



Mid-Term Review of the Second National Development Plan (NDP II) 2015/16-2019/20

Development Partnerships Thematic Report (Draft)

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Prepared by



In Association with



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Acronyms

BFP	Budget Framework Paper
BoU	Bank of Uganda
CSO	Civil Society Organisation
EAC	East African Community
GAPR	Government Annual Performance Report
GDP	Gross Domestic Product
GoU	Government of Uganda
IFC	International Finance Corporation
JBSF	Joint Budget Support Framework
JLOS	Justice Law and Order Sector
LDPG	Local Development Partners Group
MDA	Ministry, Department and Agency
MoAAIF	Ministry of Agriculture, Animal Industries and Fisheries
MoD	Ministry of Defence
MoEACA	Ministry of East African Community Affairs
MoEMD	Ministry of Energy and Minerals Development
MoES	Ministry of Education & Science
MoFPED	Ministry of Finance, Planning and Economic Development
MoGLSD	Ministry of Gender, Labour and Social Development
MoH	Ministry of Health
MoIA	Ministry of Internal Affairs
MoICT	Ministry of Information and Communications Technology
MoJCA	Ministry of Justice and Constitutional Affairs
MoLHUD	Ministry of Lands, Housing and Urban Development
MoTIC	Ministry of Trade, Industry and Commerce
MoTWH	Ministry of Tourism, Wildlife and Heritage
MoWE	Ministry of Water and Environment
MoWT	Ministry of Works and Transport
MPS	Ministerial Policy Statement
MTEF	Medium Term Expenditure Framework
MTR	Mid-Term Review
NDP	National Development Plan
NDR	National Development Report

NPA	National Planning Authority
NPF	National Partnership Forum
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD Development Assistance Committee
OoP	Office of the President
OPM	Office of the Prime Minister
PIP	Public Investment Plan
PPP	Public Private Partnership
SIP	Sector Investment Plan
SMEs	Small and Medium Enterprises
SWG	Sector Working Group
ToR	Terms of Reference
UBOS	Uganda Bureau of Statistics
URA	Uganda Revenue Authority

Executive Summary

This report examines the development partnerships theme and forms part of the Mid-Term Review of Uganda's Second National Development Plan (NDP-II). In the context of a set of questions that were agreed in advance, the evaluation focuses on: recent overall trends in Uganda's development partnership including trends in the volume and direction of aid; development partner alignment with the NDP-II; the progress that has been made during the NDP-II in improving harmonisation, reducing transaction costs, and strengthening mutual accountability; and the growing importance of development assistance from Uganda's non-traditional development partners.

The preparation of the report has included consultations with relevant stakeholders, including: a round table discussion with the joint Local Development Partner Group; bilateral meetings with Uganda's main multilateral and bilateral development partners; as well as with key officials in the National Planning Authority and in the Ministry of Finance, Planning and Economic Development. The report has also included statistical data analysis, covering the volume and direction of Uganda's development assistance.

The report makes recommendations that address the findings of development partnership theme of NDP-II and covers the ways in which development partnership can be strengthened so that efficient and effective implementation of the NDP is enhanced. Key recommendations are relating to the following:

To strengthen Uganda's development partnership: The GoU to demonstrate stronger leadership (one entity) in managing the development cooperation and ensuring enhanced engagement of DPs in NDP-II and beyond. Better coordination among the DPs is needed, to implement a division of labour to address an inefficient spread of efforts and resources. Harmonise Development Partnership and Development Cooperation policies in order to have an integrated policy and strategies of achieving the desired outcomes. Partnership Policy would benefit exploring further on South to South Cooperation. The Partnership dialogue within National Partnership Forum (NPF) to be more inclusive and effective throughout the entire cycle. To streamline joint sector working groups (SWGs) in line with NDP priority areas for SWGs to become a forum on strategic discussion on sector issues. The GoU to engage DPs to identify together alternative sources of development financing to address global declining ODA

To strengthen development partner alignment: The development assistance to be stronger aligned with national priorities with a common framework for alignment of DPs' projects to GoU/NDP priorities. There is a need for structured consultation with DPs on priorities. DPs' planning cycle to be aligned with the GoU budget calendar and DPs to indicate their long-term financial envelope aligned with GoU Budget Calendar. The Government Annual Performance Review (GAPR) to be

more systematic and potentially guide the NPF dialogue to make it more results-oriented and driven by national processes. To improve the quality of budget consultations, including on policy and prioritisation of projects. The sector strategic planning and the plans to be stronger linked to NDP priorities. To strengthen Public Investment management (PIM), and to ensure that all DPs use robust standards for project appraisals.

To strengthen harmonisation, transaction costs and mutual accountability: Stronger collaboration framework between the Government and DPs to be in place with an agreement on the appropriate mode of collaboration. To strengthen mutual accountability through improved monitoring, joint programme reviews and reporting, including for off-budget projects. The Budget Support (or blended modality) to be encouraged. Harmonisation of DPs reporting is needed. More commitment from DPs to work towards strengthening (and increased use of) country systems. Strong enforcement of Budget Calendar is needed regarding consultations with DPs (on programme reviews, prioritisation, planning and medium-term commitments from DPs). To engage private sector in development funding with DPs playing catalytic role, contributing to formulation of PPP funds. To accelerate the use of aid management platform (AMP) to improve aid transparency and the government's ability to manage development assistance in support of the NDP.

To streamline the development assistance from non-traditional partners: Stronger involvement of non-traditional partners in partnership forum and partnership platforms. To scrutinise the appetite for non-concessional loans. To encourage mutual accountability and using country systems by non-traditional partners, i.e. less 'tied' aid, more development focus, rather than private (profit) gain, including contributing to the objectives of the country sustainability, capacity development, and strengthening country systems.

1.0 Introduction

1. **Uganda's second National Development Plan (NDP-II) was launched in June 2015 covering 2015/16 - 2019/20 period.** It is a second in a series of six five-year Plans aimed at achieving Uganda Vision 2040. It is anchored on the importance of propelling the country towards middle income status by 2020 through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth. **This report presents the mid-term evaluation of the Plan (NDP-II).**
2. **The overall objective of the assignment is to conduct the mid-term evaluation of Uganda's NDP-II** and take stock of its performance, generate lessons learned and come up with recommendations for on-ward implementation of NDP-II and design of NDP-III. The NDP-I evaluation along with the NDP II mid-term review and formulation of NDP III will shape the elaboration of the 10-year NDP (NDP 2020-2030) - the first of its kind in Uganda.
3. **This report on development partnerships is one of the Thematic Reports** of the six dimensions of the mid-term evaluation of NDP-II) commissioned by the National Planning Authority (NPA). The other thematic areas of the evaluation are: economic management; results framework; policy and strategic direction; political economy; and institutional framework; as well as an overall synthesis report.
4. **Purpose of the thematic report:** This thematic report reviews the development partnerships for the NDP-II and covers the following major aspects: the ownership; extent of donor harmonisation; mutual accountability; and impact on NDP-II performance. The report presents analysis of the overall contribution of development partners (partnership) in supporting the NDP-II priorities. The development partnership theme of the evaluation focuses on partnerships between the Government of Uganda and its official development partners.
5. The terms of reference for the evaluation emphasise the importance of highlighting the challenges encountered during the first two years of implementation of the plan and Identify lessons for the design and implementation of future Plans, while ensuring sustainable development.
6. **This report is organised into the following sections.** Section one presents **introduction** to the topic. Section two presents **methodology** used to collect and analyse information. Section three presents a **background to the topic and explains the context** in which the development partnership. Section four presents **key findings** arranged under four sub-themes as follows:

- (i) Section 4.1 presents an overview of **trends in the development partnership** during the mid-term period of NDP-II, including trends in the volume and direction of aid;
 - (ii) Section 4.2 considers the question of **development partner alignment with the NDP** and the contribution development partnership has made to the NDP's progress;
 - (iii) Section 4.3 considers progress against the objectives of **harmonisation, reduced transaction costs and mutual accountability**;
 - (iv) Section 4.4 examines the role of Uganda's **non-traditional development partners**;
 - (v) Section five provides **conclusions and recommendations**.
7. This report was produced by two consultants from October 2018-January 2019. This report is extremely timely as the Government of Uganda (GoU) is about to design the National Development Plan III. This document will hopefully inform and guide this initiative.

2.0 Methodology

8. For this report, the consultants requested and analysed several documents from Government and Development Partners (Annex 1). In addition, semi-structured interviews were held with Government staff and Development Partners stakeholders who were involved in the delivery of NDP-II. The assessment of the strength of development partnerships during NDP-II implementation in this thematic paper is based in part on the specific questions about alignment, mutual accountability, harmonisation, and transaction costs.
9. Semi-structured interviews and document analysis were framed around four areas of enquiry:
 - (i) **Trends in the development partnership**, including trends in the volume and direction of aid;
 - (ii) **Development partner alignment with the NDP** and the contribution development partnership has made to the NDP's progress;
 - (iii) Progress against the objectives of **harmonisation, reduced transaction costs and mutual accountability**; and
 - (iv) The role of Uganda's **non-traditional development partners**.
10. These four areas include the guiding questions for this thematic report set-out in the terms of reference of the assignment and Inception Report. It was agreed as part of the inception report that the Development Partnerships thematic report will cover a range of review/evaluation questions. Further details on the areas of enquiry are contained in Annex 3. Evaluation questions are covered as follows.
11. Section 4.1: **Trends in the development partnership** answers the following questions:
 - (i) **DP1:** The extent to which donor support has been aligned to the NDP-II financing so far?
 - (ii) **DP5:** To what extent has Uganda implemented the donor partnership policy?
 - (iii) **DP6:** What have been the trends in recent years in the amount and modalities of development partner resource allocation (traditional and non-traditional donors) to fund elements of the NDP-II?
 - (iv) **DP15:** What has been the role of DPs in development of local governments?
12. Section 4.2: **Development partner alignment** answers the following questions:

- (i) **DP1:** The extent to which donor support has been aligned to the NDP-II financing so far?
 - (ii) **DP3:** To what extent has donor support to NDP II priorities contributed to the countries ownership of the results and achievement of the planned targets?
 - (iii) **DP7:** To what extent have donor priorities changed significantly in the course of NDP II implementation so far and how well are DP strategies aligned to the Plan?
 - (iv) **DP8:** What mechanisms does GoU use to ensure that DP support is aligned with NDP II priorities?
 - (v) **DP9:** How have donor programmes tangibly / measurably contributed to achievement of NDP II progress?
13. Section 4.3: **Harmonisation, reduced transaction costs and mutual accountability** answers the following questions:
- (i) **DP2:** The extent to which the NDP II has provided a basis for mutual accountability;
 - (ii) **DP4:** To what extent has government been transparent in utilizing donor support?
 - (iii) **DP10:** To what extent has NDP II provided a framework for improved harmonisation and reduced transaction costs in dealing with different development partners?
 - (iv) **DP11:** To what extent has the NDP II provided a basis for mutual accountability between GoU and DPs
 - (v) **DP12:** How effective have GoU-donor partnerships been in the course of NDP implementation? Extent of pursuance of Public/Private Partnerships (PPPs) for sustainable development;
 - (vi) **DP13:** How can GoU / DP relations be strengthened so that the efficient and effective implementation of the NDP is enhanced?
14. Section 4.4: **Non-traditional development partners** answers the following questions:
- (i) **DP9:** What was the scope of effective collaboration with non-traditional donors?
15. The preparation of the development partnership theme report has included consultations with **relevant stakeholders:**

- (i) A round table discussion with the joint Local Development Partner Group (see Annex 4);
 - (ii) Bilateral meetings with selected Uganda’s main multilateral and bilateral development partners;
 - (iii) Bilateral meetings with key officials in the National Planning Authority and in the Ministry of Finance, Planning and Economic Development, Directorate of Debt and Cash Policy.
16. **The development partnership theme has also included statistical data analysis**, covering the volume and direction of Uganda’s development assistance (see Annex 2). There are two main sources of information about development assistance to Uganda; the data held by the Development Assistance and Regional Cooperation Department of the Ministry of Finance, Planning, and Economic Development (MoFPED) which is based on donor reporting in Uganda; and data published by the OECD based on reporting from Development Partners’ headquarters.
17. **The two data sets are not identical, for several reasons.** They cover different time periods – MoFPED data relates to the Ugandan financial year while OECD data is published on a calendar year basis. MoFPED data better captures aid from non-DAC donors. OECD data probably better captures aid which donors provide “off budget” for example through civil society, although MoFPED is trying hard to make its statistics fully comprehensive. The OECD applies a strict definition of Official Development Assistance (ODA)¹ which in places may be blurred in the data collected by MoFPED.
18. **The analysis in this report is based largely on the data collected by MoFPED.** This is the information that is built into the annual and medium-term fiscal framework through which the NDP-II was implemented, and, for these purposes, it is disaggregated by the sectors that are used in budgeting making it easier to assess how donors supported NDP priorities.

¹ OECD DAC defines official development assistance as financial flows from official agencies, which are administered with the *promotion of the economic development and welfare of developing countries* as their main objective; and which are *concessional in character* and convey a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).

3.0 Background

19. This section presents a background information and the context in which the development partnership functions and includes: Overview of the NDP-II; Development Partner engagement in NDP-II preparation; Development partnership arrangements in NDP-II; and the Government of Uganda's institutional framework in managing development assistance.

3.1 Overview of the NDP-II

20. The NDP-II was launched in June 2015. It is a second in a series of six five-year Plans aimed at achieving Uganda Vision 2040. It is anchored on the importance of propelling the country towards middle income status by 2020 through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth.

21. The plan is built on the achievements registered under the NDP-I, in consideration of the challenges encountered and lessons learnt during its implementation. The NDP-II covering the period 2015/16 - 2019/20 is being implemented to sustain and consolidate the achievements of the NDP-I. The NDP-II plan prioritises investments in three key growth opportunities which are: **agriculture, tourism, minerals, oil and gas as well as two fundamentals: infrastructure and human capital development**. The plan is being implemented under a macro-economic framework whose objective is to maintain macro-economic stability and to raise resources needed to implement Uganda's immediate and long-term development strategy. The plan is expected to lead to an average growth rate of 6.3% and per capita income of US\$ 1,039 by 2020.

22. The NDP-II plan sets key four objectives to be achieved during the five-year period, namely;

- (i) Increasing sustainable production, productivity and value addition in key growth opportunities;
- (ii) Increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness;
- (iii) Enhancing human capital development; and
- (iv) Strengthening mechanism for quality, effective and efficient service delivery.

23. The plan is envisaged to be financed by both public and private resources, with about 57.8 percent coming from Government and 42.2 percent from the private contributions. The Public financing sources foreseen include external financing and domestic financing.

