CPIA Detailed Report

Country: Uganda

Exercise Year: CPIA Exercise 2023

Currency: Ugandan Shilling (UGX)

City: Kampala

Income Group: Low income

Lending Category: IDA

Final CPIA Score: 4.149

(A) Economic Management

Cluster Score: 5

01. Fiscal Policy

Criteria Score: 5

1. Fiscal Policy

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Fiscal spending in Uganda is driven by public investments in roads, security and more recently following the global monetary tightening rising debt service payments. The difficult years of COVID-19, with ensuing local lockdowns and disruptions of global supply chains, led to higher fiscal spending that peaked at 9.0% of GDP in 2020/21. During this period, Uganda’s risk of public debt distress was increased to moderate risk from low risk.

Since its peak and through prudent economic policies, the Ministry of Finance has engaged in an IMF led Enhanced Credit Facility program since 2021 that has helped the country strengthen its fiscal position. In 2022/23, the fiscal deficit was reduced to 5.1% of GDP, and is programmed to reach 3.6% of GDP in 2023/24. The fiscal deficit has thus been on a positive trajectory for two years in a row and is on track for a third year.

Despite the difficult economic perspectives, the Ugandan fiscal authorities have maintained macroeconomic stability and managed to steer through the turbulent COVID-19 years. Although public debt rose to 47.3% of GDP in June 2021, debt to GDP is now reduced to 45.6% of GDP in June 2023. This is on account of an economy that is on a solid recovery path, which bodes well for raising domestic revenues. Uganda has furthermore maintained an open economy and continues to receive large interest in domestic and foreign investors.

Uganda has diligently steered through the high inflation period. It has managed inflation around the 5% target, but was affected by the commodity price rises in 2022. From its peak of 10.7% in October 2022, inflation has been reduced to 2.7% in September 2023, through prudent monetary policy management. At the onset of inflation, the Central Bank swiftly increased the policy rate 4 times in 2022 to 10% to curb inflation. As inflation started to decline, the Bank has reduced the policy rate by 50 bps.

Uganda continues to attract increasing foreign direct investment amounting to USD 1.8 billion in 2022 and USD 1.7 billion the first half year of 2023. x% of GDP, while p Priv Private sector credit has slowed somewhat in 2023 averaging 8.6% growth from 9.9% in 2022. During the past 2 years, government domestic borrowing (39% of domestic credit) has increased faster than private sector credit.

A key challenge remains increasing revenue to GDP ratios. For the past five years, revenue to GDP has increased from 13.5% (2018/19) to 14.7% (22/23). Although good progress, the increase falls short of the annual target of 0.5% of GDP. Reforms are needed to rationalize tax benefits and holidays and strengthen tax compliance. Looking ahead, the oil sector has started sinking production wells, with exports due in 2025/26. This will create new revenue streams for the tax revenue authority, estimated at 2-3% of GDP.

Based on the positive developments over the past two years, we increase the rating by half a point.

Data source: Bank of Uganda statistics, Ministry of Finance Budget Expenditure report 2023 and IMF 2023.

02. Monetary Policy

Criteria Score: 5

2. Monetary Policy

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

The monetary authorities (the Bank of Uganda) continue to pursue an inflation targeting policy with the implementation of "inflation targeting lite" that was introduced in 2012. The Policy aims to maintain the medium-term inflation rate at 5%. Up until 2022, inflation was kept within the target rate, but events in 2022, global supply chain disruptions and the Russo-Ukraine war spurred inflation.

Inflation averaged 7.2% in 2022, compared to 2.2% in 2021, driven by food and energy inflation of 14.9% and 12.7%, respectively. Higher food and energy prices increased the burden on households, especially urban dwellers (net consumers). During 2022, the Uganda shilling depreciated by 3.8% against the US - dollar which contributed to higher prices on imported goods.

The Bank of Uganda prudently reacted to the rising prices, which were driven by external events, by raising the policy rate four times from 6.5% to 10.0% in 2022. Monetary tightening combined with a decline in international commodity prices, domestic price pressures started dampening in the fourth quarter of 2022. As of mid-2023 inflation has fallen to 2-3% and the average rate is expected to remain within the medium term target of 5%. The Central Bank has been careful not to further raise the policy rate as this would negatively impact investment and growth and reduce private sector borrowing. In fact, in August 2023, the Central Bank lowered the policy rate to 9.5%.

During the COVID-19 lockdowns, the Bank of Uganda were quick to implement various monetary measures to allow debtors restructure loans or postpone redemptions to ensure that businesses did not fall into bankruptcy. These actions were part of reason that the economy has quickly returned to growth exceeding 6% in 2022 and estimated to 6.5% in 2023.

Despite a spike in inflation, the Central Bank were quick to manage the situation and bring prices back under control. This led to a lowering of the Central Bank rate in mid-2023. The main challenge remains the high lending rates at 17-20% that discourages long term capital borrowing. The Central Bank is implementing reforms to enhance the effectiveness of the Anti-Money Laundering and Combating Financing of Terrorism frameworks by strengthening supervisory capacity.

Since 2020/21 when the fiscal deficit peaked at 9%, the Government has slowed the pace of public investments to balance the budget. The deficit was reduced to 5.1% of GDP in 2022/23 from 7.4% of GDP in 2021/22. The target is 3.6% of GDP for 2023/24. Deficits are financed through domestic and external financing, increasing public debt and debt servicing. During this period current account deficits remain elevated at 8-9% of GDP, due in large part to investment and imports associated with the oil developments.

Based on the above, we maintain the rating from 2021.

Data source: Bank of Uganda statistics, Ministry of Finance Budget Expenditure report 2023 and IMF 2023.

03. Debt Policy

Criteria Score: 5

3. Debt Policy

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

The fiscal deficits were primarily financed through public borrowing. The rapidly rising public borrowing in 2020 and 2021, as well as the deteriorating debt indicators led both the Ministry of Finance and the IMF to downgrade sovereign debt to moderate risk of debt distress from low risk in December 2020. To mitigate against further deterioration of indicators, Uganda has been implementing a three-year IMF program (Extended Credit Facility) since 2021. The program is just under USD 1 billion and has today disbursed $600 million.

Public debt trends are slowly improving. Debt declined to an estimated 46.8% of GDP in 2022 from 48.1% of GDP in 2021. Indeed, the IMF review of January 2023 confirmed that public debt is sustainable in the medium term, but with limited space to absorb shocks. Vulnerabilities are mainly related to export shocks that could lead to breaches of debt-to-exports and debt service-to-exports ratios, while a one-time depreciation will lead to a threshold break of debt service-to-revenue. Ensuring medium-term sustainability will require that the primary deficit is maintained at 2-3% of GDP, a reduction from the 4.4% of GDP in 2021/2022.

Despite the rise in public debt during the COVID-19 lockdowns, the authorities maintain a firm grip on borrowing, as it mainly targets concessional borrowing. Public debt is furthermore guided by the 2022 Charter for Fiscal Responsibility that states a debt level of maximum 50% of GDP. The debt management office promotes concessional borrowing to reduce credit risk and adverse effects on macroeconomic policies. The Government has furthermore avoided issuing Eurobonds. For more than three years now, the Debt Management Department has issued the annual update of the Medium-Term Debt Strategy. The latest dated March 2023. The Department also issues regular debt data that is publicly available, while also providing annual debt sustainability analysis.

Despite the credit rating down grade in 2020, debt trends are on the right track. Uganda's public debt position remains sustainable. Furthermore, the Ugandan authorities continue to manage debt prudently (rated A in PEFA 2023) and are committed to optimizing non-concessional and concessional financing. Given the positive development, we propose to raise the rating by one full point.

Data source: Bank of Uganda statistics, Ministry of Finance Budget Expenditure report 2023, PEFA 2023, and IMF 2023.

(B) Structural Policy

Cluster Score: 4.333

04. Policies and Institutions for Economic Cooperation, RI and Trade

Criteria Score: 4.333

4.a. Regional Integration and Economic Cooperation

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Uganda continues to be a strong supporter of regional organizations and economic corporation and regional integration initiatives as it has maintained its multi-regional organizations (EAC, COMESA, IGAD) and ACFTA membership. It has also ratified the COMESA-EAC-SADC Tripartite Free Trade Area agreement. To strenghten regional integration, Uganda is rehabilitating the meter gauge railway to Kenya, which will lower the cost of transport by up to 50% while reducing the cargo travel time to Mombasa Port in Kenya. Road corridors to South Sudan and Congo-DR have and are being improved. At the level of border posts, these have been streamlined to allow more efficient clearing and movement of goods.

The trade deficit on goods and services increased to USD 5.1 billion by end 2022 from USD 4.5 billion by end 2021. The trade deficit has increased steadily since 2016 when it was USD 1.7 billion. The deficit has largely been driven by rising imports, in particular petroleum products, iron and steel, and vegetable/beverages products. Furthermore, the services deficit deteriorated significantly in 2020 due to COVID-19 that affected tourism receipts. Tourism has not recovered to pre-pandemic levels. In 2022, mM uch of Uganda's formal exports, 58.6%, wasis exported to African countries, of which Kenya, South Sudan and Congo DR take up 43.3%. Exports to Africa amounted to 37.4% in 2019. In terms of imports, in 2022, 18.7% originates from African countries with Kenya, Tanzania and South Africa as the three most important down from 24.8% in 2019.

The revised performance convergence criteria, which each EAC country must achieve are: (a) headline inflation of no more than 8%; (b) fiscal deficit, including grants of no more than 3% of GDP; (c) gross public debt of no more than 50% of GDP in Net Present Value (NPV) terms; and (d) maintenance of official foreign reserves of at 4.5 months of imports. Uganda meets 2 of the criteria, with the fiscal deficit criteria missed (deficit 5.1% of GDP in 2022/23), and falling short on the foreign reserves (est. 3.50 months of import cover in 2023). Regarding the gross public debt level, this indicator is still within limits in NPV terms, and has recently started to decline to 46.1%. Inflation was on average 7.2% in 2022, and is estimated to decline to 5.3% in 2023.

4.b. Trade restrictiveness

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Although Uganda has posited positive regional trade trends over the three years to 2022, the country continues to confront both tariff and non-tariff trade barriers that disrupt the free flow of both inputs and exports. As a EAC and COMESA member country, Uganda observes a three-band trade tariff structure of 0% (within the East Africa Community), 6% for COMESA countries, and 25% for the rest of the World. The Government has further proposed an additional band of 5% and a new peak of 35% and also identified 227 products for the higher bands. Countries seeking to trade with Uganda also face non-tariff barriers such as bureaucratic processes and red tape, lack of market information, and trading licenses procurement difficulties.

The International Trade Centre observes that almost half of Ugandan Importers and Exporters face non-tariff barriers. The World Bank Doing Business Report ranks Uganda 121 on across borders trading, scoring 66.7 in both 2019 and 2020. A key constraint is the lengthy time traders spent at borders to process documentation. Although Uganda does better than the average value of sub-Saharan Africa, it takes 5-8 times longer to process import or export documents.

