as this was a recommendation from the governance consultations in preparation for the CAS. The results framework across the CAS cycle could generally have been improved with the use of SMART indicators.

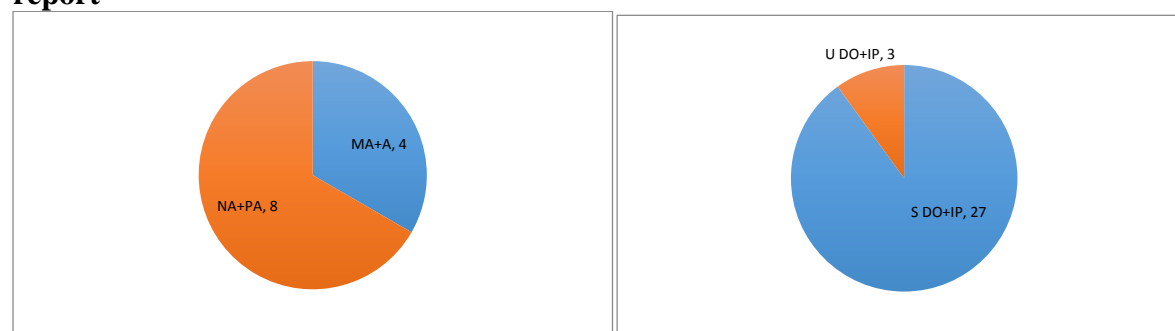
CAS and CASPR implementation

34. **CAS Outcomes were Achieved or even surpassed in some areas, such as land titling and regional integration.** Overall, one outcome was Achieved, three were Mostly Achieved, six were Partially Achieved, and two were Not Achieved. The mixed success of the CAS program implementation contributes to the WBG performance rating. Collaboration and division of labor between WBG members in energy and roads contributed positively to CAS outcomes, and improved WBG ability to support and provide services to GoU. Also, coordination with Government counterparts and other development partners were highlighted as a positive aspect during CLR consultations, which was also highlighted in the 2014 Uganda Country Opinion Survey.

35. **This CLR notes the discrepancy between CAS Strategic Objectives ratings and project IP and DO ratings in the WBG's Uganda project portfolio.** CAS Strategic Objectives rated NA and PA make up 67 percent of total ratings, while Achieved and Mostly Achieved ratings make up 33 percent of total ratings. Project ratings, on the contrary, have only ten percent of projects rated MU for IP or DO, while 20 percent of project ratings are Satisfactory for either DO or IP. The low correspondence between project and CAS ratings points to the need for more emphasis on SMART indicators, which can better reflect developments in the Bank's project portfolio. But at the same time, portfolio management data suggest that self-evaluations (notably ISRs) may need more realism given the development in portfolio indicators over the CAS cycle. From FY11 to FY15 the number of problem projects increased from 3 to 5, projects at risk increased from 4 to 5, and commitments at risk increased from US\$417 million to US\$753 million. Proactivity improved, i.e. from nil in 2011 to 40 percent in 2015. IEG rates Bank overall performance in the 15 projects which closed during the CAS period as MS or higher for 100 percent of projects in FY11, 75 percent of projects in FY12-14 and nil in FY15. IEG ratings of Bank performance in the 15 projects, which exited during the CAS cycle, are largely positive: 73 percent of projects were rated MS or higher. The annual Country Portfolio Performance Reviews (CPPR's) conducted during the CAS

period identified a number of portfolio performance issues and highlighted corrective actions to be taken, on which the country team is actively pursuing ahead.

Table 2: CAS Strategic Objective ratings vs. IP and DO ratings from latest portfolio report



36. **A challenge to CAS cycle implementation in Uganda has been delays associated with the required Parliamentary approval of all new lending projects.** The CASCRC noted this issue and suggested that early involvement of relevant stakeholders, including Parliament, at project design and appraisal stages would be worth trying to help address the issue:

"...given that parliamentary approval is required for all credits in Uganda, projects under the new CAS should anticipate effectiveness delays in the project implementation plan and task teams should encourage involvement of major stakeholders at the design stage."

37. Efforts have been made along these lines, but the issue is still challenging (as indeed it is in some other countries). Again it remains relevant to propose that close coordination with appropriate national counterparts throughout the project cycle should be continued and where practical relevant Parliamentary sectoral committees should be consulted during the preparation process to reduce the prospects of delays in Parliamentary approvals.

38. The argument of the CASPR that small or overly complex projects have limited the Bank's ability to support efforts to achieve more transformative results seems reasonable, as small complex projects spread over many sectors do not improve selectivity. Consequently, WBG support to GoU is best delivered through larger, transformational operations. However, there is no agreed definition of "transformational", which is a common challenge for the Bank as well as other development partners. It is therefore important that if transformational projects are pursued in Uganda that it is defined what is transformational in the Uganda context.

39. **Responsiveness and donor coordination:** The Bank has traditionally played a central role in Development Partner (DP) coordination and harmonization, both as permanent co-chair of the former Joint Budget Support Framework (JBSF) and as chair of the Local Development Partners' Group (LDPG). The JBSF (which also included the IMF) involved considerable degree of coordination and harmonization among the twelve budget support DPs, and helped to elevate the policy reform dialogue with government. However, the overall relevance of objectives was gradually reduced by diverging priorities, as well as missed opportunities in several major policy areas, such as increasing revenue mobilization, controlling population growth, strengthening local Government revenue base and capacity, reducing gender inequities, and prioritizing agriculture (see Joint Evaluation of Budget Support to Uganda

(2015). In 2012, JBSF partners suspended budget support funding following the corruption scandal involving budget support funds for northern Uganda. The Bank closed its PSCS program in 2013 and JBSF ended in October 2014.

40. Recently, and in response to the National Partnership Policy (2013), DPs and the GoU have reached agreement on a broader framework for the partnership dialogue, involving all DPs, which will henceforth serve as a joint platform for high-level dialogue on development effectiveness. The bi-annual National Partnership Forum, chaired by the Prime Minister and attended by Ministers, Ambassadors and Heads of Cooperation constituted a strong level of commitment to the process, and there is work underway to also strengthen the dialogue at sector level. The Bank led the process that led to this new partnership framework, and has, as co-chair of the LDPG, continued to actively promote a more result-oriented partnership dialogue owned by Government, guided by the NDP, and aligned with the national budget and planning processes. The process has clearly shown that there is great interest in and need for a strong DP coordination framework and a robust policy dialogue with Government. The Bank's leadership is widely acknowledged by DPs and Government, and the Bank should continue to actively promote a harmonized and aligned partnership dialogue at the national and sector. As part of the consultations undertaken in the preparation of the CLR, Government counterparts and development partners expressed appreciation and support for the constructive role the Bank is playing in working closely with all partners in Uganda.

41. **Mix of instruments:** The Bank employed three lending instruments in Uganda during the CAS cycle, Investment Project Financing (IPF), Development Policy Financing (DPF), and Program-for-Results Financing (PforR). The predominant lending instrument over the CAS cycle was IPF under which US\$1.83 billion was committed, equivalent to 82 percent of total commitment. IEG ratings for projects in the Uganda portfolio are 100 percent Satisfactory (Moderately Satisfactory or above) in FY11, 75 percent Satisfactory FY12-14 and 0 percent Satisfactory in FY15. The Bank committed US\$250m under DPF, equivalent to eleven percent of total commitment. IEG rates overall Bank performance for the two DPF tranches as Moderately Satisfactory. Last, the Bank employed PforR for the first time in Uganda in March 2013. The instrument was deployed for the Uganda Support to Municipal Infrastructure Development (USMID) Program (P117876). The committed amount for USMID was US\$150m, equivalent to seven percent of total commitment over the CAS cycle. In the first two years of operation USMID has shown good progress towards PDO and IP and Government has expressed interest in further support using this instrument. The lending instrument appears thus - at this early stage of implementation - relevant to consider for future project portfolio planning in Uganda.

ESW

42. **AAA:** During the CAS period a number of AAA works were undertaken, including the Inclusive Growth study, which informed the Bank's engagement with Uganda on formulation of the Agriculture DSIP and design and preparation of pipeline operations. In WSS, AAA included a study on environmental sanitation with focus on institutional and financial challenges and the Water Country Assistance Strategy. A PER on Strengthening the Impact of the Roads Budget (FY10) recommended ways to improve the allocation of rural road budgets, and made detailed recommendations in relation to national roads, including design, land take, procurement, and monitoring and evaluation, to improve value for money and absorption capacity.

43. **In addition to governance projects and TA, the Bank also managed a number of trust funds (TFs) on behalf of development partners. The largest freestanding TF was the DFID financed Trust Fund to Support Implementation** of the National Development Plan (NDP). The TF's budget of £7.5m (roughly equivalent of US\$12m) over the period FY2010-15 supported a wide range of activities. It operated through both Bank executed and Recipient executed grant activities, with the aim to address (i) knowledge gaps through economic and sector analysis, (ii) GoU capacity constraints through TA provision, and (iii) piloting of experimental and innovative initiatives in support of accelerated poverty reduction and achievement of the Millennium Development Goals in Uganda. The three activities that received largest funding from this TF were: (i) Strengthening Uganda Petroleum Institute Kigumba (US\$1.53m). By training staff and contributing to the development of the institutional development plan to international standards, the activity laid the foundation for UPIK to attain regional oil and gas technical training Centre of Excellence status; (ii) Supporting the formulation of the Albertine Graben Region Physical Development Plan (US\$0.95m). The plan is expected to guide orderly development of the oil region, and; (iii) Support to firm data generation to improve business data availability (US\$0.85m). This activity supported the update of database on businesses in Uganda and allowed for analysis and policy formulation.

44. The 2011-2015 Uganda CAS cycle covers a period of significant developments in regards to safeguard management. One project stands out in this regard, the Transport Sector Development Project (TSDP). On December 19, 2014, the Inspection Panel (IP) received from community members of Bigodi Township, a Request for Inspection in relation to the Kamwenge to Fort Portal road financed under the TSDP Additional Finance. At the time, the World Bank had not been notified of some of the concerns raised in the complaint. The Panel therefore did not register the Request in order to provide Bank Management with an opportunity to address the concerns. In September 2015, (which is beyond the period covered by the CLR) the IP received another Request for Inspection and subsequently registered the case. The project was suspended and then subsequently cancelled as a result of inaction by the implementing agency to various contractual breaches, including poor safeguards management, by the contractor. On December 15, 2015, World Bank President Kim issued a statement, which included the following in relation to safeguard management and monitoring: "The World Bank is committed to be a global leader in Environmental and Social Standards in the development sphere, and part of that critical responsibility is to watch projects closely and ensure that risks are properly addressed." Lessons from the TSDP have informed a comprehensive review of safeguards management across the entire portfolio, with the aim of enhancing monitoring of safeguards management.

45. **The Bank's fiduciary arrangements in Uganda during the CAS cycle were in general based on country systems.** With regards to staffing the Bank reviews and assesses Government institutions' HR capacities and needs, and hiring is done using country systems. The Bank uses the GoU Integrated Financial Management Information System (IFMIS) and where no IFMIS is available the Bank makes recommendations in relation to use of IFMIS systems. The Bank uses the Auditor General for audit of Bank supported projects and also relies on internal Government audit departments. The 2012 fraud and corruption in the Office of the Prime Minister did not affect Bank operations, but negatively impacted credibility of the Government's PFM systems. FM lessons learned include that having an IFMIS system in place permits tracking of transactions. However, the system itself does not address issues of control, and approval.

LESSONS LEARNED AND RECOMMENDATIONS

46. A number of lessons have been derived from the implementation of the Uganda Country Assistance Strategy (CAS), informal interviews with Government, and Development Partners and stakeholders are summarized below. The results framework in the Completion and Learning Review (CLR) contains some project specific lessons learned.

47. **Focused results framework with SMART indicators.** In order to support the Uganda National Development Plan (NDP), the Uganda CAS (FY11-15) focused on three strategic objectives, one cross-cutting objective and twelve outcomes. The previous CAS results framework included 40 Outcomes and 56 indicators – typical of many early-generation results-focused CAS’s was the prevalence of a large number of non-SMART outcomes and indicators, which reduced the Bank’s strategic focus and ability to track its own effectiveness. As some indicators were not possible to verify, per Bank evaluation guidelines unverifiable indicators are treated as Not Achieved, hence they have a very negative impact on overall Outcome ratings. The new CPF should keep a strong focus and ensure objectives and outcome indicators are SMART, in order for the Bank to remain strategic and effective.

48. **Alignment and country ownership.** The CPF should align its objectives and outcome indicators with the NDPII to foster ownership. Close coordination with appropriate national counterparts throughout the project cycle is needed to ensure strong demand. It is particularly important that relevant Parliamentary sectoral committees are consulted during the preparation process to address delays in Parliamentary approvals. Recent experiences suggest that repeater projects and simple designs are approved faster. Additional financing should be carefully considered to limit the risk of prohibitively long credit approval. The seven steps for project approval are laid out in Box 1.

Box 1: the six steps to project approval in Uganda

Board approval→Cabinet→Parliament→Solicitor General→Signing of financing agreement→Solicitor General→Project effectiveness conditions→Project approval
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49. **Project preparation.** IEG recommends realism in project design and adequate time for project preparation to strengthen project relevance and to ensure government ownership. Weak institutional capacity should be analyzed carefully to inform project design. The CLR further identifies macro-level risk, including demography, migration, governance and political economy dynamics, as pertinent elements for project preparation.

50. **Strategic portfolio management.** There is a need for strengthening systematic portfolio monitoring and enhanced pro-activeness, including through regular portfolio meetings, involving the CMU, fiduciary and safeguard teams. Ratings discrepancies between CLR ratings and ISR ratings during the CAS period suggests the need for more candor in implementation status reporting. Portfolio performance issues include lengthy parliamentary approvals (for lending projects); effectiveness delays; low disbursement ratios, which negatively impact overall portfolio performance and often result in project extensions. Country Portfolio Performance Reviews (CPPR’s) conducted during the CAS period highlighted corrective actions, and follow-up was pursued through quarterly Project Coordinator’s Forums. However, challenges persisted and strengthened efforts are required.