3.2 Development Partner engagement in NDP-II preparation

24. **There was a strong ownership by the GoU in development and driving NDP-II formulation.** On the part of government there was a particularly strong desire to present the NDP as very much its own strategy. There were wide consultations across Ministries, Department and Government Agencies, private sector, CSO and Academia.
25. **Development Partners were deeply involved in the preparation of the NDP-II, however their influence on the NDP-II formulation was not significant.** DPs provided technical assistance funding to support its drafting, with government in the driving sit. The process was consultative enough. However not much was included in the final NDP-II document. **There are not enough details in NDP-II regarding development partnership and funding commitments.**

3.3 Development partnership arrangements in the NDP-II

26. **Though the NDP-II recognises the important role of development partnership and development assistance, there is less emphasis in the Plan on Development assistance and less details about development partnership arrangements/commitments** compared to those detailed in the NDP-I.
27. The NDP-II recognised the important role of Development Assistance provided by partner governments and international organisations in financing the development priorities. However, it puts more emphasis on mobilisation of private funding.
28. The external financing includes: budget support, concessional loans, semi-concessional borrowing, non-concessional borrowing; while the domestic financing include bank financing, Bank of Uganda, Commercial Banks; and non-banking financing. The non-public sources of financing include Public Private Partnerships (PPP), direct private sector investments (domestic and foreign) and CSO contributions. The non-concessional financing was limited to projects with capacity to payback.
29. Unlike the NDP-I which envisaged establishment of a Partnership Policy as a framework for partnership during the NDP-I period. **The NDP-II does not crisply state the partnership framework envisaged over the NDP-II period and beyond.**
30. The theme analyses the overall contribution of development partners in supporting the NDP-II priorities. Tables are produced showing trends in support provided across various donors from 2015/16 to date. The report also analyses the contribution of the funding along the four

principles of Effective Development Cooperation (of the Global Partnership for Effective Development Co-operation - GPEDC) namely:

- (i) Ownership of development priorities by developing countries;
- (ii) Focus on results;
- (iii) Inclusive partnerships;
- (iv) Transparency and mutual accountability.

3.4 The Institutional Framework in Managing Development Assistance

31. **The Partnership Policy articulates the institutional framework that defines the roles and responsibilities** in managing aid:

- (i) **The Office of the Prime Minister (OPM)** is responsible for the overall PP coordination, and monitoring and evaluation. It will also be responsible for supervising discussions with DPs on the design and implementation of development cooperation and will oversee accountability issues.
- (ii) **The Ministry of Finance, Planning and Economic Development (MoFPED)** is responsible for mobilizing financial resources and managing them in manner that promotes economic growth and development. It will take the lead in development cooperation negotiations and thereafter the disbursement and reporting of development cooperation.
- (iii) **The National Planning Authority (NPA)** is responsible for preparing comprehensive national development plans and guiding the planning process. It will play a key role in identifying NDP financing needs and in monitoring the implementation of the NDP.
- (iv) **MDAs** are responsible for formulating and implementing NDP programs and will within the context of development cooperation be required to effectively utilise, record and account for expenditure of monies received.

32. In order to strengthen joint policy dialogue as foreseen in the Partnership Policy, Government and Development Partners agreed on the implementation arrangements outlining the framework for partnership dialogue. To maximise alignment with NDP and minimise transaction cost the, partnership dialogue was aligned to the national planning, budgeting and reporting cycle and managed using existing Government policy-making structures and processes. Specifically;

- (i) The highest level of consultation is coordinated under the **National Partnership Forum (NPF)**, chaired by the Prime Minister and attended by Minister, Ambassadors, Head of Development cooperation to discuss policy issues pertaining to promoting development assistance effectiveness and mutual accountability.
- (ii) The NPF was supported by the **Partnership Task Force** chaired by the Permanent Secretary, Office of the Prime Minister to prepare the NPF and follow-up agreed actions and implementation of the Partnership Policy. Members of the task force include, OPM, MoFPED, National Planning Authority, the NGO Forum and Development Partners.
- (iii) At a sector level to strengthen implementation and coordination of sector strategies and policies in line with NDP, **Sector Working Groups (SWGs)** were established chaired permanent secretary of the concerned line ministry. The SWGs have been operating and major platforms for formulation and coordination of sector strategies, oversee development cooperation, promote alignment and harmonisation of development partner program at the sector level.
- (iv) **The Local Development Partners' Group (LDPG)** is the apex coordination forum for Development Partners in Uganda. The LDPG coordinates Development Partners' engagement with the Government on overall issues related to development cooperation and oversees the work of thematic/sectoral Development Partners' Groups (DPGs).

33. The Section below examines the extent to which the provisions of the Partnership Policy were followed in the implementation of NDP-I. **Further consideration is needed to the principles of Busan (2011) Partnership - four principles of effective development co-operation, that cover: country ownership; a focus on results; inclusive partnerships; transparency and mutual accountability.**

4.0 FINDINGS

34. This section presents the findings of development partnership theme of NDP-II and covers: Trends in Uganda's Development Partnership (section 4.1); Development Partner Alignment (section 4.2); Harmonisation, Transaction Costs and Mutual Accountability (section 4.3); and Development Assistance from Non-Traditional Partners (section 4.4).

4.1 Trends in Uganda's Development Partnership

35. This section explains trends in Uganda's development partnership over NDP-II period, covering the amount and modalities of development assistance that have been provided to support the NDP. It provides an overview of the strength of partnership with a more general narrative that captures significant recent trends and events, including trends in the volume and direction of development assistance. The Section answers the following questions:

- (i) **DP1:** The extent to which donor support has been aligned to the NDP-II financing so far?
- (ii) **DP5:** To what extent has Uganda implemented the donor partnership policy?
- (iii) **DP6:** What have been the trends in recent years in the amount and modalities of development partner resource allocation (traditional and non-traditional donors) to fund elements of the NDP-II?

4.1.1 Development Assistance Trends

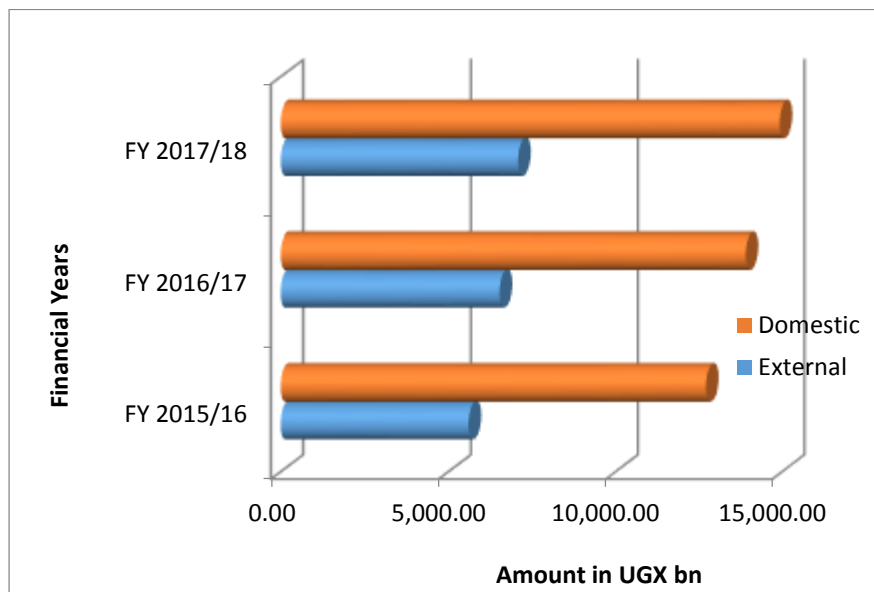
36. Analysis of trends in Uganda's development assistance is based largely on data provided by the Development Assistance and Regional Cooperation Department of the MoFPED. The data that has been analysed focuses on the three completed years of the NDP-II (FY2015/16, FY 2016/17 and FY2017/18) as well as draws comparison with the NDP-I period.

37. **Over the first three years of the NDP-II, the external assistance on an annual average comprised of 31.6% of total GoU budget.** The NDP-II recognises the importance of development assistance as a critical source of financing to achieve NDP objectives.

38. **Figure 1** shows the distribution of domestic and development assistance (external) over the first three year of the NDP-II period.

39. It should also be noted that the mobilisation of domestic resources is low in Uganda, compared to others in region.

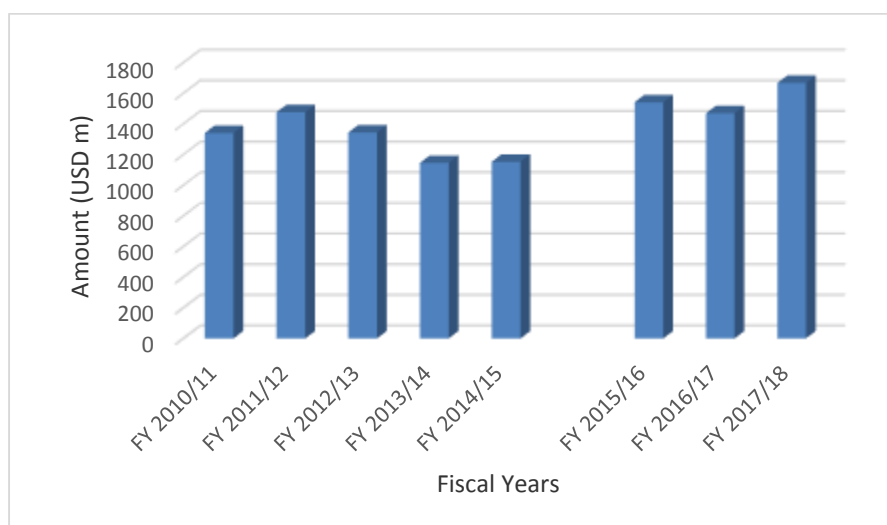
Figure 1: Composition of budget financing over the first three years of the NDP-II Period



Source: MoFPED, 2018

40. **There is an increase of the development assistance during NDP-II period compared to NDP-I.** Over the first three years of NDP-II period the development assistance averaged at around USD 1,540 million annually as compared to an average of USD1,292 million over the NDP-I period. This reflects an increase of 19.2%. This increase is partly attributed to improvement in the implementation of projects and partly to coming on board of new big infrastructure projects, like the construction of Kabale International Airport in Hioma among others. This is illustrated in **Figure 2**.

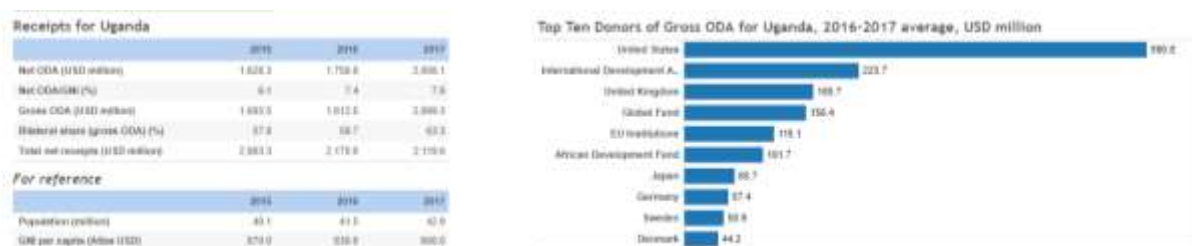
Figure 2: Development Assistance over the first three years of NDP-II period: Total Disbursements



Source: MoFPED, 2018

41. **There no steady pattern of Development Assistance flows during the NDP-II period.** During the first year of the NDP-II (FY 2015/16) the total Development Assistance (both on-budget and off-budget) amounted to USD 1,541 million. In the second year (FY 2016/17) Development Assistance dropped by 4.6% to USD 1,470 million, in FY 2017/18 picked up by 13.4% to USD 1,668 million. The volatility is mainly attributed to pace of project implementation. Disbursement of project support especially for infrastructure project is linked to certificates based on completed works, if there is slow implementation there will be low disbursements and the reverse is true. Since most of the projects are basically infrastructure, the pace of implementation determines the slow implementation. Government realising effects of slow implemented embarked on undertaking annual portfolio reviews with development partners in 2016/17. This has significantly improved project performance in later year. This explains the rebound in FY 2017/18.

Figure 3: ODA Receipts for Uganda (2015-17) and top ten Donors (2016-17)²



Source: [OECD-DAC data, 2018](#)

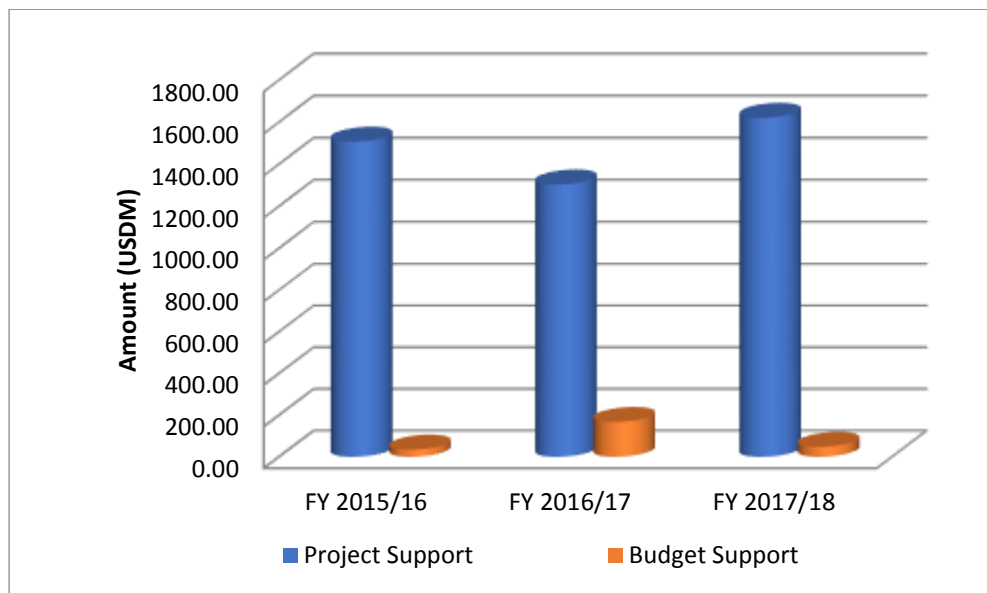
42. **There is a tendency of increased use of off-budget support outside government systems. And the budget support has declined in recent years.** The decline is partially driven by external factors related to the global economy, shift of DPs’ use of aid modalities and partially driven by internal factors in Uganda, notably governance and financial management challenges. This is illustrated in **Figure 5** below. One of the reasons cited by DPs for channelling support outside government system was because of government capacity to implement projects efficiently.
43. Some of the DPs pulled out from budget support following 2012 crises, e.g. WB has moved to project support, Program for Results and Development Policy Operations. Plans are underway

² The OECD date is based on Calendar years while the MoFPED data is based on Fiscal Years. The OECD data includes support expensed at the DPs’ HQs that the MoFPED is not privy to, hence is higher.

to bring the WB and others back to budget support. Traditional development partners are expected to stay engaged but might fragment in their approaches and could increasingly use off budget channels that may be more difficult to align with the NDP.

