

UGANDA: THE ECONOMY, POVERTY AND GOVERNANCE

SUMMARY REPORT

OF

THE CONSULTATIVE GROUP (CG) MEETING HELD
AT
KAMPALA INTERNATIONAL CONFERENCE CENTRE
MAY 14 - 17, 2001

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SUMMARY

The third consultative group meeting to be held in Uganda came to a close on May 17, 2001, ending four days of presentations and debate between the government of Uganda and her development partners. The meeting attended by a cross section of government officials, representatives of development partners, the private sector, and civil society organizations afforded the various participants an opportunity to register their concerns and expectations.

The meeting was marked by extensive debates on issues that ranged from macro-economic performance to governance and corruption. In addition to a critical appraisal of the Poverty status report, the themes under poverty focused on such issues as population. The presentations and debate on governance focused on corruption, national and regional insecurity, as well as the recently published UN Report on the Congo. Not only were the many issues under discussion around poverty consistent with the priorities of the government of Uganda, but they fell neatly within the framework of civil society's current interventions that underscore the importance of civil society participation in the development of the country.

The recommendations by government, the development partners and civil society arising out of the discussions revolve around structural transformation of the economy to realize the raising the quality of life of the poor, the equitable distribution of goods and services, infrastructure maintenance and development, and substantive changes in the governance realm to combat corruption.

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Acronyms

AIDS	Acquired Immune Deficiency Syndrome
CAPs	Community Action Plans
CCF	Country Cooperation Framework
CG	Consultative Group
CID	Criminal Investigation Department
CSOs	Civil Society Organizations
EU	European Union
IGG	Inspectorate of Government
MFPEd	Ministry of Finance, Planning, and Economic Development
MTEFs	Medium Term Expenditure Framework
NGOS	Non-government Organizations
PMA	Plan for Modernization of Agriculture
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UPE	Universal Primary Education
UPPAP	Uganda Participatory Poverty Assessment Project
PAF	Poverty Alleviation Fund
PEAP	Poverty Eradication Action Plan
PRSC	Poverty reduction Support Credit
RSDP	Road Sector Development Programme
URA	Uganda Revenue Authority

INTRODUCTION

The third Consultative Group (CG) meeting to be held in Uganda closed on May 17, 2001, ending four days of presentations and debate between the Government of Uganda, her development partners, the private sector, and civil society organizations. There were two days of pre-CG discussions followed by two days of CG proper. Although the discussions were open for a wider spectrum of stakeholder participation, interventions in the CG proper were more restricted.

The issues under discussion ranged from macro-economic performance to corruption. Much of the discussion however, focused on poverty and the needed strategies for improving the quality of life for the poor. The discussion, particularly around poverty measures was consistent with the priority areas of Government poverty interventions and also underscored the critical importance of synergies with civil society needed for sustainable poverty reduction and development.

This report is a summary of the proceedings based on participant observation and a review of related documents. It is organized in three parts. Part I summarizes government positions on macro economic performance (revenue mobilization and expenditure), poverty and governance with highlights of achievements and future strategies. Part II synthesizes the positions of the development partners on economic performance, poverty, and governance identifying institutional and strategic gaps and making recommendations for a way forward. Part III documents the position of civil society on critical areas of government intervention in poverty alleviation, good governance with recommendations for strengthening current and future interventions. Part IV is a summary of the main elements of the recommendations to both government and her development partners. This section highlights potential opportunities for civil society to play a role in strengthening public policy in the areas of economic and social development.

PART I

GOVERNMENT: THE ECONOMY, POVERTY, AND GOVERNANCE

1.0 Introduction

In the opening statement on 14th May 2001, Hon. Gerald Sendaula presented the theme for CG 2001-2002 as “Economic Growth and Structural Transformation of the Economy”; highlighting the achievement of sustainable poverty reduction without compromising the required economic growth as mission critical. Policies adopted in this regard include building human capital through expansion of educational opportunities and fighting corruption in all sectors of Government and the private sector.¹

1.1 Budgetary Strategy and Performance: Revenue and Expenditure Overview

Revenue performance registered some improvement over targets. However, overall budget performance was low, necessitating cuts in “non priority” expenditures under the development budget. Contributory factors for government’s low economic performance included a Ushs 26 bn fall in domestic revenue, “unforeseen” expenditure on the elections, expenses for disarming the Karamajong, combating terrorism, and the re-opening of Foreign Missions that had been closed.

Although expenditures were contained within the limit of 3% of the total approved budget as agreed with development partners, the Development budget under-performed by 16% in relation to the approved budget. In some cases, this under-performance could be attributed to delays in implementation and operational bottlenecks. For example, recruitment of “front-line” staff at district level, including primary teachers, primary health care workers and agricultural extension workers was slower than projected. Similarly, the implementation of the new Non-Sectoral Conditional Grant for Sub-counties was delayed.