51. **Development Effectiveness.** The WBG should continue its leadership in the overall development partner coordination and dialogue with Government and consider taking a lead or active role in selected priority sectors. Whereas this may require some team resources, it reduces transaction costs and duplication and improves development effectiveness. In sectors with strong development partner presence the WBG may not necessarily take the lead, but focus on contributing with knowledge and analytics to underpin the partnership dialogue.

CLR ANNEX 1: CPS Results Matrix Evaluation

Country Long-Term Strategic Development Goals ¹⁶	Outcome Indicators	Status and Evaluation Summary	Bank Program Instruments	Lessons and suggestions for the new CPF
Strategic Objective 1: PROMOTE SHARED GROWTH AND SUSTAINABLE ECONOMIC GROWTH				
Rating: Moderately Satisfactory				
1.1 Address constraints for doing business: Mostly Achieved				
Enhance the availability and quality of gainful employment (ii) <i>% share of total national labor force employed (including under-employed) increased from 70.9 % in 2009</i>	Time taken to register a property (land and buildings) (PSCP) Baseline: 77 days Target: ≤30 days Status: 34 days Data source: Ministry of Lands, Housing and Urban Development manual registration of property registration	Mostly Achieved However, the target of 30 days will be met by June 2016 under the CEDP project. Land projects are time consuming and there are a lot of activities involved. Under CEDP funds are available and the work is ongoing.	<u>Lending:</u> Competitiveness and Enterprise Development Project (CEDP) (P130471) <u>IFC Projects</u> Uganda Primary Mortgage Market Initiative; Investment Climate Reform Program; Investment/advisory services to banks to expand lending to small and medium enterprises <u>Trust Funds</u> Firm Data Generation (TF098274), Firm Data Generation (TF098273), Tourism Study (TF011842) <u>Non-Lending</u> ICT Policy dialogue PPP and Capital Markets Public Investment Management TA	<ul style="list-style-type: none"> Land projects take time and land is a cross cutting activity in all other sectors. Funding and Timeline - Government should be able to raise funds from donors for at least 20 years and the WB should bring in long-term funds and other donors short term funds for short periods of time. Commitment - Political, administrative and financial commitment from governments/donors should be there. Implementation/Design - Land admin. Projects should be phased into. Information, Education and Communication campaigns should be done.

¹⁶ The objective refers to the eight NDP objectives. Indicators are derived from the Development Indicators and Targets table (Table 4.15).

1.2 Improved connectivity for regional integration: Achieved				
Improving the stock and quality of economic infrastructure (iv) <i>Ranking based on “Doing Business” survey improves from 112/183 in 2009 to 82/183 in 2015</i>	Transit time through the Northern corridor from Mombasa to Kigali (EATTF) <i>Baseline: 19 days Target: 13.3 days Status: 6 days Data source: Seamless Transit Committee (based on transporters estimate, border Customs</i>	Achieved The current transit time is 6 days. In addition to the trade facilitation activities financed under the EATTF project the investments made along the corridor by different Development Partners have contributed to this result	<u>Lending:</u> East Africa Trade and Transport Facility (EATTF)(P079734), Transport Sector Development Project (TSDP)(P092837) North-Eastern Corridor Road Asset Management Project (FY14), Regional Communication and Infrastructure Project (RCIP) (FY14) (P131779) <u>Non-lending:</u> Regional Int., Trade and Growth in the Great Lakes Region (FY14) IFC/MIGA: Investment/Guarantee for the Kenya-Uganda Railway EASSY cable project for ICT backbone	Regional trade and transport projects are critical for regional integration, competitiveness and trade. However, the efforts need the close cooperation of the participating governments, and the auspices of the Northern Corridor initiative and the collaboration under the East African Community umbrella have been critical for the success of the project.
1.3 Increased productivity and commercialization of agriculture: Partially Achieved				
<i>% share of agricultural sector in GDP decreases from 23% in 2009 to 21.4% in 2015</i>	Increase of average agricultural income in rural households (in real terms) Baseline: Ushs. 4,200,000. Revised to Ushs. 1,654,200 Target: Ushs. 5,040,000. Revised to 2,203,100 Status: Achieved	Partially Achieved In evaluating the CAS, two issues were pertinent as they had a bearing on the evaluation. These were: (1) the ATAAS project implementation was delayed by one and half years (from board approval to effectiveness); and (2) the project was restructured three years into implementation, with changes in project components, and one of the implementing agencies. With this in mind, the project was evaluated as being on track to achieving the target	<u>Lending:</u> Agricultural Technology & Agribusiness Advisory Project (ATAAS)(P109224) Northern Uganda Social Action Fund (NUSAFII)(P111633) EAAPP (FY10) Program f. Control of Avian Flu (PCAF)(P110207) EMCBP- SIL II (FY01) + AF (FY09) LVEMP (FY09)	Consistency in government policy is critical in ensuring that projects are implemented as per design. The ATAAS project suffered from lack of consistency and clarity in government's extension policy, which impacted on the project achieving its targets. There is a need to support development or strengthening of systems for collection of reliable data and information. The agricultural sector suffers from acute absence, or weak

	<p>Data source: Study on farm production and income by NAADS Secretariat</p>	<p>increase in income of rural households in percentage terms. The baseline and targeted income of UGX 4,200,000 and UGX 5,040,000 (20% increase by project end or 10% at mid-term) may have been exaggerated. One challenge of using income as an indicator, however, was the unreliability of farmers' data/information on their incomes.</p>	<p>Water Management and Development Project (WMDP) (P123204), FY12)</p> <p>Agriculture Cluster Development Project (ACDP)(P145037) GEF: Sustainable Land Management Northern Uganda Integration and Growth Project (NUIG) (FY15)</p>	<p>systems, for data and information collection. This contributes to weak strategy development and monitoring for the agriculture sector and issues for evaluation of project and program outcomes.</p>
	<p>Share of farm production marketed by NAADS targeted beneficiaries</p> <p>Baseline: 25% Target: 50% Data source: study on farm production and income by NAADS Secretariat</p>	<p>Partially Achieved It was not possible to evaluate the CAS based on the second indicator for CAS Outcome 1.3 - share of farm production marketed by target beneficiaries. Component 4 of the ATAAS project, from which this outcome indicator was derived, had not yet been implemented at the time of the MTR and was cancelled during restructuring. Instead the CAS was evaluated on percentage increase in average agricultural yields of participating households. Targets for increases in yields of farmer priority crops in project areas were 15% and 20%, for crops and livestock, respectively by fifth year based on the following baselines: maize, 2.329 t/ha; rice, 2.54 t/ha; beans, 1.505 t/ha (UCA, 2008/09); milk production, 3 l/day; and eggs, 220/bird. According to a survey by Uganda Bureau of Statistics in 2013 (UBOS, 2014), crop yields at farmers' level were: maize 3.3 t/ha; rice, 2.5 t/ha and beans, 2.9 t/ha. These represented yield increases of 41.7%, -1.6%, and 93% for maize, rice and beans, respectively. Reasons given by farmers for these yield increases were increased</p>	<p><u>Non-lending:</u> Inclusive Growth (FY11) Operationalizing Agriculture DSIP</p> <p><u>Trust Funds:</u> DSIP/MAAIF (TF098553)</p> <p><u>IFC/MIGA:</u> Investments/Guarantee for agribusiness IFC advisory services</p>	<p>New operations (ACDP and RPRLP) are tackling the priority areas of improving market access for farmers and promoting intensification in production. These will be important areas for the new CPF and there will be a need to work with a range of stakeholders, including the private sector as well as the different government ministries that have a role in the agriculture sector.</p> <p>There is significant delays to project effectiveness and start to implementing project activities. Budgeting for and providing resources for start-up activities will need to be resolved in future operations to avoid lengthy delays.</p>

		use of improved technologies, better farming practices and good weather.		
1.4 Increased transparency and sustainability of natural resource management: Not Verified				
Promoting sustainable population and use of the environment and natural resources (viii) <i>Proportion of ecosystems restored</i> <i>Level of management of environmental resources</i> <i>Forest cover increased from 13% in 2009</i>	<p>Area brought under improved land use management in the Katonga river watershed (15,224 km²) (LVEMP2)</p> <p>Baseline: zero in 2009 Target: 50% (7,622km²) Status:</p> <p><i>Data source: direct observation and estimate of total land area under land use management based on intervention area estimate</i></p>	<p>Not Verified</p> <p>Number of hectares under sustainable land management practices in the targeted sub-catchments (Number, Custom)</p>	<p><u>Lending:</u> Sustainable Land Management Country Program (SLMCP)(P108886), Water Management and Development Project (WMDP)(P123204, FY12), Sustainable Management of mineral Resources Project (SMMRP)(P079925) LVEMP (FY09)</p> <p><u>Non-Lending:</u> Environment and Climate Change Analysis (FY14)</p> <p>FCPF REDD Readiness (FCPF)(124296)</p> <p><u>Trust Funds:</u> GEF: Sustainable Land Management, Uganda Petrol. Institute (TF099735), Uganda Petroleum. Inst. (TF099698), Climate Change (TF011801)</p> <p><u>Non-lending:</u> Country Economic Memorandum (FY14) TA on Mainstreaming Climate Resilience in Water Resource Planning and Management (FY14)</p>	<p>Indicator not used in LVEMP2. A 2013 case study of the area indicates water quality challenges with the color of water ranging from dirty brown to greenish tints. Sources of water are being reduced by deforestation, wetlands degradations, and in some cases direct pollution by human activities. Unsustainable farming practices and overgrazing continue to threaten environmental sustainability, leading to soil erosion, which results in increased sediment loads in the available rivers and streams resulting in pollution and habitat degradation. River Katonga basin as a strategic water supply source is therefore under threat from human activities</p>

Strategic Objective 2 – ENHANCE PUBLIC INFRASTRUCTURE				
Rating: Unsatisfactory				
<p>Improve the stock and quality of economic infrastructure (iv)</p> <p><i>Power consumption per capita increased from 60 kwh in 2009</i></p> <p><i>Proportion of households accessing power from the national grid increases from 11% in 2009</i></p>	2.1 Increased access to electricity: Partially Achieved			
	<p>Rural people connected through the extended grid under the projects (number)</p> <p><i>Baseline: 824,000</i> <i>Target: 1,352,000</i> <i>Data source: estimated based on number of connections and average household size</i></p>	<p>Partially Achieved</p> <p>As of October 2015, 79,403 connections have been made in rural and peri-urban areas under the ERT-2 and OBA projects. This is equivalent to 397,015 rural people connected. This represents approximately 75 percent of the target connections under the projects</p>	<p><u>Lending:</u></p> <p>Electricity Sector Development Project (ESDP) (P119737), Support to Municipal Infrastructure Development Program (USMID) (P117876), Energy for Rural Transformation (ERT) (P112334), Energy for Rural Transformation GEF (ERT) (P112340), Priv. Power Generation (Bujagali), Privatization & Utility Sector Reform Project (PUSRP) (P050439)</p> <p>Trust Funds:</p> <p>Review of Elect. Sector (TF012618), Rural Electrification (TF097744), Municipal. Infrastructure (TF098890)</p>	<p>In the initial design of the ERT projects it was envisaged that connections would accrue once the MV and LV networks became available. This did not turn out to be the case due to a number of barriers identified that need to be addressed, such as: (i) connection charges levied to connecting household by licensed distribution companies; (ii) costs associated with internal house wiring; (iii) cumbersome connection application process; and (iv) insufficient capacity of some service providers in connecting rural households</p> <p>The new ERT-3 project is designed with component/s that will help address these barriers such as (i) financing scheme for connections and house wiring costs; (ii) introduction of low cost house wiring technologies such as ready boards; (iii) consumer mobilization activities to sensitize the communities of the benefits of electricity and assistance with the connection application process; and (iv) provision of turnkey contracts for connections in service territories whose service providers do not have sufficient capacity to successfully achieve the target connections</p> <p>Project implementation was delayed in the initial stages due to: (i) slow implementation of the resettlement</p>
	<p>Flow of electricity through the Masaka substation (GWh)</p> <p><i>Baseline: 381</i> <i>Target: 617</i></p> <p><i>Source of data: substation data</i></p>	<p>Not Achieved</p> <p>The flow of electricity through Masaka substation will be realized once the Kawanda-Masaka transmission line project is completed, currently scheduled for completion in August 2016</p>		