44. There is a legal framework under the PFMA 2015 requiring full disclosure of all development assistance including off-budget. Country programmes have off-budget indication (e.g. for USAID, UN Agencies). This requires bringing off-budget to be appropriated by parliament as provided in the law. The MoFPED is in discussion with the development partners for full disclosure and appropriation of all Development assistance by Parliament.
45. **Going forward, the DPs are considering blended grant money by harnessing more private sector money in development.** Marginal amounts are planning to be channelled through non-state actors (internationals in partnerships with locals). Though EU is still providing BS dubbed Sector Reform Support, many EU member states are not enthusiastic about BS. USAID funds are largely off budget, rather project support, not using GoU PFM and procurement system, however, has projects to strengthen government systems. The UK DFID is implementing its programmes off-budget.

Figure 4: Development Assistance over the first three years of NDP-II period: Budget Support vs Project Support



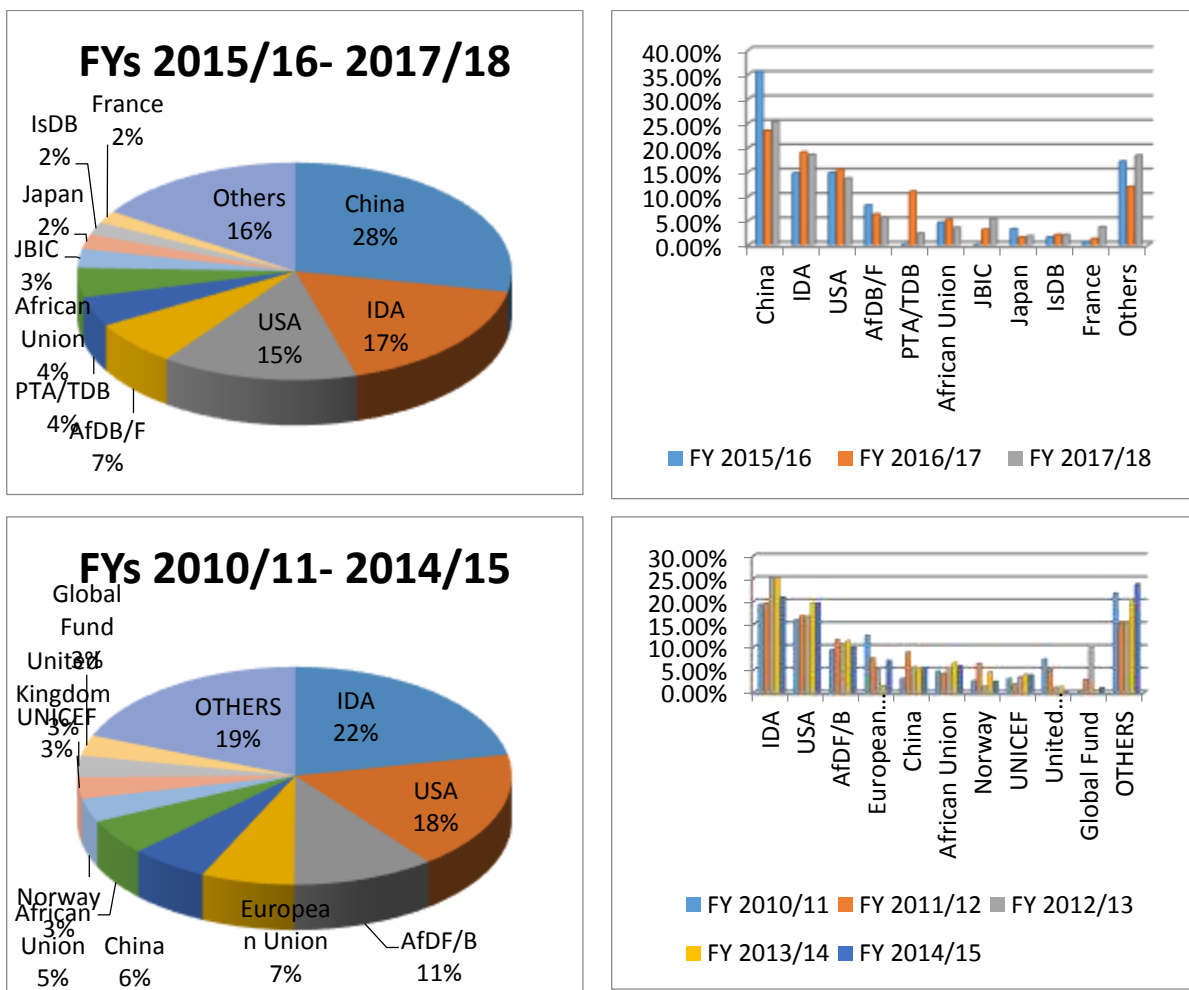
Source: MoFPED, 2018

46. In the first three years of the NDP-II, development assistance to Uganda was provided by over 60 Development Partners. **Over 84 per cent of the amount disbursed was provided by just 10 development partners** (China, IDA, ADF, USAID, AfDB/F, PTA/TDB, African Union,

JIBC, Japan, IsDB and France). The remaining 50 partners provided just 16 per cent. This is illustrated in **Figure 5**.

47. In comparison with the NDP-I Period where IDA and USA contributed the big chunk of development assistance, over the first three years of NDP-II, **China and IDA contributed most of the development assistance to Uganda**. The emerging of China as the biggest provider of development assistance emanates from the big infrastructure projects funded by China notably, Karuma and associated transmission lines, Isimba and Entebbe express high way.

Figure 5: Development Assistance over the first three years of NDP-II period: Development Partners

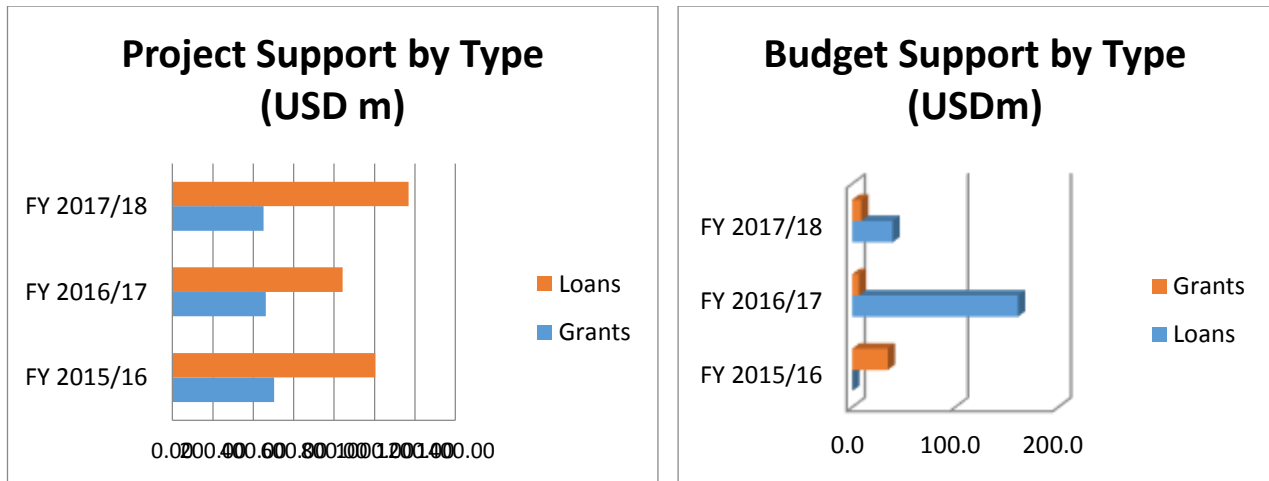


Source: MoFPED, 2018

48. On average grant inflows amounted to 31 per cent of total Development Assistance to Uganda over the first three years of NDP-II period, of which 96 per cent was in form of project support and 4 percent was in form of budget support. Loans amounted to 69 per cent

of total Development Assistance, of which 64 per cent was in form of project support loans and 36 per cent was in form of budget support. This is illustrated in **Figure 6**.

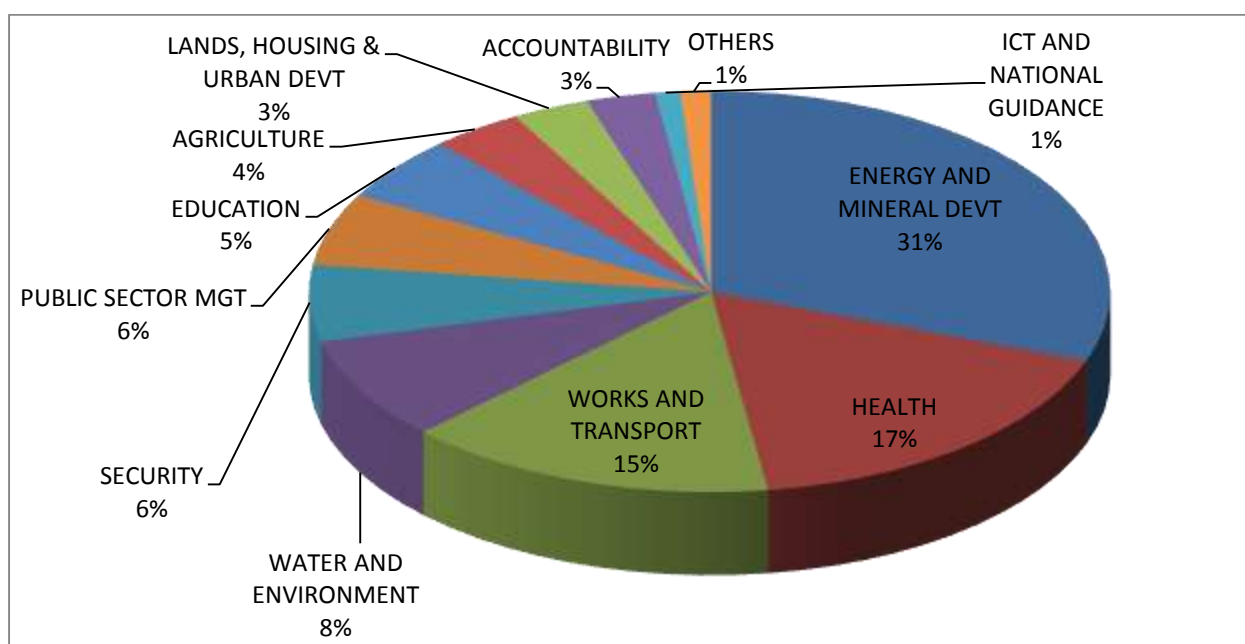
Figure 6: Development Assistance over the first three years of NDP-II period: Type and Channel



Source: MoFPED, 2018

49. Looking at the total development project support assistance over the first period of NDP-II, three sectors namely: **Energy and mineral development, health and works & transport received over 62.7 per cent of the total project development assistance** the remaining thirteen sectors shared the 37.3 per cent. This is illustrated in **Figure 7**.

Figure 7: Development Assistance over the first three years of NDP-II period: Total Project Support by sectors

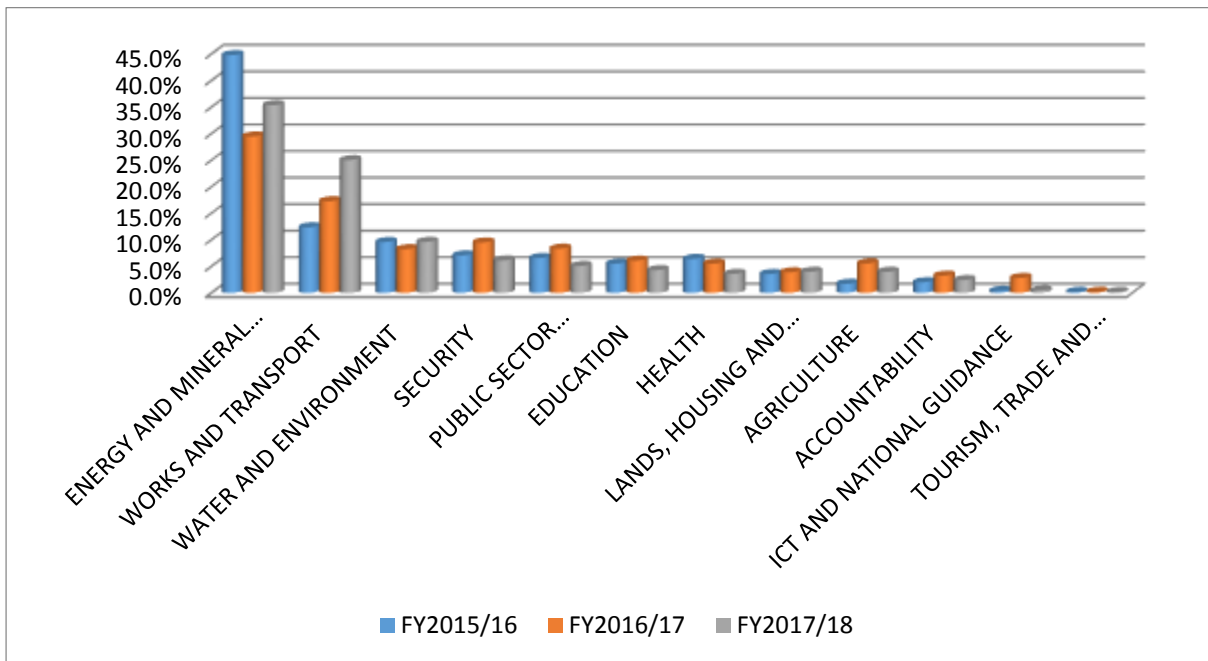


Source: MoFPED, 2018

50. The allocation to the energy, works and water sectors is in line with the NDP-II objective two of Increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness. This will ultimately contribute to the NDP-II objective one of Increasing sustainable production, productivity and value addition in key growth opportunities.
51. The share of Health (17%) and Education (5%) is linked with The NDP-II objectives three and four of enhancing human capital development; and strengthening mechanism for quality, effective and efficient service delivery.
52. The support to the security is whole for the support of AMISON with the view of reinstating security in the regions. Security in the region is paramount for country and regional development especially in the wake of regionalisation. The shares social development, Justice, law and order sector, and public administration was minimal/ negligible over period.
53. Over the first three years of NDP-II, on an annual average **off-budget amounted to 17 percent of total development assistance** (which is US\$ 265.8 million³).
54. Over the first three years of the NDP-II at sector level on budget (MTEF) project development assistance, **the energy sector received the lions share**. On average over the period, the energy sector received 36.5 percent to total on-budget project support, followed by the works and transport sector with 18.2 percent, followed by the water with 9.2 per cent and security with 7.2 percent in that order. This is illustrated in **Figure 8**.

