EN

This action is funded by the European Union

ANNEX

of the Commission Decision on the Annual Action Programme 2017 in favour of Uganda to be financed from the 11th European Development Fund

Action Document for Justice and Accountability Reform (JAR)

1. Title/basic act/ CRIS number	Justice and Accountability Reform (JAR) CRIS number: UG/FED/040-149 financed under the 11th European Development Fund (EDF)			
2. Zone benefiting from the action/location	Uganda The action shall be carried out at the following location: Uganda.			
3. Programming document	National Indicative Programme (NIP) 2014-2020[1]			
4. Sector of concentration/ thematic area	Governance	DEV. Aid: YES[2]		
5. Amounts concerned	Total estimated cost: EUR 66 000 000 Total amount of EDF contribution EUR 66 000 000 of which: EUR 60 000 000 for budget support and EUR 6 000 000 for complementary support.			
6. Aid modality(ies) and implementation modality(ies)	Budget Support Budget Support: Sector Reform Contract (SRC) Indirect management with the Republic of Uganda.			
7 a) DAC code(s)	Main DAC code – 43010 – Multi-sector aid 100% Sub-code 1: 15111 (Public Finance Management) Sub-code 2: 15113 (Anti-corruption organisations & institutions) Sub-code 3: 15114 (Domestic Revenue Mobilisation) Sub-code 4: 151130 (Legal and judicial development)			
b) Main Delivery Channel	Channel: 12000 - Recipient Government			
8. Markers (from CRIS DAC form)	**General policy objective**	**Not targeted**	**Significant objective**	**Main objective**

[1] https://ec.europa.eu/europeaid/sites/devco/files/nip-uganda-fed11-2014_en.pdf

[2] Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	Participation development/good governance	☐	☐	☑
	Aid to environment	☑	☐	☐
	Gender equality (including Women In Development)	☐	☑	☐
	Trade Development	☑	☐	☐
	Reproductive, Maternal, New born and child health	☑	☐	☐
	RIO Convention markers	**Not targeted**	**Significant objective**	**Main objective**
	Biological diversity	☑	☐	☐
	Combat desertification	☑	☐	☐
	Climate change mitigation	☑	☐	☐
	Climate change adaptation	☑	☐	☐
9. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable			
10. SDGs	Sustainable Development Goal (SDG) 16 - Peace, Justice and Strong Institutions (main SDG)			

SUMMARY

Uganda has been considered as a successful model of post-conflict reconstruction by donors, practitioners and academics since the 1990s, but nevertheless continues to be affected by a number of structural weaknesses. Uganda is a least developed country (LDC) facing a broad range of governance challenges. They manifest themselves in weak service delivery, weak oversight of public funds and deficits in the judicial system, which all impinge disproportionally on the most vulnerable sections of society, reduce the effectiveness of resource allocation, are a disincentive to investment and ultimately reduce socio-economic development prospects. In addition, Uganda is confronted with potential instability in neighbouring Sudan to the north, rising food and fuel prices, ethnic tensions domestically, and concerns of backsliding in the areas of democracy and human rights.

The overall objective of this action under sector 3 in the NIP, is to promote sustainable development and inclusive economic growth in Uganda. The action will safeguard human rights and democracy and strengthen investigative and judicial institutions and processes with regard to public mismanagement and breach of delegated authority. The specific objective is to improve the governance of public funds, including the mobilisation, strategic allocation and efficient use of public resources, for improved service delivery.

To achieve these objectives, the induced outputs of Justice and Accountability Reform (JAR) will align to the following five result areas of the Accountability Sector (AS) and Justice, Law and Order Sector (JLOS) plans: (i) improved domestic revenue mobilisation (DRM) and management for sustainable development (AS); (ii) Improved capacities in policy-based and gender-sensitive planning and budgeting for enhanced budget credibility and service delivery at central- and local government level (AS); (iii) improved capacities for public investment management (PIM) at central- and local government level (AS); (iv) improved coverage, accessibility, management and Human Rights compliance of service delivery in the JLOS sector;

(v) enhanced institutional resilience and capacities to reduce public sector corruption (AS and JLOS).

By using these objectives and induced outputs as entry points, the SRC modality is expected to enable in-depth policy dialogue which may extend the scope of sector reforms beyond the results measures by the performance indicators. JAR will contribute to a more dynamic business environment and directly underpin the third pillar of the EU External Investment Plan (EIP), by supporting legal, institutional and regulatory frameworks.

JAR will capitalise on the existing Government commitment to anti-corruption and transparency at legislative and policy levels. JAR will be implemented through a combination of direct budget support and complementary support and will complement and reinforce EU support to accountability and access to justice through ongoing projects under governance focal area of the NIP 2014-20.

1. CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Uganda is a unitary state, comprising of the national government and four levels of sub-national government, with the President as head of government. Overall, Uganda has a sound institutional and regulatory framework in place in terms of democracy, human rights, rule of law, access to justice, accountability, anti-corruption, civil society participation and media. Multi-party elections have been held since 2006, most recently in 2016. The constitutional and legal framework is in place for protection of women's and children's rights. However, large implementation gaps remain and undermine human rights and accountability. Discrimination against women continues to be widespread especially in rural areas. Deeply rooted patriarchal traditions remain and many customary laws discriminate against women in adoption, marriage, divorce, inheritance, and land rights which also affect the women and children abducted by the Lord's Resistance Army (LRA) or born in captivity.

Uganda has witnessed significant economic growth and poverty reduction over the last two decades, although slowing recently to below the medium target and with some downside risks. The development objectives of the government are laid out in the "Vision 2040" document. The National Development Plan II (NDP II) (2015-2020) is the main framework for fiscal accountability and the allocation of resources across the public sector. NDP II defines protection of human rights, rule of law, transparency and accountability as key components of good governance and as enabling sectors for increasing sustainable development, accelerating competitiveness, strengthening public service delivery and combating corruption. Weaknesses in public service delivery, oversight, as well as deficits in the judicial system, all impinge disproportionally on the most vulnerable sections of society.

Indeed, public service delivery is weak, demonstrated by a range of governance and human development indicators[3]. The main reasons for inefficient and ineffective public service delivery are structural and systemic weaknesses, limited capacities, poor coordination and overlapping mandates. Oversight institutions themselves are afflicted by the same weaknesses, which are brought into sharp focus through periodic corruption scandals. Deficits in the judicial system are notably felt in inequitable access to justice, particularly by vulnerable persons, inefficient land markets with insecure tenure, and corruption leading to lack of trust in rule of law, which directly impairs private sector confidence, private investment and trade.

The dynamics of regime maintenance and its inherently rising cost imply an increasing centralisation. Gross Domestic Product (GDP) growth is to be offset against population growth,

[3] Such as maternal and under 5 mortality rates, primary school completion rate, public sector accountability and violence against women.

which currently exceeds 3%/year and shows no sign of abating, with the population of 39.0 million in 2015 expected to increase to 61.9 million by 2030, 101.9 million by 2050 and 202.9 million by 2100.[4] The prospects of up to 50% of the government budget being financed from petroleum revenue between 2020 and 2040 have been dampened by the global slump in oil prices in 2014 and a slow recovery to less than half of their previous peak level since then.

1.1.1 Public Policy Assessment and EU Policy Framework

In order to tackle the above challenges and to support the implementation of the NDP II, two major sector policies of the Government need to be reinforced. These are the Accountability Sector and Justice Law and Order Sector policies.

Accountability Sector. One of the two pillars of JAR is the AS Strategic Investment Plan (ASSIP) II 2017-2020 which is the delivery mechanism of the AS policy. The delivery framework of the AS, established in 2007, currently falls into three sub-sectors, i.e. economic management services, financial management services and audit/anti-corruption. The latter is structured around three mutually reinforcing priorities and objectives (i) prevention and deterrence (ii) detection, (iii) sanctions. Actors include constitutional bodies and public institutions with broad and sometimes overlapping mandates, as well as civil society. The institutional architecture of the financial management services sub-sector comprises institutions with a remit over resource mobilisation, budget allocation, execution and monitoring, oversight and integrity on Public Finance Management (PFM) issues. Non-state actors include citizens/human rights, democratic governance, justice, accountability and equity platforms. The economic management services sub-sector includes the finance and insurance industries, private sector associations as well as regulatory authorities, the National Social Security Fund and the Bank of Uganda.

At a strategic policy level, the AS Strategic Investment Plan (ASSIP) governs the operations of oversight institutions.[5] The ASSIP II falls into three sub-sectors, i.e. (a) economic management, (b) resource mobilisation and allocation and (c) accounting, audit and anticorruption. The induced outputs nos. 1, 2, 3, and 5 in the results framework of JAR are directly linked to the objectives under the second and third sub-sector of the ASSIP II.

The ASSIP is complemented by reform strategies for its sub-sectors of financial management services and anti-corruption/audit. The National Anti-Corruption Strategy (NACS) 2014-19 seeks to strengthen coordination among AS institutions, to empower citizens in fighting corruption and to improve compliance with accountability standards among public and private institutions. Government has been pursuing strategic reforms in PFM since the early 1990s. Since the inception of NDP I (2010), Government has prioritised investment spending on roads and energy projects. Though PFM reforms suffered a 'shock' in 2012 when the Auditor General released two special reports revealing corruption cases in the Office of the Prime Minister and the Ministry of Public Service, Development Partners (DPs), civil society organisations (CSOs) and International Monetary Fund (IMF) have since commended the Ministry of Finance,

---

4 United Nations Department of Economic and Social Affairs (UN DESA), Population Division: World Population Prospects, 2015 Revision, Key Findings and Advance Tables; New York, 2015; (p. 22).

5 The AS institutions include the Ministry of Finance Planning and Economic Development (MoFPED), the Inspectorate of Government (IG), the Directorate of Ethics and Integrity (DEI), the Office of the Auditor General (OAG), the Uganda Bureau of Statistics (UBOS), the Uganda Revenue Authority (URA), the Public Procurement and Disposal of Assets Authority (PPDA), the Ministry of Public Service – Inspection (MoPS), the Ministry of Local Government – Inspectorate (MoLG), the Kampala Capital City Authority - Revenue collection and mobilisation (KCCA) and the Uganda Financial Intelligence Authority (FIA). The institutions affiliated to the accountability sector include the Bank of Uganda (BoU), the Capital Markets Authority, the Uganda Retirements Benefits Regulatory Authority (URBRA), the National Social Security Fund (NSSF), the Uganda Development Bank Limited, the Uganda Investment Authority, the Private Sector Foundation Uganda (PSFU), the Economic Policy Research Centre (EPRC) and the Insurance Regulatory Authority.

Planning and Economic Development (MoFPED) for steering and accelerating a wide range of PFM reforms to improve transparency and accountability of its public finances. A multi-donor budget support (2004-2013) evaluation also confirmed strong commitment and achievements in PFM reform over the last decade. In 2016, the Corruption Perception Index (CPI) of Transparency International ranked Uganda 151st out of 176 countries, with a score of 25 points (down from 140th with a score of 26 points in 2013).

