New audit report finds no readiness to

The report says Shs9.3b has been recovered from a total of Shs3.25 trillion PDM cash released by the government by December 2022 and that money was given to ineligible individuals, while parish chiefs were overpaid and or underpaid, and some monies remain unaccounted for.

BY ELIZABETH KAMURUNGI

The Auditor General (AG) has highlighted a mixed bag of successes and failures for the Parish Development Model (PDM), the government's driver of improving household incomes and welfare.

Auditor General Edward Akol yesterday presented the findings for the year ending December 2025 to Parliament as required by law, highlighting the performance of different sectors in the country.

Mr Akol said only Shs9.3 billion has been recovered from a total of Shs3.25 trillion PDM cash released by the government by December 2022.

The PDM is a revolving fund set up by the ruling National Resistance Movement (NRM) party to benefit households at parish level and transform them from subsistence to a money economy.

But the recovery rate for the fund was found to be very low, with no evidence of preparedness for recovery in all Local governments (LGs).

"The beneficiaries who received PRF [Parish Revolving Fund] by December 2022, a total of 18,105 beneficiaries in 709 Saccos [savings and credit cooperative organisations] in 30 LGs had commenced voluntary recovery and a sum of Shs9.340 billion had been recovered," the report read in part.

The report added that the government has so far released Shs3.2 trillion to 10,589 Saccos. Of this Shs2.7 trillion has been disbursed, representing 84 percent while Shs508.6 billion was undisbursed.

The new report on PDM revealed that many of the challenges highlighted in the previous audits have persisted and have affected implementation.

The audit said money was given to ineligible individuals, while parish chiefs were overpaid and or underpaid, and some monies remain unaccounted for.

Mr Akol also reported delays in the disbursement of the PDM funds to households, a mismatch between parish and Local government priorities, and the absence of implementation plans.

"I noted that 619 beneficiaries in 267 PDM Saccos in 55 LGs had implemented ineligible projects, 109 beneficiaries in 86 PDM Saccos in 42 LGs had non-existent projects, 328 beneficiaries in 52 LGs diverted funds worth Shs0.263b, and 2,336 households in 506 PDM Saccos had received PRF multiple times," the report stated.

It added: "I further noted that a sample of 34 LGs that received Shs3.94b to coordinate implementation of PDM activities; however, a sum of Shs0.009b was overpaid to parish chiefs in 6 LGs while Shs0.031b was underpaid in 9 LGs. In addition, Shs0.055b was paid to 49 ineligible individuals, and Shs0.03b was unaccounted for."

The report also revealed that some groups lacked the required leadership and had fewer or more than the required number of members.

Despite these challenges, Ms Anita Annet Among, the House Speaker, hailed PDM as a key factor in the NRM's resounding win in the January 15 General Election.

Mr Yoweri Museveni, a candidate of the ruling NRM party, was declared president-elect with over 71 percent of the valid votes cast. His closest challenger, Mr Robert Kyagulanyi, popularly known as Bobi Wine, of the National Unity Platform (NUP) party, got 25 percent.