³ Off-budget figures are based on submission by Development Partners, MoFPED has no means of verifying the numbers.

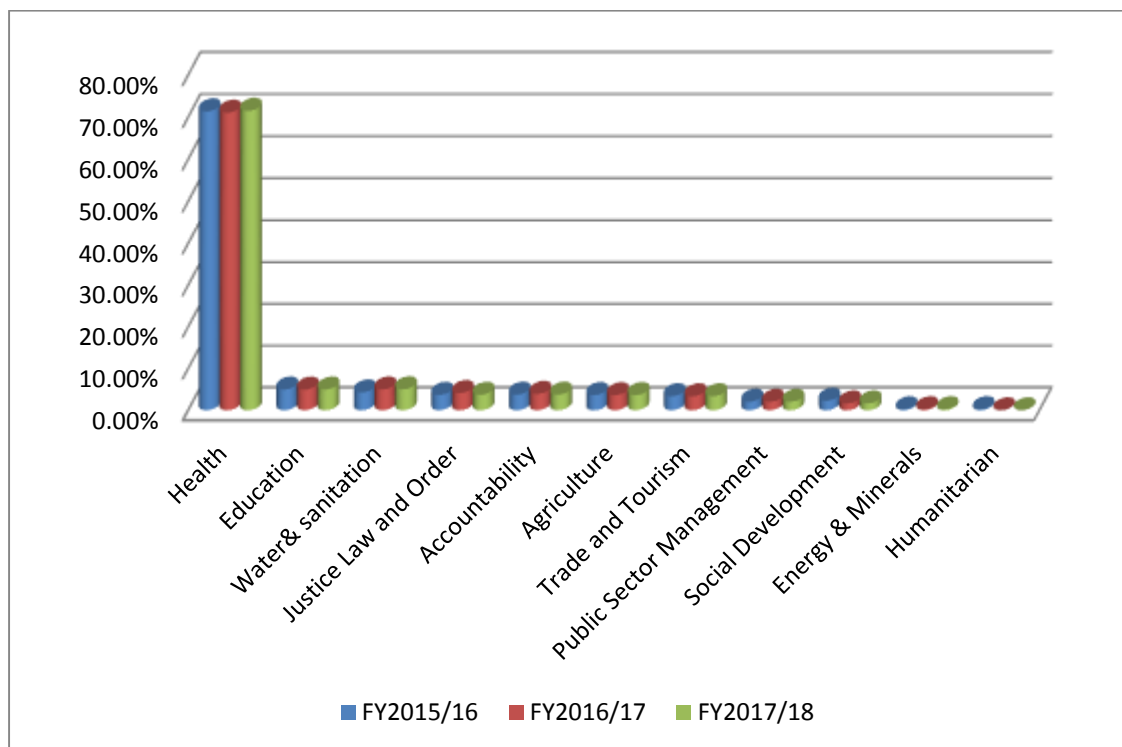
Figure 8: Development Assistance over the first three years of NDP-II period: On-Budget Project Support by Sectors



Source: MoFPED, 2018

55. Despite government commitment to phase out support channelled through off-budget, a significant amount of development assistance is still channelled through off-budget modalities, through NGOs, CBOs and directly implemented by Development partners. These projects (mainly grants) are those whose activities or finances are not directly managed by a Government Institution. On average 71.3 per cent of assistance provided outside the budget over the NDP-II period was committed to health (reflecting in particular USAID spending), 5.0 per cent to education, 4.8 percent to water and sanitation, and JLOS and accountability each received 3.8 percent. This is illustrated in **Figure 9**.

Figure 9: Development Assistance over the first three years of NDP-II period: Off-Budget Project Support by sectors



Source: MoFPED, 2018

Footnote: the off-budget data is entirely dependent on submission by DPs.

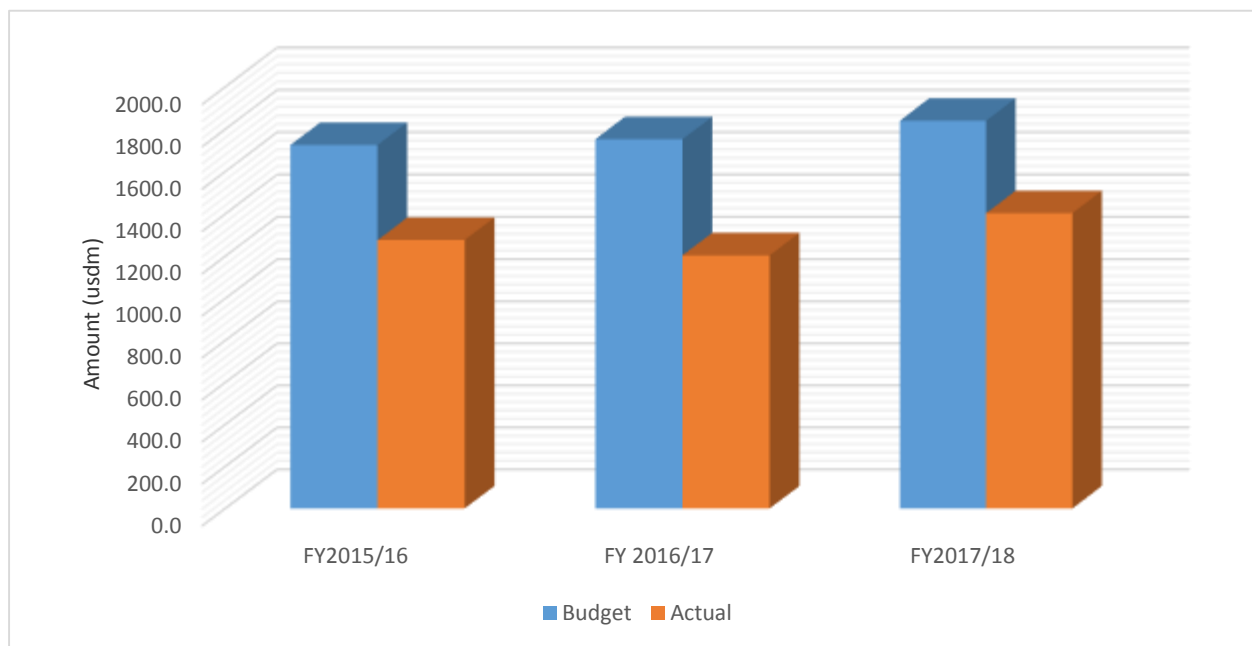
56. **There is a declining trend in actual disbursement of DPs funds compared to commitments.** Over the first three years of the NDP-II on average 73 percent of planned development assistance was disbursed. This is illustrated in Table 1, which presents percentage figures for NDP-I and NDP-II periods and Figure 10, which presents the approved estimates of Revenue and Expenditure (Recurrent and Development) for FY 2015/16, FY 2016/17, FY 2017/18. **Low absorption capacity (and slow implementation) in several MDAs remain a big challenge and has resulted into delays** in implantation and accountability of aid-funded interventions. Low disbursement rate is due to delays of grants/loan projects, e.g procurement for tendering, low absorption capacity of the GoU.

Table 1: Development Assistance: Disbursement vs Commitment

FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
93.6%	102.0%	98.7%	80.9%	82.3%	74.0%	68.7%	76.1%

Source: MoFPED, 2018

Figure 10: Development Assistance over the first three years of NDP-II period: Commitment/plan vs Disbursement



Source: MoFPED, 2018

4.1.2 Development Partnership Policy Framework in Uganda

57. **There is an acknowledgment of the need for development partnership. However, the NDP-II is silent on partnership framework.** Throughout the NDP-II the development partners are recognised as critical stakeholders in providing both financial and technical support towards the implementation of the NDP-II. Unlike in the NDP-I where the partnership framework was clearly articulated, the NDP-II is silent on partnership framework and DP’s commitments. However, in practice the modalities established prior to NDP-II still suffices.
58. **The Uganda Partnership Policy (2013) predated NDP-II.** The Partnership Policy, which is owned by OPM, was intended to provide a framework for effective relationships between government and donors during the implementation of the NDP-I predated NDP-II. And by the time it was approved, most of the partners exited Budget Support. There has been no attempt to renew the partnership policy.
59. Meanwhile, to fill the gap the MoFPED is designing **Development Cooperation Policy (DCP)**. The draft was circulated to DPs about 7 months ago and feedback was provided. The plan is to endorse as before the NDP-III. The MoFPED is also working on Public Finance strategy, i.e. **how to finance the NDP-III**, in consideration both public and private sources of funding. **Harmonisation of Development Partnership and Development Cooperation policies, with**

the aim to have one integrated policy. Internal coordination on this is lacking between OPM and MOFPED.

60. **Regional development** (through East African Union projects) can also be incorporated into NDP-III. **Policies would benefit having local level considerations.** The role of DPs in development of local governments is yet unclear.
61. **There is a GoU commitment to refugees' inclusion, and the need recognised for the Compulsory Refugee Response Framework (CRRF) to be folded into NDP-III.** When the NDP-II was prepared, no one anticipated that Uganda would have received close to one million refugees half-way into the NDP-II period. The country's progressive policies for protecting and managing refugees are recognised globally. And the Government continues to express its clear commitment to support socio-economic inclusion of refugees, while addressing the needs of the communities hosting them. DPs have stepped up to the plate in 2017 by providing significant financing for the refugee response. DPs are also working collaboratively to make the CRRF a reality in Uganda. There is a need recognised for the CRRF to be folded into NDP-III, as a complementary programme to close humanitarian-development divide. **There is an IDA window on development response on refugee situation.**
62. **Partnership Policy would benefit exploring further on South to South Cooperation.** Uganda has been recognised and applauded for excelling in its contribution to the success of the FAO-China South -South Cooperation (SSC), a programme designed to improve food security through knowledge sharing. This was during the Ministerial Forum for Global South to South Cooperation held on 2nd November 2018 in Changsha city, Hunan Province of China.

4.1.3 Development Partnership Institutional Framework

63. **Regular Development Partnership dialogue is in place, and "The door is open" for ongoing dialogue. However, effective dialogue is challenged** post Joint Budget Support era. Meanwhile, the dialogue does not include all DPs. Particularly, the non-traditional development partners are not normally bound by National Partnership Forum (NPF) arrangements. Although, they attend some of the meetings and are part of most of the partnership fora's.
64. **There is a functional institutional set-up with National Partnership Forum (NPF), sector working groups (SWGs) and Local development Partner Group (LDPG) among few**

others. However, they are not efficient and require streamlining and strengthening⁴. Partnership arrangements have been framed principally by established National Partnership Forum (NPF), Sector Working Group (SWG) processes, which are linked to the budget by bringing together the government, bilateral and multilateral donors and other actors at sector level.

65. **NPF is functional, however coordination is not-effective. Improvements are needed to make it more result oriented.** The NPF has become the principal focus for high level policy dialogue chaired by the Prime Minister and attended by Minister, Ambassadors, Head of Development cooperation to discuss policy issues pertaining to promoting development assistance effectiveness and mutual accountability. The NPF is supported by the Partnership Task Force chaired by the Permanent Secretary, Office of the Prime Minister to get prepared for the NPF and follow-up the agreed actions and implementation of the Partnership Policy. Members of the task force include, OPM, MoFPED, National Planning Authority, the NGO Forum and Development Partners. **However, they are either less inclusive or provide lower quality dialogue than the former BS high-level political meeting and do not cover macroeconomic and budget-related issues (DEval, 2018).**
66. **Effectiveness of the Sector Working Groups (SWGs) needs to be increased, for them to become a forum on strategic discussion on sector issues.** At a sector level the SWGs were established to strengthen implementation and coordination of sector strategies and policies in line with NDP. The SWGs existed prior to the NDP-II, are chaired by permanent secretaries of the concerned line ministry and continue to be a key mechanism for ensuring that DPs' support is aligned to the national planning (priorities) and budgeting processes. DPs are particularly active in 9 of the 16 main sector working groups⁵ that exist under the current structure. These SWGs meet at least quarterly. In parallel with these groups DPs maintain their own sector arrangements to co-ordinate and share information. The larger sector working groups, such as those for health and education, break in to smaller groups at technical level to cover key sub-sectors. **However, the effectiveness of the SWGs varies strongly and the dialogue is often fragmented and incoherent (DEval, 2018).** In many sectors there is a problem of multiple

⁴ Also noted by the Report, 2017: Office of the Prime Minister, Government of Uganda, "Strengthening the Coordination Function at the Office of The Prime Minister and Sector Working Groups".

⁵ These are the Sector Working Groups for Agriculture, Water and Environment, Energy and Mineral Development, Works and Transport, Accountability, Social Development, Health, Education and Justice, Law and Order.

implementing partners and projects with limited progress on joint programming, reviews, and technical support, and use of Government systems wherever possible.

67. **The coordination among DPs is not strong. And the GoU leadership is not strong enough either. DP division of labour is absent. There is a confusion of roles between OPM and MOFPED.** MoFPED, OPM and NPA currently provide separate guidance to sectors⁶. There is need for clear guidelines on the SWG's role in approving budgets and projects. The 2016 GPEDC (Global Partnership for Effective Development Co-operation) monitoring noted that the current legal and regulatory framework provides for regular consultative processes with development partners, civil society and private sector stakeholders throughout the policy cycle. Since the 2012 Budget Support exit after corruption scandal in the Office of the Prime Minister, there is less government involvement in donors' programmes and less donor involvement in government decisions due to a collapse in dialogue structures, especially the high-level political dialogue⁷.

4.2 Development Partner Alignment

68. This section examines DP alignment with the NDP-II, the extent to which donor strategies are aligned to the NDP-II and the extent to which their priorities have changed as a response. It also covers the mechanisms that the government has used to ensure that development partners' support is aligned with NDP-II priorities. Finally, it considers how far donor programmes have measurably contributed to the achievement of NDP progress.

69. The Section answers the following questions:

- (i) **DP1:** The extent to which donor support has been aligned to the NDP-II financing so far?
- (ii) **DP3:** To what extent has donor support to NDP II priorities contributed to the countries ownership of the results and achievement of the planned targets?
- (iii) **DP7:** To what extent have donor priorities changed significantly in the course of NDP II implementation so far and how well are DP strategies aligned to the Plan?
- (iv) **DP8:** What mechanisms does GoU use to ensure that DP support is aligned with NDP II priorities?

⁶ Report, 2017: Office of the Prime Minister, Government of Uganda, "Strengthening the Coordination Function at the Office of The Prime Minister and Sector Working Groups".

⁷ German Institute for Development Evaluation (DEval), Uganda, Country Sheet, 3/2018.