On a positive note, the government noted that receipt of budget and import support grants were above government’s projections. This improvement was as a result of the positive impact of the exchange rate depreciation on total budget support receipts and additional budget support

grants from EU, UK and the Netherlands. While, these funds cannot be used to increase expenditures, they will increase the government's financial scope for expenditure during the 2001/2002 FY.

1.2 Resource Outlook 2001/2002 FY.

Domestic resource mobilization and increase of domestic revenue as a share of GDP to reduce dependency on donors was stated as a major concern and ongoing effort. The government acknowledged the limited tax options available to it with regard to tax handles and inherent constraints to introducing new or increasing existing taxes. The Finance Minister explained that government strategy has focused on improving tax administration with a view to realizing efficiency gains by means of: recruitment at senior management levels, increasing administration funding and judicious deployment of funds to maximize revenue collection capacity and facilities. With the expected efficiency gains, domestic revenue, presently at 11.3% of GDP is projected to increase to 11.9% of GDP, which is still low even by Sub-Saharan African standards.

1.3 Fiscal Decentralization

It was noted that the multiplicity of grants, bank accounts, and reporting mechanisms for donors and government transfers are undermining local governance and accountability. To this end, a more streamlined financing and reporting system is being devised, which once approved and implemented, on full or pilot basis, in the FYR2002/03 will reduce the administration burden and strengthen financial accountability.

In addition, government intends to introduce reforms aimed at improving and institutionalizing financial accountability, both at central and local government levels by revising the Finance Act and Regulations.

1.4 Improving Service Delivery through Cross-Cutting Reforms

The government is determined to ensure the effective service delivery of public services. Critical to meeting this objective is the implementation of gradual pay reform in the next

financial year to eliminate distortions arising from select pay awards and allowances, as well as, to achieve benchmark salary targets for critical roles and skills and establish a sustainable retirement benefits scheme. The focus on salaries as a major crosscutting reform is designed to curb the rent-seeking behavior by public officials widely believed to be a major impediment in the effective and equitable use of public resources for poverty alleviation measures.

1.6 Funding New Policy Initiatives

The Uganda Poverty Status Report 2001 revealed that the poor were excluded from accessing Government services due to the existence of user fees. In order to increase access of the poor to services, government has abolished user fees in all government health facilities. Furthermore, new districts have been created, in line with the on-going process of decentralization, with the aim of further contributing towards bringing services closer to people. With respect to the newly created districts, government intends to provide start up funds as well as technical assistance.

1.7 Economic Growth

Government noted with concern that high dependency on primary exports exposes the country to international price fluctuations. Similarly, periodic droughts, pests and diseases have an equally negative impact on the country's economic growth. The government intends to counteract these negative trends to growth through the following strategic objectives:

- ❑ Reduction of population below poverty line to less than 10% by 2017.
- ❑ Stimulating domestic investments to cushion the economy from internal and external shocks.
- ❑ Attracting increases in foreign direct investment.
- ❑ Increasing domestic savings rates which remain low at 5.7% of GDP² in 1998/99

The government acknowledged that the main constraints to increased investment and business expansion relate to three main issues: cost, access and reliability of infrastructure and utility services; weak commercial justice and corruption; and, the availability and cost of capital.

² Compared to 13.3% for other sub-Saharan countries

Measures to address these institutional and infrastructural weaknesses were later outlined by government, which also took the opportunity to identify the areas targeted as growth areas, which include traditional and non-traditional exports development; agriculture, industry, and services.

1.8 Priority Action Points

It is envisaged that strategies to support growth in these areas will be implemented over the next 12-18 months. The strategies, which are contained in the PMA and Medium Term Competitiveness Strategy (MTCS) include:

- ❑ Infrastructure expansion and utility .
- ❑ Financial sector reforms.
- ❑ The Plan for Modernization of Agriculture.
- ❑ Institutional reforms³.

1.9 Project Assistance from Donors.

It is envisaged that there will be increased budget support with improved modalities for utilizing project support from donors. Among the schemes considered is the integration of Project implementation units into Government structures or the establishment of executing agencies by “Order” with the approval of MFPED and MOPS under a single Executive Agencies Act still to be introduced.

Furthermore, autonomous institutions and agencies are to be integrated within sectoral MTEFs with monitorable performance indicators while options for contracting out of public services, where cost effective, will continue to be explored. The monitoring function will be contracted to NGOs where necessary, although Government is to be informed about such arrangements. **It is projected that NGO advocacy role will remain independent of Government and where necessary NGO activities would be supported by donors⁴.**

³ See also Economic Growth and Transformation Action Strategy -Paper presented to the Meeting of the Consultative Group for Uganda, 14-17 May 2001.