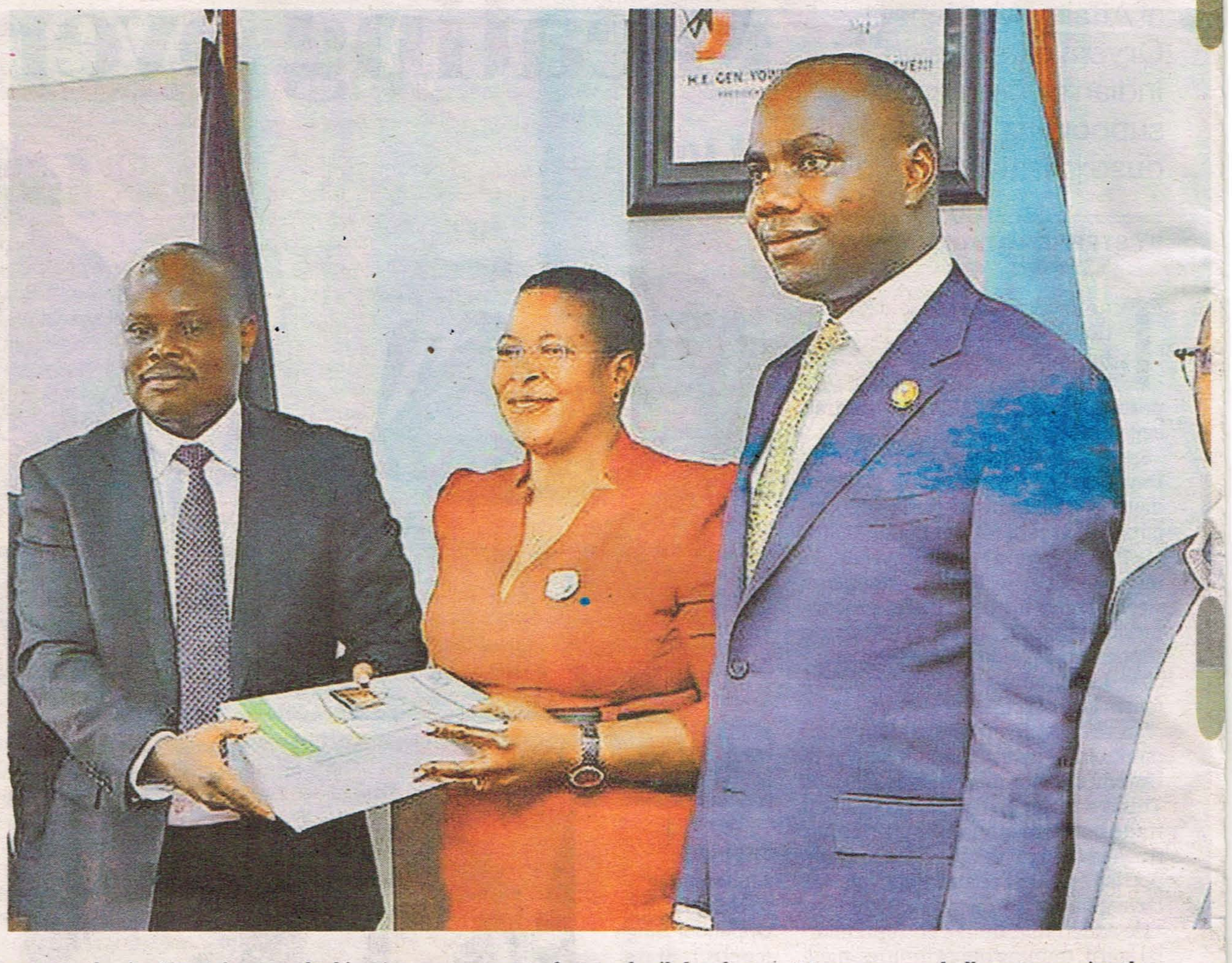
The NRM also has the biggest number of MP candidates elected to the 12th Parliament.

"You have seen the challenges that we have, but most of the votes we got were because of the people who got the money rightfully," she said.

Ms Among tasked the ministry of Finance to provide sufficient funding for the audit teams to be able to closely follow the PDM money.

"This money should go to the right people because we cannot appropriate money and 70 percent of the people who are rich get it while the 30 per cent cannot get anything. We want to make sure this money reaches the right people," she said.

Mr Akol advised the government to ensure enhanced supervision and monitoring and fast track the recovery under the revolving fund to ensure timely commencement of repayments.



Growing public debt

Mr Akol also indicated that Uganda's public debt grew by 65.6 percent in the last five years, and stood at Shs114.6 trillion in June 2025. This represents a debt-to-Gross Domestic Product (GDP) ratio of 50.29 percent, which he said is still below the set target of 54 percent.

"This sharp rise was a one-off transaction, where Government entered into an agreement with BoU [Bank of Uganda] to issue a 10-year amortised government bond, amounting to Shs7.779 trillion in respect of outstanding funds borrowed to finance the budget during the Covid-19 pandemic," he noted in the report.

The breakdown indicated domestic debt is higher than foreign debt by Shs3 trillion at Shs59.0 trillion, occasioned by the government's shift to domestic borrowing, a trend that economists argue crowds out local businesses.

Mr Akol also credited the Uganda Revenue Authority (URA) for a marked increase in collection of taxes, which have increased from Shs22.098 trillion in the Financial Year (FY) 2021/2022 to Shs32.357 trillion in FY2024/2025.

Customs and excise, value added tax and taxes on gains, profits fees and licences were the top contributors with innovations like the Electronic Fiscal Receipting and Invoicing Solution (EFRIS) credited for the increase.

Despite the increase, Mr Akol warned that the tax to GDP ratio has remained below the recommended figures.

"Uganda's Tax/GDP ratio has remained low, at around 13.4 percent," the Auditor General said. This is below the 15 percent recommended for developing countries and the Sub-Saharan Africa average of 18.6 percent.

