



THE CERTIFICATE OF COMPLIANCE FOR THE ALIGNMENT OF ANNUAL BUDGET TO NDPIII

Overview of the Budget Compliance Assessment

By

Winnie Nabiddo

Manager M&E

OUTLINE



1. Introduction & Background

2. Compliance Assessment Process (Assessment Methodology)

- Overall budget Compliance
 1. Macroeconomic Level Assessment
 2. National Strategic Level Assessment
 3. Programme Level Assessment
 4. MDA Level Assessment
 5. Local Government Level Assessment

3. Crosscutting Issues Assessment

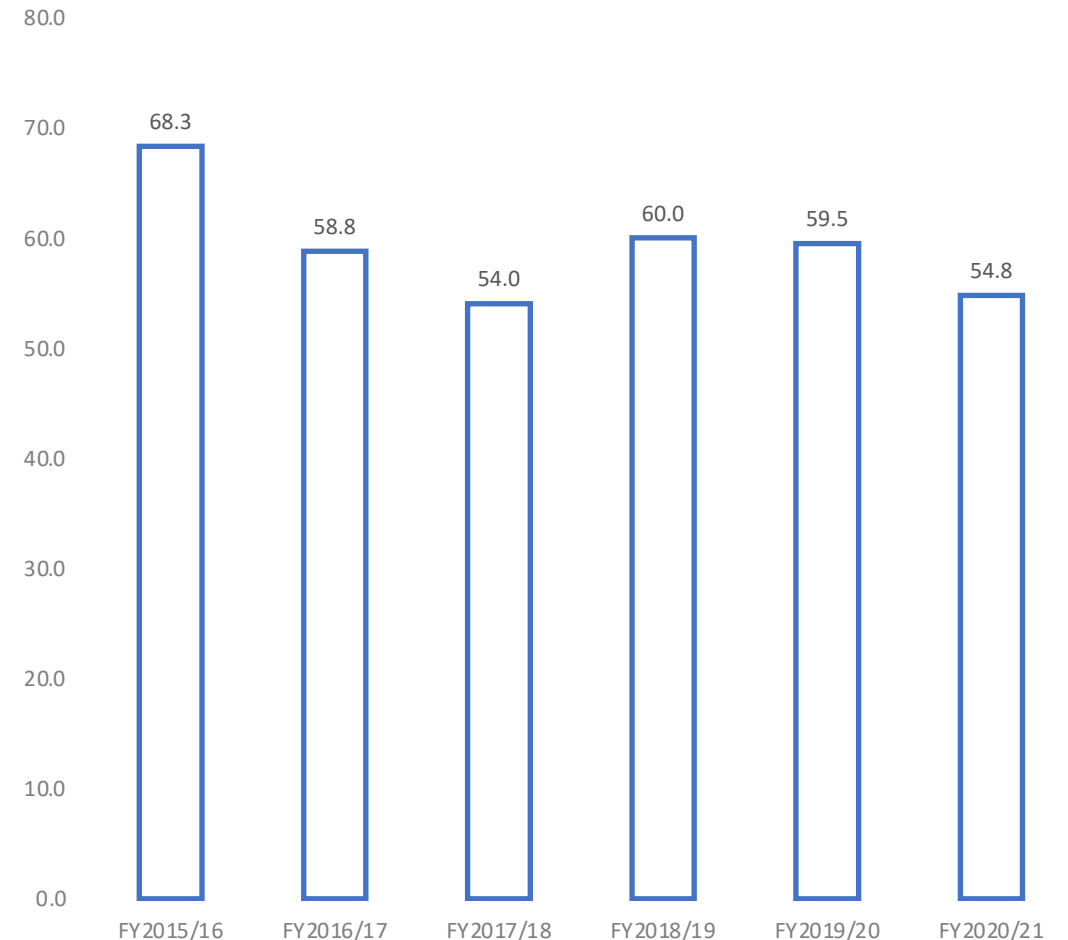
1. *SDGs (for illustration)*
2. *Climate change, human rights, HIV/AIDS, vulnerability, digitalisation*

Introduction & Background



- The National Planning Authority (NPA) through its 2002 Act, section 7 is mandated to produce comprehensive and integrated development plans for the country.
- In order to ensure successful implementation of the Plans, sections 13(6) and 13(7) of the PFMA, 2015, requires NPA to issue a certificate of compliance.
- The PFMA, 2015, requires the that Annual Budget (AB) is consistent with the Charter of Fiscal Responsibility (CFR); the National Development Plan (NDP) and National Budget Framework Paper (NBFP).
- NPA has issued (6) CoC of the AB to the NDP since FY2015/16 of which:
 - 5 were under the NDPII (overall improved alignment)
 - 1 under the NDPIII

Overall Budget Compliance (%)



Introduction & Background- *Use of CoC*



- The Certificate of Compliance (CoC) serves the following **five (5) core purposes**:
 1. Support execution of oversight functions of:
 - ✓ Parliament, regarding budget appropriation
 - ✓ Oversight institutions (OAG, Non-State Actors) to strengthen accountability mechanisms.
 2. Informs Cabinet decision making during the consideration of the ABs.
 3. Helps MDAs and LGs to improve alignment & performance towards achievement of the NDP and Vision 2040 goals and targets.
 4. Gauging Uganda's commitment to achieving the international agenda that is delivered through budget interventions and allocations.
 5. Inform the Public about the transparency, consistency and effectiveness of planning and budgeting processes.

