Final Evaluation of the Second National Development Plan (NDPII) (2015/2016 - 2019/2020)

Synthesis Report

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Prepared by

For the National Planning Authority

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Acronyms

CNDPF	Comprehensive National Development Planning Framework
DP	Development Partner
FY	Financial Year
GAPR	Government Annual Performance Report
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Index
MDA	Ministry, Department, Agency
MFPED	Ministry of Finance, Planning and Economic Development
MTEF	Medium Term Expenditure Framework
MTR	Mid Term Review
NDPI	National Development Plan I
NDPII	National Development Plan 2
NDR	National Development Report
NPA	National Planning Authority
NRM	National Resistance Movement
OP	Office of the President
OPM	Office of the Prime Minister
PEAP	Poverty Eradication Action Plan
PIM	Public Investment Management
PPP	Public-Private Partnerships
SMART	Specific, Measurable, Achievable, Results-focused, Time-bound
UBOS	Uganda Bureau of Statistics

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Executive Summary

The Government of Uganda, through the National Planning Authority, has commissioned a final evaluation of its National Development Plan II 2015/16-2019/20 (NDPII). The final evaluation considers the entire period of NDPII and builds on the mid-term review conducted in 2019. The final evaluation, conducted by a team of independent consultants, is comprised of six thematic reports: Economic Management, Institutional Framework, Development Partnerships, Political Economy, Results Framework and Policy and Strategic Direction. The final evaluation reports also incorporate findings from visits to select districts.

The objective of this report is to present a synthesis of all six thematic reports. It provides an assessment on the performance of NDPII. In line with OECD-DAC evaluation criteria, four areas of enquiry have been considered, the: *relevance* of NDPII; *efficiency* of government policies, plans and strategies in relation to NDPII; *effectiveness* of government policy in achieving NDPII objectives; and the *impact and sustainability* of NDPII interventions for achievement of Vision 2040.

Key findings

Overall, the policies, strategies and objectives set-out in NDPII were valid. They were appropriate to the political, economic and social context at the time. However, improvements could have been made in ensuring that Government policy remained relevant to the changing context (both domestically and regionally) and that it took into account recommendations from the Mid-term Review.

Implementation of NDPII could have been carried out in a more efficient manner. Across the NDPII period budget execution remained weak, budget support from donors fell, commercial borrowing increased, and public debt rose with less than desired results on the ground.

A comprehensive assessment on the effectiveness of NDPII has been difficult, but points towards unsatisfactory results. Of the XX indicators of progress that did have a target, only XX of the indicator goals were attained (XX%), XX fell short of the target (XX%). The remaining five (XX%) could not be measured due to insufficient data. Moreover, at the end of the NDPII period, only XX/XX core project had measurable progress and progress to unlock binding constraints was less than desired.

Recommendations

Moving forward, several recommendations have been drafted for consideration by policymakers on ways to improve the performance of future national plans.

1.1 Relevance

1. **To further enhance the theory's coherence, Government could consider clearly articulating the *evidence* behind the logic (i.e. why should it hold true?) and clearly documenting (in graphic form or a short paragraph) the causal framework to aid buy-in across stakeholders.** To strengthen the ability to test the theory of change, the Government could also consider explicitly state what assumptions are in place for each building block of the theory of change to hold true and could test and monitor assumptions throughout implementation.
2. **Government should try to formulate realistic targets and also consider building in an adjustment or risk mitigation strategy should the assumptions behind the theory of change not hold true, and it appears that the targets may not be met**. An adjustment or risk mitigation strategy would allow the Government to adjust the plan throughout the implementation period in-line with available financial resources and the external environment.
3. **Articulation and implementation of NDPII's Policy and Strategic Direction could have been strengthened by ensuring that sector clustering is logical and complete.** To address this challenge, government embarked on the programme approach where various MDAs rally around the program to enhance efficiency of delivery and avoiding working in silos. This was particularly important for cross-cutting programmes such as tourism, skills development and industrialisation.
4. **Several key policies to guide the delivery of NDPII objectives were not developed and/or aligned to NDPII.** It is recommended that the Government continues to develop the policy gaps identified in this report and provide associated funding, as required.
5. **NDPII identified 11 pre-requisites required for successful NDPII implementation.** To ensure that the pre-conditions are in place and/or being developed the Government could consider the following initiatives. Firstly, traction with bureaucracy and the public on NDPII needed to be constant. As such, an Annual NDP Monitoring Forum, convened by the Presidency to examine the Plan's progress could be one step; smaller and more focused meetings convened by the NPA with MDAs and non-state actors would also help ensure

that the necessary governance-related pre-conditions are in place and/or are being addressed. Secondly, Government could ensure that roles and responsibilities across MDAs in relation to M&E are clear and seek to improve the availability and timeliness of information to inform decision-making e.g. budget allocation.

6. **Develop a more robust and effective results framework.** To ensure that future development plans are suitable and appropriate to the context, ensure that the results framework is populated with baselines and appropriate targets.
7. **Strengthen the Plan's ability to prioritise the use of scarce resources.** Improvements should be made in how the National Development Plan can act as a guide to inform decisions on how to prioritise and sequence investments with scarce resources.
8. **Harness more effective leadership and support for the plan.** Moving forward, it is recommended that the President provide additional leadership to ensure that any NDP is seen as the guiding document for national development and that key obstacles to its ambitious transformation agenda are removed. This will require the President to establish and chair the National Development Planning Forum to oversee the whole implementation process.
9. **Build collective backing and buy-in for the NDP.** Going forward, there is a need to build wider support for any NDP during formulation and throughout implementation. There is a need to increase the sense that it is a 'national' plan and not a Government plan.
10. **Design mechanisms to feedback and adjust the plan after the mid-term review.** NDPII did not have any mechanism to take stock of recommendations from the MTR and ensure that it remained relevant to the context in the remaining years of implementation. Moving forward, it is recommended that future development plans can be adjusted to reflect changes in political, social and economic context which may come about during implementation.

1.2 Efficiency

11. In future NDPs, it is recommended that the Government considers how it can act on and change the course of the plan after the mid-term review, and that it ensures that wider, macro-economic policies are supportive to the goals and strategies outlined in the Plan.
12. The efficiency and productivity of Government is a key binding constraint to development in Uganda. In formulating NDPIV there is a need to ensure that sufficient focus and resources are allocated to support reforms to improve the productivity, transparency and efficiency of Government. Key reforms may include public sector rationalisation,

procurement reform, anti-corruption measures and public investment management improvements.

1.3 Effectiveness

Government should continue to invest in improving the quality of policy across Government. Secondly, investments should be made in improving public investment management (across the full project management cycle) and in the timeliness and certainty of fund release to sub-national Governments and MDAs. Thirdly, there is a need to engage more *consistently* and *closely* with implementers of public policy – policies are never implemented in a vacuum.

13. Moving forward, it is recommendation that the Government continues to invest significant resources into addressing policy implementation weaknesses. Conducting 'deep-dive' or focused assessments into policy implementation challenges in each sector and developing appropriate strategies would help improve the ability to achieve targets set out in any NDP.
14. **Increase domestic revenue mobilisation to allow for greater funding of development priorities.** In order for Uganda to achieve its targets set out in any NDP, there must be sufficient funding made available. Focusing on increasing domestic revenue mobilisation will not only allow Uganda to access a more cost-effective financing mechanism than commercial borrowing but will also increase the social contract between state and non-state actors. If non-state actors provide more funding to the Government to implement policies it is likely that they may be more willing to hold Government to account.
15. **Ensure that multiple financing mechanisms are being explored.** In addition to focusing on domestic revenue mobilisation, it is also recommended the Government explores and progresses work on alternative financing mechanisms for instance PPPs, Diaspora bonds etc. and act to reduce wastage, where possible.

1.4 Impact and sustainability

16. **Ensure that Development Partners, civil society, academia and the private sector are actively involved in the implementation of NDPS**. Request Development Partners to provide information on their commitments over the NDP period, what they will/won't fund and the conditions and modalities of funding.

17. **NDP's macroeconomic strategy should focus on maintaining stability and avoiding the excessive cumulation of debt.**

18. **Focus on completing incomplete projects from NDPII before embarking on any new projects.** These projects are largely in the roads and railway, energy, and oil and gas sectors. There is also a need to continue investing in the electricity power generation in order to support industrialization

19. **Investment in human development should be at the core of the NDPIII.** Budgetary shares to education and health sectors have continued to drop over the years since 2008. This trend has decelerated the momentum that was built since mid-1990s.

20. **Address high interest rates.** Interest rates continue to be high and have resulted into making business in Uganda practically unviable for the private sector. Part of the quasi-market approach by government should include taking bold steps by government setting up specialized banks in priority areas such as agriculture, industry and tourism. In addition, it is recommended that the UDB should be meaningfully recapitalized so that it can be able to provide loans to the private sector at reasonable cost.

21. **Support the development of integrated regional development plans.** Each region or sub-region should develop an integrated regional development plan that will be endorsed at the national level and guide sector ministries in their planning and allocation of resources so that they become much more sensitive and responsive to these differences in development potentials and needs. Industrial development and value addition based on the resource base of the region should be at the core of these plans.

22. **Continue support to ensure that growth and development is inclusive.** To date, the issue of vulnerable groups particularly women, youth and persons with disabilities has been tackled with mixed results mainly due to ad hoc interventions. Specifically, for the youth livelihood fund, challenges have been experienced regarding revolving the fund, availability of viable economic activities, and overhead costs and outright corruption.

23. **Over the NDPIII period, the Government should consider supporting industries for employment creation and exports.** At present, the private sector is not investing in large industrial projects. The Government should remain firm on the development of the oil refinery and also consider investing in the petrochemical industry during the NDPIII. The refinery will have large spill over effects on plastics, fertilizers and pharmaceutical industries within the region.

24. **Support and nurture SMEs to enable them to develop into larger companies.** The industrial sector is currently dominated by small and medium enterprises (SMEs); 93.5% of firms are SMEs. sector. This represents a serious challenge as firms are not able to reap the benefits of economies of scale. Coupled with the quasi-market approach, there should be deliberate efforts to fast track nurturing of SMEs into large industries. This will require establishing an industrial bank to focus on supporting SMEs with a view of to transform them into large production units.

25. **Remain focused on industrial parks but review the institutional framework in place to support implementation**. The slow pace of establishing the parks indicates that the industrialization strategy may not timely achieve the objective of using it as a flagship for structural transformation. Government should remain focused on establishing the industrial parks.

26. **Continue to focus on export-orientated growth in NDPIII.** Under NDPIII there is need to identify one or two niche high value commodities that would boost export earnings. Preliminary analysis of the evaluation of NDP1 and NDPII indicates that the country would do well to focus on developing the iron-ore and oil and gas industrial ecosystems with a view to be the lead exporters of steel and petrochemical products in the region.

