 

**NATIONAL PLANNING AUTHORITY (Npa) PAPER ON the 2016 MANIFESTO implementation**

**MAY 2021**

**Outline**

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## Introduction

The mandate of NPA is mainly on development of plans and evidence-based policy guidance. Regarding the implementation of the manifesto, NPA does not directly participate in the implementation of the proposed commitments but rather supports MDAs and other stakeholders in the development of the strategic plans, progammes and projects.

The 2016 National Resistance Movement (NRM) Manifesto commitments and the Strategic Guidelines and Directives are consistent with the National Development Plan (NDP) strategic priorities and were designed to propel Uganda towards middle income. In particular, the Theme of the 2016 NRM Manifesto is: “***Taking Uganda to modernity through job-creation and inclusive development.*** The Manifesto commitments were therefore mainstreamed into Plans and budgets of the respective Ministries, Departments and Agencies (MDAs) and Local Government (LGs).

## Performance of National Planning Authority

We therefore review our performance in delivering the manifesto by looking at our deliverables and the attainment of results as contained in the NDP results framework.

1. **NPA in collaboration with implementing institutions has taken lead in preparation of a number of feasibility studies**, namely:
2. Feasibility Study for the Uganda National Airline;
3. Feasibility Study for the Establishment of Regional Oncology Centres;
4. Feasibility Study for the Construction of Uganda Peoples Defence Forces’ 30,000 Housing Units;
5. Feasibility Study for the Project for the restoration and preservation of the critically endangered fish species;
6. Feasibility Study for the Iron and Steel Industry in Uganda;
7. Feasibility Study for the Public Investment in Banking; and
8. Sugarcane Value Chain Development and Establishment of a farmer owned sugar factory.
9. **NPA supported a number of studies** including:
10. Uganda Development Corporation’s proposed Food City Complex-MOLINO
11. Uganda Development Corporation’s proposed Tondeka Metro Mass Bus Transport system (MTBS);
12. Establishment of the Regional Forensic Centre for the Uganda Police Force;
13. Iron and Steel Industry;
14. Identification and undertaking of feasibility studies for projects to mitigate climate change;
15. Construction of a Centre for Excellence at the Uganda Heart Institute;
16. Establishment of Industrial Business Shelters;
17. Feasibility study for Oraba industrial park project;
18. Establishment of the National Military Museum - completed;
19. Standard Gauge Railway – ongoing

1. **NPA has also undertaken a number of evaluative Studies** including:
2. Universal Primary Education
3. First National Development Plan (NDPI) Evaluation
4. NDPI End term Evaluation
5. NDPII Mid-term Review
6. **Produced policy papers including:**
7. Transition of green growth economy policy options
8. Policy implications for increasing food and nutrition security
9. Strengthening of cooperatives for social economic transformation in Uganda
10. Unlocking the economic potential of greater Kampala for improved productivity and growth
11. Developing the iron and steel industry to support the achievement of middle-income status
12. **NPA continued to support Uganda’s commitment on the Africa Peer Review Mechanism (APRM)** through:
13. Production of country review reports
14. Monitoring the implementation of the APRM Programme of Action (APRM-PoA)

It’s through such efforts that we have influenced the implementation of the MDAs, strategic plans, programs and budgets for the achievement of the NRM Manifesto targets.

## Performance of the economy

## 3.1 Progress in key development results

In line with the Manifesto theme of: Taking Uganda To Modernity Through Job Creation and Inclusive Development and the NDPII Goal of achieving middle income status, progress was registered along the areas of economic growth and incomes and quality of life as summarized in table I and table II:

