



The Republic of Uganda

Office of the Prime Minister

Evaluation of the Implementation of the Paris Declaration in Uganda

(First Phase 2005-2007)

MAY 2008

National Integrated Monitoring and Evaluation Secretariat
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TABLE OF CONTENTS

FOREWORD	i
ACKNOWLEDGEMENTS	ii
PARIS DECLARATION INDICATORS AT A GLANCE	iii
ACRONYMS	iv
EXECUTIVE SUMMARY	vii
1. BACKGROUND AND RATIONALE	1
1.1 Brief Background on Uganda	1
1.2 Background to the Study.....	3
1.3 Overall objective of the Study	3
1.4 Specific Terms of Reference.....	4
2. STUDY APPROACH AND LIMITATIONS	6
2.1 Evaluation framework.....	6
2.2 Collection of evidence	6
2.3 Study limitations	7
3. ASSESSMENT OF THE PARIS DECLARATION AND ITS RELATIONSHIP WITH PRE-EXISTING ARRANGEMENTS	8
3.1 Clarity of the PD	8
3.2 Relevance of the PD.....	16
3.3 Coherence of the PD	19
3.4 Impact of New Developments in Global Aid Architecture on Uganda’s Aid Policies.....	22
4. CHANGES IN COUNTRY PARTNER BEHAVIOUR AND RESULTS ACHIEVED	23
4.1 Level of commitment to the PD by country partner	23
4.2 Extent to which PD indicators and commitments have been mainstreamed into government frameworks for aid management	24
4.3 Adequacy of fora to influence behaviour change within government and outside the government sector	25
4.4 Adequacy of capacity to implement PD commitments.....	25
4.5 Results achieved by Country Partner in relation to PD indicators on Ownership, Alignment, Harmonization, Managing for Development Results and Mutual Accountability	27
4.5.1 Ownership.....	27
4.5.2 Alignment	30
4.5.3 Harmonization.....	32
4.5.4 Managing for Results.....	34
4.6 Mutual Accountability	36

5. CHANGES IN DEVELOPMENT PARTNER BEHAVIOUR AND RESULTS ACHIEVED.....	38
5.1 Level of commitment to the PD by development partners	38
5.2 Extent to which PD indicators and commitments have been mainstreamed into DP frameworks for aid management	39
5.3 Adequacy of fora to influence behaviour change among DPs and in the government sector	39
5.4 Adequacy of capacity to implement PD commitments.....	40
5.5 Results achieved by Development Partner in relation to PD indicators on Ownership, Alignment, Harmonization, Managing for Development Results and Mutual Accountability	41
5.5.1 Ownership	41
5.5.2 Alignment	43
5.5.3 Harmonization and Division of Labour	48
5.5.4 Managing for Development Results	57
5.5.5 Mutual Accountability	60
6. CONCLUSIONS, LESSONS AND RECOMMENDATIONS.....	62
6.1 Conclusions.....	62
6.1.1 Conclusions on Clarity, Relevance and Coherence of the Paris Declaration.....	62
6.1.2 Conclusions on changes in Partner Country behaviour	64
6.1.3 Conclusions on changes in Development Partner behaviour.....	67
6.2 Lessons Learned from Implementing the Paris Declaration in Uganda	68
6.3 Recommendations.....	69
6.3.1 Improving clarity, relevance and coherence of PD.....	69
6.3.2 Strengthening effectiveness of PD in addressing critical issues.....	69
6.3.3 Reinforcing and maintaining behaviour change within Government ..	70
6.3.4 Reinforcing and maintaining behaviour change among development partners.....	71
7. ANNEXES	73
7.1 Annex 1: Terms of Reference for the Evaluation of the Paris Declaration in Uganda.....	74
7.2 Annex 2: List of people met (including workshop participants)	80
7.3 Annex 3: Evaluation Framework	82
7.4 Annex 4: Interview Guides	91
7.5 Annex 5: Documents Consulted	97
7.6 Annex 6: Corruption-related issues in Uganda.....	98
7.7 Annex 7: Example of Concept of Shifting Power Centre in Uganda's Agricultural Sector.....	100

LIST OF TABLES

Table 1: Summary of key indicators for Uganda.....	1
Table 2: Aid Disbursements to Uganda by Type of Assistance (US \$).....	2
Table 3: Country Commitments in the PP and PD	24

LIST OF FIGURES

Figure 1: Aid modalities over time	49
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FOREWORD

Uganda has always taken the building and sustenance of partnerships with the international development community very seriously. Since independence, Uganda has sought to establish mutually beneficial relationships with other nations, focusing on trade, aid and investment.

Over the years, the number and nature of these relationships have changed. While Uganda was supported by a relatively small number of countries and institutions coming out of the crises of the 1970s and early 1980s, the breadth of countries, institutions and the variety of the types of partnerships have expanded since. In recent years, Uganda has received official development assistance from some of the new bilateral donors, such as China, South Korea, the Czech Republic and Turkey, and from the new multilateral donors such as the Global Alliance for Vaccination and Immunization (GAVI) and the Global Fund.

With this expansion, so Government has recognized that there is a need for careful management of these partnerships to ensure that they contribute to the national interest. The introduction of the national Poverty Eradication Action Plan (PEAP) in Uganda in 1997 provided a firm policy foundation upon which external support could be tailored. This, in turn, was followed up by a clear set of principles to help guide government-donor relations in Uganda (*Building Partnerships to Implement the PEAP, 2001*).

At the international level, over one hundred heads of state, agencies and institutions managing and receiving development aid came together in Paris in March 2005 to map out a global approach to development partnerships. The Paris Declaration is an international agreement to which countries committed themselves to continue to increase efforts in harmonisation, alignment and managing aid for results, based on an agreed set of measurable actions and indicators.

This report is an independent evaluation of the progress made in implementing the Paris Declaration in Uganda to date. The study is part of a global evaluation to assess progress against the Declaration's objectives, and we are very happy to have volunteered Uganda to be a case study in this broader assessment.

We have committed to an independent assessment, conducted diligently by the external evaluators, and likewise commit to taking the findings and recommendations seriously. We are also keen to share the unique experience of Uganda with other partners worldwide to improve the quality and effectiveness of development partnerships.



Adolf Mwesige
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The Consultants acknowledge the enriching guidance of the PEAP Evaluation Subcommittee which was formed as a tripartite sub-committee of the PEAP secretariat with members from the Ministry of Finance, Planning and Economic Development, the National Planning Authority and the Office of the Prime Minister. This sub-committee had oversight on the day-to-day management of the PD Evaluation. The Coordinator of the NIMES was the National Coordinator for the Evaluation and deputized by the Coordinator for the PEAP Revision Secretariat.

The consultants are grateful for the co-operation of all the Development Partners and Government Officials who were approached by the Consultants at this stage of the assignment. The participation of civil society, the private sector and quasi government institutions is also greatly appreciated.

Last but not least, this report benefited greatly from the comments and advice provided by the Review Panel on earlier drafts.

The views expressed here are those of the Independent Evaluators and do not necessarily reflect those of the Office of the Prime Minister, the tri-partite sub-committee or those of the Austrian Development Agency.

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PARIS DECLARATION INDICATORS AT A GLANCE

BASELINES AND TARGETS FOR UGANDA

	Indicators	2005 Baseline	2010 Target
1	Ownership – Operational Poverty Reduction Strategy	B	A
2a	Quality of Public Financial Management (PFM) systems	4.0	4.5
2b	Quality of procurement systems	Not available	Not applicable
3	Aid reported on budget	126%	113%
4	Co-ordinated capacity development	39%	50%
5ai	Use of country PFM systems (aid flows)	60%	73%
5aii	Use of country PFM systems (donors)	79% of donors	90% of donors
5bi	Use of country procurement systems (aid flows)	54%	Not applicable
5bii	Use of country procurement systems (donors)	68% of donors	Not applicable
6	Parallel PIUs	43	14
7	In-year predictability	84%	92%
8	Untied aid	81%	More than 81%
9	Use of programme-based approaches	50%	66%
10a	Co-ordinated missions	17%	40%
10b	Co-ordinated country analytical work	40%	60%
11	Sound performance assessment framework	B	A
12	Reviews of mutual accountability	No	Yes

For reference: alternative measures for Indicators 3 and 7 (based on gap rather than ratio)

3	Aid reported on budget	41%	20%
7	In-year predictability	29%	15%

Source: OECD, 2006. Baseline Survey on the Implementation of the Paris Declaration in Uganda, Study carried out under the aegis of the National Co-ordinators, Deo Kamweya, Damon Kitabire and Peter M. Ssentongo.

ACRONYMS

A	Alignment
AfDB	African Development Bank
AFRODAD	African Forum and Network on Debt and Development
AIM	Aid Information Map
ALD	Aid Liaison Department
APIR	Annual PEAP Implementation Review
BS	Budget Support
CHOGM	Commonwealth Heads of Government Meeting
CIDA	Canadian International Development Agency
CIFA	Counterintelligence Field Activity
CP	Country Partner
CPIA	Country Policy and Institutional Assessment
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DEN	Development Evaluation Network
DFID	Department for International Development (UK)
DoL	Division of Labour Exercise
DP	Development Partner
EC	European Commission
EFAG	Education Financing Agencies Group
EIA	Environmental Impact Assessment
EMIS	Education Management Information System
ESSAPR	Education Sector Annual Performance Report
ESSP	Education Sector strategic Plan
EU	European Union
FDT	Financial Data Tool
FGDs	Focus Group Discussions
GBS	General Budget Support
GFTAM	Global Fund for Tuberculosis, Aids and Malaria
GoU	Government of Uganda
GTZ	German Agency for Technical Cooperation
H	Harmonisation
HCD	Human Capital Development
HIPC	Highly Indebted Poor Countries
HIV/AIDS	Human Immuno Deficiency Virus/ Acquired Immune Deficiency Syndrome
HLF	High level forum
HPAC	Health Policy Advisory Committee
HSSP	Health Sector Strategic Plan
IDA	International Development Association
IFMIS	Integrated Financial Management System
IFPRI	International Food Policy Research Institute
IGG	Inspector General of Government
IMF	International Monetary Fund
IPMF	Integrated Performance Management Framework
ITAD	Information Technology Assistance for Development

JAF	Joint Assessment Framework
JBSO	Joint Budget Support Operation
JEFA	Jomtiem Education for All
JLOS	Justice, Law and Order sector
LDPG	Local Development Partner Group
MA	Mutual Accountability
MDG	Millennium Development Goals
MDR	Managing for Development Results
M & E	Monitoring and Evaluation
MFPEd	Ministry of Finance, Planning and Economic Development
MoU	Memorandum of Understanding
MS	Micro Soft
MTEF	Medium-Term Expenditure Framework
NAADS	National Agricultural Advisory Services
NC	National Consultant
NDP	National Development Plan
NGO	Non Governmental Organisation
NIMES	National Integrated M&E Strategy
NPA	National Planning Authority
NRM	National Resistance Movement
O	Ownership
OAG	Office of the Auditor General
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Cooperation and Development
OPM	Office of the Prime Minister
PAC	Public Accounts Committee
PAF	Poverty Action Fund
PD	Paris Declaration
PEAP	Poverty Eradication Action Plan
PEF	Performance Enhancement Facility
PEPFAR	President's Emergency Plan for AIDS Relief
PFM	Public Financial Management
PMA	Plan for the Modernization of Agriculture
PNSD	Plan for National Statistical Development
PP	Partnership Principles
PPDA	Public Procurement and Disposal of Public Assets Authority
PR	Peer Review
PRBS	Poverty Reduction Budget Support
PRGF	Poverty Reduction Grant Facility
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
PRSCAR	Poverty Reduction Support Credit Annual Reviews
PRSP	Poverty Reduction Strategy Programme
PSFU	Private Sector Foundation of Uganda
PSRRC	Public Service Review and Reorganisation Commission
RDS	Rural Development Strategy
ROM	Results-Oriented Management
SEATINI	Southern and Eastern African Trade Information and Negotiations Institute

SIDA	Swedish International Development Agency
SWAps	Sector-Wide Approaches
SWG	Sector Working Group
TA	Technical Assistance
TL	Team Leader
ToR	Terms of Reference
TTM	Transtheoretical model of behaviour change
UBOS	Uganda Bureau of Statistics
UJAS	Uganda Joint Assistance Strategy
UK	United Kingdom
UMA	Uganda Manufacturers Association
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
UPE	Universal Primary Education
US	United States
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
USE	Universal Secondary Education
WB	World Bank

EXECUTIVE SUMMARY

1. Introduction

General background on Uganda

Uganda is home to a population of 26 million people with an average income per annum of USD300 per person in 2006. About 31% of the population currently falls below the national poverty line, one of the lowest in the East African Community. Growth in gross domestic product has been above 5.3% per annum for the past four fiscal years. The Gini coefficient is reportedly down from 0.43% in 2002/3 to 0.408 by 2005/6. In 2004 net official development assistance (ODA) was USD 1 159 million up from USD 712 million in 2002. This is the second highest in the region after Tanzania. Donor disbursements have not been stable and declined sharply to USD 733 million in 2005/6 before rising again to USD 1 035 million in 2006/7. ODA as a percentage of gross national income (GNI) has increased over the years from 12.4% in 2002 to 17.3% in 2004 and is much higher than Kenya's 4.1% and South Africa's 0.3%.

The aid architecture of Uganda is dominated by budget support which modality accounted for 46.8% of total inflows in 2006/7 compared to 40% and 34% for Tanzania and Rwanda in 2005, respectively. This is followed by investment project assistance (23%) and project technical assistance (at 16%). There are more than 19 development partners present in Uganda. A major feature of this aid architecture is the 12 partners to the Uganda Joint Assistance Strategy who together account for about two-thirds of ODA. The largest donors are at present The World Bank, the European Commission, and United States Agency for International Development (USAID), the United Kingdom, Denmark and African Development Bank (AfDB). Among the medium scale donors are Ireland, Germany, United Nations, Sweden, Norway whilst smallest include donors such as Belgium, Austria, France, Italy and Japan.

Background to the report

This report sets out the findings of an independent Evaluation of the Implementation of the Paris Declaration (PD) in Uganda. The study is part of a larger global study led by the DAC Development Evaluation Network to contribute to the process of continuous learning and the strengthening of outcomes of the Paris Declaration. The **overall purpose** of the evaluation is to assess the performance of the implementation of the Paris Declaration at its mid-point to the 2010 targets. It is expected that these findings will feed into the on-going evaluation of Uganda's national Poverty Eradication Action Plan (PEAP) (1997-2007) and inform the new planning framework currently under formulation.

For Uganda, the ToRs (Annex 1) were customised to the unique country situation whereby the Paris Declaration built on an already established partnership framework that was agreed to between government and development partners in the form of PEAP Volume III Partnership Principles (2001). Hence the study explored an important issue of the relationship between the PD and these pre-existing arrangements, in addition to answering the main questions of the Global Evaluation, namely: (1) clarity, relevance and coherence of the PD; (2) changes in partner country and development partner behaviours; (3) results achieved

against the 12 PD indicators; and (4) emerging lessons from implementation experience thus far.

2. Methodology and limitations

The analysis is both qualitative and quantitative. Over a four week long country visit phase (24 February - 26 March 2008), evidence was collected from both literature on aid management in Uganda (Annex 5) and key informant interviews guided by semi-structured questionnaires (Annex 4). In aggregate, 43 officials were interviewed drawn from a total of 26 institutions spanning central government (3 institutions), sector ministries (4), quasi-government institutions (2), development partners (12), civil society (2) and the private sector (4). Sampling of respondents was purposive and prioritised three sectors for case studies: *education; justice, law and order; and agriculture*. Quantitative evidence on progress on the indicators was mainly drawn from the results of the 2006 Survey on the Implementation of the Paris Declaration in Uganda which provided baseline data. However, results of the 2008 Survey were not yet out and this constituted a limitation in that changes between 2006 and 2008 could not be established quantitatively due to lack of follow-up survey data.

3. Main Findings and Conclusions

3.1 Clarity, Relevance and Coherence of the Paris Declaration

Clarity

The evaluation findings point to a **stark information asymmetry** as regards awareness and clarity of the Paris Declaration among stakeholders in Uganda. Knowledge is concentrated in a few individuals who have participated in previous aid effectiveness meetings (local or international). Within government, knowledge of the PD is concentrated within two institutions: the Ministry of Finance, Planning and Economic Development because of its active role in aid acquisition, coordination and management, and the Office of the Prime Minister that is charged with the responsibility to track and evaluate results. The PD is hardly known at the National Planning Authority, within civil society or the private sector. Neither is it known in sectors that have not enjoyed a Sector Wide Approach. In SWAp sectors where the PD is relatively better known, awareness is confined to top management and technical advisers but tends to evaporate at lower levels (starting from assistance commissioner level downwards). Closer analysis reveals that a more **systematic nation-wide dissemination plan** for the PD is what has been missing. **The PD seems to have suffered from the lack of a definitive driver given its dual ownership by the country partner and the development partners. There has been no clear line of responsibility for the dissemination of information or inviting civil society and the private sector into the PD-related processes and dialogue at national/international level.** Early resolution of this is needed if the 2010 targets for the PD are to be met.

Study results indicate that even stakeholders that are better informed on the PD would benefit from **further work to clarify PD principles and indicators**. The meaning of **ownership**, for example, is perceived to be ambiguous, not attainable in a donor-recipient relationship and above all, at risk of misinterpretation and abuse on either side (CP or DP). Safeguards can be put in place if the PD **defines better the boundaries** of “partner country leadership” and **thresholds** for “stakeholder consultation” to guide partner countries in fulfilling their

commitment to broad-based consultative processes during national strategy formulation. The phenomenon of a **shifting power centre** as experienced in Uganda's agriculture sector, where leadership for crafting or reviewing rural development strategies has shifted between Agriculture, the President's Office the Ministry of Finance, Planning and Economic Development and the Office of the Prime Minister, has led to strategies that are neither coordinated nor properly communicated to stakeholders. Development partners for instance, have been left with no clear sense of government priorities for this sector. This suggests that at the national level the concept of leadership and ownership in national strategy formulation has to be clarified further to avoid sending conflicting or confusing messages.

In addressing **alignment and harmonisation**, there is a widely held misconception among DPs that the PD is about disbursing all aid through the budget support operation. This should take into account both the genuine concerns about risks apparent to both parties (partner country and development partners) and the need to consider keeping a share of aid outside of government systems to support constituencies that hold government to account. DPs are concerned that issues of governance and other equally important cross-cutting issues like innovation and the environment may be crowded out by consumption and investment expenditures if all aid is channelled through government systems.

This, in turn, raises the question of the appropriate roles of aid and development partners in determining priorities. The principle of partner country leadership and ownership of the development agenda vests the power to set the priorities with the partner country. It is the institutions or persons who are mandated by the constitution to do so who execute this responsibility. However, in practice when it comes to some sensitive issues, such as governance, transparency and accountability, such institutions or persons may downplay critical issues when elaborating national strategies. The roles that aid and development partners should play under such a scenario therefore need to be clarified.

Concerning **Managing for Development Results**, this evaluation concludes that putting in place a transparent and monitorable performance assessment framework as advocated by the PD, will on its own not be sufficient to guarantee achievement of the desired results. An adequately capacitated institutional arrangement for assessing the quality of service delivery is equally necessary alongside the framework. The key message of MfDR is not on outputs *per se* but is about managing the quality of inputs and processes that will lead to the desired outputs and outcomes. In Uganda, the main challenge is about ensuring quality of the processes as opposed to the measurement of results *per se*.

DPs requested further clarity on **Indicators 3, 4, 5, 6, 7 and 10 when completing the 2008 Survey, thus facilitating harmonised interpretation and data comparability**. However, the large number of indicators that still required further clarification during the 2008 survey suggests that data from the current survey may not be comparable to the baseline of 2006. In addition, the PD document is reminiscent of **unfinished business** as many commitments under some of the principles do not have corresponding indicators. A decision is necessary on whether to keep the current 12 PD indicators as a basic, cost-effective and manageable set (but fully aware of its limitations) or to add new indicators to monitor additional commitments for outstanding critical issues such as governance and corruption, which DPs in Uganda partly blame for having slowed down progress on PD implementation.

Relevance

Uganda's experience suggests that the Paris Declaration has added value to pre-existing arrangements for managing aid. The PD reinforced the message of **ownership, alignment and harmonization** already robust in the PEAP Partnership Principles of 2001, thus elevating the significance of this home-grown strategy for aid management to the extent that even development partners who were reluctant to ratify the PP ended up doing so. The PD is also viewed by DPs as having complemented the PEAP Partnership Principles which were less explicit than the former on issues of Managing for Development Results and Mutual Accountability.

In addition, the PD gave impetus to donors to agree on a Joint Assistance Strategy for Uganda and to embark on an ambitious division of labour (DoL) exercise. The benefits of the DOL exercise have started to accrue to government in sectors such as justice, law and order in the form of **reduced transactions costs**. The practice of having the lead donor engaging government on behalf of others to address specific policy or programme issues is singled out as having contributed to a reduction in the number of donor-government meetings that often duplicated each other.