				<p>action plan (RAP) for the project, (ii) delayed procurement of consulting services and contractors for project implementation mainly attributed to the lack of project readiness (i.e. availability of verified project designs and bidding documents at the time of project approval); and lack of adequate resources within implementation agencies for effective project and contract management.</p> <p>Based on these lessons, satisfactory completion of preparatory activities for projects (feasibility studies, ESIA, RAP and bidding documents, etc.) will be a requirement for all future Bank supported projects in the transmission sub-sector</p>
2.2 Improved access to and quality of roads in project areas: Partially Achieved				
<p>Improve the stock and quality of economic infrastructure (iv)</p> <p>Proportion of paved roads to the total road network increase from 4% in 2009</p> <p>Percentage of passenger traffic by rail increased from 3.5% in 2009</p>	<p>Rural people with access to an all season road in the target area (Gulu and Western Nile districts)</p> <p><i>Baseline: 3,520,000</i> <i>Target: 4,950,000</i> <i>Status: 4,234,744</i> <i>Data source: Independent consultants' reports on human settlements against map of all season roads in Acholi region.</i></p>	<p>Partially Achieved</p> <p>Both the Vurra-Arua-Oraba road (92km) and Gulu-Atiak road (74 km) were completed under TSDP helping to provide much needed access to the target beneficiaries in the Gulu and Western Nile districts as per latest mapping of Uganda. As per population data available in the 2014 census, and coverage of the all season access roads in the indicated area, the number of total beneficiaries is 4,234,744 as of 2014, against the target of 4,950,000. The target number of beneficiaries may have been an overestimate</p>	<p>Lending:</p> <p>TSDP (cancelled Dec. 2015)</p> <p>Trust Funds:</p> <p>Physical Planning in the Albertine Region (TF013021)</p>	<p>Target beneficiaries need to be clearly defined, and aligned to specific road interventions instead of covering a broad area</p> <p>Critical to address compensation challenges early</p> <p>Design reviews are critical to update pavement structures to increased traffic volumes but not necessarily to change horizontal alignments since this might result in associated compensation delays</p> <p>Due diligence during bidding document preparation, and during the procurement process can help deliver on competitive bids, and with the strict supervision control services, costs can</p>

				be contained to keep projects within budget
	<p>Travel time on Gulu-Nimule and Vurra-Oruba roads (hours)</p> <p><i>Baseline: 2</i> <i>Target: 1.5</i> <i>Data source: Design and supervision consultants' survey reports on travel time.</i></p>	<p>Achieved</p> <p>The paving works for the Gulu – Atiak road (74 km) and the Vurra –Oruba roads (92 km) roads have been completed, and the travel time targets achieved as indicated below.</p> <p>Travel times reduced from baseline value of 2 hours to 1.5 hours (1 hour 28 minutes) on the Gulu-Nimule road, and from baseline value of 2 hours to 1.4 hours (1 hour 23 minutes) on the Vurra-Arua-Oraba road. The Gulu-Atiak Road, and the Vurra-Arua-Oraba roads are under TSDP financing while the Atiak-Nimule road is under JICA financing</p>		<p>Although the target is met there was a delay in the implementation of the road works primarily due to the late compensation of Project Affected Persons. On the positive sides the bidding exercises for these contracts were competitive and these coupled with a close follow up on cost control there is a major cost saving compared to appraisal estimates. Both road works were subjected to design review by the Supervising Engineers and the pavement structures had to be revised to cater for the increased levels of traffic</p>
2.3 Increased access to quality water and sanitation services: Mostly Achieved				
<p>Increased access to quality social services (v)</p> <p><i>Rural water coverage increased from 65% in 2009</i></p> <p><i>Urban water coverage increased from 66% in 2009</i></p>	<p>Households with access to safe and effective sanitation (PRSC9)</p> <p><i>Baseline: 62%</i> <i>Target: 73%</i> <i>Status: 77%</i> <i>Data source: Annual survey and sector survey reports</i></p>	<p>Achieved</p> <p>Rural Sanitation: The target was achieved. This can be attributed to the existence of a 10-year Improved Sanitation and hygiene Financing Strategy, improved subsector coordination through the existence of a National Sanitation Working Group and the AAA (under WSP) work which guided the sector on key aspects such as establishment of a budget line for sanitation</p>	<p><u>Lending:</u></p> <p>Poverty Reduction Support Credit 9 (PRSC9)(P097325), Kampala Institutional & Infrastructure Development Project (KIIDP)(P078382), Support to Municipal Infrastructure Development Program (SMIDP)(P117876), Water Management and Development Project (WMDP) (PI23204) Northern Uganda Social Action Fund (NUSAFII) (PII1633) L VEMP (FY09)</p> <p><u>Trust Funds:</u></p>	<p>However, according to the UN Joint Monitoring Programme the coverage is 34%, due to the poor quality standard and shared toilets which are not counted.</p> <p>Currently rural sanitation is severely underfunded. Sanitation is not a priority nearly at all levels. If Uganda is to achieve universal sanitation coverage by 2030 (based on the JMP standards,) substantial investment will need to be made in rural sanitation. There is also need to support GoU to improve the enabling environment to scale up rural sanitation through creating demand and improving the supply of improved sanitation and services in the rural areas.</p>
	<p>People provided with access to improved water sources under the project (sanitation-related projects)</p> <p><i>Baseline: 6,553,704</i></p>	<p>Mostly Achieved</p> <p>About 6,076,709 additional people were provided with safe water through the various projects and programs. The short fall was partly due to the decreasing funding to the sector, from 4.9% in fiscal year 2004/5 to 3.2% in</p>		

	<p><i>Target: 12,954,068</i> <i>Status: 12,630,413</i> <i>Data source: estimation based on number of household connections and average household size and estimation of number of people using other sources of safe water supply</i></p>	<p>fiscal year 2013/14. Also, delay in the implementation of some programs, such as Water Management and Development Project. It should be noted that the PRSC, NUSAF, OBA and LVEMP contributed to the increased access to water</p>	<p>OBA in Water Supply in Small Towns and Rural Growth Centers projects), OBA Kampala Water Connections for Water Resources (TF099700), Water Resources (TF099734), Urban Solid Waste (TF099697), Urban Solid Waste (TF099699)</p> <p><u>IFC:</u> Small Scale Infrastructure Advisory Program Pipeline Lending: Kampala Institutional & Infrastructure Development Project II (KIIDP II) (FYI4) Northern Uganda Integration and Growth (FYI5) Non lending: TA on Rural Sanitation Program WSP (FYI4)</p>	<p>Investments in expansion of water service are needed to keep pace with rapid population growth in both rural& urban. Investments especially in urban WSS should be coupled with water supply source protection programs to ensure long-term water availability and quality. Regulation of WSS needs to be improved.</p> <p>Private sector Participation in small towns is still relevant: unquestionably there have been some problems with the PO schemes, but there is also a strong case for their involvement, based on the historical performance and fact that the POs and PSP in general have played an essential role in the delivery of WSS services in small towns. To consolidate gains from PSP and improve the PO experience it is necessary to address the disincentives and constraints</p> <p>Implementation of IRWM needs to be strengthened. Declining water quality has been observed over the past 5 years both in rural and urban areas. Sanitation and waste water management has been neglected. There is need to establish a comprehensive system for management of onsite sanitation, which most people depend on, from collection, transportation, treatment and disposal of fecal sludge. The current rural sanitation market is very fragmented and the private sector has not invested in rural sanitation as it is not considered to be a viable business. It is necessary</p>
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				to nurture the market and to encourage the private sector provide the rural poor with services and facilities which are affordable and can meet their needs.
2.4 Improved management and delivery of urban services: Not Verified				
Improve stock and quality of economic infrastructure (iv) <i>Proportion of population living in urban centers increased from 13% in 2009</i> Increase access to quality social Services (v) <i>Urban water coverage increased from 66% in 2009</i>	Increase in public satisfaction in service delivery of key services in Kampala (a) roads from 18% to 50% (b) drainage from 22% to 31% (c) solid waste from 44% to 60%	Not Achieved (a) Roads: 29% (b) Drainage: 22% (c) Solid waste: 46% The targets were not met because the level of satisfaction was measured by the citizen report card surveys, which covered overall Kampala services, and not just KIIDP 1 (which only marginally contributed to results). There are monitoring indicators tracking service delivery outputs, institutional capacity enhancement and public satisfaction in KIIDP 2	Kampala Institutional and Infrastructure Development Project (KIIDP 1) (P078382) Kampala Institutional and Infrastructure Development (KIIDP 2) (P130590) Uganda Support to Municipal Infrastructure Development Program (USMIDP)(P117876) Trust Funds Municipal Infrastructure (TF099697), Public. Invest. Management (TF014773)	Institutional strengthening should be an integral part in major infrastructure support projects. There is need to include socio-economic indicators in the project monitoring framework. Public satisfaction surveys need to be focused to achieve required results
Strategic Objective 3 – STRENGTHENING HUMAN CAPITAL DEVELOPMENT: Unsatisfactory				
3.1 Improved access to and quality of primary and post-primary education: Partially Achieved				
Increase access to quality social services (v) <i>Net enrolment rate in primary school increased from 93.3% in 2009</i> <i>Net enrolment rate in secondary school</i>	Pupils reaching literacy proficiency in Government aided schools (PRSC8) Baseline P6 total: 52% Baseline P6 girls: 53% Target P6 total: 57% Target P6 girls: 59%	Not Achieved Status: P6 girls (2013):41% P6 total (2013): 41% No assessment was conducted in 2014 due to a lack of funds, but we see a declining trend in learning achievement throughout the education system in Uganda.	Lending Poverty Reduction Support Credit 9 (PRSC9) (P097325) Post-Primary Education & Training Program (UPPET) (P110803) Millennium Science Initiative (MSI) (P086513)	Focus on improving quality of education- improved teacher training with support mentoring and supervision, school level governance and accountability.

<p><i>increased from 23.5% in 2009</i></p> <p><i>Net completion rate in secondary school (O level) increased from 35% in 2009</i></p> <p><i>Pupil-Teacher ratio improves from 56:1 in 2009</i></p> <p><i>Pupil-classroom ratio improves from 78:1 in 2009</i></p>	<p>Data source: Education management information system</p>		<p>Northern Uganda Social Action Fund (NUSAFII) (P111633)</p> <p>Lending</p> <p>Kampala Institutional & Infrastructure Development Project II (KIIDP II) (P133590) (FY14)</p> <p>Global Partnership for Education (GPE) (P133780)</p> <p>Skilling Uganda (SU) (P145309) (FY15)</p> <p>UPPET APL II (FY14)</p> <p>Northern Uganda Integration and Growth (NUIG) (FY15)</p> <p>Non-Lending</p> <p>Service Delivery Indicators</p> <p><u>Trust Funds</u></p> <p>Improved Learning (TF098120)</p>	
	<p>Average national Gross Enrollment for lower Secondary education (Universal Post-Primary Education and Training – UPPET)</p> <p>Baseline: boys – 28%</p> <p>Baseline: girls – 25%</p> <p>Target: boys – 42%</p> <p>Target: girls – 40%</p> <p>Data source: Education Management information system</p>	<p>Partially achieved</p> <p>Status:</p> <p>GER Boys (2013): 37.7%</p> <p>GER Girls (2013): 33.7%</p> <p>Figures to be updated for 2014</p>		<p>Overly ambitious project design and targets.</p> <p>Need to address demand side constraints (costs of schooling) as well as supply side constraints (building schools).</p> <p>Need to build adequate capacity in the Ministry of Education to implement the projects</p>

3.2 Strengthened health care delivery: Partially Achieved				
<p>Increase access to quality social services (v)</p> <p>Infant mortality rate decreased from 76.0 in 2009 to 56.5 in 2015</p> <p>Maternal mortality rate decreased from 435.0 in 2009 to 335.0 in 2015</p>	<p>Deliveries taking place in Government and PNFP Health Facilities (%) increases (Uganda Health systems strengthening project – HSSP)</p> <p>Baseline: 34% Target: 45% Status: 52.7%</p>	<p>Achieved</p> <p>Health facility deliveries increased from 34% in 2010/11 to 52.7% in 2014/15.</p>	<p>Uganda Health Systems Strengthening Project and OBA Reproductive Health Program Pilot in Western Uganda; and Policy Dialogue</p>	<p>Facility based reporting underreports facility deliveries. The data needs to be triangulated with DHS data.</p>
	<p>Contraceptive prevalence rate (HSSP)</p> <p>Baseline: 24% Target: 35% Status: 30% (2011)</p>	<p>Partially Achieved</p> <p>Progress on the Contraceptive Prevalence Rate will only be ascertained after the demographic health survey scheduled for 2016</p>	<p>Uganda Health Systems Strengthening Project and OBA Reproductive Health Program Pilot in Western Uganda; and Policy Dialogue</p>	<p>Reliance on DHS is problematic to monitor Contraceptive Prevalence Rates (CPR). Consideration should be given to using another indicator.</p>
STRATEGIC OBJECTIVE 4 – IMPROVE GOOD GOVERNANCE AND VALUE FOR MONEY: Moderately Unsatisfactory				
4.1 Increased transparency and efficiency of public financial management and public procurement at national and local level: Partially Achieved				
<p>Strengthen good governance, defense and security (vii)</p> <p>Increased level of transparency in public institutions</p>	<p>Local governments (LGs) publishing financial transfers and budgets at local level</p> <p>Baseline: 53% Target: 100% Revised target: 90% Data source: Publication of LG releases in national newspapers by MOFED</p>	<p>Achieved</p> <p>Status: Most Local Governments publish their financial transfers. The target of 100 percent was met. This is a considerable improvement from the 48 percent baseline in 2008</p>	<p>Lending:</p> <p>Poverty Reduction Support Credit 9 (PRSC9) (P097325) Northern Uganda Social Action Fund (NUSAFII) (P111633) Kampala Institutional & Infrastructure Development Project (KIIDP) (P078382) Health System Strengthening Project (HSSP) (P115563) Public Service Performance and Enhancement Project (UPSPEP) (P050440)</p> <p>Kampala Institutional & Infrastructure Development Project II (KIIDP II) (P133590) NUIG (FY15)</p>	

			Non-lending: TA GAC - yearly GPF Trust Funds: DFID TF NDP Support	
Contracts with complete procurement records in compliance with PPDA regulations (by number) (PRSC9) Baseline: 32% Target: 70% Data source: estimate based on sampling of procurement records as reported in the Annual Procurement Performance Measurement reports by PPDA	Not Achieved Status: 17% Overall performance as measured by this indicator declined over the CAS period. The poor performance is driven by the lack of contract management records, which drives down the performance compared to the rest of the records for which completeness is between 83% and 96%.	<u>Trust funds</u> Pensions Regulations (TF014985), e-Gov't Procurement (TF017113), Pension Regulation (TF098037), Uganda Leasing Project (TF0175574), E-Procurement (TF017932)	The absence of a specific instrument targeting improved performance against the measured indicator partly explains the decline as there was less government focus on this This indicator while important is not a comprehensive assessment of procurement performance. For future purposes another indicator “% of contracts audited that are assessed to have been satisfactorily procured” should be adopted	
4.2 Strengthened public sector management and accountability at national and local level: Mostly Achieved				
Degree of discrepancy between staff paid through the payroll and actual staff, as revealed through inspections and payroll audits (UPSPEP) <i>Baseline: 15%</i> <i>Target: 5%</i> <i>Data source: Integrated payroll system implementation progress report</i>	Achieved Status – 0%, Target was met and exceeded. Following the Commissioning of the integrated payroll and personnel system (IPPS) in 11 pilot votes in January 2011, a decision was made to migrate the entire GoU active payroll from the Legacy System which was housed at Uganda Computer Service to the IPPS. During the transition (i.e. Migration of payroll data from the Legacy System to the IPPS), a number of challenges were experienced. These included: Delayed Salary Payment; Non-payment of	<u>Lending</u> Uganda Public Service Performance Enhancement Project (P050440) <u>Trust funds</u> Development of SDPs (TF016731), Support to NDP II (TF017765), Seed Funding (TF099197), Baseline Survey of the Albertine Region (TF017841)	a) Implementation of IT systems require a lot of change management interaction because in selected instances like enhancing integrity of the payroll, there is a lot of disincentive to implement on part of government because of rents loss. It is therefore important to always look at the political economy and institutional capacity concurrently when planning for these kind of systems b) It is critical to also focus on deepening implementation of systems as Government is encouraged to roll out to many institutions or sites. Otherwise	