⁴ This proposal is indicative of government’s commitment to exist the civil society organizations as partners in the monitoring of public policy.

All public expenditures should adopt a sector-wide approach. A participatory budget process is to be devised to achieve inter-sectoral prioritization. Each sector will receive a resource envelope, which includes projects (including a separate envelope for donor-funded projects) so that it relies fully on flexible expenditure within established ceilings. Technical assistance will be directed at efficiency building so as to reduce costs in future. Given the confidence that exists on the efficacy of Uganda government's management of the budgetary process, there was some discussion of the possibility of phasing out the PAF. However, for PAF to be phased out would require alternative mechanisms for measuring pro-poor allocation of the budget and the means to ensure that sectors address the poverty dimension of the services they supply are in place.

1.10 The Road Sector

The CG discussed a presentation on the government transport sector policy. In so far as the Road Sector in Uganda is the dominant mode of transportation, poor road management capacity for both national (trunk) and district (feeder) roads was identified as a constraint especially with respect to improving market access under PMA⁵. Opening up rural areas to wider markets for their products is acknowledged as a vital prerequisite to reducing the incidence of poverty in these areas.

The overall growth of the transport sub-sector in the last decade was 7-8%, a notable achievement being the implementation of several maintenance and construction projects.

Despite the general improvement in the percentage of roads classifiable as "fair" to "good" based on their general condition in the last decade, studies of the district and urban network show that 50% are in poor condition, 30% in a fair condition, and 20% in good condition. With respect to community roads, the percentages are 86% in a poor condition, 9% fair condition, and 5% good.

1.10.1 Strategy for Road Network Improvement

The Government has set up a new institution - Road Agency (RAFU) for road sector management to foster effective monitoring and evaluation improved coordination and transparency in fund utilization. Given that local authorities handle feeder roads/ district roads, the challenge is how to integrate this institution with the decentralization process.

A Donors' Conference scheduled for September/ October 2001 will update Donors on the details on implementation of the RSDP. At the conference, government will inform the Donors on policy issues that are currently pending, and the plan for the implementation of the District, Urban, and Community Access Roads Strategy.

1.11 Population, Reproductive Health, and Development

According to the Population Secretariat, Uganda has one of the highest levels of unmet need for family planning in Africa. As a result, the demographic trend reveal that Uganda's population growth rate stands at 2.7% with an estimated 6.9 births per woman in 2000, which is a marginal decline on the 1991 figure of 7.1 births per woman.

Uganda's high population growth rate has implications for social and economic development. The demographic trend suggests that the current population will double over the next 20 years with a large percentage of that population below the age of 20 years old. The corresponding decline in the productive population has serious development implications including increased pressures to use most of the land for food crops thus reducing export production, and increases in soil degradation. Furthermore, the increase in the number of school age children, which is likely to more than double, will increase the pressure on resources and infrastructure. Therefore, there is an urgent need to improve the quality of life by:

- ❑ Improving the reproductive health of men and women.
- ❑ Improving child survival.

- ❑ Improving the ability of the Government to reach social and economic objectives, thereby reducing poverty and realizing PEAP goals.

Recommendations for a way forward include:

- ❑ Sustained commitment and support from leaders at national and district level in the improvement of reproductive health.
- ❑ Improvements in the quality and access to affordable services.
- ❑ Increased private sector participation in service provision.
- ❑ Sustained donor support to meet reproductive health goals.
- ❑ Increased participation of civil society organizations, including NGOs and faith-based organizations as well as cultural leaders in reproductive health services.

1.12 Combating Corruption

There are seven institutions/units mandated to fight the abuse and misuse of public office and resources in Uganda⁶, which highlights the acute concern by the people of Uganda, donors, and private investors over Uganda's high ranking on the corruption "League Table". The Anti Corruption Action Plan seeks to impose more stringent measures against offenders than presently provided for. The main constraints to effectively combating corruption were identified as relating to: poor information flows, and weak institutions that were inadequate in the monitoring of corruption at central and local levels. The identified weakness of current institutions in combating corruption was captured by a Uganda Debt Network Dossier on Corruption, which noted that:

"If the Reality in Uganda demonstrates anything, it is that it is one thing to have institutions in place and quite another to have them work" (2000:4).

In recognition of the challenges faced by government in combating corruption, the government proposes an action programme that includes:

- ❑ Strengthening the CID National Fraud Squad

⁶ Inspectorate of Government (IGG), The Directorate of Ethics and Integrity, the Directorate of Public Prosecution (DPP), The Auditor General (AG), The Public Accounts Committee (PAC), The Criminal Investigation Department (CID) and the Non-Performing Assets Recovery Trust (NPART), all but the Department of Ethics backed by Law.