However, further gains from the DoL exercise that were expected at the sector level have not yet taken place. Lack of government leadership or buy-in at the initial stages of the DoL exercise, together with the launch of a process to formulate a new national development plan, which emphasizes growth as opposed to poverty reduction, prevented a logical continuation of the exercise at sector level.

Coherence

The link between the PD and aid effectiveness is beyond question as it addresses head-on several critical issues (clear country-led national strategy, focus on results, medium-term expenditure planning framework for rationalization of budget allocation, synergy through alignment and harmonization, transaction costs, local capacity through use of existing systems, etc). Coherence however, can still be improved by **sharpening the finer detail**. One of the primary concerns raised by DPs in Uganda is that commitment to improving aid predictability **does not fully take into account potential risks posed by deterioration in political and administrative governance** - which in 2005/6 prompted DPs to temporarily cut budget support from US\$442 million to US\$226 million.

3.2. Changes in Partner Country Behaviour and Results Achieved

Commitment

Uganda's commitment to aid effectiveness predates the PD. It is one of the first countries to embrace the Sector Wide Approach (introduced in *education* in 1998). In 2001, Government of Uganda and its development partners also pioneered the concept of "*partnership principles*" which in many ways underscores Uganda's uniqueness in embedding the principles of local ownership and leadership into national aid policy and practice. Hence, within much of government, commitment to the PD is subsumed in the adherence to PEAP Partnership Principles and the SWAp MoUs. However, this commitment is **not demonstrated on a continuous basis or uniformly across government or quasi-government institutions**. As an example, following the temporary 49% cut in budget support

in 2005/6 government has had mixed feelings about the desirability of this aid modality. Of late, there has been some tendency at the highest political levels to **backtrack on policy statements made earlier about outright preference for budget support**.

The process by which government came up with Universal Primary Education (UPE) policy, Universal Secondary Education Policy, Prosperity for All, and the Rural Development Strategy shows strong government leadership, but there is not the evidence to support any influence by the Paris Declaration. Uganda's current policies and strategies are rooted in the election manifestos of the National Resistance Movement government, with the higher offices in government pronouncing the visions and technocrats adding the substance. DPs bemoan the lack of proper costing of policy options and this applies also to old policies and strategies. The overlap between policy planning mandates of the Ministry of Finance, Planning and Economic Development and the National Planning Authority characterises a **proliferation of power centres which shifts responsibility for spearheading broad-based consultation** and does not auger well for leadership or wider ownership.

Government of Uganda has started **scaling up the Sector-Wide Approach beyond the pioneering sectors** (education, and health) due to positive SWAp and PD experiences. However, most sectors are still to benefit from this approach because of limited donor presence.

Capacity

Government remains committed to civil service reforms and capacity building which have been on-going for the past decade. However, the required level of capacity to implement needed reforms to which development partners are aligning is not yet achieved. In addition, a USD 70 million Performance Enhancement Facility (PEF) that was intended to be introduced with World Bank funding as complimentary to the core Public Service Reform Programme was not approved by Parliament in December 2007. As a demand-driven approach to capacity building, the PEF would have served as an alternative to the dominant supply driven mode of capacity building through various sector support programmes and projects, which so far has had limited results.

Incentives

No incentives were introduced within government specifically to support the implementation of the PD. However, the many but ad-hoc opportunities for government officials to participate in international aid effectiveness meetings or trainings related to the subject. There are also strong views within government that creating selective incentives would undermine the overall incentive structure within the public service. However, the overall outlook of civil service incentive packages remains that they negate staff motivation, retention and performance. The Ministry of Public Service lacks the resources to offer incentives to adhere to results-oriented management (ROM) and related integrated performance management framework (IPMF) processes.

Results achieved

In terms of progress made against the 12 PD indicators, findings of this evaluation concur with the conclusion of the 2006 Survey on the Monitoring of the Paris Declaration in Uganda that it is **high on indicator 1 (operational development strategies)** that have clear strategic

priorities linked to a medium term expenditure framework) **and indicator 11 (transparent and monitorable performance assessment frameworks)** modest on **indicators 2 (reliable country systems)** as well as **Indicator 12 (mutual assessment of progress)**. Uganda's PEAP is rated highly as a home-grown strategy that sets out a clear vision on poverty eradication and has a strong link to the Millennium Development Goals but with country specific targets. However, its review every 3-4 years does not give it a real medium-term time-frame neither does its accommodative (broad) nature give clear direction on priorities.

A focus on results has also increased within the Government of Uganda with interest now shifting to performance-based budgeting. A framework for evidence-based decision-making has been created using the PEAP results matrix, Annual PEAP Implementation Review, joint Poverty Reduction Support Credit Annual Reviews and Joint SWAp implementation reviews. Some sectors also have well-funded systems to collect credible sector-based process data. The challenge is in scaling up to all sectors, ensuring continuity of data collection, timeliness in consolidation and reporting, data completeness and reliability and above all, translating sector statistics into national level information for decision-making.

Progress is lagging behind on mutual accountability largely due to absence of a formalised framework to tackle this issue more directly. Mechanisms such as the Annual PEAP Implementation Review (APIR) and the Annual Review of the Poverty Reduction Support Credit have so far offered some opportunities though from a more general or programmatic perspective. A Joint Assessment Framework (JAF) for the Joint Budget Support Operation (JBSO) currently under development is likely to provide a more direct mechanism for tackling mutual accountability.

3.3. Changes in Development Partner Behaviour and Results Achieved

Commitment

Aid practices in Uganda confirm almost **universal commitment to aid effectiveness** by development partners, but not necessarily to the Paris Declaration. Though increasing, commitment to the Paris Declaration varies markedly across development partners. It is high among the 12 Uganda Joint Assistance Strategy partners who provide either budget support or programmatic support, who together provide about two-thirds of the budget. Some of them have either realigned their aid policies, instituted staff orientation programmes on the PD, or mainstreamed aid effectiveness targets into staff performance review and reward systems. Commitment was found to be lower among partners whose policies do not allow them to **use country systems for public financial management and procurement (Indicator 5) and continue in project mode**. Some donors are selective on the areas they can engage with others concerning progress on the PD whilst a few reportedly stayed out of the Local Development Partners' Group.

Capacity

Study findings indicate that staff capacity is not a major determinant of progress on the Paris Declaration among development partners; it is more the political will to adhere with the PD principles and commitments. There is even evidence that development partners who implement the PD reduce both the number of projects and sector coverage focusing more on the budget support, SWAp or basket funding arrangements. This is freeing up staff resources for new tasks in aid coordination or upstream policy influence. However, these new tasks

demand new skills (for example, policy advocacy and negotiation) which may not be immediately available in project staff but can easily be acquired. However, **without the political will at higher levels, the framework for strategy and programming around the Paris Declaration principles would not exist and country offices remain hamstrung.**

Incentives

The main form of incentives for implementation of the PD is staff performance and reward systems and these are more at top management levels (often Country Office Manager or deputy). Practices for cascading these incentives to lower structures differ by DP but are not systematised.

Results

There is sufficient evidence to conclude that good progress has been made on ownership and most alignment indicators except Indicators 4, 5 and 6. Evidence from the 12 development partners interviewed confirms that the PD has strengthened DPs' respect and support for partner country leadership. The level of engagement varies between DPs, however, with some adopting a total hands-off attitude, while others prefer continuous engagement with the government but in an advisory capacity. Some DPs are strengthening capacity for policy and strategy formulation in government through tailor-made international short courses. There is no local consensus on how DPs should contribute into policy formulation or when they should be invited to do so.

The Uganda Joint Assistance Strategy (UJAS) is a sign of intensification of efforts especially towards harmonisation. The UJAS mainstreams PD principles and indicators. With growing interest in the PD, an additional five donors have since endorsed the UJAS and the number continues to grow with the UN Group being the latest to formally communicate interest. The UJAS partners went further in 2006 to initiate a donor division of labour (DoL) exercise. Both the UJAS and the DoL exercise are considered significant steps despite the temporary loss in momentum in 2007. Government has revived the DoL agenda in early 2008 to inform the development of new five-year national development plan.

There is no evidence yet on the donor side that harmonisation efforts have lowered transaction costs. A transitional increase in transaction costs is expected from aid harmonisation efforts. Donor coordination meetings have multiplied at sector level, with the proliferation of sector working groups and thematic sub-groups although some donors have satisfactorily countered this with a **reduction in the number of sectors of intervention.**

4. Some of the Lessons from the Uganda Experience

1. Reaching agreement on a Joint Assistance Strategy is very difficult among DPs because of divergent views and policies. However, once agreed it is likely to have high payoffs in the reduction of transaction costs at least for the partner country due to greater coordination among donors when they engage government.
2. Emphasis on use of country systems for public financial management and procurement has to take care of country-specific risks such as poor administration political governance and corruption and hence needs to be balanced with appropriate risk mitigation measures.

3. Budget support is a preferred aid modality on the part of a partner country only when DPs do not go beyond developmental issues to tackle democracy and good governance. Linking budget support to governance introduces the risk of budget cuts as BS is used both as a “carrot” and a “stick”.
4. Promoting a single modality, e.g., Budget Support, in pursuing the alignment agenda is not ideal practice given the risk of marginalizing salient issues such as innovation, environment, demand-side governance and the private sector.
5. Knowledge of the PD within DPs can be enhanced by corporate headquarter initiatives to run induction training for staff on aid effectiveness, holding weekly policy and programme staff meetings and institutionalising aid effectiveness monitoring into own organisation. Such institutionalisation can effectively be promoted when a specific member of staff at country office level is designated as focal point for aid effectiveness monitoring.
6. Best practices in nurturing DP commitment to aid effectiveness are not confined to DPs that fully subscribe to the PD alone but those also who despite being constrained by corporate policies and principles, innovate through periodic aid effectiveness monitoring, interactive web portals for information dissemination and receiving constituency feedback, and dedicated capacity building.

5. Main Recommendations

For OECD/DAC: Consolidating the Paris Declaration

1. A **decision should be made** on whether to keep the current 12 PD indicators as a basic, cost-effective and manageable set or to add **new indicators to monitor additional commitments for addressing outstanding critical issues** such as administrative and political governance, guaranteeing value for money (reducing corruption) and innovation.
2. The PD should directly address the issue of local procurement and to this end, should complement Indicator 2 (use of country systems) with another indicator to monitor the proportion of aid spent on locally procured goods and services.
3. Indicator 6 (on reducing parallel structures for management of aid-financed projects, PIUs) should be broadened to capture all donor-funded projects within and outside government. It should capture large NGO programmes as well.
4. Donors, through the Local Development Partners Group or the UJAS framework should discuss and reach consensus on **common approaches** and **best practices in addressing outstanding and critical aid effectiveness issues** such as governance, value-for-money and innovation. Such best practice should not undermine country ownership and leadership or necessarily necessitate backtracking from programmatic to project approach. In doing so, DPs should reach consensus on what might constitute an “appropriate balance” between project and programmatic aid. They should also somewhat ring fence governance and corruption issues as areas where

division of labour should not be extended as DPs need to stay together to have a strong voice.

For Government of Uganda: Consolidating Change in Partner Country Behaviour

5. The Government of Uganda through the MoFPED, as **the lead institution** for implementation and monitoring of the implementation of the Paris Declaration in government should develop and implement a sound dissemination plan. The PD should be widely communicated to all stakeholders and be internalized not just by Government but also by civil society. It should be explained how the PD builds upon (or reinforces) Uganda's existing Partnership Principles.
6. MoFPED as coordinator of resource allocation (or the Office of Prime Minister that is functionally responsible for coordination, monitoring and evaluation of all GoU policies, programmes and projects) should play the role of overall coordinator of all sector working groups. Coordination of SWGs enables government to have a consolidated view of development effectiveness issues in the country. It should ensure that the national and sectoral policies and programmes being formulated are internally coherent and consistent with the overall national strategy and in accordance with the approved government plans and priorities both at the center and the local governments.
7. MoFPED should institute a **high-level forum above the individual sectors** for discussion of aid effectiveness issues being encountered in the various sectors.
8. Institutional roles in national planning need to be streamlined by Government in order to **avoid creating a syndrome of "shifting power centres"**. Uganda should ensure that the broader Rural Development Strategy does not dilute mandates of, and priorities already identified by, constituent sectors such as agriculture, transport, energy, education, health, trade and commerce, community development, etc. The RD strategy can be used to promote coherence in sector strategies, synergy between sectors and rationalization of resource allocation but implementation responsibility should remain with individual sectors working in rural development. There should not be the need for another power centre specifically to coordinate "rural development" as this might undermine the work of sectors and create a leadership void at that level which, in turn would negatively affect aid flows to the affected sectors.
9. Government should work further on streamlining the planning roles of the MoFPED and the NPA to ensure clear division of labour, coordination, internal cohesion and complementarity whilst safeguarding the original vision of setting up a consistent, efficient, co-coordinated and integrated framework and system of managing national planning through the NPA.
10. Efforts should be made to enhance the collection of both process and impact data in all sectors and to **establish stronger linkages between sectors and the National Integrated Monitoring and Evaluation Strategy** where information for decision making is required (this includes elaboration of a national strategy for capacity building of M&E systems which donors would be invited to support through programmatic aid).

11. Government of Uganda should continue to uphold the principles of good governance, transparency and accountability. It should adopt **zero tolerance for corruption within government, civil society and the private sector**. Swift action is needed to **fully implement existing policy and legislative provisions to fight corruption**, including efficiently **executing recommendations of all commissions of inquiry** into cases of fraud if the government is to gain credibility from citizens and development partners.

For Development Partners: Consolidating Change in Development Partner Behaviour

12. All development partners operating in Uganda should **join the Uganda Joint Assistance Strategy** and fully **participate in both the Division of Labour Exercise and the Local Development Partner Group Meetings** (where possible, Government of Uganda may **introduce incentives** to encourage them).
13. Development partners in Uganda should **increase their use of national systems** whilst helping with one voice to strengthen country capacity in governance, public financial management and procurement, especially dealing with systemic (as opposed to symptomatic) issues of corruption, and avoid using this as an excuse for lack of engagement.
14. Unlike the PEAP, the proposed national development plan should articulate an explicit strategy for capacity building to focus government and donor attention on a set of priorities including the strategic and targeted use of Technical Assistance to build sustainable capacity both within government and the economy at large. In line with the provisions for consultation in the Paris Declaration, this should be one area where donors and government could sit together and jointly craft a strategy once government has identified the priority areas of capacity enhancement.
15. Development partners should continue to influence each other through the UJAS framework to **reduce the number of PIUs (indicator 6)** except where there is a clear identified need supported by government and the PIUs report and account to the national institutions hosting them. Such PIUs should be retained but with a clear exit plan including eventual integration into government structures.
16. There is a need to more **carefully consider choice of aid modality**, reconsidering where possible, the necessity of project support and ensuring that this preference does not undermine the overall vision on planning upstream.
17. There is need to **support Government to assume its lead role in the division of labour exercise**, including in areas where such division of labour may have unexpected outcomes for the development partner concerned.
18. Development partners should explore ways and means of **reducing not just the number of uncoordinated missions** but the **size of all missions (coordinated or uncoordinated)**. The two parameters are equally important in reducing transaction costs and should both be monitored.

1. BACKGROUND AND RATIONALE

1.1 Brief Background on Uganda

Uganda is one of the five members of the East African Community (EAC)¹. It is home to a population of 26 million people which is about 22% of the EAC total population of 120 million. Average income per annum for 2006 is estimated at USD300 per person². Growth in gross domestic product in this agriculture-based economy has been steady, mirroring inflation, between 5.3% - 6.6% per annum during the past four fiscal years. Compared to other countries in the EAC Uganda has made significant strides towards reducing poverty. About 31% of the population currently falls below the national poverty line and poverty is declining. This compared with say 36% for Tanzania and 68% for Burundi. The Gini coefficient is reportedly down from 0.43% in 2002/3 to 0.408 by 2005/6. However, average growth in GDP per capita averaged only 2.4% between 2003 and 2006 due to high population growth.

Table 1: Summary of key indicators for Uganda

Country	GNI per capita, 2006 (in USD)	Ranking out of 207 countries	ODA received, 2004 (in USD millions)	ODA as % of GNI	Population below poverty line 2007-08
East Africa Community					
Uganda	300	193	1,159	17.3	31
Tanzania	350	187	1,750	16.0	36
Rwanda	250	196	468	26.0	57
Kenya	580	172	635	4.1	46
Burundi	100	207	365	46.8	68
Other regions					
Zambia	630	170	1,080	21.0	70
South Africa	5,390	83	617	0.3	43
Egypt	1,360	141	1,458	1.9	20

Source: (i) 2006 Survey on Monitoring The Paris Declaration: Country Chapters; (2) World Development Indicators database, World Bank, 11 April 2008.

Uganda's dependence on aid to finance the budget is currently extremely high, running at about 50% of both domestic revenue and recurrent expenditure. In the long run this dependency can be contained through economic growth (higher revenues) and sound expenditure control (better public financial management). However in the short run, Government of Uganda (GoU) will remain highly aid dependent.

In 2004 net official development assistance (ODA) to Uganda was USD 1 159 million up from USD 712 million in 2002. It is the second highest in the EAC region after Tanzania which received 1,750 million USD in 2004. It exceeds disbursements to Zambia, another highly aid-dependent country. In Uganda, ODA has not been stable. Donor disbursements declined sharply to USD 733 million in 2005/6 due to temporary cut in budget support, but restored to USD 1 035 million in 2006/7 (Table 2).

¹ The other members are Kenya, Tanzania, Rwanda and Burundi. Rwanda and Burundi joined in July 2007.

² Most of the information in this section is taken from the 2006 Survey on the Paris Declaration and the 2006 PEAP Implementation Review Report.

Table 2: Aid Disbursements to Uganda by Type of Assistance (US \$)

Type of Assistance	Amount disbursed, US\$						
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Debt Relief	571,217	0	0	0	689,538	0	0
HIPC Debt Relief	74,390,000	71,060,000	68,390,000	61,650,000	65,080,000	65,080,000	81,2000,000
Budget Support	254,594,063	451,339,060	376,272,554	454,319,015	441,643,231	225,945,095	485,599,838
Emergence Relief Assistance	18,461,276	24,740,590	24,740,590	46,988,679	59,946,613	468,600	0
Food Aid	7,221,304	254,701	200,014	1,400,000	2,500,000	6,711,182	0
Free Standing Technical Cooperation	47,801,855	41,258,595	46,395,392	56,554,502	35,201,324	57,474,083	48,095,600
Investment Project Assistance	229,843,941	205,416,711	195,837,157	350,837,978	277,754,190	172,782,474	244,686,380
Investment related Technical Assistance	76,508,363	96,354,764	156,559,014	133,817,842	141,843,394	178,946,632	170,153,472
Other Project Related Assistance	22,802,965	17,627,629	29,484,906	15,202,312	14,844,062	10,367,906	35,501,032
Grand Total	732,194,984	908,556,020	897,879,627	1,120,770,328	1,039,502,352	733,895,972	1,035,456,322

Source: Ministry of Finance, Planning and Economic Development.

The country has been running a high budget deficit of around 8% largely due to rising energy costs and rehabilitation expenses in the North, a region that torn by civil conflict. The budget deficit is also largely dependent on volume of aid inflows and the temporary cut in aid in 2005/6 over administrative and political governance issues, for instance, resulted in a 64% increase in the fiscal deficit. GoU has the practice of discounting commitments to the Joint Budget Support Operation (JBSO) as a measure to safeguard against such risk of cuts but large cuts do affect the budget outcome nevertheless. ODA as a percentage of gross national income (GNI) has also increased over the years from 12.4% in 2002 to 17.3% in 2004. This is much higher than in Kenya's (4.1%), South Africa (0.3%) and Egypt (1.9%).

The aid architecture of Uganda is dominated by budget support which modality accounted for 46.8% of total inflows in 2006/7 compared to 40% for Tanzania in 2005. This is followed by investment project assistance (23%) and project technical assistance (at 16%). There are more than 19 development partners present in Uganda. A major feature of this aid architecture is the 12 partners to the Uganda Joint Assistance Strategy who together account for about two-thirds of ODA. The largest donors are at present The World Bank, the European Commission, the United States Agency for International Development (USAID), the United Kingdom, Denmark and African Development Bank (AfDB). Among the medium scale donors are Ireland, Germany, United Nations, Sweden, Norway whilst smallest include donors such as Belgium, Austria, France, Italy and Japan. Uganda has enjoyed HIPC (Highly Indebted Poor Countries) debt relief which reduced the net present value of external debt as a percentage of export earnings to 150% but soon resurged to US\$ 4,583 million by 2006. Further substantial debt relief is expected through the multilateral debt initiative under which the IMF, the World Bank and the AfDB will extend 100% debt relief to Uganda.

1.2 Background to the Study

This report presents results of an independent Evaluation of the Implementation of the Paris Declaration in Uganda. The study has been carried out as part of a larger, global study proposed by the DAC Development Evaluation Network to contribute to the process of continuous learning and the strengthening of outcomes of the Paris Declaration (PD). The Paris Declaration itself was endorsed on the 2nd March 2005 by over one hundred Heads of Governments and Head of Agencies and institutions managing and receiving development aid. It was a culmination of a long process of high high-level consultation, analysis and debate engaging both donors and developing countries on how to better manage aid so as to more effectively and efficiently deliver results to the poor. Through the PD several countries including Uganda, jointly committed themselves to a set of *monitoring actions* guided by five principles of aid management: Ownership; Alignment; Harmonisation, Managing for Development Results and Mutual Accountability³ that are agreed at an international level.