According to the latest WTO tariff profile, Uganda's trading partners receive at least the most favored nation (MFN) treatment. According to WTO data, the Simple Average MFN is 18.4% in 2022, higher than the 13.7% in 2020, with agriculture reaching 28.0% and non-agri products reaching 16.9%.

4.c. Customs/trade facilitation

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The World Bank Logistics Performance Index (2018)ranks Uganda at 102 behind Rwanda at 57 and Kenya at 68. At the regional level, Uganda scores 2.58, slightly above the regional average of 2.48. On the same index, despite doing relatively better, Uganda still lags behind on the customs rank as it ranked 76, compared to Rwanda (64) and Kenyas (67). On trade openness, Uganda ranked 97 on the World Economic Forum Global Competitiveness Index (2019).

To facilitate trade, Uganda has set up the Uganda Trade Portal (UTP) in 2019, which enables traders to access a transparent step-by-step guides to licences, pre-clearance permits, and clearance formalities for the most traded products and services. The UTP also provides information on how to access the ASYCUDA system and type of documentation required.

The three most important trading partners in the region are Kenya, South Sudan and DRC, all members of the East African Community. Within the EAC, a Single Customs Territory (SCT) has been established to facilitate faster clearance and movement of cargo from the port of entry to the destination. This has benefited Uganda’s trade between Kenya, Rwanda, and Tanzania as all goods are cleared under the SCT arrangement which lowered the cost of doing business for traders. A Single declaration under SCT is submitted electronically, processed, and released by the authorities from the country of destination prior to loading of goods and release from source and this has reduced documentation required for release goods up to destination by 80%, hence reducing paper and simplifying the administrative burden. Ugandan customs officers are deployed at Ports of Mombasa and Dar-es-salaam and can clear Uganda destined goods, making it possible for goods to move directly from points of dispatch in a Partner State to the owner’s premises in Uganda without having to go through further customs checks. The SCT has reduced truck turnaround time from Mombasa to Kampala from 18 days to 4 days and the cost reduced from USD 3,100 to USD 1,025 per container.

05. Financial Sector Development

Criteria Score: 4.5

5.a. Financial stability

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

The banking sector has been through a volatile period with the COVID-19 pandemic in 2020 and 2021, followed by the cost of living crisis let on by global inflation. Nevertheless the banking system has remained stable throughout these events, and the Central Bank rates banking key risk factors at moderate. The banking system is resilient to both external and domestic shocks, and tight monetary policy. Credit risk has somewhat increased during the period, while structural risk is at low and continues to decline. Macro, liquidity, market and operational risks are stable and moderate.

According to the June 2023 Supervision Report, over the past 8 quarters the NPLs have stabilized at 5.5%, slightly above the target of 5%. Maintained above the target of 12.5%, the regulatory capital to risk-weighted assets has averaged 24.3% over the past 8 quarters and has slightly increased during 2023. Tier-1 capital averaged 22.9%. Liquid assets to deposits is stable around 46.2%.

The IMF has reported that the Bank of Uganda has fully implemented BASEL II principles and several aspects of BASEL III as the banking sector evolves. The implementation of a systemic risk buffer for domestic systemically important banks, capital conservation buffer, countercyclical capital buffer, and leverage ratio, have been a regulatory requirement since January 1, 2022. Other aspects of BASEL III, such as the liquidity coverage ratio and net stable funding ratio have been included in the draft Financial Institutions (Liquidity) Regulations 2023.

The banking systems resilience to shocks, the continuing improvements in the banking system, and the progress to implementing the BASEL III requirements, it is proposed to increase the rating by half a point.

5.b. Sector's efficiency, depth, and resource mobilization strength

Score Type	Value

Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Interest rates continue to remain high making borrowing for long term capital costly. Lending rates have slightly increased in 2023 to about 19% from 18.2% in 2022 driven by the rise in the monetary policy rate that is currently at 9.5%. Access to financial services and affordable credit are central for investment in both start-up firms and expansion of existing firms and ultimately job creation. Although access to finance has improved, high real interest rates continue to dampen domestic long-term private investment.

Private Sector Credit (PSC) growth has on average been lower during the 2010s (12.1%), compared to the previous decade (25.3%). Credit to the Private Sector was 10.3% in 2022 and is estimated to fall to about 9% in 2023.

There has been tremendous growth in the cooperative sector in Uganda. Financial Cooperatives (SACCOs) are estimated to number 28,556 and account for approximately 69% of the registered societies. The various categories of SACCOs include community-based and institutional SACCOs, Emyooga SACCOs (a government program), and Parish Development Model SACCOs (the Cooperative, August 3, 2023.).

5.c. Access to financial services

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Uganda is preparing the third financial inclusion strategy that is expected to ready before the end of the year. Further the Parish Development Model that consists of 7 pillars is being rolled out in about 10,500 parishes throughout the country. One pillar relates to financial inclusion. The financial inclusion module in the PDM information system has been rolled out in various districts and reports on last-mile usage by subsistence household beneficiaries are being prepared based on the rollout.

The 2023 Fin-Scope Survey is being prepared, but will not be available for the CPIA. The 2018 Fin-Scope Survey indicated financial inclusion improved from 57% to 78% over the period 2006 to 2018, with formal inclusion estimated at 58%. Formal services is driven by the uptake of mobile money services that continues to expand. In June 2023, transactions amounted to 54.5 trillion UGX, up from 39.3 trillion UGX in June 2022. Registered mobile money users was reported to 34 million in May 2022 although this number includes users with more than one account.

The score is maintained.

06. Business Regulatory Environment

Criteria Score: 4.167

6.a. Regulations affecting entry, exit, and competition

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The have been no significant changes to the regulations that affect entry and exit of businesses. However, in 2023 the parliament passed the Competition Bill 2022 that will facilitate fair competition in markets and prevent practices having adverse impacts on competition in markets. The bill seeks to control anti-competitive behaviour of firms that would have a negative impact on competition in Uganda’s markets. The bill will also

The Bill proposes the establishment of a comprehensive legal regime on competition in Uganda to avoid certain activities in the market that hurt the businesses or consumers and curb practices violating ethical practices. The Bill is extended to include the government especially since some of its practices may be discriminatory like giving out incentives to one enterprise. The Bill, as passed, prohibits monopolies arising from enterprises entering and operating under joint ventures and mergers, and engaging in practices that prohibit other players in the field of business including government run businesses.

The companies Act was amended in 2022, to simplify registration of businesses, and to allow companies that are no longer in business to be removed from the business registry. This would allow a more accurate account of active companies.

Uganda was ranked 169 in the World Bank's DB 2020 report on the ease of starting a business. The total number of procedures to register a firm is 13 procedures and takes 24 days to register the firm. The institution in charge of business registration is the Office of the Registrar, Uganda Registration Service Bureau.

The DB report of the World Bank ranked Uganda as No.113 on the ease of getting a permit. It takes between 113 days and 18 procedures to obtain permits. The requirements for obtaining permits are easily accessible online free of charge.

According to the DB report of the World Bank, resolving insolvency framework in Uganda provides that a creditor or debtor has the right to object to decisions accepting or rejecting creditors' claims. The insolvency framework provides for the possibility of the debtor obtaining credit after the commencement of insolvency proceedings. According to the US Department of State, Ugandan courts recognize and enforce foreign arbitral awards, including those issued against the government. Uganda has not had any recent experience of extrajudicial action against foreign investors.

Previous review

The 2019 Global Competitiveness Index (GCI) ranks Uganda 115 out of 141 (with a score of 48.9 of 100), a two positions improvement from 2018. The projected 2021 GCI is a score of 49.3, a slight improvement over 2020. The 2020 World Bank Doing Business Index, ranked Uganda 116, a 4-positions improvement since 2018. The country's overall score was 60 while its rank compared to regional peers was 12.

Starting a business slightly improved with a 71.4 score, but still ranked 169 on the global list. Exiting a business or resolving business insolvency issues, ranked 99 with a 43.6 score. This entails difficulties in easily closing a business. It still takes a number of years to close an insolvent business.

Uganda continues to permit foreign investors to set up businesses or partner with local investors without any restrictions. Foreigners are also allowed to own property or invest in other assets, with the exception of owning land. The Government's incentives for attracting foreign investors include tax benefits, particularly, tax reduction of up to 75% on factory equipment imports for industrial investors. However, the foreign investors investment license stipulates the size of investment, employment quotas, on-job training of Ugandans, and purchasing of local goods and services.

6.b. Regulations of ongoing business operations

Score Type	Value

Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The Insolvency Act was amended in 2022, to allow for a more smooth dissolving of a bankrupt company. Post arrangement financing can be obtained in the assets of the company to allow for the administration work related to the insolvency. Unlawful dealings with assets is a criminal act and can be prosecuted.

According to the US Department of State, except for land, foreigners have the right to own property, establish businesses, and make investments. Ugandan law permits foreign investors to acquire domestic enterprises and to establish greenfield investments. In July 2022, the government imposed an 18% digital services tax on non-resident electronic service providers such as online advertising, music and movie streaming, and software, among others.

According to the US Department of State, there are no restrictions for foreign investors on remittances to and from Uganda. In response to COVID-19, the Bank of Uganda in March 2020 placed restrictions on supervised financial institutions' repatriation of dividends until after the BOU-certified institutions had sufficient capital buffers and liquidity to absorb shocks brought about by defaulting customers. As of February 2023, these limits had not been fully lifted and banks are granted approval on a case-by-case basis.

Previous review

Business operations are guided by the following pieces of legislations: Companies Act, Employment Act, Limitations Act, Contract Act, Bulk Sales Act, Partnership Act and Business Names Act.

The Government has established eBiz, a one-stop-centre to ease business operations in Uganda. eBiz is an integrated one-stop platform for for easing the process of applying for business permits and licenses. The platform also provides various business support services including investment advisory, business name, company registration, taxes registration, obtaining investment and trading licenses, verifying land titling, obtaining environmental impact assessment certificate, and obtaining residency and work permits, among others.

eBiz also facilitates customers payments of business fees and access to documents for their business operations, thereby avoiding delays associated with physical arrangements for obtaining the various documents.

6.c. Regulations of factor markets (labor and land)

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

There has not been any significant changes in terms of how land is regulated in Uganda. Land remains a challenge for the government when investing in public infrastructure, especially where there is need to gain right of way. On the other hand citizens are well protected against expropriation of land and can bring land matters to court.

According to the US Department of State, Uganda does not allow waivers of labor laws for foreign investors. Ugandan law allows workers, except members of the armed forces, to form and join independent unions, bargain collectively, and conduct legal strikes. Labor laws do not protect domestic, agricultural, and informal sector workers.