- ❑ Charging the Department of Ethics and Integrity with the monitoring and coordinating reform laws on whistleblowers and with developing a stronger and more effective Leadership Code.
- ❑ Strengthen the Judiciary, the CID, and the institution of the IGG, and the Ministry of Justice to develop sector-wide approach for law and order sector.
- ❑ Facilitate the disposal of backlog and pending cases in all these departments
- ❑ Create dedicated units within each of these institutions for purpose of public information and awareness building
- ❑ Broaden the mandate of the IGG to cover public information and education, enforcement of the Leadership Code and to conduct National Integrity Surveys.
- ❑ Strengthen Local government accountability procedures and likewise enhance procurement systems at the Ministry of Finance and Economic Development to achieve greater accountability, and transparency.
- ❑ Office of the Auditor General to recruit new staff, build its capacity, and introduce a non-discretionary policy for referring audit reports to law enforcement agencies. Uganda Revenue Authority to develop a code of conduct for URA staffs⁷
- ❑ To build public awareness and encourage reporting of corrupt practices by Government, the private sector, the press and NGOs to supplement government efforts to stamp out corruption.
- ❑ Outputs of public services to be monitored in terms of quantity, quality and incidence.

Other measures by government include the introduction of institutional reforms in the Road Sector, supported by capacity building to ensure efficiency⁸

1.13 Partnerships for Poverty Eradication

The CG discussed building partnerships between government, donors, civil society, and other stakeholders to support the Poverty Eradication Programmes. Making partnership work on the ground is being taken seriously to the extent that these partnership principles form the basis of Volume 3 of the Poverty Eradication Action Plan (PEAP).

⁷ PEAP Vol. 3

⁸ Institutional Reforms in Uganda's Road Sector Management and Status Report: 14-17 May 2001.
Consultative Group Meeting - Report
Kampala International Conference Centre
May 14-17, 2001

Outstanding issues to be addressed by PEAP were identified by the Poverty Eradication Working Group as being: meeting the needs of the poorest 20%, redressing gender and geographical inequalities and environmental concerns. It is envisaged that improved measures will be put in place to empower the poor through bottom-up approaches to ensure the required accountability and inter-sectoral linkages.

Corrective measures have already been undertaken to improve the poverty profile of the country. These include:

- ❑ The incorporation of gender issues in the Road Sector programme especially the inclusion of rural women in the income generating activities thereby enhancing their earning potential.
- ❑ Shielding Poverty Action Funds (PAF) against the impact of revenue shortfalls⁹.
- ❑ Relocated Savings from grants to cater for key PMA related activities.
- ❑ Improving tax administration for greater efficiency gains and increased revenue.
- ❑ Completion of the Health Sector Strategy Plan, and securing donor resources to the sector.
- ❑ Maintaining high levels of economic growth, which have directly translated into a decline in the population living below the poverty line¹⁰.

These initiatives notwithstanding, government noted that greater efforts would be required to achieve benefits that are cumulative towards combating mass poverty and this is reflected in the policy objectives as stated for the next financial year: -

- ❑ Realize an increase in domestic revenues amounting to 11.9% of GDP¹¹.
- ❑ Realize an increase in budget support in form of grants by 18% over the 2000/01 levels.

⁹ Keynote addresses by Hon Gerald Ssendaula-14th May 2001

¹⁰ Poverty has declined by 21% from 56% in 1993 to 35% in 2000. Average per capita income grew by 65% from US\$ 200 in 1990 to US\$ 330 in 2000.

¹¹ The government noted that the engagement of a new boss for the Uganda Revenue Authority would ensure the discipline required to expand and strengthen the country's revenue base and revenue collection.

- ❑ Secure an increase in World Bank Poverty Reduction Support Credit (PRSC) to the value of \$150 m to facilitate development in the fields of Education, Health and Water and Sanitation sectors¹².
- ❑ Maintain strict budget discipline with priority expenditures on Poverty Eradication Action Plan and the Sector Wide Investment Plans.
- ❑ Develop sector wide investment Plans in Justice/Law and Order, Lands, and Social Development Sectors.
- ❑ Commit increasing amounts of resources to key poverty focused areas via Poverty Action Fund.¹³
- ❑ Establish systems for increased transparency in its financial operations; establish ceilings needed to be adequately flexible to allow for contracting out; initiate public service reforms.

The process of economic transformation will be highly participatory, involving key stakeholders from the private sector, civil society, line ministries, and development partners, in order to build consensus for the reforms.

¹² Keynote addresses by Hon Gerald Ssendaula-14th May 2001.