- (v) **DP9:** How have donor programmes tangibly / measurably contributed to achievement of NDP II progress?
- (vi) **DP15:** What has been the role of DP in development of local governments?

4.2.1 Mechanisms to Secure Development Partner Alignment with the NDP

- 70. **The Government Annual Performance Review (GAPR) could be more systematic and potentially guide the NPF dialogue to make it more results-oriented and driven by national processes.** Dialogue in SWGs, and through the stages of the budget process, provides an opportunity for development partners to engage in the design, implementation and monitoring of Sector Strategic Investment Plans and the preparation of annual and medium-term budgets (including the Public Investment Plan). These processes typically include a major sector review towards the end of each calendar year as the annual budget preparation process gets underway, and a preparation of an annual sector performance report at the same time. The latter feeds in to the Government's Annual Performance Report (GAPR) process which is overseen by OPM. Sector planning, budgeting and dialogue in turn gives government scope to influence the way in which donor resources (particularly on budget) support the implementation of the priorities set out in sector plans.
- 71. **The quality of budget consultations (including on policy and prioritisation of projects) at national, sector and local levels could improve – and would also be way of strengthening mutual accountability.** Discussions with a small sample of development partners who lead or support donor engagement in different sectors, reveals concern about variation in the quality of discussion in SWGs and a sense that technical discussions may have been more productive in recent years than higher level policy dialogue (including in annual reviews).
- 72. Furthermore, DPs as well as civil society and other stakeholders participate in national and regional budget workshops that take place every budget cycle. Building on this, **there is a further opportunity to align development assistance with not only to the national budget but also local government priorities and budgets.**
- 73. **There is a need for a link between the country's growth and budget strategies, as well as consideration of population dynamics and growth.** In addition to the national consultative workshops in September 2017, MoFPED held the first ever High-Level Economic Growth Forum with a view of providing insights on Uganda's economy and growth potential. Following the results of the High-Level Economic Growth Forum held in September 2017, it was agreed that there was need for a link between the country's growth and budget strategies. The MoFPED is combining the National Budget Consultative workshop with the Growth Forum to reflect on

the state of the Ugandan economy and identify policy solutions to drive the country's future economic growth performance.

74. The GoU has also included many SDG requirements under NDP-II, along with consideration of debt sustainability analysis (DSA) and the medium-term Debt Management Strategy.
75. **The Forum provides an opportunity to discuss key growth constraints and required budget financing**, learnings from policy experiences in other countries, and identifies a course of policy actions to drive industrialisation and job creation. The audience consists of government officials and staff, the development partner community, and the academic and business private sector. The Forum has been deliberately set to align with the Government of Uganda's budget cycle such that any actionable policy proposals identified may be incorporated into the budget and action plans of relevant institutions in line with NDP priorities.
76. **Public Investment management (PIM) is a challenge, and it is not clear if all donors using robust standards for project appraisals**, including Socio-Economic and Environmental Impact Assessments.
77. Recognising the need to align all public investment to the NDP priorities/objectives, the MoFPED established the Public Investment management system (PIMS). The public investment management procedures provide for sound investment project proposals to be included and or retained within the public investment. Projects are subjected to vigorous scrutiny by the Development Committee before being proposed for donor financing. The intention is to ensure that the projects are aligned to the national priority areas. Robust Socio-Economic and Environmental Impact Assessments are particularly relevant for non-traditional DPs who rather pursue profit driven behaviour, rather than development.
78. **The links between budget and the achievement of NDP objectives depend upon the extent to which the sector strategic plans are linked to NDP priorities and need strengthening.** The NDP provides a framework within which sectors develop detailed Sector Investment Plans and Annual Work Plans. Sectors are obliged to align their policies and strategies with the NDP, the private sector, civil society and academia are all urged to align their development efforts towards achieving the NDP objectives and the country's Vision. The NPA issue certificate of compliance of MDA plans and budgets to NDP-II before they are approved by the Parliament.

4.2.2 Donor Priorities and Alignment with the NDP-II

79. **The development assistance flows are broadly aligned with national priorities, however further improvement can be achieved with stronger alignment.** The 2016 GPEDC monitoring of Uganda’s progress in implementing the Busan Agreement concluded that there was high degree of alignment of development assistance flows with national priorities. “Ninety-two percent of development co-operation reported in 2015 aligns to national objectives. However, only 46% includes country-led results and 35% uses the country’s monitoring systems, indicating a strong tendency among partners to continue to use their own systems. Although 96% of the projects are evaluated by the government, only 47% are organized jointly with partners and there is considerable variation in the use of country results frameworks among partners, especially bilateral agencies. This leaves quite some room for future improvement.”, extract from Uganda 2016 GPEDC Monitoring Country Report.
80. **All development partners claimed that their strategies and programmes are aligned to the NDP** and highlighted that their strategy documents emphasise the importance of the NDP in providing a framework for assistance. However, it can be argued that this perspective reflects **the broad range of NDP objectives and priorities that permits donors to claim alignment across a range of strategic approaches and activities. There is a need for structured consultation with DPs on priorities, aligned to the country’s budget calendar.**
81. The interviews carried out with DPs for this thematic paper suggest that development assistance has continued to be closely aligned to NDP-II.
- (i) **The WB [Country Partnership Framework](#)** for 5 years (covering FY 2016/17 – FY 2020-21) is broadly aligned to NDP. It has identified three key areas of support: Economic governance and social service delivery; Raising income and insuring resilience; and Boosting inclusive growth within urban areas.
 - (ii) **AfDB Country Strategy Papers (CSP)** are also aligned to NDPs. [The current CSP covers 2017-21 period](#) and is aligned to the Government priorities. Key areas include: Energy, agriculture, water and sanitation, regional integration (transport), improving livelihoods (some aspects of health). The Projects are selected in partnership with the government, and the government ownership is strong.
 - (iii) The **European Union** has recently signed an agreement to support the country’s growth programme through the European Development Fund-11 (EDF-11). The EU programmes cover democratic governance, accountability, anti-corruption, justice, civil

society, human rights, gender and youth, as well as Northern Uganda Development initiative (democratic governance, rural development, agriculture, infrastructure).

- (iv) **Japan's/JICA** assistance is aligned to NDP priorities and covers: Economic Infrastructure and Agricultural Development; Basic Human Needs, Northern Reconstruction, HR Development. Japan is also focusing support in social sectors (mostly grants). Loans and Grants are on-budget, whereas Technical Cooperation is channelled with off-budget modality.
- (v) **USAID** has Country Development Cooperation Strategy (CDCS, 2017-2021) that has three development objectives, and intermediary results under each, that align to NDP-II priorities.

82. Further observations on the alignment of development assistance are as follows:

- (i) **Under the NDP-II there is a requirement for loans alignment to NDP priorities:** the NPA has to write a letter to confirm alignment to NDP for each loan, after discussing each loan with relevant sector ministry.
- (ii) There is still concern that **not all sectors have effectively aligned their sector strategic plans to the NDP-II.** This in its turn concerns to the alignment of development assistance, which is linked to the sector strategies (including the coverage and the quality of sector strategies).
- (iii) DPs funding and projects are more focused on human capital development, whereas the GoU focuses on infrastructure projects, hence complementary nature of DP/GoU interventions in NDP-II.
- (iv) There are challenges in assessing **the alignment of “off budget” resources** because, although they may be reviewed in sector working group processes, they are never factored into sector plans and included in monitoring and evaluation frameworks.
- (v) **DPs’ planning cycle is not aligned with the NDP-II.** Although several DPs adjusted their strategic planning cycle to align it with the NDP-II, the majority remain constrained from doing so by existing arrangements and by their HQ/internal institutional requirements.
- (vi) **Only few donors have been able to indicate a long-term financial envelope** that might better facilitate NDP-II programming.
- (vii) **Constraints on alignment are also related to** restrictions on the use of the resources available to development partners, because they are drawn from **vertical funds with**

specific purposes. The US programme in Uganda for example draws resources from a number of vertical initiatives in Washington some of which have been created by Congress (for example on human rights and investing in people) and some of which have been created by Presidential initiative (such as “empower Africa trade” and “feed the future as well as global health initiatives covering malaria HIV/AID and the saving of mothers lives).

(viii) **The allocation of development assistance collectively reflects the NDP-II priorities.**

At sector level (combining both on-budget and off-budget support), over the first years of NDP-II, three sectors, namely: Energy and mineral development, health and works & transport received over 62.7 percent of the total project development assistance the remaining thirteen sectors shared the 37.3 percent.

(ix) **The DPs engaged in infrastructure⁸ have specifically aligned their support for investments** that are identified as national core projects which are essential to increasing country’s competitiveness focusing on energy and road transport.

83. The framework for GPEDC monitoring the Busan commitments assesses alignment in several different dimensions in addition to the alignment of development assistance with national objectives and priorities. These dimensions are covered in the next section and include: the use of country systems; the predictability of development assistance; mutual accountability and the extent of development assistance untying.

4.2.3 Development Partners’ Contribution to NDP Progress

84. The contribution of development assistance to the NDP-II progress cannot be underestimated given that on an annual average so far 31.6% of total budget is funded by the development assistance. However, it is not easy to discern the contribution of development assistance singularly. Based on specific observations, it is possible to identify several ways in which DPs have helped underpin the progress that has been made. In particular:

(i) **DPs’ support has helped underpin the progress that has been made in implementing the NDP-II core projects.** Support from China Exim Bank helped to finance the Karuma and Bujagali hydro powers station and associated transmission lines projects; Finance from UKEF and Standard Chartered Bank has been secured to finance the construction of Kabaale Airport in Hoima; Funds from the AFD and KfW to finance the project has been secured to finance Mbrarara-Maska Transmission line; Funds from

⁸ The World Bank, the Africa Development Bank, the EU , China and Japan.

IDA secured to finance Gulu- Nebbi- Lira Transmission line; Secured lines of Credit from BADEA and IDB helped to recapitalize UDBL.

- (ii) In the **health sector development partner support** both “off-budget” and “on-budget” have been directly associated with improvements under the NDP-II in increasing the proportion of deliveries that take place in health facilities, increasing child immunisation, increasing the proportion of health facilities without drug stock outs and increasing the number of couple years of protection through contraception programmes.
- (iii) Development **partner support in the roads sector**, especially from the World Bank, European Union, AfDB, China and Japan have helped secure recent improvements in the proportion of both paved roads and unpaved roads that are in fair to good condition. This investment is set to increase over the remaining period of the NDP-II especially as a result of projects which are already underway or in the pipeline for example to Kampala – Jinja Express highway, Kibuye –Busega Express Highway and metropolitan network around Kampala.
- (iv) **In education**, donors, such as the AfDB, Belgium and World Bank have increased their support for vocational training and skills development in line with NDP-II objectives.

4.3 Harmonisation, Transaction Costs and Mutual Accountability

85. This section covers the extent to which the NDP-II has provided a framework for improved harmonisation and reduced transaction costs in dealing with DPs, as well as the extent to which the NDP-II has provided a basis for mutual accountability between government and DPs.

86. The Section answers the following questions:

- (i) **DP2:** The extent to which the NDP II has provided a basis for mutual accountability;
- (ii) **DP4:** To what extent has government been transparent in utilizing donor support?
- (iii) **DP10:** To what extent has NDP II provided a framework for improved harmonisation and reduced transaction costs in dealing with different development partners?
- (iv) **DP11:** To what extent has the NDP II provided a basis for mutual accountability between GoU and DPs
- (v) **DP12:** How effective have GoU-donor partnerships been in the course of NDP implementation? Extent of pursuance of Public/Private Partnerships (PPPs) for sustainable development;

- (vi) **DP13:** How can GoU / DP relations be strengthened so that the efficient and effective implementation of the NDP is enhanced?

4.3.1 Harmonisation and Transaction Costs

87. **The NDP-II is silent on harmonisation arrangements**, unlike the NDP-I where the harmonisation modalities were clearly articulated. However, in practice the modalities established under the NDP-I still suffices. Nevertheless, throughout the NDP-II the development partners are recognised as critical stakeholders in providing both financial and technical support towards implementation of the plans.
88. **With the drying up of Budget support, there is no common Joint Assessment Framework (JAF), and annual progress report has been replaced by GAPR.** It was anticipated that a key focus for the Partnership Policy would be improved harmonisation between development partners, which would help reduce government's transaction costs. It was particularly expected that greater use of joint programme-based approaches in the provision of aid (especially budget support) would be a basis for greater use of uniform disbursement and accountability rules, common indicators and reporting systems and more joint missions and analytical work. However, with the drying up of Budget support, there is no JAF common framework and annual progress report has been replaced by GAPR. **And there are challenges for the GoU to hold DPs to account, particularly when the funding is largely off-budget.**
89. **There are no joint programme-based approaches, no agreement among DPs on common principles for disbursement and accountability. Government no longer monitors DPs interventions** as it was with budget support, funds have been channelled through off-budget funding, development partners implement projects without government involvement either directly or through NGOs and CSOs. **The M&E capacity needs to be strengthened, including the capacity of executing agencies. Meanwhile, M&E is currently focused on outputs, rather on outcomes, which needs an improvement.**
90. It was also hoped a **better division of labour between DPs** would reduce the number of individual donors operating in each sector, and agreement on key mechanisms such as a closed season on donor missions during the particularly busy time of budget preparations would further reduce the burden on government. This has also not happened. Government is working on National Standards Indicators, which will be linked to SDGs. **Harmonisation is needed of DPs reporting.**

91. The GPEDC 2016 monitoring survey also reported that although 96% of the projects are evaluated by the government, only 47% are organised jointly with partners and there is considerable variation in the use of country results frameworks among partners, especially bilateral agencies. This leaves quite some room for future improvement. The interviews conducted during review confirmed that **there are no joint monitoring missions and the development partners' coordination framework are dormant.**
92. **In order to consolidate national systems, the government has undertaken several PFM reforms**, including budget monitoring, strengthening of OAG, enabling legal and regulatory framework for PFM, as well as establishment of a PFM partner group to further strengthen these PFM reforms. Under NDP-2 new PFM Act (2015) was introduced, which has a clause on alignment of Budget to NDP. There is also a certificate to be issued by NPA to confirm the alignment of sector budgets to NDPs, and overall certification that budget framework paper is aligned. The GoU has also introduced requirement certification confirming that the budget is gender based and socially inclusive. The OAG office created a directorate for FIIT to undertake special audits and investigations in response to corruption scandals in the country⁹.
93. The 2016 GPEDC monitoring noted some **improvement in the use of country systems** like public financial management and procurement systems, especially government audit and government financial reporting systems. In 2015, 64% of development co-operation used budget execution, 68% followed country financial reporting and 71% followed auditing procedures. Some 70% of development finance used national procurement. **Still only few DPs use country systems. And challenges remain to** convince the DPs to use country systems, to transition their off-budget projects into on-budget and using country PFM systems - IFMIS, TSA, procurement, as well as audit arrangements (both for OAG external audit, as well as internal audit).
94. As regards the proportion of **development assistance that is untied, Uganda has made a progress** from an already very satisfactory percentage: from 90% in 2013 to 92% in 2014. Further, partners seem to channel their assistance equitably between government and CSO implementation (on- and off-budget).
95. **The pursuance of Public Private Partnerships (PPPs) for sustainable development became an important** action in GoU-donor partnerships been in the course of NDP-II implementation.