1.3 Overall objective of the Study

The **overall purpose** of the evaluation is to assess the performance of the implementation of the Paris Declaration at its mid-point to the 2010 targets. The mid-term evaluation is also expected to feed into an impact evaluation scheduled for 2009/10. The **specific purpose** is to assess what constitutes better practices for partner and development partner behaviour in

³ Paris Declaration on Aid Effectiveness 2006

regard to implementation of the Paris Declaration. As a mid-term evaluation, it focused on assessing the performance to-date (inputs to outputs) and evidence of progress and direction made towards the intended outcomes. It is also aimed at seeking out early lessons from the implementation process of the Paris Declaration in order to deliver practical lessons and help take stock of implementation performance at the 3rd High-Level Forum (HLF) on Aid Effectiveness to be held in Accra, Ghana in September 2008.

The evaluation in Uganda was carried out as part of other on-going Country Level Evaluations. Furthermore, according to the Terms of Reference for the study (Annex 1), the Uganda Country Level Evaluation not only seeks to complement the on-going monitoring of the implementation of the Paris Declaration, undertaken through the Joint Venture on Monitoring, but will feed into the on-going PEAP Evaluation process that is going to inform the development of the new planning framework for Uganda in 2008/09.

1.4 Specific Terms of Reference

According to the ToRs, the study specifically seeks to:

- Assess how effectively the principles have been translated into specific actions in Uganda;
- Determine whether and how effectively the PD has built upon pre-existing partnership principles and agreements in Uganda;
- Determine how effective the implementation of the PD has been in Uganda against its own objectives and targets, as a basis to assess what (if anything) needs to change and for the purpose of international comparison;
- Determine whether the current pattern of implementation is likely to result in the intended outcomes, in part measured by the indicators and associated targets;
- Determine the extent and causes of positive behavioural changes implied by the implementation of the PD, both amongst development partners (donors), the government and other actors;
- Provide the evidence base for the final impact evaluation of 2009/10;
- Review the monitoring framework and determine its utility and continued relevance;
- Deepen the understanding of the lessons emerging from the Paris Declaration's baseline survey conducted in 2006; and
- Facilitate national and global learning on aid effectiveness.

The ToRs for the Uganda Country Level Evaluation were **specifically customised** to the unique situation obtaining in this country, where implementation of the Paris Declaration built on a **pre-existing partnership framework** between the government and development partners, dating back to 1998 when the SWAp programme was introduced in Education Sector and donors and the government signed a MoU. This was reinforced by a blueprint, *PEAP Volume III Partnership Principles (2001)*⁴ which set out the agreed terms of partnership between Government of Uganda and its development partners. The Partnership Principles were developed as part of the second iteration of the Poverty Eradication Action

⁴ The *PEAP Volume III Partnership Principles* seek to link donor support with the PEAP. Over the years other frameworks for cooperation around the Paris Declaration principles and the Government PEAP process have evolved. These have included instruments like the Poverty Reduction Support Credit and the Uganda Joint Assistance Strategy. All these frameworks have influenced the localization of the Paris Declaration.

Plan (PEAP)⁵, Uganda's national development framework and medium-term planning tool. It further serves as the country's official Poverty Reduction Strategy (PRSP), guiding the formulation of Government policy and the implementation of programs through sector wide approaches and a decentralized system of governance.

⁵ The first PEAP was produced in 1997. This has since been revised in 2000 and 2004. In 2008 a new initiative has been launched to review PEAP 2004 and come up with a new National Development Plan. The process may take 1-2 years.

2. STUDY APPROACH AND LIMITATIONS

2.1 Evaluation framework

The main focus of evidence gathering was on three aspects: (1) the **quality of the PD** itself in terms of its **clarity, relevance and coherence**; (2) **behaviour changes** that have occurred within government and among development partners that might underpin subsequent improvements in aid effectiveness and the delivery of outcomes and impacts for Uganda; and (3) **lessons learned from PD implementation** experience of Uganda thus far. To break down the issues to be analyzed and hypotheses to be tested, into a series of questions to be asked, the Evaluators constructed an Evaluation Framework (Annex 3) guided both by the specific ToRs and further guidance from OECD in the form of a Summary Sheet. The evaluation framework informed the logical elaboration of more specific questions and identification of sources of evidence required to make necessary judgments. This formed the basis for development of interview checklists (Annex 4) that were used to collect viewpoints and evidence from a wide range of stakeholders (Annex 2).

2.2 Collection of evidence

Evidence was pursued along two main fronts: an extensive literature search and review (Annex 5), complemented by semi-structured interviews targeted at a wide range of stakeholders representing central government, sector ministries, quasi-government institutions, development partners, civil society and the private sector (Annex 2). Given the seniority of the officials interviewed and the desire to go beyond routine, one-word responses, a semi-structured interview method was considered more appropriate than a formal survey⁶.

Sampling of respondents was purposive. Primary focus was on three sectors: *Education, Justice Law and Order* and *Agriculture*. This mix provided a cross-sectional view of what has happened in sectors with a varied mix of donors and financing modalities. The sectors were selected as case studies and not as a representative sample of sectors in Uganda. Development partners working in these sectors were automatically selected for interviews. However, not all donors working in the three sectors could be interviewed, but only a sample as determined by availability of the DPs. Additional donors were added to have a good representation overall of donors by scale of aid and by type (bilateral and multilateral; budget support or project aid). The sample also included a fair representation of like-minded donors (e.g., UJAS partners) and the independent ones. The **United Nations** Group was included to capture UN experience in implementing not only the PD but similar principles as part of the **UN reform agenda**.

A small sample of **non-state sectors**, mainly **umbrella bodies of NGOs** and the private sector, were also included to solicit views and perceptions of civil society.

Altogether, 43 officials were interviewed drawn from a total of 26 institutions distributed as follows: central government (3 institutions); sector ministries (4); quasi-government institutions (2); development partners (12); civil society (2); and the private sector (4).

⁶ The nature of many of the perception-based issues analysed required an in-depth discussion and probing rather than a simple question and answer approach.

2.3 Study limitations

There were five main limitations to the study. Firstly, there are no benchmarks set for the PD monitoring exercise against which to base the qualitative judgement of performance either by donors or by the government. A system of rating progress such as the one used by the World Bank's Country Policy and Institutional Assessment could have been introduced by OECD for monitoring the PD. This work is necessary in future in order to improve and standardise the evaluation of progress in the implementation of the PD.

Secondly, the PD principles lack proper definitions to standardise interpretation. In addition the PD is a repetitive document. There is significant overlap between commitments for ownership, alignment and harmonisation themes. This impairs judgement on what actually qualifies under each of the themes (ownership, alignment, harmonisation, managing for results and mutual accountability), or introduces redundancy in the analysis and reporting of progress by theme.

The third constraint was that, some principles have several commitments listed under them but only have one indicator identified for assessment of progress, which does not fully capture the intention of the commitments under the principle.

Fourthly, the quality of stakeholder consultation could have been enhanced by holding a Stakeholder Consultation Workshop during the data collection phase and interviews at local government level. These were not possible in the tight timeframe of the country visit.

Lastly, the results of the 2008 Survey on the Monitoring of the Paris Declaration were not yet out by the time of this evaluation, thus making it impossible to assess magnitude of changes that have occurred to PD indicators after the 2006 Baseline Survey.

3. ASSESSMENT OF THE PARIS DECLARATION AND ITS RELATIONSHIP WITH PRE-EXISTING ARRANGEMENTS

This chapter seeks to analyze the utility of the Paris Declaration as a tool for fostering aid effectiveness. The judgment is made based on three core criteria outlined in the Terms of Reference: *clarity*, *relevance* and *coherence*. In addition, the Chapter explores the issue of the value-added by the PD in the context of Uganda's pre-existing arrangements for promoting aid effectiveness. In particular, the discussion here addresses the question whether the PD has been effective in addressing critical aid effectiveness issues in Uganda. The analysis extends to another important subject - the impact of new developments in aid architecture on successful application of the PD principles and commitments. This new aid architecture is characterized by the emergence of new bilateral donors, for example, China and India, and global funds such as the Global Fund for Tuberculosis, Aids and Malaria (GFTAM), U.S. President's Emergency Plan for AIDS Relief (PEPFAR) and foundations such as the Bill and Melinda Gates, the Clinton Foundation, among others.

Two main sources of evidence for this analysis are the interviews made with key stakeholders as part of this evaluation and the report on the *2006 Survey on the Monitoring of the Paris Declaration in Uganda*.

3.1 Clarity of the PD

In discussing clarity this section first explores the issue of the level of awareness and knowledge on the PD that exists in government, among development partners, the civil society and the private sector. This is then followed by a discussion of how these stakeholders interpret the principles and then the commitments and indicators.

Level of awareness and knowledge concerning the Paris Declaration

In terms of knowledge and clarity of the Paris Declaration, Uganda is characterized by what could be termed **pockets of excellence**. Knowledge of the PD is in general concentrated in individuals who have had the exposure through participation in one or more international meetings on aid effectiveness over the last three years. For example, within government, awareness of the PD and conceptual clarity of its principles and commitments are concentrated in those individuals within the Ministry of Finance, Planning and Economic Development (MoFPED) and the Office of the Prime Minister (OPM) that have been in the forefront representing Uganda in the PD negotiations or have been directly involved in its monitoring or evaluation.

The level of awareness is generally very high among technocrats in the MoFPED because of their mandate of managing aid and ensuring that it is used effectively. Together with sectors, they are also affected directly by the high transaction costs if aid is not aligned or harmonized, so measures such as the PD to reduce such costs are of direct interest to them. In addition, most technocrats in the MoFPED have had the opportunity to participate in one or more forums where aid effectiveness issues have been discussed. At OPM, the Assistant Commissioner, Coordination and Monitoring is highly knowledgeable given his role in representing Uganda in the PD negotiations as well as its monitoring.

Knowledge of the PD was found to be **more limited at sector ministry level** though relatively better in sectors where the SWAp modality has been operationalised for a longer period (e.g., Health, Education and Justice, Law and Order). Knowledge was reported to be

much more limited (even absent) in sectors where the concept of a SWAp has not yet been adopted (e.g., Environment, etc). Where some knowledge exists, this is generally concentrated within Technical Advisors or officials in positions such as Commissioner, Assistant Director, Director and Permanent Secretary, but fast diminishes starting at the level of Assistant Commissioner downwards. This is exemplified in Agriculture. Knowledge of the PD was also reported to be limited within some key government agencies such as the National Planning Authority. This shows that there has not been systematic involvement of the NPA in PD-related processes nor has there been adequate information exchange between say MoFPED and the NPA. The fact that knowledge of the PD at sector level is also weak does highlight either the absence of a proper plan to engage other arms of government (apart from the Ministry of Finance, Planning and Economic Development and the Office of the Prime Minister) in the processes and dialogue on the PD, or the fact that it is still too early to judge. This also reinforces the commonly expressed notion that **the PD is not seen, and rightly so, as a separate project**⁷ but as a set of principles and commitment that must be infused into strategies to strengthen aid management. However, **this makes the PD suffer from lack of a proper institutional home** that carries the responsibility for stakeholder mobilization, implementation and evaluation.

Among Development Partners, awareness of the Paris Declaration principles **appears universal among Heads of Missions and their deputies**, although clarity of some commitments and indicators is still being debated as will be discussed in more details below. Some Heads and Deputy Heads of Missions are assessed by their headquarters on the basis of their progress towards fulfilling the principles and commitments in the PD. This performance assessment acts as an incentive for the pursuit of the PD principles and commitments and encourages them to be fully aware of what the PD is all about.

Below the Heads of Missions, understanding of the PD was found varying depending on the **level of exposure of the staff member** concerned to PD issues and **the role they play within their country office in aid coordination and management**. Staff that are representing their agencies in a “Lead Donor” capacity in a particular sector, say benefiting from a SWAp, basket or pool-funding arrangement for example, were reported to be well ahead of others in their appreciation of PD issues given that they deal with these and related issues on a daily basis⁸. Some DPs have special induction training programmes on aid effectiveness which are run from their headquarters to orientate new staff on the PD. In addition they also hold weekly policy staff meetings where the PD issues are discussed. Knowledge and understanding of PD principles and commitments among policy and programme staff (advisors and managers) was reported to be high in such DPs. Other DPs such as USAID have institutionalized monitoring of aid effectiveness in general, and have staff specifically designated as focal points for monitoring aid effectiveness within their country offices. Awareness of the PD among such officers is quite high.

Within the UN, the focus on the Millennium Development Goals places the MDG Declaration and the United Nations Development Assistance Framework at the centre of the UN development assistance strategy and tends to **somewhat overshadow the emerging emphasis on the Paris Declaration**⁹. It appears among the UN agencies there is a view that the PD commitments and targets are an idealistic scenario that, although set for achievement by 2010, can be realistically achieved in the longer term, yet achievement of MDG targets by

⁷ Interview with the Office of the Prime Minister

⁸ Interview with the Dutch Embassy

⁹ Interviews with UNICEF and UNDP

2015 may call for an interim short-term aid management strategy that does whatever it takes to achieve the required results.

Knowledge of the PD was found to be much **more limited within civil society organisations (CSOs)** and almost **non-existent in the private sector**. The few individuals who had some knowledge of the PD within the civil society had acquired it by virtue of their engagement in policy work at national and international level. However such knowledge has **not yet been institutionalized** partly as some NGOs still view it mainly as a **tool for politicians** and not so much for civil society¹⁰. This partly explains the generally low levels of knowledge, organizationally, across civil society in general. For example, awareness of the PD was reported to be weak at CSOs such as the Uganda Chapter of the Debt Network, the National NGO Forum, the Forum for Women in Democracy, Oxfam and the Southern and Eastern African Trade, Information and Negotiations Institute (SEATINI)¹¹. Within these institutions, **knowledge was concentrated in very few individuals** who have interacted with government in the areas of aid, debt and trade justice campaigns or with international partner CSOs such as the African Forum and Network on Debt and Development (AFRODAD)¹².

According to the Uganda Manufacturers Association (UMA) and the Private Sector Foundation of Uganda (PSFU), the PD is not known in the private sector. Those interviewed commonly raised two questions: (1) whether the PD is something the private sector should know about, or it is a subject for government and the donors? (2) Who has the responsibility to inform the private sector about the PD? These questions do raise the related issue of who owns the PD at the country level and who drives the agenda. The PD is in reality jointly owned by governments and the donor community but appears to have left out the private sector in the whole equation. The private sector appears unaware of who is in the driving seat in so far as the PD agenda in the Ugandan context is concerned and how they could be involved in the whole processes.

Clarity of the Paris Declaration principles, commitments and indicators

Clarity of the principle of Ownership and the associated commitments and indicators

With regards to the Paris Declaration, the principle of ownership is explicit in urging DPs to exercise respect for country partner leadership and to provide necessary support to strengthen CP capacity to exercise it. The partner country should exercise this leadership in developing and implementing national development strategies through broad-based consultative processes; translate these into prioritized results oriented operational programmes; and take the lead in coordination aid. Whilst on paper the definition of ownership appears clear, in reality there appeared to be many divergent views concerning its interpretation among respondents. In government, for example, the principle of ownership was seen as being impractical in the strictest sense of the word, given that the one dictating the agenda (government) would not be the one providing the financial resources (DPs). The one providing the funds would require a minimum set of prior actions to be fulfilled before the release of funds, these prior actions tended to undermine CP ownership. Examples cited apply to the Poverty Reduction Grant Facility (PRGF) of the International Monetary Fund (IMF) and the Poverty Reduction Support Credit from the World Bank, both of which had conditionality behind which other donors rallied. This prompts some analysts in civil society

¹⁰ Interview with the German Embassy

¹¹ Interview with Uganda Debt Network and with SEATINI

¹² Interview with Uganda Debt Network and the Southern and SEATINI

to conclude that “**ownership cannot apply in a donor-recipient relationship**”¹³. Hence, the objective of ownership cannot be addressed in the absence of concrete steps to reduce aid dependency as some countries (e.g., Kenya and Indonesia) have adopted in recent years¹⁴.

Some DPs questioned whether respecting CP leadership meant a hands-off attitude when it comes to national policy and strategy formulation processes. Some DPs foresaw a hands-off style of partnership being desirable as this was likely to result in a more focused, home grown and country owned policy/strategy. It would remove the usual pressure from some DPs on the CP to come up with an accommodative, all-inclusive but less prioritized strategy which some labeled an “**everything but nothing strategy**” meant to satisfy interests of DPs. Other DPs however, cautioned that a hands-off attitude was risky as it was likely to lead to a national strategy that would miss small but critical elements that would help to trigger support from donors. The most common issues highlighted were the softer issues such as political and administrative governance, the rule of law and transparency and accountability. Hence a hybrid input was seen to be more appropriate for producing a locally owned, focused strategy but one that is also sellable to powerful political constituencies in home countries of the development partners.

Some DPs held the view that CP leadership is about the latter defining both the timing and the nature of the inputs to be provided by DPs in the course of formulating national policies and strategies. Others felt this would somewhat negate the basic tenets of “broad consultative processes” as embodied in the Paris Declaration. According to some respondents, true consultation would imply approaching not just the local population but also DPs with an **open mind** to solicit their views and suggestions. Therefore, there appears to be **unresolved issues concerning what the DPs should contribute and when they should be called to do so when the country partner embarks on a policy or strategy formulation exercise**. The experience of Uganda in formulating the National Development Plan confirms this phenomenon. At the time of this evaluation DPs held different view points over the delay in government opening up for donor participation in the formulation exercise. Some saw this as a sign of genuine ownership whilst others expressed reservations that government might be missing an important opportunity for donors to provide critical inputs early in the process.

Another complex issue raised by donors concerns the location of the ownership, whether in the Presidium, at Parliament level, at sector ministry level or among the general public. In the case of Uganda, the complexity of this issue is illustrated by a phenomenon of a “**shifting power centre**”¹⁵ noted in the Agriculture sector, whereby at different times responsibility over decisions on rural development policies appeared to shift between Agriculture Ministry, the Office of the President and Ministry of Finance, Planning and Economic Development (see Annex 7).

There is considerable debate among DPs concerning “who should own” the policy or strategy at the national level. Some DPs question the extent to which policies such as the 1996 Universal Primary Education (UPE) and the 2007 Universal Secondary Education (USE), for example, were genuinely country led and owned. Although some in government contend that these policies pronounced by the President are firmly rooted in the 1986 10-point election manifesto of the ruling party, the National Resistance Movement, and therefore locally owned, others point to international conferences such as the Jomtiem Education for All

¹³ Interview with SEATINI

¹⁴ Interviews with Ministry of Finance, Planning and Economic Development and SEATINI

¹⁵ Interview with Ministry of Agriculture, Animal Industry and Fisheries

(EFA) Conference in Thailand as the real source of motivation. Yet others point to the work of the 1987 Education Policy Review Commission that culminated in the Government White Paper on Education in 1992 as being the foundation of the UPE¹⁶. Some of the interviewees held the view that as long as the policy or strategy has not been forced onto the government by development partners, it is a sign of country partner ownership, but others would prefer to see a higher degree of consultation of the general citizenry contributing to a real sense of ownership.

According to non-state actors interviewed, government has gradually increased space for civil society to participate in policy dialogue and sector reviews, especially through the PEAP review process and the work of sector working groups. The Ministry of Interior also reports an increase in the number of civil society organisations registered to 8,000, most of whom are affiliated to forums, thus paving the way for participation in national planning. However, there is still the “need to invite most of these forums other than one NGO forum”¹⁷. However, in sectors where SWGs have not been introduced as yet, the mechanism for non-state actor participation in dialogue on policy and strategy matters is less defined and ad-hoc. Some in civil society, argued that in many cases they are invited to endorse (rather than shape) policies and strategies¹⁸. In summary **there appears to be no clarity or consensus on the optimal level of consultation that would constitute “country leadership” or “local ownership”**.

Clarity of the principle of Alignment and the associated commitments and indicators

In terms of **Alignment**, the PD is clear about basing overall support on partner countries’ national development strategies, institutions and procedures. Whilst many DPs hold the view that **providing general budget support (BS) would be the perfect and ultimate modality for achieving alignment**, there is no consensus on the extent to which donors should rely on general budget support, as opposed to other approaches, especially in the wake of weak administrative and political governance which heightens the risk of abuse of the ownership principle to misappropriate the resources. Hence a DP like Ireland prefers a “balanced approach to development”. Eighty percent of its aid flows goes through government channels whilst the remaining 20% is spent on civil society that plays a major complementary role in lobbying and holding government to account.

