

**TRACING THE BENEFITS OF POVERTY
ACTION FUND TO THE POOR IN UGANDA**

A Reference Resource for the PAF Beneficiaries

July 2004

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ABBREVIATIONS

AG	Auditor General
BFP	Budget Framework Paper
CG	Central Government
CAO	Chief Administrative Officer
CBOs	Community-based Organisations
CSO	Civil Society Organisation
DANIDA	Danish International Development Agency
DC	District Chairperson
DDHS	District Director of Health Services
DDP	District Development Programme
DEC	District Executive Committee
DEO	District Education Officer
DFID	Department for International Development
DWSDG	District Water and Sanitation Development Grant
DAS	Drug Auditing Systems
EPRC	Economic Policy Research Centre
GDP	Gross Domestic Product
GoU	Government of Uganda
HIPC	Heavily Indebted Poor Countries
HUMC	Health Unit Management Committee
IGG	Inspector General of Government
IMF	International Monetary Fund
LC	Local Council
LG	Local Government
LGBF	Local Government Budget Framework Paper
LGDP	Local Government Development Programme
M&E	Monitoring and Evaluation
MoES	Ministry of Education and Sports
MFPED	Ministry of Finance, Planning and Economic Development
MoLG	Ministry of Local Government
MOH	Ministry of Health
MTEF	Medium Term Expenditure Framework
NGOs	Non-Governmental Organisations
OPM	Office of the Prime Minister
PAC	Public Accounts Committee
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PHC	Primary Health Care
PMC	PAF Monitoring Committee
PPA	Participatory Poverty Assessment
RDC	Resident District Commissioner
SFG	School Facilitation Grant
UDN	Uganda Debt Network
UPE	Universal Primary Education
UPPAP	Uganda Participatory Poverty Assessment Project
VAT	Value Added Tax

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Ministry of Ethics and Integrity
Ministry of Health
Ministry of Local Government
Ministry of Water, Lands and Environment
Office of the Prime Minister
Uganda AIDS Commission/Uganda AIDS Control Project
Uganda Bureau of Statistics
Uganda National NGO Forum

1.0 INTRODUCTION

1.1 Background

The Poverty Action Fund (PAF) was set up in 1988/9 as a mechanism to demonstrate that resources from Highly Indebted Poor Countries (HIPC) debt relief and additional donor funds were being channelled, in full, to key sectors of the Poverty Eradication Action Plan (PEAP). The PAF resources are channelled to district levels only; and, as conditional grants. However, as PAF has grown, it has become the main fiscal instrument for transferring resources to sub-national governments for poverty eradication and the achievement of other PEAP goals.

Starting with the FY 2000/01, MFPED set up a new process for planning, reporting and releasing funds for non-wage PAF grants. The new process provides districts with more discretionary powers in the use of grants. The hope was that Local Governments (LGs) would be more committed to participatory planning, targeting benefits to the poor whilst improving accountability and ownership of PAF. The process also introduced a new structured system of reporting and accounting on the basis of agreed work plans; and, provided for a quarterly cycle of release of funds, conditional on reporting and/or accounting.

1.2 Methodology

This study was carried out in 2003. It is meant to trace whether the poor are benefiting or not from PAF resources. Therefore, the following report is based on extensive literature review and consultations with central government level stakeholders who acted as key informants on PAF. The desk review involved reading each document, analysing its contents and summarizing each idea on a specific card. These cards were later sorted out according to themes and objectives. The ideas were then synthesized into a report named Volume One. The report of key informants comprised Volume Two.

Thus, this report is a fusion of the two volumes and is, in a way, a collection of summarized insights about PAF. With this report in hand, it is possible to make inferences about whether or not PAF benefits the poor.

Whereas citations are presented in text, the authors have also been clearly indicated together with an appendix of key informants.

Given that this study was carried out in 2003, some of the information contained herein might not be up-to-date at the time of publication. There was also the problem of limited time and resources available for the entire exercise. In some cases, the informants did not show much interest in the processes and goals of PAF, and therefore their arguments may not lead to logical conclusions as to whether the poor and the poorest are benefiting from PAF resources or not. Despite these limitations, the conclusion and recommendations remain invaluable.

2.0 OPERATIONAL GUIDELINES OF PAF

It is important to note that PAF has operational guidelines and legal contexts for the planning process, the flow of funds and reporting. Thus, it was quite in order for the interviewers to ask the informants how conversant they were with this matter. A few prominent findings are given below.

2.1 Processes

Several informants held the view that access to PAF guidelines was largely a preserve of government technocrats. This has several implications. First, matters of guaranteeing social and public accountability are negatively affected. While the institutional framework was seen not providing for sensitisation of the community on their entitlements, informants reported that the problem of lack of access by the majority stakeholders to PAF documents was a disincentive for promoting accountability since the withholding of information by some LGs undermines any civic-based mechanisms.

Second, the role of NGOs in the management of PAF funds is almost limited to mere 'spectators'. While some informants held the view that this was an enabling factor for ensuring that lobbying and advocacy would be brought to bear on the use of the PAF funds, others saw it as a limiting factor in the sense that it paved the way for abuse of the funds. They cited cases such as:

- 1) Inequitable, non-uniform access to both information and pecuniary PAF resources.
- 2) Non-inclusion of the voices of the poor, for example, in the Local Government Development Plans (LGDPs) and Budget Framework Papers (BFPs), which made the beneficiaries not have influence on PAF allocations. It was often recommended that the PAF information, if conceived and supported, should focus on the dissemination messages pertaining to what the poor expected and feared about the guidelines for managing the PAF.
- 3) Informants said that the PAF Secretariat used population figures and geographical coverage to determine the allocations and disbursements of the PAF, whose details were often unknown to the beneficiaries. The disbursements were seen as sometimes irregular. For instance, some areas got more than what was required for roads (like Moyo), and others less (like Koboko).

The foregoing corroborated data obtained from desk review, which revealed that the planning process was relevant and clear in many respects, with priorities set to fit available resources and tailored around a three-year planning horizon. However, the desk review also revealed that shortfalls existed that undermined the relevance and clarity of the processes. For example, there was an assumption that all activities can be reduced to numbers and completed in definite quarters (MFPED, 2002). Some contents of the planning and reporting formats were inevitably qualitative rather than quantitative; the planned activities traversed quarters, and there was failure to capture activities in the planning and reporting formats.

At the Local Government (LG) level, three approaches to planning were dominant - *inter alia*, LGBF, DDPs and PAF work plans - that did not show process interlinkages. PAF work-plans were drawn as part of DDPs. The two, however, showed no evidence of linking so that they were comprehensive and, in so doing, avoiding duplication of effort.

2.2 Capacity

Some of the key informants mentioned that the way the guidelines were conceived was on the basis of assumptions that could not be immediately ascertained on the ground. The first assumption was that there was sufficient capacity in the LGs to plan, and yet the capacity was apparently weak. While the guidelines were appreciated as providing for some consultative process, their contribution to LG plans was seen as a little negligible. The second assumption was that there was willingness and ability on the part of the LGs to participate. The LGs were regarded as not being involved in setting PAF priorities. Even when the funds reached the LGs, there were complaints about limited absorption capacity to use the funds, further undermining the flow of benefits to the poor. The weak execution of civil works was often cited as a critical concern.