Compliance Assessment Process

Overall Budget Compliance



- The overall compliance of the Annual Budget (AB) to the NDP is weighted average derived from a step-wise assessment approach undertaken at 5 levels:
 - 1) Macroeconomic Level (10 percent);
 - 2) National Strategic Direction Level (10 percent);
 - 3) Programme Level (30 percent);
 - 4) MDA Level (25 percent);
 - 5) Local Government Level (25 percent).
- The Annual Budget is ranked:
 - Satisfactory if the score is between 80% -100%;
 - Moderately Satisfactory if the score is between 60% - 79%; and
 - Unsatisfactory if the score is less than 60%.

Compliance Assessment Process

Macroeconomic Level



- The Macro level assesses the alignment of the AB to the following areas of the NDPIII Macroeconomic Strategy:
 - i) Macroeconomic policy objectives: poverty reduction, stock of jobs, competitive forex rate, prudent fiscal policy, price stability etc.
 - ii) Targets of the indicators of the four sectors of the economy:
 - Real (GDP, inflation targets);
 - Fiscal (Revenue, expenditure, allocations to the Programmes, public debt, etc);
 - Monetary (MS, credit to non-govt,); and
 - External Sector (CAB & reserves).
- The assessment also focuses on whether the AB is consistent with the Charter of Fiscal Responsibility (CFR), which outlines the *fiscal targets* of a new government over the five years

Compliance Assessment Process

National Strategic Direction



- This level assesses the extent of alignment of the budget strategy with the NDP III Strategic Direction. It looks at the NDP III:
 - i. **Goal; & Objectives;**
 - Here, the **KRAs** of the NDP III goal and objective are broken down into indicators and check list column against which the assessment is done.
 - ii. **Programme Targets;**
 - This level assesses whether AB is geared towards delivering the NDP programme targets.
 - Check whether the BFP/AB outcome indicator and respective targets provided are aligned to those in the NDP for the period under review.
 - iii. **Core Projects (68 core projects in NDP III)**
 - This level assesses whether NDP III Core Projects are being implemented as planned through both release and expenditure outturn performance

Compliance Assessment Process

Programme Level



- This level assesses whether AB allocations and target are aligned to the NDPIII Programme priorities
- The assessment is done at **four (4) levels**:
 - i) Programme Resource Allocation;**
 - This level assesses whether the allocation of resources to implement the Programme priorities is aligned to the NDP MTEF in the BFP and AB as well as the half year expenditure
 - ii) NDPIII Programme (Intermediate Outcomes/targets);**
 - This level assesses whether AB is geared towards delivering the NDP programme targets.
 - Check whether the BFP intermediate outcome indicator and respective targets provided in the BFPs and AB are aligned to those in the NDP for the period under review.
 - iii) NDPIII Intervention Level budget performance/releases;**
 - This level assesses whether programme interventions are planned and budgeted for in line with the NDPIII PIAPs allocations.

Compliance Assessment Process

Programme Level



- i) NDPIII Project Implementation/releases to projects.
 - This level assesses whether Programme are being implemented as planned through both release and expenditure outturn performance
- The overall specific programme compliance score is a weighted sum at all these levels with 10, 30, 30, and 30 percent weights assigned to the four components.
- The overall programme level compliance score is thus a weighted sum for all the 18 programmes with a 0.056 weight for each.

Compliance Assessment Process

MDA Level



- The MDA level assessment involved assessing whether AB allocations to MDAs are aligned to the NDP III priorities.
- Assessment is done at four (4) levels i.e.
 - i) **Planning frameworks;**
 - MDAs are assessed on the existence of approved Strategic plans aligned to the NDP III in terms of content and timeframe (i.e. NDP III time frame, 2020/21 -2024/25).
 - Approval entails having the:
 - MDA Strategic Plan cleared by National Planning Authority (NPA)
 - Signature of the responsible Minister and Accounting Officer on the plan for ownership by the leaders.
 - ii) **MDA allocative efficiency:**
 - Assesses whether resources allocated to MDA to implement specific priorities is aligned to the NDP MTEF in the BFP and AB as well as the half-year expenditure performance.