"The tax base has not widened or deepened enough to tax all potential sources, resulting in debt dependency to bridge the financing gap. The imbalance is mainly due to the current Tax policy and residual inefficiencies in tax administration," Mr Akol noted.

President Museveni has often chastised the URA for its below average performance.

First Oil

In the report, Mr Akol also urged the government to fast-track oil development timelines if the country is to realise its first oil mid this year. Findings indicate that critical infrastructure is behind schedule.

"The overall completion rates for the projects was 57.0 percent for Tilenga against the target of 73.18 percent, 69.62 percent for Kingfisher against the target of 73.18 percent, and 62.5 percent for the East African Crude Oil Pipeline against the planned target of 72.0 percent," he said.

Additionally, the Auditor General noted that the National Oil Spill Response and Monitoring Infrastructure Project, aimed at strengthening Uganda's preparedness and response capacity to oil spill emergencies, has not progressed due to inadequate funding. Out of the project's estimated cost of Shs59.90 billion, only Shs1.20 billion was released.

"Failure to achieve established project milestones and critical path deliverables poses significant schedule risks to the 2026 First Oil target and the absence of a functional emergency response capability poses unmitigated environmental and safety risks ahead of First Oil," Mr Akol said.

President-elect Museveni in his victory speech on January 18 assured Ugandans that first oil would flow this year.

"Very soon, we shall start pumping the oil. We shall have money to deal with infrastructure, the railway, the power stations, some of the roads and science education," he said.

Staffing gaps

The audit report also noted that nearly half of positions in the public service are vacant even as qualified Ugandans linger on the streets without employment.

The Audit of the Public Service found the total approved establishment for Uganda's Public Service stood at 658,104 positions, of which 356,504 were filled, translating into an overall staffing level of 54 percent and a staffing gap of 301,600 positions (46 percent).

Referral hospitals have the highest gaps at 71 percent with 87,546 positions vacant, followed by primary healthcare services and public universities, both at 68 percent.

Government agencies have 7,169 positions to be filled, while ministries and departments have 8,023 and local governments have 31,608 slots not yet filled. There are 95,396 vacant positions in teaching.

The Accounting Officer explained that the low staffing levels are mainly due to the phased filling of the newly adopted staffing structures for hospitals and health centres as the government gradually strengthens hospital infrastructure.

In the health sector, the audit also noted that the government is struggling to attract specialists due to high entry requirements and lower remuneration compared to that offered under private practice.

"The inability to attract specialists in public health facilities continues to undermine service delivery in critical clinical areas. This results in delayed medical care, increased referrals to private healthcare providers, increased risk of mortality, and forces patients to seek costly private or overseas treatment," Mr Akol noted in the December 2025 report.

HEALTH SECTOR ISSUES

Relatedly, a review of the procurement and distribution processes for essential medicines and health supplies at the National Medical Stores (NMS) revealed significant funding gaps. During the FY2024/2025, the Ministry of Health and NMS revealed that Shs1.574 trillion was needed annually if NMS was to effectively execute this mandate. Only Shs1.393 trillion was allocated.

The audit also revealed widespread challenges in blood supply management at health facilities, including under-supply of blood in 67 health facilities, lack of functional cold-chain storage facilities in 13 health facilities, and prolonged blood stock-outs of up to 365 days in 34 health facilities.

The audit also found that Intensive Care Unit (ICU) and theatre equipment worth Shs150 billion lay idle in some regional referral hospitals, national referral hospitals, and general hospitals. There were gaps in the functionality, reliability, and safety of oxygen supply systems. Several facilities lacked fully installed pipeline systems, had oxygen plants that were not operational, or had unresolved technical failures affecting production capacity. In general, only nine of the 26 oxygen plants were serviced and only once during the year due to limited funding. In addition, the funds provided for maintenance of X-ray machines could only cover 21 of the 59 machines in the various hospitals.

recover PDM cash

Auditor General Edward Akol (left) hands over an audit report for the year ending December 2025 to House Speaker Anita Among at Parliament in Kampala yesterday. Ms Among is flanked by State minister for Finance Henry Musasizi (second right) and Clerk to Parliament Adolf Mwesige Kasaija (right). PHOTO/ X HANDLE OF PARLIAMENT OF UGANDA

Rationalisation of agencies

The audit report noted that the government's efforts to merge and rationalise agencies to facilitate efficient and effective service delivery and eliminate mandate and functional overlaps was also facing multiple challenges. Out of the 40 entities, 23 entities had been successfully rationalised while 17 entities were yet to be rationalised.