Justice Law and Order Sector. The second pillar of JAR is the JLOS Sector Development Plan IV 2017-2021 which is the delivery mechanism of the JLOS policy. The JLOS policy mission aims to improve the safety of persons and property; strengthen access to justice based on an accountable and human rights based approach for accelerating growth, employment and wealth, and, fight corruption and promote gender equality. The JLOS DP IV has the following strategic objectives: i) to enhance infrastructure and access to JLOS services; ii) to promote the observance of human rights; and, iii) to strengthen commercial justice and the environment for competitiveness.

NDP II recognises the protection of human rights, and public confidence in the rule of law as elements of the enabling environment for economic development. JLOS completed the formulation of its 4th five-year Strategic Development Plan (SDP-IV) in May 2017. DPs were consulted in this process and some of their inputs were retained in the final version. JLOS has a sector-specific anti-corruption strategy in place. Uganda has ratified most international human rights conventions, and underwent Universal Periodic Reviews (UPRs) in 2011 and 2016. In the 2016 UPR's stakeholder submission, a series of Ugandan CSOs argued that the persistent level of corruption has been a barrier to good governance practices and development. In its submission, the government reaffirmed its commitment to upholding accountability, to fighting corruption in service delivery and to good governance. The regulatory framework and institutional setup are generally founded on democratic and human rights values. The Constitution contains an elaborate bill of rights and is complemented by a range of other human rights legislation to tackle torture, female genital mutilation, domestic violence and trafficking in persons. Relevant institutional or oversight bodies exist, such as the Uganda Human Rights Commission (UHRC) and the Human Rights Committee of Parliament. The Judiciary has hitherto been viewed as largely independent but occasionally faces vested interests in sensitive cases. Although the Presidential appointment of regime sympathisers to the bench and higher courts attracts increasing criticism, the judiciary has asserted its independence and delivered landmark rulings (in areas such as sedition, protection of minority groups and release of juveniles). Parliament, with its overwhelming majority of the ruling National Resistance Movement during the last 30 years, has exercised its oversight of the Executive only sporadically and with varied results.

A comprehensive legislative, institutional and policy framework exists. It lacks full implementation, however, and results in pervasive corruption and human rights violations to an extent that the underlying political will has been questioned. According to NDP II, corruption affects the poorest disproportionately and compromises all other development goals. NDP II therefore prioritises the fight against corruption in order to reduce poverty and inequality. Investment to develop human resources, performance measurement systems and oversight mechanisms, reduce corruption and safeguard human rights would have positive impacts on the poor and vulnerable persons, including children and women.

The main synergy between the JLOS and AS policies is the fight against corruption through sanctions, investigations and prosecutions. The third strategic outcome of JLOS SDP IV aims to strengthen commercial justice and environment for competitiveness. Therefore, through the relevant performance indicators and by supporting implementation of JLOS SDP IV, the action will contribute to improving the business environment.

The link of the action with the EU Policy Framework. The proposed action is aligned with the Paris Declaration and subsequent aid effectiveness communications which stipulate increased reliance on country systems and emphasis on governance and anti-corruption. Through its induced outputs, indicators and conditions, the results framework of the action creates material incentives for the Government to integrate international treaty obligations and commitments in the implementation of its own policies.

The programme is entirely in line with the new European Consensus on Development[6] which follows the 2030 Agenda[7] and the Addis Ababa Action Agenda (AAAA)[8] by placing an emphasis on DRM (output-1), more effective and efficient public expenditure (output-2) and debt management (output-3. The "Collect More, Spend Better" approach addresses tax evasion, tax avoidance and illicit financial flows, as well as the efficiency, effectiveness and fairness of tax systems and of social protection systems. It also recommends reinforcing certain key areas on the expenditure side (e.g. procurement, investment). Through its focus on "Accountability and Corruption" (output-5) the present action also supports the implementation of the EU Democracy and Human Rights Strategy. Through all indicators and conditions under the fourth and fifth induced output in its results framework, the action also contributes to SDG 16: *"Peace, Justice and Strong Institutions - Promote peaceful and inclusive societies for sustainable development; provide access to justice for all and build effective, accountable and inclusive institutions at all levels"*.

The results framework of JAR is in line with the EU Gender Action Plan II (GAP)[9] which seeks to stop violence against women and girls, promote their socioeconomic and cultural rights, as wells as to reinforce their voice and participation. The results framework includes gender-disaggregated outcome indicators on poverty reduction and the global gender gap index (in line with SDG 5 - gender equality). Under induced output 2, the certification and compliance rate of ministerial policy statements with gender and equity budget rules will be measured. Improved access to justice will substantially benefit women and girls.

With outputs 1, 2 and 3, JAR is in line with the AAAA – Financing for Development conference commitments, to pursue sound macroeconomic policies that contribute to global stability, equitable and sustainable growth and sustainable development, while strengthening financial systems and economic institutions. JAR will contribute positively to the investment climate and reduce the cost of doing business in Uganda by (a) improving tax equity and transparency under output-1, (b) enhancing the transparent management of public investments and procurement under output-3, (c) by reducing the case backlog under output-4 and (d) by deterring public sector corruption under output-5. With these induced outputs, JAR will directly underpin the third pillar of the EU External Investment Plan (EIP), by supporting legal, institutional and regulatory frameworks.

1.1.2 Stakeholder analysis

At the operational level, the Accountability and JLOS sectors are both supervised by a: (i) Leadership Committee for policy guidance (composed of political or other heads of relevant institutions e.g. Ministers, Chief Justice, Director of Public Prosecutions (DPP)); (ii) a Steering committee for formulating sector policies and priorities (comprising accounting officers and Permanent Secretaries for the institutions); and (iii) Technical committees for policy implementation (composed of senior technical officers, including DPs). Their work is assisted by Sector Secretariats for coordination and stakeholder engagement.

The complementary role of CSOs in providing legal aid services and human rights capacity support to some JLOS actors is generally accepted and increasingly being acknowledged by the sectors as vital and necessary. Development partners groups (DPG) coordinate and harmonise their support to, and engagement with the sector structures.

---

6 OJ C 210 of 30.6.2017.

7 http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.

8 http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

9 Joint Staff Working Document SWD(2015)182 final of 21.9.2015.

Accountability Sector. The institutions with responsibilities across the accountability chain[10] vary greatly in the strength of their mandate, their institutional capacity and leadership. All of them bear responsibilities to uphold civic and human rights and prevent their violation. Through its five result areas, JAR will engage MoFPED (results 1, 2, 3, 5), the Office of the Auditor General (OAG) (results 1, 2, 3, 5), The Inspectorate of Government (IG) (result 5), The Public Procurement and Disposal of Assets Authority (PPDA) (result 3), URA (result 1) and the Directorate of Ethics and Integrity (DEI) most closely (result 5). The OAG is widely considered the most effective accountability institution. It has received much DP support until now. The capacity of the URA has also consistently been built up over recent years. The IG has been fully constituted only in 2013 and suffers from a mismatch between a very broad oversight, investigative and prosecutorial mandate and limited resources. The policy co-ordinating mandate of the DEI is not enshrined in the Constitution, while the independence of OAG and IG is. DEI oversees the implementation of the NACS and coordinates the Inter-Agency Forum (IAF) which nominally includes many of the AS institutions. Its sessions are sparsely attended, however. The DEI draws its limited authority mostly from being housed in the Office of the President and being headed by a State Minister.

Oversight by Parliament and its committees, notably the Public Accounts Committee (PAC), is hampered by a very weak opposition and interference from the Executive. MoFPED takes a leading role in coordinating PFM reform initiatives, including the Financial Management and Accountability Programme (FINMAP) supported by other stakeholders in the AS. A Public Expenditure Management Committee (PEMCOM) provides a high-level forum meeting for strategic policy guidance and to monitor progress in PFM reforms. Non-State Actors, including advocacy groups, media, which have been vocal on corruption, and private sector umbrellas all play an important role holding the state to account over PFM, resource allocation, service delivery and corruption. The EU already supports the oversight function of Parliament through the Democratic Governance Facility (DGF). The Civil Society Budget Advocacy Group (CSBAG) is a key CSO actor which actively engages with MoFPED in shaping the debate, for example on the annual budget process, PFM reforms and the 2015 PFM Act. CSBAG is also an active member of the PEMCOM. It is foreseen to engage civil society prominently in the JAR performance reviews, including as members of the management committee (see section 4.1).

JLOS. JLOS institutions[11] also vary greatly in size, scope and mandate, with the Police, Prisons, DPP and Courts often being referred to as "frontline" institutions. Working groups e.g. on human rights, accountability and transitional justice provide fora for deeper thematic discussion. A Secretariat supports the implementation of the sector strategic plans. Overall, JLOS has had a relatively well-defined strategy and a good implementation record over several years. CSOs, particularly those working on juvenile justice, transitional justice, legal aid or human rights, have provided much needed and accepted complementary interventions.

Under the co-ordination of the JLOS DP Group (DPG), DPs have supported sector reform, but with decreasing financial contributions in recent years. Successive JLOS Annual reviews have highlighted several capacity gaps and institutional weaknesses, such as lack of performance benchmarks, heavy caseloads or growing case backlog and financial and resource constraints. Limited strategic thinking in the sector needs to be addressed, as do unclear financing priorities, indicators, macro-fiscal planning and projections. The JLOS Strategic Development Plan (SDP-

---

10 Parliament, MoFPED, IG, OAG, DEI, MoPS – Inspection, MoLG – Inspectorate, PPDA, UBOS, URA, KCCA.

11 These are: Judiciary, Ministry of Justice and Constitutional Affairs, Ministry of Internal Affairs, Prisons Service, Police, Judicial Service Commission, Human Rights Commission, Directorate of Public Prosecutions, Law Reform Commission, Ministry of Local Government (responsible for Local Council (LC) Courts, Ministry of Gender, Labour and Social Development (responsible for Probation and Juvenile Justice), Law Development Centre, Tax Appeals Tribunal, Uganda Law Society, Centre for Arbitration and Alternative Dispute Resolution, Directorate of Citizenship and Immigration Control, and, the National Identification and Registration Authority.

IV) 2017-2021 has been endorsed in May 2017. DPs, including the EU, were consulted and provided inputs into the process. The previous sector performance monitoring framework is not used anymore because of the large number of institutions and stakeholders. JLOS institutions play an important role in the deterrence, investigation and prosecution of corruption and financial mismanagement at central and local government levels. These include the DPP, the Police and its Criminal Intelligence & Investigations Directorate (CIID), as well as the Anti-Corruption Division (ACD) of the High Court. The Uganda Public Service Commission (UPS) can impose disciplinary sanctions for mismanagement and corruption but rarely does so.

Owing to its nature, the SRC would be anchored in MoFPED. MoFPED staff are committed and reasonably efficient, yet SRC is a new modality which will require substantial commitment, performance and follow-up. Coordination between MoFPED and other Ministries, Departments and Agencies (MDAs) needs to be understood and ensured. For the fourth result area, the policy dialogue will be primarily conducted through the JLOS secretariat, while for the fifth result area, the IG will be in the lead, followed by the OAG, the DEI and the ACD of the Supreme Court.