		<p>Salary, distortions in Payroll data that led to under/over payments, wrong titles, wrong duty stations, anomalies in deductions and delayed access to the payroll</p> <p>Following completion of Data Migration, decentralization of payroll processing and salary payments during FY 2014/2015, 100% of the payroll is being processed on the IPPS by respective Accounting Officers and the above challenges are no longer being experienced</p>		there is potential of losing out on value for money
	<p>Population satisfied with performance of local governments (as measured through the National Service Delivery Survey)</p> <p>Baseline: 45.9% Target: 70% Data source: National Service Delivery Survey</p>	<p>NV=NA</p> <p>The National Service Delivery Survey was scheduled for 2012, but due to lack of funding it was not conducted. It is through the National Service Delivery Survey that levels of accessibility, availability, reliability, and utilization and population satisfaction on services provided by Government will be obtained.</p> <p>Currently the Office of the Prime Minister issues an Annual Government Performance Report and Ministry of Local Government conducts Annual Assessment of Minimum Conditions and Performance Measures for Local Governments. However, the percentage of Population satisfied with performance of Local Governments is not part of the assessment Criteria.</p> <p>Adequate response to this indicator will be availed after the production of the FINAL report of the National Service Delivery Survey 2015</p>	<p><u>Lending</u></p> <p>Local Government management Services Development Project (Closed)</p> <p>Local Government Services Delivery II (closed)</p> <p>Uganda Public Services Performance Enhancement Project</p> <p>PRSC 7,8,9</p>	<p>a) Level of satisfaction with service delivery is influenced by many factors and it is important to define boundaries that can be influence by the World Bank Interventions.</p> <p>b) Monitoring of service delivery satisfaction takes time and requires a lot of resources human and financial. These need to be factored into the project/program budget.</p> <p>c) In country like Uganda with high implementation deficit, assessment of project impact should be done with managed expectations.</p>

<p>Strengthen good governance, defense and security (vii)</p> <p>Increased level of oversight institutions and CSO in monitoring accountability and transparency</p>	<p>Value for money audits prepared by Auditor General and discussed in Parliament</p> <p>Baseline: 6 per annum Target: 10 per annum Data source: Accountability Committee of Parliament Secretariat (the Parliamentary liaison offices)</p>	<p>Achieved</p> <p>10 value for money audits prepared in audit year 2015 (ending March 31, 2015)</p>	<p><u>Lending</u></p> <p>Poverty Reduction Support Credit 9 (PRSC9)(P097325)</p> <p>Financial Sector Development Policy Credit (P117979)</p> <p>Uganda Public Service Performance Enhancement Project (P050440)</p>	
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CLR ANNEX 2: IDA Lending Program FY11 – 15 – Planned vs. Actual (US\$)

CPS Program		Plan US\$m	Comments	Rev/Actual US\$m
FY		IDA		IDA
FY11	PRSC 8 (includes \$40 million CRW)	120	Delivered	100
	PRSC 9	100	Shifted to FY12	
	Electricity Sector Development Project	90	Delivered	120
	Transport Sector Development Project – Additional Financing	120	Delivered	75
	Financial Sector DPL		Delivered	50
	FY11 CAS Plan/Actual	430		345
FY12	PRSC 10	100	Dropped	-
	Municipal Infrastructure Project	150	Shifted to FY13	-
	Power sector project	100	Shifted to FY15	-
	Albertine Graben Sust. Dev. Project (ex. Petroleum Sector Support)	30	Shifted to FY14	-
	Regional – East Africa Transport Links	25	Dropped	-
	Regional – RCIP	30	Shifted to FY15	-
	Water Sector Management		Advanced from FY13, Delivered	135
	PRSC 9		Shifted from FY11, Delivered	100
	FY12 CAS Planned/Actual	435		235
FY13	PRSC11	100	Dropped	-
	Water Sector Development and Management Project	130	Advanced to FY12	-
	Private sector Competitiveness III	50	Delivered	100
	Forestry-natural resource Management	50	Postponed	-
	Kampala Institutional and Infrastructure Development Project APL II	40	Shifted to FY14	-
	Post Primary Education APL II	100	Shifted to FY15	-
	Municipal Infrastructure Dev		Delivered, shifted from FY12	150
	Electricity for Rural Transformation - APL2 Additional Financing		Delivered	12
	FY13 CAS Planned/Actual	470		262
FY14	PRSC 12	100	Dropped	
	North-Eastern Corridor Road Asset Management Project (ex. Transport Sector Development Project II)	130	Delivered	244
	Local Government and Capacity Building APL II	115	Postponed	-
	Agriculture Sector Support (renamed Agriculture Cluster Development)	50	Shifted to FY15	-
	Energy for Rural Transformation APL III	40	Shifted to FY15	-
	Kampala Institutional & Infrastructure Development APL II (KIIDP 2)		Shifted from FY13, Delivered	175
	Albertine Graben Sustainable Development Project		Shifted from FY12, Delivered	145
	AF Health Systems Strengthening		Dropped	-
	PRG for renewable Energy Dev. Prog.		Planned, Delivered	160
	Regional Pastoral Livelihoods Recovery & Resilience (including regional IDA 24m)		Delivered	40
	FY14 CAS Planned/Actual	435		764
FY15	PRSC 13	100	Dropped	-
	Third Northern Uganda Social Action Fund (ex. Uganda Northern Uganda Northern Uganda Integration and Growth)	100	Delivered	130

	Power Sector Support		Shifted to FY16	-
	Post Primary Education APL II		Shifted to FY17	-
	Energy for Rural transformation APL III		Shifted from FY14, Delivered	135
	Agriculture Cluster Development		Shifted from FY14, Delivered	150
	Skills Development Project (ex. Skilling Uganda)		Delivered	100
	Pension Sector Reform		Dropped	-
	Regional – RCIP (including regional IDA 26m)		Shifted from FY12, Delivered	49
	FY15 CAS Planned/Actual	200		564
	Overall support FY11-FY15	1970		2170

CLR ANNEX 3: WBG Uganda Portfolio FY11-15

	FY11	FY12	FY13	FY14	FY15
Active Projects (#)	19	17	14	12	19
Net Commitments (\$m)	1,754.55	1,478.65	1,471.95	1,787.00	2,452.71
Total Disbursements (\$m)	685.13	426.21	470.55	445.23	604.63
Disbursement Ratio for (IPF, %)	12.8	17.3	21.4	16.2	12.2
Disb. Ratio (IBRD/IDA, %)	12.8	17.3	21.4	16.3	11.7
Actual Problem Project (#)	3	1	1	4	5
Problem Project (%)	15.8	5.9	7.1	33.3	26.3
Potential Problem Project (#)	1	2	5	1	0
Realism Index (%)	68.4	15.3	19.6	N/A	92.1
Projects At Risk (#)	4	3	6	5	5
Projects At Risk (%)	21.1	17.6	42.9	41.7	26.3
Commitments At Risk (\$m)	417.00	147.00	660.80	743.20	753.20
Commitments at Risk (%)	23.8	9.9	44.9	41.6	30.7
Proactivity (%)	0.0	100.0	100.0	0.0	40.0
IEG RATINGS (FY11-FY15)					
Exits (#)	2	4	4	4	1
Projects Evaluated by IEG (#)	2	4	4	4	1
Outcome Sat (%)	100.0	75.0	75.0	75.0	0.0
ICR Quality Sat (%)	0.0	100.0	75.0	100.0	100.0
Bank Performance at Entry Sat (%)	50.0	50.0	75.0	75.0	0.0
Bank Performance at Supervision Sat (%)	100.0	75.0	75.0	75.0	0.0
ICR Quality Sat (%)	0.0	100.0	75.0	100.0	100.0
Net Disconnect (%)	0.0	25.0	0.0	0.0	0.0
Bank Overall Performance Sat (%)	100.0	75.0	75.0	75.0	0.0

CLR ANNEX 4: IFC Portfolio

Statement of IFC's Committed and Outstanding Portfolio

Committed								Disbursed Outstanding				
Commitment Fiscal Year	Project ID	Institution	LOAN	EQUITY	QUASI LOAN + QUASI EQUITY	GT/RM	PARTICIPANT	LOAN	EQUITY	QUASI LOAN + QUASI EQUITY	GT/RM	PARTICIPANT
	26054	Airtel Uganda Li	20.0	0.0	0	0.0	11.5	0	0	0	0	0
	26497	Celtel Distribut	0.0	0.0	0	2.6	0.0	0	0	0	0	0
2011	27695	BOA - Uganda	0.71	0	0	0	0	0.71	0	0	0	0
2007	33022	Bujagali Energy	79.52	0	30.00	6.70	0	79.52	0	30.00	5.31	0
2011/ 2012/ 2013/ 2014	31695	DTB Uganda	0	0	4.50	0	0	0	0	4.50	0	0
2013/ 2015	32038; 35366	Eaton Uganda	42.72	0	0	0	0	22.72	0	0	0	0
2012	30806	IMG Kampala	2.20	0	0	0	0	0	0	0	0	0
2014	31511	KCB Uganda	10.00	0	0	0	0	0	0	0	0	0
2015	35301	Merryland School	4.10	0	0	0	0	1.00	0	0	0	0
2007/ 2008/ 2009/ 2010/ 2011/ 2012/ 2013/ 2014/ 2015	25226	Orient Bank Ltd	0	0	0	1.48	0	0	0	0	1.48	0
2009	27744	PINE (Rwenzori Towers)	1.56	0	2.50	0	0	1.56	0	2.50	0	0
2014	33405	Pearl Dairy	4.00	0	0	0	0	4.00	0	0	0	0
2011	29274	Roofings	12.74	0	0	0	0	12.74	0	0	0	0
2009/ 2013/ 2014	30790; 32795; 33500	Umeme	70.00	4.62	0	0.45	0	51.47	4.62	0	0	0
Total Portfolio			247.56	4.62	37.00	11.24	11.50	173.74	4.62	37.00	6.79	0

Annex 3: SCD Priority Areas and Actions

The World Bank Group's (WBG's) Systematic Country Diagnostic (SCD) for Uganda was published on December 4, 2015. The SCD provides the foundation for the CPF and represents an analytical exercise meant to identify key challenges and opportunities for the country for accelerating progress towards the WBG twin goals of ending poverty and boosting shared prosperity. It is not be limited to areas where the WBG is currently active or expects government demand. The SCD's analytical framework is based on the three interrelated blocks of growth, inclusion, and sustainability. The SCD eight priority areas and 36 actions are summarized below.

Priority Areas	Proposed Actions
Macro-fiscal stability	<ul style="list-style-type: none"> • Improving domestic revenue mobilization and tax administration • Strengthening the allocative and financial efficiency of the budget by implementing clear and transparent PFM rules, strengthening PIM and procurement, and encouraging PPPs to enable delivery of critical services • Strengthening debt management to ring fence rising commercial borrowing and the burden of debt-service • Build awareness of the need for highly resilient fiscal institutions ahead of the onset of oil revenues
Agricultural productivity and commercialization	<ul style="list-style-type: none"> • Improving land and water management (for crops, fishing, and livestock) in a sustainable manner • Improving agricultural storage facilities. • Strengthening extension services, particularly in the north and the east • Increasing the use of quality agricultural inputs • Improving rural feeder roads, particularly in the north, to reduce input costs and increase market access • Increasing agricultural access to finance • Strengthening land tenure security, rental markets, and institutions for land administration • Reversing and preventing further land degradation, deforestation, and over fishing • Addressing challenges of climate variability and change
Consumption smoothing	<ul style="list-style-type: none"> • Strengthening the social protection system • Increasing access to credit and financial services, particularly, savings instruments for individuals and through secure landownership to increase access to collateral-based credit
Public service delivery	<ul style="list-style-type: none"> • Increasing public health and education expenditures with efficiency improvements • Increasing access to social and infrastructure services for the bottom 40 percent and for the people in the north and the east of the country • Improving the quality of public services (education, health, water supply and sanitation, electricity, roads, and the Internet) by addressing sector-specific challenges

	<ul style="list-style-type: none"> • Improving the demand side of good governance by promoting the voice and accountability of citizens
Urbanization	<ul style="list-style-type: none"> • Improving the urban policy and legal framework, land tenure system and markets, housing availability, and institutional capacity • Strengthening urban public transport • Preventing urban pollution
Fertility reduction	<ul style="list-style-type: none"> • Enhancing the provision of family planning services and the use of contraceptives
Private sector competitiveness and diversification	<ul style="list-style-type: none"> • Increasing low-cost access to finance for firms, including long-term finance • Reducing administrative costs associated with taxes, land, buildings, construction permits, border crossings, and basic infrastructure • Improving land markets by reducing the cost of transferring land • Increasing maintenance expenditures for the national road network, investing in the northern trade corridor, and developing multimodal connectivity around Lake Victoria • Expanding electricity generation, access, and usage and improving reliability and access to ICT through expanding the NBI • Improving district and rural roads • Promoting technical and vocational training through partnerships and targeted programs for youth and women • Increasing women's participation in the labor market • Enhancing skills for and around the oil sector and in other productive sectors such as tourism
Public sector effectiveness	<ul style="list-style-type: none"> • Instilling a delivery focus through an open and participative monitoring, evaluation, and de-bottlenecking process which draws on external inputs • Strengthening sanction mechanisms by consolidating fiduciary management systems and reinforcing central-level institution' accountability • Improving LG accountability and horizontal equity at the local level through strengthening of the intergovernmental fiscal transfer and enhancement of own-source revenues of LGs • Continuing to build specialized capacity for the oil sector

Annex 4: Mapping Priorities

The CPF Objectives are determined by the intersection of the country's own development goals, the areas identified in the SCD as priorities for achieving the two corporate goals, the WBG's comparative advantage, as well as the large carry-over portfolio, which will contribute significantly to achieving the CPF objectives (Figure 1). The SCD, in particular, has informed the identification of the CPF objectives, and there is strong alignment between the SCD priorities and the CPF Strategic Focus Areas and Objectives (Table 1).