27. **Under NDPIII continue to focus on strengthening all forms of good governance, namely: political and democratic, corporate, public sector administration and accountability.** In relation to public sector efficiency and productivity, there is a need under NDPIII to continue focusing on removing inefficiencies, corruption and ineffective bureaucracy.

28. **Focus efforts on supporting regional and local development.** The NDP1 and NDPII advocated for strengthening the devolved functions and fiscal decentralization. However, the mid-term review of NDPII and evaluation of NDPI indicates that there has a been a continuous weakening of the devolved authority of local governments and declining fiscal transfers amidst increased roles and lack of local revenue. The dominance of conditional transfers continues to erode the spirit of decentralized authority. The increased creation of local governments has further reduced the viability and capacities of districts and lower local governments. There is need to consider establishment of

regional centers of planning and service delivery in order to realize the NDPIII objectives. Policy reversal on creation of districts should be considered during the NDPIII.

2.0 Introduction

29. **The Government of Uganda, through the National Planning Authority, has commissioned a final evaluation of its National Development Plan II 2015/16-2019/20 (NDPII).** The final evaluation considers the entire period of NDPII and builds on the mid-term review conducted in 2019. The final evaluation, conducted by a team of independent consultants, is comprised of six thematic reports: Economic Management, Institutional Framework, Development Partnerships, Political Economy, Results Framework and Policy and Strategic Direction. The final evaluation reports also incorporate findings from visits to select districts.

30. **In line with OECD-DAC evaluation criteria, the objective of this report is to present a synthesis on the relevance, efficiency, effectiveness and impact of NDPII on Uganda's development trajectory.** Overall, it seeks to take stock of performance, generate lessons learned and put forward recommendations for policymakers developing future National Development Plans. It draws upon the findings and conclusions contained in each thematic report. As such there is considerably more detail in each thematic report than is contained in this synthesis report.

31. **This report is structured into three parts**. Part one presents a background to the topic and the methodology used to collect and analyse information. Part two presents key evaluation findings from a synthesis of all thematic reports. Part three provides conclusions and recommendations. This report is extremely timely as the Government of Uganda has embarked on reprioritization process of the NDPIII and as it embarks on the design of its fourth five-year National Development Plan. This document will hopefully inform and guide this initiative.

3.0 Methodology

32. To prepare this *synthesis* report, the consultants drew upon the findings, conclusions and recommendations contained in each thematic report. Conclusions from visits to the Districts. Findings, conclusions and recommendations from each thematic report have been grouped into four areas of enquiry, namely:

(i) *Relevance:* the extent to which NDPII was suited to the priorities and policies of Uganda;

(ii) *Efficiency:* the extent to which NDPII was delivered in a timely and cost-effective manner;

(iii) *Effectiveness:* the extent to which NDPII delivered its planned results; and

(iv) *Impact and sustainability:* the extent to which NDPII produced positive and negative changes (directly or indirectly, intended or unintended) and whether the benefits are likely to continue.

33. To prepare each *thematic* report, a team of consultants requested and analysed several documents from Government and development partners. In addition, semi-structured interviews were held with Government staff and other stakeholders (private sector, civil society, development partners and academia) who were involved in the delivery of NDPII. Semi-structured interviews and document analysis were framed around four areas of enquiry in line with OECD-DAC evaluation criteria[1] and guiding questions for each thematic report. The evaluation team also undertook fieldwork to selected local governments and conducted a series of workshops to validate findings.

34. The guiding questions for each thematic report were set-out in the original terms of reference for the final evaluation and Inception Report and are detailed in Annex 1.

35. The evaluation of NDPII started in June 2022 and was completed in August 2022.

4.0 Background

36. This section presents background information on the NDPII, key stakeholders engaged in shaping the strategic direction and policies under the NDPII and the overarching structures that guided NDP implementation.

4.1 National Development Plan II (2015/16-2019/20)

1. NDPII was developed by the National Planning Authority in close consultation with a range of stakeholders across Government, civil society, the private sector and Development

[1] These are defined to be relevance, efficiency, effectiveness, impact and sustainability.

Partners. NDPII's goal was to propel the country towards lower middle-income status by 2020 through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth. The plan built on lessons learned and results achieved under NDPI and recommendations from NDPII's mid-term review. NDPII was envisaged to be financed by both public and private resources; 57.8% from Government (external and domestic financing), 42.2% from private contributions. Delivery of the plan was supported by an Implementation Strategy which clearly laid out pre-requisites for effective implementation, proposed implementation frameworks, a results framework and reforms and management systems for NDPII. A comparison of NDPI and NDPII is provided in Table 1.

2. **From a policy and strategic direction perspective, NDPII focused on fewer goals and sectors than NDPI** (2010/11-2014/15) – productivity enhancement, infrastructure development, human capital accumulation and quality service delivery. NDPII also moved away from the earlier plan's approach, where sectors were placed into four pots but not explicitly prioritised: primary sectors, complementary sectors, social sectors and enabling sectors. Instead, the development plan identified several constraints and bottlenecks that had to be addressed, through detailed strategies and approaches, for Uganda to reach lower middle-income status by 2020. Further details on NDPII's theory of change is provided in Chapter 2.1.

Table 1: NDPI and NDPII

NDPII Theme: To achieve middle-income status by 2020, through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth	**NDPI Theme:** Growth, employment and socio-economic transformation for prosperity.
1. Increase sustainable production, productivity and value addition in key growth opportunities (agriculture, tourism, minerals and oil and gas); 2. Increase the stock and quality of strategic infrastructure to accelerate the country's competitiveness; 3. Enhance human capital development; and 4. Strengthen mechanisms for quality, effective and efficient service delivery.	5. Increase household incomes and promote equity; 6. Enhance the availability and quality of gainful employment; 7. Improve the stock and quality of economic infrastructure; 8. Increase access to quality social services; 9. Promote science, technology, innovation and ICT to enhance competitiveness; 10. Promote sustainable population and use of the environment and natural resources. 11. Enhance human capital development; and 12. Strengthen good governance, defence and security.

Source: NDPI, NDPII

1.1 Key stakeholders

3. **Several stakeholders across and outside Government were involved in developing NDPII and were subsequently involved in delivering the plan.** From a policy and strategic direction perspective, key institutions include the Office of the President, Cabinet, Office of the Prime Minister, National Planning Authority (NPA), Ministry of Finance, Planning and Economic Development (MoFPED), sector ministries, departments and authorities (MDAs) and local Governments. The Office of the President is tasked with overall leadership and oversight of the plan, the timely communication of cabinet decisions and quality assurance of policies presented to Cabinet. Cabinet, as the highest policy making organ of the Executive, is empowered by the Constitution to determine, formulate and implement the policy of the Government (Article 111(2)). Cabinet ultimately provides the policy and strategic direction for NDPII, approves the budget allocations and champions implementation. The Office of Prime Minister is tasked with the role of tracking the implementation of priority projects and programmes and for public sector performance information and reports which inform good policy development. The NPA develops national development plans, including NDPII, ensures alignment of MDA and local Government plans to NDPII and develops NDPII performance indicators and targets in liaison with sector. MoFPED is responsible for resource mobilisation and allocation and for ensuring a direct linkage between planning and budgeting. Sector MDAs and local Governments both develop sector plans and policies and align their objectives to national level directives such as NDPII.

5.0 Synthesis evaluation of NDPII

37. In line with OECD-DAC evaluation criteria, this chapter is structured into four parts reflecting the areas of enquiry outlined in the methodology. Each part describes the situation in relation to the relevance of NDPII and the efficiency, effectiveness and impact of NDPII interventions. It draws its findings and conclusions from each of the six thematic reports. Further detail on each argument contained in this chapter can be found in each individual thematic report.

5.1 Relevance

38. An evaluation of *relevance* refers to the extent to which NDPII was suited to the priorities and policies of Uganda. In evaluating the relevance of NDPII, the consultants considered

the key questions outlined below. The key findings of this assessment are provided in the following paragraphs.

- The extent to which policies, strategies and objectives were valid;
- Whether NDPII was well-conceived given the social, economic and political situation; and
- The extent to which NDPI, at its expiry, was still relevant to the original problem it intended to address.

4. **The foundation underpinning NDPII was relevant for the context and there was a common understanding of the broad policy and strategic direction it espoused. Overall, the theory of change presented in NDPII was coherent**. There was a clear logical argument of how interventions by Government in a range of mutually-reinforcing areas would lead to a set of desired outcomes. Should the desired outcomes be realised e.g. improved quality and stock of infrastructure then Uganda should, in theory, reach lower middle-income status. **The theory of change outlined in the NDPII was also ambitious.** Government gave itself a stretching target of reaching lower middle-income status by 2020, and to implement nine complex strategies and five multifaceted approaches in half a decade. This was no small task. By the end of the plan this proved to be rather ambitious and middle-income status was never achieved.

5. **This evaluation found NDPII relevant at 60 percent.** The NDPII is the second 5-year Plan in series of 6 development Plans in-line with the aspirations of the Uganda Vision2040 and builds on the achievements registered under the first National Development Plan (NDPI), while taking into consideration the challenges encountered and lessons learnt during its implementation. The NDPI midterm review revealed several implementation challenges, key among these include: Slow implementation of core projects; Limited alignment of planning and budgeting instruments with the NDP; Limited prioritisation and poor sequencing of interventions: Inadequate spatial analysis and representation in the Plan. Other challenges are: Inadequacies in the results framework: Limited financing: Weak Public Sector Management; Land Related Constraints; Limited involvement of Non-State Actors especially during implementation: Limited integration of cross-cutting issues in sectoral plans, programmes and project; and Inadequate preparedness to respond to Natural Disasters:

6. The projects and sector interventions contained in the NDPII were relevant in addressing the above challenges. The macroeconomic targets set in the NDPII were capable of providing the necessary growth momentum to propel Uganda into a lower middle-income country. The targeted growth rate of 6.3 per cent by 2020 was capable of facilitating wealth creation and employment durable jobs, sustained poverty reduction and improved standards of living through prioritising investment in key priorities (Agriculture, Tourism, Minerals, Oil and gas) and strengthening the fundamentals (health, education and infrastructure). The sector interventions and projects under the Plan's three (3) pillars of wealth creation, competitiveness and inclusive growth were capable of providing the necessary pre-conditions for the Uganda's socio-economic transformation trajectory. The numerous wealth creation and employment related projects across sectors particularly provided suitable approach in addressing the challenge of unemployment in the country and ensure sustained economic growth.

