

# An independent assessment on the operationalization of the Uganda's Contingencies Fund



THE HUMANITARIAN  
PLATFORM FOR LOCAL  
AND NATIONAL  
ORGANISATIONS IN UGANDA



OXFAM



**An independent assessment on the operationalization of the Uganda's Contingencies Fund** was produced by Civil Society Budget Advocacy Group (CSBAG) and the Uganda National NGO forum Uganda (UNNGOF), Coordinator of the Uganda Humanitarian Platform. The contents of this publication are the responsibility of CSBAG and not for our development partners.

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# Operationalization of the Contingencies Fund

Total Cumulative  
Replenishment  
To-Date

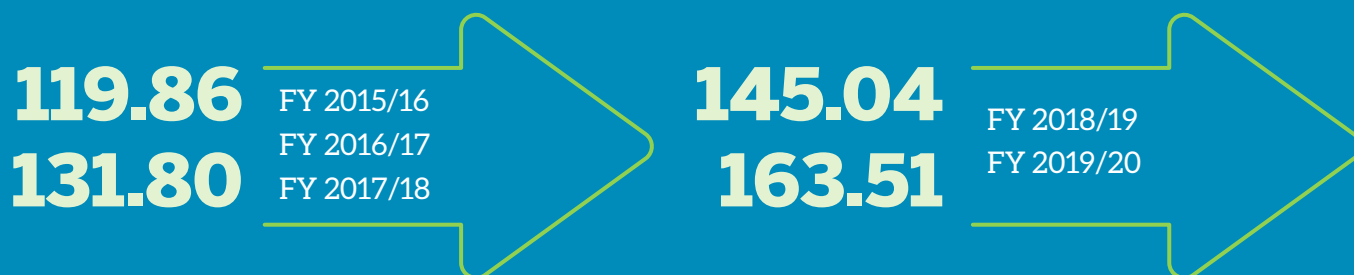
UGX **124** Bn

Since the enactment of the PFMA (2015), the fund has been replenished in only two Financial years

## Actual replenishments by year since the enactment of the pfma (2015)



## Expected replenishments by year since the enactment of the PFMA (2015) Billion Ugx



**Ugx 202.43 Billion** is Expected into the Contingencies Fund Next  
FY 2020/2021

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# List of Acronyms

<b>BCC</b>	Budget Call Circular
<b>BFPs</b>	Budget Frame work Papers
<b>CERC</b>	Contingent Emergency Response Component
<b>CSBAG</b>	The Civil Society Budget Advocacy group
<b>DLGs</b>	District Local Governments
<b>DRR</b>	Disaster Risk Reduction
<b>EAC</b>	East African Community
<b>GFDRR</b>	Global Facility for Disaster Reduction and Recovery
<b>IDPs</b>	Internally Displaced Persons
<b>IGAD</b>	Intergovernmental Authority on Development
<b>MAIAF</b>	Ministry of Agriculture, Animal Industry and Fisheries
<b>MoFPED</b>	Ministry of Finance Planning and Economic Development
<b>NDMIS</b>	National Disaster Management and Institutional Structure
<b>NECOC</b>	National Emergency Coordination and Operations Centre
<b>NGOs</b>	Non Governmental Organizations
<b>OPM</b>	Office of the Prime Minister
<b>PFMA</b>	Public Finance Management Act
<b>ToRs</b>	Terms of Reference
<b>UGX</b>	Ugandan Shillings
<b>UN</b>	United Nations
<b>UNMA</b>	Uganda National Meteorological Authority
<b>UNU-EHS</b>	United Nations University Institute for Environment and Human Security
<b>UPDF</b>	Uganda People's Defence Forces

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# Executive Summary

The Constitution of Uganda (1995), provides for the establishment of the Contingencies Fund under Article 157. The enactment of the PFMA (2015), repealed the PFAA 2003, and section 26 of the former established this Fund. The Contingencies Fund was established to respond to unforeseeable and unavoidable expenditure, including natural disasters.

The law requires that this fund should be replenished with 0.5 percent of the budget of the previous year, but various publications indicated that this commitment is yet to be met.

This study sought to assess the operationalization of this fund in relation to the interventions to disaster risk management for the post period for the enactment of the PFMA (2015). The study used a tailored approach, focusing on documented disaster occurrences, activities of disaster line ministries as per the National Disaster Preparedness and Management Institutional structure and the transactions in the Contingencies Fund.

The study found that gross inconsistencies in the operationalizing the Contingencies Fund as per the requirements of the law is still a major concern. Since the enactment of the Act, the Contingencies Fund became operational three years later, in the financial year 2018/2019, and has been operational for hardly two financial years. In the financial years 2015/2016, 2016/2017, and 2017/2018 therefore, there were no transactions in the Fund at all.

For the pre and post operationalization periods of the Fund, the study observed that there are funds that are appropriated and expended through the normal budgeting process toward disaster preparedness and management programs under various entities of government.

It should also be noted that the release to the Contingencies Fund for the two years of operation has been observed to be fixed at 62 billion shillings and without any logical formula used to determine the amount, which is contrary to the 0.5% of the appropriated budget as stated in the PFMA (2015).

The financial year 2018/2019, 40 billion out of the appropriated 62 billion was actually released to the Contingencies Fund. An unspent balance amounting to 2.63 billion shillings by the end of the financial and was returned to the consolidated fund.

In the current financial year 2019/2020, by the time of compilation of this report, 62 billion has been released, and four entities of government i.e OPM, MAIAF, Consulate in Beijing and Ministry of Health have so far funded activities using the Fund to a total amount of 38 billion shillings and a balance of 24 billion shillings, although there were pending release requests.

Generally, the Minister of Finance should operationalize the Contingencies Fund, as provided for in the Act. Continued failure to do so is violation of the law and undermines the objectives for which Section 26 of this Act was enacted. It also raises a risk of budget distortions, as expenditures meant to be paid from this Fund are irregularly incurred from other sources/votes, and as well denies the Country an opportunity to explore new financial management reforms in the aspect of disaster management.