Table 1: Mapping the CPF to the SCD priorities

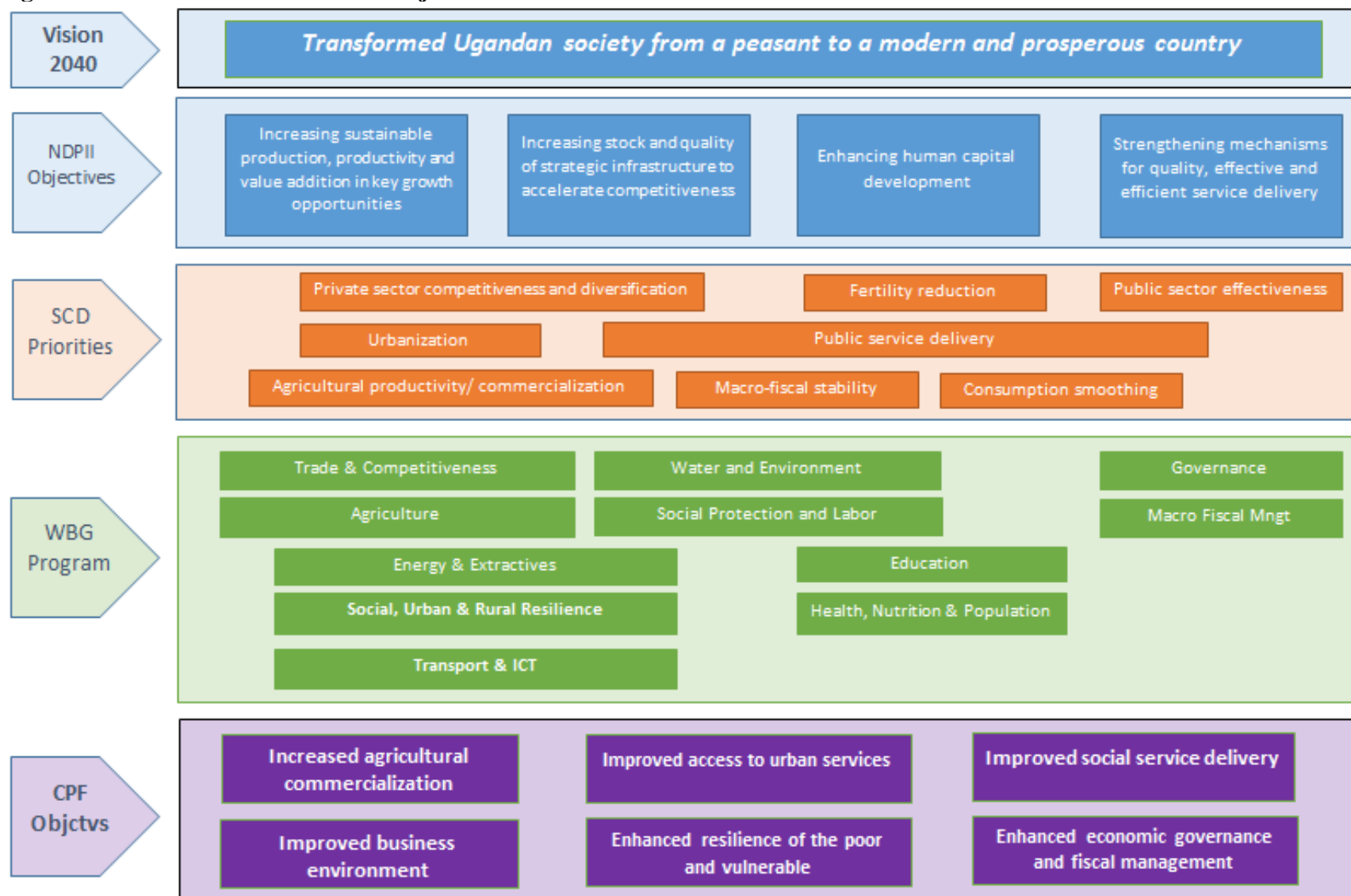
SCD Priority Areas (8)	CPF Strategic Focus Areas (3)	CPF Objectives (6)
1. Macro-fiscal stability 2. Public sector effectiveness 3. Public service delivery ¹⁸ 4. Fertility reduction (social services)	1. Governance, accountability, and service delivery	1. Enhanced economic governance and fiscal management ¹⁷ 2. Improved social service delivery
5. Agricultural productivity and commercialization 3. Public service delivery (water for production) 6. Private sector competitiveness & diversification 7. Consumption smoothing	2. Raising incomes in rural areas	3. Increased agricultural productivity 4. Enhanced resilience of poor and vulnerable people ¹⁹
8. Urbanization 3. Public service delivery (urban services) 6. Private sector competitiveness and diversification 4. Fertility reduction (through social norms and access to formal labor markets)	3. Boosting inclusive growth in urban areas	5. Improved business environment for job creation 6. Improved quality of life in urban areas

¹⁷ Monetary policy and some of the political dimensions of public sector effectiveness are outside of the WBG comparative advantage area.

¹⁸ 'Public service delivery' features in three rows in the table because the SCD refers to services in eight sectors—education, health, water supply and sanitation, electricity, roads, land and the Internet.

¹⁹ Consumption smoothing for top 60 percent is beyond the scope of twin goals.

Figure 1: From Vision 2040 to CPF Objectives



Annex 5: Selected Social, Economic and Fiscal Indicators

Selected Indicators*	Avg. 2010-14	2010	2011	2012	2013	2014	2015 E
Population, Employment and Poverty							
Population, total (millions) ¹	32.8	30.9	31.8	32.8	33.8	34.9	35.8
Population Growth (annual percent) ¹	3.1	3.1	3.1	3.1	3.1	3.1	2.6
Unemployment Rate ²	4.1	4.2	4.2	4.2	3.8	..	3.4
Poverty rate (\$1.9/day PPP terms)	37.4	41.5	..	..	33.2	..	..
Poverty rate (National poverty line)	22.1	24.5	..	..	19.7	..	..
Inequality - Gini Coefficient ²	42.3	44.6	..	..	40.0	..	..
Life Expectancy ²	58.3	57.3	58.0	58.6	59.2	..	..
Income and economic growth							
GDP growth (annual percent)	5.4	5.2	9.7	4.4	3.3	4.5	5.0
GDP (current US\$, millions)	22,442	18,804	18,661	23,725	24,111	26,907	28,190
GDP per capita growth (annual percent, real)	2.34	2.10	6.6	1.3	0.3	1.4	2.6
GDP per capita (US\$, nominal)	681	609	587	723	713	771	787
GDP per capita, PPP (current international \$)	1,367	1,269	1,334	1,357	1,410	1,465	1,523
Private Consumption growth (annual percent)	4.9	6.3	7.8	9.9	0.2	0.3	12.3
Gross Investment (percent of nominal GDP)	27.2	26.5	27.3	26.6	26.6	29.2	27.8
Gross Investment - Public (percent of nominal GDP) ²	6.7	6.2	7.6	6.5	6.7	6.6	6.3
Money and Prices							
Inflation, consumer prices (annual percent, end of period) ³	8.81	3.19	27.06	5.28	6.74	1.80	4.9
Inflation, consumer prices (annual percent, period average) ³	9.29	3.99	18.67	14.0	5.50	4.3	2.70
M2 (percent of GDP) ²	21.77	22.92	22.41	20.40	20.77	22.35	..
Domestic Credit to the Private Sector (percent of GDP) ²	14.07	13.34	15.44	13.68	13.50	14.39	..
Nominal Exchange Rate (local currency per USD)	2,478	2,178	2,523	2,505	2,587	2,600	2,720
Real Exchange Rate Index (2010=100)	96.80	100.00	86.30	100.88	97.33	99.51	107.84

Fiscal

Revenue (percent of GDP)	14.40	14.15	16.40	14.00	13.23	14.30	13.91
Expenditure (percent of GDP)	18.42	20.25	19.42	17.11	17.43	17.89	18.34
Interest Payments (percent of GDP)	1.30	0.92	1.06	1.33	1.56	1.77	1.81
Overall Fiscal Balance (percent of GDP)	-4.00	-6.10	-3.01	-3.110	-4.19	-3.60	-4.43
Primary Fiscal Balance (percent of GDP)	-2.74	-5.18	1.95	-1.79	-2.77	-1.94	-2.66
General Government Debt (percent of GDP)	27.60	24.66	26.74	25.07	29.19	32.20	31.20

External Accounts

Export growth, f.o.b (nominal US\$, annual percent)	7.07	3.40	23.93	14.52	4.37	-10.86	-9.20
Import growth, c.i.f (nominal US\$, annual percent)	8.44	18.17	20.26	4.11	-1.20	0.88	13.49
Merchandise exports (percent of GDP)	11.74	11.51	13.50	11.82	11.73	10.13	8.924
Merchandise imports (percent of GDP)	22.35	23.27	26.78	22.18	20.63	18.90	20.84
Services, net (percent of GDP)	2.41	-2.65	-3.51	-1.50	-1.49	-2.86	-4.37
Current account balance (current US\$ millions)	-2,187.99	-1,695.90	-2,106.40	-1,648.00	-1,999.2	-2,829.40	-2,849.10
Current account balance (percent of GDP)	-9.21	-9.10	-11.3	-6.9	-8.3	-10.50	-10.10
Foreign Direct Investment, net inflows (percent of GDP)	4.23	2.88	4.80	4.68	4.59	4.20	4.20
External debt, total (percent of GDP) ²	16.72	15.82	17.48	15.92	17.65	..	16.79
Multilateral debt (percent of total external debt) ²	81.63	81.23	82.97	80.53	81.78	..	..
Debt service ratio (percent of exports goods and non-factor services) ²	1.55	1.82	1.47	1.36	1.57	..	..

Other

Adjusted Net Savings (% of GNI) ⁶	4.33	6.14	2.46	3.36	5.37	..	..
Doing Business Rank ⁴	143.50	..	..	..	152.00	135.00	122.00
Human Development Index Ranking ⁵	162.00	160.00	160.00	164.00	164.00	..	..
CPIA (overall rating) ²	3.73	3.77	3.77	3.72	3.72	3.70	..
Economic Management ²	4.21	4.33	4.17	4.17	4.17	4.20	..
Structural Policies ²	3.97	3.83	4.00	4.00	4.00	4.00	..
Policies for Social Inclusion and Equity ²	3.70	3.70	3.70	3.70	3.70	3.70	..
Public Sector Management and Institutions ²	3.10	3.20	3.20	3.00	3.00	3.10	..

Notes: ".." indicates not available. E = estimate. Data from MFMOD unless otherwise noted

1/ used National Census provisional results from UBOS.

2/ World Development Indicators Database and World Bank Staff Estimates

3/ World Bank GEM database

4/ This indicator is ranked out of 175 countries in 2007, 178 in 2008, 181 in 2009, and 183 in 2010 and 2011

5/ The HDI ranking in 2001 is in relation to 175 countries and in 2010 in relation to 169 countries. Methodological enhancements in HDI calculations have resulted in notable improvements in the countries' rankings.

6/ Adjusted net savings are equal to net national savings plus education expenditure and minus energy depletion, mineral depletion, net forest depletion, and carbon dioxide. This series excludes particulate emissions damage.

Sources: MFMOD Database, World Bank WDI and GEM databases, IMF.