7. The development projects under the infrastructure development, human capital development, physical and urban development, and governance themes. were aimed at providing a solid foundation for economic growth. For instance, under infrastructure development, the focus placed on Standard Gauge Railway (SGR) and paving roads was to ensure that the country is firmly interconnected through an efficient network of roads, railways, ports, airports, waterways, and telecommunication. Water for production interventions were vital for enhancing production and productivity in the key growth sectors of the economy while Information and communications technology actions were a foundation for the knowledge economy. Under the inclusive growth pillar, the interventions under social development and regional balanced development such as investment in livelihood programmes (YLP, UWEP, SAGE, among others) were vital in addressing inequalities and increasing household incomes of Ugandans.

8. The major weakness in terms of relevance of the NDPII was in its ability to address the silo approach towards service delivery. Whereas this was recognized as a challenge in the country, the sector approach could not deliver common results. The NDPII outlined several sector level interventions to achieve the goal. However, most of these were disjointed and not coherent in achieving the Plan's goal.

9. **NDPII's Implementation Strategy provided information on how implementation of NDPII would be supported; this document could however be strengthened.** NDPII's

Implementation Strategy provided guidance on the pre-requisites required for successful NDPII implementation (Page 14), and systemic reforms needed to improve the linkage between planning and budgeting and implementation. The Implementation Strategy also detailed the Comprehensive National Development Planning Framework (CNDPF) (Page 34) which details the linkage between sector plans and national plans and the associated time-frames. These details are useful. Operationalisation of the strategic direction (chapter 4 of NDPII) could however have been supported further in the Implementation Strategy by developing and documenting a clear phasing and sequencing of implementation, and the interconnectedness of sectors.

10. **Several key policies to guide the delivery of NDPII objectives were not developed and/or aligned to NDPII.** The development and/or improvement of six key policies, with linked funding may help increase the likelihood of delivering on NDPII's targets. The six key policy areas identified also in the 2019 MTR included the need for: a comprehensive industrialisation strategy; an improved budget strategy which focused more explicitly on improving domestic revenue mobilisation and aligning financial resources to NDPII (this was done at end of the plan); an inclusive growth index, improved regional and local development planning and fiscal decentralisation; continued investment in green growth policies; and an explicit human capital development strategy.

11. **NDPII identified 11 pre-requisites required for successful NDPII implementation.** This was a positive step and built on the identification of pre-conditions needed for effective implementation under NDPII. A review, however, on the status of the pre-conditions reveals that more work needed to be done to ensure that these are in place and/or being developed. In particular, there was a need to increase meaningful engagement with the private sector and civil society and invest in building good governance – political will, ownership, reduced corruption, effective use of M&E and information for decision-making. Whilst these are not small tasks, incremental efforts should be made in the subsequent NDPs to address these gaps.

12. The institutional framework reforms expected to improve the political ownership and leadership as well as the technical capacity to ensure seamless implementation of the NDPII were not fully executed. Cabinet did not put in place a standing committee to handle NDP implementation matters. Relatedly, there was no committee of Parliament dedicated to National Development Planning. It was therefore not enough to prescribe structures, define

their roles and or responsibilities even in the ideal situation of no overlaps or duplication of roles and responsibilities without ensuring that measures and or requite legal frameworks were put in place to ensure their operationalization and optimal functionality. The technical staff at Parliament were emphatic to the effect that re-configuration of Parliamentary Committees required amendment of the laws that prescribed the functioning of Parliament.

13. The lead agencies coordinating the Sector Working Groups were not effective due to lack of full time secretariats (they were mainly housed in planning departments of MDAs), inadequate technical capacity and under staffing, poor attendance by representatives of member institutions, which delayed decision making and the high affinity of public agencies to work in silos since funds were still sent to MDA votes.
14. Public institutions dominated the implementation of the NDP II. The participation of the private sector across MDAs and sectors was minimal yet Uganda pursued a private sector-led economy. Civil society continued to play its role as a watchdog over government and private sector performance. The participation of the private sector (and or CSOs) in procurement, contract negotiation, capacity building, technical evaluation of works and engaging the design agenda for the soft policy issues like disability responsive infrastructure and services remained minimal during the NDP 2 period.
15. The reforms in NDP institutional monitoring and evaluation functions hinged on the Annual Review Forum, Sector Review Forum, Private Sector and Civil Society Forum and Local Government Review Forum were not operationalized. The forums would have provided platforms for stakeholder participation and collective action. The failure to undertake regular stakeholder reviews as had been intended under the proposed annual review forums, sector reviews, private sector and civil society reviews as well as local government reviews was a lost chance for such forums to improve the monitoring and evaluation processes of the NDP II that would have further popularised the Government interventions towards attainment of middle income status among the different stakeholders.
16. On the economic management front, the percent of budget outturn on NDPII priorities-the target for the NDP II were 17 priority sectors funded as budgeted but only four NDP II priorities funded as budgeted while the others lagged or remained unimplemented. This shows that NDPII prioritization might have been relevant but the lack of financing of these priorities reduced this relevance. Of the NDPII budget of UGX 152 trillion for the five years, only 112 trillion was spent, about 73% of the budget. The 73% outturn in the NDPII is relatively good and indicates that NDPII was relevant to the development and fiscal priorities of the country. The target was for the reforms to be adopted in the five years were

to be guided by the NDPII. However, desk review and discussions with stakeholders shows that there was only moderate adoption of reforms proposed in the NDPII. Overall, the analysis shows that the plan as designed was relevant but the slow implementation reduced its relevance to the attainment of the national priorities. This means that even with meticulous planning, without effective implementation of the priorities in the plan, this limits the relevance of the plan.

17. Development assistance to Uganda over the NDP II period was to a large extent aligned to national development priorities inasmuch some critical projects (in education, health, tourism and private sector support) remained unfunded. Fundamentally, alignment of development assistance can only be achieved through rays of negotiated consensus (conducted by NPA) between the structure of partner contribution and NDP priorities. Alignment of support to the Plan was attributed to mainly four factors: Geo-politics at the global level that determine which areas development partners were keen to support (refugee action, social protection and climate change); Specific focus of development partners in areas/sphere of interest aligned to the country's foreign policy (need to be accountable to their citizens back home); Erosion of faith in government financial management systems; and, Changes in the performance of the global economy leading to transition from offering of grants to concessional loans.

5.2 Efficiency

39. An evaluation of *efficiency* refers to the extent to which NDPII was delivered in a timely and cost-effective manner. In evaluating the efficiency of NDPII, the following questions were considered. The outcome of this assessment is provided in the following paragraphs.

- Was the plan delivered in a cost-efficient manner?
- Were objectives achieved on-time?
- Was NDPI implemented in the most efficient way compared to alternatives?

18. **NDPII, when conceived, was based on an ambitious but clear financing strategy.** It assumed that funding would be provided through efficiency gains in spending, increased domestic revenue mobilisation, effective use of grant and loan financing sources, borrowing from capital markets and public-private partnerships. The efficiency and productivity of government can be defined and measured through several metrics including the contribution to total productivity (GDP) and public sector performance. A selection of indicators

over the NDPII timeframe have been analysed and are presented below. Overall, the effectiveness of Government declined over 2015/16-2019/20, the control of corruption decreased, and public sector performance fell (measured through % of budget released, budget outturn).

Table 2: Efficiency and productivity of Government[2]

Indicator	2016	2017	2018	2019	2020	+/- change
GDP growth (annual %)	4.8	3.1	6.3	6.4	3.0	-VE
Government expenditure % of GDP	16.07	16.77	18.37	20.33	24.24	↓
Total domestic revenue as % of GDP	11.93	12.04	12.6	12.37	13.41	↑
Government effectiveness *index*	-0.57	-0.578	-0.60	-0.585	-0.577	↓
Government effectiveness *rank*	32.69	31.73	29.81	31.25	30.29	↓
Control of corruption	-1.056	-1.041	-1.033	-1.169	-1.054	↓
Corruption perception index	25	26	26	28	27	↑
Public sector management	3.2	3.0	3.0	3.1	3.1	↓
% of budget released[3]	78	70	70	78	78	↓
Budget execution (% of budget)	75	69	69	77	78	↓

Source: World Bank, Transparency International, MoFPED.

19. **Concerning, the question of whether NDPII was implemented in the most efficient way compared to alternatives, there arguably could have been some improvements.** The productivity of Government declined over 2010-2014, the control of corruption decreased, and public sector performance fell (measured through % of budget released, budget outturn). This assertion has been made through the assessment of 12 different metrics. There were, however, some initiatives introduced during the NDPII period which may deliver results in NDPIII. In the remaining years of NDPIII and in formulating NDPIV there is a need to ensure that sufficient focus and resources are allocated to support reforms to improve the productivity, transparency and efficiency of Government. Key reforms may

[2] The Government effectiveness index is a composite index reflecting the perceived quality of public services and quality of the civil service. It ranges from -2.5 (weak) to 2.5 (strong). The effectiveness rank is the percentile rank of Uganda among all countries (0 – lowest; 100 – highest). The control of corruption index ranks from -2.5 weak to 2.5 strong governance. The CPI uses a scale of 0 to 100, where 0 is highly corrupt, 100 is very clean. The CPIA public sector management score the effectiveness of institutions (1 – low; 6-high)

[3] 2010 refers to FY2010/11; 2011 refers to FY2011/12; 2012 refers to FY2012/13; 2013 refers to FY2013/14; 2014 refers to FY2014/15.

include public sector rationalisation, procurement reform, anti-corruption measures and public investment management improvements.

20. **In addition, budget execution was less than satisfactory, undermining the timely completion of NDPII targets.** On average only 74% of budgets were funded (with significant variations across sectors[4]) and of the budgets that were funded, weaknesses in project and policy implementation hampered effective expenditure. In FY2019/20, out of the 42 NDPII core projects, 17 were on schedule to be completed by 2020, implementation of another 5 were behind schedule while 20 had either completed their feasibility studies with implementation yet to start, or undergoing feasibility study or were yet to start. For instance, of the 15 core projects, only 3 had progressed by the end of the NDPII period. This brings into question how cost-efficient, and realistic; the plan was if budgets were unfunded and budget execution remained weak.

21. **It should also be noted that of the funds spent during the NDPII period, there was misalignment between the NDPII and Budget. The closer the alignment of NDPII and the National Budget, the higher the likelihood of NDPII targets being attained. On an annual basis, NPA assesses if the annual budget is consistent with the NDPII, Charter for Fiscal Responsibility and National Budget Framework Paper.** This information is reported in the Annual Certificate of Compliance (CoC). Table 3 provides a summary of the alignment assessments across four parameters. The first level (A) provides an assessment of whether the annual budget macroeconomic targets are consistent with the NDPII medium-term macroeconomic targets and outcomes. Level B, National Strategic Direction, assesses whether the annual budget's strategic directions are consistent with NDPII's strategic directions. In the third level, C, an assessment has been made by NPA as to whether the annual budget strategic directions have been translated into sector/MDA specific interventions to deliver the NDPII targets. Level D assesses whether local Government interventions are focused on delivering NDPII targets and outcomes.