# 1

# Introduction

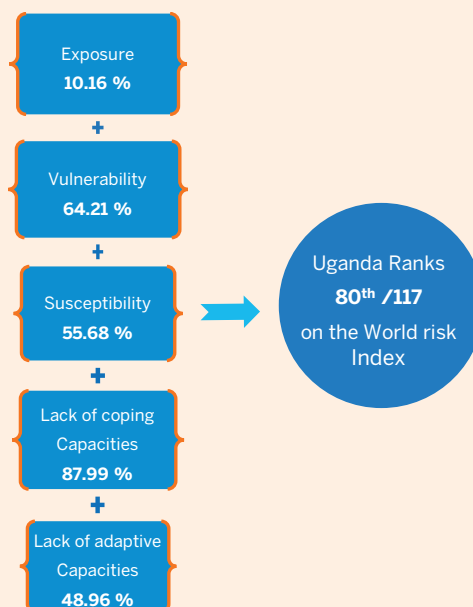
## 1.1 Disaster Risk

World over, the occurrence of natural and man-made disasters has become frequent, although they take different shapes depending on the geographical region and human activity of the natives. However, there are better technologies today that have helped in more accurate predictions, computer- software models and better emergency planning which have the potential to significantly reduce the impact of these disasters. This has been demonstrated in some countries and regions across the world, the most recent being the fire outbreak in Australia.

Whereas it is said that nature cannot be controlled, the world risk report, 2016, indicates that humans can only influence to a limited degree whether to, and or with what intensity, natural events are to occur. In its recommendations, precautions to help prevent a natural event from becoming a disaster can be taken.

In light of the vulnerability of society, the World Risk Index, calculated the disaster risk for 171 countries by multiplying vulnerability with exposure to natural hazards (cyclones, droughts, earthquakes, floods, and sea-level rise). While a low level of vulnerability is not a guaranteed protection against disasters, it can reduce the risk implications. Below is a summary of results for Uganda assessed together with the financing mechanism for disaster

**Figure: 1: Uganda's rank on the World Risk Index 2016**



Source: UNU – EHS, World risk report 2016

**By 1997, floods had affected close to 153,500 people and left 100 people dead. Still in the same year, 100,000 people were affected epidemics while landslides alone killed 48 others.**

As a whole, the World Risk Index is calculated from 28 indicators using data that is globally available and accessible and consists of four components: Exposure (to natural hazards), susceptibility, coping and adaptive capacities, to generate the vulnerability and thereafter the ranking.

Edsel Macasil recommends that Disaster Risk Reduction must be a requirement for public expenditure for humanitarian crises with Governments' collaboration, and not necessarily NGOs spending their own money to do this. We need to take preventive measures before the disaster, not a patch-up afterwards.

The above coping and coping capacities result of 87.99% deficit for Uganda mainly relates to direct action and the resources availability aimed at minimizing the negative impacts of disaster. The country ranks of 13th of the 15 countries with the highest lack of coping capacities worldwide. This directly relates with the planning, resourcing and implementation mechanisms such as; the operationalization of the Contingencies Fund, inter-agency coordination and mainstreaming planning across agencies, whose functionality of the Fund should greatly result in reduction of the 87.99%, and resultantly improve the ranking from the 80<sup>th</sup> position.

### **1.1.1 Justification for the action**

Uganda is a signatory to several regional and international DRR frameworks, including the Sendai Framework for DRR (2015–2030), the Africa Regional Strategy for Disaster Risk Reduction, the IGAD Drought Disaster Resilience and Sustainability Initiative Strategy and the EAC Disaster Risk Reduction and Management Strategy (2012–2016). In 2010, Uganda instituted a national policy for disaster preparedness and management. The policy is housed in the Department of Relief, Disaster Preparedness and Management in the Office of the Prime Minister. It aims to minimise vulnerability levels of Ugandans against natural and human-induced hazards, and to save lives and livelihood assets when disasters occur.

Inconsistency in operationalizing the Contingencies Fund is still a concern. In addition, the Public Finance Management Act, (PFM Act, 2015 as amended) provides for funding the management of disaster through preparedness, mitigation and prevention. Section 26 of the PFM Act, 2015 establishes a Contingencies Fund and requires government to replenish it with an amount equivalent to 0.5% of previous year's total appropriated national budget. The sole purpose of the Fund as per the PFM Act, 2015 (as amended) is to finance Uganda's Disaster response. However, the Fund has not yet been operationalized since the PFM Act, 2015 was enacted into law. It's against this background that this study was done to assess the performance of the Contingencies Fund since its inception. The main focus was on operationalization of the Contingencies Fund from FY2015/16 to FY2018/19, in relation to the PFMA 2015 (as amended), and assessment of the extent of disaster risk budget main streaming across key sectors of Government for policy dialogue.





## 1.1.2 Disaster Risk Budget Mainstreaming Across Sectors

Disasters have a major impact on development, particularly affecting agriculture, housing health, education and infrastructure (Rego & Roy 2007). Climate-related disasters are becoming more frequent and negatively impact development progress across the world (Bahadur et al. 2014). They can limit progress on development and poverty reduction priorities, especially if development resources are diverted to relief and rehabilitation efforts (Rego & Roy 2007; Bakhtiari 2014).<sup>4</sup> The World Bank (WB) and the Global Facility for Disaster Reduction and Recovery's (GFDRR) Sendai Report explains that since 1980 low income countries have accounted for only 9 per cent of disaster events. Disasters affect in particular the poor and vulnerable living in fragile environments. They can exacerbate social and economic inequity which can further marginalize people and create conditions for civil unrest and conflict (WB & GFDRR 2012).

Mainstreaming is also progressively recognized as a necessity at the global level. The Hyogo Framework for Action (HFA) was signed by 168 countries who committed to effectively integrate disaster risk considerations into sustainable development policies, planning and programming at all levels (UN/ISDR 2007). Mainstreaming means 'to consider and address risks emanating from natural hazards in medium-term strategic development frameworks, in legislation and institutional structures, in sectoral

Uganda is a signatory to several regional and international DRR frameworks, including the Sendai Framework for DRR (2015–2030), the Africa Regional Strategy for Disaster Risk Reduction, the IGAD Drought Disaster Resilience and Sustainability Initiative Strategy and the EAC Disaster Risk Reduction and Management Strategy (2012–2016). In 2010, Uganda instituted a national policy for disaster preparedness and management. The policy was informed by Disaster losses and damages which were on the rise in Uganda with grave consequences for the survival, dignity and livelihood of our citizens, particularly the poor.

The policy is housed in the Department of Relief, Disaster Preparedness and Management in the Office of the Prime Minister. It aims to minimize vulnerability levels of Ugandans against natural and human-induced hazards, and to save lives and livelihood assets when disasters occur.

## 1.2 Contingencies Fund

A Contingencies Fund refers to a pool of resources set aside, out of the normal government financing mechanism, to facilitate responses related to disasters and disaster risk management.