Annex 6: IDA Portfolio

National Portfolio*

Project ID	Project Name	Date of Board Approval	Closing Date	Net Comm. Amount (US\$m)	Tot Undisb. Balance (US\$m)
Education					
P133780	GPE Teacher and School Effectiveness	08/15/2014	06/30/2018	100.00	91.50
P145309	Skills Development Project	04/22/2015	08/31/2020	100.00	98.39
Energy & Extractives					
P112334	Energy for Rural Transformation II	04/06/2009	06/30/2016	87.00	7.00
P112340	GEF Energy for Rural Transformation II	04/06/2009	06/30/2016	9.00	1.77
P119737	Electricity Sector Development Project	06/30/2011	02/28/2017	120.00	74.68
P133312	Energy for Rural Transformation III	06/05/2015	12/31/2020	135.00	136.50
P146876	GEF Energy for Rural Transformation III	06/05/2015		8.20	0.00
Agriculture					
P108886	GEF Sustainable Land Management Country Program	06/22/2010	12/31/2017	7.20	5.30
P109224	Agricultural Technology & Agribusiness Advisory Services	06/22/2010	12/31/2017	120.00	47.00
P145037	Agriculture Cluster Development Project	04/09/2015	03/31/2022	150.00	146.05
P149286	Multisectoral Food Security Nutrition Project	01/07/2015	12/31/2019	27.64	27.64
Health, Nutrition & Population					
P115563	Health System Strengthening Project	05/25/2010	06/30/2017	130.00	16.40
P144102	Reproductive Health Voucher Project	10/03/2014	12/29/2017	13.30	13.30
Social Protection & Labor					
P149965	Northern Uganda Social Action Fund III	05/27/2015	12/31/2020	130.00	130.98
Social, Urban, Rural and Resilience Global Practice					
P117876	Support to Municipal Infrastructure Development	03/28/2013	12/31/2018	150.00	66.78
P133590	Kampala Institutional and Infrastructure Development Project	03/20/2014	12/31/2019	175.00	147.19
P145101	Albertine Regional Sustainable Development Project	03/26/2014	07/31/2019	145.00	131.30
Trade & Competitiveness					
P130471	Competiveness & Enterprise Development Project	05/09/2013	03/31/2019	100.00	72.49
Transport & ICT					
P125590	North Eastern Road-corridor Assets Management Project	04/30/2014	10/31/2024	243.80	218.51
Water					
P123204	Water Management Development Project	06/26/2012	12/31/2018	135.00	76.84
				2,086.14	1,509.61

*As of March 2016; Albertine (P145101) and NERAMP (P125590) civil works currently suspended (end March 2016)

Regional Portfolio*

Project ID	Project Name	Date of Board Approval	Closing Date	Net Comm. Amount (US\$m)	Tot Undisb. Balance (US\$m)
Agriculture					
P129408 (IDA53850)	Regional Pastoral Livelihoods Resilience project	03/18/2014	12/31/2019	40.00	36.04
Health, Nutrition & Population					
P111556 IDA47330 IDA56150	East Africa Public Health Laboratory Networking Project	05/25/2010	03/30/2020	25.10	15.70
Trade & Competitiveness					
P151083 IDA57220	Great Lakes Trade Facilitation	09/25/2015	12/31/2020	14.00	14.00
Transport & ICT					
P125590 IDA56350	Regional Communications Infrastructure project	05/22/2015	02/28/2022	75.00	75.00
Water					
P100406 IDA45310	Lake Victoria Environmental Management Project II	03/03/2009	12/31/2017	27.50	7.60
				181.60	148.34

**As of March 2016*

Advisory Services and Analytics (FY16)

Product Line	Project ID	Project Name	Global Practice	Concept Review	Decision Review	Final Delivery
Q1						
IE	P127198	HIV Prevention Effectiveness Evaluation	Hlth, Ntrtn & Popln.	05/31/12	06/09/15	07/15/15
TA	P144050	Improving Public Procurement in Uganda	Governance	12/13/13	09/02/14	08/31/15
Q2						
KP	P154616	Fighting Falsified/Sub-standard Medicine	Other			10/30/15
EW	P157148	Debt Management Reform Plan	MacroEco & Fis. Mgmt	09/16/15	09/16/15	12/22/15
EW	P148342	Social Protection Sector Review	Soc. Prot. & Labor	11/20/13	10/29/14	12/22/15
TA	P149947	Mining Sector Development Support	Energy & Extractives	06/23/14	12/14/15	12/31/15
Q3						
KP	P148041	Mainstreaming Gender in Develop	MacroEco & Fis. Mgmt	11/27/13	03/06/15	01/21/16
EW	P143496	Country Economic Memorandum (CEM)	MacroEco & Fis. Mgmt	11/05/13	06/30/15	03/05/16
TA	P152721	PPDA Strategy Implementation support	Governance	02/05/15	09/29/15	03/05/16
TA	P132002	DPSP in small towns	Water	05/13/13	12/11/15	03/07/16
EW	P158064	Uganda MTDS	MacroEco & Fis. Mgmt	11/06/15	03/07/16	03/18/16
EW	P146419	Service Delivery Indicators	Hlth, Ntrtn & Popln.	NA	NA	03/31/16
TA	P153569	Education Sector Reform TA	Education	01/29/15	03/23/16	03/31/16
TA	P149939	Support to Uganda NDP II	MacroEco & Fis. Mgmt	10/01/14	09/14/15	03/31/16
Q4						
TA	P117383	Programmatic Governance TA	Governance	07/15/09	03/04/16	04/19/16
EW	P151564	Poverty Assessment	Poverty and Equity	12/12/14	04/18/16	05/13/16
TA	P150867	Uganda #A063 MTPL	Finance & Markets	09/09/14	04/11/16	05/16/16
TA	P149945	Petroleum Sector Capacity Needs Analysis	Energy & Extractives	06/24/14		05/20/16
EW	P153002	Improving Health Services in UG	Hlth, Ntrtn & Popln.	04/01/15		05/30/16
TA	P155740	Fiscal Transfers Reform TA	MacroEco & Fis. Mgmt	NA	NA	05/30/16
IE	P128432	SP, Governance and Fragility	Soc. Prot. & Labor	02/14/12	03/31/16	05/31/16
TA	P154132	SREP Investment Plan	Energy & Extractives	11/02/15	02/22/16	05/31/16
EW	P151883	Policy Note on Private Sector	Trade & Cmptitvns	02/26/15	03/31/16	06/03/16
EW	P152873	Repositioning LGs for Economic Growth	Soc. Urb. Rur. & GP	06/15/15	05/11/16	06/15/16
EW	P155327	Economic Update 6	MacroEco & Fis. Mgmt	06/09/15	08/27/15	06/15/16
PA	P146909	Programmatic PER	MacroEco & Fis. Mgmt	11/14/13	NA	06/24/16
Total		26				

*As of March 2016

Annex 7: IFC Committed and Disbursed Outstanding Investment Portfolio

Original Commitment FY	Company	Committed					Participant	Disbursed Outstanding				
		Loan	Equity	**Quasi Equity	*GT/ RM			Loan	Equity	**Quasi Equity	*GT/ RM	Participant
FY07	Bujagali Energy	75.79	0	30	11.97		0	75.79	0	30	10.57	0
FY11	DTB Uganda	0	0	4.5	1.92		0	0	0	4.5	1.92	0
FY13	Eaton Uganda	42.17	0	0	0		0	36.17	0	0	0	0
FY14	KCB Uganda	10	0	0	0		0	10	0	0	0	0
FY15	Merryland School	4.1	0	0	0		0	2.8	0	0	0	0
FY07	Orient Bank Ltd	0	0	0	0.8		0	0	0	0	0.8	0
FY09	PINE	1.41	0	2.5	0		0	1.41	0	2.5	0	0
FY14	Pearl Dairy	3.84	0	0	0		0	3.84	0	0	0	0
FY11	Roofings	9.27	0	0	0		0	9.27	0	0	0	0
FY09	Umeme	70	4.62	0	0.45		0	59.71	4.62	0	0	0
Total Portfolio:		216.57	4.62	37	15.14		0	198.98	4.62	37	13.29	0

**As of March 2016*

Annex 8: MIGA Portfolio

Investor Name	Project Name	Business Sector	Investor Country	Priority Area	Risk Covers	Gross Exposure (\$USD)
Millco Limited	Kyoga Limited	Agribusiness	St. Kitts and Nevis	IDA	EXP;WCD	2,970,000
Icam SPA	Icam Chocolate Uganda Limited	Manufacturing	Italy	IDA	TR;EXP;WCD	1,500,000
Umeme Holdings limited	Uganda Electricity Distribution Concession	Infrastructure	Bermuda	IDA	TR;WCD;BOC	12,000,000
World Power Holdings Luxembourg S. a. r. l.	Bujagali Hydroelectric Project	Infrastructure	Luxembourg	IDA	BOC	120,255,999
Absa Bank Limited	Bujagali Hydroelectric Project	Infrastructure	South Africa	IDA	BOC	4,750,000
Standard Chartered Bank, London Branch	Bujagali Hydroelectric Project	Infrastructure	United Kingdom	IDA	BOC	4,750,000
						146,225,999

**As of March 2016*

Annex 9: IDA17 Special Themes

1. **Special themes serve to focus IDA’s work on frontier issues of strategic importance for IDA countries.** Attention to special themes helps to promote focused analysis and policy discussion on these issues to better integrate them into the Bank’s operations. During the IDA17 replenishment meeting, participants agreed on the overarching theme of “maximizing development impact” for IDA17 to carry forward the IDA16 special themes of gender, climate change and fragile and conflict-affected states (FCSs), and to introduce the new special theme of inclusive growth. These four themes play a very important role in the CPF, but because they are primarily mainstreamed across objectives and interventions, this section summarizes how the each theme is treated in the program.

Inclusive growth

2. **The CPF for Uganda is designed to support the Government to sustain high growth rates in a sustainable manner, while ensuring that the opportunities and benefits of economic growth are enjoyed by the entire population.** The CPF has a particular focus on addressing the needs of the poor and vulnerable people. Within each CPF objective, WBG interventions are targeted at the poor, vulnerable, and excluded, including but not limited to an emphasis on expanding secondary education and good-quality health services to the underserved; involving citizens in monitoring public sector performance; targeting social safety nets to those communities and families most in need; expanding access to finance to SMEs and those seeking housing; and bringing electricity to excluded rural areas.

3. **In the short term, the WBG aims to improve incomes and resilience in rural areas, where the majority of the poor and vulnerable people live.** This will, among other things, involve strengthening financial inclusion by improving access to finance through rural financial service providers, especially microfinance institutions and SACCOs, and increasing the capacity of banks to lend to agribusinesses. The WBG will support Uganda to develop a resilient landscape, integrated water resources management and to reduce vulnerability to climate change. In the medium and longer term, the WBG will focus on creating better employment opportunities by educating and skilling the workforce and by improving the business environment. This will involve targeted efforts aimed at preparing urban areas to accommodate migrants so that migrants are included in the economy rather than relegated to under-served and distant slums.

Gender

4. **The CPF is informed by substantial data and analytical work on the gender dimensions of development in Uganda,** including a forthcoming poverty assessment, a recent country gender assessment completed by USAID in 2014, a forthcoming gender assessment being prepared by the African Development Bank, and a World Bank-specific gender portfolio review. Key issues raised in these studies include differences in education and skills, along with women’s lower access to assets and gender discrimination in the labor market, making it more difficult for women to benefit from the growth in non-farm self-employment and wage employment. Additionally in agriculture, women’s productivity and ability to lift themselves out of poverty is impeded by gender discrimination in the land management system, women’s concentration in

lower value activities and crops, and substantially greater burdens on their time, as women tend to take responsibility for a range of domestic tasks along with their income generating activities. The most significant health concerns in Uganda are all issues which often have a disproportionate impact on women, including malaria, maternal and neonatal disorders, and HIV/AIDS. High fertility and sexual and gender-based violence also exacts particularly high costs on women with serious impacts on their health and on the time they have available for income-generating activities, given the disproportionate share of the responsibility for child care that they shoulder.

5. **The design of the CPF program is focused specifically on issues that affect girls and women most.** In education, the program is focused on progression to and retention of girls in secondary school to expand their education and labor market opportunities and indirectly reduce fertility by delaying first pregnancy. The program pays particular attention to maternal health by measuring through a CPF objective indicator the functionality of health facilities by the share of births with a skilled attendant. The program also includes measures to mitigate and prevent sexual and gender-based violence against women and girls (and boys, to the extent feasible), particularly where exacerbated through infrastructure development (e.g. roads, electricity transmission, other civil works). This entails integrated approaches to law enforcement; individual case management (e.g. psycho-social support and counselling, maternal and reproductive health care, reintegration into school, life-skills training, legal aid, as needed); and prevention through community-based approaches to livelihoods support, economic and gender empowerment, and creating safe school environments. And the program's focus on improving the land management system and boosting agricultural productivity is also expected to have a disproportionate effect on women, who are often more excluded and form the majority of agricultural workers. The Bank will work with the government to begin disaggregating data by gender, including data on land registration so that progress on expanding land ownership among women from extremely low levels can be properly tracked. In addition to that, the program will continue to consider gender dimensions of development in analytical work and support the Government in implementing gender-informed operations, building on the carry-over portfolio where more than half of operations include gender-informed analysis and 80 percent have gender-informed actions.

Climate change

6. **Uganda is one of the countries that are greatly vulnerable to climate change impacts, in respect of climate variability,** including increasing temperatures, increased frequency and intensity of rainfall, heat waves, droughts, floods and storms. According to the fourth Intergovernmental Panel on Climate Change Assessment Report, Uganda's temperature is likely to increase on average by up to 1.5°C in the next 20 years and up to 4.3°C by the 2080s. Based on climate change models, predictions indicate an increase in rainfall of 10–20 percent over most of the country with a decrease expected over the semiarid cattle corridor. This could aggravate existing vulnerabilities. Addressing these challenges is paramount to the economy and for poor households, which rely heavily on the availability of renewable natural resources.

7. **During the CPF consultation process, the Government has expressed demand for support to addressing climate change.** As part of the CPF's focus on strengthening resilience, the Bank will support the development of a resilient landscape program including integrated water and forest resources management plans for key catchments to mitigate the effects of climate change, promote water for production, and expand the use of irrigation to alleviate the impact of

dry years. The Bank will also ensure that investments in infrastructure development are climate proof. Instruments available to Bank program to help address these priorities include the Climate Investment Funds, the Forest Carbon Partnership Facility and the Global Environment Facility. Meanwhile, the Bank will continue to support technical advice to strengthen adaptation to climate change and support Uganda to access various climate change knowledge platforms to build knowledge and capacity on climate change.

Fragile and conflict-affected states

8. **Uganda has largely remained peaceful over the last two decades, but is the third largest refugee-hosting country in Africa as a result of conflicts and instability in the Democratic Republic of Congo, Somalia and South Sudan.** Uganda is hosting approximately 500,000 refugees and asylum-seekers in 9 districts mainly in the North, South and South West regions of the country. Uganda has a generous and progressive refugee policy framework, and its 2006 Refugee Act and 2010 Refugee Regulations entitle refugees to work, to freedom of movement, and to access Ugandan social services, including access to documents such as identification cards, as well as birth, death, marriage, and education certificates.

9. **Refugees and refugee-hosting communities are poor and vulnerable and the settlement areas suffer from lower agricultural productivity and environmental degradation due to poor climatic and soil conditions and/or overuse.** In addition, basic social services delivery is often of low quality, and economic opportunities are limited due to the remoteness of the settlements and the inadequate infrastructure. Refugee presence in very poor communities undermines the coping abilities of host communities in the settlement areas, further exacerbated by limited social capital, less diverse livelihoods and low levels of assets.