Data obtained from desk review stressed that PAF guidelines are presented in a clear and simple language with well-articulated responsibilities of the Central Government (CG) and Local Governments (LGs). The sanctions for non-conformity with the guidelines are clearly laid out. Despite these, there were problems associated with discussions between government and stakeholders on the ceiling limitations and budget variations, as well as focusing on quality of workmanship in the context of local conditions than on standard designs.

2.3 Efficiency

Some key informants saw the long chain of the flow of PAF, combined with the procedural delays in the administrative system, as leading to sheer inefficiency in ensuring that PAF benefits went directly to the poor. This was corroborated by information generated from the desk review, which noted that the channels of PAF flow were fairly articulate but disharmonious in terms of timeliness. Before funds were released, CG line ministries had to analyse and be satisfied concerning the reports of the previous quarter.

Guidelines required LGs to refund the unspent PAF funds; moreover, failure to abide by government's stipulations meant that extra funds would be withheld. But this would be to the detriment of the poor, yet in such cases failure to use the funds was entirely the fault of errant officers. However, such officers would be exempted with no sanctions. Instead, the poor would be deprived of the benefits, since these resources were withheld to their detriment.

2.4 Communication

According to the findings, the information and communication strategy for PAF informs the beneficiaries of how PAF implementation eradicates poverty, but is yet to benefit the poorest social groups. The framework to involve the media in PAF activities is still weak (MFPED, 2002). The District Information Officer lacks both financial and logistical support to effectively support benefit tracing under PAF. Government has also failed to eliminate corruption from its activities, and PAF in particular. There are only inadequate mechanisms of sensitising beneficiaries of their civic duties to enable them effectively participate in the processes for PAF resources.

Some informants identified constrained use of information for feedback at implementation stage, viewed from the limited follow-up on issues in monitoring reports as a critical concern that undermines the flow of benefits to the poor. This was attributed to shaky guidelines that are even unclear on how the feedback information should be linked to planning, implementation and monitoring on the one hand, and on the other hand, the interval of quarterly reporting, which was seen as opportune for planning and control by the centre, but whose clarity was often said to be in question.

Inter and intra-communication arrangements were said to be weak and minimizing possibilities for promoting transparency and accountability. Monitoring the different LG levels is almost left to chance in the guidelines.

The foregoing account was corroborated by desk reviews, which revealed that technocrats see PAF reporting as a procedural requirement rather than an opportunity for improvement. Reports focusing on the CG technocrats at the exclusion of LG stakeholders are a confirmation that they are regarded as a procedural requirement rather than tools to assess results.

Furthermore, it was discovered that there are numerous centres at CG and LGs involved in reporting without prompt feedback (Nakomolo–Ojambo, 2002). Yet, standard quarterly reporting implies that sectors with activities that go beyond the quarter like civil works will most usefully be captured in cumulative reports. Other sectors like education have cycles within the year that do not rhyme with the quarters (MOES, 2002).

2.5 Participation

Some informants saw guidelines as largely clear and relevant in addressing poverty, but not adequately addressing modalities of participation and inclusion. For example, the roles of stakeholders like the poor and NGOs was mentioned as not explicitly articulated in the guidelines.

However, participation was cited by a few as presenting some less obvious barriers to the ease with which the poor benefit from the PAF funds, albeit, more involvement widens ownership. Guidelines to each and all sectors were viewed as numerous and cumbersome. Yet each PAF sector has sector-specific demands, thus the guidelines.

But to some informants, the difference in guidelines was seen as making implementation prone to double standards. It is for this fear that a few informants suggested a need to harmonize the guidelines to focus the basic principles (e.g. equity) of managing PAF, other than the operational details for each sector (e.g. when to remit their information or funds or even when to monitor).

The foregoing corroborated desk review reports that indicated how lopsided stakeholder involvement in the planning process made it an exercise of the technocrats or elite. Most stakeholders outside government were not involved, save for some limited 'participation by invitation'. At the time of research, the guidelines were yet to be made clear and deeper on quality participation in PAF implementation.

Though costly operation-wise, some informants were of the view that the guidelines should be translated into local languages, that is, using simplified versions for the benefit of the beneficiaries at the grassroots level.

3.0 POLICY AND LEGAL FRAMEWORK

3.1 Policy Framework

Research findings indicated that the policy framework was facilitating resource mobilization for poverty eradication, but the extent to which the poorest were benefiting from the resources was questionable. PAF was providing a framework for directing development assistance as supporting pro-poor sectors. The systems that were put in place for accountability and review for the predetermination of budget allocation through PAF guidelines and guarantees for disbursement provided an incentive for development partners and government to increase funding and channel resources to pro-poor sectors. PAF was also providing a brand name for

poverty eradication that was facilitating marketing of pro-poor funding within development partner constituencies and within Uganda (Muhoro-Ndungu and Williamson, 2002).

It was discovered, however, that there was need for increased focus on sustainable financing of the PEAP. As opposed to trying to influence sector allocations through the provision of sector support, it was necessary to discuss the most sustainable way of financing the implementation of PEAP. Modalities should be developed to enable donors engage in the debate on both the best inter-sector allocations for implementing PEAP and the most sustainable way of financing PEAP.

The framework within which PAF was being implemented had some poverty focus, but it had promoted a rather narrow interpretation of what constituted poverty eradication programming. The definition and criteria for selection of programmes applied by PAF had skewed budget allocation to provision of services without due regard to the implications of sustainability; poverty was seen in the context of welfare and direct service provision (Muhoro-Ndungu and Williamson, 2002). In essence, PAF is promoting criteria that only partially interpret PEAP. The policy framework had led sector strategies to adjust towards service and welfare delivery in order to enter PAF rather than pursue more sustainable options and outcomes for effective poverty eradication (Muhoro-Ndungu and Williamson, 2002).

In this regard, a few remedial actions are worth reflecting upon:

- There is need to promote an environment where development decisions reflect macro-stability constraints at the on-set rather than being adjusted to fit within macro-limits, as they are set. The macro-decisions should, in turn, reflect development objectives.
- Sector development programmes should be developed within resource envelope projections to make them realistic rather than being developed based on desired development targets, which are proving to be unrealistic.
- Sector allocations in the budget would, therefore, be protected as a proportion of the MTEF, similar to PAF guarantees. The size of budget for central public administration would also be limited to a proportion of MTEF using this system (minus their development components that would be determined through sector allocation decisions - supportive role of public administration).

The research findings further revealed that the process of selecting and funding PAF sectors was well set out in the guidelines, but it did not encourage contribution by other sectors to achieve poverty eradication. The system was promoting unsustainable decisions particularly when viewed within the context of appropriate budget levels, and it also undermined the processes of inter and intra sector prioritisation (Muhoro-Ndungu and Williamson, 2002). To allocate resources to achieve poverty eradication over the long term, the following issues require serious reflection:

- Sustainable private versus public resource allocation (private sector growth should not crowd out public sector growth)
- Ensuring sustainable budget deficits as a ratio of GDP (a long-term sustainable deficit can be maintained within the projected macro public sector out-turns) and sustainable strategies for financing the budget deficit (loans versus grants versus foreign exchange limits).
- Sector allocation financing based on long-term sustainability of benefits (sectors should develop programmes that are fundable through projected resource envelope limits).
- Programmes at sector level based on strategy choices whose outputs contribute to PEAP outcomes with most sustainable and realistic option (if outputs will be sustained through future revenue, this should be factored in and related to other sectors).