In Uganda, a Contingencies Fund account is held in the Bank of Uganda to enable management of the financial transactions in respect of responses to disaster.

The account is managed by the Accountant General, under Vote 130. In the Chart of Accounts (2018), Contingencies Fund falls under class 5 (reserves), in section 18. The permanent Secretary and Secretary to treasury are vested with the responsibility of managing the Fund under section 11(2) (f) of the PFMA 2015 (as amended).

The release of funds from the consolidated fund is done by issuing of a cash limit, warranting process and payment transferred through invoicing on the IFMS. The Director Budget issues this cash limit to Vote 130 which managed by Accountant General as the Accounting officer, after approval of which, a payment is done to move funds from the consolidated fund to the Contingencies Fund.

Whenever an event occurs, the disaster line ministry(s) opens a Contingencies account with permission from Accountant General, to which fund transfers are made.

Transfers of funds from the Contingencies Fund to the line ministry contingencies account are done by instruction of Accountant General to BoU, with the backing of a request by the line ministries and an instruction from cabinet minutes.

## 1.3 Legal And Institutional Framework

### 1.3.1 The Contingencies Fund in Uganda

In Uganda, there was a Contingencies Fund mechanism through the Contingencies Funds Act Cap 1720 of 1962 which provided for a yearly allocation to the Fund a specified amount to help respond to urgent and unforeseen events. However, this law was repealed by the Public Finance and Accountability Act (PFAA) Cap 192, which was itself later repealed by the PFMA 2015. The Constitution of Uganda (1995), provides for the establishment of the Contingencies Fund under Article 157, and mandates Parliament to make necessary laws for this operationalization.

The PFMA 2015 (as amended), therefore, under section 26, instructs that every financial year, the fund be replenished with an amount equivalent to 0.5% of the appropriated annual budget of Government of the previous financial year, and shall not include any supplementary budget of that year.

Subsection (4) as amended, states that the money in the Contingencies Fund, shall be allocated to finance responses to natural disasters. The law further mandates the minister of Finance Planning and Economic Development with the administration of the fund by warrant addressed to the Accountant-General, to authorize a withdrawal from the Contingencies Fund.

The Act also gives powers to; Parliament to invalidate a withdrawal from the Contingencies Fund where the requirements are not complied with. The Accountant General has the responsibility to prepare and submit the accounts of the Contingencies Fund to the Auditor-General every financial year, , and Auditor-General to make a report to the Parliament on the same.

### 1.3.2 Institutional Framework for Disaster Management In Uganda

The Government of Uganda has setup a framework to enable response to disaster, as stated in National Policy for disaster preparedness and management. In the framework, different institutions are assigned responsibilities as below

#### 1.3.2.1 National Disaster Preparedness and Management Institutional Structure

**1.3.2.1.1 The President**, in Article 110 of the 1995 Constitution has the mandate to declare a state of emergency in any part of the country in the event of a disaster.

**1.3.2.1.2 The Cabinet** is the chief policy making body of government and is tasked in the structure with advising the President on disaster related matters.

**1.3.2.1.3 The Ministerial Policy Committee** is a standing committee of Cabinet setup to handle cross sectoral matters relating to disaster preparedness and management.

**1.3.2.1.4 The Inter – Agency Technical Committee** comprises of focal point technical officers from line ministries, UN agencies, NGOs and relevant stakeholders, chaired by the Permanent Secretary of the Office of the Prime Minister

**1.3.2.1.5 The NECOC** was setup to deal with sudden onset of both natural and human-induced emergencies in the country. It is responsible for the effective coordination, early warning and preparedness of the various emergency responses institutions of government such as the Police Emergency Units, UPDF Emergency Support Units, Uganda Red Cross Society, hospital emergency units and in the networking of private emergency agencies, multilateral agencies, international organizations, and non-governmental organizations.