1.1.3 Priority areas for support/problem analysis

The Tax Administration Diagnostic Assessment Tool (TADAT) of 10/2015 indicates that the Uganda Revenue Authority (URA) has made sizeable strides in good taxpayer support, online services and taxpayer education. It recommends to prioritise compliance management (including audit) and to develop risk management approaches. A lack of effective tax debt collection undermines credibility of tax assessments and the principle of equal treatment to taxpayers. Local government operates within a poor legal DRM framework which implies both multiple taxation of individuals and excessive exemptions from payment. There is a lack of a more progressive legislation that would exempt the very poor. Tax incentives offered in the oil sector are not transparent as the Government has not made public its Production Sharing Agreements (PSAs) it has signed with the oil companies and Uganda is not yet adhering to the global standard Extractive Industries Transparency Initiative (EITI) for extractive industries revenues. The recent Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) National Risk Assessment revealed that authorities view the crimes of corruption and abuse of public resources, fraud, counterfeiting, smuggling of wildlife products and gold, and tax evasion as most common proceeds - generating predicate offences. Uganda has a significant informal, cash based economy where majority of the financial transactions are carried out in cash which poses a high money laundering/terrorist financing (ML/TF) risk to some of the sectors. Most of these transactions cannot be easily traced and accounted for due to the absence of paper trail, which poses additional ML and TF risks. Lack of implementation of cross-border currency and Bearer Negotiable Instrument controls also makes the country more vulnerable to ML/TF risks.

The monitoring of the Budget Monitoring and Accountability Unit in MoFPED is confined to levels of inputs, outputs and intermediate outcomes but does not cover Public Administration, Social Development, Accountability, Security, Justice and Foreign Affairs, nor interest payments. In 2016 it produced a National Social Service Delivery Atlas which highlighted outcomes in the social sectors (Water, Education and Health), in anticipation of the switch from output- to programme based budgeting. This pilot was conducted with the intention of producing annual reports which would publish both quantities of outputs and final outcomes achieved. From Fiscal Year 2017/2018 onwards, the Government will introduce Programme-based budgeting to correct the problems identified in the current input-based Line Item Based Budget. This will link the proposed spending more closely with the proposed outputs and outcomes and enhance the consistency between sector strategies and approved budget estimates. Increased compliance with supplementary budget thresholds will further improve the credibility of this consistency. Programme-based budgeting, however, will still require that cross-cutting issues are mainstreamed in the budgeting processes. For example, the Directorate of Ethics and Integrity scores very poor on gender- and equity sensitive budgeting (according to the Equal Opportunities Commission) and the implementation of Uganda's Green Growth Development Strategy will fall short of expectations as long as the corresponding budgeting processes and expenditures are not linked to the expected outcomes. Medium term planning remains a challenge. The Medium-term

Expenditure Framework (MTEF) is in principle based on the five-year priorities in the NDP, including medium term forecasts of revenue, grants, expenditure by sector and of financing. The accountability sector however is aggregated with Parliament in the NDP, therefore it is impossible to compare the allocations with the MTEF.

The ability of the Government's fiscal policy to achieve its planned objectives is constrained by inefficiencies in public investment management. Uganda is ranked in 46th position out of 71 countries[12] in terms of quality of institutions for public investment management. Uganda's pre-investment phase is still affected by significant weaknesses. At the project identification stage, many projects are introduced into the cycle without any process to determine whether they are aligned with national priorities or to appraise their effectiveness. There is also no systematic framework for continuously collecting project ideas and concepts in between the planning cycle. Most projects enter the investment phase before they are ready for implementation. These projects require additional time for preparation through processes such as planning and drawing designs, with these processes being conducted only after resources have been allocated or when disbursements are ready to begin. Uganda's investment phase starts off on a default of a longer project life span than would be the case under a more efficient system. Systems for the monitoring and evaluation of service delivery quality during project operation are weak. Uganda's budget allocations to operations and maintenance are still far lower than the level of 20% suggested by global good practice, and hence leave many agencies with inadequate resource capacities to maintain assets. The value of open and competitive tenders as a percentage of all procurements dropped recently to 50%. This lack of competition undermines the quality of project preparation and implementation.

NDP II notes challenges faced by JLOS institutions relating to low levels of service delivery, corruption, limited infrastructure and slow implementation and fulfilment of international and regional human rights commitments. Given the high rates of vulnerability in the country, access to justice for vulnerable groups and poor persons is heavily reliant on legal aid, most of which is provided by NGOs but on a limited geographical scale and using narrow legal aid models. Weak case management builds up to various institutional constraints across the JLOS sector. The spill-over effect is felt also in the AS, which has a mandate to fight corruption through sanctions, investigations and prosecutions. The current case management systems in frontline JLOS institutions (police, Government Analytical Laboratory (GAL), Directorate of Public Prosecutions, Judiciary, prisons) among others are overburdened, slow and primarily completed manually for the most part. This leads to high lead times, increased cost of access, opportunistic corruption and slow decision making. Further, it contributes to high transactional costs of doing business when institutions are unable to perform effectively due to poor case disposal: for example, the costs of maintaining high populations in prisons is caused by failure of the JLOS institutions to dispense with their mandates expeditiously. The abolition of the death penalty is a core value of the EU and one of the seven political and operational strategic priorities for action in the Uganda Democracy and Human Right Strategy (2016-2020). Reports of the UHRC highlight the challenge of significant human rights violations by JLOS institutions.

Anti-corruption agencies suffer in common from a chronic shortage of resources, both financial and human. In spite of being constitutionally independent bodies, which puts them in an advantageous position to lobby government and urge for more funds, anti-corruption agencies have not benefited from any sector wide approach or resources and are heavily dependent on core government funds as well as project funds from the international community. In addition, by virtue of their mandates, anti-corruption agencies tend to have uneasy relationships with some political institutions responsible for resource allocation and management. This affects for

[12] http://documents.worldbank.org/curated/en/859951467989540438/pdf/106178-REPLACEMENT-Uganda-Economic-Update.pdf

examples agencies with a significant cope to deter corruption in Uganda's public sector such as the Inspectorate General (IG) and the Anti-Corruption Division (ACD) of the Uganda High Court. As for the IG, the law (Leadership Code) has already induced a relatively high (81% in fiscal year (FY) 2016/2017) compliance of public servants declaring their assets. However, the IG's capacity for verifying those declarations is estimated to be as low as 50 per annum (out of 20 000). As for the ACD and its mandate to order compensation awards to recover stolen assets, an increased capacity of government to execute those recovery orders effectively and efficiently will represent a powerful mechanism to leverage Uganda's fight against public sector corruption.

1.2 Other areas of assessment

1.2.1 Fundamental values

Adherence to fundamental values (FVs) is not a precondition but is assessed as part of the Risk Management Framework (RMF). Identified risks need to be balanced against the need to protect and provide public services. While the 03/2017 update of the RMF spells out a number of challenges related to FVs, JAR would directly target some of these issues. In the RMF 2017, all ten risks under the headings "human rights and democracy" and the overall risk for the rule of law have been rated as substantial. The proposed action would improve access to justice and accountability, directly support the fundamental values "Rule of Law" and "Human Rights" and support some of the priorities under the EU Democracy and Human Rights Country Strategy for Uganda (2016-2020).

While Uganda has long overcome its pre-1986 history of crimes against humanity and war crimes, there is a significant degree of conflict potential, i.a. stemming from the legacy of impunity for past crimes. This results in sporadic but significant local conflicts. Political tensions in the 2016 election year culminated in repeated arrests of media representatives and the main the opposition candidate. Child protection remains a serious weakness with cases of child torture and rape on the rise. Complaints of torture or cruel, inhuman and degrading treatment form the bulk of complaints made to the UHRC. Mob justice and prisons overcrowding imply inhuman and degrading conditions. Execution of death row inmates were last witnessed in 1999 but death sentences continue to be pronounced by courts of law. Uganda has ratified the majority of UN human rights and anti-corruption conventions but has poor compliance with reporting obligations, puts pressure on the local office of the UN Office of the High Commissioner for Human Rights (UNOHCHR) to close its country office and vehemently criticises the legitimacy of the International Criminal Court (ICC).

Freedom of association and expression have been curtailed, especially in the framework of the 2016 elections, when social media where temporarily shut down, journalists were intimidated and individual media usage was subject to intrusive cyber surveillance. President Museveni has been in power since 1986 and has not declared that he will leave office. Consequently, elections increasingly expose significant divisions between the government and large parts of the population with tensions continuing even after elections. The Electoral Commission (EC) is appointed by the President and lacks independence and transparency. According to the EU Election Observation Mission 2016, the elections fell short of international standards at key stages. State actors were instrumental in creating an intimidating atmosphere for both voters and candidates, and police used excessive force against opposition, media and the general public, justifying it as a "preventive measure". Movement of the main opposition candidate remains curtailed even one year after the election. Journalists were arrested even during live coverage and dragged to police. This violated fundamental freedoms of movement, expression and assembly, and curbed access to information. Parliament has been dominated by the ruling party since 1986 and lacks independence from the executive. Controversial bills rarely reach the floor of the House.

Overall, the judiciary has demonstrated a degree of independence through landmark rulings (in areas such as election petitions, sedition, protection by minority groups, release of juveniles, etc.), despite all judges being appointed by the President. Although constitutionally mandated to do so, the President has been criticised for bending the rule to appoint judges loyal to the ruling party. In politically contentious cases, the judiciary often appears unwilling to rule against Government and is often heavily criticised by either side of the political divide. Furthermore, Government is always reluctant to obey some rulings of courts e.g. high profile suspects released by courts are often rearrested, orders by court prohibiting restriction on movement of opposition politicians are sometimes ignored by police and security services. Bribery is a problem, particularly in the lower courts, and has a disproportionate effect on the poor. The judiciary also faces financial constraints which hampers its effective operation. The right to fair trial is enshrined in the Constitution. DPs support has been instrumental in strengthening structures and in increasing presence of JLOS institutions across the country and some improvements have been registered in indicators such as average time capital offenders spend on remand, prison conditions, prisoner-warden ratio, and police to public ratio. Challenges remain, however, and ordinary citizens continue to struggle to access justice. Lengthy periods on remand with little or no access to lawyers effectively undermine access to justice and fair trial.

Civil society advocacy is active and tolerated, and the environment is relatively conducive. Still, it remains to be seen if regulations for the amended Non-Governmental Organisations (NGO) Act will lead to reduced tolerance and civic space. Since the annulment of the Anti-Homosexuality Act in 2014, very few incidents have been reported by the sexual minorities' community. Legal provisions for child protection remain ineffective, with very high rates of often unpunished child abuse, ritual sacrifice, trafficking, and child pregnancies. Female Genital Mutilation (FGM) is practiced in parts of Uganda and maternal mortality remains high. The UHRC has a strong constitutional mandate, is vocal and regularly consulted by the Parliament. It is, however, not able to exercise full independence on some of the most sensitive issues, including abuses committed by members of the security forces.