Table 3: Certificate of compliance assessments (2015/16-2019/20)

Level of assessment	**FY2015/16**	**FY2016/17**	**FY2017/18**	**FY2018/19**	**FY2019/20**
	Weighted scores and classification				
A. Macroeconomic	71.7%	48.1% - Unsatisfactory	41.9% - Unsatisfactory	54.1% Unsatisfactory	44.5 Unsatisfactory

[4] For example, over the period FY2011/12-FY2015/16, 50.6% and 78.4% of the budget allocation to the energy and transport sectors were financed.

B. National strategic direction	75.4%	74.2% - Satisfactory	59.3% - Unsatisfactory	58.2 Unsatisfactory	72.3 Moderately satisfactory
C. Sectors/MDAs	57.7%	60.1% - Moderately satisfactory	53.2% - Unsatisfactory	58.1 Unsatisfactory	58.3 Unsatisfactory
D. Local Governments	Unknown	51.8% - Moderately satisfactory	62.2% - Moderately satisfactory	66.4 Moderately satisfactory	64.8 Moderately satisfactory
Overall score (weighted)	68.3%	58.8% - Moderately satisfactory	54.0% - Unsatisfactory		59.8 Unsatisfactory

Source: National Planning Authority

22. **As noted in Table 3, there was a disconnect between planning and budgeting at the macroeconomic level.** Alignment was noted to be 44.5% - "Unsatisfactory" in FY2019/20. The overall score also shows that the planning of the NDPII had less influence on how resources were allocated during the NDPII. In the 2017/18 budget the macroeconomic targets differ by 17% from the NDPII targets. Budget targets appear to more closely tied to the IMF's Policy Supported Instrument (PSI) targets than the NDPII. This is not too surprising as the annual budget and MTEF are flexible instruments and need to be; the NDPII is rigid. However, alignment, at the macroeconomic level, could be strengthened through: (i) Inclusion of NDPII processes into the Budget Calendar to ensure that analysis produced by NPA was being factored into the budget process e.g. during review and update of the MTEF; (ii) Discussion between agencies of Government on how to harmonize and reconcile differences in purpose between PSI processes, the annual budget process and NDPII.

23. **Over the NDPII period, the number of sector and MDA plans aligned to NPII increased.** There was a concerted effort, across Government to produce sector plans that are aligned to NDPII except for a few MDAs that were non-compliant. This is a positive step however, more needs to be done. As noted in Table 9 below which is extracted from the CoC for 2019/20, alignment of strategic plans to the NDPIII improved but in some cases needed further improvement.

24. **In relation to whether NDPII delivered its objectives on time, there was mixed progress. Albeit the risks highlighted in the MTR of NDPII on fiscal policy, there was no change in fiscal stance as government continued to run expansionary fiscal policy**

to address the infrastructure gaps. After the mid-term review, fiscal deficit including grants instead increased to -4.9 percent in 2018/19 and -7.13 percent in 2019/20 way above the target of -3 percent under the EAC convergence criteria. This was exacerbated by the expenditure build-up that was geared to elections. Tax revenues as a percentage of GDP also remained stagnant. The domestic resource mobilisation strategy was only adopted at the end of the NDPII. Government appetite to borrow from the domestic market continued unabated. The MTR of NDPII had recommended reducing borrowing from the domestic market by limiting it to less than 1 percent. Instead this was increased to 1.87 percent of GDP in 2018/19 and 2.97 percent in 2019/20. Compounded by increased uptake of non-concessional loans, this significantly narrowed governments fiscal space with high debt service obligations. Monetary policy over the duration of NDPII helped contain inflation but the cost of borrowing remained high.

25. **In relation to improving the competitiveness and position of Uganda (a key pillar of NDPII), the Government undertook several measures.** At the end of NDP I, Uganda's ease of doing business ranking was 135th out of 189 countries. The NDP II target was for Uganda to attain the rank of 120th out of 189 countries by 2019/20, but according to the 2020 Doing business report, Uganda was ranked 116th of 190 countries. Therefore, over the five years of NDP II, Uganda improved her ranking by 19 positions which is a significant improvement. In other words, the quality of the business environment improved (in relative terms), but not by as much as hoped – perhaps because other countries improved faster.

5.3 Effectiveness

40. An evaluation of *effectiveness* refers to the extent to which NDPII delivered its planned results. In evaluating the effectiveness of NDPII, the consultants considered the key questions outlined below. The outcome of this assessment is provided in the following paragraphs.

- To what extent were the desired results achieved?
- What were the major factors influencing the achievement and/or non-achievement of the objectives?

41. **NDPII's Results Framework contains a set of objectives, key result areas and targets which align with the stated growth, employment and socio-economic transformation theme of the Plan.** Results under NDPII were envisaged to include the

enhancement of: **Overall the effectiveness of the Plan is considered Medium at 40 percent.** The effectiveness was assessed based on the extent to which the objectives were attained and the existence of factors influencing the achievement or non-achievement of these objectives. The overall goal of the NDPII was to propel Uganda to lower middle income status by 2020 in line with the aspirations of Uganda's Vision 2040, through "Strengthening Uganda's Competitiveness for Sustainable Wealth Creation. Key achievements of the Plan on these areas were:

Growth, GDP per Capita and Exports: The country's GDP growth for FY2019/20 stood at 2.9 per cent down from a low of 6.8 per cent in FY2018/19, lower than the annual growth target. GDP per capita was US$ 910 in FY 2019/20, falling short of the planned target of US$ 1,039. Uganda's exports as a proportion of GDP dropped to 10 percent from 14.6 percent in FY2018/19, in line with the Plan's target of 9.95 percent

Competitiveness: Uganda's Competitive ranking stood at 48.94 percent in FY2019/20, below the NDPII target of 65 percent. Uganda was ranked 127 out of 190 countries in the Ease of Doing Business ranking,

Sustainable Wealth Creation: The total land area covered by forests, was estimated at 12.4 percent. The percentage of land area covered by wetlands was estimated at 10.9 percent falling short of the target of 12 percent

Employment: Total employment stood at 78.8 percent above the target of 22.5 percent. Unemployment stood at XX percent

Inclusive Growth: The proportion of people living on less than a dollar per day increased to 21.4 percent down from 19.7 in 2012/13. This shows a huge divergence from the NDPII target of 15.14 percent. The income inequality (Gini coefficient) stagnated at 39.5 in FY2019/20 as in the previous FY and above the NDPII target of 44.9.

42. **A comprehensive assessment on the effectiveness of NDPII points towards unsatisfactory results.** Of the XX indicators that did have a target, only XX of the indicator goals were attained (XX%), XX fell short of the target (XX%). The remaining five (XX%) could not be measured due to insufficient data. It should however be noted that this does not take into account the relative importance of each indicator. Several important indicators under NDPII provided a positive result e.g. the proportion of people

living below the poverty line, vaccination coverage, percent of delivery taking place in health facilities, the infant mortality rate and primary enrolment rate.

43. By end of NDPII, out of the 42 NDPII core projects, 17 were on schedule to be completed by 2020, implementation of another 5 was behind schedule while the rest were at feasibility studies stage with implementation yet to start or undergoing feasibility study or are yet to start at all. Uncompleted projects under NDPII have continued into NDPIII – this includes rehabilitation of railway lines, establishment of a standard rail gauge from Malaba to Kampala and construction of Karuma Hydropower project.

Table 2: Effectiveness of Government policy in achieving NDPI objectives

#	Indicators of effectiveness	Status
1	**Export-orientated growth** *NDPII Target:* Average annual real GDP growth to be 6.3% *Progress:* Mixed. Growth has been slower than expected, but positive.	• The annual real GDP growth rate fluctuated over the review period. Real GDP growth was 4.8% in 2015/16, falling to 3.1% in 2016/17 and recovering to 6.1% in 2017/18. By the end of the plan it had fallen again to 3%. This is an average of 4.7% over the review period and lower than the NDPII target of 6.3%. This rate is also lower than the average annual GDP growth rate of 5.4% under NDPI. • From 2016 to 2020, Uganda's exports increased at an annualised rate of 10%, from USD$2.9 billion in 2016 to USD$4.5 billion in 2020. The surge in exports was driven by Gold which constituted 41 percent of total exports in 2020. Exports as a % of GDP remained at an average of 10.72 during the NDPII compared to 10.1 percent in NDPI, On the other hand imports declined from 19 to 16.5 percent of GDP indicating an improvement in the overall trade balance. • The Logistics Performance Index (LPI) indicates strengths and weaknesses in the performance of trade logistics. The 2018 LPI ranked Uganda 72nd out of 167 countries. Broadly speaking, Uganda's customs and border processes are good for the region but improvements are needed in the speed, simplicity and predictability of formalities. Support is also needed to improve the quality and logistics services.
2	**Agricultural value-addition** *NDPII Target:* % increase in the value addition of exports for	• Agriculture had a positive annual GDP growth rate over the review period. The average growth rate during the NDPII period of the sector was 4.6 percent. The sectors contribution towards GDP remained at 23 percent. • The contribution of processed agriculture exports remained very dismal. Exports of agriculture related commodities are still largely in raw form and are dominated by the usual commodities Coffee, Cotton, Tea, Tobacco, Fish & its prod. (excl. regional), Maize and Beans.

	different products and an increase in exports. *Progress:* Positive but slow. Increased investment is needed to increase pace of change.	
3	**Mineral beneficiation** *NDPII Target:* Industry sector[5] was projected to contribute 28.56% in 2019/20. *Progress:* Positive but slow. Increased investment is needed to increase pace of change.	• The contribution of industry to GDP has stagnated at 27 percent. 18.7% of GDP was attributable to industry in 2015/16 and 18.6% in 2017/18. This is below the NDPII target. • Growth rates for industry also declined but have remained positive - from 7.8% in 2014/15 to 3.2% in 2019/20. Mining and quarrying is the largest contributor to the industry sector. • Growth in mining and quarrying activities has been lumpy over the NDPII review period. Overall, mining and quarrying activities have grown by 15% over the five years of NDPII; this compares favourably to the average of 11.8% over the five-year NDPI period. • Government attempted to attract private investment in the mining and quarrying sub-sector and invested in mineral valued addition projects. Progress was however slow. For instance, in 2017/18, the Government invested in setting up an integrated cement plant. The part Government owned-plant (45%) was expected to produce cement, marble and lime. To date a feasibility study and land acquisition has been undertaken. Other projects commissioned during the review period include a glass manufacturing plant (70% Government owned), a salt chemical plant (70% Government owned) and a feasibility study into the beneficiation of iron ore deposits.
4	**Heavy and light manufacturing**	• Manufacturing annual growth rates fell over the NDPII review period - from 11.6% in 2014/15 to 1.3% in 2019/20. The annual average growth was 3.5% for the five years of NDPII compared to 4.4% over the NDPI period.