According to the DB report of the World Bank, there are 10 procedures and a 42-day process involved in registering property in Uganda. The type of land registration system in the economy is the Title Registration System. Ministry of Lands, Housing and Urban Development, Department of Land Registration is the institution in charge. There is no electronic database for recording boundaries, checking plans, and providing cadastral information (geographic information system). The High Court of Uganda-Land Division is the Court of First Instance in charge of a case involving a standard land dispute between two local businesses over tenure rights located in the largest business city.

As there have been no changes, the score remains unchanged.

Previous review

The current Land Act provides for the following ownership types: freehold, "Mailo" (a kind of freehold), customary, and leasehold. Land occupants hold registered titles, except for customary landowners. Mailo land remains a complex landownership form as both the landowners and occupants have rights to the land.

Land registration has often faced the challenge of fraudsters who have impersonated family members or other rightful landowners. The Land Information System launched in 2020 has, however, improved transparency. Although the System does not guarantee against fraud, it is expected to reduce the possibilities for fraud. However, concerns have been raised on the continued risk of possible collusion between officials and fraudsters.

The 2019 Global Competitiveness Report ranks Uganda's labour market 36 on flexibility (63.1 score). Key score determinants are wage determination flexibility (rank 8), undemanding hiring and firing practices (rank 29), relatively low cost of redundancy payment (rank 21) and easy to hire foreign labour (ranked 18) out of 141 countries.

(C) Policies for Social Inclusion/Equity

Cluster Score: 3.987

07. Gender Equality

Criteria Score: 4

7.a. Promotion of equal access for men and women to human capital development opportunities

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

According to the Global Gender Report 2023 (WEF) educational attainment indicator, Uganda scores 0.924 and ranks 126th. The below parity score is mainly due to below par enrolment in tertiary (score 0.741) and secondary (score 0.901) education. Additionally, girls have a lower literacy rate of 0.885 (score). In terms of primary education girls have a slight overweight on enrolment. In terms of health and survival related indicators, on the overall, Uganda scores 0.98 and ranks 1 with other countries.

During COVID-19 pandemic schools in Uganda affected both boys and girls as they were closed for almost 24 months. During this period there are studies that showed that teenage pregnancies increased substantially during the closure. The rate of teenage pregnancy in some districts increased by 30%-50% during the pandemic period of 2021 compared to the pre-COVID-19 pandemic period. Some of these girls may find it difficult to return to school.

Awaiting updated data on education.

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Previous CPIA assessment

At the primary school level there is gender parity between boys and girls. Data from Uganda Bureau of Statistics in 2017, indicate a slight overweight of girls in primary school to boys. The enrollment statistics show 4,294,473 boys to 4,361,451 girls. In terms of pass rates, boys were doing slightly better with 92% passing, while 89% of girls passed. At the secondary level, there were slightly more boys enrolled. In 2017, 765,406 boys were enrolled compared to 691,871 girls. The pass rates for boys was 93% with girls achieving 91%. At the tertiary level the differences are more marked with 55.7% boys to 44.3% girls. Total enrollment in all tertiary institutions was just 258,866. On the 2020 Global Gender Gap, Uganda scores 0.717 out of 1.0, ranking 65 out of 153 countries. Uganda has dropped 22 positions since 2018 ranking. It should be noted that on education attainment Uganda scores 0.914, which is close to full marks of 1.0.

The African Gender Index shows that Uganda, 0.613 (rank 13 out of 51 countries), is making progress in promoting gender equality, but challenges remain. Although the country presents a satisfactory score on the social level (0.917), it scores unsatisfactory on the economic level (0.664) and the empowerment of women (0.379). The Government is revising its 2007 Gender Policy and enhancing women empowerment. The implementation of laws promoting and protecting women's rights remains a challenge in the country. According to customary law, women can neither inherit nor own land, thereby limiting their benefits from productive sectors. Gender-based violence is covered by an action plan (2016), but requires additional policy reforms on the regulatory framework, according to the Gender Ministry and CSOs.

7.b. Promotion of equal access for men and women to productive and economic resources

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

According to the Global Gender Report 2023 (WEF) economic participation and opportunity indicator, Uganda scores 0.623 and ranks 102nd out of 146 countries. Women’s participation in the labor force is lower than mens, scoring 0.655 and ranks 108th. The estimated earned income is lower for women, scoring 0.533, while wage equality falls short. On wage equality Uganda does better than many countries ranking 27. Legislators, senior officials and managers are underrepresented by women, scoring just 0.54 with a rank of 73rd.

The latest poverty report shows that vulnerability of men and women is more or less the same. This is whether a person is not vulnerable (11%), relatively vulnerable (34%) or highly vulnerable (55%) to poverty. Nevertheless, the data shows that poverty by household head is slightly higher for women (22.2%) than for men (19.5%).

Women are often disadvantaged when it comes to inheritance of land from a deceased husband. In 2022, the succession act was amended to provide for gender equality in accordance with the constitution. The amendment also strengthens the protection of the principal residential property for the benefit of the surviving spouse and lineal descendants.

Score from last CPIA retained.

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Previous review

Evidence shows that people who have some level of education can further increase their earnings through added education in secondary, diploma or degree levels. Various studies confirm that persons with higher levels of education beyond primary increase their earnings substantially. These studies also indicate gender gaps in earnings. Wage employed with a degree will earn 2.3 times the amount a secondary education holder earns. Primary school holders will earn one third of secondary education holders. There seems to be a gender gap most likely associated with lower levels of education for girls than for boys. The gender gap in earnings indicates 36% lower earnings for females. The gender gap may also to some extent be driven by discriminatory behavior by employers. Education in Uganda has an income equalizing effect. This implies that persons that have less resources will benefit from public education programs.

The Constitution of Uganda has been heralded for its gender neutrality with regard to property rights including land rights. However, there is a disconnect between what is in the supreme law and land legislation, and its implemented in practice. In fact, because of legal pluralism, there are several interacting and conflicting state, customary and local laws that affect women. Uganda has continued to implement at least 14 out of 26 of the international standards and codes that specifically promote broad-based socio-economic development.

7.c. Men and women equal status and protection under the law

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5

Second Draft Score	3.5
Final Score	3.5

Country Notes:

According to the Global Gender Report 2023 (WEF) political empowerment indicator, Uganda ranks 49th out of 146 countries, scoring of 0.297. Women are underrepresented in parliament and in ministerial positions holding about 1/3 of positions in each category.

Women are often disadvantaged when it comes to inheritance of land from a deceased husband. In 2022, the Succession Act was amended to provide for gender equality in accordance with the constitution. The amendment also strengthens the protection of the principal residential property for the benefit of the surviving spouse and lineal descendants.

The divorce act was amended in 2023, which has improved the rights of women and places them equal to men in terms of the law.

CEDAW has commended Uganda for the progress made in the education sector, including the implementations of strategic plans, the establishment of gender units and bi-laws, and the gender sensitive educational infrastructure, which has been embarked on.

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Previous review

Three years after Uganda committed to submitting a State Party Report, Uganda submitted the Combined eighth and ninth reports under article 18 of the CEDAW convention in June 2020. This was the first report since the State Party report in 2010.

According to the report, Uganda has enacted gender-responsive laws and regulations, including the 2010 Domestic Violence Act to protect and provide legal solutions for survivors of violence in the home; the 2011 Domestic Violence Regulations; the 2010 Prohibition of Female Genital Mutilation Act that criminalizes the harmful practice of FGM; the 2012 Employment (Sexual Harassment) Regulations that give effect to the provisions on sexual harassment in the Employment Act; the Public Finance Management Act 2015 which provides for gender and equity responsive planning and budgeting; and the 2015 HIV/AIDS Prevention and Control Act that protects women and men living with HIV from discrimination on the basis of their HIV status.

CEDAW provided specific recommendations and urged government to enact the 2009 marriage and divorce bill, which remains before Parliament under the name Marriage Bill 2017. The current Marriage Act is from 1904.

In addition, CEDAW has urged the Government to enact the Sexual Offences Bill. The Sexual Offences Bill, 2016 is currently before Parliament. Government is reviewing the five Sexual Offences related laws, namely; the Venereal Diseases (Amendment) Bill, 2012; the Evidence (Amendment) Bill, 2012; the Trial on Indictments (Amendment) Bill, 2012; the Magistrates Courts (Amendment) Bill, 2012; and the Penal Code (Amendment) Bill, 2012 in line with developments in the prosecution of sexual and Gender-Based Violence (GBV) offences. The Bills seek, among other things, to remove the requirement for corroboration of evidence by victims of sexual offences. The Bills also legislate for aggravated rape, sexual offences with persons incapable of giving consent, and victim compensation.

08. Equity of Public Resource Use

Criteria Score: 3.833

8.a. Poverty Measurement

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The 2019/20 Poverty estimates were launched in 2023 providing new insights into the Ugandan poverty dynamics. National poverty was estimated at 20.3% compared to the previous National Household Survey (2016/17) which estimated poverty incidence at 21.4%, up from the 2012/13 level of 19.7%. Urban poverty is rising and was estimated to 11.7% from 9.4%. Rural Poverty declined slightly to 23.4% from 25.3%. About 8.31 million individuals live in poverty. Poverty surveys in Uganda are conducted every 3 to 5-years. Household survey data is analyzed to determine poverty characteristics at the age groups, geographics, households, etc. The Ministry of Finance uses this data when allocating social related funds to districts.

During the interim periods Demograhic and Health Surveys that also include poverty deprivation related information are conducted. The latest DHS uses data collected in 2022 and was disseminated in 2023. A 2019 study on "The extent and nature of multidimensional child poverty and deprivation" indicates that 56% of Ugandan children live in multidimensional poverty, with 84% of the children in Karamoja living in multidimensional poverty.

As the household data was collected in 2019 and 2020, some of the data could be analysed in relation to COVID-19. The data showed that poverty rose during the pandemic. Another factor of persistent poverty in Uganda is the low productivity in agriculture, which accounts for two-thirds of the Ugandan work force explains the difficulty in reducing poverty. At the same time the creation of higher value-addition jobs is low.

The score is maintained.

8.b. Public Expenditures: Priorities and strategies

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The National Household Surveys provide the basis for targeting social programs that help to identify the regions and districts that require additional support to safeguard vulnerable populations. The Strategy to support the poor is the NDP III (see below).

A new development is the Parish Development Model that has been implemented since 2021 (see other sections of the CPIA). Among other things the PDM identifies vulnerable families in all of Uganda' ca. 10,500 parishes. In 2023/24, allocations will be provided to 100 vulnerable families in each parish.

The NDP III 2020/21 to 24/25 is the Government strategy for addressing Uganda's poverty challenges. The Strategy has the following four main objectives: Increasing Sustainable Production, Productivity and Value Addition in Key Growth Opportunities; Increasing the Stock and Quality of Strategic Infrastructure to Accelerate the Country's Competitiveness; Enhancing Human Capital Development; and Strengthening Mechanisms for Quality, Effective and Efficient Service Delivery. The Strategy has articulated clear indicators and targets for achieving its development objectives.