1.2.2 Macroeconomic policy

Since 2016, Uganda has been receiving macro-economic policy support. The IMF successfully concluded the three-year Policy Support Instrument (PSI) macro programme (2013-2016) and recommended a one-year extension in June 2016. The 6th and 7th review were successfully completed in June and December 2016. In her recent visit to Uganda, IMF's Managing Director indicated that Uganda's growth and poverty reduction achievements of the past three decades were based on strong macroeconomic policies and reliance on the private sector as the engine of growth. She commended Government's achievements in financial inclusion, including the rapid growth of mobile banking. Under the PSI, Government monitors the level of social spending to ensure that sufficient resources are available. This underscores that Uganda continues to have a sound macroeconomic environment and prudent macroeconomic policies. The economy continues to register moderate growth rates but remains susceptible to global, regional and domestic shocks. Monetary policy has remained tight over the last five years, in a bid to keep inflation around the target of 5%. Global and regional growth has decelerated, with sub Saharan Africa registering its slowest growth rate in 20 years in 2016. Commodity prices remain low, while regional conflicts have increased the number of refugees arriving in Uganda. Over the past 10 years, Uganda has had the most progressive refugee policy in the region and has maintained an open door and an out-of-camp policy despite large inflows of refugees, most recently from South Sudan. Providing refugees with a residential as well as agricultural land and the right to work promotes the Government's policy of self-reliance and is in line with the April 2016 Commission Communication "*Lives in Dignity: from Aid-dependence to Self-reliance",* and makes Uganda a good-practice example on how self-reliance of refugees can be pursued. However, the unprecedented and continuous flows of refugees in 2017 lead the Office of the Prime Minister to review the land allocation per refugee household. In addition, the scarcity of natural resources for a total population that has doubled in some refugee receiving areas of the North may feed tensions. Fiscal deficits have increased to 6% in fiscal year (FY) 2015/2016 and are expected to remain that high in the medium term. They are oriented around the planned infrastructure investments in the energy and transport sectors. While the deficit is largely externally funded, domestic sources have also been explored by Government – thus becoming the largest domestic borrower in 2016 and crowding out the private sector. Hence, interest payments account for 12% of the planned budget for FY 2017/2018, higher than any social development sector. Although the public debt level remains manageable, the downside risks are more pronounced. While current disbursed public debt to GDP is at 34.5%, the total contracted debt (including undisbursed) is 52% of GDP in 2016. The sizeable undisbursed loans are indicative of the low absorption and utilisation of external debt. In addition, government domestic arrears reached 3.2% of GDP at the end of FY 2015/16. In 2016, Moody's Investors Service downgraded Uganda's credit rating to B2, from B1, and changed the outlook from negative to stable. The current position is that the economy is slowing slightly. Inflation is tending upwards primarily as a result of the current drought. As a result, expected growth has been downgraded from 5.5% to 3.5-4.5%. Based on the analysis above and the latest IMF review (7th review under the PSI, January 2017),[13] it is concluded that the authorities pursue a credible and relevant stability oriented macroeconomic policy aiming at restoring fiscal or external stability and sustainability.

1.2.3 Public Financial Management (PFM)

Uganda has a sound legislative and policy framework for PFM, encapsulated *inter alia* in the PFM Act 2015, Public Procurement and Disposal of Public Assets Act 2003 (amended in 2011), Public Private Partnership (PPP) Act 2015, and the National Audit Act 2008. Both the constitution and the PFM Act give MoFPED the mandate to plan and manage public finances. The comprehensive new law includes a new budget calendar and increased emphasis on gender and equity responsive budgeting, an oil revenue management framework, strengthened internal and external expenditure controls and accountability procedures. Uganda has a highly elaborate institutional structure for PFM reforms which are implemented as a major component of the Accountability Sector Strategic Investment Plan (ASSIP 2013-2017). Both Uganda’s Vision 2040 and the NDP II emphasize PFM as an important enabling sector, consistent with the EU’s Agenda for Change and the new European Consensus on Development. FINMAP III, the main implementation vehicle of the PFM reform strategy, has a broad and holistic approach including different government and accountability institutions. Overall focus is on three main outcomes: strengthening budget credibility, improving controls and compliance. The PFMRS is relevant, credible and a track record of progress exists. Interventions should be sequenced and clear guidance is expected from the 2016/2017 PEFA and the FINMAP mid-term review.

Considerable progress has been made to address PFM challenges. MoFPED has revised the national debt strategy and developed a macro-economic model. It rolled out an integrated payroll and pension systems (IPPS), a treasury single account (TSA), an automated Aid Management Information System, and the IFMS tier 1 and tier 2 systems. The measures have improved quality, comprehensiveness and timeliness of annual financial statement. Recently, improvements have been registered in the percentage of unqualified (clean) audit opinions at all levels. The gradual implementation of the TSA will support better accounting, reconciliation and reporting. Although commitment control systems, regulations, rules, and accounting procedure manuals are in place, a general lack of compliance with internal controls, IT security, record keeping and suppression of audit trails as well as insufficient implementation of audit recommendations are cited as serious problems by the OAG, internal audits, and other assessments. Fiduciary compliance and cost-effective procurement are constrained by weak procurement planning and contract management, and the deliberate circumvention of procedures. Owing to weak parliamentary capacity, OAG remains unaudited since 2005.

The PFM reform strategy is considered sufficiently relevant because of its broad and holistic approach including different Government and AS institutions and its focus on 3 main outcomes:

---

[13] http://www.imf.org/external/pubs/ft/scr/2017/cr1707.pdf and http://documents.worldbank.org/curated/en/859951467989540438/pdf/106178-REPLACEMENT-Uganda-Economic-Update.pdf

strengthening budget credibility, improving controls and compliance. The PFM reform strategy is considered sufficiently credible because the overall direction of the PFM reform programme remains positive (development and use of a PFM Priority Action Matrix, implementation of reforms inherent in the 2015 PFM Act, progressive roll-out of the TSA and Integrated Financial Management System (IFMS). Concerns, such as the basic compliance with PFM procedures, will be highlighted for further dialogue during the implementation of the SRC.

1.2.4 Transparency and oversight of the budget

Uganda's Parliament is mandated with the supreme oversight role of national budgets. It continues to undertake budget appropriations in line with the new statutory timelines set out in the PFM Act 2015. The 2015 Open Budget Index (OBI) Survey[14] ranks budget oversight by Parliament and the OAG as adequate; although the overall score had declined from 65% to 62%. In the 2015 OBI, Uganda ranks 24th out of 101 countries and above its East African Community neighbours: Kenya (46th); Tanzania (54th); and Rwanda (76th). Government of Uganda showed improvement in four of the six selected budget transparency and oversight PEFA performance indicators. The International Budget Partnership has undertaken a December 2016 update to its seven main measures. As Uganda now produces a 'Citizen's Budget', albeit not yet online, it is likely that the OBI ranking will improve. Government produces a comprehensive documentation for each annual budget, detailed budget estimates, aggregate budget framework papers and subsequently the annual budget performance report. The Budget Speech and Background to the Budget provide fairly comprehensive information for Parliament's review. The recent (2016/2017) PEFA Assessment indicates improvements in five out of the six indicators relevant to this topic since 2012. The budget documentation meets all nine PEFA information benchmarks. Therefore, Uganda fulfils the entry point for transparency and oversight of the budget and complies with the eligibility criterion on Transparency and Oversight of the Budget.

A 2016 IMF fiscal transparency evaluation[15] assessed that Uganda scores on par with other East African Community (EAC) countries. The annual budget documents are comprehensive and provide a broad set of fiscal information and data. They are widely accessible to the public. In addition, the charter of fiscal responsibility was submitted to Parliament in 2016 aimed to improve fiscal and macro transparency frameworks. There is, however, room to improve budget transparency at local government levels and to support greater demand for accountability. Supplementary budgets are customary, as is their vocal scrutiny by CSOs under the umbrella of the Civil Society Budget Advocacy Group (CSBAG).

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Degeneration of political confrontations into pockets of violent conflict, with a possible conflagration at national level in the medium term, fuelled by increasing wealth disparities, high-level of corruption (including grand corruption) and dysfunctional institutions, youth unemployment, as a consequence of high population growth, decrease of social services provision, and the influx of refugees	M	Follow-up to recommendations of the Election Observation Mission, support to JLOS, oversight bodies, local authorities and CSOs including human rights defenders; Support through the EU Emergency Trust Fund to the refugees response and to job creation for the youth in urban

14 http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/country-info/

15 https://www.imf.org/en/Publications/CR/Issues/2017/05/25/Uganda-Fiscal-Transparency-Evaluation-44935

		slum areas; Article 8 dialogue
Poor government effectiveness, low quality of services, increased inequalities (in particular vis-a-vis women)	M	Linkage of JAR monitoring to policy dialogue, performance-based disbursement with linkage to key reforms, complementary capacity building;
Low control standards in non-salary expenditure and procurement; high risk of public corruption and fraud, insufficient domestic revenue mobilisation, narrowing fiscal space and high debt stress	H	JAR will have these issues at its core
If no other major budget support DP in country, the EU would face significant challenge and responsibility as lead DP	M	Support ongoing discussions within other DPs to consider return to (sector) budget support; strong focus on policy dialogue in the framework of JAR
Weaknesses in the two sector strategies (proliferation of institutions, inefficient architecture, insufficient performance frameworks etc) increase risk for programme implementation	M	SRC expected to stimulate revision of sector structures and frameworks.
Potential lack of ownership of the ambitious reform agenda for the two sectors by top political leadership	M	Focus on policy dialogue together with other DPs engaging in related programmes (WB) and budget support programmes for the two sectors
Assumptions		
1. Stronger, better coordinated and committed AS and JLOS institutions will contribute to improvements in accountability and the rule of law, through deterrence, detection of and sanctions against maladministration. 2. Government will maintain its political commitment to achieve the objectives in its sector policies and sector investment plans. 3. Government will continue to provide necessary funds and staff to the AS and JLOS institutions. The principle of additionality will be adhered to and the SRC will have no substitution effect. 4. The implementing AS and JLOS institutions will be able to execute the JAR-supported investment plans and receive OAG audit reports with no or minor qualifications.		

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Recommendations of the 2015 multi-donor evaluation of budget support rendered to Uganda 2004-2013 have been taken into account in the design of JAR, such as focus on DRM, strengthening downstream governance institutions, accountability and enforcement, and supporting sustainable growth through better public investment management.[16] The needs

[16] Joint Evaluation of Budget Support to Uganda. COM (DEVCO), World Bank, Government of Uganda, Ireland, UK Aid (DfID); 2 vols.; May 2015.

assessment for accountability has been informed by the EU experience with the Joint Budget Support Framework (JBSF) since 2008. Following the temporary suspension of general budget support in late 2012, DP had prioritised accountability and anticorruption reforms. Performance measurement tools, such as the high-level action matrix (HLAM), demonstrated concrete results of a permanent policy dialogue between government and DPs under JBSF, even when no disbursements took place. With the phasing out of general budget support in 2015, this leverage was largely lost. The SRC modality will restore this forum for high level policy dialogue.