**Figure 2: National Disaster Preparedness And Management Institutional Structure**

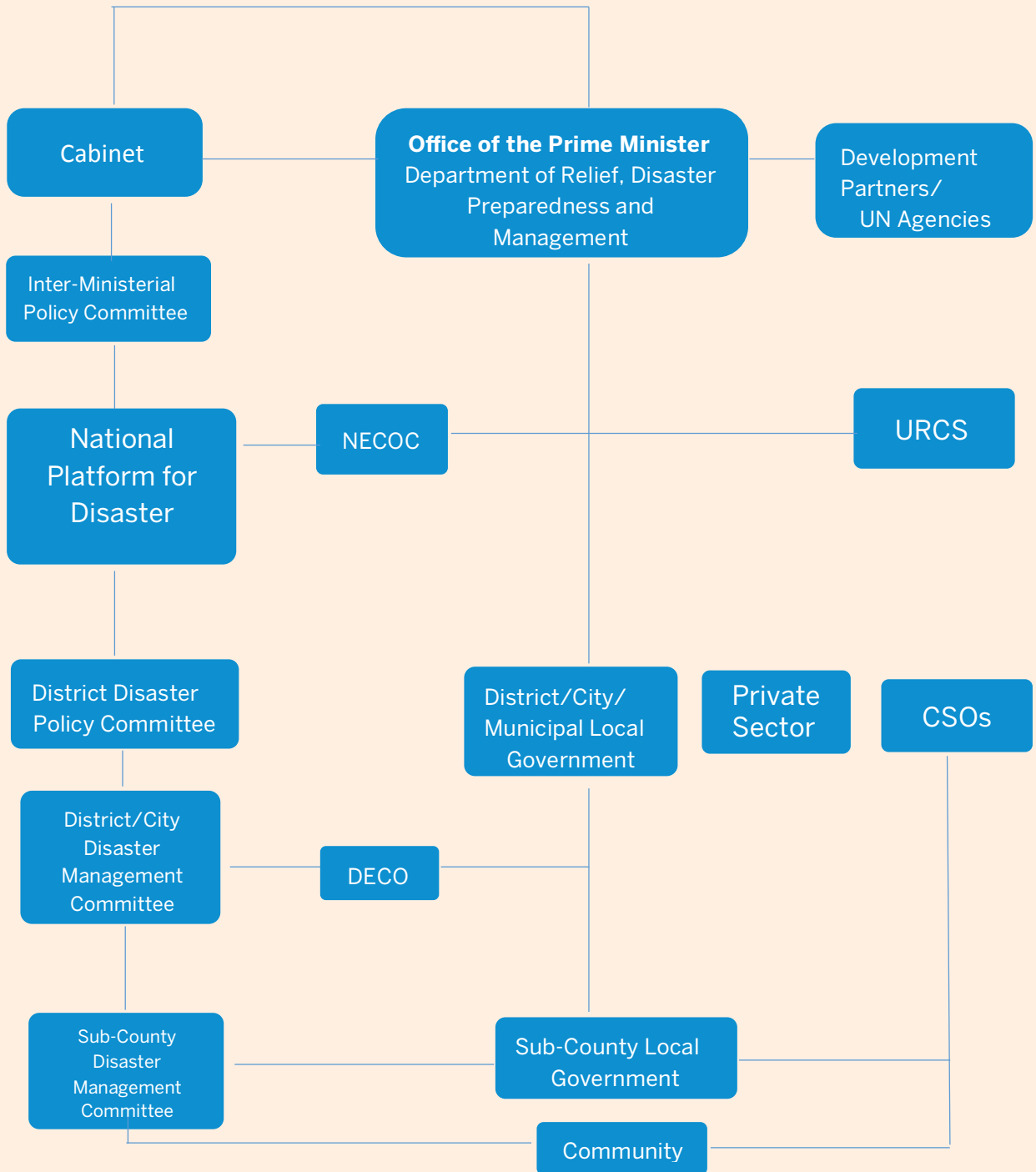
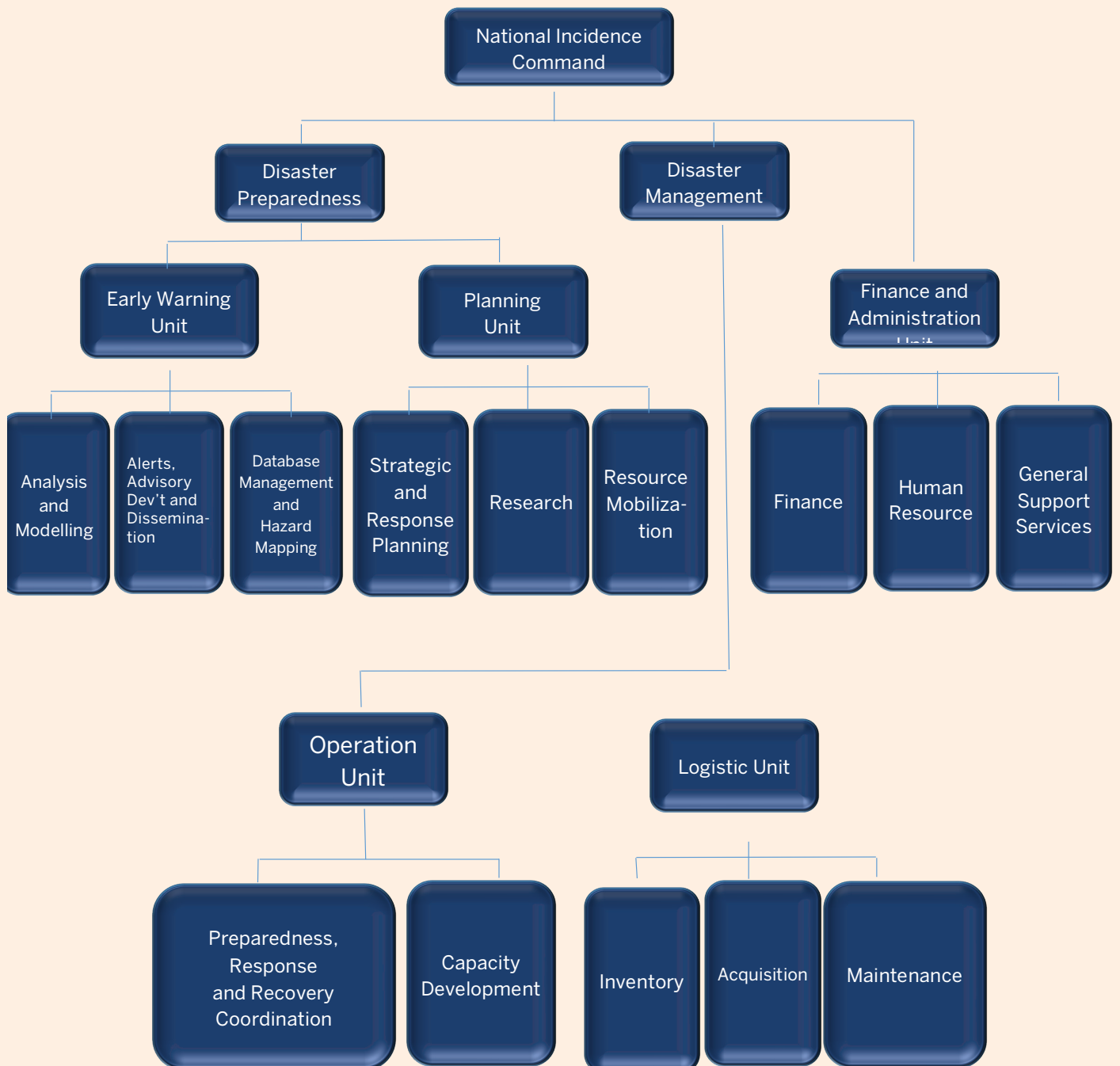


Figure 3. National Emergency Coordination And Operations Centre



## 1.4 Key Ministries With Vital Disaster Risk Management Functions

The study explored the mandate of these Ministries towards disaster risk management. These Include.

### 1.4.1 The Office of the Prime Minister

The Department of Disaster Preparedness and Management in OPM is the lead agency responsible for disaster preparedness and management. It was tasked to coordinate risk reduction, prevention, preparedness, mitigation and response actions in the country in consultation with other line ministries, humanitarian and development partners, Local Governments and the private sector. The minister responsible for disaster preparedness and refuge was tasked to link the Office of the Prime Minister to Cabinet. The Minister shall make rules and regulations on the management of likely disasters and will present annual reports relating to Disaster Preparedness and Management to Cabinet. The minister is tasked to also link the OPM to inter-governmental organizations, the donor community, the private sector, regional and international frameworks.

**1.4.2 Other ministries to be covered include;** Ministry of Agriculture, Animal industry and Fisheries, Ministry of Health, Ministry of Water and Environment, Ministry of Works and Transport, Ministry of Housing and Urban Development, Ministry of Energy and Mineral Development, Ministry Responsible for Defense, Ministry of Internal Affairs, Ministry of Information and National guidance, Ministry of Education and Sports, Ministry of Local Governments, Ministry of Gender, Labour and Social Development

## 1.5 Disaster Risk And Management: Case For Uganda's Recent Experience

The progressive account for the statistics documented on disasters in Uganda, show that; in 1987, 600,000 people were affected by drought and epidemics killed 156 people two years later. In 1990, epidemics killed 197 people and 100 more died of the same in 1991, one year later. In 1994, 50,000 people affected were by earthquake. By 1997, floods had affected close to 153,500 people and left 100 people dead. Still in the same year, 100,000 people were affected epidemics while landslides alone killed 48 others.