To ensure that the NDP III delivers its development objectives, Government has also rolled out a new PFM Strategy (2018-2023). The new PFM Strategy will support the progress and gains made to date by introducing an accompanying M&E framework for implementing reforms to archive great development impact. The new Strategy will specifically strengthen resource mobilization; policy-based planning and budgeting; public investment management; accountability systems effectiveness; compliance in budget execution; and oversight and governance.

Recent public expenditure trends indicate the Government's priority sectors. The UNICEF 2018 report indicates that education has received declining budget allocation since 2012. As of 2016 education received about 14% of the budget declining from 16%. In 2018/19 the allocation further declined to 11% of the total budget. With regard to the health sector, recent trends indicate declining spending per capita on health, with non-wage spending falling to under a third of the 2003 level, while development spending has more than halved since 2009. Funding to the sector has mainly prioritized wages, which have remained stable in real terms over the past decade.

Uganda receives circa USD 2 billion per year as development aid. Sixty percent of development aid is allocated to social sectors resulting in the crowding out of government spending on infrastructure.

Going forward the indicative investment program for the NDP III 2021-2025 period has prioritized nine sovereign projects (valued at UA 628 million) focusing on the transport, energy, water and sanitation for supporting agro-industrialization.

During COVID-19 the government increased spending to mitigate the adverse effects of the pandemic. Funds were increased in several sectors, but especially the health sector. Additionally, programs were implemented to safeguard households, employment, businesses among others.

8.c. Regressive Tax

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Total domestic revenues in 2022/23 increased by just 0.2% of GDP to 13.6% of GDP. The revenue to GDP was 12.6% in 2018/19. This increase is below the target of 0.5% of GDP per year as established in government policy documents. The past five years the average non-tax-revenue to total domestic revenues was 6.5%. In comparison with benchmark countries Ugandan taxes fall short (16.6% Kenya, 15.5% Rwanda).

Considering tax revenues, Uganda has a progressive income tax system comprising both direct and indirect taxes. Tax revenues accounted for 93.5% of domestic taxes. Direct income taxes including personal income (15.9%) and corporate income (7.2%) taxes fall short compared to pears (PI tax: 25.9% Kenya, 23.6% Rwanda, and 18.7% Tanzania; CI tax: 18.2% Kenya; 18.3% Rwanda; and 16.2% Tanzania). The indirect taxes in Uganda account for 21.6% of which 14.4% are VAT on domestic produced goods. VAT on imported goods are included in the trade taxes that account for 36.9% of which petroleum taxes and VAT on imports account for the majority.

The domestic tax target for 2023/24 fiscal year is 14.8% of GDP, 1 percentage point higher than 2022/23. Given previous experience, it does not seem plausible that the 1 pp is achievable.

In the past two years, the Ministry of Finance has monitored foregone taxes (i.e., tax expenditures) that are generated through tax benefits and other incentives. In 2021/22, foregone taxes accounted for 1.6% of GDP.

Previous review

Indirect taxes, such as VAT (most often considered a regressive tax, but can have progressive elements based on research by the OECD (https://www.oecd.org/ctp/reassessing-theregressivity-of-the-vat-b76ced82-en.htm) accounts for about 32% of tax revenues. This tax will have a relatively higher burden on poorer households than richer households, especially those households that have excess income that is saved. In comparison with EAC members, Uganda's 18% VAT is the same as Rwanda, Tanzania, Burundi, but slightly higher than Kenya at 16%.

As indicated in its Domestic Resource Mobilization Strategy, Government remains committed to increasing mobilization of tax revenues from 15% to 18% of GDP by 2024 by Increasing excise duty on petrol and diesel; prudent management of tax arrears; and Widening the tax base, Other tax revenue enhancing measures include: improving citizens' taxation perceptions; strengthening tax system transparency and accountability and taxpayer services, education and information; improving tax policies for promoting industrialization, social welfare, and strong economic growth; and enhancing revenue administration capacity to collect revenue.

09. Building Human Resources

Criteria Score: 4.5

9.a. Health and nutrition services

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Stunting and underweight children are declining from previous levels. In the most recent data from 2022 DHS, 26% of children between 6-59 months are stunted and 10.2% underweight. This is positive, but the numbers are much to high, given the number of children exceeding 2.5 million that are affected by inadequate and low nutrition.

In terms of births more and more Ugandan women give birth in a health facility. In 2022, 91% gave birth in a clinic, against 76 in 2011. Skilled providers were present in most births with 16% with a doctor present and 75% with a nurse/midwife present.

Child mortality has declined to 52 per 1000 in 2022 from 64 in 2016, as is basic child vaccinations for 12-24 month olds at 54%. However, this number has stagnated in the recent 3 DHS.

Maternal mortality has decreased to 189 deaths per 100,000 births, down from 336 deaths per 100,000.

9.b. Education, ECD, training and literacy programs

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

New data on education indicators is lacking. Awaiting input from sector colleagues.

Unicef reports that 38% of 3-5 year olds, 90% of 6-12 year olds, 78% of 13-18 year olds, and 23% of 19-24 year olds attend school.

The COVID-19 pandemic adversely impacted the education sector as schools were closed. Schools were closed for almost 24 months during 2020 through 2021. Schools only opened in 2022.

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Review from previous CPIA

Uganda’s education sector has been guided by various policies and strategies. The NDP III recognizes that well-educated, skilled and healthy human resources are essential for facilitating the country's sustainable development and critical for promoting industrialization and addressing gender and youth unemployment. Sector level strategies include the following: revised Primary Education Strategic Plan (2007-2015), Universal Secondary Education Strategic Plan (2009-2018), BTVET Policy (2020), Skilling

Uganda Strategic Plan (2012-21), Local Content Policy for Oil and Gas industry (2018), and Sector Strategic Plan (2021-2025) for education sector skills. Other education policies and strategies include the education reforms such as UPE targeted at improving girl children's access to education, the Gender in Education Sector Policy (2016) and National Strategy for Girl's Education (2014) that highlighted the importance of ensuring that the education sector meets the needs of women and girl children, while also instilling the notions of gender equality.

The foregoing education sector policies and strategies have generally facilitated increased access to education and literacy improvement. At the primary school level, net enrolment ratio stands at 95% (World Bank estimate), while performance rates are slowly improving (from 54 in 2015 to 59 in 2019). National literacy rates have improved from 70% in 2012 to 77% in 2018 (World Bank estimate). The strengthening of access to secondary education has resulted in a 7% increase in enrolment from 1.28 million in 2015 to 1.37 million in 2017 although net enrolment ratio remains low at 22% in 2017.

Notwithstanding, the foregoing achievements, the education sector continues to confront challenges. Even though the education sector receives the second largest budget allocation, funding is still below international benchmarks of spending at 4-6% of GDP and 15-20% of public spending, as funding towards infrastructure remains a priority. The education sector is increasingly receiving less resources as spending has declined from 15.7% in 2016/17 to 14.3% of total expenditures in 2018/19. Providing technical skills and vocations to close the labor market demand–supply mismatch has received low priority, in spite of these sub-sectors being the backbone of many industries and services.

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

The strategies aimed at responding to the HIV and AIDS epidemic, are an integral part of the Health Sector Development Plan 2016-2020, National HIV and AIDS Strategic Plan (NHSP 2015/16-2019/20) and the National Health Policy (NHP II). Of adults aged 15-49 years, 88% of men know that HIV can be prevented by condoms and limiting sex to one uninfected partner. The same numbers for women are slightly lower at 83% and 87%. Of younger adults aged 15-24 years, 56% of women and 54% of men have comprehensive knowledge of HIV.

The Health Sector Development Plan (2016-2020) focused on providing overall strategic direction for stakeholders in health, while outlining their expected roles and responsibilities. The Plan's main goal was "to accelerate movement towards Universal Health Coverage with essential health and related services needed to promote a healthy and productive life". The Plan also provided the medium-term strategic, highlighting how it contributed within the constitutional and legal framework to the NDP II and National Health Policy II.

The Government's 2007 HIV/AIDS Policy provides the framework for preventing the spread and mitigating socio-economic impact of the HIV/AIDS disease. The policy also outlines the needs for care and treatment of the decease. In 2020, 1.4 million people lived with HIV. According to UNAIDS new HIV infections have been falling every year since 2009. In 2020, the number of new infections was 53,000 down from 97,000 in 2009.

Latest malaria prevention and treatment data was provided through the Uganda Malaria Indicator Survey published in 2020. Implementing the Mass Action Against Malaria is tracked on a weekly basis with reports on progress. Since 2017, malaria cases have been more than halved. The latest report further indicates that 83% of households own at least one insecticidetreated net, while 54% of households own at least one insecticide-treated net for every two people. More than 9 in 10 nets were obtained through national distribution campaigns. Trends in the use of nets peaked in 2014/15 with 75% of pregnant women and 74% of children under 5. The two most recent surveys show a decline in the use to 65% and 60%, respectively. Reasons for not using nets include that net is old, too hot or saving the net.

Uganda is currently experiencing a new burden of malaria since January 2022 with cases rising higher by the end of the year. At the peak, more than 300,000 were reported cases every week. According to WHO, Uganda has the world's highest malaria incidence rate of 478 cases per 1,000 population per year. It is also the leading cause of sickness and death in Uganda and is responsible for up to 40 percent of all outpatient visits, 25 percent of hospital admissions and 14 percent of all hospital deaths. The malaria death rate in Uganda is estimated to be between 70,000 and 100,000 deaths per year; a toll that exceeds that of HIV/AIDS. According to the World Malaria Report 2022, Uganda accounts for 5.1% of global malaria cases, but just 3.2% of deaths suggesting a relative good response to the disease.

Uganda continues to increase the coverage of people receiving Anti-Retroviral Treatment. According to UNAIDS, in 2019, circa 84% of people living with HIV received treatment from 20% in 2010. This has been a major contributing factor in reducing the number of AIDS-related 5.0 deaths that peaked around 2001 at 85,000 (UNAIDS est.) to less than 26,000 in 2017 and 21,000 (UNAIDS est.) in 2019.

Although Uganda has made good progress in improving its people's health outcomes, the health sector performance continues to face a high communicable deceases burden, due to high population growth rate on acount of the high fertility rate, and weak government institutions and human capital capacities.

Special programs for Malaria, reproductive health and HIV are funded through external funds.

10. Social Protection and Labor

Criteria Score: 3.6

10.a. Social safety net programs

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Social protection in Uganda is guided by the National Social Protection Policy: Income security and dignified lives for all (2015). It is a basic service and a human right that ensures dignity of people. In the Ugandan context, the social protection system is comprised of two pillars, namely: social security and social care and support services. Social security refers to protective and preventive interventions to mitigate factors that lead to income shocks and affect consumption. Social Care and Support Services are a range of services that provide care, support, protection and empowerment to vulnerable individuals who are unable to fully care for themselves.