PAF was contributing to the institutionalisation of budget reporting and reviewing systems that were enhancing transparency and accountability in budget management, but this was yet to benefit from more participatory and flexible approaches. Performance of the public sector disbursement versus budget since 1999 indicted that the overall budget out-turn had been above 95% (Muhoro-Ndungu and Williamson, 2002). It would seem, therefore, that general budget could realize 90-95% of disbursement to all sectors, similar to PAF sectors, if expenditure discipline was enforced, since this explains most of the volatility budget of out-turns of non-PAF sectors.

A monitoring and evaluation framework was in place, but the findings indicated that it had tended to emphasize faultfinding and not mentoring of implementers. Thus, as per various previous recommendations, streamlined output monitoring systems, through the implementation of the recommendations of the monitoring initiatives spearheaded by OPM, the PRSC and LGDP might be worth considering. A shift of emphasis should be from faultfinding to the mentoring of local governments by technical institutions (Muhoro-Ndungu and Williamson, 2002). The role of civil society in the mentoring of government programmes needs to be strengthened (UDN, 2000). Monitoring of outcomes should be better integrated into the review and decision-making process (Zolghadri, 1999). In particular, the Poverty Monitoring and Analysis Unit should be moved to the Budget Directorate. A clear structured biannual review process should be instituted. This should involve the outputs of biannual sector reviews feeding into a budget-wide review of PEAP implementation. Parliament should also be fully involved in the review process (Muhoro-Ndungu and Williamson, 2002).

Partnership in poverty reduction financing had been developed and enhanced, but the extent to which it had developed with a view of ensuring replicability and sustainability had not been given sufficient attention. The dialogue on partnership principles was an important means of maintaining confidence in government processes for PEAP implementation as a whole, and ensuring realistic expectations all round. The PAF-specific conditions that “ring-fence” donor budget support would be replaced by conditions based on limiting the budget for public administration and defence, thereby ring-fencing the rest of the budget for pro-poor programming of PEAP, supported by an open, budget-wide review process (Muhoro-Ndungu and Williamson, 2002).

Some lessons on pro-poor financial modalities can be inferred, but there has been limited capacity built to participate in PAF-relevant policy formulation implementation, co-ordination and monitoring in a manner that ensures that they contribute to a more focused pro-poor PAF implementation strategy.

A policy framework was in place to facilitate channelling of PAF resources, but was found to be inadequate in terms of directly channelling the flows of benefits to the poorest. There were various policies that were generally supportive of PAF. These include the National Water Policy (MWLE, 1999), Health Policy (MOH, 1999), the Feeder Roads Rehabilitation and Maintenance Strategy (FRRMS), UPE policy (MOES, 1994), among others. While the institutional framework was fairly sound, there were serious problems in the area of enforcement and implementation. Two cases can be cited to refresh our reflections on this issue:

- The feeder roads rehabilitation and maintenance strategy encourages and promotes active private sector participation, specifically putting in place measures that facilitate participation of women in road activities, but the question stands: ‘which women are participating and how about other disadvantaged social groups?’
- Merely providing UPE is not a sufficient strategy to get the poor out of poverty. There is need for PAF resources to support both practical **vocational and security**

education (Lentz, 2002). It is also important to look at balancing the opportunity cost of remaining at school.

Although some respondents thought that policies should be developed in a bottom-up style, with wide consultation, especially of the poor sections of society, and under a decentralized policy, PAF services were perceived to be not adequately consultative. Moreover, some line ministries were thought to have centralized service delivery tendencies. Key informants observed that the PAF resources, which are channelled through districts, be better channelled through sub-counties to ensure that the local people have more control over them. This would make allocations relevant to the needs and priorities of the poor.

The requirement for community contribution was also thought to deprive poor communities and individuals of services because they may not be able to make the necessary contribution. They consequently suggested that power, gender, and other issues needed to be more adequately mainstreamed in PAF implementations.

While PAF was found to be consistent with PEAP, it was seen to have many rigid guidelines, which undermine benefits to the poor. They requested for a more flexible programme in terms of priorities by involving stakeholders in planning and monitoring and allowing expenditure beyond the five highlighted priorities.

Informants also observed that trade is one neglected area in PAF activities; they also thought that the partnership between the Local Government and Civil Society (CS) and the private sector is not well articulated. NGOs and CBOs were especially least involved in the implementation of PAF activities yet they have long development experience.

Informants thought PAF was over-monitored. For more efficiency, the Central Government should monitor up to district level but leave the local level monitoring to the local governments. They suggested strengthening systems of release and accountability to prevent delays in releasing PAF funds.

The findings further revealed that PAF had introduced guidelines for resource transfers to local governments, and also instituted the systems for reporting on expenditures. This provided a mechanism for processing and accountability of the resource flow. Most of the increase in funding going to local government had been processed through PAF-instituted systems. However, the fiscal decentralization strategy represented a coherent way forward for addressing problems realized under PAF, and building systems of strong poverty focused service delivery. These should therefore be implemented.

There are a few things that needed to be done:

- Government needs to continually revise operational principles, rules and regulations to guide the implementation process.
- There is need to stress and support horizontal and vertical cooperation within and between districts in terms of information sharing resource flow, PAF implementation and other capacity building initiatives.
- Members of Parliament (MPs) should regularly travel to their constituencies to mobilise their people and **those who should be lobbied together with other legislatives to ensure** that PAF funds are properly used.

3.2 Legal Framework

The research findings revealed that there was ample provision to facilitate proper channelling of PAF resources, but the enforcement of the law was rather inadequate. The Local Government Finance Commission (LGFC) advises the President on the allocation of funds to the local government and other matters pertaining to local government funding (Sec.77, Sec

84). The law requires that every local government council unit prepares and keeps books of accounts and other records audited by the Auditor General (AG)(Sec 87 & 88). Under S89, the law creates the Local Government Public Accounts Committee (LGPAC), which examines the financial reports about local governments' financing.

Section 91 provides that every district, city, municipal or town council shall have an internal audit department preparing quarterly audit reports, submit them to the council giving copies to LGPAC. The law mandates the line ministry to monitor and co-ordinate government initiatives and policies if they apply to local governments, and advise persons and organizations in relation to projects and involving direct relations with local governments. This specifically promotes and fosters adherence to the rule of law, principles of natural justice and good governance; and thus fosters elimination of corruption and abuse of office.

Informants and respondents were of the view that the legal framework was adequate but poorly enforced. Section S4(3) of the Local Governments Act 1997 and regulations 135 and 136 of the same Act, were said to provide a good vehicle for the delivery of PAF services. However, the communities were said to be both unaware of the law and their rights. In addition, the sanctioning mechanisms were seen as inadequate in terms of reprimanding errant staff. Consequently, due to excessive leakage of PAF funds, either shoddy work is done or the funds get misdirected. This is partly because contracts are awarded to people who are generally known to the district officials and not the most competent ones.

4.0 INADEQUACY OF PAF RESOURCES

Information generated from desk review and field interviews manifested inadequacy of PAF resources. The study sampled those districts where secondary data was available and ascertained the insufficiency of PAF funds. For example, UPPAP Policy Briefing Paper on Health (2000) strengthens the view that government and donor funds only amount to the equivalent of US\$ 6 per capita per year. This is very low compared to the international average of US\$12 per capita for governments' minimum health care packages (UPPAP, 2000).