The drought of 1998 affected 126,000 people and 700,000 people were reported to have been impacted by same drought in 1999 and while 115 actually died. In 1999, epidemics killed 91 people while landslides killed 5 others. In the year 2000, epidemics killed 224 people while two years later (2002), drought affected 655,000 people killing 79 persons. In 2005, drought affected 600,000 people and in 2006 epidemics killed 100 people. Floods affected 718,045 people while epidemics killed 67 people and landslides 5 people in 2007.



**The drought of 1998 affected 126,000 people and 700,000 people were reported to have been impacted by same drought in 1999 and while 115 actually died.**

**By 1997, floods had affected close to 153,500 people and left 100 people dead. Still in the same year, 100,000 people were affected epidemics while landslides alone killed 48 others.**

In 2008, drought affected 750,000 people and two years later (2010) landslides killed about 250 people, with over 8,500 displaced affected. During the course of 2010, floods affected over 350,000 people. Internal displacement of persons over the period 1998 -2008 stood at an average of 1,800,000 people, most of which was as a result of armed conflict and tribal clashes<sup>1</sup>. The above statistics demonstrate the challenges posed by natural and human-induced hazards to the economic growth of the country.

The most recent account for the statistics documented indicates that drought, landslides and floods are relatively common occurrences in Uganda. Such events pose risks to economic growth and social welfare, and can have significant consequences for the national budget in the form of unplanned or emergency spending. The predictions into the future indicate an increase in extreme weather events associated with climate change, which are expected to put increased pressure on government budgets.

Over the past four years, an annual average of UGX 114 billion has been spent on disaster mitigation measures. The outstanding events have included drought in the western district of Isingiro in 2016/17, and the army-worm outbreak that affected agricultural harvests in 2017/18. In 2017/18, an allocation of UGX 35 billion for disaster relief following landslides in eastern Uganda was made. In the Long-term mitigation measures for the effects of the disasters include budgeting for costs related to disaster and refugee management, and building new dams, irrigation and bulk water supply schemes.

The UNMA is also working to increase the functionality and use of meteorological data to support sector-specific early warning to combat the effects of extreme weather events. A new radar system was recently procured and installed at Entebbe.

A Contingencies Fund was established to respond to unforeseeable and unavoidable expenditure, including natural disasters. The law requires this fund to be replenished with 0.5 percent of the budget each year, but various publications indicate that this commitment is yet to be met.<sup>2</sup> The study therefore sought to assess the operationalization of this funds in relation to the interventions to disaster risk management.



<sup>1</sup> Source of data: EM-DAT CRED and government records

<sup>2</sup> FISCAL RISKS STATEMENT (Nov, 2018)

# 2

# Methodology

## The approach to the assignment and the methods

A task tailored approach to the assignment was deployed, for each aspect / deliverable. An array of factors, including but not limited to what is described in table 2 below.

### 2.1 Documents/Literature Review

The study examined literature from various documents. The output of this task provided the background and fed into the Study brief. This task was carried out through the assignment as new documents and information emerged.

There was an advanced assessment of the literature review of key documents to ascertain consistence with the variables, which was a very important milestone in reporting. The documents included; Public Financial Management Act (PFMA), Newspapers, Parliamentary hansards, the National Policy for Disaster Preparedness and Management, Budget Framework papers, Ministerial policy statements, annual reports and budget performance reports. The Document review provided a structured format which helped in ensuring that key questions in regards to Contingencies Fund and disaster risk budgeting are covered and most importantly, that documents are reviewed in a consistent manner.

### 2.2 Key Informant Interviews

The study conducted some interviews with key stakeholders, in the initial preparatory stages and during the assignment. A follow up and feedback exercise with the key informants on the findings from the analyses of data and proposed recommendations was done to ensure accuracy and completeness. Open-ended questions which involved collecting first-person narratives from the stakeholders were asked. Some of these responses were used to validate the proposed recommendations.

### 2.3 Data Collection And Analysis:

Quantitative data was collected from existing publications and reports on the relevant variables under review.

Quantitative data analysis was done using; Stata, Microsoft Excel, word and Visio. Charts were generated using excel and Word.

The tables, charts and graphs were used in the presentation of quantitative data and analyses thereof.

The following were addressed in key stake holder interviews:

- i. At the time of budgeting, does any of the program budget by item, cater for outputs for disaster? This would bring out the fact of whether historical events inform the budgeting process. Another option is for the vote to provide an indicative allocation to any output and account for funds as they are committed and spent during the financial year.
- ii. How do MTEF ceilings affect the disaster budgets, in terms of processes in the MTEF such as releases, commitments, processing of expenditures? This will be explored further in the course of the assignment.
- iii. How are disaster events, outcomes and Outputs being budgeted for? Either specific output code (s) for disasters are used exclusively or funds are added to any other outputs of the entity, only that these additional funds are justified by the occupancy of such a disaster, or they would need to be excluded from the budgeting and accounting for outputs and provided depending on the nature of the disaster.

### 2.3.1 Criteria and guiding questions

This following criteria and questions were used to guide the study.

#### Relevance

- a) To what extent do disaster response activities align with the entities work plans in line with the achievement of the national priorities and policies.
- b) To what extent do the disaster interventions and responses meet the needs of affected communities and other stakeholders?
- c) How relevant are the interventions in a local context in rural and urban areas?

#### Efficiency

- a) To what extent are the disaster response models and interventions cost-effective with respect to demand?

#### Effectiveness

- a) To what extent have the interventions been able to reach the most affected communities and groups therein?
- b) To what extent do the interventions result into long term sustainable solutions?



# 3

## Findings

This section presents the findings on the operationalization of the Contingencies Fund since the enactment of the PFMA (2015).