Government of Uganda is equally skeptical about relying too much on Budget Support. The government sees budget support as too risky a modality given the relative ease with which donors can cut it when not satisfied with the performance of government on issues even outside of the sector of interest. Respondents among the donor community also raised the concern that some **DPs defined alignment too narrowly to the extent of equating it with “providing budget support and walking away”**¹⁹. Overemphasis on BS made those that use this modality “come out better than others” in the results of the 2006 Survey on the Monitoring of the PD in Uganda. DPs working in sectors that had not yet introduced the SWAp were perceived to have fared poorly. DPs feel that a genuine partnership between the CP and DPs should not only be based on how much goes through a particular modality but also on the **results to be achieved** from such donor support.

¹⁶ Interview with the Ministry of Education and Sports

¹⁷ Memo from Ministry of Interior dated 30/4/08, on the Draft Report of this Mission

¹⁸ Interviews with Uganda Debt Network and SEATINI

¹⁹ Interview with the Netherlands Embassy and USAID

With respect to **Indicator 3 (Aid flows are aligned on national priorities)**, DPs needed clarification on whether this indicator referred to aid disbursed through the country office of the DP only or all aid flows into Uganda including from their headquarters. More specifically some DPs wanted to know whether aid flows from headquarters directly to NGOs in Uganda would be expected to be on budget or not. Another difficulty commonly encountered with the reporting of aid flow figures has been related to the lack of synchrony between the DP and CP financial years. However, some DPs (such as Ireland and Netherlands) have adjusted their financial years to be in harmony with the Government of Uganda financial calendar (July-June).

In terms of **Indicator 4 (Align analytic and financial support with partners' capacity development objectives and harmonize support for capacity development)** DPs pointed out that further clarification is needed on the definition of "capacity development" since it is supposed to be broader than "technical assistance" which is used as the indicator. Under the Paris Declaration, donors are committed to providing technical assistance in a manner that is coordinated with country programmes, and capacity building needs. TA provision does not always translate into capacity building. This is further complicated in Uganda where there is no explicit capacity building strategy for addressing issues of technical assistance. The PEAP does not articulate an explicit strategy for capacity building to focus government and donor attention on a set of priorities, but mainstreams it into all pillars. This is possibly an area where in the context of the Paris Declaration, government and donors could sit together, brainstorm and come up with a common solution that could be integrated into the up-coming national development plan. The new plan could include a specific section on strategies to ensure that technical assistance is targeted at critical sectors and is managed in a manner that builds sustainable capacities not just within government but the economy at large.

There still appears to be **double standards** when it comes to **Indicator No. 5, (Use of country systems for public financial management and procurement)**. Whilst understanding the need to align by increasing the proportion of aid channeled directly through government systems, most DPs (e.g., World Bank, DANIDA, Norway and DFID) insist on the importance of maintaining a "balanced" or diversified portfolio of aid modalities that includes both programme and project aid. Their programmatic support will use and strengthen country systems but the parallel project aid will use DPs' own systems for financial management and procurement. USAID, one of the largest donors in Uganda (particularly in the health sector) continues to use project support as well as its own systems for financial management and procurement in accordance with US congressional policy²⁰. Most DPs (including Ireland, Denmark, Norway and DFID) consider it important to **keep some resources outside programmatic aid in order to finance civil society and private sector initiatives**, on one hand, and to address softer issues to do with political and administrative governance on the other that would otherwise run the risk of being crowded out if resources were to be channeled through the central budget.

According to DPs' own analysis, **the PD is a one size fits all prescription** that does not take into account the risk of misappropriation of funds channeled through national systems. Such risk might be higher in some countries than others, or might vary significantly from time to time depending on political and other developments in the same country. The PD is noted as being **silent on disciplinary measures** to minimize misappropriation of the fungible funds channeled through country systems (e.g., through BS). The PD, typical of other global

²⁰ All of USAID projects are implemented either by NGOs or the private sector

declarations such as UN conventions, lacks specific mechanisms for enforcement. Commitments like reforming country systems or aligning donor support with the medium term expenditure framework of government require more fundamental changes in the way government and donors do business and may not be easily achieved if left to the discretion of the two parties without a specific framework for enforcement. Simply having a set of principles that countries sign to, although giving flexibility in implementation necessary for local ownership, does not yield desired results in more sensitive areas where governments and donors may have to trade off interests, power and visibility. The indicators and the PD monitoring survey do provide the means to track progress and are useful monitoring tools, but formal mechanisms for peer review and mutual accountability would be needed for faster progress.

Alignment of DP support to national strategies can only be maximized where enabling (reformed) country systems exist. DPs have a consensus view that country partners (including Uganda) **rarely have strong national frameworks and strategies for addressing issues of administrative and political governance** because the government often becomes an interested party. Hence the principle of alignment, in as far as Indicator No. 2 (Use of country systems) is concerned, may carry inherent risks which the PD needs to address in future. For the meantime, donors see the use of a diversified portfolio as an appropriate risk-management strategy and at times DPs in Uganda have had to scale down their contribution to the Joint Budget Support Operation (JBSO) when issues of political and administrative governance increased this risk²¹. According to stakeholders in central government, BS is in principle a good aid modality provided DPs do not go beyond issues of development to bring in issues of democracy and good governance. Linking it to these issues increases the risk of cuts in Joint Budget Support Operations (JBSO), given that JBSO can be cut more quickly than other forms of aid. Politicians are in general not keen to explicitly include such issues yet they are central to efforts at creating an enabling environment for DPs to increase the volume of aid²².

Furthermore, in relation to the same indicator (use of country systems), some DPs (e.g., USAID) consider it more important to track not just the amount or proportion of aid using country procurement systems, but the **volume of aid actually spent within the partner country** in procuring the needed supplies. Use of country systems may strengthen local systems but on its own, is considered inadequate. What would make a bigger difference in the area of procurement is whether the purchases are local or international. If local purchases are prioritized the funds donated actually stay in the country and not siphoned outside the country in payment for imported goods and services. The PD therefore needs to clarify further the issue of procurement possibly by adding another indicator to **monitor the proportion of aid spent on locally procured goods and services**.

As regards **Indicator 6 (Reduce parallel structures for management of aid-financed projects)**, the definition of PIUs, used in the 2006 Survey on the Monitoring of the Paris Declaration is not adequate to capture project management units for stand-alone projects funded by some of the donors such as USAID which are managed outside the government system. The definition also fails to capture large NGO programmes²³. The definition applies to PIUs located within or attached to government ministries.

²¹ Interviews with DFID, Netherlands and Denmark

²² Interviews in Ministry of Finance, Planning and Economic Development

²³ Aid through NGO programmes in Uganda is significant and needs to be captured.

Another indicator found to be problematic is **Indicator 7 (Timely and predictable disbursement of aid)**. In the case of DPs whose budgets are approved annually (such as USAID), predictability of resources cannot go beyond one year unless current congressional policy changes. This calls for decisions at much higher level than the country mission level. Furthermore, data from the Division of Labour Exercise conducted in 2006 in Uganda shows that given the inability to accurately predict for long periods, projections of aid flows often tend to give a false picture of declining aid flows over time. This is because DPs prefer to be conservative in their estimates when they are not certain how much will be allocated.

Clarity of the principle of Harmonization and the associated commitments and indicators

Concerning **Harmonization**, the concept of **division of labour or burden sharing** promoted by the Paris Declaration is said to apply in all other cases except in the field of governance, where donor selectivity would result in a weak voice. In this sector, all DPs are needed for voice on sensitive issues such as corruption or excessive expenditure on the public administration.

Whilst DPs have a good understanding of the principle of Harmonization and are committed to it, some indicators such as **Indicator 10 (Joint Missions)** have needed further clarification during both the 2006 and 2008 Surveys on the Monitoring of the Implementation of the Paris Declaration in Uganda. DPs together with the Ministry of Finance, Planning and Economic Development met to discuss this issue towards reaching a common understanding and definition. Issues that have arisen from the measurement of this indicator are two-fold, the first being about what constitutes a “mission” and another to do with the need to avoid double counting of coordinated missions when reporting on the indicator. Some DPs questioned, for instance, whether ad-hoc missions undertaken by senior government officials from their home countries coming to engage government at a political level (e.g., military) could be counted as missions²⁴. In addition, some DPs have many agencies from the home countries that are operating in Uganda which they coordinate with under normal circumstances (e.g., the case of GTZ and KFW for Germany). They questioned whether coordination also referred to internal coordination (e.g., among German Agencies) or with other DPs outside the umbrella of their home country. On double counting, the issue raised was that a coordinated mission spearheaded by the World Bank in which DFID will participate may be reported on both the WB and DFID questionnaires when reporting on donor missions undertaken. The continuation of discussions on indicator definitions during the 2008 Paris Survey to some extent poses **questions about the consistency and comparability between DPs of the 2006 Baseline Survey data**. For this reason, many DPs believe that the quality of the data collected during the 2008 Survey might be of a higher quality and therefore more useful for decision-making.

Clarity of the principle of Managing for Development Results and the associated commitments and indicators

The PD is very clear on what is entailed under **Managing for Development Results**. However, both DPs and the government require further assistance in developing an effective framework for monitoring results. In Uganda the **challenge appears to be monitoring the quality of service delivery** as opposed to measurement of the results per se. Hence putting in a “transparent and monitorable performance assessment framework” on its own is not a

²⁴ Interviews with Germany and USAID

sufficient condition unless accompanied by an adequately capacitated institutional arrangement for assessing the quality of service delivery.

Clarity of the principle of Mutual Accountability and the associated commitments and indicators

Finally, in terms of **Mutual Accountability**, the PD rightly identifies the need to strengthen the role of Parliament in national development strategies and budget formulation, approval and tracking processes. This is well understood both within government and among DPs but **mechanisms for ensuring that Parliament is also accountable to citizens** for its decisions have not been articulated by the PD. There is no indicator specified for this otherwise important aspect of accountability. Such mechanisms would, for example, ensure that Parliament does not abuse its right and, say, approve extra-budgetary expenditures to finance salary increments of lawmakers, as has occurred in the recent past²⁵.

The framework for ensuring mutual accountability between the CP and the DPs also needs further clarification. The PD is considered to be relatively weak in this area, as evidenced by the lack of an indicator to assess progress in this regard. So far, the process has been tilted more in favour of the country partner accounting to DPs on the use of aid rather than DPs, on their part, also being **held accountable by government for choosing certain aid modalities and sectors** over others²⁶. There is a high expectation that the Joint Performance Assessment Framework for Budget Support currently being developed by donors and the government will fill the gap.

3.2 Relevance of the PD

There was a general consensus among respondents that the PD is relevant and added value to Uganda's pre-existing arrangements for managing aid. According to one of the respondents in Government:

*“Following the PEAP and the PEAP Partnership Principles, the Paris Declaration put more emphasis and compelled development partners to align. Even those dragging their feet on the Partnership Principles realised that they could no longer continue to do so...PD empowered Government and DP staff to have a negotiating strategy, it provided the basis for firmness in demanding changes in behaviour and donors now listen”*²⁷.

As will be discussed in more details in Chapter 5 below, the development of the Uganda Joint Assistance Strategy and the initiation of the Division of Labour exercise are seen as direct results of the coming on board of the Paris Declaration, something not done when the Partnership Principles were introduced, though the 2006 Elections which were preceded by the elimination of term limits for the executive somewhat disturbed the level of ambition in the UJAS²⁸ as donors became less confident about Uganda's ability to maintain a sound record of political governance. Both the UJAS and the DoL Exercise are DPs' direct responses to the PD as they both sought to operationalize it. The DoL exercise has added some value in that it has enabled DPs to rationalize their portfolios and start shifting to areas of comparative advantage. Preliminary views from Government stakeholders also confirm that they are beginning to see the **benefits in reduced transaction costs associated with**

²⁵ The 2006 Annual PEAP Implementation Review: Main Report

²⁶ Interview with Ministry of Finance, Planning and Economic Development

²⁷ Interview with Aid Liaison Unit, Ministry of Finance, Planning and Economic Development

²⁸ Interviews with EU and DFID

greater harmonization and alignment, although development partners appear to be experiencing the anticipated short-term rise in transaction costs as they intensify efforts towards harmonization of their aid activities²⁹.

Although the **key messages of the PD (e.g., ownership; alignment and harmonization) had by-and large already been captured in the PEAP Partnership Principles and in SWAp Memoranda of Understanding** - which preceded the PP in sectors such as Education, Health and JLOS - the PD is viewed as having **added for the first time real international political pressure** on both DPs and the CP to comply with the fundamental principles underlying aid effectiveness. In a way this acted as some form of **endorsement of Uganda's pre-existing arrangements** as well as ushering in a system of **international-level accountability** for both DP and recipient country commitments, in the same manner as the framework of the Millennium Development Goals (MDG).

By the time the PP and the PD were introduced in 2003 and 2005, respectively, the principles of **Ownership, Alignment and Harmonization** had by and large already been addressed in the Memoranda of Understanding signed between the Government of Uganda and SWAp donors in some sectors. The PP added impetus by introducing a broader but well articulated national framework that would bring together not just the SWAp donors but also the non-SWAp donors to the table to agree on government's preferred way of partnership with DPs. Although the PP was considered by some as being "*an ambitious – indeed almost unique – attempt to develop detailed principles of partnership for the relationship between donors and a recipient nation*"³⁰, respondents during this Evaluation gave credit to the PP for having communicated a clear hierarchy of aid modalities in accordance with preferences of government at that time. It also emphasized the principle of mutual trust. The PD added value to the PP and the SWAp MoUs by **introducing and raising the profile of issues such as Managing for Development Results (MfDR) and Mutual Accountability (MA)**. The concept of MA in particular was seen as **introducing a whole new dimension of DP accountability to the country partner** which never existed before or was difficult to enforce on bilateral aid. According to one respondent, "*the PD has given government greater leverage to become an equal partner anchored strongly in relation to the position of recipients in the aid negotiation table*"³¹.

Although progress has been slow in both of these areas and further clarifications are needed, the Paris Declaration triggered more attention to these areas than previously achieved. The PD is further credited for introducing the whole concept of **performance indicators and targets to monitor progress towards fulfillment of DP and CP commitments**. Uganda's pre-existing arrangements did not have the same degree of precision in monitoring changes in DP and recipient country behaviour.

In addition, the **PD has also brought into the limelight additional aid effectiveness issues such as administrative and political governance which previously undermined**

²⁹ Reduction in transaction costs was reported to be taking place in JLOS sector (Interview with JLOS Secretariat) as well as in Ministry of Finance, Planning and Economic Development (Interview with Aid Liaison Unit). The rise in transaction costs is reported to be experienced more by Lead Donors as they put in place the systems for coordinating others (Interviews with Netherlands, DFID, Denmark and Norway). It is yet to be established whether this indeed is temporary or just a transfer of transaction costs from Government to the DPs.

³⁰ OECD/DAC Task Force on Donor Practices, Workshop on Donor Practices 11-13 September 2002, Agenda Item No. 2: Partners' Priorities and Perspectives on Harmonizing Donor Practices; page 5

³¹ Interview with JLOS Secretariat

partnerships on both sides, often leading to risk of abuse of the principles³². Furthermore, with the PD, the country partner have committed themselves to “broad-based consultative policies” which DPs hope could now change the way national policies/strategies **have been formulated/pronounced in the past without much consultation or involvement of development partners** (for Uganda Prosperity for All, the Rural Development Strategy and Universal Secondary Education Policy were cited as examples).

The PEAP Partnership Principles were not owned at all levels on both sides (donors and government). The **PD which is an international instrument, has a higher profile and more DPs are taking the commitments** seriously, than observed for the Partnership Principles. With the advent of the PD some donors are urging their counterparts to sign the PP first to become eligible for the position of Lead Donor in some sectors, under the DoL exercise. Knowledge of the PP however still remains low even in government, it was found to be lacking for example at senior level within the National Planning Authority and in the Agriculture sector. In addition, sectors that had already introduced the SWAp programme approach see the PP or the PD just as another document since MoUs signed between government and SWAp development partners already defined how government and development partners would cooperate in various sectors. There is no evidence that SWAp MoUs, say in education and health, have been revised specifically to take into account new commitments made under the PD and this highlights that **the PD has not had much added value in sectors were it was preceded by the SWAp**. The same applies to the PP. However, there is scope for new sectors that will introduce SWAp in future to better capture the spirit of the letter in the Paris Declaration commitments and targets as they draft their MoUs.

It is also argued by some respondents that the PD has **addressed head-on the issues of project implementation units (PIUs) and tied aid**, which the PP document was not effective in addressing³³ because the latter was accommodative of project approaches that are more amenable to tied aid. Furthermore, with DPs now accountable to both the recipient country, to other donors at country level and to their headquarters at international level, these **three dimensions/levels of accountability** brought about by the PD are not only unique but also likely to achieve the intended results (that is, reducing the number of PIUs and reducing the proportion of aid that is tied in practice), holding everything else constant.

The PD is judged as being weak when it comes to dealing with an issue such as corruption, or alternatively, **guaranteeing value for money**³⁴. This is a critical aid effectiveness issue in Uganda seeing as the problem of **corruption is reported to be wide spread affecting government, local authorities, civil society and the private sector, although the Ministry of Interior reports that several measures have been taken to implement the commission of inquiry reports on corruption, especially in the Police Force and the Global Fund for Tuberculosis, HIV/AIDS and Malaria**³⁵ (see more details on corruption presented in Annex 6).

The above challenges point to the need for the PD to include specific commitments, indicators and targets to address value for money issues, in particular by reducing corruption-related losses on future aid in-flows.

³² Interview with EU

³³ Interview with Central bank of Uganda

³⁴ Interview with the Central Bank of Uganda

³⁵ Memo dated 30/4/08 on the Draft Report for this Mission

The PD indicators and targets for monitoring changes in DP and CP behaviour have generated a lot of interest among DPs as well as within Government. The indicators and targets have added an element of focus especially on the part of DPs, given that they are now required to report on progress not just to their political constituencies back home but the respective partner country. The Baseline and Follow-up Surveys on the Implementation of the Paris Declaration (2006 and 2008, respectively) have provided a basis for DPs to compare themselves with others in terms of how well they are fulfilling PD commitments. Although DPs did not mention any specific use of the 2006 Survey per se, as they considered it as documenting the baseline situation, with almost all **saying it was a matter of one-way reporting to OECD**, clear indications exist that interest in overall results was high as they showed how well DPs had performed relative to each other, and this has made almost **all donors more cautious when completing the 2008 Questionnaire**. Most headquarters of DPs interviewed are keen to see the overall results as they serve as a barometer for country office performance judgment and monitoring. Anecdotal evidence suggests that DPs that did not perform well in the baseline survey have sought sufficient clarity of the PD indicators before completing the 2008 Questionnaire.

Close to a third of DPs interviewed confirmed having progressively changed the manner in which they manage aid so that their indicators “this time around” (in 2008) show some improvement. According to a respondent from the Ministry of Finance, Planning and Economic Development the PD survey is comparable to a “**beauty contest**”, as every DP wants to come out the best especially on the commitments to **Alignment and Harmonization** where the bulk of the indicators have been specified. There is evidence that Government of Uganda has started exploiting this as an opportunity to press for further changes in behaviour among those donors that are lagging behind. For instance, Government is coordinating the 2008 PD survey at a very high level within the Ministry of Finance, Planning and Economic Development. Government has plans to use these results to enter into discussions with donors that are lagging behind. Government has bought into the idea of a PAF for the Joint Budget Support Operation which has been proposed by DPs and this creates the opportunity to influence DP behaviour by introducing relevant indicators and providing a platform for joint review of the PAF indicators.

A notable strength of the indicators is in that they provide a manageable checklist for common reporting on aid. The only **weakness of the PD survey is that it relies on information self-reported by the DPs, with no mechanism established yet to validate data reliability**. There is an inherent conflict of interest among DPs in trying to ensure that the information is accurate and they at the same time “come out clean”³⁶.

3.3 Coherence of the PD

There is a general consensus in Uganda that theoretically the link between the PD principles and aid effectiveness is plausible. According to officials in the Ministry of Finance, Planning and Economic Development, PD commitments supporting partner country leadership and ownership of the development agenda have empowered Government of Uganda (GoU) to carryout its mandate of improving the living standards of its people as enshrined in the national constitution. However, the coherence of leadership and ownership, on the one hand, and “broad-based consultation” on the other, needs to be improved. The Ugandan experience

³⁶ Interview with Denmark

shows the important of having an **operational development strategy (Indicator 1)** that has clear strategic priorities linked to the MTEF and reflected in national budgets but also having broad-based ownership by the citizenry. Indicator 1 does not fully capture fully nor is in perfect congruence with what the principle of ownership is trying to achieve. The issue of the **quality of the process adopted in developing the national strategies is not captured** by the indicator yet its importance cannot be overemphasized, particularly in sectors where leadership is not strong or stable and consultation is not the norm. In a country such as Uganda, the process to formulate the National Development Plan has come under some scrutiny with both DPs and civil society with some respondents considering it non-consultative enough, whilst others commended the process for having given government the needed autonomy to come up with “a clear framework setting out the direction the country should take”³⁷ before others could be brought in to work out the details. Similarly contrasting viewpoints emerged when stakeholders analyzed the process by which government had arrived at the Universal Primary Education Policy, the Universal Secondary Education Policy and the Rural Development Strategy.