The URA had made real progress in the first result area (DRM) in recent years and tax exemptions are now said to be the lowest in the region. VAT exemptions now only apply to necessities. Any proposed exemptions have to be approved by Parliament and built into tax legislation. Some exemptions are still granted to attract investment despite the general academic view that such incentives do not work. At present, people with high levels of tax arrears can just "disappear" and resurface elsewhere in country and start up another business. However, the proposed linking of different government databases, especially the National Identification Number, will help reduce this significantly. The idea of starting with a “clean sheet” by writing off the arrears considered as uncollectable has been considered.

For the second result area, a new Programme (Policy) Based Budget is being introduced from FY 2017/2018, to correct problems identified in the current input-based Line Item Based Budget. This will link proposed spending more closely with the proposed outputs and outcomes. On the basis of lessons learnt from the implementation of the first NDP, a significantly greater emphasis has been placed on aligning the medium term expenditure framework with the priorities identified in the second NDP.

In the area of PIM (output #3) and based on lessons from other countries, the systems in Uganda could particularly be improved in the area of project appraisal and ex-post evaluation, to establish minimum conditions in terms of efficiency. There is a clear need to improve fiscal policies in the management of public investments, which can derail public spending, weaken GDP growth and threaten fiscal solvency and stability. In this respect, global lessons abound, but can only offer guidance where own capacities have been assessed and workable approaches adopted.

Under the fourth result area, key innovations to expedite the administration of justice in Uganda have been plea bargaining and the small claims procedure. Since the introduction of plea-bargaining in 2014, the High Court has disposed of more than 3,000 criminal cases by May 2016. If the judiciary were supported to develop a countrywide plea-bargaining programme across magisterial areas, it would reduce the lead-time and corruption over criminal cases. The aim of the Small Claims Procedure is to start and complete a case within 30 days for cases with a pecuniary value of up to ten million shillings. An evaluation found that not only does the Small Claim Procedure (SCP) promote efficiency gains, but also a high case disposal rate. Since 2010, the JLOS "Case Backlog Quick Wins Reduction Programme" partially succeeded in decongesting cases in the Judiciary and Police. There is a consensus in JLOS that unless case management improved and the case backlog is cleared, sector reforms will only address symptoms and continue to drain human and financial resources.

Justice Centres are a one-stop-shop legal aid service delivery model that seeks to bridge the gap between the supply and demand sides of justice by providing legal aid services across civil and criminal areas of justice to indigent, marginalised and vulnerable persons. At the same time, Justice Centres empower individuals and communities to claim their rights and demand for policy and social change. They offer legal advice, legal representation, dispute resolution, counselling, legal awareness and referrals. Although successful in their objectives and mission, Justice Centres Uganda (JCU) is faced with budget cuts and funding issues which forced temporary closure of three of their offices, leaving only four to carry on. This severely undercuts the ability of the Government of Uganda to provide legal aid services and access to justice to the most vulnerable in Uganda. An effective national legal aid response and programme has eluded JLOS with the delay to pass the National Legal Aid Bill and Policy. The review of the performance of Justice Centres in 2015 indicated overwhelming support and need for the "one-stop- shop" model but only five centres exist to date, with two having been scaled back. The model is sound though faced with challenges (including coverage and resources) and could continue to operate and serve as a learning point when the National Legal Aid Scheme commences.

Regarding the fifth result area of JAR, DPs have supported anti-corruption institutions for many years, with varying impact. A mismatch between a wide remit and limited capability has hampered the effectiveness of the IG. The Leadership Code Act requires senior officials to file online declarations of their assets. The IG makes these declarations available to the public only upon application and verifies only 0.25% of them annually, with a consequently low chance of detecting misappropriation. As constitutionally independent bodies, the IG and OAG have complained about below-average increases in budget allocations. The work of the OAG in particular has depended heavily on DP funds, especially under FINMAP. The programme "Strengthening Uganda's Anti-Corruption Response" (SUGAR), led by the Department for International Development (DfID) in the Government of the United Kingdom of Great Britain and Northern Ireland (UK), takes a chain-linked approach to anticorruption, based on the premise that no single agency can combat corruption alone and that the anticorruption chain in Uganda is only as strong as its weakest link. SUGAR also supports local accountability mechanisms and delivers a political economy analysis of corruption.

3.2 Complementarity, synergy and donor coordination

For the AS, JLOS and the PFM sub-sector, in addition to the sector working groups which include government institutions, DPs and civil society, separate DP groups exist as fora to coordinate and harmonise DP support to, and engagement with sector structures and institutions, discuss updates on bilateral programmes, emerging challenges and possible responses. Since 2007, the prime implementation framework for PFM reforms is FINMAP, jointly financed by Government and DPs through a pooled basket fund. FINMAP covers the entire PFM continuum including fiscal planning, revenue collection and management, budget preparation and execution, accounting and reporting, and oversight and scrutiny. FINMAP has enabled a high degree of harmonisation, alignment, and ownership, in line with aid effectiveness principles. The EU contributed EUR 4 000 000 to FINMAP I and II, and contributes EUR 8 000 000 to FINMAP III between January 2017 and June 2018 when the current phase ends. DPs are currently discussing how to support PFM reforms after June 2018.

FINMAP is characterised by a well-established joint financing mechanism, enhancing DP coordination and alignment with government policies. Most of the DPs currently supporting FINMAP III are EU Member States. The World Bank (WB) is currently assessing two "programmes for results" of relevance to JAR, one on support for inter-governmental fiscal transfers, including formula, equity and predictability, the other on PFM as well as PIM, procurement and human resources in order to address implementation gaps in service delivery. IMF is likely to continue or expand its current engagement in resource mobilisation and allocation. The Democratic Governance Facility (DGF), co-funded by the EU and several EU Members States aims at protecting human rights, promoting justice and peace, creating a more pluralistic, representative and accountable governance based on democratic values, institutions and processes. By targeting the supply side of justice, rule of law and accountability through strengthening the capacity of duty bearers to respond to the demands of citizens for access to effective public services and to live in a corruption-free society, JAR will complement DGF which primarily supports the demand side. Within the third pillar "Good Governance" of the 11^{th} EDF NIP, financing decisions have been adopted for contributions to (a) an extension phase of the Democratic Governance Facility (DGF), (b) a third phase of the FINMAP, and (c) SUGAR, a programme led by the DfID. JAR would complement the existing engagement towards the objectives of this focal area by supporting specific JLOS objectives and reinforcing accountability of JLOS institutions. The EU has accepted to take over the chair of the PFM Working Group (PFM WG) and the co-Chair of PEMCOM as of August 2017 which will allow us to prioritise the issues of importance for JAR at this high-level forum.

3.3 Cross-cutting issues

NDP II warrants all sectors, MDAs and LGs to adopt a Human Rights Based Approach (HRBA) in their respective policies, legislations, programmes and plans. Implementation of plans and mandates should be guided by the principles: express linkage to human rights instruments; equality and equity; accountability; empowerment; participation; non-discrimination and attention to vulnerable groups. Women and women-headed households in particular suffer disproportionately from weaknesses in the accountability chain, as they tend to have lower incomes and are directly confronted with poor service delivery in the health, education and local governance sectors, where petty corruption is widespread. Women are also under-represented in Parliament and other oversight institutions and, where they have presence, the need for strengthening their knowledge-base, leadership skills and capabilities is essential for effective participation. Women leadership in the oversight bodies needs to be supported to navigate the multi-party decision making structures and work consciously across the party divide on issues that are of common interest to them, for example, in education, health and employment.

The proposed intervention will seek to improve gender equality by supporting AS and JLOS policies, by improving the effectiveness of accountability institutions, their responsiveness to the needs of vulnerable groups and by empowering women both as their agents and clients. The second result area of JAR will include the proportion of votes attaining ministerial policy statement certification for gender and equity budget compliance. Especially under the fourth result area in support of JLOS, women and girls will substantially benefit from JAR. Improved access to justice overall and a reduction of cases are expected to benefit women as plaintiffs. Under the overall objective, the JAR results framework will track the Global Gender Gap Index for Uganda. The monitoring and evaluation framework will be gender-sensitive and indicators will be gender-disaggregated from the baseline survey onwards. They will also be included in the reporting on the goal 17 of the Gender Action Plan 2015-2020: "Equal rights and ability for women to participate in policy and governance processes at all levels."

JAR does not directly impinge on environment, biodiversity or climate change. As the action will contribute to sustainable development under its overall objective, the results framework will include environmental impact indicators, such as forest and wetland cover, to inform policy dialogue.

4. DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the implementation of the United Nations 2030 Agenda for Sustainable Development and the new European Consensus on Development. It contributes primarily to the progressive achievement of SDG 16, to the objective of the NIP and its sector 3, to those of the NDP II, the Accountability Sector Strategic Investment Plan (ASSIP), JLOS SDP IV and of related sector reform strategies. The **overall objective** (OO) of the action is to promote sustainable development and inclusive economic growth of Uganda. Its **specific objective** (SO) is to improve the governance of public funds, including the mobilisation, strategic allocation and efficient use of public resources, for improved service delivery.

<u>JAR will address following result areas (induced outputs):</u>

R 1: Improved Domestic Revenue Mobilisation (DRM) and management for sustainable development through enhanced public sector capacities for tax administration, anti-money laundering investigations and membership in the Extractive Industries Transparency Initiative.

Formalising the informal sector as a strategy to broaden the tax base may put an excessive burden on women who are already at the margins of the economy. Progressive tax systems need to target those most able to pay and the EU Delegation will advocate for this in its policy dialogue as well as for identifying, monitoring and scaling up governmental expenditure for achieving gender equality and women’s rights. In the economic and financial services sub-sector, the SRC will support DRM in order to broaden the fiscal space and sustain the public borrowing. To underpin DRM as a clear priority for Government and the EU, it will figure prominently under the first result area in the performance assessment framework through one specific condition, i.e. membership in the Extractive Industries Transparency Initiative and through indicators measuring growth in the taxpayer register, enhanced tax compliance and improved performance of the Financial Intelligence Authority (FIA).

R 2: Improved capacities in policy-based and gender-sensitive planning and budgeting for enhanced budget credibility and service delivery at central- and local government level.

Under the second result area, JAR will support Government's effort to focus and harmonise strategic planning and budgeting around sectoral- and multi-sectoral outcomes that correspond to the established national development framework. This includes the need for increased programme-based budgeting capacities at central and LG levels, but also an enhanced ability to mainstream cross-cutting national priorities (e.g. gender equity, green economy) in the planning and budgeting processes. In combination with decreased supplementary budgets, the above will leverage central- and local government's budget credibility and scope for service delivery.

R 3: Improved capacities for Public Investment Management (PIM) at central- and local government level.

Under the third result area, JAR will contribute to the strengthening of "must have" features for efficient PIM, i.e. investment guidance & preliminary screening, formal and independent appraisal, project selection and budgeting, project implementation, monitoring and evaluation and an integrated project database.

R 4: Improved coverage, accessibility and Human Rights compliance of service delivery in the JLOS sector.

The fourth result area pursues to fast-track progress towards both broad-based and equitable access to JLOS services and to reduce the abundant human-rights violations that occur in Uganda's JLOS as of today. Significant contributions to the former will originate from an increased coverage of state-funded legal aid services, one stop JLOS service points, legally constituted Local Council Courts. The latter will be addressed through enhanced (HRBA compliant) planning, monitoring capacities and credible enforcement of fundamental values (gradual abolition of the death penalty and reduction of number of remand prisoners.