PAF funds disbursement was inadequate and irregular to realise full benefits from PAF programmes. In the districts visited by UPPAP and UDN-PMC there were regular reports that PAF funds for the Public Health Care programme (PHC) were still insufficient to benefit the poor satisfactorily. This was often exacerbated by cases of irregular and late releases of PAF funds from Ministry of Finance and Economic Development (MFPED) to the District Directorate of Health Services (DDHS) as reported in several districts in the Participatory Poverty Assessment carried out by UPPAP (UPPAP, 2002:230).

There are several reasons provided for irregular and late release of funds. For example, health workers in Masindi district attributed the delay in the disbursement of drugs to Drug Auditing Systems (DAS). But several district officials in the Education Department testified that the flow of funds is quite regular and timely for most of the districts (UDN, 2000:16). However, it was reported that PAF funds for SFG were inadequate in meeting the target of one classroom for 55 children.

A contrary opinion believed that the slow motion in the lead-time between requisition and disbursement ensures that funds are released after the centre is convinced of the relevance of the project; especially in as far as poverty targeting is concerned. Moreover, for problematic districts, it is ensured that past mistakes are not repeated and the district authorities become more accountable.

The condition that PAF resources should not be used for anything else other than the intended project, and as specified in the guidelines, produced by the line ministry has to a great extent minimised misappropriation of PAF resources. The formulation of customised guidelines

and their enforcement is, therefore, seen as one of the major innovations that have improved the delivery of services of the PEAP priorities.

However, reports from local governments indicate that some guidelines are too many to fulfil. For example, a draft report by International Development Consultants on tracking the water sector conditional grants (March 2003) reveals that the guidelines for planning and operation of District Water and Sanitation Development Grants (DWSDG) were not strictly followed. In addition, lack of monitoring staff makes it hard to have these guidelines properly enforced (IDC, 2003).

Even though PAF funds have helped to expand coverage of social infrastructures, most of these facilities are of poor quality - due to shoddy work done by unscrupulous or simply inexperienced contractors that qualify by the virtue of being members of the local community. Shoddy work undermines functionality, utilisation and sustainability of the infrastructures. The common finding from the various monitoring and evaluation reports that have been commissioned by various entities to assess the performance of PAF resources indicates that the majority of physical facilities put in place with the support of PAF resources are sub-standard and at times of poor quality. UDN (2002) investigated schools funded by SFG in Teso; and none of the schools investigated qualified to be called complete classroom blocks under the SFG guidelines.

The real impacts of PAF-funded sectors are indeed long-term, but streams of benefits should have started to flow especially for economic sector programmes. For example, rural extension services should have become more accessible by now, agricultural productivity boosted and behavioural changes experienced in communities as a result of UPE and rural water and sanitation. However, soaring school enrolments have not led to improvement in sanitation or agricultural production in rural areas as much as the expansion of clean water facilities has not reduced spread of water-borne diseases. This has been largely due to a mismatch between development in physical facilities and services delivery. For example, new health units have been opened with little attention towards stocking them with essential drugs and fully qualified staff.

Underperformance of PAF releases for various financial years and of different quarters within the same financial year has been recorded. The PAF release performance is obtained by matching periodical performance of budget releases against the periodic cash limits. The limits are the maximum level that periodic budget releases should take to be consistent with the macroeconomic programme and with the three-year Poverty Reduction and Growth Facility agreed with the International Monetary Fund (IMF).

According to the quarterly budget performance report for the first quarter of FY 2002/03 (MFPED, 2002) PAF releases underperformed by 6%. While the cash limit was Shs 157bn, PAF releases amounted to only Shs 148bn. The report attributes PAF underperformance to the under-release of several local government grants, due to delays in complying with reporting and accountability requirements. This under-performance has a lot to reveal on the adequacy of PAF resources in the delivery of services of PEAP priority. One obvious effect is that delays to release the PAF funds to local governments interfere with their work plans and schedules for implementing development programmes.

The study also revealed that many LGs record huge unspent resources. Reasons for this include: failure to plan development projects, local wrangles that delay identification of priority areas, and poor award of tenders. Secondly, some disbursements come when it is already too late to utilize them. The district authorities, realizing that they cannot effectively utilize the money in the remaining period, chose not to spend it within the short time remaining. For instance, it was observed that Teso had received more money than it could put to use.

The district authorities sometimes deliberately refuse to disburse the funds to sub-counties/ town councils. In other words, while the centre is *decentralizing*, the districts are

centralizing. This seems to suggest that PAF funds are managed at the district level but would be better managed at sub-county, parish and village levels to promote accountability and minimize corruption.

5.0 GRASSROOTS' PERSPECTIVES ABOUT PAF

This section covers a few aspects and themes on grassroots' perspectives of the benefits of PAF and their involvement in influencing pro-poor policies. These were derived from both the desk review and interviews.

The reviewed literature revealed little on grassroots' perspectives on some of PAF areas. For example, on the Land Act, local people are reported to have fear. Agricultural extension services are affected by natural hazards (harsh climate, reducing assets etc) but little attention is put on it. Adult literacy services are also inadequately financed. The grassroots' perspective of various social groups is missing in the literature. There are mixed grassroots' perspectives on the performance on PAF in the social sectors. A few examples can be cited:

- Local people (beneficiaries) in some districts (e.g. men of Nabirama in Kamuli), during the assessment of impact of PAF, reported that PAF funds benefited them through increased drug supply in the health centres under PHC programme (Lentz, 2002; 6).
- Drug kits are not enough to meet the risen demand for the drugs after the abolition of cost-sharing in government health facilities as observed by a health worker during a discussion with UDN-PAF Monitoring Committee (PMC) Kamuli, 2001.
- PAF support to the water development has benefited the local people in that there has been distribution of water sources in various parts of the district, although the demand still remains high. This has minimised incidences of water-borne diseases among the local people. However, despite this being the fifth year since 1998/99 of PAF, it is still inadequate. In some areas there are inadequate school facilities. For example, children learn in temporary grass-thatched buildings with leaking roofs, collapsing mud wall classroom structures and mud floors. These schools lack offices, staff rooms, stores, and clean water sources, adequate desks and textbooks. There is lack of or poor state of (shared) latrines. This has resulted into absenteeism and/or some children dropping out because they create either a difficult, embarrassing, frightening or uninspiring school-learning environment. (UPPAP, 2002:267).
- The quality of the facilities is low. Some school buildings were not well constructed; for example, women in Kamuli feared that the poorly constructed school buildings would deteriorate quickly. The desk review also revealed that some communities have not yet benefited, as there is poor supply of drugs in Government clinics and hospitals (UPPAP, 2000).

The analysis of some informants is that local people's perspectives tend to be mostly skewed to 'visible PAF', masking other equally important services - related management issues such as equity, transparency and accountability. To-date, there is no clear mechanism in the guidelines for grassroots people's participation in PAF programmes beyond co-option to

provide labour, materials and the like. Local people explained that the educated benefited from PAF funds disbursed to the Local District Authorities directly by getting formal salaries, while the rich benefited through contracts for PAF programmes; yet the poor get piecemeal labour-base work on construction projects.