**4 MDAs**  
Have transacted on  
the Contingencies  
fund FY 2019/2020

Total of **Ugx 62 Billion** released,  
**Ugx 38 Billion** released out of the  
Fund and a balance of **Ugx 24 Billion**



**5Bn**  
MoH  
COVID 19



**10Bn**  
OPM  
Mudslides



**22Bn**  
MAIAF  
Locusts



**200m**  
COVID19  
Consulate  
in Beijing

## 3.1 Disaster Risk Budget And The Contingencies Fund

Inconsistency in operationalizing the Contingencies Fund as per the requirements of the law is still a concern. Section 26 of the PFMA prohibits a direct charge on the Contingencies Fund except where the charge is for a transfer of money from the Contingencies Fund to another vote for the purpose of subsection (4), explained in section 1.1 of this report above. The prohibition implies that the implementing vote holds another account in respect of this transfer from which the direct charges can be made, in response to the disaster being handled at the time. The findings where to the extent of operationalization of the fund, since the PFM Act, 2015 was enacted into law to date.

### 3.1.1 Disaster Risk Budgeting

The Department of Disaster Preparedness and Refugees Management under the Office of Prime Minister (OPM), as per figure 1 above facilitates collaboration among ministries, LGs and communities for disaster preparedness and management. The budget and expenditure for the period of study are summarized below. The bulk of these resources are spent on managing and responding to disaster, as per section 1.5 above and not necessarily to managing and reducing disaster risks which would be the ideal.

**Table 1: GoU Budget allocations and Actual expenditures, FY 2015/16 to semi-annual FY 2018/19 (Ugx billions)**

FY	Budget	Release	Expenditure	Supplementary
2018/19	12.18	7.45	6.7	0
2017/18	11.9	13.14	13.12	1.24
2016/17	12.56	36.14	36.91	23.58
2015/16	20.53	25.74	23.21	5.21
<b>Totals</b>	<b>57.17</b>	<b>82.47</b>	<b>79.94</b>	<b>30.03</b>

Source: MFPEd, Vote Performance Reports from FY 2015/16 to FY 2018/19

These funds are appropriated through the normal budgeting process to the Disaster Preparedness, Management and Refugees Program.

From FY 2015/16 to FY 2018/19, the program GoU budget was Ug shs 57.17 billion, of which Ug shs 82.47 billion (144%) was released, and Ug shs 79.94 billion (97%) spent by semi-annual FY 2018/19. The high release and expenditure is due to the occurrences of supplementary budgets in FY 2015/16 and FY 2016/17, and a relocation in FY 2017/18 for procuring relief and food for drought affected areas in the country

### 3.1.2 Operationalization of the Contingencies Fund

Since the enactment of the PFMA (2015), the Contingencies Fund became operational in the financial year 2018/2019. This means that the allocations have up-to-date been made for the previous and the current financial years.

The allocation and analyses of the operationalization for the period under review is as below;

**Table 2: Showing Budget Performance of the Contingencies Fund (Billion Ushs.)**

Financial Year	(A) Appropriated Budget	(B) Appropriated Budget less Interest payments	(C) Expect Contingencies Fund Budget (B x 0.5%)	(D) Actual Contingencies Fund Release	(E) Variance (D- C)
2015/2016	23,972.25	17,356.53	-	0	-
2016/2017	26,360.45	19,190.68	119.86	0	-11,986.13
2017/2018	29,008.54	20,424.87	131.80	0	-13,180.22
2018/2019	32,702.82	24,023.16	145.04	62	-14,442.27
2019/2020	40,487.90	30,166.82	163.51	62	-16,289.41
2020/2021	-	-	202.43	-	-

**Source:** Report of the Auditor General on the Financial Statements of the Contingencies Fund, and Annual Budget Performance Report

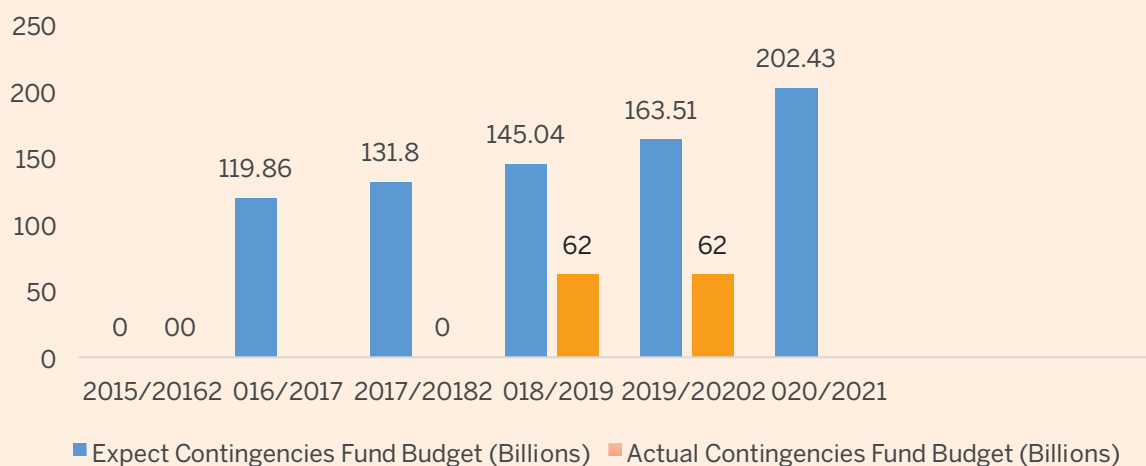
Column B indicates the budget less of interest payments and amortizations. It is logical that the actual funds that finance government recurrent and development expenditure activities, is that which remains as per column B. It is therefore realistic that the 0.5% calculation be applied on the remainder after interest payments and amortization on debt, otherwise the calculation will be beyond allowable proportions.

It can be seen that the operationalization of the Contingencies Fund was commenced in the financial year 2018/2019, and is in the second year of implementation. It should also be noted that the allocation being made to the Contingencies Fund is fixed and without any logical formula, which is contrary to the 0.5% of the appropriated budget as stated in the PFMA (2015).

Column E shows the variances per year between the expected and actual allocations to the Contingencies Fund.

**Figure 4: Budget Performance of the Contingencies Fund**

**Expected Vs actual contingencies (Bns Ushs.)**



**Source:** Analysis of Report of the Auditor General on the Financial Statements of the Contingencies Fund, and Annual Budget Performance Report



The year 2015/2016 did not have any contingencies allocation because it was year for the enactment of the law

The year 2016/2017, which should have been the first year of implementation of the law, did not have any Contingencies Fund appropriation.

The year 2017/2018, which should have been the second year of implementation of the law, did not have any Contingencies Fund appropriation.

The year 2018/2019, 62 billion shillings was appropriated to the Contingencies Fund. However, this is approximately half and far less than the expected 120 billion as per the law

The year 2019/2020, 62 billion shillings was appropriated to the Contingencies Fund. However this is far less than the expected 150 billion as per the 0.5% of the annual budget.