R 5: Enhanced state resilience and institutional capacities to reduce public sector corruption.

The fifth result area will, in particular, strengthen asset recovery management. JAR's core contribution to Government's commitment to reduce public sector corruption will be an enhanced capacity of the Directorate for Special Investigation of the Inspectorate of Government (IG) to perform the verification of asset declarations and Government's capacity to execute asset recovery orders. These capacities have become essential determinants to fight corruption after the enacting of the Leadership Code. The emphasis on increased competitive open tendering will reduce opportunities for corruptive practices in the public procurement practices. The successive automation of courts is expected to reduce corruption within the JLOS sector.

Within the framework of the AS it is foreseen to address bottlenecks which have been detected through the SUGAR programme but are better referred to a higher-level policy dialogue and its performance assessment framework. JAR will support government anti-money laundering (AML) efforts and promote transparency in policy implementation, e.g. online asset declarations for high level public officials and transparency in extractive industries, infrastructure investments and in public-private partnerships (PPPs). Through linkages with the EDF supported Civil Society in Uganda Support Programme (CUSP) and DGF, JAR should result in meaningful civil society organisations (CSOs) access to information in the public domain, e.g. procurement statistics, contracts, and mineral exploration and production licences.

In the economic and financial services sub-sector, JAR will support DRM in order to broaden the fiscal space and sustain the public borrowing. To underpin DRM as a clear priority for Government and the EU, it will figure prominently under the first result area in the performance assessment framework through one specific condition, i.e. membership in the Extractive Industries Transparency Initiative (EITI) and through indicators measuring growth in the taxpayer register, enhanced tax compliance and improved performance of the Financial Intelligence Authority (FIA). Under the second and third result areas, JAR will address PFM bottlenecks, including procurement, investment management, budget preparation and credibility, also at decentralised level. The fourth result area will increase investigative and prosecutorial capacity, reduce the case backlog, operationalise the Local Council Courts, roll out legal aid services and reduce the number of remand prisoners. The fifth result area will strengthen asset recovery management and support the implementation of a whistle-blower policy.

Beyond the objectives within ASSIP and JLOS SDP IV, JAR will strengthen collaboration between the two sectors in anti-corruption and will link the different parts of the accountability chain such as transparency, audit, investigations, sanctions, prosecution. In line with performance-based budgeting (PBB) with a focus on sector outcomes, the SRC will improve sector allocations, medium-term planning and budgeting. It will directly underpin the third pillar of the European Investment Plan (EIP) and through the result areas 1, 3, 4 and 5 contribute to a more dynamic business environment.

Under the accompanying measure, JAR will also result in the strengthening of the sector secretariats in order to fulfil their coordinating role. Through JAR, the EU will engage in a problem-solving oriented, structured policy dialogue with Government on the objectives and results, with a view to the formulation and implementation of sector policies, strategies and action plans. The principal dialogue on JAR performance indicators will take place in the JAR Management Committee (MC), which will convene at least twice a year for the JAR performance review and strategic decisions based thereon. The Minister of Finance, Planning and Economic Development and the EU Head of Delegation are expected to co-chair the MC. The accounting officers of all Ministries, Departments and Agencies (MDAs) responsible for the JAR performance indicators will participate. Other MDA representatives and senior experts may be invited on an ad-hoc basis. In the preceding month, each of the two sector SCs will prepare the MC session. The Head of Cooperation will participate in those SCs sessions. The National Authorising Officer (NAO) will convene quarterly meetings with all relevant MDAs in order to monitor progress on performance indicators and specific conditions.

JAR will also result in a more effective dialogue structure between the EU, other DPs, Government and its MDAs at different levels, ranging from the Article 8 format and the National Partnership Forum (NPF) to PEMCOM, the government sector working groups (WGs) and DP WGs. In August 2017, the EU Delegation will take over the PEMCOM co-chair. This dialogue will also be informed by lessons from the Joint Budget Support Framework (JBSF) until 2015. Civil society representing AS and JLOS will have access to JAR implementation, monitoring, evaluations and audit reports. A representative cross-section of civil society will be invited to the JAR MC, participate in each of its deliberations and be consulted before the disbursement of each variable tranche. This policy dialogue will be based on a continuous assessment of the eligibility criteria and the measurement of progress on the agreed performance framework of the action. The achievement of time-bound targets will trigger the disbursement of variable tranches, while fixed tranches will ensure a minimum of budget predictability.

The proposed sector budget support will be underpinned by complementary support (CS). In addition to the comprehensive external monitoring, evaluation and audit of the SRC itself, the CS will strengthen the government capacities to co-ordinate the relevant sectors, to plan and execute their medium-term expenditure frameworks. A Programme Support Unit (PSU) will be established to provide this technical assistance (TA). The PSU may also complement external monitoring, evaluation and audits undertaken and commissioned directly by European Commission services. Long- and short-term TA will also be provided to participating MDAs to undertake some of the measures foreseen in the sector reforms strategies, investment plans and

MTEFs. The TA component will not entirely rely on problem-driven iterative adaptation (PDIA) but retain an element of flexibility, in order to respond to reform opportunities and their champions in a timely manner. Part of the TA will also be used to support DP co-ordination in the relevant sectors.

4.2 Main activities

4.2.1 Budget support

- Transfer of up to EUR 60 000 000 during the Fiscal Years 2018/2019, 2019/2020, and 2020/2021.
- Policy dialogue with the Government of Uganda, emphasizing the specific objective, results and disbursement conditions of the Sector Reform Contract (SRC) as well as the adequate implementation of the technical assistance.
- Regular, quarterly high-level policy dialogue between the EU and the governmental agencies involved in the action to address key issues of concern (DRM, budget credibility, Public Investment Management, Case Management (JLOS), anti-corruption).
- Coordination through the AS and JLOS DP groups to strengthen policy dialogue with Government on implementation of the current AS and JLOS Strategic Sector Investment plans and polices.
- Coordinate through the Accountability- and JLOS Sector Working groups to support the preparation of sector reviews, sector strategy, investment plan, mid-term and final evaluation of the sector strategy, capacity building, expenditure reviews and other related assessments.
- Participation in joint sector reviews and technical (sub-) working groups related to the AS and JLOS.
- Organisation of and participation in JAR Performance Reviews, including their follow-up actions.

<u>Monitoring of:</u>

- Eligibility criteria (General Conditions) for the Sector Reform Contract;
- Fulfillment of the Specific Disbursement Conditions;
- Progress against the performance targets for the Variable Tranches;
- Macroeconomic developments based on IMF- and other assessments;
- Progress in the implementation of the PFM reform strategy;
- Publication of the budget proposal or the enacted budget;
- Disclosure of budget execution reports of key MDAs in the accountability- and JLOS sector;
- Progress against the Accountability- and JLOS sector targets, based on quarterly and annual performance reports;
- Progress against targets of adjacent (sub-)sectors, that are closely related to the performance of the accountability- and JLOS sectors (e.g. anti-corruption);
- Progress towards JLOS- and accountability delivery capacity of sub-national Governments;
- Participation of civil society in the sector (AS, JLOS) policy dialogue and working groups.

4.2.2 Complementary support

Complementary support will provide capacity development to the Accountability- and JLOS-sectors, so as enhance central- and sub-national governmental service delivery capacities vis-à-vis the achievement of the action's specific objective.

A (short and long term) TA component will support policy-, strategic planning-, budgeting-, monitoring and evaluation capacities as well as cross-sectoral coordination in the AS and JLOS, at central- and sub-national. This is expected to increase the overall efficiency, effectiveness and sustainability of public spending on the strategic investment plans in both sectors throughout the duration of JAR and beyond. The short-term technical assistance will be utilised for capacity building and TA activities that emerge as priorities during the implementation of the action for enhancing Government's delivery capacity towards the achievement of the specific objective of the Action. All technical assistance will have an auxiliary function under the direct supervision of the mandated officials in the respective sector MDA.

4.3 Intervention logic

The intervention logic of the Action is based on the assumption that weaknesses in Uganda's Accountability and JLOS Sectors are major constraints for an improved provision and accessibility of service delivery. Focusing the action exclusively on unlocking potential synergies between the two sectors (e.g. on improved coordination to fight public sector corruption) would have unduly narrowed the scope and limited the impact of the action. Improved DRM capacities enhance the public sector's ability for sustaining and increasing volume, predictability and accountability for governmental spending on service delivery, especially if the revenues from the extractive sector industries can be accounted for (Extractive Industries Transparency Initiative (EITI)) and if the amount of illicit financial flows can be reduced. Supplementary budgets, and a lack of capacity for strategic planning and integrating cross-cutting issues in the budgeting process, can all undermine the potential developmental gains from enhanced DRM. Social service delivery and sustainable growth in general in Uganda are significantly constrained by weak Public Investment Management (PIM), including in quality (lack of competition, weak pre-investment phase), quantity (cost-efficiency) and sustainability (operation maintenance of assets and re-investment). A large share of the population (and private sector) is either unable to access JLOS services or this access comes along with significant delays, high costs (logistics, bribes), lack of transparency, low accountability of the concerned governmental entities. JLOS institutions are key agents for anti-corruption law enforcement in Uganda (e.g. the ACD, magistrate courts, Director of Public Prosecutions (DPP)) but, at the same time, they are perpetrators for public sector corruption due to ineffective mechanisms for detection and sanction of corrupt actions. JLOS institutions (such as police) are among the main human rights violators in Uganda and even if those breaches of the EU's fundamental values allow the use of a SRC, the latter then has to address those violations explicitly.

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the Cotonou Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is **60** months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute a non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015-322.

5.3 Implementation of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

The amount allocated for budget support component is EUR 60 000 000, for complementary measures the support is EUR 6 000 000. This amount is based on an average annual disbursement of EUR 20 000 000, which corresponds to approx. 7.5% of the projected Medium-term Expenditure Framework (MTEF) annual costs of Uganda's 2nd Accountability Sector Strategic Investment Plan for the period 2016/2017-2019/2020 (including external financing).

Fiscal year	2018/19	2019/20	2020/21	TOTAL (EUR)
Fixed tranche	20 000 000	10 000 000	-	**30 000 000**
Variable tranche	-	10 000 000	20 000 000	**30 000 000**
TOTAL	**20 000 000**	**20 000 000**	**20 000 000**	**60 000 000**

5.3.2 Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the 2nd Accountability Sector Strategic Investment Plan (ASSIP-II) and the 4th JLOS Strategic Development Plan (SDP-IV) and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the PFM Reform Strategy (PFMRS);
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The specific conditions for any disbursement are the following:

- Government has issued an unequivocal public statement of its intention to implement the EITI. The statement must be made by the Head of State or Government, or an appropriately delegated government representative. Government has appointed a senior individual to lead the implementation of the EITI and has established a multi-stakeholder group
- Annual increase of Accountability-Sector Budget above the increase of total government budget
- Annual increase of JLOS-Sector Budget above the increase of total government budget
- Improved reporting status[3)] (to treaty bodies) on Human Rights (HR)
- Report published on budget outturn in Fiscal Year 2017/2018 for gender equality and women's empowerment (SDG 5.C.1)
- Human Rights Based Approach (HRBA) assessment of JLOS SDP-N° IV completed
- Constitution of the Leadership Code Tribunal

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the National Authorising Officer may submit a request to the Commission for the targets and indicators to be changed.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 Budget support details

The disbursement profile foresees equal total annual disbursements with a progressively decreasing share of the fixed tranches and increasing share of the variable tranches. It is assumed thereby that the first fixed tranche will allow to fast-track progress towards the achievement of the targets established for the first variable tranche.