Other informants contended that the benefits got by the grassroots are mainly in visible PAF social services than other areas. For example, the PAF funds for primary education reportedly led to improvement in educational facilities: increased number of classroom blocks; and tremendous increase in primary school enrolment rates. In 2001, 5.9 million children were enrolled in Government-aided primary schools with further 1.4 million enrolled in private schools. (UPPAP 2002:1). The numbers were expected to be more than 7 million in 2004. In addition, water tanks, desks, textbooks, chalk and other scholastic materials have been provided to the selected primary schools. (UPPAP: 2000).

Additional benefits are the employment opportunities when physical facilities are being constructed. Recruitment of primary teachers was progressing with, on average, a net total of 1,200 teachers added to the payroll each month. Consequently, the number of teachers had increased from 81,564 in 1996 to 117,452 in 2000 (UPPAP 2002: 1). Some of the recruited teachers were poor people themselves or were from poor families. Disbursement of SFG criteria based on assumed need (e.g. the school with the highest pupil-classroom ratios receive the grant first) may encourage corrupt practices, like inflating school enrolment figures. Some teachers pegged Capitation Grant to pupil enrolment even though the drop-out rate has increased (UPPAP 2002:258).

Access to health services, especially for the poor, had increased as indicated by the increased number of attendances in health units, thanks to PAF funds. The immunisation exercises had been a success as health units were said to have realised high turn up of mothers and as a result immunisation campaigns for diseases such as measles, polio etc carried out were minimised. Recruitment of health workers had taken place in a number of districts. For example, about 48 medical personnel were recruited in Kumi using PHC Conditional Grant. Health workers benefited from payment of lunch allowances in the various districts such as Rukungiri, Mpigi, Kiboga, Kumi and Lira, although in the districts of Mbale and Bugiri it was reported that lunch allowance payment is irregular (UDN; 2000:7). In some areas, updating the salary increment and allowances of health workers is a slow and disorganized system (Kamuli PMC, 2000:9).

PAF Funds had been availed for improving health centres; for example, several operating theatres were constructed. Local people mentioned examples of health centres in Luwero district. Funds were being used also for upgrading health centres such as Anyeke and Aboke in Apac district (UDN, 2000:7). However, the long-term benefits were constrained by inadequacy of drugs, poor attitudes of health workers, and lack of transparency and accountability. Local people were underrated and not yet fully involved in programming for PAF funds; the exceptions being the few powerful literate rich people who are dominant.

The agricultural extension programme employed 530 university graduates as sub-county extension officers out of 809 needed (PAF; 2000). But, local people reported that the programme suffered problems of lack of motivation and poor facilitation, which made most districts not achieve the targeted number (UDN, 2000:9). However, particularly in Kamuli, local people reported that they benefited from veterinary extension workers' endeavours in transforming their indigenous animals to cross breeds for dairy purposes. They also mentioned increased food production after they acquired modern farming skills through demonstration and introduction of improved varieties of maize, potatoes, groundnuts and stalks of cassava (Kamuli PMC :13).

Still, some informants held a very strong view that PAF decision-making processes were monopolised at the higher local levels. At the lower local levels, the population was

represented by committees, e.g. school management, water user and health unit management committees that did not necessarily involve mass participation. To some informants, some grassroots representatives were often used to rubberstamp what had already been decided at higher levels and in quite early stages of PAF management. For example, in capacity building exercises at the lower local government ladder, fewer members were invited, and a workshop that was intended to last four days was reduced to a mere one day.

The analysis of some informants was that local people's perspectives tended to be mostly skewed to 'visible PAF', masking other equally important services-related management issues such as equity, transparency and accountability. By the time the research was conducted, there was no clear mechanism in the guidelines for grassroots people's participation in PAF programmes beyond co-option to provide labour, materials and the like. Some informants thought that this partly explained why PAF funds were often less used to directly support the increasing incomes of the poor through agricultural extension, micro-finance, to cite a few.

Small local businesswomen were excluded from participating in PAF funds projects for several reasons. Firstly, they lacked connections with the district and PAF officials. Secondly, they could not afford income tax and VAT as required by the guidelines. Worse still, according to informants, it was people from the urban areas within the district and not the poor rural grassroots people involved in the implementation of PAF funds projects.

Local informants were also of the view that whereas PAF had increased access to services, these services were of reduced quality. Quality of services was described as declining for PAF-funded programmes. For example, parents are concerned that nurses may be selling or re-using needles. Some negative attitudes were also expressed towards immunisation services especially National Immunisation Days (NIDS). Some local people such as in those Rwamutunga and Kicece sites in Ntungamo blamed immunisation in 1999 on an unspecified number of children's death. (UPPAP, 2002: 232).

Government health workers' malpractices have contributed to the decline of quality of services. For example they deliberately provide unequal and insufficient service to patients when working in Government health units and instead refer them to their own private clinics. The desk reviews also confirmed that PAF funds for essential drugs were not reaching health centres in full, which adversely affected drugs stocks. Worse still, funds disbursed and received were signed by some health workers from an imprest account advance but not passed on to the relevant staff to undertake outreaches according to local people engaged in informal sector in Jinja Municipality and Walukuba (UPPAP: 2002).

As regards the road infrastructure facilities, some respondents reported that they had acquired skills in road maintenance. Participation was taking place through implementation of some of the PAF funded programmes such as feeder roads maintenance. In Nakiirya – Mubende District, women groups were involved in rural feeder road maintenance. There was also active community roads management committee in Okunguro and community members of Baito - Arua District that cleared the parts of the roads adjacent to their gardens (UPPAP, 2002:228). In Kamuli District some local people reported that funds disbursed for feeder roads increased access to the markets.

Reviewed literature also mentioned that disbursed PAF funds created good marketing systems for agricultural produce, easy transportation, and improved roads and communication networks. Many districts have achieved more than 70% of targeted kilometres of feeder roads to be maintained. (UDN, 2000: 9). However, some local people complained of poor workmanship on water development. But the service deliverers blamed it on inadequacy of funds. Expensive user fees paid by poor people to access clean water and sanitation facilities had eroded any benefit. PAF funds disbursed for urban water is not benefiting the poor (*Resident, Nakapelimen, Moroto district, UPPAP 2002:302*).

On the performance in promoting participation in PAF implementation, again the grassroots' perspectives are mixed. Some respondents pointed out that they were involved in planning and implementation, but were generally denied detailed information on inflows and full participation in needs assessments, policy formulation, implementation and monitoring of PAF programmes, and policy makers do not seem to be interested in reaching the poor. In some districts, local people have been participating in planning and implementation of PAF programmes without knowing the details. This they said was unhelpful in decision-making and monitoring. For example, they would wish to be involved in the assessment of beneficiary communities such as in Apac District where local people participated with the UDN team in choosing 4 worst off primary schools to benefit from SFG in a transparent and participatory manner. In some areas, local people contributed to the building of school blocks, clean water sources and maintaining roads (UDN, 2000:10).