⁹ <http://www.oag.go.ug/wp-content/uploads/2016/01/Performance-Report-30th-June-2015.pdf>

There is a need to engage more private sector funding in development projects, as ODA is declining, and DPs' funding is limited and not enough to Uganda. The WB and other DPs work with GoU to help to boost on Domestic Resource Mobilisation (DRM). There is a law on PPP. And recently the WB Uganda study has commissioned a study how to boost DRM. The WB has couple of programmes to support PPP, however, the PPP portfolio is still small. **DPs should play catalytic role, investing/contributing to formulate PPP funds. This remains in the agenda of the GoU.**

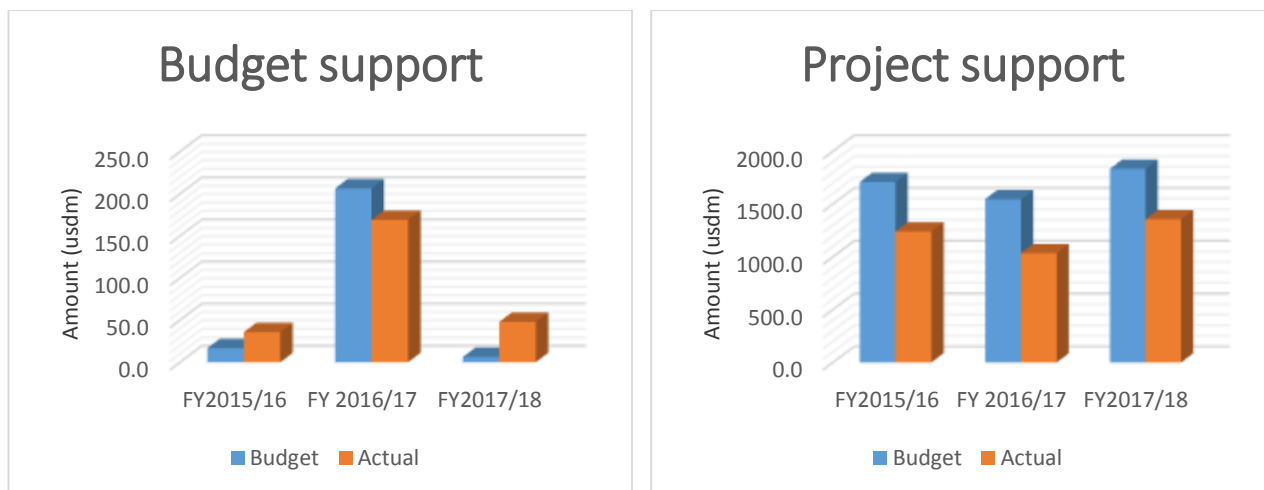
4.3.2 Transparency and Predictability

96. The achievement of the NDP-II priorities entirely depends on availability of sufficient and predictable financing. Government operates a Medium-term Expenditure Framework (MTEF) that requires transparent and predictable financing. However, **only few DPs provide indicative financing (or commitments) in advance and in most cases, there is a lack of multi-year perspective.**
97. As illustrated in Figure 10, in Section 4.1, on average 73 percent of planned development assistance was disbursed (over the first three years of the NDP-II). See Section 4.1 **regarding issues of slow implementation.**
98. Disaggregated by channel of financing (budget and project Support) still there are variations between actual outturn and approved budget estimates over the period under review. **Figure 11** below shows the variation by channel of development assistance. There are major and consistent gaps between the disbursement estimates that development partners provide before the Uganda financial year commences and actual disbursements once the year gets underway.
99. As **Figure 11** indicates, this is a problem that affects both budget and project support. In the case of project support implementation delays, for example related to procurement are one major cause. The unpredictability of budget support is closely related to development partner's assessment of results and performance however, the Joint Budget Support Framework has been designed in a way that is supposed to address unpredictability in disbursements¹⁰. This undermines the credibility of the budget and reliability (the extent to which government can rely on development partner pledges/commitments being translated into actual flows). Predictability devalues aid through its negative impact on growth and on public financial

¹⁰ Donor practices resulting in poor predictability of budget support and shortcomings in the financial information provided for budgeting and reporting have consistently attracted low markings in assessments of Uganda's public financial management systems using the Public Expenditure and Financial Accountability (PEFA) Measurement Framework.

management. As a consequence unpredictable aid undermines donors' and partner countries' efforts to achieve development results, including the Sustainable Development Goals.

Figure 11: Development Assistance over the first three years of NDP-II period: Commitment/plan vs Disbursement by Channel



Source: MoFPED, 2018

100. **AMP:** To improve transparency and predictability, MoFPED, launched Aid Management Platform (AMP), which is [accessible to the public](#). Managed by the Development Assistance and Regional Cooperation Department, it is the official online database of official development finance-funded projects and programmes in Uganda. The system was envisaged to; (a) facilitate timely and comprehensive reporting; (b) enable a comprehensive view of all Aid resources within a country; (c) help to monitor progress towards national development objectives; and (d) reduce duplication of effort and transaction costs associated with data collection and processing. The partner economists group agreed with Government on standard definitions and reporting formats for the disclosure of information about official development finance. This same data is used for budget purposes for both annual and medium-term commitments. However, a handful of development partners use the system for reporting their commitments and actual disbursements.
101. In the first year of the NDP-II period, excel spreadsheets were used to capture data on Development Assistance funding. In the beginning of FY 2017/18 the government insisted on providing information through the system. Access has been provided to DPs to submit their multiyear funding data (both on-budget and off-budget projects) through AMP and no longer use excel sheets. However, AMP is not fully functional, because DPs are still not providing the required information (and not through the system). This is not a problem of the system, rather lack of complete data provision by the DPs. MoFPED is trying to enforce data entry though

AMP. AMP does not capture complete coverage of multiyear commitments or indicative funding of DPs. Most DPs don't know what they expect to provide in the next three or four years.

4.3.3 Mutual Accountability

102. **NDP-II remains silent for mutual assessment and accountability.** The NDP-I clearly articulated the establishment of mechanisms through which there will be mutual assessment by government and development partners of the implementation of their commitments on aid. These mechanisms were spelt out in the Partnership Policy. However, the NDP-II remains silent for mutual assessment.
103. Decisions are made at DP's headquarters. However, there is a need to agree a framework on mutual accountability.
104. **However, the mutual accountability framework was provided through the NPF.** The NPF mechanism provided a context for policy dialogue and for government accountability for the achievement of targets including in its own performance assessment framework. DPs are in turn held accountable for a set of commitments in the NPF.
105. **No progress has been made to explore the mutual accountability mechanisms** being used in other countries, such as independent monitoring by a local panel of experts. Government and DPs need to come back on the table and agree on appropriate mode of collaboration and support for mutual accountability. The first call of point is to strengthen, monitor and popularise the implementation of the agreed actions arising from the NPF.
106. DPs have mentioned that the Government of Uganda has a quite a good reporting system. This is both for projects, as well as for OAG's reports, which are publicly debated in the Parliament. However, the **delivery is an issue. Though the budget is approved, the Government cash disbursement/financing is not on time. Reporting are often with delay.**
107. The GoU accountability has been strengthened from 2012 onwards. The Government has strengthened PFM, including 2015 PFM Act, which requires more transparency.

4.4 Development Assistance from Non-Traditional Partners

108. This section examines Uganda's relationship with its non-traditional development partners. It describes the main features of the assistance that non-traditional partners provide and discusses the opportunities for using this assistance more effectively to support the NDP.

109. The Section answers the following question covering the scope for more effective collaboration with non-traditional partners:

- (i) **DP9:** What was the scope of effective collaboration with non-traditional donors?

4.4.1 Trends in Support from Non-Traditional Sources

110. **The importance of aid from Uganda’s non-traditional development partners has increased steadily in recent years.** Currently amongst the group of emerging donors collectively known as the BRICKS¹¹ only China and South Korea have committed significant support. Table below provides details. In FY 2015/16, \$104 million from China, compared to \$31 million of aid recorded from the same source in 2008/09. South Korea’s engagement is very new and much smaller. Support of just over \$1 million was recorded in FY 2011/12. Support provided by non-traditional partners, particularly China and South Korea, is in the form of project aid and is both on budget and off-budget.

111. **China financing has increased because of infrastructure projects:** big hydro projects, oil roads and highways projects. Compared to the WB and AfDB, the funding access is easier from China, due to the shorter period of negotiation, contracting and procurement processes, and eventually much quicker access to funding (e.g. with the WB it can take up to 2 years, whereas with China it takes max 1 year). **However, the support is ‘tied’, i.e. execution is tied to Chinese contractors to implement the projects, and which is not necessarily include capacity development or strengthening country’s systems.**

Table 2: Table A: Trends in Development Assistance from Non-Traditional Partners (\$m.)

Dev. Partner	FY 2015/16	FY 2016/17	FY 2017/18
China	547.32	344.17	420.30
- % of Total DA	35.5%	23.4%	25.2%
South Korea	9.17	4.51	5.63
- % of Total DA	0.6%	0.3%	0.3%
Total	556.49	348.68	425.93
- % of Total DA	36.1%	23.7%	25.5%

Source: MoFPED, 2018

¹¹ This group comprises Brazil, Russia, India China, Korea and South Africa.

4.4.2 Assistance from non-traditional partners and alignment with the NDP

112. **The support received from non-traditional partners is aligned to the NDP-II priorities. The loans from these partners support important infrastructure development, namely; the construction of the Kampala-Entebbe Express and the construction of the national IT backbone, Karuma hydro power project, Isimba hydro power project and associated power substations are part of the core projects specifically identified in the NDP-II as central to the achievement of its objectives.** There are also prospects of financing the oil roads, critical for delivery of first oil, rural electrification and science incubations centres. Therefore, the cooperation from China is likely to increase beyond the levels so far exhibited in the first three years of NDP-II. In the same breadth, the loan from South Korea is financing enhancement of vocational training in Uganda, which is also part of the core projects under the NDP-II. There are also prospects of South Korea financing the modernisation of agriculture during the NDP-II period.
113. Although project grants are normally managed outside Government systems (off-budget), they contribute to the implementation of NDP-II priorities. Uganda receives grant aid from China which is provided as resources in kind, either through technical assistance or ‘‘turnkey’’ construction of infrastructure like new office buildings and the Nelson Mandela sports stadium. The provision of health teams linked to the China-Uganda Friendship hospital in Kampala is an example of technical assistance extended to Uganda.
114. **Across its programme the two active non-traditional partner’s exhibits significant alignment with the priorities set out in the NDP-II.**

4.4.3 Key aspects of the future development partnership with non-traditional partners

115. **Support from Uganda’s non-traditional partners is expected to continue to grow in significance.** Assistance from China is predicted to increase above current levels. Although South Korea's programme is likely to remain relatively modest, there are indications that other emerging development partners such as India may offer support in the future, for example for investment in energy¹².
116. There are aspects of the **support received from non-traditional partners that make it particularly attractive** to Uganda’s government. Support from non-traditional partners, for example is **less likely to be subject to conditions related to governance and human rights.**

¹² The government has convened preliminary discussions with the EXIM Bank of India about the possibility of investing in the energy sector.

There is also substantial scope to use non-traditional assistance to contribute very directly to NDP-II goals, for example as a consequence of a **preference for financing infrastructure investments** that may exploit non-traditional partners' comparative advantages.

117. However, there are a **few aspects of support from non-traditional sources that require careful management** to secure its full advantages. The key points to note are:

- (i) **A high proportion of support from non-traditional sources is provided as loans rather than grants.** Although these are concessional, they may offer less concessionally than loans from other sources such as the World Bank and Africa Development Bank. They may not, for example, qualify under OECD rules as official development assistance¹³.
- (ii) **A high proportion of assistance from non-traditional sources continues to be tied** reducing its flexibility.
- (iii) Although the non-traditional partners attend the partnership fora's, **they are not bound by the outcome of such fora's.** It has so far proved difficult to engage non-traditional partners in the structures that have been established for co-ordinating donor assistance in the context of the government's development objectives. Need for government to craft mechanisms to engage non- traditional partners in joint high-level arrangements for policy dialogue and involvement in sector working group processes.

118. There is significant scope to **improve the transparency of assistance from non-traditional partners** in a way that can improve its integration with other sources of development finance.

¹³ Chinese loans for example are typically provided at interest rates of 2-3 per cent with a 20 year repayment period.

5.0 RECOMMENDATIONS

119. This section makes recommendations that address the findings of development partnership theme of NDP-II and covers the ways in which development partnership can be strengthened so that efficient and effective implementation of the NDP is enhanced.

5.1 Uganda's Development Partnership

- (1) The Government of Uganda to demonstrate **stronger leadership (one entity)** in managing the development cooperation and ensuring enhanced engagement of DPs in NDP-II and beyond. To have more clarity on roles and expectations from DPs. The Government of Uganda to work out roles and responsibilities (particularly for OPM and MoFPED) and show commitment to strengthen internal cooperation.
- (2) **Better coordination among the DPs is needed.** The NDP-III is an opportunity for agreeing on process for moving towards more pronounced **division of labour**. To implement a division of labour exercise to address an inefficient spread of effort and resources.
- (3) **Enhance involvement of DPs in the preparation of the NDP-III** to ensure a strong understanding of government priorities and alignment of their resources. Closer consultation with development partners will provide a basis for detailed discussions over government expectations about the way in which development assistance should be aligned behind NDP objectives including both the modalities for delivery and sector focus. Development partners will have the opportunity to be clear about likely levels of development assistance as the next NDP is implemented. And in general, in order to help take forward its "Vision 2040" the Government should commence a dialogue with development partners on how they might support the longer-term agenda which this document sets out including its plan of social transformation. Development partners should provide more and better information on what they are funding, how much and what are the conditions. This will create a better environment for government to use such information for proper programming and budgeting.
- (4) The GoU to engage DPs to identify together **alternative sources of development financing** to address global declining ODA, and how best to align with county systems and processes (more on-budget, on-treasury, on-procurement and on-audit). There are joint donor funding arrangements that have been used in the past in several sectors that might be revived and adapted. Joint funding arrangements may be especially valuable for the funding of large transformational investments e.g. in transport and energy that will help

both large and small donors invest in these areas and guard against the risk that project funding becomes fragmented and scattered.