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Ugandan Shilling (UGX) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

5.4 Implementation modalities for complementary support of budget support

5.4.1 Indirect management with the partner country

A part of this action with the objective of performing the actions described under chapter 4.2.2 above may be implemented in indirect management with the Republic of Uganda in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of the Regulation (EU) 2015/323 according to the following modalities.

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures.

Payments are executed by the Commission.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 36 of the Regulation (EU) 323/2015 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the Republic of Uganda shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the partner country.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement, on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

ACTIVITIES	**EU contribution (amount in EUR)**
5.3.- Budget support - Sector Reform Contract	**60 000 000**
5.4.1 - Indirect management with the Republic of Uganda	**5 000 000**
5.8 - Performance monitoring and reporting, 5.9 - Evaluation, 5.10 - Audit	700 000
5.11 - Communication and visibility[17]	300 000
Total	**66 000 000**

5.7 Organisational set-up and responsibilities

MoFPED and the EDF National Authorising Officer (NAO) hold the overall responsibility for the preparation and transmission of disbursement dossiers, the fulfilment of the general eligibility conditions, the fulfilment of the specific conditions for the release of the variable tranches, the achievement of the performance targets and the disclosure of financial and non-financial progress reporting against the JLOS and accountability sector strategic plans. They will further be responsible for the procurement identified in the budget above under indirect management with the Republic of Uganda. MoFPED and the Chief Justice hold overall responsibility for the sector policy, sector coordination and implementation of the AS and JLOS strategic investment plans respectively. Both the AS and the JLOS have well-established secretariats, steering committees and working groups which are expected to facilitate policy

[17] Contracts under this heading must be concluded within D+3.

dialogue and performance reviews for the Action in their respective domains and across their inter-linkages (e.g. vis-à-vis the national anti-corruption efforts).

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the Action and elaborate quarterly and annual progress reports and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the result indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

A mid-term evaluation will be carried out for learning purposes, in particular with respect to the progress achieved towards the performance targets for the variable tranches. A final evaluation is foreseen. It will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in fiscal year 2019/2020 and 2021/2022.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in 2021.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations. Indicatively, one service contract shall be concluded under a framework contract in the 4th quarter of 2018.

All studies, reports, conferences and seminars supported under this initiative will highlight the financial support from the EU. Press releases with information on the EU's funding support to the Accountability- and JLOS sectors in Uganda will be issued to coincide with significant events in the programme cycle such as the signing of Financing Agreements, launching of programmes, reviews and evaluations. Banners and advertising will also be used as appropriate at conferences, seminars and training events. Indicatively, one service contract shall be concluded in the 4th quarter of 2018 with a communications/media service provider whose radio, digital and print products would serve both EU visibility and conveying good governance messages to the final beneficiaries, leveraging thereby the impact of the Action.

6. PRE-CONDITIONS

N/A.

List of abbreviations

AAAA	Addis Ababa Action Agenda
AAP	Annual Action Programme
ACD	Anti-Corruption Division of the High Court
ACP	African, Caribbean and Pacific Group of States
AD	Action Document
AML	Anti-Money Laundering
AS	Accountability Sector
ASSIP	Accountability Sector Strategic Investment Plan
AWG	Accountability Working Group
BFP	Budget Framework Paper
BoU	Bank of Uganda
C&AG	Comptroller and Auditor-General
CBO	Community Based Organisation
CBR	Central Bank Rate
CCAS	Court Case Administration System
CDDEP	Center for Disease Dynamics, Economics & Policy
CEDAW	Convention on the Elimination on all Forms of Discrimination against Women
CFT	Combating the Financing of Terrorism
CIID	Criminal Intelligence & Investigations Directorate
CMS	Case Management System
CoA	Chart of Accounts
COFOG	Classification of Functions of Government
CPI	Corruption Perception Index
CS	Complementary Support
CSBAG	Civil Society Budget Advocacy Group
CSOs	Civil Society Organisations
CUSP	Civil Society in Uganda Support Programme
DANIDA	Danish International Development Agency
DB	Doing Business
DEI	Department of Ethic and Integrity
DeMPA	debt Management Performance Assessment
DfID	Department for International Development
DGAL	Directorate of Government Analytical Laboratory
DGF	Democratic Governance Facility
DP	Development Partners
DPG	Development Partners Group
DPP	Directorate for Public Prosecutions
DPs	Development Partners
DRM	Domestic Revenue Mobilisation

DRMS	Domestic Revenue Mobilisation Strategy
DSA	Debt Sustainability Analysis
DST	Deputy Secretary to the Treasury
EAC	East African Community
EC	Electoral Commission
ECF	Extended Credit Facility
EIP	EU External Investment Program
EITI	Extractive Industries Transparency Initiative
EOC	Equal Opportunities Commission
EOM	Election Observation Mission
EPRC	Economic Policy Research Centre
EU	European Union
EUD	Delegation of the European Union to Uganda
FDI	Foreign Direct Investment
FGM	Female Genital Mutilation
FIA	Financial Intelligence Agency
FIA	Financial Intelligence Authority
FINMAP	Financial Management and Accountability Programme
FV	Fundamental Values
FY	Fiscal Year
GAL	Government Analytical Laboratory
GAP	Gender Action Plan
GARP	Uganda Situation Analysis
GDP	Gross Domestic Product
GE-PER	Green Economy Public Expenditure Review
GFS	Government finance statistics
GFSM	Government Finance Statistics Manual
HDI	Human Development Index
HLAM	High-Level Action Matrix
HRBA	Human Rights Based Approach
HRDCS	Human Rights and Democracy Country Strategy
IA	Internal Audit
IAF	Inter-Agency Forum
ICC	International Criminal Court
IFL	Inflation Targeting Lite
IFMS	Integrated Financial Management Information System
IFMS	Integrated Financial Management System
IG	Inspectorate of Government
IMF	International Monetary Fund

IPPS	Integrated Payroll and Pension System
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
JAR	Justice and Accountability Reform
JBSF	Joint Budget Support Framework
JCU	Justice Centres Uganda
JLOS	Justice, Law and Order Sector
KAR	Key Assessment Report
KCCA	Kampala City Council Authority
KfW	KfW Development Bank
LC	Local Council
LDC	Least Developed Country
LG	Local Government
LGFC	Local Government Finance Commission
LRA	Lord's Resistance Army
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MDG	Millennium Development Goal
ML/TF	Money Laundering/Terrorist Financing
MNRW-TTF	Managing Natural Resources Wealth Topical Trust Fund
MoFPED	Minister of Finance, Planning and Economic Development
MoJCA	Ministry of Justice and Constitutional Affairs
MoLG	Ministry of Local Government
MoPS	Ministry of Public Service
MSU	Management Support Unit
MTEF	Medium Term Expenditure Framework
n/a	Not applicable
NACS	National Anti-Corruption Strategy
NAO	National Authorising Officer
NBFP	National Budget Framework Paper
NDP	National Development Plan
NGO	Non-Governmental Organisation
NIP	National Indicative Programme
NPA	National Planning Authority
NPF	National Partnership Forum
NPLs	Non-Performing Loans
NSSF	National Security Fund
OAG	Office of the Auditor General

OBI	Open Budget Index
OBT	Output-Budgeting Tool
OECD	Organisation for Economic Co-operation and Development
OO	Overall Objective
OPM	Office of the Prime Minister
PAC	Public Accounts Committee
PACOB	Presidential Advisory Committee on the Budget
PBB	Performance-Based Budgeting
PDIA	Problem-Driven Iterative Adaptation
PEFA	Public Expenditure and Financial Accountability
PEMCOM	Public Expenditure Management Committee
PER	Public Expenditure Review
PFM	Public Financial Management
PFMRS	Public Financial Management Reform Strategy
PFMA	Public Finance management Act
PI	Performance Indicator
PIM	Public Investment Management
PMS	Performance Management System
PPDA	Public Procurement and Disposal of Public Assets Authority
PPP	Public Private Partnership
PRAM	Priority Reform Action Matrix
PSA	Production Sharing Agreement
PSC	(Uganda) Public Service Commission
PSFU	Private Sector Foundation Uganda
PSI	Policy Support Instrument
PSR	Poverty Status Report
PSU	Programme Support Unit
PTC	Programme Technical Committee
RCF	Rapid Credit Facility
RMF	Risk Management Framework
SAI	Supreme Audit Institution
SC	Specific Condition
SCP	Small Claim Procedure
SCT	Single Customs Territory
SDGs	Sustainable Development Goals
SDP	Strategic Development Plan
SGBV	Sexual and Gender Based Violence
SO	Specific Objective
SRC	Sector Reform Contract
SUGAR	Strengthening Uganda's Anti-Corruption Response
SWAp	Sector Wide Approach

SWG	Sector Working Groups
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TIU	Transparency International Uganda
TSA	Treasury Single Account
TWG	Technical Working Group
UBoS	Uganda Bureau of Statistics
UGX	Uganda Shillings
UHRC	Uganda Human Rights Commission
UNDP	United Nations Development Programme
UNHS	Uganda National Household Survey
UNIFEM	United Nations Development Fund for Women
UNOHCR	United National Office of the High Commissioner for Human Rights
UPR	Universal Periodic Review
URA	Uganda Revenue Authority
URBRA	Uganda Retirements Benefits Regulatory Authority
VAT	Value Added Tax
WB	World Bank
WG	Working Group