**Figure 5: Variances between expected and actual releases to the Contingencies Fund**



Source: Analysis of Report of the Auditor General on the Financial Statements of the Contingencies Fund, and Annual Budget Performance Report.

Note that the actual allocation for FY 2020/2021 is not yet known, but the expected is known.

Much as there were no releases to the contingencies fund in FY 2016/2017, leading to a variance as per Figure 5 above, as a result of natural disasters during that year, supplementary budget allocations as per Table 1 above, to the OPM and to MAAIF were issued, and these funds were authorized and paid as an ordinary supplementary under section 25 of the PFMA 2015. This should have legally been a special supplementary under section 26 of the Act to the Contingencies Fund.

**The year 2018/2019, 62 billion shillings was appropriated to the Contingencies Fund. However, this is approximately half and far less than the expected 120 billion as per the law**

### 3.1.3 Releases from the Contingencies Fund in Responses to Disaster

Various operations have been undertaken on the Contingencies Fund since it was operationalised in the financial year 2018/2019.

The tables 2 and 3 below show releases to and from the Contingencies Fund.

**Table 3: Showing Performance of the Contingencies Fund (Releases in Billion Ushs.)**

Financial Year	Actual Release to the Contingencies Fund	Actual Release From Contingencies Fund	Un Spent Balances in the Contingencies Fund
<b>2015/2016</b>	<b>0</b>	<b>0</b>	<b>0</b>
2016/2017	0	0	0
2017/2018	0	0	0
2018/2019	40	37.37	2.63
2019/2020	62	38	24

Source: Report of the Auditor General on the Financial Statements of the Contingencies Fund.

The financial years 2015/2016, 2016/2017, 2017/2018, there were no transactions in the Contingencies Fund because it had not yet been operationalized

The financial year 2018/2019, 40 billion out of the appropriated budget of 62 billion was actually released to the Contingencies Fund. Of the released funds, a total of 37.37 billion was actually released out of the Contingencies Fund to disaster line votes where it was charged and expended on various disaster responses across the country. A balance amounting to 2.63 billion shillings remained un-utilized by the end of the financial and was returned to the consolidated fund as unspent balances.

In the current financial year 2019/2020, the entire appropriated amount of 62 billion shillings had already been released to the Contingencies Fund by end of the first quarter. Of the released amount, a total of 38 billion has up-to-date been released out of the Contingencies Fund to various entities. Out of which 5 billion has been released to OPM in line with the responses to the mudslide disaster in Bududa and other neighbouring areas, 22 billion has been released to MAIAF on responses to the Desert locusts that have invaded the Karamoja region, 2.3 billion had been released in response to the students affected by the Corona virus outbreak in Wuhan China to the Consulate in Beijing, but 2 billion shillings was returned on request due to differences in the cabinet memo and the release request by the responsible entity. Five billion shilling has been released to Ministry of Health in response to the COVID19 outbreak in the country. At the time of reporting, an unspent balance of 24 billion was still available in the Contingencies Fund, awaiting release, although there are also unfunded pending requests reported.

### 3.1.4 Responses and Interventions to Disaster Using the Disaster Budgets and the Releases from Contingencies Fund

#### 3.1.4.1 Interventions through Disaster Budgets

These interventions relate to table 1 above, where funds were budgeted and spent towards various occurrences over the period of study.

Although in the FY 2015/2016 the Contingencies Fund had not been operationalized, Government under OPM facilitated the mapping and conducted risk, hazard, vulnerability and disaster assessment in 109 districts, carried out El-nino rapid assessment for 25 districts, constructed 60 resettlement houses in Kiryadongo, carried out food monitoring assessment in 7 districts and procured and distributed relief items to disaster victims in karamoja, bundibugyo IDPs and other disaster victims in other parts of the country.



**The MoH Oriented health workers in the management of cholera cases in Butaleja and Namayingo districts, supported cholera affected districts including; Butaleja, Budaka, Pallisa, Namutumba and Namayingo, with medical supplies.**

The Ministry of Health Participated in weekly national epidemic task force meetings to mobilize response for prevention and control of epidemics and health related disasters. The MoH Oriented health workers in the management of cholera cases in Butaleja and Namayingo districts, supported cholera affected districts including; Butaleja, Budaka, Pallisa, Namutumba and Namayingo, with medical supplies. Supported Masaka district with medicines for management of suspected yellow fever patients. The ministry mobilised financial support for the control of cholera in 5 districts namely; Butaleja, Sironko, Bulambuli, Bukedea and Namayingo. Conducted technical support supervision in Eastern and central regions, to consolidate cholera control efforts. Participated in prevention and control interventions for the yellow fever outbreak in Masaka, Kalangala and Rukungiri districts.<sup>1</sup>

The FY 2016/2017 which should have been the first year for operationalization of the Contingencies Fund had disaster risk intervention, although not funded through the Contingencies Fund. The OPM handled effective preparedness and response to disasters, Risk, Hazard, vulnerability profile, prepared maps for 86 districts and initiated preparations of a National risk Atlas, Undertook training of communities aimed at improving their preparedness for disasters capacities for resilience in; Moroto, Napak, Kotido, Kaabong, Amuria, Bududa, Namayingo, Kitgum, Kabarole, Kyegegwa, Kyenjojo, Bududa, Bulambuli and Sironko. Under Refugees Management, OPM Received and settled 465,330 new refugees on land, demarcated 93,665 plots for settling new refugees, and produced the Policy draft document. Under grant of asylum and repatriation refugees, the institution handled 27,491 asylum claims, granted 15,093 asylum seekers refugee status and issued 625 Convention travel documents to refugees. Under resettlement of Landless Persons and Disaster Victims, OPM demarcated and allocated 1,396 plots of land in Kyaka, and Kyegegwa district to Ugandan expellees from neighboring Countries, registered families affected by Earthquake in Rakai District and registered 500 households at high risk of landslides in Bududa, Sironko and Bulambuli.<sup>2</sup>

The FY 2017/2018 which should have been the first year for operationalization of the Contingencies Fund, the disaster risk interventions were again not funded through the fund. The OPM resettled a total of 30,100 displaced and landless persons affected by floods, waterlogging and landslides, distributed 2,400 metric tons of relief food and 68,000 assorted (4,000 pcs of blankets, 8000pcs of tarpaulins, 5500 pcs of Jericans, 5,500pcs of basins, 33,000 pcs of plates and 12,000 pcs of cups) non-food commodities for disaster victims across the country. OPM conducted 912 Disaster Risk Assessments at district and sub-county levels in 126 DLGs, prepared 122 Risk, Hazard, vulnerability profile and maps for all DLGs, and trained 44 resource persons on data collection in the sub-regions of; Teso, Karamoja, Elgon, Kabarole, Buganda and Bunyoro. On the Refugee management, OPM received and resettled 231,302 new refugees in conformity to international laws.