The alignment agenda is coherent with the spirit of the Partnership Principles which try to ensure that aid flows support rather than undermine national development priorities and delivery systems. The PD also emphasizes the need for donors to improve predictability of aid disbursements which helps in the rationalization of resource allocations. Resources can be allocated on the basis of realistic projections and adequate information on the size of the overall resource envelop.

PD commitments encouraging the reform public financial management and procurement are consistent with on-going GoU efforts to deal with inefficiencies and corruption (see more details in Chapter 4). They are being viewed positively as helping to build trust between donors and the government, a necessary condition if more aid is to be managed through government systems.

The harmonization agenda is critical in Uganda where duplication of effort by donors has been costly in the past. Government expects more efforts at harmonization to free up time as well as financial and other material resources, especially within the government, that can be reinvested in other areas of need.

Managing for results is a critical aid effectiveness issue in Uganda especially as it highlights the importance of tracking processes that determine whether desired development results (outputs and outcomes) are achieved or not. In Uganda, by attending to results, the PD has brought into the spot light data gaps in systems to monitor efficiency of service delivery in the social sectors. The PD tries to enhance results orientation so that allocations are understood to be “buying results” as opposed to financing inputs and processes. The commitments will increase focus by both Uganda and DPs on results and reduce wastage of resources on activities or processes that are not directly linked to achievement of the desired results. In Uganda’s social sectors, specifically, a focus on MfDR is needed, including the setting of targets and monitoring of the quality of service delivery. MfDR is said to have shifted donor and government focus from just measurement of outputs and outcomes at the end of the intervention to continuous monitoring of the quality of implementation as well.

³⁷ Interview with DFID

Raising Mutual Accountability issues within the PD is likely to produce the desirable effect of enhancing the role of the legislature in controlling resource acquisition and use, and demanding accountability at various levels (central and local government, civil society, and private sector and development partners). However, this should also extend to strengthening of citizens through their constituencies to demand accountability also from the Parliament.

The PD aims to improve aid predictability and at the same time promoting government ownership of the development agenda. To some respondents in civil society³⁸, the two objectives appear contradictory because the more the aid becomes predictable, the more the partner country takes a back seat and relies on aid thereby compromising to some extent genuine ownership of the development agenda³⁹. Aid predictability is also seen as not totally guaranteed by commitments currently spelt out in the PD. The commitment to improving predictability of aid does not take into account risks in political and administrative governance as the experience of Uganda has so far demonstrated. In financial year 2005/6 DPs **had to cut planned disbursements because of concerns over excessive expenditure on the public administration and declining political governance**⁴⁰, demonstrating the need to link PD commitments to reality on the ground.

The PD emphasizes the use of programmatic aid, especially the use of the budget support modality as this is most likely to maximize achievement of ownership, alignment and harmonization. This is consistent with the prioritization of budget support, the poverty action fund and sector wide programme approaches in the PEAP Partnership Principles. The inconsistency comes in the PP, however, which though placing project aid at the lowest priority level in what it refers to as “Government’s Preferred Modalities of Support”, it accommodates it because “*project aid or technical assistance can provide benefits such as transfer of skills and capacity development*”⁴¹ and can play a critical role in humanitarian assistance. These appear to be all genuine arguments but the reality of such accommodation of project aid is that currently, “*about 70% of Uganda’s Medium Term Expenditure Framework is financed through project aid*”⁴². Such projects although reported on national budgets (Indicator 3), if not implemented using existing government or local government structures displace expenditure ceilings, thus replacing government allocations, yet being run from outside government systems, thereby compromising the very objective of ownership, alignment and sometimes harmonization. This is due to the fact that accountability of project managers will be more to the development partner providing the resources as opposed to the country partner institution or sector responsible for implementing the national strategy under which the project falls⁴³. Projects often cited by government as being in this category included those by USAID, China and sometimes AfDB.

A related issue is the practice of earmarking BS which reduces government power to prioritize the expenditure. Hence aid may be programmatic and reported on government budgets but with little power for government to determine how it is used.

³⁸ Interview with Uganda Debt Network

³⁹ Interview with UNDP

⁴⁰ Government of Uganda (2007), The 2006 Annual PEAP Implementation Review: Main Report. Government was able to maintain its expenditure budgets in 2005/06, however, owing to its practice of discounting aid projections.

⁴¹ Ministry of Finance, Planning and Economic Development (2003) Partnership Principles between Government of Uganda and its Development Partners, September

⁴² Interview with Uganda Debt Network

⁴³ Focus Group Interview with officials in the Ministry of Education and Sports

3.4 Impact of New Developments in Global Aid Architecture on Uganda's Aid Policies

The emergence of new sources of aid such as bilateral aid from China has the potential to retard or even reverse progress in implementing the PD in Uganda. Almost all of the aid is tied, but so far the threat has remained low given the low aid volumes overall from China in Uganda. Some of the new aid is not predictable, making it difficult for government to plan on it. An example was given in the JLOS sector aid was offered for an activity outside the MTEF.

Some of the emerging donors do not participate in the Uganda Joint Assistance Strategy and therefore do not coordinate or harmonize their development assistance with other donors. Availability of support from new aid sources such as China provides the government with an alternative source of support, sometimes without having to meet high standards as agreed in the Paris Declaration. This compromises the partner country's own commitments under the Paris Declaration. Some of the emerging donors are perceived as being more liberal and pursuing mainly economic interests. Their approach is different from traditional donors some of whom are perceived to have more of a political interest (e.g., USA in maintaining a territorial presence to fight terrorism) whilst others are perceived to have more of a genuine poverty eradication objective (e.g., the Nordic countries, etc).

New developments in aid architecture in Uganda are seen as prioritizing private sector and NGO channels of aid delivery over and above the government institutions⁴⁴. Global Funds such as provided by foundations or by the US Presidential Initiatives such as PEPFAR are noted specifically for using different procedures from those of the partner country and are feared to be undermining national systems and staff in some cases. In some instances, these aid flows have the effect of increasing the proportion of off-budget expenditures, although the situation is improving with greater control by government over what activities are funded in specific sectors. Counterarguments in favour of these funds are that they support civil society and the private sector that may be better placed to provide services in areas where the government will not have a comparative advantage, thereby complementing rather than undermining government programmes. In addition support to civil society remains critical as this sector keeps an eye on government, demanding accountability from government and the Parliament on behalf of the citizenry where the latter is weak⁴⁵. Other areas funded by these off-budget funds also include innovation and other cross-cutting issues which to some extent are being marginalized by the Paris Declaration.

Some respondents view new sources of aid as not adhering to usual practice whereby a donor will seek to associate with the more successful donors. Neither North Korea which recently provided training to the Uganda police force in preparation for the CHOGM nor China which has been active in infrastructure programmes has been participating in the Local Development Partners Group Forum, for instance⁴⁶. None of the two new donors is also vocal on governance, democracy and human rights issues and this tends to undermine accountability on such issues by giving the partner country some "comfort zones".

⁴⁴ Interview with Central Bank of Uganda

⁴⁵ Interviews with USAID and Ireland

⁴⁶ Given time limitations, the evaluators were unsuccessful in setting up meetings to interrogate these issues further with China and Korea

4. CHANGES IN COUNTRY PARTNER BEHAVIOUR AND RESULTS ACHIEVED

This chapter assesses the commitment of Uganda to the Paris Declaration. It covers aspects such as the extent to which the country has mainstreamed PD indicators into its policy and systems for aid management, how government is trying to influence behaviour change among development partners and adequacy of the fora for doing so. The chapter ends by highlighting results that have been achieved by the Paris Declaration in terms of stimulating and reinforcing behaviour change within government as monitored by the Paris Declaration Indicators concerning partner country commitments. It also highlights some emerging issues especially focusing on challenges/constraints encountered and what is needed to consolidate behaviour change.

4.1 Level of commitment to the PD by country partner

By signing to the Paris Declaration, Uganda together with other developing countries committed itself to: (i) exercise leadership in developing and implementing their national strategies through broad consultative processes; (ii) translate these national development strategies into prioritized results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets; and (iii) take the lead in coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging participation of civil society and the private sector.

In Uganda, where aid still finances a significant proportion (approximately 40%) of the budget, the fulfilment of these commitments has important implications for national development. Government has demonstrated its commitment to aid effectiveness in at least three ways. Firstly, Uganda has a long history of promoting donor coordination and alignment that predates the Paris Declaration. This stems from early recognition by Government of the high transaction costs of managing aid in an uncoordinated manner. Uganda therefore introduced as early as the 1990s, specific measures such as joint sector working groups, Sector Wide Approach (SWAp) programmes and pooled funding mechanisms, joint missions, silent partnerships, and joint analytical work and advisory services to facilitate coordination of the DP efforts.

Secondly, Uganda displayed strong leadership by developing a comprehensive home-grown Poverty Eradication Action Plan (PEAP) in 1997, even before the World Bank introduced the concept of the Poverty Reduction Strategy Paper (PRSP) in 2000. The PEAP outlines the country's long term vision, which was set to run until 2017. The 2004 PEAP, though now due for review, is highly rated among development partners, with the World Bank's 2005 Review of the Comprehensive Development Framework rating it a "B", thus making Uganda one of only five countries that were perceived to have clear-long term vision, with medium-term strategy derived from the vision, country-specific development targets with holistic, balanced and well-sequenced strategy, and capacity and resources for implementation (OECD, 2007). The high level of ownership reflected in such a rating lays a strong basis for donors to respect the country's leadership. The 2006 Survey on Monitoring the Paris Declaration also reports "healthy progress in developing local level (district) development plans" concluding that,

overall, Uganda has a coherent long term vision, alongside well-integrated medium term sectoral and local strategies and plans⁴⁷.

Thirdly, the Government had taken leadership by laying out its intent for its relationship with donors in Volume III of the 2000 PEAP, called “Building Partnerships to Implement the PEAP”. The Partnership Principles were signed by the government and development partners in 2003. They guide donor behaviour and steer donor-government cooperation.

Although there is currently no established framework for day to day management of the implementation of the PD, there is a high level of understanding of the PD principles in the Office of the Prime Minister (responsible for the overall coordination of Government business) and in the Ministry of Finance, Planning and Economic Development (responsible for the formulation of economic policies, mobilisation of revenue, and allocation and accountability for public resources). Additionally, the established sectors with functional SWGs such as the education, health and JLOS sectors have a good appreciation of the PD. Education and health started working on the SWAp as far back as 1989 and 2000, respectively.

4.2 Extent to which PD indicators and commitments have been mainstreamed into government frameworks for aid management

A comparison of the commitments under the PP and the PD (Table 3) indicates that Uganda has strived to mainstream the PD commitments and indicators in the development framework of the country. All the commitments under the PD are covered by the PP.

Other commitments in the PP signed in 2003 that go beyond the requirements of the PD include: (i) strengthening the framework (institutions such as the IGG and the Directorate of Integrity, civil society, and law) to fight corruption; and (ii) integrating emerging funds (such as global fund) in the budget in line with other principles.

Table 3: Country Commitments in the PP and PD

Partnership Principles	Paris Declaration
1. Continues focus of poverty eradication	1. Leadership and broad-based consultation in developing and implementing national development strategies
2. Assumes full leadership in the donor coordination process	2. Translate national strategies into prioritized results oriented operational programmes (PD Indicator 1)
3. Discourages any stand-alone donor projects	3. Leadership in aid coordination at all levels
4. Strengthens monitoring and accountability	4. Reforms in government to increase transparency and accountability in resource use
5. Develops comprehensive, costed and prioritised sector-wide programmes eventually covering the whole budget	5. GOU dialogue with PD on the 12 PD indicators
6. Further develops participation and coordination of all stakeholders	6. Provision of clear views on donors’ comparative advantage and how to achieve donor complimentarily at country or sector level
7. Strengthens capacity of coordinate across government	7. Incentives for staff to work towards alignment, harmonization and results
	8. Harmonized approach to Environmental Impact Assessment (EIA) and cross-cutting issues

⁴⁷ OECD, 2007 Survey on Monitoring the Paris Declaration: Country Chapters: Uganda

	<ol style="list-style-type: none"> 9. Strengthen the link between strategies and annual and multi-annual budget processes 10. Establish results-oriented reporting for national/sectoral strategies based on cost-efficient data collection (PD Indicator II) 11. Systematic engagement of broad range of DP when formulating and assessing progress in implementing national development strategies 12. Specific additional commitments by Government to further implementation of PD 13. Participatory approach to strengthen capacities and demand for RBM
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Source: Quoted from summary in Uganda Joint Assistance Strategy (2005-2009) and PD (2005)

As far as indicators are concerned, the two that relate to country partners, viz: (i) translate national strategies into prioritized results oriented operational programmes and (ii) establish results-oriented reporting for national/sectoral strategies based on cost-efficient data collection, are entrenched in national and sectoral strategies of Uganda. The aspirations of the PEAP are captured in sector programmes and activities which form the basis of the MTEF and the annual budgets. The NIMES was established specifically to generate evidence across all sectors to support decision making. The PEAP's results and policy matrix specifies targets for key outcomes.

4.3 Adequacy of fora to influence behaviour change within government and outside the government sector

The Government of Uganda plays a strong role in co-ordinating external assistance, with responsibility clearly located in the Aid Liaison Department in the Ministry of Finance, Planning and Economic Development. The MoFPED together with the Office of the Prime Minister and the National Planning Authority (NPA) form the tripartite arrangement which is responsible for the coordination of the evolution and management of the national planning process. Accordingly, they are responsible for the maintaining continuous dialogue with all government stakeholders including development partners, civil society and the private sector. The different versions of the PEAP, the DoL, the APIR, and the PRSC process are some of the products that could be attributed to their coordination roles.

In each sector, a Sector Working Group (SWG) comprising sector financing agencies and national sector managers and implementers are in existence. The SWG is responsible for the evolution of sector programmes, broad resource allocations and budgets. For this purpose the SWG commissions and supervises sector studies to support their decision making. The SWGs are therefore one of the most important fora for influencing changes in government behaviour because of their nature and terms of reference.

Other fora for influencing country behaviour are the local governments, through the evolution of district development policies and plans. The civil society and private sector participate in national and sector discussions using technical knowledge to influence changes in sector and national behaviour.

4.4 Adequacy of capacity to implement PD commitments

Public Service Reform in Uganda spans back to 1989 when the Public Service Review and Reorganisation Commission (PSRRC) was appointed to develop a vision for the Public Service and specify actions for its realisation. Under the initial phase of reform, Government's top priority was to achieve affordability of the service, and enhance salaries by instituting measures for rationalising the structure and size of the bloated Public Service. To this end, Government undertook many initiatives, including: reduced numbers employed through retrenchment schemes and the abolished the group employees' scheme; controlled employment by enforcing a recruitment freeze for most positions; implemented various initiatives to clean-up and enhance controls over the payroll; and restructured the Public Service.

In spite of many achievements, bureaucracy and red tape are still widespread in the GoU, and this hinders effective delivery of services. Functions and procedures are often duplicated, slowing down the delivery of services. Delivery is impacted severely by organizational compartmentalisation, a compliance culture, cumbersome and poorly designed procedures and little strategic management. Furthermore, it has been noted that corruption is rampant in Uganda's Public Service. In this regard, for instance, recent citizen surveys indicate "high perceptions of corruption particularly among police, government officials and the judiciary".

Other Public Service problems that the Government of Uganda (GoU) has to contend with include low morale and an unresponsive service that threaten to undermine basic public administration and most development efforts. In an attempt to increase the commitment of staff to their jobs, a key element has been to ensure civil servants are paid a living wage, and one that is comparable to the private sector. Basic pay was more than doubled in the early 1990s and further increases were realised through the consolidation of various allowances into salaries. Unfortunately, these increases fell way short of a living wage which was the aim, and since 1997 progress on pay reform has generally slowed down. Public sector salaries are still way below those of the private sector and what is considered a living wage. The prevailing environment in the public service is therefore unlikely to be conducive for the promotion of key best practices in aid management.

In spite of the foregoing, SWApS are seen to be strengthening capacity of government to tackle sector-wide bottlenecks, and enhancing multi-partner support for capacity development. Through the Office of the Prime Minister, the Government is strengthening coordination among ministries to provide a coherent single capacity building framework for the public sector through a public sector SWAp, based on a sector program to strengthen capacity for PEAP implementation. Through the UJAS, external partners have expressed their commitment to better coordinate capacity-building efforts.

In terms of resources for the implementation of development programmes, government introduced a cash budget system in 1992, before adopting a Medium-Term Expenditure Framework (MTEF) in 1998. Output-oriented budgeting is being implemented and is part of the budget guidelines for Sector Working Groups which prepare Budget Framework Papers on the basis of ceilings set up by the Ministry of Finance, Planning and Economic Development (MoFPED). PEAP objectives are linked to the MTEF and the budget through a Poverty Action Fund (PAF), introduced in 1998, to identify expenditures in those sectors with a high impact on the poor and protect them against budget cuts.

4.5 Results achieved by Country Partner in relation to PD indicators on Ownership, Alignment, Harmonization, Managing for Development Results and Mutual Accountability

As already indicated, when the PD was signed in 2005, the Government of Uganda was in the process of implementing the PP, as a key tool for leveraging donors to align with government led development agenda. The country was already undertaking key reforms aimed at strengthening country systems required for effective implementation of the national development effort. Therefore the implementation of PD did not significantly impact on dialogue although some government stakeholders believe that the Paris Declaration gave them a stronger hand in dealing with Development Partners.

“To us, the PD is only re-echoing the commitments already articulated in our PP. The only leverage it avails us is as a reminder to development partners that they committed to the principles at the international level. Thus the PD gives us the tool to remind donors of their own commitment to operate in ways that enhance aid effectiveness. If they do not respond to the reminders, we can only work harder at our dialogue skills”, said a senior official of the Ministry of Finance, Planning and Economic Development.

4.5.1 Ownership

4.5.1.1 Overview

Under the Paris Declaration, partner countries committed themselves to: (i) exercise leadership in developing and implementing their national strategies through broad consultative processes; (ii) translate these national development strategies into prioritized results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets (PD Indicator 1); and (iii) take the lead in coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging participation of civil society and the private sector.

4.5.1.2 Results Achieved

Leadership and broad-based consultation in developing and implementing national development strategies

Uganda’s leadership and ownership of development strategies predates the Paris Declaration. Uganda recognized, as far back as the 1990s, the importance of a holistic development strategy and developed its first Poverty Eradication Action Plan (PEAP) in 1997. Furthermore, the development of the Partnerships Principles (PP) in 2001, even before the Paris Declaration, underscored Uganda’s uniqueness in imbedding the principles of local ownership and leadership of the development agenda.

However, the PD reinforced the message of the PP of promoting donor alignment and harmonisation in support of a government led development process. The PP had already defined the nature of the relationship between donors and the government in the implementation of the PEAP, the procurement and utilisation of development resources and the monitoring and evaluation of the development process and results.

The 1995 Constitution provides for the involvement of stakeholders in the formulation and implementation of development plans. Therefore, as the national planning framework which guides policy choices and public expenditure priorities that affect all Ugandans, the PEAP is developed through a highly participatory and consultative process that brings in the perspectives of different stakeholders. All, including the current edition of the PEAP (due to end in June 2008), benefited from consultations at four levels - Central Government, Local Government, Private Sector and Civil Society. In addition, extensive analytical work from national household surveys, participatory assessments, public expenditure tracking studies, civil society monitoring reports and other research works informed the processes.

The Civil Society and Private Sector in Uganda are involved in the development and revision of national development strategies. The National NGO Forum, an umbrella organization, chairs a PEAP sector revision group on civil society. The Private sector involvement in the revision and implementation has continued through a regular dialogue between the government and business associations. The Private Sector Foundation Uganda (PSFU), an umbrella organisation of the private sector comprising over 120 business associations and corporate bodies, meets regularly with government to discuss development policies and strategies. Through the PSFU and the private sector development SWG, private sector representatives participate in the preparation of relevant sector policies.

In 2002, Uganda created the constitutionally-mandated National Planning Authority (NPA), composed of central government, local government and stakeholder representatives whose purpose is to encourage and support national economic development and to provide a permanent forum for dialogue between government, civil society and the private sector for the development of national development plans.

Parliament is involved in PEAP formulation and monitoring including the APIR. Parliament submits comments on drafts of PEAP progress status reports and revisions and approves them as background documents to the budget. Parliament makes recommendations on the national planning framework through a Finance, Planning and Economic Development Committee, which also participates in the preparation of the budget prior to submission to the plenary. PAF activities are routinely reported to Parliament and are included in the documentation submitted for the adoption of the annual budget.

Translate national strategies into prioritized results oriented operational programmes (PD Indicator 1)

The PEAP sets development targets that are Uganda specific but which are broadly in line with the MDGs, and identifies a results-based approach for their achievement. In the 2003 revision of the PEAP, Government prepared a report on the relationship between the PEAP targets and strengthened the links between the PEAP and MDGs. The gender dimension was strengthened and peace and conflict resolution were separated from the rest of the governance pillar in order to increase focus on each of these important areas. The revised PEAP included a results and policy matrix which specified targets for long term objectives, key outcomes policies to achieve them as well as indicators to monitor progress. It was presented in five pillars: (1) economic management, (2) production, competitiveness and incomes; (3) security, conflict-resolution and disaster management; (4) governance; and (5) human development. It also addresses cross-cutting issues such as gender and the fight against HIV/AIDS.