[5] The Industry sector includes mining and quarrying, manufacturing, electricity, water and construction.

	NDPII Target: Industry sector was projected to contribute 27.3% of GDP in 2015/16 and 28.4% in 2019/20 *Progress:* Poor. Manufacturing annual growth rates have fallen.	• The industrial sector contributed 16.2% of GDP in 2015/16 and 15.8% in 2019/20. This is below the NDPII target. • Weak manufacturing growth is attributable to uncompetitive products. The high cost of utilities (power and water), old technology and an unsupportive business environment (e.g. high interest rates) undermine the competitiveness of the sector. • Growth of electricity, water and construction sub-sectors (average of 6.2%, 6.4% and 6.5% respectively) over the NDPII period will however hopefully help boost manufacturing.
5	**Private-sector led growth** *NDPII Targets*: Uganda to be 120 out of 189 countries in ease of doing business index by 2019/20. Uganda to be 110 out of 148 countries in global competitiveness index by 2019/20. *Progress:* Positive but slow.	• Uganda was ranked 127 out of 190 countries in the ease of doing business (2019 Doing Business Report). Over the first three years of NDPII, Uganda has improved its ranking by 8 positions but is lagging behind its target ranking (120/190). The business environment in Uganda has improved more slowly than comparative economics across the world. Uganda has made improvements in ease of starting a business, dealing with construction permits, getting credit, paying taxes and trading across borders. It has however continued to struggle with helping businesses have access to electricity, register property, protect minority investors and resolve insolvency. • Key business reforms implemented by Uganda in recent years include improving the efficiency of taxpayer services, easing trading across borders through expanded hours of customs authorities and implementation of ASYCUDA, establishment of a credit reference bureau, reforms of the court system (to enforce contracts) and improving the efficiency of property transfers. • Uganda was ranked 117th out of 140 countries in the global competitiveness index (2019/20). This is below the NDPII target for 2017/18. Uganda's competitiveness has also fallen over the review period. Uganda's GCI rank was 113 out of 135 countries in 2019/20 and 115 out of 140 countries in 2015/16. Four of the 12 pillars that make up the index registered a decline in scores, indicating reduced competitiveness.

6	**Inclusive growth** NDPII Target: Uganda to attain lower-middle income status, with an estimated GDP per capita of $1,033 by 2019/20. *NDPII Target:* Uganda to attain a GDP per capita of $833 in 2015/16 and $931 by 2017/18. *Progress:* Slow. GDP per capita has only increased by 0.5% since 2010/11. There has been an increase in poverty and income inequality. It is unlikely that Uganda will reach lower middle-income status by 2020.	• Economic growth has been positive over the past seven years but has slowed. Nominal GDP has grown largely in line with NDPII projections, however the depreciation of the Uganda Shilling and high population growth has limited growth of GDP per capita. GDP per capita only increased with 0.5% p.a. since 2010/11. The average for the EAC was 5.9% per annum. This is likely to continue in the short to medium term on account of Uganda's limited export base. • GDP per capita was below NDPII targets (UBOS, 2020). The actual GDP per capita was at $916 short of the middle income status target. • The inclusive growth and development index of the World Economic Forum (2017) recorded a decline in inclusiveness of 4.2% placing Uganda in the category of "slow receding countries". Uganda was ranked 64/79 among peers with an overall index rating of 3.28 (on a scale of 1-7 - best). Further details are contained in Annex 5. • Uganda recorded an increase in poverty between 2012/13 and 2016/17 from 19.5% to 21.4% and 6.4 to 8.0 million. There was some improvement in the poverty rate in 2019/20 as it declined to 20.3 percent • The HDI index increased with only 0.86% per annum between 2010 and 2020, which is significantly less than the period before. • Income inequality increased slightly, and gender inequality decreased slightly over the NDPI and NDP2 period. • For employment no conclusive data is available to indicate a change in the number or percentage of people that have productive employment or work. On the other hand, labour productivity in agriculture has fallen; this is significant since most of the population are engaged in agricultural activities. • Access to social services is noted by many to have improved marginally over the last seven years, while expenditure on social services as % of GDP has declined, negatively affecting the quality and sustainability of these services. • Regarding balanced regional development, secondary data indicates that some progress has been made, especially in the North, but Karamoja stays far behind and the Eastern Region is lagging behind as well.

7	**Efficiency and productivity of Government** *NDPII Target:* Uganda had a baseline Government effectiveness index score of -0.57 in 2012/13 and a target of 0.01 in 2019/20. *Progress:* Poor. Uganda's control of corruption score has improved but Government effectiveness has fallen overall.	• Uganda's Government effectiveness index, reflecting the perceived quality of public services and quality of the civil service, has fallen over the NDPII period. In 2014, Uganda had a percentile rank of 32.6% among all countries (ranging from 0 lowest to 100 highest rank); in 2020 this had fallen to 30% (World Bank, 2020). Uganda's current Government effectiveness rank is -0.58 where -2.5 is weak governance and 2.5 is strong governance. It is unlikely to reach the 2019/20 target of 0.01. • Uganda's average Government Effectiveness score for the NDP period is -0.55; this is lower than the average score for the NDPI period. This is concerning and below the NDPII target of 0.01 in 2019/20. It is unlikely that this target will be achieved. • Uganda had a CPI score of 27 in 2020 (where 0 is highly corrupt and 100 is very clean) and was ranked 151 out of 180 countries. This score is the same as 2014 but below the CPI score of 29 given in 2012. Uganda's control of corruption score for 2020 was -1.05 (where -2.5 is weak and 2.5 is strong) and the average score of the NDP period is -1.05. This score is weaker than the score over the NDPI period (-0.99). Uganda's ranking in its control of corruption has however improved slightly over the NDPII period. In 2014 Uganda had a percentile ranking of 12.98% among all countries (where 0 is lowest and 100 is highest rank); in 2020 this was 13.94%.
8	**Environmental impact** *Broad NDPII Targets:* Increased level of restoration of degraded	• NDPII encouraged the protection and restoration of degraded fragile ecosystems, the development and dissemination of information on environmental management and building the capacity at all levels of Government to consider the environment in their operations. Overall, NDPII seeks to grow the economy, whilst having a non-detrimental impact on the environment.

	fragile ecosystems and a clean and productive environment. ***Progress:*** Poor. Full impact of growth strategies unknown.	• The Uganda Wildlife Research and Training Institute (2018) notes that Uganda lost approximately 90,000 hectares of forest cover annually between 1990 and 2010. Forest cover loss is now estimated to have increased to an estimated 200,000 hectares annually due to a high a population growth rate, migration and use of firewood and charcoal as fuel. NDPII targeted Uganda to have 19.25% covered by forests by 2019/20. Today forests and woodlands cover an estimated 15.2% of Uganda's land surface. • Significant emphasis should be given to green-growth strategies and halting the decline and degradation of the natural environment. This can be achieved through increasing funding to the environment sector and reviewing and revising the supporting policies and legal framework.

44. **Weaker than expected performance of NDPII was the result of slow or ineffective policy and project implementation.** Weak implementation was due to several factors including, but not limited to:

i) Insufficient funding and/or late release of funding to implementing entity;
ii) Weak leadership and buy-in to the policy and/or project design and implementation;
iii) Poor Public Investment Management including project appraisals, procurement and monitoring;
iv) Insufficient capacity within the implementing entity and/or underutilised acquired capacity;
v) Policy gaps/inconsistencies;
vi) Poor performance management; and
vii) Misappropriation of funds.

45. Moving forward, it is recommendation that the Government continues to invest significant focus and resources into addressing policy and project implementation weaknesses. Conducing 'deep-dive' or focused assessments into policy implementation challenges in each sector and developing appropriate strategies would help improve the ability to achieve targets set out in any NDP.

46. **Moreover, an evaluation of how effective the partnership with Development Partners was to deliver NDPII revealed that it could have been strengthened.** By the end of the NDP II, there wasn't any processes under Division of Labour (DoL), nor was there any framework to assess if partners were meeting their partnership commitments. In FY 2017/18 when the LDPG assessed the DoL process, it was deduced that development partners had expressed discontent with the restrictions to the number of sectors to which they can channel the support. The process also excluded non-traditional non LDPG partners. Development partners are keen to respond to needs of their constituencies and home countries in determining the sectors they support in Uganda. Any restriction to this end sends most to keep away from the process. Attempts are still underway through the review of the national partnership policy to address these challenges.

5.4 Impact and sustainability

47. An evaluation of *impact* refers to the extent to which NDPII produced positive and negative changes (directly or indirectly, intended or unintended). An evaluation of *sustainability* is concerned with measuring whether the benefits are likely to continue. In evaluating the impact and sustainability of NDPII, the consultants considered the key questions outlined below. The outcome of this assessment is provided in the following paragraphs.

- To what extent did NDPII contribute to Vision 2040?
- Were there any unanticipated positive and/or negative consequences of NDPII?
- To what extent did the benefits of NDPII continue into NDPIII?
- What were the major factors that influenced the achievement and/or non-achievement of sustainability?

48. **As detailed in the previous section, progress against NDPII objectives was less than desired.** This assessment measures the extent to which Plan’s interventions contributed to Uganda's aspiration of transforming the country form a predominantly poor to a modern and prosperous country with a per capita income of $9500 within a period of 30 years. The growth in the economy during the NDPII period led to expansion of many sectors of the economy. The economic growth also led to creation of jobs, especially for the youth.

49. Infrastructure development has had profound effects on the economy. The rapid expansion in physical infrastructure has greatly improved inter-connectivity. This was most evident in the works and transport sector where interventions in the road subsector, resulted in increased proportion of paved national road network from 20.2 percent (4,219.7 km) in FY2015/16 to 29 percent (6,107km) in FY2019/20. The energy sector projects such as construction of hydro power plants has increased energy generation capacity to 1,254.2MW. As a result, the percentage of the population with access to electricity increased to 24 percent (on grid) and 27% off grid from 22.5 percent in FY2018/19. Energy losses reduced to 16 percent from 17 percent in the same period.