Uganda has several formal social safety protection schemes, which include the Public Service Pensions Scheme (PSPS), National Social Security Fund (NSSF), and Parliamentary Pensions Scheme. These schemes only cover employees in the formal sectors, particularly public servants. The Social Protection Systems are hence inadequate to meet the country's needs. Health insurance only covers about 5% of the population (15 years and above) while a meagre 11% of the population are awareness of the health insurance scheme. Further, only under 3 in 100 are covered by at least one social protection benefit while there are no specific employment benefits.

In 2021, the Parish Development Model was launched with the aim of moving people in subsistence economy into the money economy. The PDM has been rolled out to over 10,500. The PDM has seven Pillars i.e. (1) Production, Storage, Processing and Marketing; (2) Infrastructure and Economic Services; (3) Financial Inclusion; (4) Social Services; (5) Mindset change; (6) Parish Based Management Information System (PBMIS) (7) Governance and Administration. In addition to investment funds for each parish, the government is rolling out a grant to poor families, starting with 100 vulnerable families in each parish. According to the National Planning Authority, 1.2 trillion has already been rolled out.

Although insufficient to meet the needs of most poor, the PDM has now been launched and is disbursing funds to 1 million vulnerable families warranting an increase of half a point.

10.b. Protection of basic labour standards

Score Type	Value

Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Uganda has ratified one more convention since the previous CPIA with 32 ILO conventions related to international labor standards. The Government has also ratified ILO Convention 182 on the Worst Forms of Child Labour and has made progress in implementing the convention in national law and policy. Eight of the 10 fundamental conventions have been ratified, while 3 of 4 Governance conventions have been ratified. Twenty one out of 177 technical conventions have also been ratified.

Of the 32 ILO conventions ratified, 26 are in force, 1 has been denounced, and 4 instruments have been abrogated. Once conventions has been ratified over the past 12 months. According to the ILO Normlex website, the last three ratifications were instituted in June 2005, which suggest that strengthening labor rights is not a major priority for the current Government.

The new convention C190 – Violence and Harassment Convention was adopted in August 7, 2023 and will enter into force on august 7, 2024.

The Refugees Act of 2006 (considered one of the most progressive) provides that refugees have a right “to have access to employment opportunities and engage in gainful employment”, in addition to rights to practice a profession where their qualification is recognized, and to engage in “agriculture, industry, handicrafts and commerce”. These rights are afforded to refugees on the basis that they will receive “at least the same treatment accorded to aliens generally in similar circumstances”. However, refugees (as migrant workers) must obtain a permit to work. In practice, workers in the informal economy – the vast majority of refugee workers – work without an employment contract and typically do not have a permit.

Only about 10% of the labor force is in formal employment and, hence, protected by the Country's labor regulation. The remaining 90% have limited labour rights.

10.c. Labour market regulations

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0

Final Score	3.0

Country Notes:

In Uganda, workers in the informal sector faced enormous challenges in organising, due to the instability of enterprises in this sector and the small number of workers usually employed by each enterprise, as well as the casual nature of the work. Approximately 89 per cent of the working population in Uganda is engaged in the informal economy.

Although the labour market allows freedom of association and to form and join independent unions, bargain collectively, and conduct legal strikes, there lay ahead huge challenges such as weak enforcement of labour make regulation and limited coverage of active labour market programs, such as retaining and public works. According to the International Trade Union Council, the 2023 ITUC Global Rights Index rates Uganda's position related to the "systematic violations of rights (4)", as not changed since at least the 2017 rating.

Reports of violations of trade union rights have increased since 2017. Some employers have refused unionization of their employees while regulations have also made it difficult to conduct business. After years of dysfunction, the Labour Court has commenced operations to facilitate peaceful settlement of labour disputes, in spite of its low institutional and human capacities that has resulted in a back-log of cases. Alternative dispute resolution modalities such as bipartite settlements are still at a nascent stage of development.

10.d. Community driven initiatives

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Through the 2021 Parish Development Model that is now under full implementation in all of Uganda’s 10,459 parishes, the Government has a clear policy of community involvement in development initiatives, with community involvement in planning and allocation of resources to the community level.

The Parish Development Model aims to move people out of the subsistence economy and into the money economy. The PDM has seven Pillars i.e. (1) Production, Storage, Processing and Marketing; (2) Infrastructure and Economic Services; (3) Financial Inclusion; (4) Social Services; (5) Mindset change; (6) Parish Based Management Information System (PBMIS) (7) Governance and Administration.

In 2022, a total of Shs. 590.2 billion has been disbursed to all the 10,459 parishes nationwide, about Shs. 50 million per parish. The 2023/24 financial year, the Parish Development Model is allocated Shs. 1.1 Trillion about 105 million per parish.

The Government has also established the following diversified local development funds and grants to support districts and communities: Youth Fund, Women Entrepreneurship Fund, Emyooga Talent Support Scheme, Poverty Alleviation Fund, Northern Uganda Social Action Fund, and National Innovation Fund, Transitional Development Grant, School Facilities Grant and the Social Assistance Grants for Empowerment (SAGE), among others.

The establishment and implementation of the nationwide PDM warrants an increase of 1/2 point.

10.e. Pension and old age savings programs

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Uganda’s contributory social protection system covers both formal salaried and self-employed workers. The system grants beneficiaries access to the following benefits: medical care, old-age pension, disabilities, maternity, and paid leave. The coverage of total pensionable age receiving an old-age pension was estimated at 7.8% compared to the African average at 22%. In 2016, pensions’ contributions from workers in the informal economy was implemented. The program mainly covers traders and individuals in the informal sector. Program administration in most areas is efficient, and benefit levels are consistent with long-term financial sustainability. In 2022 law makers recommended that the beneficiaries of SAGE be reduced from 80 years to 70 years.

The National Social Security Fund (NSSF) is a private sector pension fund and continues to growth its member base. In 2022/23 the member base is 2.4 million and 32,300 registered employers. The fund covers 48 different localities across the country. The Ministry of Finance is responsible for policy oversight, while URBRA provides regulatory oversight. The NSSF amendment bill that will allow mid-term access of benefits for people over 45 years and with at least 10 years of savings presented in Parliament in 2018 and amended in 2022.

11. Environmental Policies and Regulations

Criteria Score: 4

11. Environmental Policies and Regulations

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Uganda is vulnerable to the impacts of climate change due to the country's dependence on climate sensitive sectors such as rainfed agriculture, water, energy, fisheries, tourism, and forestry. Key climate risks are increased flooding, landslides, and drought that risk destruction of assets and people. Environmental degradation (land, forests, wetlands, water catchments) and soil erosion are high across the country with an estimated 41% of land in degraded state caused by a combination of factors: land conversion for farming; urbanization; population pressure, and climate change.

The Government has instituted a national environmental policy framework that comprises the following key components: National Environment Management Policy; Environmental Impact Assessment Regulation; Client Service Charter (2018 – 2022); The National Climate Change Communication Strategy 2017-2021 and other sectoral strategies and policies, and; Cooperative Framework Agreement for the sustainable management and utilization of the shared Nile basin water resources. Uganda updated its Nationally Determined Contributions in 2022 and is developing a Long-Term Strategy for low carbon and climate resilient development. These plans have prioritized mitigation, adaptation and resilience building actions in agriculture, water, energy, and transport sectors. Other key policies and strategies that support the greening of the economy include the 2030 Green Growth Development Strategy and the 10-year Environmental Restoration Plan.

Despite the forgoing initiatives, Uganda has continued to suffer environmental degradation as forest coverage has declined from 24% of total land area in 1990 to 9% in 2019 with the cost of deforestation estimated at 15% of GDP. Main wetland areas have also been encroached upon while air quality, particularly in urban areas like Kampala is poor, with air quality index measuring air at unhealthy and/or very unhealthy. Key challenges include: insufficient funding for programs under the National

Environmental Management Agency; weak implementation at the local government level due to low institutional and human capacities; inadequate funding; paucity of tools for environmental management; inadequate institutional synergies at the national level and inadequate political support and commitment; lack of policies to address natural resources degradation by a rapidly growing population.

Aspirations to achieve middle-income status has led to conversion of natural habitats to agriculture land and space for large infrastructure projects, leading to significant loss of biodiversity. Other threats include proliferation of invasive species, human-wildlife conflicts, illegal wildlife trade, climate change, and pollution. Key challenges for addressing environmental issues relate to weak capacity development, lack of cross sector coordination on environmental aspects among agencies, and limited resources.

Uganda’s Nationally Determined Contribution (NDC) covers the energy, forestry, and wetland sectors. In 2022, Uganda updated its 2015 NDC with the aim of reducing emissions by 24.7% below the business-as-usual scenario of 148.8 million metric tons of CO_2 equivalent a year in 2030. As a part of this goal, it seeks to raise renewable electricity generation capacity to 4,200 megawatts by 2030. As at the end of 2021, Uganda generated at least 1,346.6 megawatts of which 90% was from renewable energy sources. In the NDC, Uganda also commits to reversing deforestation from 12.5% of forest cover in 2020 to 21% by 2030 and to reverse deforestation and increase forest cover from approximately 14% in 2013 to 21% in 2030 through forest protection. It also plans to increase wetland coverage from 8.9% in 2020 to 12% by 2030. The objective of Uganda’s NDC is to pursue a low-carbon development pathway and reduce the vulnerability of the population, environment, and economy to the impacts of climate change by implementing measures and policies that build resilience, with a primary focus on forest and wetland conservation. The government has not introduced any policies to reach net-zero carbon emissions by 2050, and public procurement policies do not include environment and green growth considerations, except for those in the petroleum and mining sectors.

(D) Public Sector Management and Institutions

Cluster Score: 3.567

12. Property Rights and Rule-based Governance

Criteria Score: 3.5

12.a. Legal basis for secure property and contract rights

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5

Final Score	3.5

Country Notes:

Uganda’s Land Act, as noted above, provides for the following four types of land tenure: freehold, customary, "Mailo", and leasehold. "Mailo" is a complex form of freehold that allows both the landowner and occupant to hold rights to the land. This complicates matters in the transfer of land from one landowner to another. Hence, landownership poses challenges in business investments as investors will be reluctant to invest in a business on land whose ownership is in doubt. Although land ownership disputes are resolved by the courts, corruption tends to influence final outcomes.

Foreigners can own property, establish businesses, and make investments in any asset except land, The new ICA eliminates all obligations and restrictions on technology transfer, intellectual property, and funds repatriation. Ugandan laws also permit foreign investors to acquire domestic enterprises and establish green field investments. The 2010 Companies Act further permits the registration of companies incorporated outside Uganda.

The property rights index from the Heritage Foundation, measures the degree to which a country’s laws protect private property rights and degree to which its government enforces those laws, shows that Uganda ranks 11 in sub-Sahara Africa scoring 48 points (repressed). Although the Uganda property rights index has fluctuated substantially in recent years, it has increased from 2016 to 2023 from a low of 25 points.

