



Public Financial Management (PFM)

Background

Uganda has been implementing PFM reforms since the early 1990s, achieving the maintenance of robust and stable fiscal and macro-economic policies and fundamentals, more accurate planning and budgeting, enhanced control and management of public funds and higher standards of scrutiny and oversight of collection and utilization of public resources. Nonetheless, several challenges remain, particularly in the areas of budget credibility, enforcement of laws and regulations (compliance), combatting corruption and insufficient domestic revenues to finance the budget according to national priorities.

Enhancing external control

The technical cooperation project Promotion of Accountability and Transparency in Uganda through GIZ is aiming to increase the effectiveness of public sector auditing and to enhance the cooperation between the accountability organisations. GIZ is collaborating with the Office of the Auditor General (OAG), the Public Procurement and Disposal of Assets Authority (PPDA) and the Inspectorate of Government (IG), as well as other key actors, such as the Parliament, civil society and government organisations. The project provides technical support in numerous areas: i) implementation of OAG's Corporate Plan including monitoring and evaluation, the development of a human resources development strategy and policies for OAG; ii) establishment of processes to raise the quality of auditing and reporting; iii) development of a follow-up system to track the adoption of OAG's audit recommendations by Parliament and the implementation of recommendations by audited bodies; and iv) enhancing a more effective collaboration between OAG, PPDA and IG.

Strengthening public financial management and tax administration

Since 2010 Germany has provided a total of EUR 16 million (UGX 53 billion) of the financial cooperation through KfW to specifically address reforms in public finance management and tax administration. Within the framework of the national PFM reform programme Financial Management and Accountability Programme (FINMAP), Germany, together with 5 development partners, co-finances trainings and equipment for the Ministry of Finance, Planning and Economic Development, the OAG, the PPDA, Parliament and the Ministry of Local Government. As a result of the support through the first phase of FINMAP, national systems have been strengthened. For instance, the creation of the independent OAG with support from FINMAP is considered as an outstanding example in Sub-Saharan Africa.

KfW as former chair of the PFM working group has been leading the support effort towards the Ugandan Government in the update of the PFM Reform Strategy 2014/15-2017/18 and assisted to design the new phase of FINMAP (FINMAP III 2014-2018). FINMAP III is a core programme for delivering the PFM reforms. It aims at achieving a more efficient, effective and accountable use of public resources, leading to improved service delivery. Out of the current commitment EUR 5 million are earmarked for the OAG, e.g. for the construction and equipment of the new regional offices in Hoima and Moroto. EUR 2 million shall be disbursed based on performance related to the improvement of compliance.

In addition, Germany, through KfW, is supporting the Uganda Revenue Authority (URA) by establishing a powerful data warehouse and by providing managerial training. In this manner, the German Development Cooperation will contribute to enhancing domestic revenue and improving tax equity in Uganda.