50. Key indicators in the health sector like infant mortality rate stagnated at 43 from 2016 to date, similarly, under-5 mortality has as well stagnated at 64 from 2016. Maternal mortality rate reduced to 336 in 2016 from 438 in 2011. The number of maternal deaths

among 100,000 health facility deliveries reduced to 99/100,000 in FY 2019/20 from 100/100,000 in FY2018/19, this was due to improved maternal death notification through m-TRAC. The population accessing healthcare within a 5 km radius target was achieved at 86% above the HSDP target of 85%. Deliveries in health facilities slightly reduced to 59 percent in FY2019/20 from 62% percent in FY2018/19. A total of 1,186,168 deliveries out of the expected 2,016,805 deliveries were conducted at health facilities compared to 1,183,168/1,894,417 in 2018/19 FY. The per capita OPD utilization ratio has stagnated at 1.1 for the last two years and the share of out- of pocket expenditure on health stood at 41 percent. Only less than two percent of the population uses health insurance, thus exposing a large proportion of the population to healthcare expenditure shocks.

51. Education intervention such as UPE and USE resulted in rapid increase in enrolment and transition rates. Primary enrolment increased by 2.3 percent from 8.6 million in 2016 to 8.8 million in 2017. The net primary school enrolment rate was 93 percent in 2017 below the NDPII target of 99 percent. The pupil completion rate dropped from 62 percent to 60 percent in 2017. Similarly, the transition rate to S.1 dropped from 65 percent in 2016 to 61 percent. At the secondary level, enrolment reduced from 1,457,277 in 2016 to 1,370,583 students in 2017. The Student Teacher Ratio (STR) for the secondary subsector however marginally improved from 22 in 2016 to 21 in 2017. The transition rate to S.5 declined from 30 to 25 percent over the same period.

52. The wealth creation and employment pillar was designed to achieve a high and sustained economic growth rate of 6 percent per annum, where the annual targets were not realized. This can be attributed to the after effects of the lockdown measures that were instituted to reduce the spread of the Corona virus; the locust invasion that affected the agriculture sector, and floods that disrupted economic activity in numerous regions of the country like Kasese. In addition, the number of new jobs created fell short of the of the plan's targets. Indeed, going forward, employment creation targets are likely to prove more elusive. The employment creation targets in the NDPII were premised on high and sustained economic growth. However, the growth recorded NDPII consistently fell below targets. This contributed significantly to the below potential job creation over the Plan period.

53. Most of the core projects prioritized had their implementation period stretching beyond the life of the Plan. They were, therefore, formulated with a long term view of the

country's development. Key infrastructure projects outlined in the NDPII are of a long-term nature and are geared towards raising the efficiency and quality of infrastructure as well as increasing the pace of implementation of projects. The sustainability of these projects is however affected by funding and the high complexities especially in terms of design and other feasibility studies. The construction of the standard Gauge Railway for instance has been rolled to the NDPIII due to delays in securing funding and compensation issues. Other key energy infrastructure projects, have faced similar challenges which have affected the pace of implementation. The government should, therefore, mobilize financial and other resources to ensure successful implementation of the infrastructure projects.

54. The inclusive growth pillar focused on ensuring that growth benefits everyone through reducing the challenges faced by the disadvantaged, both in terms of benefits enjoyed and, especially, in terms of access to opportunities for participation. Considerable achievements were made in increasing number of beneficiaries for livelihood projects and people participating in government projects and programmes. However, poverty and inequality remain critical development challenges for the country. The sustainability of these programmes will therefore be dependent on funding priorities and implementation of new strategies. The implementation of livelihood support and poverty reduction programmes needs to be restructured such that the desired impact is felt by the beneficiaries across the country.

6.0 Recommendations for NDPII and future development plans

55. This section provides conclusions and recommendations for the Government to consider, for the remaining years of NDPII and future plans. Recommendations have been grouped into four areas (relevance, efficiency, effectiveness, impact and sustainability), providing guidance to policymakers on ways to improve the performance of future national development plans.

6.1 Relevance

56. The recommendations below provide suggestions on ways to improve the suitability of future national development plans.

57. To further enhance the theory's coherence, Government could consider clearly articulating the *evidence* behind the logic (i.e. why should it hold true?) and clearly documenting (in graphic form or a short paragraph) the causal framework to aid buy-in across stakeholders. To strengthen the ability to test the theory of change, the Government could also consider explicitly state what assumptions are in place for each building block of the theory of change to hold true and could test and monitor assumptions throughout implementation.
58. **Government should try to formulate realistic targets and also consider building in an adjustment or risk mitigation strategy should the assumptions behind the theory of change not hold true, and it appears that the targets may not be met**. An adjustment or risk mitigation strategy would allow the Government to adjust the plan throughout the implementation period in-line with available financial resources and the external environment. Adjusting details within the plan, whilst keeping the broad focus constant, may help aid understanding as to why targets are not being met and what targets are realistic for the future based on historic trends. To increase the success rate in meeting the targets, greater emphasis should also be given to interventions that will address binding constraints (e.g. weak project management capacity) which in turn would help deliver the development strategies outlined in NDPII. Emphasis on the interventions should include details on *how* the constraints will be addressed and funded consistently.
59. **Articulation and implementation of NDPII's Policy and Strategic Direction could have been strengthened by ensuring that sector clustering is logical and complete.** To address this challenge, government embarked on the programme approach where various MDAs rally around the program to enhance efficiency of delivery and avoiding working in silos. This was particularly important for cross-cutting programmes such as tourism, skills development and industrialisation. The policy and strategic direction of the plan could also be strengthened by explicitly stating the desired phasing and sequencing of implementation, and the interconnectedness of sectors. This was fully adopted albeit some challenges of implementing the program approach. Prior to adoption of this approach it was necessary to undertake some reforms in the legal framework, institutional framework as well as the public finance management systems with the objective of orienting that towards programme-based planning and budgeting. A clear programme implementation framework was also necessary to show clear sequencing and implementors as this would strengthen intra-and-inter sector co-ordination through clear performance metrics.
60. **Several key policies to guide the delivery of NDPII objectives were not developed and/or aligned to NDPII.** The development and/or improvement of six key policies, with

linked funding may help increase the likelihood of delivering on NDPII's targets. The six key policy areas identified also in the 2019 MTR included the need for: a comprehensive industrialisation strategy; an improved budget strategy which focused more explicitly on improving domestic revenue mobilisation and aligning financial resources to NDPII (this was done at end of the plan); an inclusive growth index, improved regional and local development planning and fiscal decentralisation; continued investment in green growth policies; and an explicit human capital development strategy. It is recommended that the Government continues to develop the policy gaps identified in this report and provides associated funding, as required.

61. **NDPII identified 11 pre-requisites required for successful NDPII implementation.** This was a positive step and built on the identification of pre-conditions needed for effective implementation under NDPII. A review, however, on the status of the pre-conditions reveals that more work needed to be done to ensure that these are in place and/or being developed. In particular, there was a need to increase meaningful engagement with the private sector and civil society and invest in building good governance – political will, ownership, reduced corruption, effective use of M&E and information for decision-making. Whilst these are not small tasks, incremental efforts should be made in the subsequent NDPs to address these gaps. To ensure that the pre-conditions are in place and/or being developed the Government could consider the following initiatives. Firstly, traction with bureaucracy and the public on NDPII needed to be constant. As such, an Annual NDP Monitoring Forum, convened by the Presidency to examine the Plan's progress could be one step; smaller and more focused meetings convened by the NPA with MDAs and non-state actors would also help ensure that the necessary governance-related pre-conditions are in place and/or are being addressed. Secondly, Government could ensure that roles and responsibilities across MDAs in relation to M&E are clear and seek to improve the availability and timeliness of information to inform decision-making e.g. budget allocation. Lastly, to reduce incidences of corruption, the Government could ensure that it is providing sufficient funding for anti-corruption bodies (and penal bodies), particularly the Auditor General, Inspectorate of Government and Public Accounts Committee and supporting citizen action against corruption.

62. **Develop a more robust and effective results framework.** To ensure that future development plans are suitable and appropriate to the context, ensure that the results framework is populated with baselines and appropriate targets. In NDPII, around XXX percent of the indicators in the results framework had no baseline or targets. This has made

it hard to assess progress. It is also recommended, when developing future development plans, that after developing a clear 'results chain' that the feasibility of collecting data is considered. For the purposes of monitoring and evaluating results of any National Development Plan there is a need to not only improve data collection within the Uganda Bureau of Statistics but also within each MDA. A systematic improvement across Government will require considerable effort and resources.

63. **Strengthen the Plan's ability to prioritise the use of scarce resources.** Improvements should be made in how the National Development Plan can act as a guide to inform decisions on how to prioritise and sequence investments with scarce resources. Any future NDP developed by the Government of Uganda should ensure that the primary objective of a National Development Plan – providing guidance on resource allocations – should be given focus, over and above giving technical guidance to sector and MDA plans. Details on sector interventions can and should rest with sector expertise.

64. **Harness more effective leadership and support for the plan.** Moving forward, it is recommended that the President provide additional leadership to ensure that any NDP is seen as the guiding document for national development and that key obstacles to its ambitious transformation agenda are removed. This will require the President to establish and chair the National Development Planning Forum to oversee the whole implementation process. The President will also need to ensure that he takes the opportunity to reinforce the lead role of the NDP in guiding national development. Lastly, it is recommended that there is great engagement with Parliamentarians; parliamentary committees should have regular briefings on progress and be able to scrutinise progress at a strategic level.

65. **Build collective backing and buy-in for the NDP.** The NDP represented a shift towards a more Government-led development agenda. However, during the NDP consultation process there was less formal space for development partners, civil society, academia and the private sector to engage with, and influence the process. Going forward, there is a need to build wider support for any NDP during formulation and throughout implementation. There is a need to increase the sense that it is a 'national' plan and not a Government plan. Collective understanding and engagement with stakeholders could be enhanced in future development plans through 1) producing a succinct, easily understood plan with a small number of pillars/graphics; 2) developing and implementing a comprehensive communication plan which allows for meaningful discussions alongside large forums.

66. **Design mechanisms to feedback and adjust the plan after the mid-term review.** NDPII did not have any mechanism to take stock of recommendations from the MTR and ensure

that it remained relevant to the context in the remaining years of implementation. Moving forward, it is recommended that future development plans can be adjusted to reflect changes in political, social and economic context which may come about during implementation. The operating context will not remain the same throughout the five years. This has taken place for the NDPIII where a thorough reprioritization process has taken place in light of the recent external shocks.

6.2 Efficiency

7.0 **Monetary policy over the duration of NDPII helped contain inflation but kept the cost of borrowing high. Fiscal policy over the duration of NDPII was expansionary.** No significant changes to monetary and fiscal policy took place after the mid-term review of NDPII in 2019. Moreover, the implementation of some macroeconomic policies (e.g. domestic borrowing, crowding out private sector) was at odds with some of the goals espoused in NDPII e.g. enhance private-sector led growth. In future NDPs, it is recommended that the Government considers how it can act on and change the course of the plan after the mid-term review, and that it ensures that wider, macro-economic policies are supportive to the goals and strategies outlined in the Plan.