Compliance Assessment Process

MDA Level..



iii) MDA output level results and

- Assesses whether the AB is geared towards delivering the NDP lower-level results or targets
- NDPIII annualized results framework at output level is used as benchmark for assessment of alignment

iv) Public Investment Planning (PIP).

- This level assesses:
 - whether MDA projects in the Public Investment Plan (PIP) are consistent with NDPIII PIP
 - whether MDA projects are being implemented as planned through both release and expenditure outturn performance.
 - the level of implementation of projects (0 not started, 25 undergoing feasibility, 50 ready for implementation, 75 ongoing but below schedule, 100 on schedule)

Compliance Assessment Process

Local Government Level



- This level assesses whether AB allocations to Local Governments (LGs) and target are aligned to the NDPIII priorities.
- The assessment is done at **three (3) levels**
 - i) LG planning instruments;**
 - LGs are assessed on the existence of approved Local Government Development Plans (LGDPs) aligned to the NDPIII in terms of content and timeframe.
 - LGDP should reflect the financial year 2020/21 to 2024/25 and annualized results for the same period. (seen on the LGDP cover page and results
 - LGDP goal and objectives should be directly speaking to those of the NDP up to at least eighty (80) percent.
 - ii) Budgeting instruments;**
 - LGs are assessed whether the detailed Annual Work Plan and budget (AWPB) is geared to delivering NDPIII anticipated results.
 - LG AWPB should be reviewed to see if the results provided are derived from the NDP.
 - A score of one (1) is given if an indicated result has been provided for in the AWPB and zero (0) otherwise.
 - The overall score at this level is an average of the indicators assessed

Compliance Assessment Process

Local Government Level..



iii) Actual budget performance.

- This level assesses whether the releases are according to approved budget estimates of the LGs.
- Budget Data is picked from the annual performance report also called the quarter 4 physical progress reports
- The overall specific LG level compliance score is a weighted sum of 20, 20 and 60 percent weights assigned to the three components

Compliance Assessment Process

Crosscutting issues [SDGs]



- The assessment at this level is based on assessing the consistence of the targeted Programme outcomes in the Programme BFP with the identified targets of the SDG indicators as contained in the NDP III.
- The intention is to find out whether Programme BFP targets are consistent with the NDP III identified indicators mapped along the 17 SDGs; 169 targets and 230 indicators.
- A six point scale analysis is used: (i) 0: points awarded if the deviation is above 30; (ii) 1 point is awarded if the deviation is between 24 and 29 percent; (iii) 2 points are awarded if the deviation is 18 and 23 percent; (iv) 3 points are awarded if the deviation is 12 and 17 percent; (v) 4 points are awarded if the deviation is 6 to 11 percent; and (vi) 5 points (for full compliance)
- The overall Goal score is illustrated as:
- This approach is used to assess the other crosscutting issues like Human Rights, EAC Protocols, Digital Transformation, Gender and Equity, Climate Change, HIV/AIDS

=IF(I39<>"",IF(I39<=6,5,IF(AND(I39>6,I39<=12)),4,IF(AND(I39>12,I39<=18)),3,IF(AND(I39>18,I39<=24)),2,IF(AND(I39>24,I39<=30)),1,IF(AND(I39>30,0)))))),"")

=IF(H13<>"",((G13-H13)/(G13)*100,""))

Table xx: Illustration of SDG Assessment

Goals (3)	Targets	Agenda 2030 Indicators	NDPIII Objective/Programme	Indicat of level	NDPIII Indicator	NDPIII Target	Budgeting Tools	% age Deviation	Score
Ensure healthy lives and promote well-being for all at all ages	3.1. By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births	3.1.1 Maternal mortality ratio	Human Capital Development	2	Maternal mortality rate (per 100,000)	311	311	0.00	
	3.2. By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under 5 mortality to at least as low as 25 per 1,000 live births	3.2.1 Under-five mortality rate	Human Capital Development	2	Under Five Mortality Rate (Per 1,000)	42	39	7.14	4
	3.2. By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under 5 mortality to at least as low as 25 per 1,000 live births	3.2.2 Neonatal mortality rate	Human Capital Development	2	Neonatal Mortality Rate (per 1,000)	24	22	8.33	4
	3.7. By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes	3.7.1 Proportion of women of reproductive age (aged 15-49 years) who have their need for family planning satisfied with modern methods	Human Capital Development	4	Reduce unmet need for family planning	26	26	0.00	5
Goal Score									80.00

Note: The targets are obtained from respective Programme BFP and PIAP (NDPIII Programme results Matrix)

$$\left[\frac{\text{Sum of the Goal Scores}}{\text{Number of Considered}^1 \text{ Indicators} \times 5} \right] \times 100$$

Thank
you