However, participation is also dependent on benefits. For instance, Health Unit Management Committees (HUMCs) were found to function well in areas where incentives were provided in form of financial allowances. The HUMC in Baito, Arua District, disciplined a nurse who harassed a patient; and in Kasensero, Rakai District, the committee was monitoring drug supply and utilisation. Similarly, the water committees were not active or were non-existent as found out in Ihuriro, Ntungamo District (UPPAP, 2002:299). The problem of user fees was worsened by corruption. Moreover, management of water points was marred by corruption, yet the poor had to put up with unaffordable user fees. School Management Committees were not functioning as expected because of lack of cooperation from head teachers and commitment from the committees that did not attend meetings regularly.

In their perspectives on the performance of PAF, local people pinpointed poor management. For example, project planners rarely, if ever, come to the village to ask what people really want. Most of the donors and development workers conduct their needs assessment at district levels without ever truly reaching the grassroots, according to local people in Nabirama, Kamuli (Lentz 2002:9). This manifests lack of involvement of the poor.

The PAF re-stocking programme was poorly managed at district and sub-county levels. For example, grassroots people were not involved in the allocation of livestock to the beneficiaries. In some districts such as Arua and Mubende, local council members' wives, friends and the rich, including households that owned livestock, benefited from re-stocking programme. Communities of Kiwungu, Kamuli District, claimed that only the rich people in the villages were benefiting from projects (Lentz, 2002:4, 9).

Non-involvement of local people in the budget processes was highlighted numerous times in the literature reviewed. Service providers in the districts regard the budget process as complex for local people and do not invite them for or inform them of meetings. However, local people argue that they do not attend budget processes simply because they are not invited or informed (CSO participant, Mbale – UDN, 2000:11)

6.0 TOWARDS EFFECTIVE IMPLEMENTATION OF PAF

Effective and sustainable management of PAF resources directed to the Poverty Eradication Action Plan (PEAP), especially the pillars relating to increasing incomes and the quality of life of the poor, are critical in Uganda's development goals. In this regard, this study reveals key opportunities and challenges pertaining to modalities and mechanisms of channelling PAF resources towards the needs, demands and priorities of the poorest sections of Uganda's population.

6.1 Opportunities

The opportunities generated through PAF implementation and mechanisms can be categorized into the following six key areas.

6.1.1 PAF Information Management and Reporting System

Documentation reveals that when PAF was established, there was no structured system for reporting on use of local government PAF resources. Concern later grew among stakeholders on how PAF resources were to be used and this led to the formulation of a structured system of planning, reporting and release of funds to local governments for PAF conditional grants (Ndungu and Williamson, 2002:53). The findings revealed that this system of information management and reporting was not being fully supported so that a pro-poor system is entrenched. The system's infancy requires more support to enable it achieve the objectives for which PAF was established.

6.1.2 Partnership

The findings revealed that public, private sector and CS partnerships were developing, but there was an urgent need to enhance these partnerships, such so that they would handle vigorous information dissemination and creation of awareness regarding PAF activities. It is true that not everybody will have the competence to identify priority needs for the community, plan for, monitor and evaluate these needs. However, in all those stages, the general public must be kept clearly informed if they are to co-own the projects and ensure their sustainability.

6.1.3 Accountability

Independent PAF accountability and transparency as well as monitoring and evaluation mechanisms - which require more enhanced co-ordination, partnership and support amongst its stakeholders - are possible with the presence of civil society. However, at the time this research was undertaken, they were not receiving sufficient attention. Accountability and transparency need expansion to all PAF implementing partners to allow the articulation of pro-poor views in PAF modalities and mechanisms in all regions and across sectors.

A variety of stakeholders both within government and outside have major roles in ensuring effective, transparent and accountable use of public funds. At local government, there is the district chairperson (DC), district executive committees (DECs), the RDC, CAO, Internal Audit; Central Government (line ministries, Treasury Inspectorate, MFPED, Auditor General, IGG, Public Accounts Committees), CSOs (national-level and local NGOs), as well as religious and cultural leaders (UDN, 2002:3-5).

6.1.4 Monitoring

In the work plan of PAF, there are three monitoring categories i.e. political, multi-sectoral and grant-specific, which help trace activities being carried out under each objective, the strategies being employed to achieve each objective and how much each activity has cost (MFPED, 2000). There are some monitoring opportunities that need to be addressed in PAF implementation, notably:

- Funds earmarked for monitoring at the district level are not easily accessible and yet facilitation to the PAF monitors is lacking (GOU, 1999:7).
- PAF has not been able to optimally utilise CSOs yet they could open-up channels of communication, fostering transparency and accountability and, through training programmes, enhancing local efficiency (Muwanga, 2001:21).

- Though more information is collected on the use of funds, much is not used and, as a result, technical assistance is not effective as expected (PAF, undated: 3)

A streamlined, coordinated and focused monitoring strategy that would help avoid duplication and enforce the established guidelines on PAF modalities and mechanisms at all levels of implementation could be supported.

6.1.5 Community Participation

One of the operational goals of PAF is to activate a sense of ownership by enabling stakeholders' participation in the planning of the PAF programmes as well as accountability (MFPED, 2002: 9) as is exemplified in the education sector where the process of choosing beneficiary schools was seen to be participatory and transparent (UDN 2000: 10). The districts have a functional planning process which is participatory and built on a bottom-up approach. However, inadequate participation in the planning was reported to be manifested in the poor not being integrated in PAF policy-making and implementation. Moreover, some districts feel that the annual work plans are imposed on them by the line ministries without consideration of their priorities (Zolghadri, 1999:14).

Community participation could still be scaled up in order to ensure that PAF planning activities are participatory and respond to their needs, demands and priorities, including those of the poorest segments of the population. Besides, considering that the locals provide labour during implementation of PAF activities and in turn get paid for the labour provided, scaling up community participation in decision-making as regards PAF will ensure the pro-poor voices are embedded in the PAF-funded activities (UDN, 2000:10).

6.1.6 Advocacy

Both the desk reviews and the interviews revealed a lot of advocacy remains to be carried out, just as they revealed opportunities arising within sectors through the following ways:

- In the education sector, while over 10,000 classrooms had been built by mid 2000, in 2003 there were still thousands of children studying under trees.
- In the health sector, the allocation to Primary Health Care had increased by a factor of 13. Positive trends in reducing diarrhoea and malnutrition were also evident though a lot more still needed to be done.
- In water and sanitation, expenditure had increased by over 12 times from Shs. 2.88 billion in 1997 to Shs. 35.6 billion in 2000/2001 (MFPED, 2000:13). Overall access to safe water for rural areas improved from 40% to 50% level in 2000 (MFPED, 2000:13).

In a nutshell, the above findings reveal that PAF implementation can still benefit if there is sound and effective execution. Thus, to ensure that PAF resources promote pro-poor, equitable and broad-based activities, advocacy could be made to focus on the widening of access to service delivery within the sectors.

6.2 Challenges

PAF implementation has not progressed without challenges. Indeed, the literature review and field interviews reveal several challenges facing PAF financial modalities, planning and implementation that are worth noting.

6.2.1 Design

The Design of PAF Implementation and Reporting System constrains its effectiveness. Defective design is more pronounced in the reporting mechanism. The system of communication through documentation has not been adequately supported; and this has affected the use of PAF reports and websites.