¹³ Total expenditure on poverty focused areas is projected to increase to more than Ushs 100bn, with government contribution increasing from Ushs 32.89 bn to Ushs 86.58bn over and above the 1997/8 expenditures.

PART II - The Response of Development Partners: Economic Performance, Poverty, and Corruption

2.0 Introduction

The responses of the development group (donors) to the government's positions on the economy, poverty, and corruption reflected many shared concerns. However, Uganda's development partners are not a homogeneous group and there were some differences in emphasis and recommendations made by individual partners. This section presents the synthesized response to government's position on its financial and economic performance, poverty, and governance. Where there are significant differences in the individual concerns and recommendations these are highlighted.

2.1 Economic Performance 2000/2001

The development partners commended the government of Uganda for its economic performance despite an exceptionally hostile external environment characterized by falls in the coffee prices -Uganda's main foreign exchange earner. Despite the positive trend in the country's economic performance it was noted that in order to maintain growth rates necessary to achieve poverty reduction, the government must focus on implementing structural reforms necessary to accelerate growth,¹⁴ including:

- ❑ Investment in transport and power networks.
- ❑ Continued stabilization of monetary and exchange rate policy
- ❑ Further liberalization to trade policy for regional and global trade.
- ❑ Expansion of the financial sector to serve medium, small, and rural enterprises.
- ❑ Improvement in commercial justice to make contracts enforceable under the law; and protect property rights.¹⁵

2.2 Poverty Reduction

¹⁴ United States Delegation

¹⁵ As clearly outlined in the Plan for the Modernization of Agriculture (PMA)

It was noted that since the last Consultative Group meeting, March 2000, the government had continued to register progress across the four pillars of its poverty reduction strategy. As a result:

- ❑ The number people living below the poverty line had fallen to 35% in 2000, a significant decline from the figure of 44% estimated from the poverty monitoring survey of 1997.
- ❑ Inflationary pressures were contained owing to a tight monetary policy, and foreign reserves stood at a comfortable level.
- ❑ Pro-poor allocations of public expenditure were sustained as Medium Term Expenditure framework (MTEF) and the Poverty Action Fund (PAF) continued to shift public expenditure toward social sectors and infrastructure development. The prioritizing of health, education, water and sanitation and road sectors in the PEAP/PRSP was also a positive trend.

Despite the strong commendation by the development partners for government's social sector performance, it was noted that the Uganda Government continued to face several challenges that threatened its achievements, thus far, in poverty alleviation. The challenges outlined relate to equity, quality, and institutional concerns that include:

- ❑ The rise in inequality between urban and rural areas
- ❑ The widening gap between regions, specifically between the south and the north where the incidence of poverty was on the increase.
- ❑ The weak revenue performance.
- ❑ Poor tax administration system.
- ❑ The slow delivery of services that are relevant to the poor (health, water and sanitation and education).¹⁵
- ❑ Poor reproductive health.
- ❑ The fragility of the HIV/AIDS success story.
- ❑ Environmental degradation that threatens future land use.
- ❑ Gender specific constraints related to, (a) poverty; (b) inequality under the Justice, Law, and Order sector; (c) the weak capacity of women councilors; and, (d) adult literacy.

¹⁵ Representative of the African Development Bank
Consultative Group Meeting - Report
Kampala International Conference Centre
May 14-17, 2001

2.2.1 Recommendations

The recommendations arising from these concerns revolved around important institutional and financial reforms:

- ❑ Improvements in the security situation in the North to create conditions conducive to poverty reduction.
- ❑ Reforming the tax administration, and broadening the tax base.
- ❑ Sustained prioritizing of expenditure and tight accountability procedures in the local administrations
- ❑ Effective monitoring and evaluation procedures.
- ❑ Concerted and tangible efforts to combat corruption at all levels through the consolidation and strengthening of the law enforcement mechanisms.
- ❑ Reform and strengthen the public procurement agencies.
- ❑ Accelerating the operationalization and implementation of the Plan for Modernization of Agriculture.
- ❑ Greater attention to the gender dimensions of poverty.

In a well-articulated document on gender¹⁶, it was noted that the Poverty Status Report was an improvement on the previous PEAP document in documenting the specific gender constraints. However, it was recommended that specific areas could be delineated for immediate attention to address gender inequalities, namely:

- ❑ Analyzing what specific gender constraints are within the justice sector and developing measures to address them with indicators to monitor progress
- ❑ To enact the co-ownership clause in the Land Act to increase women's ownership of land
- ❑ Increase the protection of women in the Domestic Relations Bill during and upon the dissolution of marriage.
- ❑ To invest more resources to improve the skills and effectiveness of women councilors and parliamentarians.
- ❑ Put in place strategic plan to increase the coverage and effectiveness of adult literacy programmes to empower women.