While in sectors with strong aid management arrangements (SWAps), policies and strategies are closely linked to the national development framework, this is less clear in others. The Education Sector strategic Plan (ESSP) and the Health Sector Strategic Plan (HSSP) are directly linked to the PEAP and all activities are fully costed and integrated into the MTEF. However, in some sectors such as agriculture which has the Plan for the Modernisation of Agriculture, the Rural Development Strategy, and the Prosperity for All, among others, the linkages are less clear.

Leadership in aid coordination at all levels

As already indicated in paragraph 4.3, the tripartite arrangement comprising the Ministry of Finance, Planning and Economic Development, the Office of the Prime Minister and the National Planning Authority, is responsible for the coordination of aid management. The Aid Liaison Department (ALD) in the MoFPED is responsible for aid coordination, while the PRSC is coordinated by the Office of the Prime Minister. Although the tripartite arrangement with its secretariat in the Ministry of Finance, Planning and Economic Development provides leadership in the process of revising/developing national development plans, it may be necessary to clearly define the roles of the individual member institutions and to empower them to play those roles. At the sector level, the responsibility for the development, discussion and submission of sector plans rests with the SWG.

Government has demonstrated strong leadership by coordinating the development planning process and in the creation of Sector Working Groups (SWGs). The government has also led in the development of Sector-Wide Approach programs (SWAps) and pooled funding mechanisms, joint missions, silent partnerships, and joint analytical work and advisory services by development partners. Through the Office of the Prime Minister, the Government is also strengthening coordination among ministries with a view to sharing information and building capacity for the implementation of the PEAP.

Consultations for the revisions of the PEAP have built on existing policy-making structures for budget and sector policy formulation. This includes Sector Working Groups chaired by line ministries, and involved stakeholder representatives including development partners. There is therefore an established structure for continuous government–stakeholder dialogue.

4.5.1.3 Emerging issues

The formulation of a new national development plan presents an opportunity for Uganda to craft yet another truly home-grown and owned strategy. It has been suggested that, as there will not be sufficient time to complete the NDP before the 2008/2009 budget, it be delayed to offer adequate consultation. Unfortunately this may be interpreted as weakness in ownership as the process should have commenced early enough to inform the 2008/09 budget.

The leadership in the development of the PEAP has been provided by the Ministry of Finance, Planning and Economic Development. The creation of the National Planning Authority (NPA) seems to imply an intention to shift this leadership role to the new institution which is already coordinating the NEPAD/APRM matters. If this is the case, in order for the NPA to effectively play this role, it will need to strengthen its capacity for the planning roles and for Uganda's international commitments such as the Paris Declaration.

Anecdotal evidence confirms that the persistence of the project approach continues to hamper effective leadership of the development process by some sectors. Some projects which are approved at higher political levels tend to undermine sector leadership. On the other hand, there is a view that the introduction of SWAps, pool funding mechanisms, and similar initiatives was in fact a push from development partners whose main motivation was mechanisms for faster absorption of aid.

Critical views from some stakeholders on ownership suggest that the revision of PEAP in 2000 to produce Uganda's version of the PRSP or recent work to re-orient the 2004 PEAP from poverty reduction to growth borders on influence from new thinking in the World Bank as opposed to a truly citizen-led change in development paradigm.

4.5.2 Alignment

4.5.2.1 Overview

As far as alignment is concerned, partner countries and donors jointly committed to: (i) work together to establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems; and (ii) integrate diagnostic reviews and performance assessment frameworks within country-led strategies for capacity development. Furthermore they agreed to jointly implement harmonized diagnostic reviews and performance assessment frameworks in public financial management.

On their own, partner countries committed to: (i) carry out diagnostic reviews that provide reliable assessments of country systems and procedure; (ii) on the basis of such diagnostic reviews, undertake reforms that may be necessary to ensure that national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent; and (iii) undertake reforms, such as public management reform, that may be necessary to launch and fuel sustainable capacity development processes.

Partner countries also committed to strengthen development capacity with support from donors and to integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed. More specifically, in the area of public financial management, they committed to: (i) intensify efforts to mobilize domestic resources, strengthen fiscal sustainability, and create an enabling environment for public and private investments; (ii) publish timely, transparent and reliable reporting on budget execution; (iii) take leadership of the public financial management reform process.

To strengthen national procurement systems, partner countries and donors jointly agreed to: (i) use mutually agreed standards and processes to carry out diagnostics, develop sustainable reforms and monitor implementation.; (ii) commit sufficient resources to support and sustain medium and long-term procurement reforms and capacity development; and (iii) share feedback at the country level on recommended approaches so they can be improved over time.

4.5.2.2 Results achieved

Reforms in government to increase transparency and accountability in resource use

Uganda has strengthened the legal and regulatory framework that underlies public expenditure management. The Government enacted the Public Financial Management Act of 1999 with the purpose of regulating financial management in the national and provincial governments; to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management. Other reforms include the decentralization of capital development expenditure and the introduction of the Integrated Financial Management System (IFMIS). These reforms strengthened the Public Financial Management (PFM) systems in the country enough to be awarded a rating of 4.0 by the World Bank's Country Policy and Institutional Assessment of 2005 as compared to 3.5 for Ghana, Tanzania and Ethiopia and 3 for Kenya.

Through the Public Procurement and Disposal of Public Assets Act of 2003, the government established the "Public Procurement and Disposal of Public Assets Authority" (PPDA) whose objectives are to: (a) ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices; (b) harmonize the procurement and disposal policies, systems and practices of the Central Government, Local Governments and statutory bodies; (c) set standards for the public procurement and disposal systems in Uganda; (d) monitor compliance of procuring and disposing entities; and (e) build procurement and disposal capacity in Uganda.

The Public Procurement Act and attendant regulations, as well as the Local Government (amendment) Act and attendant regulations of 2006 lay out a credible framework for efficient, competitive and accountable public procurement procedures nationally. The laws established a Regulatory Authority and Contracts Committees and Procuring and Disposal Units in the Procuring and Disposal Entities. These initiatives have enhanced regulation and accountability of the procurement procedures at both the central and local government levels.

The 2006 Public Financial Management Performance Report and the update of the CIFA Action Plan 2005, issued in July 2006, highlighted the slow rate of progress in some public financial management areas. The Report recommended that increased importance should be attached to the strengthening of the Auditor General's Office as well as to consolidate and improve the progress already made in procurement reforms. Issues concerning predictability and control in the budget execution process as well as the importance of parliamentary oversight are viewed as being crucial to improve alignment to national systems. The World Bank Country Policy and Institutional Assessment (CPIA) performance criterion that assesses the quality of budgetary and financial management places Uganda at 4 on a scale of 1 (very weak) to 6 (very strong).

The Office of the Auditor General (OAG) is the Supreme Audit Institution of Uganda. Article 163 of the Constitution of Uganda (1995) sets out the mandate of the Office and defines its independence. It empowers the OAG to audit all the public accounts of Uganda and report its findings to Parliament. The Constitution specifically requires the OAG to conduct financial and Value for Money audits in respect of any project involving public funds. In carrying out its mandate, the Constitution requires the Auditor General not to be under the direction of any person.

Audit reports on the performance of the government have provided opportunity to the legislators, public servants, investors, business leaders, citizen groups, media, development agencies, academics and other stakeholders to know how public funds are spent and the

quality of public administration. This has generated the pressure for honest, productive and answerable public services and facilitated an accountable system of governance.

A new Audit Bill which aims at giving more financial, administrative and operational independence to the Office of the Auditor General is being drafted. It is expected that when this Bill is passed, it will further enhance Uganda's Public Financial Management.

GoU dialogue with DP on the 12 PD indicators

Mechanisms do exist for regular dialogue between government and DPs. However, most of this dialogue is on development issues generally. Such mechanisms include the Annual PEAP Implementation Review which aims to inform stakeholders about progress made in the implementation of the PEAP. Mechanisms which focus on the PD principles and indicators include: (i) the survey on monitoring the Paris Declaration which focus on the quality and quantify of aid offered to Uganda by individual development partners. The recent DoL exercise also provided an opportunity for government to discuss with development partners issues relating to effectiveness of aid. Joint missions and annual sector reviews also offer a similar opportunity at the level of the sector.

4.5.2.3 Emerging issues

Opinions within Government appear divided over whether Budget Support should continue to be the preferred modality for aid delivery as previously stated in the Partnership Principles. Within MoFPED, there is clear support for Budget Support at the level of technocrats as it is seen to enhance aid management. Yet some reports point to waning of popularity of BS at political levels. This development stems from recent threats by some donors (mainly UJAS partners) to use BS as “carrot” for good governance and “stick” for poor governance (political or administrative). This threat, which has resulted in declining political support for Budget Support and fuelled scepticism about donor intentions with the UJAS process, could undermine the achievements made in strengthening country systems.

Implementation by government of needed reforms in country systems has been slow largely due to inadequate capacity. These capacity constraints will remain a challenge as long as the Civil Service Reform does not deliver terms and conditions that would retain the best staff in the public service.

Significant capacity challenges remain especially with the application of the PPDA Act at the local level and ability to ensure value for money in project delivery. This is the main justification given by development partners who still run parallel procurement systems; the PPDA procedures for Budget Support, SWAps, or other pool funding arrangements and own procurement systems for projects.

4.5.3 Harmonization

4.5.3.1 Overview

Under “harmonization”, partner countries are expected to “*provide clear views on donor's comparative advantage and on how to achieve donor complementarity*”. Furthermore, both donors and partner countries agreed on collaborative behaviours including a *commitment to reforming procedures and strengthening of incentives*—including for recruitment, appraisal

and training—for both management and staff to work towards harmonization, alignment and results. They also agreed to a harmonized approach to cross – cutting issues such as environmental assessments by strengthening technical and policy capacity.

4.5.3.2 Results achieved

Provision of clear views on donors’ comparative advantage and how to achieve donor complementarity at country or sector level

Generally, the strength of Uganda’s leadership of the Division of Labour (DoL) exercise has been sporadic. The exercise was viewed as being primarily for sake of harmonising and coordinating donor efforts and therefore donor led. The definition of roles is not clear for all stakeholders. There was no framework for addressing sectoral congestion, under funding and other aid delivery problems. The underlying concern being that the DoL might lead to an overall decline in DP support.

According the Interim Report on the Development Partner Division of Labour, government was expected to extend the DoL exercise to other development partners that had not participated in the first phase. In addition the DoL results were supposed to be taken to the sector level where intensive discussions and validation and consensus about DP participation by the sector ministries would take place. Unfortunately, this next step has not yet been undertaken, to some extent due to the loss of momentum in the DoL exercise which was attributed partially to the change in policy orientation by government (from poverty reduction to economic growth).

Incentives for staff to work towards alignment, harmonization and results

Uganda has not specifically put in place a formal mechanism to provide incentives for working towards aid effectiveness principles. However, opportunities for staff to participate in global fora to discuss aid effectiveness issues are indirectly working out as effective forms of incentive for government staff. The challenge is to provide resources for effective participation and to demonstrate how such participation could impact on staff careers.

It is generally felt that budget support and SWAps are facilitating joint missions which account for a significant portion of missions as more development partners, especially those who have signed to the UJAS, have committed to fielding joint missions. Additionally, joint analytical work is being undertaken especially by development partners interested on the specific sector issues. There have also been joint sector reviews and analytical work in education, health, water and sanitation, agriculture, JLOS, decentralisation, and public sector reform.

It is not clear is if these joint operations have reduced transaction costs and/or if they encourage staff to work towards alignment, harmonisation and results. Some members of staff in education indicated that, on the contrary, as a result of harmonisation, the work complement has changed to meetings and “meetings about meetings”; thereby undermining focus on technical aspects of work.

There has been a level of frustration with the use of parallel (PD and GoU) aid management systems and procedures. Aid management of BS uses GoU systems and procedures while project support uses the DP procedures. The aid management staff are therefore required to

build and maintain competences in as many systems as there are donors. Generally, the standardised reporting under the PRSP has reduced the amount of work as the same report is shared for all DPs. Unfortunately, reporting for project support is still donor specific.

Harmonized approach to EIA and cross-cutting issues

Some progress had already been made in regard to EIA prior to the PD in terms of advancing the concept SWAps, and currently there are 14 sectors with SWAps and Sector Working Groups. For cross-cutting issues such as HIV and AIDS, DPs have provided programme support to an initiative led by the Government with support from the United Nations. It is believed that the introduction of SWAps and forms of programme support and the creation of the Sector Working Groups (SWG) has reduced the transaction costs of managing dialogue with development Partners. The Development Partners and Government also undertake joint missions and have accepted standardised reporting formats for financial accountability as well as results reporting.

The Interim Report on Division of Labour Exercise reports that some sectors of the economy (e.g., Health, Humanitarian Aid, Roads, and increasingly Energy) are crowded by DPs. Meanwhile, cross-cutting themes such as Gender, Security, and Human Rights are not congested with donors. In order to encourage a more even participation of Development Partners in all sectors, Government hope to use the results of the “division of labour” study with the objective of achieving the right distribution of aid across all sectors of the economy, starting with the implementation of the new national development plan.

4.5.3.3 Emerging issues

The first phase of the DoL exercise in Uganda has demonstrated that agreement on joint programming is difficult to reach among donors because of different objectives and rules. However, once agreement is reached it has high pay-offs. Most donors do not want to be confined to particular sectors since their mandates also change with time; therefore some flexibility needs to be maintained in the process.

The division of labour exercise can be a very divisive process fuelled by unhealthy suspicions, especially when intensive debate ensues on who is better placed to, say, lead a sector. Government needs to establish a transparent framework for allocating roles between development partners. Therefore, the DoL exercise will require members of staff to have skills in negotiation and facilitation in addition to technical skills.

New rules agreed to under joint programmes implemented through existing government structures require quality M&E systems which donors may rely upon for reporting to their constituencies. If these are not immediately available within government initially, the challenge will be for government to quickly set them up.

4.5.4 Managing for Results

4.5.4.1 Overview

Under the Paris Declaration partner countries and donors agreed to work together to better manage resources and improve decision-making for results. The PD defines managing results

as: “managing and implementing aid in a way that focuses on the desired results and (using) information to improve decision-making”.

4.5.4.2 Results achieved

Strengthen the link between strategies and annual and multi-annual budget processes

Since its development, the PEAP has served as the overarching framework from which sector strategies and targets are drawn. Although some sectors such as agriculture have overlapping sub-strategies and policies, strategies of many sectors show logical linkages to the PEAP.

The link between the budget and MTEF for PEAP implementation ensures that budget statements are in general in conformity with the medium term strategy as articulated through the PEAP. The MTEF and annual budgets are developed from the sector strategies and the PEAP. Donors wishing to provide resources outside the MTEF have been requested by the government to reorient their priorities so as to finance activities within the MTEF.

Establish results-oriented reporting for national/sectoral strategies based on cost-efficient data collection

As alluded to above, government was already advanced in its initiatives to establish results-oriented reporting for national/sectoral strategies. The Annual PEAP Implementation Reviews (APIR) and the PRSC, coupled with the poverty monitoring studies provide a good foundation for results monitoring at programme and strategy level.

Uganda has undertaken deliberate efforts to strengthen the framework for the collection of data as evidence for the definition of its development strategies and the evaluation of achievements. The development of the PEAP depended on data collected under the annual poverty monitoring assessments. The Uganda Bureau of Statistics is able to collect and deliver credible data and analysis.

In 2003, the Government of Uganda approved a coordination framework to make sure that all Government programmes work in a rational and synchronized manner. Under this coordination umbrella, a National Integrated Monitoring and Evaluation Strategy (NIMES) was developed. NIMES is a coordination framework that is intended to improve the monitoring and evaluation of all Government policies and programmes. NIMES is not a new monitoring and evaluation system - it is a coordination mechanism that will cover all existing M & E systems from a country-wide, sector-wide and local government perspective.

The NIMES ensures that data and information that is generated through various M&E systems is consolidated and made available for decision making. An overall dissemination and feedback strategy was developed with stakeholders to ensure that relevant information is provided to decision makers in a user-friendly format.

4.5.4.3 Emerging Issues

The linkage between the resources and results, in terms of development effectiveness, still has to be tightened in Uganda, with further work being called for in the area of outcome-based budgeting. The Government is introducing this concept with a view to enhancing

performance especially at sector levels where, for instance, despite a high salary increment to teachers and massive investments in teacher housing, the teacher absenteeism rate remains high at over 80% and primary school completion rates are reported to be very low.

Though at sector level, M&E systems are generally good for tracking inputs and processes, and DPs participating in SWAps use the established systems for M&E, the quality of the systems varies across the sectors with most being weak in so far as the tracking of outcomes and impacts is concerned.

National household surveys planned in the routine of the national statistical bureau, UBOS, may be inadequate for purposes of monitoring all outcomes from the development activities being undertaken by sectors. Periodic, sector specific surveys have been commissioned separately in sectors such as JLOS in order to collect adequate information on new outcome indicators. The challenge is to continue financial and technical support to such specific surveys and to strengthen capacity for undertaking them.

As the NIMES depends on data collected by sectors and other agencies, it is important that a framework be established to bring together the sectors to work closely with the NIMES secretariat and to raise awareness on what users of the information at policy level expect in terms of priority data and data integrity (in terms of both timeliness and quality).

4.6 Mutual Accountability

4.6.1.1 Overview

The Paris Declaration calls for donors and partner countries to be accountable to each other for the use of development resources, and in a way that would “*strengthen public support for national policies and development assistance*”. Government should improve country accountability systems and donors should be transparent about their own contributions.

4.6.1.2 Results achieved

Systematic engagement of broad range of DPs when formulating and assessing progress in implementing national development strategies

The development and revisions of the past editions of the PEAP involved detailed consultations with DPs. Although this has not yet happened with the on-going NDP formulation process, it is expected it will come to pass to enable DP to buy in and support the strategy.

Mechanisms for joint review of the PEAP, PRSC, and UJAS generate information of reasonable quality that can be used by donors and Uganda to retrospectively account to each other for performance achieved and make necessary adjustment for the next year.

The *Annual PEAP Implementation Review (APIR)* is a core event in the process of informing stakeholders about progress being made in implementing the PEAP. The APIR is based on linkages, synergies and complementarities between sectors and pillars and it informs the process coordinating different elements of the Government M&E strategy.

UJAS partners, together with the government, support an annual independent assessment of progress of UJAS partners in organizational effectiveness. This assessment is aligned with the Annual PEAP Review. The UJAS review is, among others, based on the indicators of progress of the Paris Declaration as captured in the 2006 Paris Declaration baseline survey in Uganda.

Specific additional commitments by Government to further implementation of PD

Uganda recognized that corruption undermines effectiveness of aid in development. Government therefore committed itself to aggressively fight corruption by: (i) strengthening key anti-corruption institutions such as the IGG and the Directorate of Integrity; (ii) encouraging participation of civil society and the private sector in fighting corruption, especially by increasing public access to government information; (iii) strengthening the legal framework; and prosecuting perpetrators and strengthening efforts to recover embezzled funds.

Uganda has also strengthened the audit function by enhancing the role, capacity and independence of the Office of the Auditor General. This is expected to be strengthened further when the new Audit Bill giving more financial, administrative and operational independence to the Office of the Auditor General is enacted

Uganda is also committed to implementing to conclusion the public service reform, including pay reform which is consistent with improving delivery of public services.

Participatory approach to strengthen capacities and demand for RBM

Information on Government policies is easily available and accessible. There is a PEAP communication strategy. The Government prepared a summary version of the PEAP and a popularized version, which was circulated in English and later translated into five local languages. The revised PEAP and information on the consultation process are posted on the MoFPED website together with information about the Annual PEAP Implementation Review.⁴⁸

The Government also prepared publications to familiarize the public with the budget process. Budget documents including annual, semi-annual and quarterly reports on central government actual revenues and expenditures, and background papers and performance reports since 2000 are also posted on the MoFPED website. The plenary sessions of Parliament are broadcast live throughout the country

4.6.1.3 Emerging issues

The Annual PRSC reviews are based on a set of prior commitments that trigger release of resources for the next period. The indicators need to be coherent with those for accounting for development results such that resource release is directly linked to a pre-defined set of outputs or outcomes that are also linked to the desired medium-to-long term impacts. PRSC triggers should not only be process related but output related including the quality of outputs achieved.

⁴⁸ http://www.finance.go.ug/peap_revision/index.htm

5. CHANGES IN DEVELOPMENT PARTNER BEHAVIOUR AND RESULTS ACHIEVED

This chapter assesses the commitment of development partners operating in Uganda to the Paris Declaration. It covers aspects such as the extent to which the DPs have mainstreamed PD indicators into their policy and systems for aid management, how DPs are trying to influence behaviour change within government and among each other, including the issue of the adequacy of the fora for doing so. The chapter ends by highlighting results that have been achieved by the Paris Declaration in terms of stimulating and reinforcing behaviour change among development partners as measured by progress in the Paris Declaration Indicators concerning partner country commitments. It also highlights some emerging issues especially focusing on challenges/constraints encountered and what is needed to consolidate behaviour change.