10. **The Bank will support the Government to provide a multi-sectoral development response to the impacts of forced displacement on refugee hosting communities** in Arua, Adjumani, Isingiro and Kiryandongo districts. The intervention will specifically address the unmet social, economic and environmental needs of the local host communities and will be part of the regional US\$50 million Development Response to Displacement Impacts Project in the Horn of Africa.

Annex 10: WBG Collaboration

1. **The CPF has been prepared jointly by the IFC, MIGA and the Bank (IDA), and specific attention has been paid to identify strategic intervention areas where collaboration can be increased and be made more effective during the CPF period.** MIGA has expressed interest in exploring options for increased use of guarantees for foreign investors to support the Government in attracting foreign direct investment. And IFC will increase its support for private sector development through investments, loans, and advisory services aligned with the Government's priorities and programs, as well as for activities that promote and strengthen regional integration. In particular, the IFC and the Bank will ramp up collaboration to spur income growth for farmers and small informal entrepreneurs. Examples of these efforts include housing finance, collateral registry and credits to MSMEs, and facilitating equipment leasing:

One WBG approach to housing finance

2. **Uganda's rapid urbanization in recent years underscores the urgency for WBG collaboration to improve access to finance for affordable housing, which in turn would lead to expansion of the construction industry and associated jobs.** Working together, IFC and the Bank can create a working value chain where affordable housing is supplied and aspiring homeowners are able to access credit. Housing finance in Uganda could follow a similar partnership to what the WBG has accomplished in Tanzania. IDA resources for housing finance could help establish and finance a new institution, similar to the Tanzania Mortgage Refinance Company (TMRC), support Housing Microfinance, following the example of the Tanzania Housing Microfinance Fund, and also work towards reforming existing institutions. In Uganda this would be complemented by ongoing efforts to improve land management and property registration systems.

3. **IFC could then identify potential opportunities for investments to support large scale real estate development and mortgage lending,** based on experiences from Tanzania where there is an expected investment into TMRC and the establishment of new greenfield ventures such as a new specialized mortgage lender in partnership with local, and international banks. Other development partners, including Shelter Afrique and AfDB, could also be 'crowded in' to make investments or provide guarantees on bond issuances.

Increasing agricultural productivity and mechanization

4. **Uganda's fast growing workforce is largely concentrated in the agriculture sector, but incomes are low for the more than 70 percent of the population who are farmers.** Farms are small and inputs are costly, and the agriculture sector currently accesses only 10 percent of the credit provided by commercial banks. The Bank, IFC and MIGA will step up engagements and collaboration in the agriculture sector seeking to boost productivity and strengthen backward and forward linkages through agro-processing and commercialization. The WBG will collaborate across a range of activities throughout the value chain, also involving support to critical enabling areas such as agricultural policy and land registration.

5. **The IFC and the Bank will also collaborate to catalyze the infant leasing industry, and develop products for onward lending to MSMEs.** Mechanization would be one way to enhance agriculture productivity and incomes, but the legal and regulatory environment for leasing is weak and complicated, and investment requires a level of capital—40 percent down payment—that few farmers have. The WBG will work with the Government to simplify the laws and regulations for the leasing industry, and also leverage long term financing to the agricultural sector. Increased concerted efforts will provide a significant contribution to reduce poverty and vulnerability.

From informality to business registration and credit

6. **MSMEs generate 75 percent of Uganda's GDP and provide more than 2.5 million jobs.** Many MSMEs identify access to finance as a major constraint to growth, survival and formalization. More than 85 percent of lending institutions in Uganda require fixed capital as collateral for borrowing while only 20 percent of Uganda's land is registered. As a result, only 8 percent of businesses in Uganda can access credit from commercial banks. Banks cite insufficient collateral and high informality as key reasons for their reluctance to lend to MSMEs. One way to relax these constraints is through the establishment of a collateral registry to permit the use of movable assets as security for borrowing coupled with the opportunity of credit, and a route to formalization.

7. **The collateral registry represents an area with significant potential for Bank-IFC collaboration.** While the Bank is working with the Uganda Registration Services Bureau, linking it to the National Land Registry, the Uganda Revenue Authority, the National Social Security Fund and Kampala City Council Authority, the IFC is developing financial products for onward lending to MSMEs through existing intermediary banks. This joint effort will facilitate land titling and administration and better connectivity between institutions providing business services to enhance formalization. The streamlining and automation of processes will increase availability of collateral for borrowing by 30 percent; generate higher savings to the private sector arising from better delivery of services after automation; improve revenue collection and compliance; and increase the migration of businesses from the informal sector to recognized status by lending institutions.

Annex 11: Statistical Capacity

1. **The status of statistics in Uganda is generally good, but there are gaps in terms of timeliness and comprehensiveness.** These gaps need to be addressed to ensure that the country has a credible statistical system that can provide complete, accurate and up-to-date data to inform an effective monitoring and evaluation system, and to support research and analytical work, which can inform evidence based policy formulation.
2. **The Uganda Bureau of Statistics (UBOS) carries the mandate of producing statistics, whether collected directly or indirectly from other government entities.** UBOS is emerging as a highly regarded statistical institution in Africa, which receives regular visits from neighboring countries, and has consistently produced statistics to inform policy making in a timely manner. UBOS's activities have been concentrated in three areas: (i) economic statistics; (ii) poverty and social statistics; and (iii) overall coordination of statistical production across the Government. The current statistical master plan covers the period FY14-18.
3. **The Population and Housing Census took place over the period August 27 to September 12, 2014, following one that was done in 2002.** Provisional results released in November 2014, estimated Uganda's population at 34.7 million people, and to be growing at a rate of 3percent per annum. Final results are expected by March 2016. The census results will be crucial for improving data quality. The population census, initially planned for 2012, was delayed due to lack of funding, which elongated the interval between censuses beyond the standard 10 years.
4. **The national accounts are of reasonable quality.** Uganda regularly produces annual national accounts. In 2014, it rebased its national accounts by changing the base period from 2002 to 2009/10 and restructuring the weighting system to take account of the changing structure of the economy. The resultant adjustment of an average of 17 percent was far lower than what has been observed in other African countries, partly reflecting the quality of systems and approaches that Uganda has employed in the past, while it could also be due to the slow transformation. Uganda also started producing quarterly GDP estimates, which is critical to monitor economic performance on a more frequent basis, but is yet to get monthly indicators of the same.
5. **UBOS is working to further improve the quality of the national accounts to address challenges related to methodology and credibility of figures,** especially for subsector indicators such as agriculture and small area statistics using modern applications (e.g., poverty maps). With support from development partners, an updated version of the Input-Output table is now available. This has been the basis of a Social Accounting Matrix shared with Uganda's authorities.
6. **The Uganda National Household Surveys were conducted in 2002/03, 2005/06, 2009/10 and 2012/13, but the frequency of other supplementary surveys is determined by availability of funding.** With financial assistance from the World Bank, UBOS has been conducting the annual Uganda National Panel Survey, the latest of which was released in September 2014. The National Service Delivery Survey (NSDS) was carried out in 2004 and 2008. The NSDS initially planned for 2012, was delayed due to lack of funding. Field works were conducted during the last quarter of 2015, and the results are expected by June 2016. The Demographic and Health Survey (last one in 2011), Manpower Survey, Census of Business

Establishment and Uganda Business Inquiry (last carried out in 2011) have been undertaken when development partner funds have been available, and hence not necessarily consistently conducted. Integration across surveys can be improved. Furthermore, given that most of these surveys are only representative at sub-regional level, generating indicators at lower level (even districts) of disaggregation is a challenge.

7. **Agricultural statistics have remained problematic.** The most recent agricultural census was carried out in 2008/09 (following one last done in 1962). The quality of the data generated of the 2008/09 census has been questionable. UBOS has been seeking support from the World Bank through STAT CAP trust fund to strengthen capacity in agriculture statistics.

8. **The main challenges to statistical development remain the lack of a statistical cadre across ministries, departments and agencies (MDAs)** and the limited capacity within these MDAs, and uncoordinated statistical production. Despite considerable support through technical assistance, the full potential of Computer-Assisted Personal Interviewing (CAPI) is yet to be exploited. This has led to poor implementation of data quality control protocols and delays in data processing and preparation for public dissemination. Moreover, the use of modern ICT platforms including GIS and mobile phone technology are yet to be fully leveraged for data collection.

9. **Another major challenge to UBOS performance is the lack of adequate funding from the Government,** and making UBOS reliant on development partner funding for key activities in spite of an elaborate statistical development strategy. The Bank is continuing to advocate the importance of statistics.

Annex 12: Development Partnerships and Policy Dialogue

Overall Partnership Framework

1. **The Government adopted the Uganda Partnership Policy in November 2013.** The Policy sets out principles and priorities for Government's relations with development partners and the assistance provided within the context of the National Development Plans (NDPs). The Office of the Prime Minister leads the development partner dialogue as part of its mandate for coordination, monitoring and evaluation, and the Prime Minister chairs the bi-annual National Partnership Forum (NPF). The NPF represents the main space for discussing development policy more broadly and aims at promoting development effectiveness and mutual accountability. Sector level coordination takes place in the Government-led joint Sector Working Groups (SWGs).

2. **Six themes have been jointly identified as the overall development priority areas that will guide the national partnership dialogue.** These include population, infrastructure development, human capital development, accountability, inclusive growth and employment, and climate change and environment. A result matrix has also been developed to ensure that the policy dialogue translates into tangible results through catalytic, cross-cutting and/or high-impact interventions.

Development Partner Coordination

3. **The Bank plays a leading role in development partner coordination in Uganda as co-chair of the Local Development Partners' Group (LDPG) and host of the LDPG secretariat.** After a long period with several, at times competing, fora for coordination and policy dialogue, the LDPG has emerged as the apex entity for coordinating development partners' engagement with the Government on broader issues of development cooperation. The reform of the LDPG in 2014-2015 was led by the Bank and has helped to reduce the transaction costs of both development partners and the Government, and contributed to an improved and more result-oriented partnership dialogue, in part by building trust and around shared agendas. The LDPG further ensures coordinated responses by development partners to national processes, such as preparation of National Development Plans and the annual budget.

4. **The LDPG is supported by 18 sector and thematic Development Partner Groups (DPGs) and several permanent and ad hoc sub-groups.** These groups typically, but not always mirror Government-led joint SWGs. The Bank leads or plays an active role in several of the DPGs as well as joint SWGs, and is actively promoting a more harmonized dialogue at the sector and national level.

5. **More than 30 bilateral and multilateral development partners are providing development assistance to Uganda.** The LDPG Secretariat tracks development partners' sector engagements in a matrix to inform strategic planning, facilitate coordination and reduce duplication and fragmentation (Figure 1). Furthermore, the Ministry of Finance, Planning and Economic Development (MoFPED) launched the Aid Management Platform in 2015, which is also expected to further improving development effectiveness in Uganda.

6. Whereas coordination has improved, the CPF consultations with development partners have highlighted an emerging need for a more pronounced division of labor.

This applies to both sector and geographical focus. A comprehensive division of labor exercise was undertaken in 2008 in order to reduce the administrative burden and high transaction costs, focus the policy dialogue, and increase transparency of development assistance. However, since then, development partners have gradually directed support towards the same sectors and/or geographical areas, which in some case have led to duplication of efforts and increased transaction costs. The MoFPED is

increasingly expressing clear direction regarding the areas individual development partners should focus on and move out off. This shift presents an opportunity for improving development effectiveness, and the WBG will actively pursue this agenda in collaboration with Government and development partners.

Table 1: Top Ten Donors of Gross ODA (2013)

Development Partner	Amount US\$ m
United States	423.1
World Bank (IDA)	281.2
United Kingdom	162.3
AfDB	151.1
EU	112.0
Global Fund	104.1
Norway	71.5
Japan	63.2
Denmark	60.2
Germany	46.8

Source: OECD/DAC

External Financing

7. During FY15, a total of US\$1,018 million of external assistance was projected to be channeled through government systems to support the budget. Of this, US\$407 million or about 40 percent would be in the form of grants, while the remaining 60 percent would be loan financing from multilateral lending institutions. In the FY16, external assistance is projected to broadly remain at the FY15 levels.

Table 2: External financing (on-budget)

External Financing - US\$ Millions	Outturn FY13	Outturn FY14	Proj. FY15	Proj. FY16	Proj. FY17
Grants	400.9	283.6	407.2	395.9	143.6
Budget Support	21.3	24.1	25.7	14.3	14.5
Project Support	379.5	259.5	381.6	381.6	129.1
Loans - concessional	718.1	689.1	610.7	622.8	578.8
Budget Support	100.0	0.0	0.0	0.0	0.0
Project Support	618.1	689.1	610.7	622.8	578.8
Total	1,119.0	972.7	1,017.9	1,018.6	722.3

Source: Budget Framework Paper FY16 (MoFPED)

8. **Budget support is now a much smaller proportion of total aid flows to Uganda than previously.** Budget support decreased from almost US\$700 million in FY07 to below US\$100 million as of FY13. The World Bank was the biggest contributor with US\$1.2 billion in the period from 2004 to 2013, followed by the UK and the EU who provided US\$480 million and US\$290 million respectively.

9. **A joint EU-IEG evaluation of budget support to Uganda (2015) explained the reduction in budget support as a result of diverging priorities and an increase in administrative and other politically driven expenditure.** The Government's increased focus on infrastructure was seen by development partners to be funded, partly, at the expense of investments in the social sectors, given the low and stagnant domestic revenue mobilization. Furthermore, several corruption episodes resulted in the gradual erosion of trust between development partners and the Government and the temporary secession of budget support in 2012.