- To improve on the collection and disaggregation of data by gender in all sectors (education was commended for doing this).

2.3 Governance

The above recommendations were framed in the context of greater transparency and accountability in procurement procedures and participatory practices in the formulation and implementation of programmes – i.e. good governance. It is therefore not surprising that a major part of the discussion in the consultative group meeting centered on corruption and its attendant impediments to economic growth, and the equitable distribution of goods and services.

All the development partners concurred that bad governance characterized by a lack of transparency and accountability was a matter of urgent concern. There was general skepticism about government efforts to decisively stamp out corruption because as noted by a number of donor representatives, the measures outlined by government to fight corruption had been made at previous meetings but without tangible results. The centrality of corruption in the discussions on governance was highlighted by the presentation by Jakob Svensson, a World Bank consultant, which accented the cost of doing business in the private sector and its impact on performance. At a time when Uganda needs to attract private investment to augment donor support, the high incidences of corruption in Uganda constitute a heavy burden that is discouraging for private firms. Furthermore, that contrary to popular belief that corruption in the form of bribes oils the wheels of doing business, it is a serious impediment to doing business more than corporate taxation.

The Ireland Aid representative underscored the significance of corruption for the country's future investment opportunities. For example, he noted that as Ireland moves to new depth in their partnership with the government governance issues, particularly, the lack of capacity and practice in accountability as well as, the country's high ranking in the corruption indices were a major concern. He argued that failure to initiate an open dialogue on corruption as well as sounder accountability practices would negatively impact both macro-economic stability and

growth and hence reduce the country's comparative advantage in the global market, and its attractiveness for investment.

The recommendations arising from the discussions on corruption include a more concerted effort on the part of government to fight corruption. In order to meet set objectives to fight corruption government should, (a) devise a more systematic and effective way for fighting corruption, (b) strengthen existing anti-corruption institutions designed to promote good governance and tackle corruption, and, (c) provide greater support for Justice/Law and Order sector

2.4 Governance: Conflict, Insecurity, and Systems of Political Organization

The discussion on governance was not limited to abuse of public office and public resources due to weak institutions and accountability procedures. The discussion touched on other issues in governance that posed a potential threat to the sustainability of government programmes. Among the issues under discussion were national and regional conflicts, the Report by the UN Panel of Experts on the illegal exploitation of natural resources in The Democratic republic of Congo, and the state of the movement system as a system for political organization.

2.4.1 National Insecurity

All the development partners identified the persistence of insecurity particularly in the North was as a major set back in the fight against poverty. Insecurity in the region exacerbated many of the dimensions of poverty especially when other factors worked to exclude the region as a whole from accessing goods and services. Of particular concern was the abduction of children by the LRA and other human rights violations in the region. The Norwegian delegation noted that strategies to end the conflict and insecurity in the North should be based on inclusiveness and dialogue as an important feature for coping with the situation. They recommended that the Amnesty law should be combined with a comprehensive programme for social and economic development in the North.

2.4.2 Regional Conflict and The UN Panel of Experts

The development partners noted with concern the UN Expert report that links the continued conflict in the Congo with the exploitation of resources in that country by Uganda. The partners were encouraged by government commitment to give the matter serious attention including the establishment of an independent Commission of Inquiry to investigate the allegations by the UN Panel Expert, and if necessary bring the culprits to book. In the short term, however, donors recommended that the government withdraw its forces from the Congo, bring to book all individuals, if any, implicated in the exploitation of Congo resources and adhere to both the letter and spirit of the Lusaka Agreement.

2.4.3 The Movement as a System of Political Organization

The issues of democratization and good governance (political) provided another dimension to the governance discussion. In this regard the delegations from the United States, Ireland, and Norway made a point of highlighting gaps in the governance structure at the political level and its implications for open dialogue and sustainability of the current economic stability experienced in the country.

On their part, the delegation from Ireland, noted that while the Movement system had served Uganda well by restoring human rights and instituting extensive economic and social reforms, a commendable legacy of the Movement system, there was need to move beyond the restoration of relative security using past tyranny as a bench mark of progress. It recommended that the government build on the present leadership to provide a vision for the future of the country. Both the United States and European Union delegations were more explicit about their expectations about how the President should use the next five years for advancing the governance realm- instituting a fully open and competitive democratic system, as a legacy of his administration.

PART III - The Civil Society Response: The Economy, Poverty, and Corruption

3.0 Introduction

The response of civil society on the various issues under discussion mainly focused on poverty issues. The Uganda NGO Forum representative Mr. Warren Nyamugasira articulated civil society concerns and expectations on behalf of the private sector, research institutions, and other Civil Society Organizations (CSOs). The position of civil society was clearly outlined in a ten-point statement. In addition, he presented a status report on civil society activities over the last year.