Ugandan law further protects intellectual property rights (IPR), although enforcement mechanisms are weak as the country lacks institutional capacity to prevent piracy and counterfeit distribution. Consequently, IPR theft and infringement is common and widespread. Uganda also doesn’t track seizures of counterfeit goods or prosecutions of IPR violations. It is estimated that 20 % of agriculture products under copyright in Uganda are counterfeit.

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Since the previous CPIA, the rule of law still faces challenges. According to the Berthelsmann Index of Transformation rule of law slightly declined. This trend has continued since 2014.

In 2023, the parliament passed the Competition Bill 2022 that will facilitate fair competition in markets and prevent practices having adverse impacts on competition in markets. The bill primarily seeks to control anti-competitive behaviour of firms. The Bill, as passed, prohibits monopolies arising from enterprises entering and operating under joint ventures and mergers, and engaging in practices that prohibit other players in the field of business including government run businesses.

Among recommendations made to strengthen the law includes the formation of an Independent Commission charged with supervising competition matters, as enforcement will be required for the laws success. The law is yet to be accented to by the President.

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Review from 2021

Uganda’s legal and regulatory systems are broadly transparent and non-discriminatory, and in compliance with international standards and norms. However, bureaucratic hurdles and corruption practices significantly affect all investors, but with disproportionate effects on foreigners learning to navigate a parallel informal system.

Although the Ugandan law requires open and transparent competition in tendering for government projects, it has been alleged by U.S. investors that endemic corruption means that competitors who are not subjected to the Foreign Corrupt Practices Act can still pay bribes to win project tenders. Ugandan law also allows the banking, insurance, and media sectors to establish self-regulatory processes through private associations. However, the Government continues to regulate these sectors and the self-regulatory practices generally do not discriminate against foreign investors.

Uganda’s accounting procedures are broadly transparent and consistent with international best practices, but their full implementation continues to be a challenge. Publicly listed companies must comply with accounting procedures consistent with the International Auditing and Assurance Standards Board guidelines.

Government agencies responsible for formulating regulations typically engage in limited public consultations. Similarly, draft bills are subject to limited public consultation and scrutiny. Local media typically only cover public comments on more controversial bills. Although the Government publishes its laws and regulations in full in the Uganda Gazette, this is not readily available online and can only be accessed through purchasing hard copies at the Uganda Printing and Publishing Corporation offices. The Uganda Legal Information Institute also publishes all enacted laws on its website (https://ulii.org/).

Uganda’s court system and Inspector General of Government ensure governmental adherence to the administrative process, although anecdotal reports suggest that corruption continues to significantly undermine the judiciary’s oversight role. Additionally, according to the 2020 Investment Climate Statements, there are reports that the Executive has attempted to influence specific court decisions in high-profile cases.

Public finances are generally transparent and budget documents are posted online. However, the government's extensive use of supplementary and classified budget accounts undermines parliamentary and public oversight of public finances. Some analysts argue that Uganda's growing public debt burden is higher than what official government reports indicate.

Uganda has multiple regulations and acts for regulating business operations. The commercial court deals with trade disputes, of which 80% are resolved through mediation. The Industrial Court, established in 2016, deals with labor disputes.

12.c. Difficulty in obtaining business licenses

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Government has established e-Biz, a one-stop business platform, which provides various services and facilities for businesses to establish and obtain required business licenses. The Government also provides the Uganda Business Licensing Information Portal, which offers information on the different types of trading licenses required to conduct business in specific sectors. The portal has expanded its services to include investors application for licenses, payment of fees, registering of businesses, applying for land titles, and tax identification numbers.

Based on the 2020 World Bank Doing Business report, Uganda underperforms on starting a business. Both married men and women must complete 13 procedures to register a business, whereas the regional average is 7.4 for married men, and 7.5 for married women. Both men and women spend an average of 24 days to register a business, higher than the average reported for SSA (21.5 days for men and 21.6 days for women).

The 2020 Doing Business Report indicates a small improvement in Uganda's overall score for doing business from 58.4 in 2019 to 60.0 in 2020.

It is difficult to ascertain any significant progress that warrants a change in the scoring.

12.d. Crime and violence as an impediment to economic activity

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Uganda’s security situation ranks 112 out of 191 countries on the 2019 Global Competitiveness Index. According to Uganda's Police Force annual report 2022, there was an 18% increase in the number of crimes reported to Police mainly due to the full opening of the economy after the Covid-19 lockdown and growing confidence to report crime to Police. In terms of economic crime and corruption reports, these increased by 20% between 2021 and 2022. Most of these crimes are “obtaining gain by false pretense”. In addition, Uganda's businesses often have to contend with public authorities’ corruption and police forces extortion of money in exchange for services. According to Afrobarometer 2023, 50% of respondents said that the police were corrupt, while 37% of respondents have no trust in the Police.

The threat posed by international terrorism is also a challenge as Uganda participates in international security missions in DRC and Somalia. In November 2021, Kampala was hit by suicide bombers that killed several people and injured 37 people of which 27 were policy officers. Occasionally, there are reports of people apprehended who are associated with terrorist activities.

Nevertheless, Uganda remains a more secure environment than many of its neighboring countries and therefore attracts local and international investors. The score from the previous year is retained.

13. Quality of Budgetary and Financial Management

Criteria Score: 4.25

13.a. Comprehensive and credible budget

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

The national budget is guided by the Vision 2040 and the National Development Plan III (2019-2024), which aims to raise household incomes and living standards, while reducing poverty levels to 5% by 2040. Among others its key objectives are to increase social wellbeing, drive growth and create jobs, build quality and productive infrastructure, promote value addition. The focus is therefore on transforming the economy to a modern economy while reducing poverty. Since the 2010 Vision 2040, the Government has prioritised infrastructure development as a key driver of industrialisation.

Systematic consultation with sector ministries starts 10 months before the next fiscal year. Several key documents are produced as part of the budget preparation process, which include the Medium Term Expenditure Framework, Budget Strategy, Budget Framework Paper and launching of the process on the annual National Budget Conference that takes place in September of each year. This process has been followed several years in a row and has become a robust process over the years. The 2023 PEFA report confirms the strong performance with A-ratings for Budget Documentation (PI-5), Budget preparation (PI-17), and three first sub-indicators for Legislative Scrutiny of Budget (PI-18).

Given the consistent strong performance, we maintain rating from previous.

13.b. Effective financial management systems

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The budget classification system is comprehensive, and monitoring is done regularly, and through careful cash releases on a quarterly basis. According to the 2023 PEFA the budget classification (PI-4) obtains an A-rating. According to the analysis the 2021 and 2016 Charts of Accounts cover all budgeting, budget execution, reporting and accounting codes. Budget formulation, execution, and reporting based on every level of administrative, economic, and functional classification using GFS or comparable classification. In the past two years, programme budgets have been established and have been taken into use.

At the aggregate level the outturn has been within 10% of budget. PEFA 2017 rating was A. However, Covid-19 has led to disbursement slippages in 2020/2021, which reduce the Aggregate Expenditure Outturn (PI-1) to a B-rating. Nonetheless, the government maintains a comprehensive analysis of its contingent liabilities related to state guarantees in the annual Report on Management of Public Debt, Guarantees, Other Financial Liabilities and Grants. The report is published in accordance with the sections of the Public Finance Management Act, (Act No.3 2015).

In terms of the Expenditure composition outturn (PI-2) the rating is C+, reflecting larger than 10% variances in functional outturns and economic types. Payroll control (PI-23) is rated as C+ due to gaps in payroll audits.

On the one hand budget classification is comprehensive and aggregate outturn is achieving targets, while sector and composition outturns fall short of higher rating. Based on the above the rating is maintained at previous rating.

13.c. Timely and accurate fiscal reporting

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The fiscal authorities provide a comprehensive overview of budget, budget releases, and budget execution documents on the website: budget.finance.go.ug. Comprehensive data is available for more than 10 years. The data is generally released on a regular and timely manner. Quarterly reports are available on releases and data is available at the Vote level.

The 2023 PEFA Assessment under Accounting and Reporting (pillar VI) scores B-B+ on all indicators PI-26-29: internal audit; financial data integrity; in-year budget reports; and annual financial reports.

However, where the progress falls short is on the external audit follow-up to audit recommendations that scores D (PI-30), and delayed submission of external audit report to the legislature that scores a C. Furthermore legislative scrutiny of external audit report (PI-31) scores C, due to backlog in audits to scrutinize. Despite audit recommendations made, it is the same recurring issues that are repeated year after year. Based on this limited progress, the score is maintained at previous level.

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Score Type	Value

Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Since the previous 2017 PEFA, the 2023 PEFA has improved on transfers to subnational governments (i.e., levels) to a B+ from a C+ (PI-7). Transfers to the local level are now performed on a transparent and rules-based system scoring B from previously D.

The 2023 PEFA indicator, Performance Information for Service Delivery (PI-8), scores an overall B, due to good progress on performance service delivery plans, achievements, and evaluation, respectively. Where the indicator falls short is on the actual resources received by delivery units such as schools and primary health units. The subcategory scores a D.

The government started implementing the Parish Development Model in 2021 which is now starting to work across the country. The more than 10,700 country wide parishes each receive small local development grants that they can use at their own discretion to support critical projects in their parish. Although the funds are small the aim is to create much more ownership on the use of public funds.

Despite the above progress, sub-national funding levels remain very limited. The 2017 PEFA Assessment indicates that 12% of the national budget was allocated to the sub-nationals. In the 2019/20, the local authorities received ??% of expenses, excluding non-financial assets. In spite of the increase, this amount remains relatively small. In its submission, the Uganda Local Authority Association indicated that the sub-national allocation should be increased to 25-30%??? of the national budget.

14. Efficiency of Revenue Mobilization

Criteria Score: 3.75

14.a. Tax policy

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5

Final Score	3.5

Country Notes:

The Government Domestic Resource Mobilisation Strategy 2019-2024 targets an annual domestic revenue increase of 0.5% of GDP. The annual changes and results have been mixed. Especially 2021/22, with the adverse economic effects of COVID-19, reduced revenue collection. Over the past three years revenue to GDP has marginally increased from 13.4% of GDP in 2020/21 to 13.6% in 2022/23.

The tax base remains relatively narrow, despite many new taxpayers being registered. Taxpayers on the register has increased from 1.5 million in 2018/19 to 2.6 million in 2021/22. Nevertheless, the 1000 top taxpayers continue to contribute between 72-76% of tax revenues in Uganda. Furthermore the large majority of registered tax payers do not contribute tax at the moment.

Ugandas taxes are relatively diversified with direct taxes amounting to 33.8% of taxes, of which main direct tax is corporate tax of just 7.5% and personal income tax of 16.6%. Indirect taxes account for 22.6% of taxes of which VAT account for 15.1%. Trade taxes amount to 38.6% of taxes with petroleum amounting to 12.3%, Import duty 7.1%, and VAT on traded goods, 15.1%. In total taxes account for 93.6% of domestic revenues. Non-tax revenue accounts for just 6.4% of domestic revenues. Noteworthy is the relatively low corporate taxes collected, which is likely due to the different corporate tax benefits.