10. **The Bank closed its PRSC program in 2013 cancelling the 10th tranche of US\$100 million, but, as a result of significant progress by MoFPED to strengthen PFM systems, the Bank is considering a DPO on fiscal decentralization and governance.** The implementation of reforms defined in a High Level Action Matrix aimed to prevent the future incidence of corruption, has helped restore confidence and trust between development partners and Government. Austria, Belgium, and Denmark have shown commitment to continuation of ongoing sector budget support programs covering the health, education, Justice, Law and Order Sector (JLOS) and the water sectors. The EU is considering re-engaging in budget support under the 11th European Development Fund.

Figure 1: Development partners' sector engagement

Sectors (Budget)	Sectors (NDPII)	Development Partners																																		
		African Development Bank	Austria	Belgium	Denmark	European Union	Food and Agriculture Organization (FAO)	France	Germany	Iceland	International Fund for Agricultural Development (IFAD)	International Organization for Migration (IOM)	Ireland	Italy	Japan	Korea International Cooperation Agency (KOICA)	Netherlands	Norway	Office of the United Nations High Commissioner for Human Rights (OHCHR)	Sweden	United Nations High Commissioner for Human Rights (OHCHR)	United Nations Programme on HIV/AIDS (UNAIDS)	United Nations Development Programme (UNDP)	United Nations Population Fund (UNFPA)	United Nations High Commissioner for Refugees (UNHCR)	UN Women	United Kingdom	United States of America	World Bank	World Food Programme (WFP)	World Health Organization (WHO)	DPs active in sector during FY16-FY17	DPs planning new engagement during FY16-FY17	DPs leaving sector during FY16-FY17		
Agriculture																																				
Lands, Housing & Urban Development	Lands & Housing																																			
	Physical Planning & Urban Development																																			
Energy & Mineral Development	Greater Kampala Metropolitan Area																																			
	Energy																																			
	Minerals, Oil & Gas																																			
Works & Transport																																				
Information & Communication Technology																																				
Tourism, Trade & Industry	Tourism																																			
	Trade, Industry & Cooperatives																																			
Education and Sports	Education & Sports																																			
	Skills Development																																			
	Science, Technology, Engineering & Innovation																																			
Health (incl. HIV/AIDS)																																				
Water & Environment	Environment & Natural Resources																																			
	Water & Sanitation																																			
	Water for Production																																			
Social Development (incl. Employment and Gender)																																				
Defence & Security																																				
Justice, Law & Order																																				
Public Sector Management																																				
Legislature & Accountability	Legislature																																			
	Anti-Corruption																																			
	Economic and Financial Management Services																																			
Public Administration																																				

*As of January 2016

Annex 13: MDG Performance and Commitment to SDGs

Uganda's MDG results

1. **Uganda's overall Millennium Development Goals (MDGs) results are generally good, although progress has not been uniform across all the goals.** Excluding the goals that are the responsibility of the entire global community and those with insufficient evidence to make an assessment, Uganda achieved six targets; made significant progress towards a further three; and four targets was not achieved (Figure 1).

2. **Uganda's unfinished MDG business can be described broadly as improving the effectiveness of social service delivery.** The four goals that were not achieved by the 2015 deadline were primary schooling; eliminating gender disparities in secondary and tertiary education; reducing the maternal mortality ratio by three quarters; and reversing the spread of HIV/AIDS. The constraints that explain Uganda's failure to achieve these particular goals have broader relevance and reduce the effectiveness of government services more generally. Identifying and responding to these underlying factors is necessary to address emerging challenges in the post-2015 era.

Localizing the SDGs

3. **The preparation of the Sustainable Development Goals (SDGs) coincided with the preparation of the NDPII, and as a result, Uganda is one of the first countries to align its national planning framework with the post-2015 agenda.** According to the UN, the NDPII has an average alignment rate of 76 percent (120 targets addressed) with complete integration of the SDGs dedicated to end poverty in all its forms everywhere (SDG 1), to ensure access to affordable, reliable, sustainable and modern energy for all (SDG 7), and to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (SDG 9). The gap towards achieving full alignment is partially owed to the SDGs global nature, simultaneously guiding sustainable development in both developing and developed countries.

4. **The Government played an active role in the process leading up to the adoption of the SDG.** Uganda was one of 88 countries worldwide to hold national consultations to stimulate inclusive, bottom up debate on the post-2015 development agenda. And in July 2015, Uganda became the first country to locally discuss financing for development by holding a High Level Dialogue on Financing Sustainable Development. A key message was that in order to realize Uganda's development objectives, domestic resource mobilization needs to increase significantly.

5. **The UN is supporting the National Planning Authority (NPA) to align local government development plans to the NDPII and SDGs.** The NPA is committed to integrate the SDGs into the NDP II monitoring and evaluation framework and the Uganda Bureau of Statistics (UBOS) has set up a SDG data task-force to develop a coherent monitoring and evaluation framework through NDPII to address data gaps and to identify local indicators and targets to measure SDG progress in Uganda.

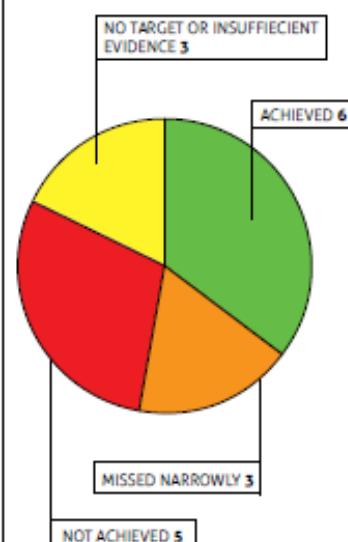
Box 1: Sustainable Development Goals

- SDG 1: End poverty in all its forms everywhere
- SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- SDG 3: Ensure healthy lives and promote well-being for all at all ages
- SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- SDG 5: Achieve gender equality and empower all women and girls
- SDG 6: Ensure availability and sustainable management of water and sanitation for all
- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- SDG 10: Reduce inequality within and among countries
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- SDG 12: Ensure sustainable consumption and production patterns
- SDG 13: Take urgent action to combat climate change and its impacts*
- SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

Figure 1: Uganda's MDG performance

Goal 1: Eradicate extreme poverty and hunger	
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	ACHIEVED
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people	NO TARGET
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	MISSED NARROWLY
Goal 2: Achieve universal primary education	
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	NOT ACHIEVED
Goal 3: Promote gender equality and empower women	
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	NOT ACHIEVED
Goal 4: Reduce child mortality	
Target 4.A: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate	MISSED NARROWLY
Goal 5: Improve maternal health	
Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	NOT ACHIEVED
Target 5.B: Achieve, by 2015, universal access to reproductive health	NO TARGET
Goal 6: Combat HIV/AIDS, malaria and other diseases	
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	NOT ACHIEVED
Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it	ACHIEVED
Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	ACHIEVED
Goal 7: Ensure environmental sustainability	
Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	INSUFFICIENT EVIDENCE
Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	MISSED NARROWLY
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	NO TARGET
Goal 8: Develop a global partnership for development	
Target 8.B: Address the special needs of the least developed countries	NOT ACHIEVED
Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	ACHIEVED
Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries	ACHIEVED
Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications	ACHIEVED

Note: MDG outcomes are projected based on the most up-to-date evidence available in September 2015.



Annex 14: CPF Consultation

Introduction

1. **The CPF has been developed in partnership with the Government and in close consultation with all concerned stakeholders.** The consultations for the CPF took place during the period from November 2015 to January 2016 and focused on how the WBG best can support the Uganda's development goals, taking into account the comparative advantages of the WBG and other development partners. The consultations sought views and feedback, and explored opportunities for collaboration with partners in order to increase development effectiveness and long-term impact of the strategy.
2. **The CPF consultations complemented the comprehensive stakeholder consultations undertaken as part of the preparation of the SCD.** The SCD benefitted from a countrywide consultation process covering seven districts in the four main regions of Uganda (Kampala, Bushenyi, Buliisa, Hoima, Gulu, Kotido and Mbale) during the period February to July 2015, and gathered the views of government agencies, civil society, private sector, development partners and Ugandan citizens. These consultations provided important inputs examining the progress made towards reducing poverty and boosting shared prosperity and identifying the key priorities for making further progress on the twin goals in Uganda.
3. **The preparation of the CPF also benefited from meetings with stakeholders during the preparation of the CLR.** This process was concluded in October 2015 and focused on drawing lessons from implementing the CAS (FY11-FY15).
4. **The stakeholder engagement specifically related to the preparation of the CPF focused on how the WBG can best support the development goals set out in the NDP II and on how to increase the WBG's selectivity,** taking into account the comparative advantages of the WBG and other development partners. This involved utilizing a number of platforms, including town hall meetings and focus group discussions; surveys and questionnaires; as well as awareness activities. The consultation process was partly organized jointly with DFID and also USAID and involved:
 - i. **Formal consultations:** Meetings with the Ministry of Finance, Planning and Economic Development (MoFPED) and the National Planning Authority as well as broader consultations with government ministries, departments and agencies. The main focus of these meetings was to agree on the proposed CPF strategic focus areas and objectives and discuss interventions in support thereof.
 - ii. **Informal consultations:** Meetings with bilateral and multilateral development partners to discuss the proposed CPF strategic focus areas and objectives, particularly to identify opportunities for complementarity and strengthened partnership. Other development partners also prepared country strategies for Uganda concurrently with the WBG, which offered an opportunity to discuss ways to ensure effective division of labor.
 - iii. **Town halls:** Meetings with wider groups of stakeholders, including civil society, private sector, academia and think tanks. The main focus of these meetings was to discuss the

proposed CPF strategic focus areas and objectives, but also to explore how the WBG, through partnerships with stakeholders and beneficiaries, can improve effective and timely implementation of projects.

- iv. **Public outreach:** To complement the comprehensive SCD consultations with the public, the WBG also sought the views of Ugandan citizens on challenges and opportunities facing Uganda, possible priority areas for the WBG, and opportunities to strengthen partnerships and citizen engagement. A consultation webpage and an online questionnaire were launched to offer opportunities for structured and open-ended feedback. The survey targeted the public, government officials and parliamentarians, representatives from the private sector and civil society, and development partners. The main objective of this survey was to assess citizen demand and inform the identification of the WBG's comparative advantages.

5. **Finally, the CPF is also informed by the Uganda Country Opinion Survey from 2014.** The survey found that the WBG has a particular important role to play in education (considered extremely important to those outside of the education sector), anti-corruption, agriculture/rural development, energy, health and economic growth.

6. **The Opinion Survey further indicated that the WBG main comparative advantage is its financial resources and when considering what combination of services would benefit the country most, a plurality reported more financial services.** On knowledge services/products, the survey suggested that WBG analytics provide a source of relevant information on global good practices, but also indicated that efforts should be made to ensure that policy recommendations are applied. The WBG receives very high ratings as a 'long term partner' and on how it collaborates with the Government and development partners.

7. **The CPF consultations generally confirmed the relevance of the proposed CPF strategic focus areas and objectives.** The top-five takeaways from the consultations include:

- i) **Agriculture should be a key priority:** The sector drives poverty reduction. Innovative approaches and new partnerships are needed to address the sectors specific institutional dynamics.
- ii) **Population growth is a main challenge:** The high fertility rate in Uganda hampers per capita growth, poverty reduction and shared prosperity. In that context, the CPF's focus on urbanization, health and—in particular—education was welcomed.
- iii) **Implementation deficit:** Whereas there is general consensus around development challenges and opportunities, the implementation deficit was consistently mentioned as a constraint to increasing development impact.
- iv) **Social accountability:** The WBG should explore opportunities for increased citizen engagement and third party monitoring.
- v) **Consultation and partnerships:** The WBG should continue to promote strong partnerships and seek complementarity. The WBG should consult stakeholders before, during and after project implementation.

Government of Uganda

- Agriculture and private sector will drive Uganda's economic growth and poverty reduction
- Balance investments in rural and urban development
- WBG should continue investing in infrastructure, but put more emphasis on productive sectors
- Strong interest in general and sector budget support
- Education is critical, also to achieve health impact and reduce fertility
- Priority investment areas include water & sanitation, social sector service delivery, climate change, energy transmission & distribution, urban development, and private sector development

Civil Society

- Agriculture is number one development priority
- Invest more in social accountability, engagement with citizens/beneficiaries, and third party monitoring
- Strengthen complementarity and coordination of interventions
- Mind-set and attitudes are holding back development
- Gender inequality and gender based violence are widespread
- Education, including early childhood development, is critical
- Build on successes and scale up—have someone else to finance pilots

Development Partners

- Shared understanding of the development challenges, among which population is paramount
- Proposed CPF focus and objectives are valid
- Agricultural productivity is key, but lack of sector leadership and strategic direction is challenge
- Uncertainty of land tenure is cross-cutting challenge
- Inclusive growth should involve focusing on revenue mobilization and income distribution
- Improving the business environment is critical
- Continue to promote coordination mechanisms, dialogue and planning to strengthen partnerships

Private Sector

- Commercialization of agriculture is priority and should involve private sector (storage represents opportunity)
- Demand driven skills development is precondition for private sector growth. Promote local content!
- SME development necessitates access to capital and markets
- Investments in tourism has potentially high return
- Constraints to private sector development include infrastructure deficit, licensing and regulation,
- Strengthen financial deepening
- “All the laws and policies have been written—focus on implementation!”

Academia & Think Tanks

- Private sector is delivery mechanism for growth
- Cooperatives can spur agricultural commercialization
- WBG should focus on land management systems
- Education and demand driven skills development is sector-wide priority
- WBG should promote more pronounced division of labor between development partners
- Focus on accountability and service delivery at local level
- Youth employment is key priority
- Interventions must be underpinned by research and statistical data
- Quality and timeliness of WBG knowledge products is high

Online Feedback

- Main country priorities are: (i) agriculture; (ii) public service delivery in general; and (iii) private sector competitiveness
- Top five priorities for WBG should be: (i) agriculture; (ii) education; (iii) health; (iv) water & environment; and (v) public sector management
- No clear picture is emerging on what the WBG should not support
- Several responders emphasize need for clear division of labor between development partners

Annex 15: Map of Uganda