- (5) **Harmonise Development Partnership and Development Cooperation policies** in order to have an integrated policy and strategies of achieving the desired outcomes. Strong government leadership to steer a robust framework for the management of development assistance in support of NDP implementation set in the context of international agreements on development effectiveness and to improve the impact of development assistance.
- (6) **Partnership Policy would benefit exploring further on South to South Cooperation.** Regional development (through East African Union projects) to be incorporated into NDP-III. Policies would benefit having local level considerations (e.g. local infrastructure, refugee hosting districts), as well as guidelines for private sector engagement. The Compulsory Refugee Response Framework (CRRF) to be folded into NDP-III by closing humanitarian-development divide (complementary programme) and with further consideration of an IDA window on development response on refugee situation.
- (7) **The Partnership dialogue within National Partnership Forum (NPF)** to be more inclusive and effective throughout the entire cycle, as well as to make it more result oriented.
- (8) **Streamline Joint sector working groups (SWGs)** in line with NDP priority areas for SWGs to become a forum on strategic discussion on sector issues. SWGs to be reinvigorated as key vehicles for strengthening dialogue on planning, prioritisation, budgeting, performance monitoring, and policy reforms. Partnership dialogue to become more results-oriented, e.g. all SWGs to identify 1-2 key results where both government and DPs are committed to make progress to which they can be held accountable. OPM, MoFPED, MoPS, NPA to provide more harmonised guidance and oversight of SWGs – need to ensure accountability in coordination. Ensuring SWG processes work effectively to align “on budget” and “off budget” development assistance behind the NDP. Improving the alignment of sector strategic investment plans may need to be a starting point.

5.2 Development Partner Alignment

- (1) **The development assistance to be stronger aligned with national priorities.** The alignment should also consider local government priorities and budgets. The alignment to consider “off budget” resources as well. Better prioritisation of projects (approach and presentation – easy to understand by various stakeholders)

- (2) To have a common framework for alignment of DPs' priorities to GoU/NDP priorities. Increased Development Partners' budget support (or other modality aligned to country), reduced off-budget support. There is a need for **structured consultation with DPs on priorities, aligned to the country's budget calendar**. DPs' planning cycle to be aligned with the GoU budget calendar. **The DPs to indicate a long-term financial envelope** that better facilitate NDP-II programming.
- (3) The Government Annual Performance Review (**GAPR**) **to be more systematic** and potentially guide the NPF dialogue to make it more results-oriented and driven by national processes.
- (4) To improve the **quality of budget consultations** (including on policy and prioritization of projects) at national and sectoral and local levels (this would also be way of strengthening mutual accountability). The sector strategic planning and the plans to be stronger linked to NDP priorities and need strengthening.
- (5) **To strengthen Public Investment management (PIM)**, and to ensure that all DPs (traditional and specifically non-traditional) are using **robust standards for project appraisals**. Reliable and comprehensive project appraisals are needed, including Social and Environmental Impact Assessments (SEIA).

5.3 Harmonisation, Transaction Costs and Mutual Accountability

- (1) **Stronger collaboration framework** between the Government and DPs to be in place. The Government and DPs to agree on the appropriate mode of collaboration and support. Strengthen the coordination function of the Government and DPs. Strengthen and monitor the implementation of the agreed actions of the National Partnerships Forum. To ensure effective arrangements for high level policy dialogue and mutual accountability are in place. To have stronger ownership and sustainability for all interventions, as well as to ensure cost sharing mechanism between DPs. To strengthen the platform where new DPs can join, as well as to build synergies among DPs to avoid duplication of services.
- (2) **To strengthen mutual accountability through improved monitoring, joint programme reviews and reporting**, including for off-budget projects. The Budget Support (or blended modality) to be encouraged. Better division of labour between DPs is needed, as well as harmonisation of DPs reporting. Increased demand from the GoU for accountability on NDP performance. Strengthen monitoring and reporting capacity of the government relating to development cooperation. The M&E capacity needs to be strengthened,

including the capacity of executing agencies. Meanwhile, M&E is currently focused on outputs, rather on outcomes, which needs an improvement.

- (3) More commitment from DPs to work towards **strengthening country systems** and to **increase use of country systems**. Strong enforcement of **Budget Calendar is needed, particularly regarding actions related to key NDP processes**, consultations with DPs (on programme reviews, prioritisation, planning and medium-term commitments). **Multiyear commitments from DPs to be available at the beginning of the FY**. Strengthen NDP prioritisation processes of the GoU (including Human Capacity Development theme of NDP), and harmonisation between NPA and MoFPED. This will include strengthening the role of NPA in designing developments plans for regions.
- (4) The Government to improve the reliability of public financial management, procurement systems and audit systems to firmly address development partner concerns about putting resources through government channels, that includes on-budget, on treasury modalities. Existing reform efforts need to be accelerated and expanded to quickly close gaps.
- (5) **Engage private sector in development funding**, as well as explore programmes supporting PPP. The identification of alternative aid modalities which, on the assumption that budget support will continue to decline. Joint funding arrangements used in the past might be another option. **DPs should play catalytic role, investing/contributing to formulate PPP funds**.
- (6) Government to follow on investigations and allegations of fraud and corruption.
- (7) **To accelerate the use of aid management platform (AMP)** to improve aid transparency and the government's ability to manage development assistance in support of the NDP. All DPs to provide comprehensive data in AMP, including their medium-term funding commitments. DPs to address concerns about their aid reporting and management, especially by providing more comprehensive and timely information, including about their "off budget" support, and by keeping this information up to date in AMP.

5.4 Development Assistance from Non-Traditional Partners

- (1) **Stronger involvement of existing non-traditional partners in partnership forum and partnership platforms**. The Government and Uganda and DPs to work together to engage non-traditional development partners more effectively in sector working group processes to help co-ordinate their support within the NDP framework. There is scope for traditional and non-traditional partners to work much more closely together than at present (perhaps

in arrangements where grant finance is blended with loan finance). To identify and strengthen outreach to the emerging ones.

- (2) Scrutinise the appetite for non-concessional loans.
- (3) To encourage mutual accountability and using country systems by non-traditional partners, i.e. less 'tied' aid, more development focus, rather than private (profit) gain, including contributing to the objectives of the country sustainability, capacity development, and strengthening country systems.

Annexes

Annex 1: References

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Annex 2: Data

Table 3: Total Development Assistance by Type (USD m)

Type	FY 2015/16	FY 2016/17	FY 2017/18
MTEF Budget Support Grant	34.52	6.65	8.77
MTEF Project Support Grant	237.50	194.64	186.20
NON-MTEF Project Support Grant	265.58	266.84	265.13
GRANTS	537.60	468.13	460.10
MTEF Budget Support loans	-	160.82	39.18
MTEF Project Support Loans	1,003.77	841.97	1,169.01
LOANS	1,003.77	1,002.80	1,208.19
TOTAL Development Assistance	1,541.37	1,470.92	1,668.29

Source: MoFPED, 2018

Table 4: Total Development Assistance (DA) by Development Partner (Budget Support, MTEF and NON-MTEF Project)

Source- Development Partner	FY 2015/16	FY 2016/17	FY 2017/18
AfDB	5.91	2.30	18.80
AfDF	118.61	90.06	75.13
African Union	70.13	74.76	58.60
AKA Ausfuhrkredit-Gesellschat	-	4.30	1.99
Austria	11.12	11.42	12.78
BADEA	11.35	10.04	3.60
Belgium	9.48	3.81	0.35
China	547.32	344.17	420.30
COMESA	0.63	1.01	0.42
Commerzbank AG	-	0.58	0.20
Denmark/DANIDA	14.09	9.57	27.54
Egypt	0.02	-	-
EIB	19.14	-	21.14
European Union	42.41	6.00	15.75
France	8.76	18.06	61.09
Germany	19.87	16.82	14.41
GAVI	-	1.78	0.56
GEF	2.54	2.88	0.83
Global Fund	15.40	13.50	3.26
IDA	226.19	279.51	308.31
IFAD	11.31	10.95	18.46
IsDB	23.88	30.43	34.47
Italy	-	-	1.65
Japan	49.79	22.42	30.23
JBIC	-	45.91	88.79
Kuwait Fund	4.66	4.71	6.39
Netherlands	-	-	2.38
NDF	0.00	0.70	0.42
Norway	25.30	19.16	11.77
OPEC	7.90	3.70	8.69
PTA/TDB	-	160.82	39.18
Saudi Fund	8.38	3.24	3.77
South Korea	9.17	4.51	5.63

Source- Development Partner	FY 2015/16	FY 2016/17	FY 2017/18
Spain	6.41	-	-
Standard Chartered Bank	-	-	41.82
UK Export Credit Finance	-	-	56.24
United Kingdom	3.77	1.92	1.12
United Nations	17.31	23.37	24.26
UNDP	13.63	14.05	12.34
UNOPS	2.44	-	1.15
UNFPA	7.07	7.07	7.07
USA incl. PEPFAR	227.40	227.40	227.40
TOTALS	1,541.37	1,470.92	1,668.29

Source: MoFPED, 2018

Table 5: Top Ten Development Partners - Percentage allocation of Total DA by Donor (Budget Support, MTEF and Non-MTEF Project)

Source- Development Partner	FY 2015/16	FY 2016/17	FY 2017/18	Average
China	35.5%	23.4%	25.2%	28.0%
IDA	14.7%	19.0%	18.5%	17.4%
USA incl. PEPFAR	14.8%	15.5%	13.6%	14.6%
AfDB/F	8.1%	6.3%	5.6%	6.7%
PTA/TDB	0.0%	10.9%	2.3%	4.4%
African Union	4.5%	5.1%	3.5%	4.4%
JBIC	0.0%	3.1%	5.3%	2.8%
Japan	3.2%	1.5%	1.8%	2.2%
IsDB	1.5%	2.1%	2.1%	1.9%
France	0.6%	1.2%	3.7%	1.8%
Others	17.1%	11.9%	18.3%	15.8%

Source: MoFPED, 2018

Table 6: Total Allocation of Development Assistance (MTEF & Non-MTEF) by sector (USD m)

Primary Sector	FY 2015/16	FY 2016/17	FY 2017/18
ACCOUNTABILITY	34.69	44.03	42.58
AGRICULTURE	30.83	67.05	63.54
BUDGET SUPPORT	35.59	169.03	47.95
EDUCATION	81.42	76.06	71.22
ENERGY AND MINERAL DEVELOPMENT	564.25	313.91	488.12
HEALTH	268.86	246.47	238.08
ICT AND NATIONAL GUIDANCE	5.31	29.65	7.05
JUSTICE LAW AND ORDER	9.83	11.04	9.85
LANDS, HOUSING AND URBAN DEVELOPMENT	43.87	40.10	53.81
PUBLIC ADMINISTRATION	-	-	-
PUBLIC SECTOR MANAGEMENT	86.80	91.55	73.97
SECURITY	87.44	98.13	82.86
SOCIAL DEVELOPMENT	6.10	4.70	4.54
TOURISM, TRADE AND INDUSTRY	3.10	1.99	2.28
WATER AND ENVIRONMENT	130.17	98.52	143.58
WORKS AND TRANSPORT	153.11	178.70	338.84
OTHER (OFF-BUDGET)	-	-	-
TOTAL	1,541.37	1,470.92	1,668.29

Source: MoFPED, 2018

Table 7: Percentage Allocation of Development Assistance (MTEF & Non-MTEF) by sector

Primary Sector	FY 2015/16	FY 2016/17	FY 2017/18	Average
ACCOUNTABILITY	2.3%	3.0%	2.6%	2.6%
AGRICULTURE	2.0%	4.6%	3.8%	3.5%
BUDGET SUPPORT	2.3%	11.5%	2.9%	5.6%
EDUCATION	5.3%	5.2%	4.3%	4.9%
ENERGY AND MINERAL DEVELOPMENT	36.6%	21.3%	29.3%	29.1%
HEALTH	17.4%	16.8%	14.3%	16.2%
ICT AND NATIONAL GUIDANCE	0.3%	2.0%	0.4%	0.9%
JUSTICE LAW AND ORDER	0.6%	0.8%	0.6%	0.7%
LANDS, HOUSING AND URBAN DEVELOPMENT	2.8%	2.7%	3.2%	2.9%
PUBLIC ADMINISTRATION	0.0%	0.0%	0.0%	0.0%
PUBLIC SECTOR MANAGEMENT	5.6%	6.2%	4.4%	5.4%
SECURITY	5.7%	6.7%	5.0%	5.8%
SOCIAL DEVELOPMENT	0.4%	0.3%	0.3%	0.3%
TOURISM, TRADE AND INDUSTRY	0.2%	0.1%	0.1%	0.2%
WATER AND ENVIRONMENT	8.4%	6.7%	8.6%	7.9%
WORKS AND TRANSPORT	9.9%	12.1%	20.3%	14.1%
OTHER (OFF-BUDGET)	0.0%	0.0%	0.0%	0.0%

Source: MoFPED, 2018

Table 8: Total Allocation of Development Assistance MTEF by sector (USD m)

Primary Sector	FY 2015/16	FY 2016/17	FY 2017/18
ACCOUNTABILITY	24.76	33.54	32.64
AGRICULTURE	21.12	57.37	53.86
BUDGET SUPPORT	35.59	169.03	47.95
EDUCATION	68.22	62.85	58.01
ENERGY AND MINERAL DEVELOPMENT	555.26	304.92	479.13
HEALTH	79.28	56.89	48.49
ICT AND NATIONAL GUIDANCE	4.62	28.96	6.36
JUSTICE LAW AND ORDER	0.04	-	-
LANDS, HOUSING AND URBAN DEVELOPMENT	43.87	40.10	53.81
PUBLIC ADMINISTRATION	-	-	-
PUBLIC SECTOR MANAGEMENT	81.35	86.14	68.56
SECURITY	87.44	98.13	82.86
SOCIAL DEVELOPMENT	-	0.31	0.15
TOURISM, TRADE AND INDUSTRY	2.37	1.99	2.28
WATER AND ENVIRONMENT	118.76	85.17	130.20
WORKS AND TRANSPORT	153.11	178.70	338.84
TOTALS	1,275.79	1,204.09	1,403.16