**Table I: Progress on Growth and Incomes**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S/N** | **INDICATOR** | | **FY12/13**  **Baseline** | **FY19/20** | |
| **Target** | **Actual** |
| 1. | GDP per Capita (USD) | | 744.8 | 1039 | 910 |
| 2. | Share of industry in total GDP (%) | | 20.7 | 27.9 | 26.2 |
| 3. | Percentage of people living on less than USD 1 a day | | 19.7 | 14.2 | 21.4 |
| 4. | GDP growth rate | | 3.6 | 6.3 | 2.9 |
| 5. | Exports to GDP ratio | | 6.2 | 9.95 | 10.17 |
| 6. | Value of exports ($ Mil.) | | 4,993.2 | N/A | 5,475.7 |
| 7. | Gross capital formation | | 27.9 | 27.7 | 23.6 |
| 8. | Savings to GDP ratio | | 15.4 | 35 | 19.6 |
| 9. | Sectoral composition of GDP | Agriculture | 25.5 | 10.4 | 24.0 |
| Industry | 20.6 | 31.4 | 26.2 |
| Services | 46.7 | 58.2 | 43.0 |
| 10. | %age of labor force as per Sectoral composition of GDP | Agriculture | 63 | 31 | 64.3 |
| Industry | 8.2 | 26 | 13.4 |
| Services | 28.8 | 43 | 22.3 |

Over the NDPII period, Uganda’s economy registered an average annual real GDP growth rate of 4.9%. This is lower than the NDPII targeted average annual real GDP growth of 6.3% in 2019/20 and much lower than the Vision target of 8.2%. The major reason for lower than projected GDP growth include:

* ***Efficiency and execution challenges in public sector projects***. A number of large core NDP II projects were not executed as planned, for example, Standard Gauge Railway (SGR), Ayago Hydro Power Plant, Kampala Jinja Expressway and Hoima Oil Refinery. This affected public investment and public capital accumulation as well as growth. The low execution and efficiency rates, explain the weak linkage between fiscal development expenditure and public capital accumulation, which hurt growth.
* ***Low productivity across all sectors of the economy particularly agriculture.*** This challenge emerged due to (a) inadequate regulation resulting into the use of poor quality inputs; (b) inadequate agricultural extension, which led to, continued use of poor production techniques and; (c) negligible as well as improper use of fertilizers and; (d) climate change/drought and flood which negatively affected agricultural output
* ***Negative external environment (Global and regional economy):*** This affected global and regional trade hence slow growth in exports (Volume and prices)
* ***Negative effects of COVID-19 Pandemic, floods and locusts invasion on economic activity in the final year of NDP II.***

Poverty and inequality remain critical development challenges for the country. While Uganda experienced a remarkable reduction in the incidence of poverty between 2006 and 2013, this trend has reversed. This is partly the result of the overall economic slowdown that the country experienced over NDPI period and in particular during the FY FY2016/17.

The economy did reasonably well compared to NDP targets, in attaining targets on exports in percent of GDP. In particular, the Value of exports increased from USD 4,993.2 million in FY2012/13 to USD 5,475.7 Million in FY2019/20. This is in line with the government strategy of export promotion.

It is worth noting that the country has made progress towards the realisation of the middle income status which is a major focus of NDPIII.

**Table II: Progress on Quality of life Indicators**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S/N** | **INDICATOR** | | **FY12/13**  **Baseline** | **FY19/20** | |
| **Target** | **Actual** |
| 1. | Life Expectancy | | 50.4 | 60 | 63.3 |
| 2. | MMR/100,000 | | 438 | 320 | 336 |
| 3. | Under 5 mortality per 1000 | | 90 | 51 | 64 |
| 4. | Total fertility rate | | 6.2 | 4.5 | 5.4 |
| 5. | Child stunting as percentage of under 5 | | 33 | 25 | 29 |
| 6. | % pop. with access to electricity | | 14 | 30 | 24 |
| 7. | Average years of schooling | | 5.7 | 11.5 | 6.1 |
| 8. | Primary to secondary transition rates | | 73 | 83 | 64.8 |
| 9. | Net enrolment rates (%) | Primary | 95.3 | 100 | 93 |
| 10 | Secondary | 24.7 | 40 | 22 |
| 11 | Basic Water Coverage | Rural | 64 | 79 | 68.0 |
| Urban | 70 | 100 | 70.5 |

The performance on the quality of life indicators have been mixed. The economy performed reasonably well on health indicators; and in particular, Maternal Mortality Rate per 100,000 live births and Under 5 mortality per 1000. Further, there has been an increase in the Proportion of the population with access to electricity; and basic water coverage for both rural and urban areas. On the other hand, attainment of education outcomes has not been achieved as planned partially attributed to reduced household incomes.

The NDPIII whose goal is to increase household income and improve the quality of life of Ugandans and the 2021 Manifesto provides key steps in attaining social economic transformation.