3.1 Poverty: The Poverty Status Report

Civil society appreciated the role of the UNDP Resident Representative's for taking a lead role in supporting CSOs. The Civil Society representative also commended the donor community for their continued support and engagement in the process of reducing poverty. The Government was commended for its achievements, such as taking the bold step to abolish cost recovery in all Government health facilities, increased enrollment of children in primary schools, exceeding the targets for being on course to meet international development goal of attaining universal primary education by 2015. He also noted with satisfaction that the Government in its presentations had highlighted shortfalls as well as achievements in its Poverty Status Report 2000/2001. Conversely, he noted with concern that despite the registered growth, the economy remained vulnerable to external shocks. He identified other areas that adversely impact the quality of life of the poor, including:

- The uneven distribution of the benefits of economic growth particularly in those areas where insecurity persisted.
- Corruption at all levels was an impediment to the effective implementation of poverty interventions.
- That HIV/AIDS remains a major development and security threat, which with the global decline in development assistance presents a threat to poverty measures.
- That resources freed up for poverty alleviation remained low. Despite the debt relief savings, the failure for all donors to cancel debt was a major concern in meeting targets

contained in 2015 international development goals.

- That there was a discrepancy between official figures relating to economic growth and poverty reduction and the real rise in the equality of life of the poor as illustrated in the UPPAP findings.
- Weak link in the government's partnership with civil society in meeting development needs.
- The proposal by government to amend the NGO Bill, which would hamper the ability of NGOs to implement Donor projects and to monitor government policies as an independent body.

3.2 Economic Growth and Transformation

Liberalization of the economy has unlocked great potential for the private sector.

Despite the gains of the liberalization policies in the areas of increased production of coffee and stimulating competition and productivity, the impact of these on the poor has not had as much impact on the poor as one would have expected.

Of particular concern is the growing inequality among farmers who do not have equal access to productive assets. The lack of tangible improvements in the quality of life among many of the poor is further heightened by inequalities that exist between men and women in accessing productive assets. Another concerns related to the contrary impact of liberalization policies, which in promoting the expansion of cash crops and export crops has undermined the food security of farmers and their capacity to meet other basic needs.

Other registered concerns related to Uganda's GDP, which still remains low with domestic saving accounting for only 5.7% in comparison to 13.3% in other Sub-Saharan African countries. Furthermore, life expectancy at birth estimated at 42.7 years is still very low. It was noted that despite the achievements in enrollments under UPE the quality of education and pupil attrition remain major concerns.

Thus, with respect to the liberalization policy, caution is sounded against *fully opening up the*

economy before it is ready which will adversely suffocate the process of economic transformation.

The following recommendations were made to mitigate the adverse impact of the liberalization policies on the poor:

- Improve the infrastructure.
- Enhance the even and equitable distribution of economic and social development¹⁷.
- Inject more funds in investment biased towards domestically resourced industries.
- Diversify the economy with emphasis on processing for export.
- Lessen the debt burden to free up more resources for poverty alleviation.

3.3 Good Governance and Security

Civil society response to the governance issues focused on the persistence of pockets of insecurity in different parts of the country and specifically in the North, as well as corruption.

These two issues were presented as major bottlenecks in the implementation of poverty alleviation measures, especially since women and children are the ones most affected. The CSO Representative also expressed concern that conflict, resulting in huge displacement of people, was largely responsible for the spread of HIV/AIDS. Another expressed concern was the proliferation of trafficking in small arms and the need to for public dialogue and a regional initiative. Furthermore, the persistence of corruption at different levels was identified as retarding growth because it distracts foreign investment and private sector investment and operations and was therefore detrimental to efforts to eradicate poverty.

The recommendations to promote good governance included, but were not limited to:

- An increase in government support and the number and efficiency of government anti-corruption agencies and the recognition and **support to independent anti-corruption agencies.**
- The development of a legal framework to address the problem of corruption (An independent anti-corruption tribunal, and the enactment of Public Information Act).

- An increase in the participation and meaningful consultation with civil society organizations.

Recommendations were also made on behalf of civil society, underlined the National Poverty Forum's objectives over the short to long term.

National Poverty Forum Objectives

To communicate with impact the research findings of UPPAP and other findings focused on poverty.

To facilitate open dialogue between government officials and represented of civil society and the private sector to stimulate critical discussion, debate, and understanding around the nature of poverty in Uganda and how to eradicate it.

To enhance the capacity of government, donor institutions and civil society organizations to make informed decisions in their efforts to eradicate mass poverty in Uganda.