The audit found that of the 1,492 staff absorbed by government entities, a total of 1,389 staff absorbed by seven rationalised entities were paid Shs46.80b as terminal benefits. This was against the Attorney General's Letter and the rationalisation of government agencies and public expenditure (RAPEX) reform guidance by the Ministry of Public Service that barred compensation for re-appointed staff.

The findings further indicated some of those rightfully entitled to benefits were still waiting, others received less than they are entitled, raising concerns of inconsistencies and ambiguity in the process.

"A total of 425 staff retired following the rationalisation exercise. Of these, 410 staff that had retired from six entities had so far been paid terminal benefits amounting to Shs30.4b, while 20 staff who had retired from two entities had not been paid their terminal benefits. Similarly, a number of staff retired due to rationalisation from three (3) entities claiming Shs2.08b."

84%
OF PDM CASH HAS BEEN DISBURSED

Public Procurement

The audit report also highlighted multiple inconsistencies in public procurement, including delays, unplanned procurements, which puts the government at a disservice.

The Auditor General also raised the red flag on the absence of standardised prices for services and government works. He noted that different government entities spend varying amounts of money, for example, an analysis of the costs for construction of a sample of tarmacked roads revealed variances for each square metre, ranging from Shs299,977 to Shs609,639.

Relatedly, the report highlighted that public infrastructure projects worth billions, including roads, education projects, energy projects, health and water projects worth Shs6.5 trillion have been delayed due to poor planning, inadequate capacity of contractors, and weaknesses in contract management and supervision.

"These delays affect service delivery, increase the risk of project cost escalations and expose the Government to reputational risks," Mr Akol noted.

He also reported an underperformance of in the uptake of available electricity. This resulted in deemed energy costs with a total of Shs26.94b recognised as deemed energy. The Uganda Electricity Distribution Company, which replaced UMEME as a power distributor, has come under the spotlight for service delivery challenges, including network reliability, outage management, complaint resolution, and metering services.

Mr Akol urged the government to implement a long-term network rehabilitation plan, prioritise critical capacity upgrades, particularly transformers and feeders in high-load areas, strengthen controls against vandalism and theft, and fully operationalise and leverage on procurement reforms to sustainably improve service delivery.

Wetland encroachment

The report also said Ugandans have continued to degrade and destroy wetlands, further straining the environment. Fourteen major water bodies suffered extensive encroachment through construction, sand mining, landing sites, washing bays, recreation facilities, wastewater discharge, agriculture, settlements, quarrying, artisanal mining, unregulated water abstraction, rice farming, charcoal production, and wetland drainage, among others.

These actions contravene Section 53(2) of the National Environment Act Cap 181 and Regulations 29(1) and 30(1) of the National Environment (Wetlands, Riverbanks and Lakeshores Management) Regulations, 2,000, requiring distances of 100 metres and 200 metres from protected zones.

Efforts by the Ministry of Water and Environment and the National Environmental Management Authority (NEMA) to save critical natural resources have not been sufficient, the report stated.

"The encroachment has led to physical, chemical, and biological contamination manifesting as sedimentation, algal blooms, flash floods, rising water levels, reduced water quality, increased treatment costs, endangered aquatic biodiversity, compromised ecosystem services, and public health risks," Mr Akol warned.

Afcon preparations

The Auditor General applauded the government for the progress made in preparation for Uganda to co-host the 2027 Africa Cup of Nations (Afcon). He noted the completion of the Hoima City Stadium as worthwhile progress but highlighted significant gaps in the other facilities.

For Instance, the VIP lounges on the first floor of Mandela National Stadium were experiencing a lack of air conditioning due to the AC system's failure to accommodate increased thermal load caused by large crowds, while drainage systems at Mandela National Stadium (MNS), Kyambogo University, and annexes of MNS were found to be insufficient to evacuate rainwater efficiently. Additionally, the construction of Akii-bua stadium is behind schedule.

But the government gave assurances that Akii-bua Stadium was on course to be completed by August 2026, while the contract for the renovation of Mandela phase two was in the final stages of being concluded.

Under the health sector, the audit report noted that Uganda has lost $312.804 million (Shs1.10 trillion), which was initially provided by development partners through budget support for maternal and child health, prevention and control of diseases such as HIV, malaria, and TB, provision of mental health services, and addressing the rising burden of non-communicable diseases (NCDs), among others.

The shifting priorities by development partners, Mr Akol said, require the government to develop a contingency plan to minimise disruptions to public health services delivery programmes arising from these reductions in budget support.