6.2.2 Support missions

The literature review provides information that has capacity building implications to PAF modalities and mechanisms:

- Capacity Building Support Missions (CBSMs) have not been adequately provided to implementing partners, especially the districts. In the PAF context, capacity building involves institutionalisation of the ability to manage sustainably and within the framework of both local and donor resources (Doan et al, 1998).
- The districts' capacity to plan, implement and monitor programmes is poor, inadequate and undeveloped. For example, some districts lack capacity to effectively utilize the PAF resources.
- The Local Councils and Committees equally lack the capacity to carry out such tasks effectively. This was revealed when the PAF coalition found out that the tendering process is slow especially in sub-counties which have low capacity in tender management and there are inadequacies in the preparation of work plans, leading to delays in the release of funds to the districts which further leads to delays in project implementation (MFPED, 1999: 6).
- Internal Audit departments have poorly trained and inadequate staff. In most districts; Internal Audit departments are headed by officers who do not have professional qualifications at least the first degree (GoU, 1999:20).
- The private sector and CBOs that are increasingly implementing most of the PAF activities are also plagued with low capacity to implement activities. In the water sector, for instance, activities like drilling, shallow-well development and rehabilitation have recorded slow progress due to poor capacity relationship between the private sector and local governments.
- The shortage of skilled personnel within the sectors' operations at the district level has caused inadequate capacity and reduced utilisation of funds (Zolghadri, 1997: 17). The staff recruitment procedure does not favour the implementation process (UDN Report, 2000:11). In most of the health centres, there is still a lack of qualified health workers to improve service delivery. The skills shortage is evident in PAF-funded sectors, and this is variously exemplified in the health, education, water and production sectors.
- The new districts have been established with the aim of bringing services closer to the people, and this is consistent with the ongoing fiscal decentralisation process. In this respect, government intends to provide start-up funds as well as technical assistance (Muwanga, 2001:7).

6.2.3 Bureaucracy

Conditionalities and bureaucratic rigidities embedded in PAF activities have tended to slow down PAF implementation activities. PAF implementation is plagued by multiple forms of disbursement delays, which should be addressed so that disbursements are effected more promptly to ensure that the implementation process is smooth, effective and efficient.

6.2.4 Low Revenues for LGs

PAF implementation is supplemented by local government contributions, but there is a chronic problem of low revenue base at the district and sub-county levels, yet the required sensitisation on revenue mobilisation has not been forthcoming. While the Local Government Act 1997 empowers the district officials to initiate development projects, their activities are hindered by inability to raise local revenue, as well as by slow and insufficient transfers from the central government. This problem is likely to become more pronounced with the impending suspension of Graduated Tax in the 2005/06 financial year.

6.2.5 External Factors

Protection from external factors, which impinge on the Budget Releases and consequently predictable PAF implementation, has not been sufficiently explored. There are long delays involved because this is a truly global initiative which requires worldwide consultation and co-operation. It is thus difficult to reach agreement on the principles and procedures, coupled with the fact that the IMF's contribution to HIPC is insufficient. When the IMF seeks bilateral sources of funding for HIPC, it undermines PAF programmes which are already ongoing. Sometimes there is a halt in the flow of the PAF funds as the donor governments are changed. The PAF budget and release protection function, though desirable within the current context of resource constraints and budget indiscipline in some of the public sector spending, has impacted negatively on unprotected sectors, which experience significant resource shortfalls and unpredictable cash flow.

6.2.6 Sustainability

PAF implementation has not been woven around the idea of a need to ensure sustainability, for instance, by promoting collaboration and commitment amongst stakeholders. There is a growing concern that increases in debt relief and donor support lead to increases in areas such as military expenditure and not on PAF activities (MFPED, 2001). Lack of control mechanisms is seen as aggravating problems of sustainability (Lentz, 2002: 10). Challenges on sustainability are identified in the following sectors:

- In the case of MAAIF, the pilot projects have on occasions purchased drafts from pilot District bank account where it has its accounts. But the cost involved is substantial (1% of the value of the drafts). This is an expenditure that will be difficult to sustain (MFPED, 2000:10).
- The reviews indicate that PAF services are often unreliable and that quality is not consistent from village to village. For example, the groups consulted argued that they had to assume responsibility for PAF initiatives, although they realized an increase in their daily expenses and a reduction in their asset base (Lentz: I).

6.2.7 Institutional barriers

Effective PAF implementation can still benefit from dismantling the institutional barriers that inhibit smooth service delivery. Corruption has been seen to threaten the delivery of services to the poorest segments of the population, including services being financed through PAF as targeted by HIPC (UDN, 1999:5). Edoku (1999:5) outlines the various forms of corruption at different levels: embezzlement; non-performance; withholding information; lack of transparency; falsification of documents; bribery and nepotism. Desk reviews detail manifestation of corruption as indicated in the following cases:

- The officials award contracts and at the same time carry out the monitoring of the projects, which creates a situation of conflict of interest and mismanagement of PAF

resources (UDN, 2000:11). Besides, the practice fuels denial of access to services, hatred and fear, divisiveness among communities, death, disinvestment necessary for economic growth and erosion of confidence in government (UDN, 1999:5).

- In some districts, e.g. Kotido, Tororo and Kitgum, funds were borrowed to finance expenditures that are non-wage grants (UDN, 2000:38). In Luweero, politicians diverted to unknown ends money meant for the completion of a school (UDN, 2000:14). In Kumi, Soroti and Kaberamaido, PHC and UPE suffered vast abuse and misuse of PAF funds (UDN, 2002:3).
- The persistence of corruption at different levels of government retards growth (under PAF) as it discourages foreign investment and operations. It is therefore detrimental to eradicating poverty (Muwanga, 2001:18).
- Some local politicians meddle in the affairs of management committees including selection of project areas to their constituencies leaving some areas without any benefit from PAF (UDN, 2000:14).

6.2.8 PAF List of Priorities Apparently Wrong

The priorities were not necessarily identified by the poor themselves. For instance:

- Salary payments for the increasing number of primary teachers take a greater part of the PAF funds.
- PAF is often associated with officials and leaders who use it as a tool not for alleviating but eradicating poverty - an ambitious claim seen to be aimed at boosting PAF resource mobilization by government, but one that ends up often most directly benefiting the corrupt public and well-placed private officers that are bent on short-changing the poor.
- Weaknesses in policy, for example, the absence of clear guidelines on how local people should organize for participation; limiting feeder roads maintenance to only 40km per year for urban roads, and having conditional grants which limit prioritization of actions, apparently affect the flow of benefits to the would-be targeted poor.

6.2.9 Accessing PAF is a Power Struggle

The grassroots people are not involved in decision-making processes and programmes. There is struggle for power among concerned authorities, the poor are voiceless and are not elected to any decision-making positions. Hence participation by invitation or co-option only, and worse still through a top-down *modus operandi*, further marginalizes the poor.

6.2.10 Civic Competence Not Boosted

The findings indicate that competence is frustrated as a result of:

- Corruption: if transparency and accountability were promoted e.g. in awarding contracts, it would affect the way thieving providers deliver their services. To ensure the success of their corrupt schemes, things are done without the knowledge of the sub-counties and communities.
- Lack of transparency, thus the poor are neither informed nor included in planning. Information gaps and inaccuracy, inadequate awareness due to lack of sensitization and dissemination of information about PAF to the local people are constraints to improving PAF implementation.
- Weak participation, so that the basis for a participatory monitoring and evaluation system, as well as social and public accountability are fundamentally undermined.