3.4 The Registration of NGOs

For civil society to fulfil its primary objective of advancing the quality of life of the poor, it must have the political space in which to operate without hindrance. At the CG meeting, civil society representation registered concern over the proposed amendments to the NGO Bill. The need for permits, in addition to registration was described as stifling NGOs and curtailing their operations by shrinking the political space in which they operate. Civil Society organizations proposed a number of changes that would reflect a true partnership with government. An important recommendation in this regard related to the "home" of the NGO Registration

Board. The Board, it is proposed, should be moved from Ministry of internal affairs to another ministry that is more development oriented, e.g. Ministry of Finance and economic planning,

the Ministry of Gender and Social Development or the office of the Prime Minister thus de-emphasizing security and shifting the emphasis to development. In this Civil society was strongly supported by the donor representatives.

3.5 Post-CG Follow-up

The Civil Society representative noted that there was need for a mechanism for post-CG follow-up of emerging issues and concerns from this and other global conferences. Both in the Government of Uganda/UNDP Country Cooperation Framework (CCF) and in the government/Donor meetings including the CG, UNDP was requested and mandated to support Ugandan Civil Society efforts in policy analysis and development. In particular, UNDP was requested to facilitate and empower Ugandan actors particularly CSOs to monitor the implementation of CG commitments. In addition UNDP has been mandated by the partners to take a lead in supporting poverty monitoring especially by CSOs; and in ensuring strong synergies between the national poverty programmes and the IDGs in this endeavor. The Civil Society representative therefore noted with appreciation that UNDP has accepted to support a CG follow-up strategy initiated by CSOs to make their participation in meetings more consistent and meaningful. The initiative will identify issues of concern to CSOs and which they want to monitor the performance of Government and its partners between CG meetings. He further suggested that for future CGs, government and its development partners might want to consider separating funds discussion from the policy discussion to allow for broader debate.

PART IV

COMMITMENTS AND ISSUES FOR FOLLOW UP

Government and Donors commitments at the CG meeting underlined the prioritization of the poor. However, to provide the poor with choices that improve their quality of life, civil society organizations will have to follow up and monitor the strategic recommendations and commitments by government, donors, and other stakeholders.

Government commitments at the CG included:

- Reduction of population living below the poverty line.
- The continued independence of NGO's advocacy role.
- Shielding Poverty Action Funds (PAF) against the impact of revenue shortfalls.
- Increasing the amount of resources to key poverty areas via the Poverty Action Fund.
- Combating Corruption through the creation of dedicated units within Judiciary for purposes of public information and awareness building.

In addition, the relevant Government ministries need to recruit "front line" staff in key sectors such as education, health and agriculture on a timely fashion. Non- Sectoral conditional grants should also be implemented on time. It also needs to make good its promise to disarm the Karimojong and facilitate an open debate on finding a regional solution to small arms proliferation in the sub-region.

The commitments made by Donors at the CG meeting include:

- Giving greater attention to gender dimensions of poverty.
- Increasing the scope and coverage of adult literacy.
- Supporting measures to contain proliferation of small arms in the region.
- Advocating for the co-ownership in the Land Act, and increasing the protection of women in the Domestic Relations Bill.
- Assisting the Government of Uganda in its fight against corruption.

In addition, donors were called upon by CSOs to support poor countries like Uganda to better sequence future reforms, protect their fragile economies from external shocks and increase aid,

especially to fill any shortfalls created by the implementation of such policies as the removal of cost recovery in health.

CONCLUSION:

The commitments by both the Government and Donors afford civil society with an entry point to monitor the progress and implementation of Government policy initiatives and donor commitments. By all accounts, civil society remains an untapped resource in development initiatives geared towards poverty eradication and the sustainability of the economic transformation of the country.

Improvements in the quality of life for the poor (an explicit assumption of the commitments made) and the structural transformation of the economy will depend on the building of synergies with civil society. In each of the areas identified by Government and its development partners as development priorities, particularly poverty eradication, civil society organizations can contribute to the building of consensus and capacity at the local level. Through its advocacy activities, the National NGO Forum and other umbrella organisations, which represent civil society interests, for example, can build consensus around issues related to poverty and strategies for poverty alleviation. CSOs can generate and disseminate information which is key in building trust, opening up channels of communications and fostering transparency and accountability. In addition, the National NGO Forum and other CSOs can, through training programmes, enhance local efficiency.

To harness and unleash the potential of civil society as a partner in the fight against poverty, illiteracy and disease, government will have to broaden the political space within which CSOs operate. In addition to increasing the vibrancy of civil society, the pace for independent action will contribute to the building of government / civil society synergy in a partnership arrangement based on the principles of equality, transparency and accountability which are a development imperative.

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