APPENDIX 1: INDICATIVE LIST OF RESULT INDICATORS FOR BUDGET SUPPORT

	Intervention Logic	**Indicators**	**Baseline** (reference year)	**Target** (2018/19)	**Target** (2019/20)	**Sources and means of verification**
OVERALL OBJECTIVE: (IMPACTS)	The overall objective of the Sector Reform Contract (SRC) is: To promote **sustainable development** and **inclusive economic growth** in Uganda	(OO.1) Proportion of total government spending on essential services (education, health, social protection) SDG 1.a.2	16.50% (approv. Budget FY 2016-2017)	20%	22%	MoFPED
		(OO.2) Proportion of population below international poverty line ($1.90 PPP per day); SDG 1.1.1	34.6% (2013)	29.67%	28.18%	Uganda Bureau of Statistics (UBOS), World Bank
		(OO.3) Proportion of population living below the national poverty line, by sex and age - SDG 1.2.1	19.7% (2013)	15.14%	14.18%	Uganda Bureau of Statistics (UBOS), World Bank
		(OO.4) Global Gender Gap Index; SDG 5	0.704 (2016)	0.74	0.75	World Economic Forum
SPECIFIC OBJECTIVE: (OUTCOMES)	The specific objective of the Sector Reform Contract (SRC) is: To improve the **governance of public funds**, including the **mobilisation, strategic allocation and efficient use of public resources**, for **improved service delivery**	(SO.1) Domestic Revenue as a proportion of GDP (excluding domestic oil and gas revenues)	13.08% (2015/2016)	15.36%	16.0%	Annual Budget Performance Report MoFPED
		(SO.2A) Annual evolution of Accountability Sector approved budget **SC**	AS: (-) 1.04% GoU: 7.34% (2017/2018):	Increase of AS approved budget ≥ increase of GoU (total) budget	Increase of AS approved budget ≥ increase of GoU (total) budget	MoFPED, Annual Budget Performance Reports
		(SO.2B) Annual evolution of JLOS Sector approved budget **SC**	AS: (-) 1.14% GoU: 7.34% (2017/2018):	Increase of JLOS approved budget ≥ increase of GoU (total) budget	Increase of JLOS approved budget ≥ increase of GoU (total) budget	MoFPED, Annual Budget Performance Reports
		(SO.3) Status of reporting on budget outturn for gender equality and women's empowerment; SDG 5.C.1 **SC**	No report on SDG 5.C.1 available (FY 2016/2017)	Report published on budget outturn in Fiscal Year 2017/2018	Report published on budget outturn in Fiscal Year 2018/2019	MoFPED, Annual Budget Performance Reports

	Intervention Logic	Indicators	**Baseline** (reference year)	**Target** (2018/19)	**Target** (2019/20)	**Sources and means of verification**
		(SO.4) Proportion of disbursed funds in Uganda's external public debt exposure	4.18 / 6.27 USD Bn = 66.7% (2015)	60.00%	65.00%	OAG: Value for Money (VFM) Audit Report
		(SO.5) Proportion of case backlog **PI**	24% (2016)	15%	12%	CCAS and JLOS Annual Reports
		(SO.6) Proportion of juveniles diverted from the formal criminal justice system (non-capital)	75% (2016)	85%	90%	JLOS Annual Reports
		(SO.7) Uganda's Corruption Perception Index (CPI Score) - SDG 16	25 (2016)	28	30	Published by Transparency International
INDUCED PUTPUTS	Induced Output N° 1: **Improved Domestic Revenue Mobilisation (DRM) and management for sustainable development through enhanced public sector capacities for tax administration, anti-money laundering investigations and membership in the Extractive Industries Transparency Initiative (EITI)**	(IO.1.1) Membership in Extractive Industries Transparency Initiative (EITI)	Uganda is not an EITI member (2017)	Public statement; appointment of senior representative; establishment of multi-stakeholder group **SC**	Application submitted; endorsed by multi-stakeholder group, incl. evidence of progress **PI**	EITI Secretariat
		(IO.1.2) Annual evolution of the size of the taxpayer register	+18% (2015/2016)	+10%	+10%	URA Reports
		(IO.1.3) Proportion of registered taxpayers that have filed their tax declarations.	86.6% (2015/2016)	89.9%	91.0%	URA Reports
		(IO.1.4) No of Suspicious Transactions (STRs) analysed by FIA	31 (calendar year 2016)	100	200	FIA Reports
		(IO.1.5) Proportion of eligible reporting agencies registered with FIA in terms of AMLA 2013	20% (FY 2016/2017)	100%	100%	FIA Reports

	Intervention Logic	Indicators	Baseline (reference year)	Target (2018/19)	Target (2019/20)	Sources and means of verification
	Direct Outputs linked to Induced Output N°1:	External assistance available for supporting Uganda's application to EITI	External assistance not yet recruited (2017)	Completion of costed workplan	Application submitted	EITI Secretariat
		External assistance available for supporting the M&E of the DRM Strategy	External assistance not yet recruited (2017)	Gender-sensitive DRM Strategy approved	Gender-sensitive DRM Strategy approved	MoFPED
		External assistance available for strengthening the DRM capacity of Local Governments	External assistance not yet recruited (2017)	Completion of capacity assessment	Completion of 1st training module in in 50% of LG	NAO- approved final report on consultancy
	Induced Output N° 2: **Improved capacities in policy-based and gender sensitive planning and budgeting for enhanced budget credibility and service delivery at central- and local government level**	(IO.2.1) Proportion of central- and local government agencies (MDAs) that are using programme based budgeting	(0%) 2017	100%	100%	MoFPED
		(IO.2.2) Supplementary expenditure as a proportion of the initial approved budget	4.94% (2016/17)	<3%	<3%	MoFPED; BoS reports; BoU reports; IMF
		(IO.2.3) Proportion of votes attaining ministerial policy statement certify-cation for gender and equity budget compliance	75% ministerial policy statements (2016) (out of 124); 2016	90%	95%	Equal Opportunities Commission (EOC) Report
		(IO.2.4) Green Economy (GE) Public Expenditure Review (PER)	No GE-PER conducted	GE-PER completed & approved		MoFPED, National Planning Authority
	Direct Outputs linked to Induced Output N°2:	External assistance available for the M&E of the PFM Reform Strategy	External assistance not yet recruited (2017)	Metadata for M&E of PFM Reform Strategy approved	Update of M&E framework comple-ted after MTR	NAO approved final report on consultancy
		External assistance available for Public Expenditure Reviews	External assistance not yet recruited (2017)	-	Public Expenditure Reviews	NAO approved final report on consultancy
		External assistance available for Public Expenditure Tracking Surveys	External assistance not yet recruited (2017)	PETS completed in priority sector to be defined	Public Expenditure Reviews completed for AS and JLOS	NAO approved final report on consultancy

	Intervention Logic	Indicators	Baseline (reference year)	Target (2018/19)	Target (2019/20)	Sources and means of verification
	Induced Output N° 3: **Improved capacities for Public Investment Management (PIM) at central- and local government level**	(IO.3.1) Public Investment Management Index (PIMI = IMF measure of Public Investment	1.44 (2011)	2.05	2.26	IMF
		(IO.3.2) Satisfactory progress in the implementation of the Public Investment Management (PIM) Reform **PI**	No IBP established	PIMS policy and user manuals for PIMS cycle stages approved	Integrated Bank of public investment projects (IBP) operational	PEMCOM Minutes (Approval)
	Direct Outputs linked to Induced Output N°3:	External assistance available for reviewing Uganda's PIM framework	External assistance not yet recruited (2017)	Results Framework to implement policy approved	Metadata for Results Framework approved	NAO approved final report on consultancy
		External assistance available for capacity building in investment appraisals	External assistance not yet recruited (2017)	User manuals and training modules completed	Training of prioritized MDAs completed	NAO approved final report on consultancy
		External assistance available for establishing an Integrated Bank of public investment projects (IBP)	External assistance not yet recruited (2017)	Design-phase completed and approved	Integrated Bank of public investment projects operational	NAO approved final report on consultancy
	Induced Output N° 4: **Improved coverage, accessibility, management and Human Rights compliance of service delivery in the JLOS sector**	(IO.4.1) Proportion of magisterial areas accessing state -funded legal aid services **PI**	26% (2016)	35.5%	45%	JLOS Annual Reports and GIS
		(IO.4.2) Proportion of districts with frontline JLOS services (one stop service points) **PI**	59.6% (2016)	68%		JLOS Annual Reports and GIS
		(IO.4.3) Proportion of Local Council Courts (LCC) I and II that are legally constituted **PI**	0% (2016)	75%	-	MoLG and EC Reports
		(IO.4.4) Unsentenced detainees as a proportion of overall prison population (SDG 16.3.2) **PI**	52% (2016)	46%	44%	Prison statistics and JLOS Annual Report
		(IO.4.5) Status of the Human Rights Based Approach Assessment of 4th JLOS Sector Development Plan **SC**	No HRBA conducted	Assessment approved		JLOS Sector Working Group

	Intervention Logic	Indicators	Baseline (reference year)	Target (2018/19)	Target (2019/20)	Sources and means of verification
		(IO.4.6) Proportion of decisions against JLOS institutions to total cases concluded by UHRC	46% (2016)	38%	30%	UHRC Annual Report
		(IO.4.7) Improved reporting status (cooperation with treaty bodies) on human rights **SC**	5 reports over-due since 2005, 2008, 2011, 2014 and 2016	N° of reports overdue ≤ 2	N° of reports overdue ≤ 1	Acknowledgement of receipt by the respective HR Committees
		(IO.4.8) Number of offences that attract death penalty **PI**	28 (2017)	-	0	JLOS Secretariat
	Direct Outputs linked to Induced Output N°4:	External assistance available for HRBA of SDP-IV	SDP-IV approved by Sector (2017)	HRBA assessment concluded	Mid-Term Review (MTR) of SDP-IV	JLOS Secretariat, UHRC Reports
		External assistance available for reporting to HR treaty bodies	External assistance not yet recruited (2017)	Technical Assist-ance for completion of 3 reports	Technical Assist-ance for completion of 2 reports	NAO- approved final report on consultancy
		External assistance available for supporting the case-backlog reduction	External assistance not yet recruited (2017)	Capacity building implementation plan completed	M&E for institu-tional compliance updated	Case Backlog Reduction Committee
	Induced Output N° 5: **Enhanced state resilience and institutional capacities to reduce public sector corruption**	(IO.5.1) Level of automation (proportion of courts) of case-management system (CMS) **PI**	12% (2016)	40%	50%	JLOS (Annual) and ICT needs assessment report
		(IO.5.2) Proportion of procurements subject to the legislative framework being assessed carried out through open tendering **PI**	45.5% (2015/2016)	65%	70%	Annual Report of PPDA
		(IO.5.3) Constitution of the Leadership Code Tribunal **SC**	Bill passed in Parliament (2017)	Gazetted, resourced, operational		DEI: Annual Report
		(IO.5.4) Proportion of asset declarations verified by the IG	51 (< 1%) (2015/2016)	>5% (at least 300)		IG, Directorate for Special Investigations

	Intervention Logic	Indicators	**Baseline** (reference year)	**Target** (2018/19)	**Target** (2019/20)	**Sources and means of verification**
		(IO.5.5) Proportion of asset recovery orders executed **PI**	To be confirmed during FY 2017/2018	Tbc during FY 2017/2018	Tbc during FY 2017/2018	ACD case registry
		(IO.5.6) Cases resulting in a conviction (including grand corruption) as % of cases instituted in court **PI**	To be confirmed during FY 2017/2018	Tbc during FY 2017/2018	Tbc during FY 2017/2018	ACD case registry
	Direct Outputs linked to Induced Output N°5:	External assistance available for automation of case-management system	External assistance not yet recruited (2017)	Update of baseline, including all courts, completed	Evaluation of automated case management	NAO approved final report on consultancy
		External assistance available for establishing an asset recovery framework	Law for asset recover orders (2017)	Institutional frame-work for execution of law is set up	M&E framework for execution of law is completed	DPP, UPF
		External assistance available for investigation & prosecution of corruption cases	Adoption of prosecution-led investigation	Capacity building in investigations, prosecution and adjudication of corruption cases	Capacity building in investigations, prosecution and adjudication of corruption cases	JLOS Reports