5.1 Level of commitment to the PD by development partners

All 12 Development Partners that were interviewed reported a strong commitment both at headquarter and field office levels to the aid effectiveness agenda. What differed were their preferred approaches for achieving this objective, and this determined their level of commitment to the Paris Declaration. Though found to be rising, commitment to the Paris Declaration among DPs varies markedly across development partners. It is high especially among the 12 Uganda Joint Assistance Strategy partners who channel a considerable proportion of their aid (between 20-80%) through country systems (either as general budget support, the Poverty Action Fund, SWAp or basket funding arrangements). Together this group accounts for about two-thirds of ODA to Uganda⁴⁹. Some of them were heavily involved in advocating for the PD in the first place (e.g., Ireland) whilst others have since amended their aid policies to comply with PD commitments (e.g., Denmark and Norway), or instituted in-house staff orientation programmes on the PD and also mainstreamed aid effectiveness targets into staff performance review and reward systems (e.g., Netherlands).

Some donors speak the language of the PD but in practice disagree with some of the principles, especially the use of country systems for public financial management and procurement (examples given included Japan, USAID and AfDB) who have a large share of the aid portfolio as projects. In general, commitment was found to be lower among development partners whose foundational principles and policies do not allow them to **use country systems for public financial management and procurement (Indicator 5) and would rather continue in project mode, they could not sign up to the UJAS for instance**. These donors are selective on the areas they can engage with others concerning progress on the PD whilst a few reportedly stayed out of the Local Development Partners' Group altogether (e.g., China). For some DPs (such as AfDB and USAID), the principles on which they were established, and the general conditions that govern their operations would have to be reformed first before they can be able to use country systems. Such reforms are reported to be taking place at AfDB, including the proposed amendment of some of the Bank's General Conditions that pertain to procurement and the related rule of origin⁵⁰.

⁴⁹ Interview with Denmark

⁵⁰ AfDB Comments on First Draft of the Evaluation of the Implementation of the Paris Declaration in Uganda

5.2 Extent to which PD indicators and commitments have been mainstreamed into DP frameworks for aid management

There is evidence of remarkable progress among DPs in mainstreaming PD indicators into their aid management frameworks. The 12 UJAS partners have for example, formally set up a joint monitoring and review framework that integrates both PD and additional non-PD indicators. Other donors outside the UJAS framework (for example USAID) have introduced a periodic aid effectiveness monitoring survey covering all country/regional missions, have a website for disseminating results and through which their government can answer questions from citizens. USAID has also deployed officers that serve as focal points and coordinate the completion of the questionnaire and such focal points participated in an orientation training to clarify definitions of aid effectiveness indicators. Understanding of aid effectiveness is very high among these cadres and has made the task of completing the OECD/DAC Paris Declaration Survey somewhat easier within USAID despite there being some differences between the PD indicators and those for the internal system of USAID. The Netherlands formulates results within a corporate Multi-Annual Strategic Plan and these are reviewed after every 4 years. The results sharpen the focus of the country office. A growing demand for results within the organisation and within sectors where they operate has led for example, to the reduction of the number of sectors they support from seven, 10 years ago, to only two at present as the development partner seeks efficiency and results to demonstrate that their aid is effective in generating development results for Uganda. Many DPs have internalized the Paris Declaration Survey, appointing focal persons for reporting on the PD and putting in place plans for the use of the results of the survey in influencing policy changes at their head offices.

5.3 Adequacy of fora to influence behaviour change among DPs and in the government sector

DPs in Uganda have influenced each other mainly through Local Development Partners Group and the UJAS processes, with tangible commitments to the PD being put on paper. The high number of donors participating in the LDPG meetings together with the growing number of donors joining the UJAS partnership testifies to the level of influence the initial group of like-minded donors has had on others. The UN is the latest member to show interest to join UJAS and this development will see the PD being internalized also by the UN System, thereby facilitating faster progress to be achieved in notable PD indicators like number of PIUs (Indicator 6).

The UJAS however, has so far failed to secure unqualified buy-in by donors such as USA. Although initial interest in the UJAS framework was secured, USA has not signed up to due differences of opinion and policies concerning budget support and the use of country systems for public financial management and procurement. USA joined the process much later, challenging the emphasis on budget support and the rationale for use of country systems in a country where concerns were being raised about corruption and the fact that existing systems did not necessarily guarantee transparency and accountability in resource allocation and use. Amendments proposed by USA on the UJAS before signature were reportedly turned down by other donors on the basis that they had come too late into the process.

Mechanisms for influencing behaviour change in government exist mainly through structures such as the LDPG meetings, Sector Working Groups, thematic groups, the Annual PEAP

Implementation Review Process (APIR) the Annual Review of the Poverty Reduction Support Credit, and the annual budget preparation process. A set of prior actions that government should fulfill before the release of the next tranche of resources under the PRSC is seen as one of the effective tools available for influencing behaviour change within government.

Donor influence on government has been relatively limited through the APIR process because this has been carried out only once in 2006. The budget formulation process which encourages donor inputs at the time the Budget Framework Paper is prepared is also an important process as candid discussions on the budget are done at the sector level. The only limitation is that the final budget allocations approved differ significantly year on year from those initially proposed by the sectors in consultation with DPs, and the overriding influence of the Ministry of Finance, Planning and Economic Development and Parliament creates the impression that the budget formulation process only seeks to legitimize decisions already made at much higher levels than the sectors. This tends to erode the confidence of sectors in their ability to influence sector budget allocations.

Sector Working Groups are viewed as being most effective at influencing sector priorities and strategies plus securing a stronger focus by government on results. However, in some sectors (e.g., education), SWG-related meetings are being viewed as having become too many and quite often their “influencing” agendas touch on operational issues which border on micro-management of the sector (as opposed to higher level influencing of policy, strategy and programming).

The LDPG framework is more effective in influencing change among DPs because meetings are attended by Heads of Missions and discussions are said to be open, frank and objective. The LDPG terms of reference reportedly drive the aid effectiveness agenda. The LDPG, however, has so far had **less leverage on government spending**, particularly discretionary spending on the legislature and the executive arms of government. Specific examples cited of where the LDPG recently had very limited influence included issues such as the purchase of a presidential jet and some CHOGM-related expenditure both of which were extra-budgetary and will have to be financed through a supplementary vote to the 2007/8 budget.

Development partners are however, optimistic that the Joint Assessment Framework for the Joint Budget Support Operation currently being developed in consultation with government will be a much stronger instrument for influencing behaviour change on both sides (government and DPs). DPs are convinced that the JAF will have a “big impact on predictability and alignment”⁵¹ whilst government equally expects the JAF to introduce, for the first time, real accountability by donors to government.

5.4 Adequacy of capacity to implement PD commitments

Most development partners do not see staff capacity as being a major determinant of progress on the Paris Declaration among development partners. The main issue is the political and enabling policy environment to adhere to the PD principles and commitments. Some of the DPs who are leading in implementing the PD (e.g., Netherlands, Ireland and the UK) have

⁵¹ Interview with Denmark, Chair of the Local Development Partners Group and with Ministry of Finance, Planning and Economic Development

reduced both the number of sectors and projects to focus more on budget support, the PAF, SWAp and joint funding arrangements. These changes have freed up staff resources for new tasks in aid coordination and upstream policy influence. However, these new tasks are reported to be demanding new skills (for example, policy advocacy and coordination) which may not be immediately available in the existing staff establishment but can easily be acquired. However, without the political will at higher levels, many DPs contend that the framework for strategy and programming around the Paris Declaration principles would not exist and country offices remain stifled, even though their counterparts may be making much more progress.

5.5 Results achieved by Development Partner in relation to PD indicators on Ownership, Alignment, Harmonization, Managing for Development Results and Mutual Accountability

5.5.1 Ownership

5.5.1.1 Overview

By signing to the Paris Declaration, development partners (DPs) pledged their commitment to “*respect partner country leadership and help strengthen their capacity to exercise it*”⁵².

5.5.1.2 Results achieved

By the time the Paris Declaration was launched in March 2005, many DPs had already signed up to the PEAP Partnership Principles, which by and large, resemble a localized version of the Paris Declaration principles.

In addition, the Paris Declaration was adopted at a time when DPs in Uganda had started discussing the idea of developing a joint assistance strategy to support implementation of the Poverty Eradication Action Plan. The Paris Declaration led DPs to adapt the process thereby culminating in a Uganda Joint Assistance Strategy (UJAS) that effectively mainstreamed the PD principles and targets. UJAS became the concrete framework for translating PD principles into tangible action, especially on donor harmonisation, and was immediately followed by the donor division of labour exercise. Over time, the number of development partners who have endorsed the UJAS has increased from 8 to 12⁵³. The United Nations Development Group is the latest development partner to show interest in joining the UJAS. USAID has been interested in joining but could not since they have so far been unable to have the UJAS document amended to suit their needs.

When UJAS was developed, Government of Uganda maintained a hands-off stance as it viewed this process more as being for donors to harmonise themselves and did not want to interfere with the process. Upon further reflection, DPs believe the initiative should somehow have been led by the government, at least in encouraging all development partners to rally behind the strategy, rather than leave the entire process to a handful of donors.

⁵² Paris Declaration on Aid Effectiveness, March 2005, page 3

⁵³ The Uganda Joint Assistance Strategy (UJAS) was designed collaboratively by 7 development partners: African Development Bank, Germany, the Netherlands, Norway, Sweden, the United Kingdom’s Department for International Development, and the World Bank Group. Austria, the eighth member joined in January 2006. New members include Ireland, Denmark, European Union, etc.

In addition to the UJAS being principally an aid harmonisation instrument, one of its three principles also addresses the objective of supporting government leadership. The UJAS explicitly mentions one of its 3 principles as being to “*support implementation of country-owned and led*” revised PEAP⁵⁴. The principle is expected to guide DPs when contributing to the on-going formulation of a 5-year National Development Plan, a successor programme to the 2004 PEAP. Government is leading the process and has not yet called upon the DPs to actively participate, preferring them to provide only those inputs as may be requested from time to time by the government. The UJAS partners have not demanded more active involvement but are of mixed views as to when they should be invited to participate in the process, some preferring to leave government alone until it set outs the broad framework of priorities, whilst others see earlier engagement as being mutually beneficial in giving government some pointers to elements that would be fundable by the donors.

5.5.1.3 Emerging issues

The continuation of a project approach

Anecdotal evidence collected from among development partners and government stakeholders confirms that the persistence of a project approach continues to hamper effective leadership of the development process by government in some sectors, for example in the education and agriculture sectors. This applies to both bilateral and multilateral funding agencies and mostly to projects that are approved at a higher level than the sector concerned, or those by development partners who neither have joined the UJAS nor signed the Partnership Principles and whose projects do not get discussed by Sector Working Groups prior to approval. In general such projects will have been discussed and approved at higher political levels but tend to undermine the leadership of the sectors concerned. Project mode persists as some DP are governed by foreign policies that prevent them from using government systems for public financial management and procurement (e.g., USAID and Japan) whilst others have a project overhung (e.g., European Union, the World Bank and AfDB). Some DPs see the need to maintain some projects in order to attend to critical issues (such as innovation, governance, transparency and accountability) that would otherwise be marginalised if resources were to be channelled through government channels. This raises the issue of the role of aid and of DPs in determining priorities. Some projects in the education sector were reportedly displacing Medium Term Expenditure Framework ceilings but being implemented by non-state actors whose allegiance would be stronger to the funding agency than to the line ministry mandated to implement the sector strategy.

Issues emanating from the development of a new national development plan

The existence of a comprehensive PEAP behind which development partners could align their support contributed to the success of the UJAS formulation process. However, since the unveiling of a new election manifesto in 2006 by the government, the general perception among DPs is that ownership of the PEAP by government has been waning due to fact that government has shifted its focus from poverty eradication - through social development - to economic growth through investment in infrastructure (such as roads and energy). Government has since embarked on a process to revise the PEAP to realign national strategy in accordance with this new policy orientation. The new strategy’s focus is also expected to address observed weaknesses such as the lack of prioritization in the PEAP. However, the

⁵⁴ Joint Assistance Strategy for Uganda (2005-2009)

focus on growth as opposed to poverty reduction⁵⁵ may change the premise upon which the UJAS was formulated. This calls for a corresponding revision of the UJAS to align it with the objectives and priorities of the new plan. This is likely to temporarily compromise the momentum gained so far in applying the PD principles including the on-going division of labour exercise being undertaken by the development partners. During the transition, DPs are planning to redefine their priorities based on new areas of focus by government and then agree on a new division of labour.

The formulation of a new national development plan presents an opportunity for Uganda to craft yet another truly home-grown and owned strategy. DPs are willing to trade off their participation in exchange for a genuinely government-led process, with wider political ownership and priorities that are people-driven, even though some of the priorities may not perfectly match donor priorities.

5.5.2 Alignment

5.5.2.1 Overview

On alignment, under the PD, development partners, among other things committed themselves to “*base their overall support on partner countries’ national development strategies, institutions and procedures*”. Whilst the range of commitments is wide, for purposes of this evaluation, the assessment of results in relation to alignment in the Ugandan context focuses on the following more specific commitments:

- *Increase share of DP support reported on national budgets (PD Indicator 3)*
- *Link aid to the single framework of conditions and indicators from the national strategy*
- *Reduce parallel structures for management of aid-financed projects (PD Indicator 6)*
- *Timely and predictable disbursement of aid (PD Indicator 7)*
- *Untying aid (PD Indicator 8)*
- *A priori sequencing of DP efforts to align rather than harmonize first*

The analysis bears recognises the above PD commitments in many ways mirror those in the Partnership Principles of Uganda. Prior to the PD, the PP was Uganda’s principal tool for urging donors to align their strategies and support with the priorities set by the recipient country. Hence, in some ways it is the added-value of the PD which was emphasised during this analysis.

5.5.2.2 Results achieved

Increase share of DP support reported on national budgets (PD Indicator 3)

The 2006 Survey on Monitoring the Paris Declaration established that for the fiscal year 2005, government budget estimates reported only 79% of the actual aid disbursements for

⁵⁵ Within Government, the shift in priorities was necessitated by limitations of social development oriented policies in addressing other critical issues such employment creation and economic growth which would make revenue generation for meeting social expenditures more sustainable. Government is satisfied that the PEAP has achieved its objectives for instance in areas such as education and now needs to be complemented by an emphasis on growth and employment creation to absorb for instance the growing body of educated people.

that year. The PD target is 90%. Although results of the 2008 Survey were not yet available at the time of this evaluation, with the number of donors who have joined the UJAS increased from 8 in 2005 to 12 in 2008, some progress can be expected in this indicator. This is in recognition of the efforts being made under the division of labour exercise to harmonize data collection points, both within government and also on the donor side. In addition some large donors such as EU have taken the decision to increase their allocations to budget support to ease the procedural burden. EU was in all sectors up to 2006 but reported significant reduction of sector presence by 2008.

The Interim Report on the Uganda DP Division of Labour Exercise however shows real challenges that remain in addressing progress. Firstly, there is a persistence of projects in the Ugandan aid architecture due to mixed reasons already alluded to above. Sixteen of the 21 DPs that complete the Financial Data Tool (FDT) provide more than 60% of the aid through project support. For more than half of the donors completing the FDT, more than 30% of their aid does not appear on the GoU budget. According to the report on the DoL exercise, no major shift is likely to occur in the sectoral distribution of future funding.

Reduce parallel structures for management of aid-financed projects (PD Indicator 6)

The PD calls for a substantial reduction in the number of project implementation units (PIUs) that are parallel. Parallel units refer to those where appointment decisions and accounting relationships involve the donor alone or minimal involvement of government in decision making (OECD, 2007). The baseline survey for Uganda reported a total of 54 parallel PIUs. The DPs with the highest number of PIUs parallel to country structures in 2006 were African Development Bank (14), European Commission (10), the World Bank (8), the United Nations (5), Denmark (4) and Austria (3). In line with the PD, some of these DPs (e.g., UNDP, World Bank and Austria) have closed down PIUs or facilitated their integration into the regular civil service system, with government now paying wage bills both through its tax revenue and donor injections into sector budgets. In the education sector, the World Bank has closed down two PIUs whilst UNDP has closed down the one in the Ministry of Finance, Planning and Economic Development. Integration of PIUs into sector structures was found to be beneficial in the education sector and was the preferred approach as opposed to complete closure and withdrawal of any financial or technical support, though it put additional strain on recurrent budgets of sectors concerned. Examples were given of staff formerly in World Bank PIUs that have continued within the Ministry of Education and Sports structures to discharge their procurement functions on infrastructure projects using government guidelines as opposed to donor procedures. The experience they gained from more stringent donor procurement guidelines has helped them to upgrade procurement standards within government.

AfDB argues that most of the PIUs it supports are not in contravention of the PD principles since they are “*established by the Government, constitute government staff that also still undertake other government responsibilities, and report directly to the government, in terms of financial management, decision making and appointment*”⁵⁶. The high number of PIUs is also associated with a high number of projects overall funded by the DPs in the year in question. However, the 2006 Survey Report does not provide data on the total number of projects funded by DPs but seeks to establish the baseline number of PIUs as a benchmark for year zero.

⁵⁶ AfDB Comments on Draft Report for the Evaluation of the Implementation of the Paris Declaration in Uganda, dated 1/05/08

Some donors have also reduced the number of sectors where they work so as to concentrate on budget support and SWAps (e.g., Austria, EU, Netherlands, Denmark, DFID, Ireland, etc). DFID for instance, has over time pulled out of forestry, education, decentralisation and water, to focus more on BS and other upstream reform activities. The EU has significantly reduced its sector spread and increased its allocations to Budget Support. The reduction in the number of sectors has also resulted in a reduction of PIUs. However, some DPs such as AfDB still have to make significant progress in this regard if the 2010 target of 18 PIUs is to be achieved. This may be to do with the nature of financing they provide to Uganda – for example, projectised loans (e.g., for school infrastructure construction, water and sanitation or for agriculture).

Timely and predictable disbursement of aid (PD Indicator 7)

Indicator 7 seeks to improve not only the predictability of actual disbursements but also the accuracy by which they are recorded in government systems. Hence it measures two parameters: (a) the proportion of scheduled aid that is actually disbursed by donors; and (b) the proportion of disbursed aid actually recorded in government systems. The baseline value for the indicator (a) is 84% referring whilst for (b) it is 95%, both referring to fiscal year 2005 (OECD, 2007). This implies that the disbursed amounts are significantly less than expected and some of the funds reported as disbursed by donors are not captured in the government systems.

Both DPs and the MoFPED interviewed during this mission confirmed that both timeliness and predictability of aid disbursements are improving, but some challenges still remain. Some multilaterals are now able to provide to the government fairly reliable projections for the next three years including funds that go to activities outside government. For the next financial year, government has asked DPs to be even more accurate in their projections.

The realism of projections on volume and timing of expected disbursements remains a challenge as most DPs have financial years that are not in synchrony with the financial year of government. Some DPs (such as USAID) are not able to provide accurate data for even the next one year as their funding is approved on an annual basis. Multilaterals such as the World Bank are able to provide reliable projections for a period of up to 3 years. In general DPs tend to under-report if they are asked to project for longer time periods. For example, according to the Interim Report for the DP Division of Labour Exercise, projections for 2008/09 and 2009/10 projections were about half the projections for 2006/07, giving a false impression that aid would decline by half in 3 years. The challenge of predictability revolves around issues of the DP's budget approval process and the recipient country's ability to comply with DP's aid disbursement conditions. Also, delays of up to 2 years in disbursement of budget support funds have been observed. Most DPs disburse in December or February-March, just before they close their books for the financial year.

Untying aid (PD Indicator 8)

OECD data covering 73% of 2004 commitments shows that 81% of aid to Uganda is untied. This is already high and donors are expected to make further progress on untying aid in line with the PD commitments. Uganda will need to ensure that the proportion of tied aid does not increase as this will undermine its own Partnership Principles and the PD.

A priori sequencing of DP efforts to align rather than harmonize first

Donors displayed commitment to align rather than harmonize first during the UJAS drafting process. UJAS is a tool specifically to support the implementation of government's own

development programme. To show their desire to align first, donors waited for a comprehensive draft of the revised PEAP to be produced first before moving forward to draft the substantive details of the UJAS. They waited for the finalization of the PEAP in November 2004 first before they could produce a draft of the UJAS document. As the Government is now in the process of drafting a new national development plan, donors have suspended further work on the DoL exercise waiting for the NDP. They are already planning the subsequent revision of the UJAS to ensure that it supports the new policy direction of government. After this revision, further work may then be undertaken on the DoL exercise, but unlike at first, with clear leadership by government.