## 3.2 Challenges faced

## As part of the planning process, NPA carried out an assessment to establish the challenges that were still outstanding on the basis of which NPDIII was produced in the last year of the Manifesto implementation. That assessment process recognised the fact that we did not achieve growth and the quality of life targets as anticipated in NDPII. For instance, there is poverty reversal from 19.7% to 21.4%, the COVID-19 pandemic and natural disasters which affected the performance of the productive sectors. The challenges identified include:

1. **Youth bulge –**Youth constitutes more than 50% of the population. The youth bulge has both positive and negative consequences associated with the demographic dividend. By investing in the youth, the country will have productive labour force that will contribute to economic growth and that requires inputs into education skilling and mindset change in addition to provisions for health and their involvement in economic activities. Conversely, this puts pressure on the budget since investments will be redirected towards provision of social services against the investments in the productive sector.
2. **High cost of electricity -** Progress has been made in reduction of the cost of electricity over the last 4 years from 9 cents to 8 cents and from 16 cents to 9.8 cents for extra-large and large industrial consumers respectively. However, it is still higher than the target of 5 cents per Unit. The cost is even higher for medium industrial consumers at 15.6 cents for a unit and for commercial consumers (cottage industries) at 17.5 cents per unit;
3. **Persistent vulnerabilities and wide-regional disparities in attaining required poverty reduction targets -** The percentage of people living below the poverty line (1.00 USD per day) was 21.4% in FY2017/18 compared to NDPII target of 14.2%. Moreover, there are wide regional disparities with Bukedi (47%), Busoga (42%), Bugisu (40.7%) and Teso (25%) experiencing reversals compared to the previous poverty levels;
4. **Labor market skills mismatch -** The education and training system produces skills different from those required by the market.With the industrialization drive, there is for example, high demand for internationally certified technical and craftsmanship skills, which are not available on the market;
5. **Limited access to and high cost of capital -** There are high interest rates and, high collateral requirements. The main source of development finance for businesses is short-term credit mainly from commercial banks where lending rates average 20%. Furthermore, 20% of the adult population in 2018 access financial services informally while 22% have no access at all;
6. **Low capacity in public service and prevalence of corruption -** The Civil service is weak and not adequately equipped to drive development. For instance, a number of project ideas that were included in NDPII have not been implemented. There are reported leakages of public resources as evidenced from Auditor General’s reports and Inspectorate of Government investigations. These two combined have affected effectiveness and efficiency in government and partly this explains why a number of project ideas that were included in NDPII have not been implemented;
7. **Continued reduction in the forest cover as well as wetland degradation and encroachment -** The forest cover reduced to 9.5% in FY17/18 from 20% in 1986/87 while wetland cover reduced from 13% to 10.9% over the same period. The implication is increased vulnerabilities and disparities in incomes as well as loss of livelihood to the population and reduction in GDP growth rates;
8. **Slow Project Implementation -** Implementation of core projects have been slow, thus, adversely affecting growth and job creation. Out of the 42 NDPII core projects, only 17 are on schedule, while 5 are under implementation but behind schedule. The rest are either at feasibility stage or have not yet started.

## 3.3 Strategies to achieve the targets

To address the above challenges, the following strategies have been identified and are elaborated in the NDPIII and the NRM Manifesto, 2026.