8.0 Overall, the productivity of Government declined over 2016-2020, the control of corruption decreased, and public sector performance fell (measured through % of budget released, budget outturn). This assertion has been made through the assessment of 12 different metrics. Challenges remained across government in implementing public sector reforms to improve the productivity and efficiency of government. While government embarked on the restructuring of MDAs—this was never implemented during the NDPII.

The efficiency and productivity of Government is a key binding constraint to development in Uganda. In formulating NDPIV there is a need to ensure that sufficient focus and resources are allocated to support reforms to improve the productivity, transparency and efficiency of Government. Key reforms may include public sector rationalisation, procurement reform, anti-corruption measures and public investment management improvements.

8.1 Effectiveness

Uganda went off-track in reaching many of the targets laid out in NDPII. There are, however, several actions that the Government can take to improve the effectiveness of future NDPs policy and strategic direction. Firstly, the Government should continue to invest in improving the quality of policy across Government. Secondly, investments should be made in improving public investment management (across the full project management cycle) and in the timeliness and certainty of fund release to sub-national Governments and MDAs. Investments in improving public investment management should be considered throughout the full project cycle, particularly in appraising and selecting the right projects where there is capacity to implement the project *before* securing funding (domestic or external). Thirdly, there is a need to engage more *consistently* and *closely* with implementers of public policy – policies are never implemented in a vacuum. There is a need to increase understanding of the dynamics at play and use that understanding to adapt and support implementation *with* stakeholders. Lastly, ensuring that there is continuity of action is an essential ingredient for effective implementation.

26. **The Government implemented several policies during the NDPII period with the objectives of stimulating value addition and increasing export earnings, measures to transform the primary growth sectors and fast track skills development. However, progress against NDPII targets in each of these areas was less than satisfactory.** Exports grew at a slower rate than envisaged. The private sector was also not encouraged or strengthened as much as desired owing to the high cost of doing business. From a policy and strategic direction perspective, weaker than expected performance was the result of slow or ineffective policy implementation (in turn the result of insufficient funding, leadership, buy-in, capacity, underutilised acquired capacity, policy gaps/inconsistencies, and/or poor performance management), and persistent weaknesses in the efficiency and effectiveness of Government. Moving forward, it is recommendation that the Government continues to invest significant resources into addressing policy implementation weaknesses. Conducing 'deep-dive' or focused assessments into policy implementation challenges in each sector and developing appropriate strategies would help improve the ability to achieve targets set out in any NDP.

27. **Increase domestic revenue mobilisation to allow for greater funding of development priorities.** In order for Uganda to achieve its targets set out in any NDP, there must be

sufficient funding made available. Focusing on increasing domestic revenue mobilisation will not only allow Uganda to access a more cost-effective financing mechanism than commercial borrowing but will also increase the social contract between state and non-state actors. If non-state actors provide more funding to the Government to implement policies it is likely that they may be more willing to hold Government to account.

28. **Ensure that multiple financing mechanisms are being explored implemented.** In addition to focusing on domestic revenue mobilisation, it is also recommended the Government explores and progresses work on alternative financing mechanisms for instance PPPs, Diaspora bonds etc. and act to reduce wastage, where possible. Ineffective expenditure could be reduced by establishing a value for money programme across Government to ensure that scarce resources are being spent on the right things and continuing work to right-size the public service. The Government could also progress work on supportive legislation for financial sector development so that appropriate and affordable financial services are more readily available to Ugandan SMEs, in particular.

29. **Address corruption.** To actively improve the effectiveness of any national plan, there is a need to address corruption. Despite several anti-corruption initiatives being devised over the NDPI period, the proliferation of corruption is acknowledged to be the single most important threat to national planning in Uganda and to the credibility of the Government, more generally. Acts of corruption at all levels must be punished according to the law and in the absence of effective laws, new laws may need to be devised and the investigative budget of the judicial system enhanced.

8.2 Impact and sustainability

67. The recommendations below provide suggestions on ways to improve the impact and sustainability of benefits achieved under future national development plans. **To improve the impact of NDPI, it is recommended that the Government prioritises certain development initiatives.** These include:

68. **Ensure that Development Partners, civil society, academia and the private sector are actively involved in the implementation of NDPS**. Request Development Partners to provide acute information on their commitments over the NDP period, what they will/won’t fund and the conditions and modalities of funding. Moreover, following formulation of the plan ensure that there is a practical communication and dissemination

plan which allows for state and non-state actors to regularly be involved in supporting and driving implementation of the plan. Build up a sense of the plan being a ‘national’ plan and not a Government plan.

69. **NDP’s macroeconomic strategy should focus on maintaining stability and avoiding the excessive cumulation of debt.** Moreover, NDP’s strategy should focus on strengthening tax administration with a view to increase domestically generated resources to finance the NDPs and meet debt obligations in a sustainable manner. The few measures highlighted in the Economic Management report include: (i) expanding the tax net including the informal sector coverage; (ii) introduce well studied new tax policy measures to minimize impact on business growth, economic growth, employment and income; (iii)removal of the zero VAT rate for firms involved oil related investments, which is undermining tax collection; (iv) improving tax morale through well-articulated and implemented service delivery programmes that benefit tax payers. This will increase tax compliance and the cost of tax evasion or avoidance.

70. **Focus on completing incomplete projects from NDPII before embarking on any new projects.** These projects are largely in the roads and railway, energy, and oil and gas sectors. There is also a need to continue investing in the electricity power generation in order to support industrialization. To minimize the cost of transmission and distribution of power, industrial clusters should be strategically located except for raw material considerations (e.g. iron ore, oil and gas and phosphates). Rural electrification should also be reconsidered in light of new cheaper technologies and the high cost of distribution especially in scarcely populated areas. Ensuring that the existing rail network is also maintained and serviced should also be a priority over the NDPIII period. Alongside these projects, the Government should also fund infrastructure for irrigation to help revitalize the agriculture sector. Owing to the changing climate patterns that have resulted into unpredictable rainfalls, Government should champion and invest in irrigation schemes both of large- and small-scale nature.

71. **Investment in human development should be at the core of the NDPIII.** Budgetary shares to education and health sectors have continued to drop over the years since 2008. This trend has decelerated the momentum that was built since mid-1990s. Whereas significant progress has been made towards achieving access to health and education, quality service delivery in the two sectors continue to be undermined by limited

budgetary allocations. Performance on education indicators, in particular, have lagged behind, especially primary and secondary completion rates. More resources are required for recruitment of both primary and secondary school teachers and health workers.

72. **Address high interest rates.** Interest rates continue to be high and have resulted into making business in Uganda practically unviable for the private sector. Part of the quasi-market approach by government should include taking bold steps by government setting up specialized banks in priority areas such as agriculture, industry and tourism. Commercial banks which are largely foreign owned and profit driven are not the most suitable financial intermediaries to transform the country especially in risky sectors such as agriculture where they have continued to play a minimal role. There is need for government to support and strengthen its Banks such as Posta Bank and Housing Finance to leverage access to affordable credit, private sector growth and faster export growth and diversification. In addition, it is recommended that the UDB should be meaningfully recapitalized so that it can be able to provide loans to the private sector at reasonable cost.

73. **Support the development of integrated regional development plans.** Each region or sub-region should develop an integrated regional development plan that will be endorsed at the national level and guide sector ministries in their planning and allocation of resources so that they become much more sensitive and responsive to these differences in development potentials and needs. Industrial development and value addition based on the resource base of the region should be at the core of these plans.

74. **Continue support to ensure that growth and development is inclusive.** To date, the issue of vulnerable groups particularly women, youth and persons with disabilities has been tackled with mixed results mainly due to ad hoc interventions. Specifically, for the youth livelihood fund, challenges have been experienced regarding revolving the fund, availability of viable economic activities, and overhead costs and outright corruption. There is need to change the approach for these programs from social to economic objectives in order to create jobs and enhance household incomes. These programs need to be consolidated under the microfinance support centre where viability of projects can be competently assessed. The latter is endowed with capacity to develop frameworks that link with existing support and delivery systems such as SACCOs and other social development associations.

75. **Over the NDPIII period, the Government should consider supporting industries for employment creation and exports.** At present, the private sector is not investing in large industrial projects. Specific areas where government could have a direct role for NDPIII include: carrying out a comprehensive Iron and Steel Feasibility Study for Muko Iron-Ore and other related industries by the year 2019 with the objective of setting up an iron and steel based industrial ecosystem for the country. This will result into a spinoff of steel-based industries in the region and absorb the increasing numbers of job seekers. The Government should remain firm on the development of the oil refinery and also consider investing in the petrochemical industry during the NDPIII. The refinery will have large spill over effects on plastics, fertilizers and pharmaceutical industries within the region. Lastly, establishing a large biofuels industry aimed at mixing ethanol with oil would create an enormous market for agriculture products such as maize, sugar and cassava. In addition, this would stabilize prices for petroleum products as well as enhance the incomes of households engaged in maize, sugar cane and cassava value chains. These industries would also have other associated products such as starch, glucose, animal feeds and fertilizers. At the moment, maize and cassava produced have no large-scale industrial demand apart for domestic consumption with minimal processing.

76. **Support and nurture SMEs to enable them to develop into larger companies.** The industrial sector is currently dominated by small and medium enterprises (SMEs); 93.5% of firms are SMEs. sector. This represents a serious challenge as firms are not able to reap the benefits of economies of scale. Given the strong correlation between firm size and export capacity, firms have difficulties competing internationally. Coupled with the quasi-market approach, there should be deliberate efforts to fast track nurturing of SMEs into large industries. This will require establishing an industrial bank to focus on supporting SMEs with a view of to transform them into large production units. Drawing on international practice, the industrial bank will have to meet the needs of industrialists particular in providing long-term and affordable financing. Government should embark on undertaking feasibility studies for these specialized banks before implementation of the NDPIII.

77. **Remain focused on industrial parks but review the institutional framework in place to support implementation**. At present, only three out of the twenty-two gazetted industrial parks are currently operational. The slow pace of establishing the parks

indicates that the industrialization strategy may not timely achieve the objective of using it as a flagship for structural transformation. The challenges for establishing the industrial parks include: (i) poor coordination and limited implementation capacities among responsible agencies; (ii) high cost of land acquisition; (iii) lack of financing for most parks, and; (iv) attracting quality foreign investors. The industrial parks are aimed at reducing the cost of establishing industrial plants, enhancing agro-processing and balanced regional development. Government should remain focused on establishing the industrial parks; however, it should review the institutional framework for implementing industrial parks in light of the above-mentioned challenges. In particular, the establishment and operationalization of the parks should be transferred to a strengthened and restructured UDC for quicker results. UDC is more mainstreamed to handle investments on the ground and is already building a critical mass of capabilities to implement similar projects.