The Ugandan tax system still contains many exemptions, which are not uniformly applied (2018 PFM Reform Strategy). The tax policy department issued a Tax Expenditures Report in 2022 that indicates that revenue foregone from tax expenditures stands at 1.56% of GDP in 2021/22 compared to 1.29% of GDP in 2018/19. The purpose of the report is to get a better understanding of exemptions and to raise transparency, while assisting government to assess the effectiveness and efficiency of the exemptions, while allowing the tax department make informed policy choices.As information is not well documented it leads to lack of transparency and contributes to a sense of unfairness.

14.b. Tax administration

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The tax administration, Uganda Revenue Authority continues to reform and roll out new service client programs to enhance efficiency and service orientation. The 2019 TADAT reported the following improvements: e-payment allowing taxpayers to easier make tax payments; wider utilization of withholding taxes; application of modern compliance risk management and coordinated efforts to detect unregistered businesses and individuals.

The 2023 PEFA also confirms some improvements, e.g., Accounting for Revenues (PI-20) has increased to B+ from D+ due to improved revenue collection data broken down by type and consolidated. Furthermore, Predictability of Resource Allocation (PI-21) and Revenue Administration (PI-19) continue to score B.

To strengthen anti-Money Laundering and combating financing of terrorism the Bank of Uganda has established a unit to assess risks. This unit will also support the work from the Tax Administration in combating corruption. According to Ibrahim Index of Governance, combating corruption scores deteriorated marginally from 33.3 to 31.8 between 2019 to 2021.

However, the following challenges continue to persist: lack of database integrity; growing stock of tax arrears comprising of old debt; and slow processing and reimbursement of VAT refunds. Consequently, tax arrears have continued to increase. According to URA Data tax arrears have increased from 3.6 trillion shilling (2.7% of GDP) in 2018/19 to 4.6 trillion shilling (2.8% of GDP) in 2021/22.

Based on Afrobarometer series 9, 2022, 33.3% of citizens surveyed responded that some tax officials were corrupt, while 33.8% responded that all of them were corrupt. 30.7% responded that most tax officials were corrupt. The perception of mistrust to the tax authorities is thus very high. Just 4% said that no tax officials were involved in corruption. This compares with 35.1% for traditional leaders, and 48.5% for religious leaders.

According to URA, the tax administration cost as a percent of revenue has stayed within the 2.3% of revenues target. In 2019/20, the cost was 2.38%; 2.09% in 2020/21; and 2.35% in 2021/22.

15. Quality of Public Administration

Criteria Score: 3.333

15.a. Policy coordination and responsiveness

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Regarding policy coordination, overall politics are characterized by a strong president who has maintained that role since assuming power in 1986. According to the Bertelsmann Transformation Index (BTI), the president has strengthened his role over the years and "calls the shots" maintaining parliament in line. BTI has retained the score of 7 for policy coordination for the past five years. The vice president and cabinet does not have much of their own role. More recently, the president has started interfering in which government development projects would receive financing. His focus has been on giving focus to production enhancing projects while throwing out projects that don’t increase economic activity.

The Bertelsmann Transformation Index (BTI) provides an overview of the progress government has made to strengthen the quality of public administration over the 2006 to 2022 period. Over the past decade the overall governance trends show signs of declining with the following specific areas driving the decline: steering institutional capability, resource efficiency, consensus-building, and international cooperation. In 2010, Uganda scored 6.1 on governance index, but this declined to 4.9 in 2022.

At the ministerial levels, policy coordination is often not well organized. Although Government has policy formulation mechanisms in place weak public administration renders policy implementation difficult. Achieving longer term goals is in jeopardy given the short-term policy measures that are often pursued. The high costs of a massive state apparatus and system to ensure political loyalty, and persistent corruption are likely to slow the process of achieving Uganda’s long-term sustainable development objectives. An examples is the emerging oil production that was initially planned for 2017/18 but is now only going to flow from 2025/26.

15.b. Service delivery and operational efficiency

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Government introduced the Resource Enhancement and Accountability Program (REAP) in 2019 as the primary vehicle for operationalizing and jointly coordinating implementation of PFM reforms under the GoU PFM Reform Strategy 2018-2023, whose development goal is to improve system interoperability to enhance services delivery efficiency. In 2021, a mid-term review of REAP was conducted showing that it is highly responsive to priorities of Government and Development Partners. Additionally, the programme has created an enabling environment for increased stakeholder participation and collaboration through the Public Expenditure Management Committee and PFM Reform Cluster structures.

The government has embarked on a rationalization of public service since its comprehensive review in 2017. The aim is to merge or close institutions with a view of identifying inconsistencies, weaknesses, duplications, performance gaps and functional ambiguities; and formulate recommendations for redress. The process has been slow and some of the rationalization has been questioned, for example the merging of the Uganda National Roads Authority with the Ministry. It is unclear at this moment whether the efforts will increase the quality of service delivery and operational efficiency.

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Previous Review

The 2020 National Development Plan III identifies following public administration weakness that have resulted in the poor delivery of social service and hence constrained equitable development: poor accountability systems and more focus on processes and less on outcomes, inefficient government systems and processes, mandates duplication, inadequate management expertise across government, inadequate and inefficiently utilized funding for the decentralized government system, limited digitization of government systems, high corruption levels, ineffective, and inadequate communication and feedback mechanisms.

Following the REAP implementation failures to deliver expected results, a review of the program was undertaken in 2020 to identify functionality, overlaps, and process issues. 3.5 The review revealed duplication of reporting between the Program Budgeting Systems and Integrated Bank of Projects systems. In addition, implementation of the Human Resource System has been delayed and no resolutions have have been executed as of 2021. With regard to the Integrated Financial Management System (IFMS), the continued application of cash-based accounting has hindered the adoption of accrual-based accounting for some entities. Consequently, various conflicting processes, overlaps and delays have persisted in IFMS, which require updating and correcting to improve overall system operational efficiency.

15.c. Merit and ethics

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

When it comes to building a civil service guided by meritocracy, Uganda still faces challenges. Political interests, buying support and rewarding loyalty with positions is part a way of securing control over the civil service. According to Bertelsmann Transformation Index the “efficient use of assets” indicator has declined over the past decade and scores 3 from previous scores of 5-6 a decade ago. Competitive recruitment is thus undermined by short-term political considerations. For example, the cabinet has 80 members, and there are more than 100 mostly functionless presidential advisors.

Even decentralization of local government has not yielded the expectations of increasing accountability. It seems that there are networks of patronage and clientelism, especially through the establishment of new districts. In 2020 there were 135 districts, whereas at the time of NRM takeover there were 33 districts. Presidentially appointed district commissioners tend to interfere with the business of elected local government.

Existing performance management systems are weak as they do not differentiate between good and poor performance. Additionally, the existing remuneration system does not reward innovation, as staff that attempt to be innovative, but fail, may even be penalized. Unlike private sector employees, public servants also exhibit a culture of entitlement to remuneration without corresponding quality service delivery performance.

It is also noted that public perception in Uganda is that corruption is deeply entrenched in society. In the 2022 Afrobarometer survey, 55.2% of those interviewed, said that civil servants were mostly or all corrupt. The score remains unchanged.

15.d. Pay adequacy and management of the wage bill

No score data available for this subcriteria.

16. Transparency, Accountability, and Corruption in the Public Sector

Criteria Score: 3

16.a. Accountability of the executive to oversight institutions

Score Type	Value
Draft Score	2.5
Reviewed Score	2.5
Second Draft Score	2.5
Final Score	2.5

Country Notes:

According to the Mo Ibrahim Index of African Governance, the accountability and transparency indicator has been deteriorating since 2015. The score has declined from 47.2 to 41.9 in 2021 (43 in 2020). Breaking down the indicator, deteriorations are noted in Institutional Checks and Balances (separation of powers, legislature checks on the executive; and judicial checks on the executive); and absence of undue influence on the Government (range of political consultation; effective power to govern). Effective power to govern has declined from 66.7 to 22.2, while sanctions to abuse of office has reduced from 66.7 to 50 over the past decade. The slight deterioration does not warrant a decline in score.

From previous review

Poor accountability of the incumbent government, on account of pervasive corruption, and nepotism experienced or suspected, has recently resulted in increased public protests, particularly by youths and the well-educated urban population and opposition campaigns in the reporting period. Uganda's foregoing challenge is attributed to the Government's failure to effectively implement the country's legal and regulation framework, which includes the following vital features: an Auditor-General who is charged with auditing and reporting "on the public accounts of Uganda and of all public offices" (Article 163) and presents annual audit reports to parliament; a separate Government Inspectorate given wide powers "in respect of cases involving corruption, abuse of authority or of public office" (Article 230); a high court division operating as the Judiciary arm for combating corruption; the Parliament's Public Accounts Committee, headed by an opposition member (deputized by an independent member of parliament) with the mandate to examine government expenditure; regulated public procurement; a National Anti-Corruption Strategy launched in 2014; adequate legal instruments and institutional mechanism to deal with fraud in its different forms, including the Anti-Corruption (Amendment) Act, 2015, which provides for mandatory confiscation of the property of persons convicted of a corruption offense. Uganda's court system (through litigation and judicial review of administrative action) comprises the main mechanism for ensuring governmental adherence to the administrative process, although some lawyers and litigants have reported that corruption continues to undermine judicial processes as some litigants often bribe judges to rule in their favor, particularly in commercial disputes. The Judiciary announcement made in 2017 to investigate allegations of corruption against a High Court judge, has yet to yield results. Courts are responsible for reviewing administrative actions to assist in ensuring that the government complies with administrative processes and the judiciary reviews the enforcement process. The Ombudsman's office also ensures compliance with the administrative process while the Inspector General, who is only answerable to Parliament, is responsible for combating corruption and public office abuse.

16.b. Access of civil society to information on public affairs

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

According to the 2022 Ibrahim Index of African Governance (IIAG), Uganda scored 30.3/100 and was ranked 24th out of 54 countries for the sub-criteria of "accessibility of public records." The indicator has been on a downward trend since 2016. Uganda has made progress in facilitating access to information, particularly with regard to the national budget. For instance, it increased the availability of budget information by publishing online, in a timely manner, the Citizens Budget. Detailed budget information is available for the past 10 years.

According to the Open Budget Survey, public access to information on how the central government raises and spends public resources, the “transparency indicator” assesses the online availability, timeliness, and comprehensiveness of eight key budget documents using 109 equally weighted indicators and scores each country on a scale of 0 to 100. A transparency score of 61 or above indicates a country is likely publishing enough material to support informed public debate on the budget. Uganda scores 58 points, well above Kenya, 50, Rwanda, 45, and Tanzania, 21.

32.6% of those surveyed in the 2023 Afrobarometer, say that the media is not at all or not very free in Uganda, implying that journalists could be selfcensoring themselves on reporting everything.