<sup>1</sup> As report in the ANNUAL BUDGET PERFORMANCE REPORT FY 2015/16

<sup>2</sup> As report in the ANNUAL BUDGET PERFORMANCE REPORT FY 2016/17

### 3.1.4.2 Interventions through Releases from Contingencies Fund

Although the Contingencies Fund was operational, the numbers of interventions here do not exclusively relate to the releases from the fund but as well to the budget figures in table 1 above.

The FY 2018/2019 is the first year for operationalization of the Contingencies Fund, the disaster risk interventions were funded through releases from the fund as per table 2 above. The OPM received and settled 258,371 new refugees, issued 1,029 conventional travel documents and 29,285 identification cards to refugees. OPM distributed 65,684 seedlings in Adjumani to address environmental issues in refugee hosting communities, conducted 585 disaster risk assessment at district and sub-county levels, prepared risk, hazard, vulnerability profile and maps for 42 districts. OPM conducted training for key personnel on data collection to improve the country's preparedness and response to disasters. Relief food and non-food items were available to disaster affected persons across all sub regions of Uganda and households were resettled in resettlement communities.<sup>3</sup>

The FY 2019/2020 is the second year for operationalization of the Contingencies Fund, the disaster risk interventions are being funded through releases from the fund as per table 2 above. Some of the disasters that have been funded include the mudslides, desert locusts' invasion and the most recent being the COVID-19 outbreak. The Inter-Ministerial Task Force was set up with coordination from OPM and is led by MAIAF, with support from the Food and Agriculture Organization of the United Nations, Uganda People's Defence Forces and Desert Locust Control Organization for Eastern Africa.

The COVID19 has seen funding to the Consulate in Beijing to a tune of shillings 200 million for assistance to students in Wuhan, Hubei Province and 5 billion to Ministry of Health in awareness campaigns, prevention measures, as well as response to the infected persons across the country. It is important to note that all initial responses by Ministry of Health to the biggest disaster risk of recent times have not been made by funding from the Contingencies Fund, but by Contingent Emergency Response Component (CERC), an arrangement incorporated in MoH projects which allows activation of an emergency funding to respond to disaster. CERC is a financing mechanism by World Bank Group (WBG) which permits rapid access to funds in existing bank-financed projects. This mechanism allows reallocation of WBG Investment Projects' uncommitted funds among emergency response components. It has been critical in Ebola and Marburg disasters related responses but currently being activated for COVID 19 pandemic too, majorly because of its flexibility in generating critical timely financing. But it is safe to say that this mechanism too undermines the operationalization of the Contingencies Fund.

**Some of the disasters that have been funded include the mudslides, desert locusts' invasion and the most recent being the COVID-19 outbreak.**



<sup>3</sup> As report in the ANNUAL BUDGET PERFORMANCE REPORT FY 2016/17

# 4

## Challenges and Risks

- I. The operationalization of the Contingencies Funds is in its second year running and yet the information is not published and or readily available to the general public. This prompted the use of high confidentiality in accessing some of the key documents and information, although others could not be accessed. With limitation in access to information, it becomes hard to authoritatively state with fair accuracy the real reasons for the trends.
- II. The study was done at the time when the Contingencies Fund was undergoing the highest peak of activity since its operationalization. This led to constant changes in the figures for this report.
- III. The report writing phase was much affected by the country shut down of business due to the COVID19 pandemic concerns by government.



# 5

## Recommendations

1. The ministry of Finance should comply with the law, to fully operationalize the Contingencies Fund as per section 26, of the PFMA 2015 (as amended). The current practice violates the Act, and deprives the country of an appropriate organized mechanism of responding to disasters. This also distorts the budgeting process when special supplementary budgets are issued to Votes rather than releases to the Fund.
2. The Accountant General should give special permission to all line ministries, and agencies of government with vote status to operate an active contingencies account with Bank of Uganda to ensure prompt requests and transfers of funds when the disaster occurs. A case in point is UNMA has not been able to process Funds up to date intended for their role in providing real time data for early warning advisories as advised by cabinet since December 2019.
3. The Ministry of Finance should liaise with Bank of Uganda to provide for special status full time active Bank accounts for all disaster response line votes of government. This will ease the release of fund to the line agencies. Current practice is that an account is open when the disaster occurs, and is closed when dormant.
4. The application of the 0.5% should exclude the interest payments and amortization for the loan repayments by Government. This should be clearly spelt out rather than being implied.
5. In circumstances that the required 0.5% cannot be appropriated to the Contingencies Fund due to non-availability of resources, the entire previous year's allocation plus any unspent balances should be appropriated, until the total equals to the expected amount.

6. The post disaster Budget Call Circular under section D, should guide line MALGS on budgeting for sustainable intervention for any most recent disasters. The future budget should provide for sustainable response interventions, separate from those done using the Contingencies Fund. Although disasters occur as events, solutions should be permanent. Only newly registered disaster should take precedence on the Contingencies Fund, to avoid abuse.
7. The OPM should ensure that the National Disaster Preparedness And Management Institutional Structure and the National Emergency Coordination And Operations Centre in section 1.3.2 above are function and
8. MoFPED should ensure that funding at Local Government level directed towards disaster management, preparedness and prevention is highly considered, in order to enable the District Contingency Plans practicable. The case of locusts' invasion in the Karamoja region reveals that a number of Accounting officer are not in control of activities yet the NDMIS states roles for the District / city Disaster Policy Committees, District/City Disaster Management Committee, Sub-County Disaster Management Committee. The OPM can guide on Indicative Planning Figures.
9. The Financial performance in respect to operations of the Contingencies Fund should be captured in the PBS and IFMS on the fund code to Contingencies Fund. This can be either by **i)** by Accountant General who is mandated with preparation of the accounts, and to whom the funds are released or **ii)** A Contingencies budget be issued for this purpose to the spending entity under fund 03 and as per the audited account for book keeping purposes and future decisions in respect of related disaster occurrences.
10. The Ministry of Finance should incorporate a section about the Contingencies Fund in the BCCs and the sectoral BFP for. This will provide a clear guide for future budgets on sustainability of the response interventions.





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