6.2.11 PAF Mismanagement Product of Incompetence

A few examples were cited to attest to this revelation:

- Districts are not adequately prepared to translate PAF funds into viable projects that can directly benefit the poor.
- There is lack of mentoring of the poor to actively engage in participation. Inadequacy of PAF funds affects participation of grassroots and yet participation is expensive in terms of money and time.
- The districts lack resources/ capacities to involve communities and local people, who, themselves, often have no arena and ability to relate with the powers that be! There is no basis for voice, so the only option for the feeble is exit!
- The management committee participation to provide quality supervision is hindered by lack of technical skills.
- Local people's inability to mobilize local contributions for co-funding activities such as construction of school buildings, and clean water sources, user fees payments hinders their participation and benefit from PAF.

6.2.12 Financial Management

Financial management is still a challenge, especially the problem of high costs arising from holding different bank accounts for the different components and the cost of integration of different funds as was highlighted by the local governments. To reduce delay, each district must have an account at the CG to ensure the timely transfer of funds. There is a problem of double funding at the district level and even diversion of funds for other activities. This requires PAF to have a coordinated monitoring system by all the funding agencies to help improve on implementation. Financial management requires revising the funds transfer mechanism for remote districts. For example, Nebbi's regional bank is in Arua. This has caused delays in receipt of funds. Such a challenge is out of the hands of the line ministries

6.2.13 Legal Weaknesses in Guidelines

Legal weaknesses in PAF Guidelines are compounded by the Local Government Act 1997, which poses implementation problems. For instance, the District Tender Board (DTB) performs without the involvement of the Central Tender Board (CTB) and this needs reform. While this is alright in decentralization, the process has left room for corruption and manipulation in the award of contracts. At the same time, the legal aspects relating to the indiscipline of district officials who are implicated in malpractices need to be enforced. Legal guidelines are not followed in the disbursement of PAF funds. For example, funds are misdirected or embezzled but no action is taken to punish the culprits (reference here is made to the misallocation of urban roads funds in Mubende and Jinja). The reporting system is still poor and inadequate, e.g. progress reports on feeder roads maintenance are provided in cubic metres instead of linear metres. There is lack of capacity (e.g. for feeder roads there is lack of qualified staff-engineers) to convert measurements from cubic to linear metres.

6.2.14 Competences and Capacities

The lack of administrative capacity and local competence constrains the PAF implementation in the districts. The allocation of PAF funds is not well done and there is poor utilisation of the funds. The funds disbursed to the districts and further down to the grassroots are inadequate. Lack of capacity of local contractors and community beneficiaries is a constraint as it leads to sub-standard work. Yet the local communities are not adequately conscientised and empowered to execute meaningful monitoring and evaluation of these projects.

7.0 CONCLUSION

The study indicates that much as PAF has made a significant contribution in Uganda's economy, there is little evidence that the poorest are benefiting. Consequently, there are many gaps in the beneficiaries' assessment of PAF that relates to action research involving the poorest sections of society.

Policy issues, decision-making processes and power centres and the role of policy-makers and implementers, innovations in the utilization of PAF resources, the knowledge base of the poorest beneficiaries of PAF traversing issues of gender, disability, ethnicity and regionalism are some of the issues that need to be addressed. These gaps need to be filled particularly using participatory approaches.

PAF resources need to be equitably and transparently channelled towards ensuring that the poor are catered for in service delivery. This underpins the need to support sustainable agricultural-based livelihoods with a poverty focus and in a gender-sensitive way. It would be necessary to ensure that the decisions meant to arrive at the criteria used for targeting programmes are known to stakeholders, in which case they must be simple and clear.

Modalities also need to be flexible and accountable. Judgement on whom and how to target should be discretionary. Nonetheless, it should not sacrifice credibility by setting mechanisms that are not equitable and transparent. In the event that an approach is seen as unfair and unjust, it should be possible to challenge decisions or even replace those that make such decisions or their representatives. There is also need to complement, and not compete, to ensure reciprocal consistency with government policy and programmes – for instance, PAF should reinforce not undermine decentralisation, PMA, etc.

PAF should be a learning and not a limiting experience. Modalities should have in-built ways of tapping experiences (within and without of PAF) to provide lessons on how to be innovative in averting risks of excluding poor farmers. This supports piloting and beginning small. But it also infers a need to share information and regularly audit the role and functions of the stakeholders involved.

There is also need to target "places where the poor reside" (this involved asking questions about geographical poverty pockets across Uganda's layers of governance and across regions); as well as "to touch those that are actually poor" (this meant finding out the measures PAF used or had intentions to use to reach and assist poor individuals, households and communities in managing risks and shocks - that is, through enhancing equity). There is also need to target a factor that underpins the poverty situation (this means establishing what set of programme policies and principles PAF designed to promote or create an enabling environment for poverty targeting and eradication).

8.0 RECOMMENDATIONS

The informants made the following suggestions as a way of ensuring that PAF benefits the poor:

1. Grassroots people need more sensitisation on PAF (possibly through workshops, fliers, and dissemination of information, etc).
2. Increase involvement of the grassroots and other stakeholders like CSOs in PAF. But there is need to clearly define what the participation and involvement of grassroots people in PAF means. Involvement should be a complete cycle i.e. right from problem identification to monitoring and evaluation of the project.
3. There is need to revise the PAF priorities to be in accordance with the grassroots' priorities. The poor are interested in activities that enable them meet their basic needs through increased incomes.

4. There is need to develop poverty monitoring and evaluation (PME) strategies that enable the districts to monitor PAF activities at the lower levels, and not just at the centre. The Office of the Prime Minister should coordinate the M&E systems at national level.
5. There is need to enhance the capacity of districts in the use of participatory methodologies to enable them involve grassroots people in programmes.
6. There is need to raise more local revenue to finance PAF programmes to ensure sustainability. PAF programmes will collapse if they remain heavily dependent on donors.

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Appendix: List of Key Informants

Aheebwa, Ashaba, Director of Ethics and Integrity, MoEE

- Akantambira, Baker, Senior Inspector, MoLG
- Awiyo, Godwin, UAC
- Bategeka, Lawrence, EPRC
- Cong, Richard, Directorate of Water Development, Kampala
- Chandiru, Florence, Ass Secretary, IGG
- Ejolu, Innocent, Fred, OPM
- Emolut, Sam, Senior Inspector, MoLG
- Kabanda Pherry, Programme Officer, NGO Forum
- Kagugube, Johnson, UBOS
- Kanakulya, UAC
- Kasiko, Margaret, UPPAP
- Kiiza, Andrew, Principal Engineer I/C Roads, Water and Sanitation, MoLG
- Kiirya, Stephen, CHAI, UAC
- Kittuka, Alice, OPM
- Ddamulira, Davis, Action Aid (Uganda)
- Makanga, D. S., MWHC
- Matyama, Fred, MFPED
- Okori, Francis, MoLG
- Mulindwa, Ass Commissioner Planning, MOH
- Mwesigwa, John, CSO Advisor, DFID
- Nabbuma-Nayenga, Rosette, PMAU, MFPED
- Nsereko, Michael, MFPED
- Obwona, AG
- Ojambo, F., MFPED
- Ongona, Mackay, MoES
- Sewakiryanga, R., UPPAP
- Twetegyereze, K., HRDP, DANIDA
- Xx(preferring anonymity) OPM
- Ssenyonga, Paul, OPM