1. **Maintaining stable macro-economic environment:** through among other things sustaining a stable exchange rate regime; inflation targeting to ensure low and stable prices; maintaining a stable fiscal policy, and, pursuing policies designed to lower interest rates.
2. **Reducing cost of doing business:** throughincreasing access to reliable, stable and affordable energy; Reducing transport costs through improving interconnectivity and regular maintenance of existing transport infrastructure stock; Reducing the cost and increasing reliability of Internet; etc
3. **Reducing transport costs through improving interconnectivity and regular maintenance of existing transport infrastructure stock**. It is recommended that Government continues prioritizing investments in transport infrastructure to increase the Country’s competitiveness. In that regard, focus should be on increasing the connectivity within the country, region and the global markets.
4. **Import Substitution and Export Promotion Strategy** throughcompleting the development of at least one industrial site in each of the 18 zones of the country to fully serviced Industrial Parks; All wealth creation funds should be consolidated into one, and some of which should be used to capitalize the Uganda Development Bank
5. **Commercialization of agriculture:** Agricultural sector contributes 26% of total GDP and forms the main export to our regional market. To generate sufficient production volumes to sustain domestic (food security) and external markets, it is critical that we commercialize agriculture focusing on: Organization of farmers into clusters to support them to produce reliably and consistently, Strengthening agricultural extension systems anchored at the parish as the planning and implementation level; Increasing use of water for production, mechanized irrigation, including water storage, Scaling up existing agricultural credit and guarantee schemes as a way of providing affordable agricultural finance and insurance;
6. **Harnessing the Tourism potential**: this can be achieved by improving tourism related infrastructure, Targeted development of tourism products Developing Skills essential for Tourism growth, increasing affordable accommodation in the tourist hotspots outside of the Greater Kampala Metropolitan Area, Aggressive marketing especially in non-traditional markets, increasing private sector access to cheap long-term credit, Strengthening regulation and enforcement of standards.
7. **Promotion of Science, Technology, Engineering and Innovation:** To realize this, there is need to; build science, technology, engineering and innovation infrastructure, provide hands-on-training of scientists at all levels; develop policy and institutional framework for importation of appropriate technology in order to reduce the research and development time and cost of investment; strengthen the legal framework around innovation to increase technology adoption and diffusion so as to maximize the number of innovations being translated into commercial products and thus the number of factories/jobs being started/created;
8. **Mineral Beneficiation and Oil refining:** It is, proposed that priority should be on fast-tracking interventions aimed at facilitating the exploration, extraction and processing of Oil and Gas as well as the mining and beneficiation of seven (7) minerals namely: Iron Ore, Phosphates, Copper, Gold, Marble/Limestone, Dimension Stones, and Sand/Aggregates.
9. **Promote Private Sector Investment - Foreign Direct Investment and Domestic Investment:** The proposed areas of focus include: strengthening institutions for development financing, for instance, recapitalizing UDB; strengthening the investment and industrialization role of government, for instance, through strengthening the role of UDC; reviving and strengthening the cooperative movement, including the cooperative bank; providing a wider range of long-term finance options at affordable rates in NDPIII priority areas e.g. agricultural finance; etc
10. **Mindset change to promote focus on development:** Areas of focus include: Review of the mandates and coordination mechanisms of the agencies involved in these interventions with a view of improving their effectiveness and Implementation of a National Service programme to empower citizens with information to change their outlook on life and the opportunities it presents,
11. **Exploiting opportunities of urbanization to drive growth:** Urbanization is a key driver of growth. 65% of non-agriculture GDP is generated by the Greater Kampala Metropolitan Area (GKMA), However, the potential of urbanization is constrained by; unplanned and uncoordinated developments and limited enforcement of existing regulations. To exploit the opportunities of urbanization the focus areas will be: Development of Physical, Spatial and Master plans for the regional and strategic cities as proposed in Vision 2040; Development of settlement plans around existing and planned industrial, mineral, science and ICT parks; etc
12. **Increasing the stock of skilled, innovative and healthy population.** This should be done by: improving the quality of education at all levels e.g. through reduction of teacher to student ratios; leadership development for education managers; Operationalization of the recently reviewed national curriculum for secondary education; strengthening the link of higher education to industry for instance through internships, attachments, and involvement of industry practitioners in curriculum design to strengthen research, innovation and acquisition of practical knowledge; etc
13. **Increasing Domestic Revenue Mobilization:** it is recommended that government: Maintains a stable and predictable tax regime over the medium term given the consensus that the country has limited room for introducing new measures without overburdening the tax payer; Strengthens the enabling environment for tax collection through for instance upgrading the eTax system, integrating data management systems across government, expanding the metrics used to assess URA performance, and addressing the perception of corruption among tax officials, and establishing a Tax Ombudsman; etc
14. **Promotion of Social Services based on the sub county-Parish model.** The Parish Development Model (PDM) is the last mile strategy by Government of Uganda for improving incomes and welfare of Ugandans at household level. It is an extension of the whole-of-government approach to development under NDPIII, with the Parish as the lowest administrative and operational hub for delivering services closer to the people and hence foster local economic development.

*Thanks for listening to me.*