78. **Continue to focus on export-orientated growth in NDPIII.** At present, Uganda remains a net exporter of low value primary products such as coffee, tea and tobacco. Other key foreign exchange earners include Tourism, remittances by Ugandan's in the diaspora, gold and fish. Uganda's exports to the region have significantly increased. However, the enumerated export earnings are not sufficient to generate enough earnings to meet the increasing import bill. Under NDPIII there is need to identify one or two niche high value commodities that would boost export earnings. Preliminary analysis of the evaluation of NDP1 and NDPII indicates that the country would do well to focus on developing the iron-ore and oil and gas industrial ecosystems with a view to be the lead exporters of steel and petrochemical products in the region. This would be complemented by exports of agro-processed products.

79. **Ensure that NDPIII includes a concerted effort to support effective urbanization.** At present, even with a relatively low rate of urbanization, the country's urban areas are responsible for 70% of GDP with almost one third of that from Kampala alone. The approach to develop cities as metropolis such as the greater Kampala metropolitan area has failed to generate sufficient consensus from relevant stakeholders. For Kampala in particular, haphazard urbanization continues to be experienced due to poor physical planning and failure of enforcement. There is paralysis in Governance of Kampala city owing to ambiguities on leadership roles. The development of the other metropolitan and

strategic cities has also been hindered by lack of requisite legal frameworks, slow physical planning processes within government and limited infrastructure financing. Moving forward, NDP-III should reflect a new approach of fully integrating Economic and Physical and Urban Planning into one Development Plan. These three components, when combined, should create the over-arching "umbrella" framework.

80. **Under NDPIII continue to focus on strengthening all forms of good governance, namely: political and democratic, corporate, public sector administration and accountability.** Progress has been made in institutionalizing regular elections at all levels; progress should continue under NDPIII. Political party dispensation established in 1995 is gradually taking root together with significant separation of roles among the Executive, Judiciary and Legislature. There is however need for Uganda to harmonize with the rest of the partner EAC States in regard to architecture of legislative structures. In regard to corporate governance, the evaluation established shortage of corporate leaders that are a requisite to market-led corporate world. In relation to public sector efficiency and productivity, there is a need under NDPIII to continue focusing on removing inefficiencies, corruption and ineffective bureaucracy.

81. **Focus efforts on supporting regional and local development.** The NDP1 and NDPII advocated for strengthening the devolved functions and fiscal decentralization. However, the mid-term review of NDPII and evaluation of NDPI indicates that there has a been a continuous weakening of the devolved authority of local governments and declining fiscal transfers amidst increased roles and lack of local revenue. The dominance of conditional transfers continues to erode the spirit of decentralized authority. The increased creation of local governments has further reduced the viability and capacities of districts and lower local governments. There is need to consider establishment of regional centers of planning and service delivery in order to realize the NDPIII objectives. Policy reversal on creation of districts should be considered during the NDPIII.

Annex 1: Evaluation questions

The tables below provide the evaluation questions that guided development of the thematic reports.

Development partnerships evaluation questions	
DP1	What were the trends in NDP2 in the amount and modalities of development partner resource allocation (traditional and non-traditional donors) to fund elements of the NDP2?
DP2	To what extent did donor priorities change significantly in the course of NDP2implementation and how well did DP strategies remain aligned to the NDP2?
DP3	What mechanisms did GoU use to ensure that DP support was aligned with NDP2 priorities?
DP4	Did donor programmes tangibly / measurably contribute to achievement of NDP2 progress?
DP5	To what extent did NDP2 provide a framework for improved harmonisation and reduced transaction costs in dealing with different development partners?
DP6	To what extent did the NDP2 provide a basis for mutual accountability between GoU and DPs
DP7	How effective was GoU-donor partnerships in the course of NDP implementation?
DP8	How can GoU / DP relations be strengthened so that the efficient and effective implementation of the future NDP is enhanced?
DP9	What was the scope of effective collaboration with non-traditional donors?

Economic management evaluation questions	
EM1	Are we on track to achieve the macro-economic objectives / targets articulated in the NDP?
EM2	-The extent to which the NDP2 macroeconomic framework has strengthened the country's competitiveness for sustainable wealth creation, employment and inclusive growth -How has the NDP influenced macro-economic strategy and related reforms in Uganda?
EM3	Extent of pursuance of macro-economic stability with fiscal expansion for frontloading infrastructure investments and industrialization;
EM4	To what extent have reforms in economic management been guided by the NDP2
EM5	To what extent have NDP2 priorities been effectively budgeted for and financed
EM6	To what extent has the NDP2 focus areas been adopted as priorities for implementation.
EM7	How well have macro policy instruments been used to achieve economic stability and growth?
EM8	To what extent have public expenditure and related accountability systems changed to ensure alignment of budgets, spending and financial reporting with the NDP objectives
EM9	What progress has there been on unlocking the key economic constraints to growth?
EM10	How has NDP implementation so far contributed to improvements in productivity, private sector development and competitiveness?
EM11	To what extent is deregulation taking place and how well is this facilitating private sector growth and competitiveness?
EM12	To what extent and how have additional private sector funds been harness to finance NDP priorities?
EM13	How environmentally sustainable has been Uganda's economic growth?
EM14	From an EM perspective, what can be done to improve the next version of the NDP?

Institutional framework evaluation questions	
IF1	Determine the effect of the change to the Comprehensive National Development Planning Framework (CNDPF) to planning and budgeting at all levels
IF2	Determine the effectiveness and efficiency of government structures in public service delivery
IF3	Determine the extent of integration of local governments, civil society, private sector and local development actors in the implementation of the NDP2
IF4	To what extent is there ownership, unequivocal leadership and a sense of urgency and commitment to drive the changes envisaged in the NDP from the Cabinet / highest levels of Government?
IF5	How effective have the Forum (chaired by the President) and the NPA Board been in reviewing progress of the NDP?
IF6	What efficiency gains have been realised through enhancement of inter and intra-sectoral linkages
IF7	What is the actual institutional / management 'architecture' (for oversight, authority, accountability and management of NDP implementation as a 'programmatic' plan, and how effective has this been?
IF8	To what extent are the roles of NPA, OPM, MoFPED, MPS, other MDAs and LG bodies separate, distinct, harmonised and carried out in order to maximise efficiency and effectiveness of NDP preparation, implementation and monitoring?

IF9	What are the mechanisms for aligning the NDP to resource allocation and how can these be improved?
IF10	To what extent has NDP implementation at the Local Government level been enabled or hindered?
IF11	To what extent are institutions working together effectively to develop, deliver and monitor cross sectoral policy outcomes / results relevant to the NDP?
IF12	To what extent has the change from PEAP to NDP influenced policy, planning and budgeting at all levels?
IF13	To what extent have government structural changes led to more efficient and effective delivery of NDP objectives?
IF14	How effectively does central and local government, civil society and the private sector work together for joined-up implementation of the NDP?

Policy and strategic direction evaluation questions	
PS1	Was there a common understanding of NDP2 strategy and policy among Government, development partners, civil society, the private sector and others?
PS2	Was there a valid theory of change behind the NDP2 that informed its logic and underpinned a coherent, appropriate and credible strategy map?
PS3	To what extent did NDP2 policies and strategic direction inform and drive priorities for sector and MDA plans?
PS4	Was the NDP2 policy and strategic direction developed with a clear understanding of the necessary phasing and sequencing of implementation?
PS5	What major policy changes needed to be made to increase the likelihood of delivering NDP2 targets?
PS6	How effectively were growth and poverty reduction policy objectives been reconciled in the course of NDPII implementation at this stage?
PS7	To what extent were efficiency and productivity gains realised in Government as a result of NDP2?
PS8	To what extent was the private sector strengthened under the NDP2 with strong local participation in the quasi-market approach?
PS9	Was there any change in fiscal and monetary policy after the MTR with the objective of stimulating growth?
PS10	Was there any specific policies that were implemented during NDP2 with the objective of stimulating value addition and increasing export earnings and employment?
PS11	What specific measures were undertaken for transformation of the primary growth sectors?
PS12	What specific measures were implemented during NDP2 to fast track skills development through reforms in education and training curricular?
PS13	What measures were undertaken to enhance competitiveness and positioning of Uganda to benefit from regional integration?

Political economy evaluation questions	
PE1	The relevance, ownership and leadership of the NDP2 amongst key stakeholders (Executive, Parliament and Civil Society).
PE2	The flexibility of the NDP2 to cater for emerging integration issues
PE3	The comprehensiveness of the Plan in addressing its overall target of attaining middle income status by 2020, through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth.
PE4	How have international and regional political and economic trends had an impact on the implementation of the NDP and the ability of Government of Uganda to meet the targets in the NDP?
PE5	What political economy factors have contributed to exceeding / missing NDP objectives/targets?
PE6	How has political economy affected the (setting of) priorities within and between sectors?
PE7	To what extent has the private sector, civil society and DPs played the role envisaged for them in the NDP and why?
PE8	To what extent has the NDP addressed regional disparities in development, particularly in Northern Uganda?
PE9	How have political economy factors influenced the effectiveness of institutional arrangements surrounding the development, implementation and monitoring of the NDP?
PE10	What is the emerging evidence as to what extent the focus on economic growth had an impact on poverty reduction and socio-economic transformation?

Political economy evaluation questions	
PE11	From a political economy perspective, what needs to be done to influence more effective implementation of the NDP?
PE12	How can the potential benefits of regional integration be best factored into the next NDP?
PE13	What can be done to strengthen political ownership, leadership and behavioural change for achievement of the NDP objectives?
PE14	Extent of implementation of the proposed reforms.

Results framework evaluation questions	
RF1	Did NDP2 remain on track to achieve its 8 over-arching NDP2 objectives / key results areas / targets and the sector specific objectives / targets?
RF2	How did progress against NDP2 objectives / targets differ across the county?
RF3	What progress was made on the implementation of the core NDP2 projects?
RF4	Which areas of NDP2 implementation have been most and least successful and why?
RF5	What were the general constraints to the delivery of results during NDP2?
RF6	To what extent did sector resource allocations and priority investments change to reflect NDP2 priorities especially after the MTR?
RF7	What were the trends in the overall balance of administration and service delivery costs in the implementation of the NDP2?
RF8	To what extent was financing and implementation of the NDP2 influenced by regional variations in economic and human development?
RF9	To what extent did the assumptions behind the NDP2 financing strategy remain valid and what was done to increase the funding envelope for NDP2 after the MTR?
RF10	How coherent was the NDP2 in terms of cascading results / linking priorities with objectives?
RF11	Is there evidence to show that NDP2 objectives, targets and assumptions for increases in GDP per capita, equity and enhanced human capital development were coherent and realistic?
RF12	To what extent were district level challenges of poor resourcing and capacity addressed in the second half of NDP2?