Source: MoFPED, 2018

Table 9: Percentage Allocation of Development Assistance MTEF by sector

Primary Sector	FY 2015/16	FY 2016/17	FY 2017/18
ACCOUNTABILITY	1.9%	2.8%	2.3%
AGRICULTURE	1.7%	4.8%	3.8%
BUDGET SUPPORT	2.8%	14.0%	3.4%
EDUCATION	5.3%	5.2%	4.1%
ENERGY AND MINERAL DEVELOPMENT	43.5%	25.3%	34.1%
HEALTH	6.2%	4.7%	3.5%
ICT AND NATIONAL GUIDANCE	0.4%	2.4%	0.5%
JUSTICE LAW AND ORDER	0.0%	0.0%	0.0%
LANDS, HOUSING AND URBAN DEVELOPMENT	3.4%	3.3%	3.8%
PUBLIC ADMINISTRATION	0.0%	0.0%	0.0%
PUBLIC SECTOR MANAGEMENT	6.4%	7.2%	4.9%
SECURITY	6.9%	8.1%	5.9%
SOCIAL DEVELOPMENT	0.0%	0.0%	0.0%
TOURISM, TRADE AND INDUSTRY	0.2%	0.2%	0.2%
WATER AND ENVIRONMENT	9.3%	7.1%	9.3%
WORKS AND TRANSPORT	12.0%	14.8%	24.1%

Source: MoFPED, 2018

Table 10: Total Allocation of Development Assistance NON-MTEF (Off Budget) by sector (USD m)

SECTOR	FY 2015/16	FY 2016/17	FY 2017/18
Accountability	9.93	10.49	9.94
Agriculture	9.71	9.68	9.68
Security			
Health	189.59	189.59	189.59
Water& sanitation	11.41	13.35	13.38
Justice Law and Order incl. Governance	9.79	11.04	9.85
Social Development	6.10	4.39	4.39
Education	13.21	13.21	13.21
Public Sector Management	5.45	5.41	5.41
Public Administration			
Roads, Works & Transport			
ICT	0.69	0.69	0.69
Energy & Minerals	8.99	8.99	8.99
Trade and Tourism	0.72	0.00	0.00
TOTAL	265.58	266.84	265.13

Source: MoFPED, 2018

Table 11: Percentage Allocation of Development Assistance NON-MTEF (Off Budget) by sector

SECTOR	FY 2015/16	FY 2016/17	FY 2017/18	Average
Accountability	3.7%	3.9%	3.7%	3.8%
Agriculture	3.7%	3.6%	3.6%	3.6%
Security	0.0%	0.0%	0.0%	0.0%
Health	71.4%	71.0%	71.5%	71.3%
Water& sanitation	4.3%	5.0%	5.0%	4.8%
Justice Law and Order incl. Governance	3.7%	4.1%	3.7%	3.8%
Social Development	2.3%	1.6%	1.7%	1.9%
Education	5.0%	4.9%	5.0%	5.0%

Public Sector Management	2.1%	2.0%	2.0%	2.0%
Public Administration	0.0%	0.0%	0.0%	0.0%
Roads, Works & Transport	0.0%	0.0%	0.0%	0.0%
ICT	0.3%	0.3%	0.3%	0.3%
Energy & Minerals	3.4%	3.4%	3.4%	3.4%
Trade and Tourism	0.3%	0.0%	0.0%	0.1%

Source: MoFPED, 2018

Table 12: A Comparison of Planned and Actual MTEF Development Assistance Aid by Sector (USD m)

Primary Sector	FY2015/16		FY 2016/17		FY2017/18	
	Budget	Outturn	Budget	Outturn	Budget	Outturn
ACCOUNTABILITY	31.43	24.76	27.52	33.54	39.72	32.64
AGRICULTURE	27.01	21.12	53.87	57.37	45.18	53.86
BUDGET SUPPORT	16.70	35.59	206.38	169.03	6.22	47.95
EDUCATION	58.27	68.22	102.47	62.85	96.66	58.01
ENERGY AND MINERAL DEVELOPMENT	771.33	555.31	507.34	304.92	469.89	479.13
HEALTH	197.53	79.28	247.05	56.89	243.00	48.49
ICT AND NATIONAL GUIDANCE	14.24	4.62	5.99	28.96	9.05	6.36
JUSTICE LAW AND ORDER	-	0.04	-	-	-	-
LANDS, HOUSING AND URBAN DEVELOPMENT	30.09	43.87	53.41	40.10	48.59	53.81
PUBLIC ADMINISTRATION	-	-	-	-	-	-
PUBLIC SECTOR MANAGEMENT	57.16	81.35	147.77	86.14	145.86	68.56
SECURITY	96.01	87.44	85.00	98.13	93.13	82.86
SOCIAL DEVELOPMENT	-	-	-	0.31	-	0.15
TOURISM, TRADE AND INDUSTRY	0.25	2.37	-	1.99	2.33	2.28
WATER AND ENVIRONMENT	71.41	119.60	71.79	85.45	56.92	130.52
WORKS AND TRANSPORT	354.69	153.11	244.50	178.70	584.04	338.84
TOTAL	1,726.13	1,276.68	1,753.10	1,204.36	1,840.59	1,403.48

Source: MoFPED, 2018

Annex 3: Evaluation Questions

It was agreed as part of the inception report that the Development Partnerships thematic report will cover a range of review/evaluation questions. Further details on the areas of enquiry are contained in table below.

DP1	The extent to which donor support has been aligned to the NDP II financing so far?
DP2	The extent to which the NDP II has provided a basis for mutual accountability;
DP3	To what extent has donor support to NDP II priorities contributed to the countries ownership of the results and achievement of the planned targets?
DP4	To what extent has government been transparent in utilizing donor support?
DP5	To what extent has Uganda implemented the donor partnership policy?
DP6	What have been the trends in recent years in the amount and modalities of development partner resource allocation (traditional and non-traditional donors) to fund elements of the NDP II?
DP7	To what extent have donor priorities changed significantly in the course of NDP II implementation so far and how well are DP strategies aligned to the Plan?
DP8	What mechanisms does GoU use to ensure that DP support is aligned with NDP II priorities?
DP9	How have donor programmes tangibly / measurably contributed to achievement of NDP II progress?
DP10	To what extent has NDP II provided a framework for improved harmonisation and reduced transaction costs in dealing with different development partners?
DP11	To what extent has the NDP II provided a basis for mutual accountability between GoU and DPs
DP12	How effective have GoU-donor partnerships been in the course of NDP implementation? Extent of pursuance of Public/Private Partnerships (PPPs) for sustainable development;
DP13	How can GoU / DP relations be strengthened so that the efficient and effective implementation of the NDP is enhanced?
DP14	What is the scope for effective collaboration with non-traditional donors?
DP15	What has been the role of DP in development of local governments?

Annex 4: Results of DP's Workshop

UGANDA DEVELOPMENT PARTNERSHIP WORKSHOP

A round table discussion with the joint Local Development Partner Group

Evaluation of Development Partnership Theme of the National Development Plan

12-Dec-2018

Results of group discussions.

TOPIC-1: Development Partnership Policy (covering Uganda Partnership Policy; Framework for the Partnership Dialogue; MOUs, Performance Framework; Global Partnership for Effective Development Co-operation (GPEDC); Nairobi Outcome Document; Vision 2040; etc ...).	
Strength or Positive Developments	Weaknesses or Negative Developments
NDP-I: FY 10/11-14/15 <ul style="list-style-type: none"> Acknowledge need for partnership South-south cooperation. Private Sector engagement (42%). Refugees inclusion (Compulsory Refugee Response Framework). 	NDP-I: FY 10/11-14/15 <ul style="list-style-type: none"> Few weaknesses in development aid effectiveness (GPEDC), NESS Delivering results not clear. Not clear how to engage private sector and their (42%) contribution. DPGs disconnected from GoU led processes.
NDP-II: FY 15/16-17/18 <ul style="list-style-type: none"> Same as NDP-I. Embedded early SDGs. 	NDP-II: FY 15/16-17/18 <ul style="list-style-type: none"> Same as NDP-I. Partnership Policy predated NDP-II. Humanitarian-Development Divide: CRRF needs to be focused into NDP-III (complementary programme).
Recommendations for NDP-III <ul style="list-style-type: none"> Harmonise partnership and Development Cooperation policies. To have one integrated policy. Policies to local level considerations. Develop clear guidelines for private sector engagement. Strengthen monitoring and reporting capacity of the government relating to development cooperation. Strengthen NDP prioritisation processes of the GOU (including Human Capacity Development theme of NDP), and harmonisation between NDA and MoFPED. CRRF to be folded into NDP-III. Closing humanitarian-development divide (complementary programme). 	

TOPIC-2: Institutional Framework (covering LDPG; National Partnership Forum (NPF); Partnership Task Force; OPM; MoFPED; NPA; SWG; SWAP; cooperation platforms; donor coordination matrix; etc ...)	
Strength or Positive Developments	Weaknesses or Negative Developments
NDP-I: FY 10/11-14/15 <ul style="list-style-type: none"> “Door is open” for ongoing dialogue. Regular dialogue in place. Functional LDPG, NPF 	NDP-I: FY 10/11-14/15 <ul style="list-style-type: none"> Development Partnership dialogue does not include all DPs. DP division of labour not existing.

	<ul style="list-style-type: none"> • Not strong GoU leadership. Weak coordination. • SWGs, NPF requires streamlining.
NDP-II: FY 15/16-17/18 <ul style="list-style-type: none"> • <i>Same as NDP-I</i> 	NDP-II: FY 15/16-17/18 <ul style="list-style-type: none"> • Effective dialogue is challenged post Joint Budget Support era. • <i>Same as NDP-I</i>
Recommendations for NDP-III <ul style="list-style-type: none"> • Include refugee needs in refugee hosting districts (institutional aspects) • Stronger government leadership and coordination (one entity). • Reactive and streamline SWGs in line with NDP-III priority areas. • More effective dialogue (which is inclusive and effective throughout the entire cycle). 	

TOPIC-3: Trends in the development partnership (covering Trends in the volume and direction of aid; Budget Support; JBSF; Project Support; off-budget; Sector aid; global trends; non-traditional DPs; loans vs grants; debts; etc...)	
Strength or Positive Developments	Weaknesses or Negative Developments
NDP-I: FY 10/11-14/15 <ul style="list-style-type: none"> • More efficiency and equitable due to more direct budget support 	NDP-I: FY 10/11-14/15 <ul style="list-style-type: none"> • Less accountable • Creates islands of excellence.
NDP-II: FY 15/16-17/18 <ul style="list-style-type: none"> • Increased accountability due to increased project funding. • Sustainability 	NDP-II: FY 15/16-17/18 <ul style="list-style-type: none"> • Less efficiency and effectiveness • Increased indebtedness.
Recommendations for NDP-III <ul style="list-style-type: none"> • To identify other financing sources to address global declining ODA • Strengthen AMP to capture comprehensive data. 	

TOPIC - 4: Development partner alignment with the NDP (covering NDP priorities; Vision 2040; DP's priorities; alignment; DPs contribution made to NDP results and priority projects, etc ...)	
Strength or Positive Developments	Weaknesses or Negative Developments
NDP-I: FY 10/11-14/15 <ul style="list-style-type: none"> • More budget support. 	NDP-I: FY 10/11-14/15 <ul style="list-style-type: none"> • Less aligned to global goals (NDP I & sectoral plans) • Poor aligned to SDGs • Less focus on system strengthening • More project funding • No system building
NDP-II: FY 15/16-17/18 <ul style="list-style-type: none"> • Increased alignment to SDGs 	NDP-II: FY 15/16-17/18 <ul style="list-style-type: none"> •

Recommendations for NDP-III

- Alignment of Development Partners’ priorities to GoU/NDP priorities.
- To have a common framework for Alignment of DP’s priorities to GoU/NDP priorities. Increased Development Partners’ budget support (or other modality aligned to country), reduced off-budget support.
- Increased demand by Development Partners, for accountability on NDP performance.

TOPIC - 5: Harmonisation, reduced transaction costs and mutual accountability

(covering: Using Country Systems (on-budget; on-treasury; on-procurement; on-audit); JBSF; joint programme-based approaches; donor coordination matrix; uniform disbursement and accountability rules; common indicators; reporting systems; joint missions; MEL; indicators of progress/performance framework; learning and knowledge sharing; development impact; analytical work; publication/sharing/transparency; etc ...)

Strength or Positive Developments	Weaknesses or Negative Developments
<p>NDP-I: FY 10/11-14/15</p> <ul style="list-style-type: none"> • There was JBSF, with a lot of coordination, harmonisation and use of country systems. DPs were more involved in monitoring accountability because of the Joint Budget Support Framework (JBSF). • There was a Joint Accountability and Monitoring of Performance. • There were joint programme-based approaches. • There was a Joint Assessment Framework (JAF) – a common framework. • Through the JAF there was agreement among DPs on common principles for disbursement and accountability. 	<p>NDP-I: FY 10/11-14/15</p> <ul style="list-style-type: none"> • high level scandals • there were serious accountability and transparency issues that led to the demise of the JBSF. • Despite the existence of a JAF, the final disbursement decisions after the joint assessment were left to each individual donor in consultation with its HQ. • As a result, some commitments were not met.
<p>NDP-II: FY 15/16-17/18</p> <ul style="list-style-type: none"> • *Challenging to identify. 	<p>NDP-II: FY 15/16-17/18</p> <ul style="list-style-type: none"> • All the strengths in NDP turned into weaknesses in NDP II • Lack of JBSF and JAF • There is no JAF common framework • Challenge for GoU to hold DPs to account. • Coordination and planning framework at the sector. • Annual progress report was replaced by GAPR. • No joint programme-based approaches • No agreement among DPs on common principles for disbursement and accountability • The Government has been finding it hard to hold DPs to account as most funding is off budget. • No joint monitoring missions

	<ul style="list-style-type: none"> Some of the DP working groups and coordination frameworks are dormant.
<p>Recommendations for NDP-III</p> <ul style="list-style-type: none"> Collaboration framework, BS to be encouraged. The Government and DPs should come back to the table and agree on the appropriate mode of collaboration and support Strengthen, monitor and popularise the implementation of the agreed actions of the National Partnerships Forum Strengthen the coordination function of the Government and DPs. This will include strengthening the role of NPA in designing developments plans for regions (PRDP, KIDP) etc. 	

<p>TOPIC - 6: Non-traditional development partners (covering: ‘tied’ aid; loans vs grants; private vs social gain; development impact; capacity/ownership development; Social and Environmental Impact Assessments (SEIA); alignment/ harmonisation/mutual accountability; etc ...)</p>	
Strength or Positive Developments	Weaknesses or Negative Developments
<p>NDP-I: FY 10/11-14/15</p> <ul style="list-style-type: none"> ... 	<p>NDP-I: FY 10/11-14/15</p> <ul style="list-style-type: none"> Tied aid More loans than grants
<p>NDP-II: FY 15/16-17/18</p> <ul style="list-style-type: none"> ... 	<p>NDP-II: FY 15/16-17/18</p> <ul style="list-style-type: none"> Same as above
<p>Recommendations for NDP-III</p> <ul style="list-style-type: none"> Integrate known non-traditional partners and identify and strengthen outreach to the emerging ones. Scrutinise the appetite for non-concessional loans. 	