From previous review.

Access to information is provided for by Article 41 and the Access to Information Act of 2005 of the Uganda Constitution. The Government has also promoted the right to access information through the following initiatives, among others: establishment of the Ministry of ICT; formulation of the Government Communication Strategy; public education airtime on radio, and; the Government Citizens Interaction Centre. Despite these initiatives, the following shortcomings still persist: ministers have yet to submit annual reports to request for access to information; accessing information remains a tedious and bureaucratic process, and complaints or appeals are required to be filed through the court system; there is a limited scope for information requests, and; only public institutions are under the law, while private companies and civil society organizations are excluded.

The 2020 Bertelsmann Transformation Index (BTI) reports that agenda-setting and decisionmaking over major issues is initially done in the inner circles of power including the security apparatus and NRM leadership, without attention to civil society, academia, and media entities. In addition, although the Government is keen to engage local stakeholders in development issues, it is less interested in accommodating civil-society’s concerns over human rights or political issues.

Government officials and ruling party members continue to restrict media reporting as they own many of the private rural radio stations. Media practitioners, hence, accuse the Government and its security agents of interfering and dictating what should be reported in the media.

16.c. State captured by narrow vested interests

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Since the previous CPIA, the stability of democratic institutions has deteriorated. Uganda has moved form a defective democracy to a moderate autocracy over the past 10 years. According to the Berthelsmann Index of Transformation the performance of democratic institutions remains at an all-time low, as does the commitment to democratic institutions. The rating by BTI remains unchanged from the previous CPIA at 3 points out of 10 (i.e., flawed). Democratic institutions have weakened over time. Despite a court ruling in 2010 that bans judges from working for the executive, the president still appoints judges that are subsequently approved by Parliament.

Amongst the citizenry the president and his office, parliamentarians and local government council are considered corrupt to varying degrees. This is confirmed in the latest Afrobarometer survey published in 2023. Only 10.3% of those asked thought that the president and his office were not corrupt at all. Similar numbers were found for members of parliament, where 17.1% of interviewees thought that all were corrupt.

The Corruption Perception Index for Uganda has declined since 2019 from 28 points to 26 points in 2022.

Review from 2021

Government has instituted the following laws to combat corruption: 1950 Penal Code, which criminalizes theft, the 2002 Leadership Code, and abuse of office by public officials; the 2009 Anti-Corruption Act that criminalizes bribery, influence peddling, and theft or misappropriation of public funds; the 2010 Whistleblowers' Protection Act, which protects persons who report malfeasance; the 2013 and 2017 Anti-Money Laundering Act, which criminalize money laundering and activities related to it, and; the 2003 Public Finance and Accountability Act, which provides for more transparent handling of public finances.

Ugandan anti-corruption activists have demanded the amendment of the 2009 Anti-Corruption Act on the following grounds: Recovering stolen assets requires an unreasonably high degree of proof on the prosecution and makes it difficult to recover property obtained through corruption; Fines and penalties are low, thereby rendering corruption an insignificant business risk. Other draft legislation, including an Anti-Counterfeiting Bill and Proceeds of Corruption Assets Recovery Bill have yet to be passed by Parliament.

In spite of the above legal and institutional framework, corruption prosecutions are rarely extended to politically powerful individuals due to their influence or state capture, even when there is credible evidence linking them to corruption. The public perception is that Government is failing to root out corruption, and that high-level officials involved in corruption – especially politicians – tend to be exempt from investigation or prosecution due to their influence or capture of the state. The Corruption Perception Index for Uganda has remained largely unchanged for the past 8 years, scoring between 25 and 29 (27 in 2020). The Transparency International Survey indicates that 46% (2020) compared to 40% (2021) of Ugandan's believe that all or most parliamentarians are corrupt.

(E) Infrastructure and Regional Integration

Cluster Score: 4.459

17. Infrastructure Development

Criteria Score: 4.167

17.a. Sector strategy/policy

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The infrastructure development program is guided by the NDP III, which has budgeted USD 22 billion of infrastructure investments over the 2020-2024 period. Key infrastructure projects are identified in the Plan. The first National Physical Development Plan (NPDP), launched in 2019, focuses on Strategic Agricultural Zones and bioregions. The Plan prioritizes developing connectivity corridors that mark urban development along a national "Triangle" to optimize the development of infrastructures and expressways based on three main arteries. At the central side of the Triangle,is the Jinja-Kampala-Mpigi Physical Development Plan is in the process of being gazetted.

Earlier this year the new National Integrated Transport Master Plan 2021 – 2040, was completed. The plan provides guidance to where and how the country's transport infrastructure and services covering roads, railways, inland waterways and air transport should develop over the next 2 decades.

The Uganda railway company has embarked on an investment program to rehabilitate the meter gauge railway between Kampala and Malaba (Kenya border) and onwards to Mombasa. The railway will support lower cargo transport costs.

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From previous review

The Air Master Plan 2014-2033 aims at providing critical infrastructure to position Uganda as a strategic tourist destination. As part of the Plan, the Entebbe international airport is undergoing rehabilitation.

17.b. Legal and regulatory frameworks for infrastructure

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Several regulations have been strengthened under the Building Control Act 2013. These include the Building Control Regulations updated in 2020, Building Standards Code in 2019, Accessibility Standards for Persons with Disabilities Code in 2019, and Standards for Electrical Installations in Buildings Code in 2019.

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Previous review

The development of public infrastructure projects is often constrained by land acquisition challenges. Government budget allocation for land acquisition is mostly sufficient to meet land acquisition costs. However, projects are commenced before the land acquisition process in finalized, which tend to result in project delays. Further, pending court cases of land disputes and insufficient compensation of displaced persons cause project completion delays. To address the forgoing challenges, authorities in Kampala, have adopted a proactive approach in sensitizing people about the development benefits of good roads, which has resulted in voluntary handing over of some land for road corridors in a number of cases.

Delays in procuring contractors and consultants is a recurring challenge. Frequent whistle-blowers and administrative reviews have adversely affected the ability of implementing agencies to procure contracts on time. Sections 90 and 91 of the PPDA Act, 2003, require that if there is a complaint, the procurement process must be suspended until that complaint is resolved. This requirement has led to delays in procuring various infrastructure projects.

The NDP III identifies the following as the main underlying reasons my transport infrastructure and services remain inadequate: (i) transport investment prioritization being biased towards road transport over other modes; (ii) high transport infrastructure and services costs; (iii) inadequate integrated land use and transport planning; (iv) inadequate transport asset management; (v) weak policy, legal, regulatory, and institutional framework for infrastructure and services; and (vi) high vulnerability of the transport sector to adverse climate variability and change effects.

17.c. Public resource management and accountability in the infrastructure sector

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The transport sector continues to receive one of the largest funding allocations compared to other sectors. Only human capital development and governance and security receive more. In 2022/23 and 2023/24 the integrated transport infrastructure and services was allocated 15.7% of the centrally planned budget.

Infrastructure maintenance is receiving an increasing share of the national budget, but it is still not enough to fully safeguard assets. Underfunding, thus often leads to dilapidated buildings and structures.

Previous review

The digitally connected 437 government entities have facilitated implementation of e-Procurement and e-payment systems for improving accountability and leaving a digital log which can be traced if there are concerns about systems misuse.

The Government is rolling out two parallel e-Government Procurement solutions. The first one was developed by European Dynamics (Greece), a vendor which was contracted through a competitive tender bidding process while the other was developed by local innovators recruited under the National ICT Initiatives Support Program. Although justification for acquiring the local solution is well documented by MOFPED, operating the two similar systems will not only be costly for GoU in terms of support and maintenance and upgrades and enhancement costs, but also result in implementation and uptake challenges.

18. Regional Integration

Criteria Score: 4.75

18.a. Movement of persons and labor and right of establishment

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Uganda remains a high performer in facilitating the free movement of production factors in EAC, COMESA, and IGAD. The country scored an average of 0.66 on the free movement of people and ranked 18 of 141 countries on the "ease of hiring foreign labour". Uganda has, however, not ratified the AU protocol on the free movement of people.

Uganda does not impose capital controls as it allows foreign investors to set up businesses in the country. The 2020 Investment Climate Statement, however, noted the following challenges confronted by foreigners in setting up businesses: widespread graft, weak rule of law, and a challenging business environment. Nevertheless, Uganda continues to attract increasing foreign direct investment amounting to USD 1.8 billion in 2022 and USD 1.7 billion the first half year of 2023. The possibility to repatriate earnings and the relative secure investment environment in the region makes investment attractive.

Uganda’s ranking on the Africa Visa Openness Ranking has dropped to 30 in 2022 from 8 in 2021. It should be noted that tThe decline is not attributed a change n increase in passport holders that now require a visa to travel to Uganda, but that travellers should apply for online visa's before travelling. . Nevertheless, Tthe ranking does not take into account the ease of acquiring a e-visa prior to travel and paying the fee online, thus simplifying the process upon arrival. The online service allows for various applications of visas, work permits and residency permits.

18.b. Regional financial integration

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Uganda's financial system is gradually being integrated with the EAC with the implementation of the Regional Payment Settlement System and its participation in the East Monetary Union. Uganda’s national financial system comprises of financial institutions (formal, semi-formal and informal), financial markets, and the payment systems, which together enable the exchange of goods and services and the allocation of capital. The formal financial institutions include Commercial Banks, Microfinance Deposit-taking institutions and Credit Institutions. Uganda has signed and is one of the few countries that have ratified the AfCFTA.

Uganda remains committed to promoting financial integration in the East Africa Region as it has already implemented the East African Payment System (EAPS) (2013) and COMESA Regional Payment and Settlement System (2014). The EAPS is an initiative of the EAC Central Banks and is linked to the Real Time Gross Settlements System (to comply with SWIFT) of the EAC member countries. EAPS is a multi-currency system in which payments are effected using any of the EAC partner currencies. EAPS makes cross border payments easier and facilitates safe and efficient transfer of monetary value within the region. Currently Uganda, Kenya, Rwanda and Tanzania are on EAPS. During 2021/2022, EAPS processed a total of 27,719 transactions of which 59.62% were UGX, 37.62% were KES, 2.58% were TZS, and RWF accounted for 0.18%.

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Overall financial inclusion in Uganda was recorded at 78% of the adult population in 2019, an increase from 54% in 2006. Out of this, formal financial inclusion accounted for 58% compared to 28% in 2006.

Uganda also continues to actively participate in the East African Monetary Union. Uganda is one of the 4 EAC countries to bid for the hosting of the East African Monetary Institute. The revised roadmap for the realization of the East African Monetary Union has 2031 as the year for the adoption of the EAC single currency.

The African Regional Integration Index ranks Uganda among the top two performers, with a rank of 2 (next to Kenya) at the overall level of indicators. Nevertheless, the country continues to lag behind other member countries on macroeconomic integration with a rank of 0.5, ahead of South Sudan only.