5.5.2.3 Emerging issues

Role of PIUs

The PD commitments provide a “one size fits all” solution in terms of promoting the scaling down of the number of PIUs (see also Chapter 3). In the context of Uganda, within DPs and also within the government there are views on both extremes concerning the need to keep PIUs. In a country where the civil service conditions cannot attract skilled and experienced personnel, some sections of the government have a preference to continue using PIUs (as long as they report within the government structure) to address capacity gaps in the short to medium terms. This would allow a temporary respite while growth policies are given time to work and raise national income, government revenues and civil service reward systems. Once this has happened, then PIUs can be closed down or fully integrated into government structures. Although middle income countries such as Botswana, Namibia and South Africa can afford to offer competitive compensation packages within the civil service, Uganda finds it difficult to raise the civil service wage bill without offsetting social and investment spending. Moonlighting due to low salaries is reportedly wide spread in some sectors (e.g., in education where teacher absenteeism is high). In addition almost all PIUs reportedly extend targeted resources to top up recurrent expenditures within government units (e.g., office consumables) and sustain critical government functions. Some DPs are also reluctant to pull out their PIUs as this gives them greater leverage in accessing information which might guide them in programming their aid. DPs that relegate to silent partner under the division of labour arrangement may lose out on policy leverage as well as information when they also withdraw their PIUs. Hence the normative assumption that withdrawal of PIUs would produce positive results may not be appropriate in certain circumstances, hence the need for the **PD to be flexible** to suit realities obtaining on the ground.

Those against the PIUs cite the usual problems of sustainability and the creation of islands of incentives within government ministries which undermine the overall incentive structure of government. In addition, if a sector happens to be inundated by PIUs (e.g., at some point, the case of 17 PIUs in education sector)⁵⁷, the PIUs tend to take over the responsibilities of the ministry and undermine the power of line ministry management.

Suitability of Budget Support

Opinions among DPs (as well as within Government), appear also divided over whether Budget Support should continue to be the preferred modality for aid delivery as stated in the PEAP Partnership Principles. Most DPs in UJAS see BS as a necessary tool that ensures

⁵⁷ Interview with Ministry of Finance, Planning and Economic Development

alignment and gives donors leverage in policy dialogue upstream. Other DPs however are more sceptical and perceive a risk of fungibility (e.g., the use of BS funds for the 2007 Commonwealth Heads of State and Government Annual Meeting) and misappropriation which might reduce the effectiveness of this type of support. DPs find it difficult to justify BS to their taxpayers when corruption is rife and reported cases go without investigation (for example, the case of the misappropriation of the Global Fund for Tuberculosis, AIDS and Malaria which has not been fully investigated).

Within MoFPED, there is clear support for Budget Support at the level of technocrats as this modality eases the management of aid. MoFPED can also apply sanctions to non-performing sectors. Yet, some reports point to waning of popularity of BS at higher political levels. This development stems from recent threats by some UJAS partners (e.g., DANIDA, the World Bank, EU and DFID) to use BS not only as a “carrot” for good governance, but also a “stick” in the event of poor performance. This threat, which has become even more imminent with greater collaboration and harmonisation of donor strategies through the UJAS, has backlashed in declining local political support for it and fuelled scepticism about donor intentions with the UJAS process. This poses a real challenge to DPs that had planned to increase their allocations to General Budget Support as many have postponed this increase awaiting better signals from the government which might become more apparent in a new national development plan that is being developed.

Off-budget expenditures

DPs have maintained project activities where budget support is not the preferred delivery mechanism. This includes support for public service reform, public financial management, anti-corruption institutions and improved revenue mobilisation. However, in such cases, counterpart funding in the form of Value-Added Tax (VAT) and own contribution can be very high to government⁵⁸, unlike with a sector wide approach.

Health continues to heavily rely on ex-budgetary project support. Projects that are not captured in the budget provide mostly in-kind support in the form of equipment, workshops, trips, and vehicles. Most aid in education sector is, however, reported to be now on budget.

As already alluded to above, many donors also prefer to leave the option to use project support open to serve as an alternative to BS when issues emerge concerning administrative and political governance. Project support remains attractive to sectors especially as it can be ring-fenced for uses other than recurrent expenditures. For example, in sectors such as education and health, project support has remained strong as a result of the need to pursue specific objectives like infrastructure development. Resources made available through government’s consolidated accounts are fungible and can be diverted to salaries and other recurrent expenditures (tuition grants) leaving little for development.

A few DPs (less than one-third) reported their preference to continue using project support for quick impact interventions and for **ease of attribution and accountability** to their constituencies. Interventions whose results will come in the medium to long-term or involve long processes of policy dialogue are less attractive to some DPs. DPs find joint funding arrangements easier to set up for special programmes such as HIV and AIDS but less so for civil society-led initiatives.

⁵⁸ Interviews with Ministry of Education and Sports

DP Support to reforms in country systems

As mentioned earlier, implementation of needed reforms in country systems (such as for procurement) has been slow largely due to inadequate capacity in government. These capacity constraints will remain a challenge as civil service reforms have not yet delivered terms and conditions that would retain the best staff in the public service, and reforms in administrative governance have not sufficiently tamed bureaucracy and corruption. DPs have a joint programme for supporting PFM whilst others like the EU have provided technical assistance to strengthen implementation of the Public Procurement and Disposal of Assets Act. However, much more is yet to be achieved as the tertiary education system still has to be adequately equipped to produce a critical mass of cadres with the requisite qualifications in procurement. A review of the PPDA is also needed to improve on implementation experience at all levels of government administration (central, sectoral and local government levels).

Systems for reporting and recording aid need to be strengthened among donors and within the government, respectively. There is a role for DPs in supporting government initiatives to harmonize aid reporting. The harmonized system would also capture information previously unreported by DPs, which includes the value of in-kind support, support that goes directly to NGOs and vertical funds.

5.5.3 Harmonization and Division of Labour

5.5.3.1 Overview

Under the theme “harmonization”, Paris Declaration principles are geared to ensure that “donors’ actions are more harmonized, transparent and collectively effective”. By agreeing to these principles donors pledged to reduce aid fragmentation and the aid-related transaction costs that fall on the part of government.

Furthermore, both donors and partner countries agreed on collaborative behaviours including a commitment to reforming procedures and strengthening of incentives—including for recruitment, appraisal and training—for both management and staff to work towards harmonization, alignment and results. They also agreed to a harmonized approach to cross – cutting issues such as environmental assessments by strengthening technical and policy capacity. Other commitments relate to how to adapt the working relationships for fragile states and do not apply specifically for Uganda where there is already an established strong institution of government.

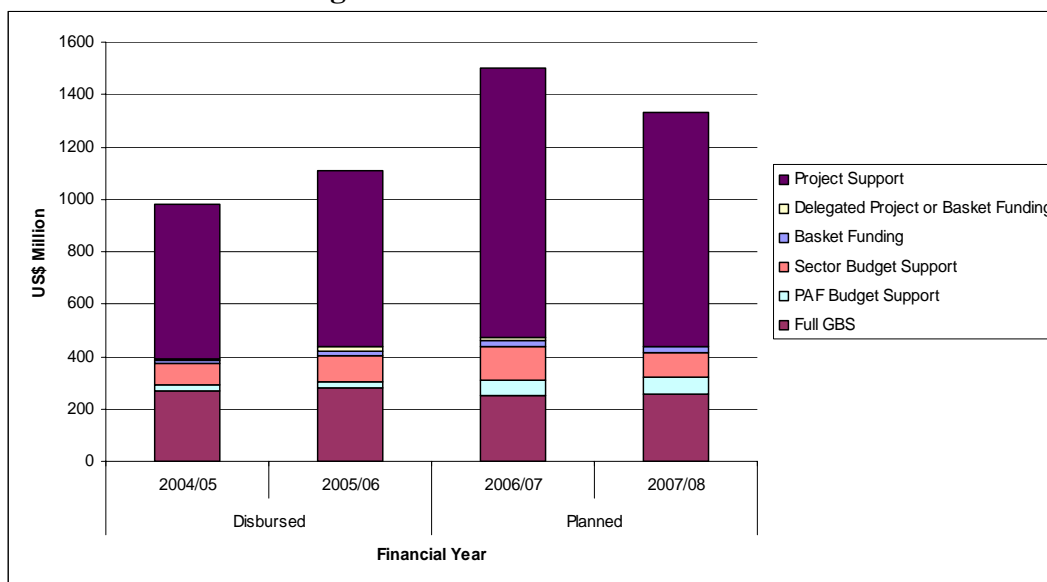
Development partner commitments and agreements under this theme are assessed by focusing mainly on the following areas:

- *Increased use of programme-based aid modalities and common arrangements for reporting activities and aid flows to Govt (PD Indicator 9)*
- *Staff incentives to work towards harmonization*
- *Use of country systems for PFM and procurement where good practice exists or needed reforms are in place (PD Indicator 5)*
- *Harmonization of capacity building efforts*
- *Harmonized diagnostic reviews, field missions and analysis (PD Indicator 10)*
- *Division of labour among DPs, delegation of lead role*

5.5.3.2 Results achieved

Increased use of programme-based aid modalities and common arrangements for reporting activities and aid flows to Govt (PD Indicator 9)

Figure 1: Aid modalities over time



Notes: Figures for 2006/7 and 2007/8 are estimates

Source: Interim Report on the Development Partner Division of Labour Exercise, Uganda, 2007

In 2006, about half of the aid to Uganda was channelled through programme-based approaches (PBAs) (OECD, 2007). This includes SWAs. About 36% of the aid was delivered through the Budget Support modality. Interviews of DPs during this mission confirmed that external partners are increasingly harmonizing policies and procedures and providing more of their support through budget support and SWAs, although data on actual disbursements and projections collected by a recent study on the development partner division of labour exercise in Uganda shows slow progress (Figure 1).

SWAs have been a traditional feature of Uganda’s aid architecture, having been introduced as early as 1999 starting with education, then in health in 2000 (Joint Assistance Strategy for the Republic of Uganda, 2005-2009; page vi). The momentum among DPs to increase budget support, has somewhat been challenged by conflicting signals from government and DPs’ doubts about government’s performance in some areas.

Whilst there has been a gradual shift to programme based approaches, not every donor has had the privilege of enabling rules and conditions for joint programming with other DPs. Examples were given such as USA whose PEPFAR rules for example constrain the DP from shifting to a SWAp or Budget Support. AfDB, the EU and WB have also retained some infrastructure projects partly because some are governed by separate loan agreements and partly because they are preferred for their non-fungibility. Yet there are counter arguments suggesting that such project approach circumvents and undermines national structures and systems. In the specific case of PEPFAR for instance, the common argument expressed is that human resources may be deflected away from public health facilities and programs to better funded facilities and project activities funded by the programme.

Staff incentives to work towards harmonization

The question of staff incentives is a crucial one in the Uganda context. Among the DPs interviewed, none of them had come up with specific staff incentives to ensure implementation of the PD. However, a common trend observed was that aid effectiveness indicators had been incorporated into performance appraisal systems of Heads of Missions and their deputies and this motivated them to pursue the PD agenda in a focused way. How the performance appraisal systems is logically cascaded to lower level staff was not immediately clear as some staff were reportedly reluctant to pursue the PD because of imminent disincentives. For instance, DPs have faced staff resistance when trying to withdraw from some sectors to concentrate on a fewer number of sectors where they clearly have a comparative advantage. Programme staff, for instance, fear either of two risks (a) being laid off (when the DP switches to sectors where new competencies are required) or (b) terminating otherwise strong relationships they will have cultured with their counterparts in government or civil society.

DPs confirmed a high staff turnover in their country offices which is linked to short tenures of postings. Hence the pressure for staff to produce quick results attributable to their work more-or-less keeps them in a project mode. However, real incentives must come through the partner government's leadership and coordination role in defining where and how each particular DP should work and the modalities for aid disbursement preferred by government as well as the benefits of harmonizing or coordinating with others. The interest shown by government in February 2008 to continue the process started by donors on the division of labour exercise shows that government is moving in the right direction. The success of the donor engagement in the DoL exercise will require that staff within DPs is imparted with the requisite skills for negotiation and facilitation, as technical skills alone will not be enough. With the division of labour exercise, DPs will need to negotiate for some space seeking to operate in areas/sectors where they have a comparative advantage and are likely will make a difference directly or indirectly.

For some DPs, even without incentives, their experts are motivated by the visions and missions of their organisations. Those in PIUs within government generally have high motivation given the competitive conditions of service, and their role as strategic interlocutors for both government and the DPs. DP staff were reported to be making conscious efforts to adhere to the PD principles in pursuit of greater aid effectiveness. Their incentive is internal recognition of achievement of results by their superiors in their institutions. Some have learnt from experience that fragmented aid will not produce the desired results and collaboration with others is inevitable as it could fill important gaps in their development support thereby coming up with a complete package which is more effective.

Use of country systems for PFM and procurement where good practice exists or needed reforms are in place (PD Indicator 5)

Increasingly donors are shifting to SWAs and BS where the country's public financial management and procurement systems are being applied. Evidence from both the JLOS and education sectors confirms that donors who are providing support through the SWAp and BS are indeed relying on country systems for financial management and procurement. According to the Baseline Survey for Uganda, 54% of aid uses country procurement systems, 75% uses PFM.

The main issue raised by DPs in relation to government procurement systems are bureaucratic delays and the associated cost-inefficiency of the processes. As already alluded to earlier, there are also serious reservation about value-for-money, especially when the procurement is done at the lower levels (local government level). Bureaucratic delays and rigidity of procedures can even give rise to more costly procurement. This requires a review of current procurement procedures, where possible simplifying them to suit the local context and providing supportive user-friendly guidelines. This may call for substantial policy shift as well as behaviour change in every sector (government, local government and the private sectors). This development should be accompanied by greater enforcement of existing policy and legislative instruments for weeding out corruption especially in government and the private sector.

The fight against corruption is one area where donors definitely need to continue assisting the government, rather than remain in project mode to circumvent government procurement systems. In terms of procurement, the project approach has obvious advantages such as delivery of work on the basis of proper terms of reference, the ability to provide resources for site visits for technical supervision by the sector heads, and political immunity of the procurement system. For centrally allocated public resources, responsibility for project execution and supervision rests with the local authorities and at that level there is a myriad of challenges. However, as donors shift more to programmatic aid more resources will be channelled through government systems. However, it remains to be established whether improving procurement under such circumstances, would generate larger efficiency gains than remaining in projects.

Harmonization of capacity building efforts

Under the PD, donors are committed to providing technical assistance in a manner that is coordinated with country programmes, and capacity building needs. Since most TA comes in implementation plans of the DP concerned, it is not immediately clear how this indicator can be measured. The 2006 Survey on Monitoring the Paris Declaration in Uganda made an attempt and reports that 42% of technical assistance is provided in a coordinated manner. This means this TA was recruited with agreement at the level of Local Development Partner Group or at the sector working group level. DPs will not duplicate efforts to provide TA to one government agency but rather support and work with the TA recruited by another DP.

The World Bank's Aid Effectiveness Review of 2006 reports that sector-wide approaches (SWAs) are strengthening capacity building and enhancing multi-donor support for capacity development. The World Bank, DFID, Germany and UNDP confirmed that capacity building activities being promoted by UJAS partners are coordinated largely at the SWG level but many sectors (water, environment, energy, etc) did not have such SWG until recently. Even so, the SWG for an important sector such as agriculture was reported to be weak⁵⁹. Meetings have at times not been regular, and DP support has been fragmented due to the predominance of a project approach (with the exception of joint funding for NAADS). In addition, there is not as yet any joint programmes for capacity building apart from pipeline projects in public financial management and public service reform. An opportunity for joint programming for capacity strengthening exists in the area of strengthening national M&E systems but is yet to be exploited. Currently, donor support to the Uganda Bureau of Statistics, for example, is fragmented. A need remains for development partners to finance a joint programme that would strengthen monitoring of development outcomes to inform policy and strategy at

⁵⁹ Interviews with Ministry of Agriculture, Animal Industry and Fisheries and with Norway

national level. The same joint approach is needed in on-going initiatives to strengthen implementation of the National Integrated Monitoring and Evaluation Strategy (NIMES) under the Office of the Prime Minister. Once a successful model for capacity building has been developed it can be extended to sectors to upgrade management information systems. For example, a recent World Bank led Public Expenditure Review for the Education Sector (2007) revealed the need to strengthen the Education Management Information System (EMIS) under the Ministry of Education and Sports to better track the quality of inputs and processes that influence development results (outputs and outcomes). To guide these initiatives, the government needs to clearly articulate its preferred capacity building strategy, maybe as part of the NDP which is being developed. Such a capacity building strategy may need to be more specific than the one currently articulated under Pillar 5 of the 2004 PEAP, which is too general. Otherwise, the 2010 target of 50% may prove difficult to reach.

DPs such as the WB have also been supporting a large capacity building initiative under the auspices of the Local Government Development Programme as a means of creating requisite capacities for government's decentralisation. However, there is considerable debate over what capacity building entails, and what is appropriate for Uganda, and how resources should be mobilised for this capacity building effort. This is exemplified by parliament's recent rejection of a Performance Enhancement Facility (loan) of USD70 million from the World Bank meant for capacity building as a complement to the Public Service Reform Programme. Parliament did not agree that the suggested scope of the initiative was addressing priority capacity building needs and directed that the programme proposal be reworked. Critical challenges to capacity building efforts remain including fungibility of the trained resource due to staff turnover and piecemeal approaches (short courses or workshops) that do not really have an impact.

Harmonized diagnostic reviews, field missions and analysis (PD Indicator 10)

The baseline situation for joint missions and shared analysis shows that only 17% of donor missions in 2005 were coordinated. Reaching the target of 40% by 2010 will require concerted efforts by DPs and also strong leadership by the government. For instance out of 48 missions by AfDB in 2005, only 3 (6%) were coordinated with others. None of Italy's 16 missions, Japan's 47 or 20 for the United States was coordinated with others. Sweden (with 9 missions) and Norway (13) had more than half of their missions coordinated, with Germany (5) having 100% coordination. To better coordinate, DPs have adopted a common results matrix and concept of joint annual reviews in the context of the UJAS and this should help drive Uganda closer to its target. On the ground though more work may be needed to operationalize these agreements so that real progress is made. Some sectors reported that some DPs continue to carry out separate missions (e.g., AfDB and the WB in the education sector) despite having signed up to the UJAS. **This gap between commitment and action will need to be addressed when donors revise the UJAS to align it with the new NDP⁶⁰.**

The challenge in ensuring coordination of missions appears to stem from stand alone projects that may require separate missions for feasibility study, project preparation, mid-term and end-of term reviews or financial audit purposes. If the projects are not discussed in the sector working groups, it may be difficult to try and coordinate the project specific visits with those for activities, say, under the SWAp.

⁶⁰ Interviews with Ministries of Education and Sports; and Agriculture, Animal Industry and Fisheries

Stakeholders in government prefer to have both the size and the number of missions reduced. DPs sometimes have interpreted the objective of coordination of missions as being to reduce only their number but maintaining the size of missions. If DPs are to coordinate and collaborate then the size of missions could also be expected to reduce as DPs will agree on the Terms of Reference for the missions and rely on one report.

In Uganda the experience from these missions is that even while missions may be coordinated, meetings with key units in government are uncoordinated. Due to diversity of backgrounds and ToRs of the visiting experts all may wish to take turns to visit a specific government unit, say that deals with poverty. This may render the respective unit dysfunctional for the period of the mission (they will divert their attention from their routine government functions to serving the missions).

In terms of coordinating country analysis, the baseline survey found that 40% of country analysis is coordinated. The largest number of country analyses were carried out by the United Nations (55 in total), followed by Denmark (15), United States (12), United Kingdom (11), and the World Bank (10). The least were for Belgium and Japan with none having been carried out. Among the few donors who are responsible for most of the analyses, the United States World Bank and the United Nations had the lowest proportion of coordinated analyses, with 17%, 30% and 33%, respectively.

If progress is to be made, there are ready examples of how donors can coordinate their analyses (including evaluations) better not only among themselves but also with government: (1) the long term evaluation of DANIDA activities in Uganda (1993-2005); (2) the World Bank's Country Integrated Fiduciary Assessment and the Country Economic Memorandum; (3) UNDP's Macro-Assessment of Uganda's Public Financial Management; and (4) Annual PRSC Reviews. Achieving 100% coordination of country analyses should not be a big challenge as this is already being achieved by the Netherlands (all 8 analyses undertaken in 2005 were coordinated), European Union (7) and Denmark (15). The only remaining concerns will be how to ensure these analyses are demand-driven and partner country counterparts fully participate, as most studies so far have tended to be supply driven, mainly seeking to inform specific programming needs of the respective development partner concerned.

If DPs shift more into programmatic support, coordination of diagnostic studies will be much easier through the sector working groups. On the contrary, if projects proliferate, separate project specific analysis such as sector situational or thematic analysis as part of project appraisal or monitoring and evaluation may continue.

Division of labour among DPs, delegation of lead role

Both the Rome and Paris Declarations on Aid Effectiveness and Harmonization (2003 and 2005) emphasized the need for development partners to adopt a "*pragmatic approach to the division of labour and burden sharing*" so as to increase complementarity and reduce transaction costs. Uganda has made some notable progress along this front, though much more remains to be done. Riding on the successful formulation of the UJAS in 2005, and building on the history of discussions on aid harmonization dating back to the 1990s, plus the Uganda Partnership Principles of 2001, the joint LDPG/GoU Harmonization Committee Meeting, chaired by the Ministry of Finance, Planning and Economic Development (MoFPED), agreed in January 2006 to initiate the DoL exercise. This later began in June

2006 with funding from DFID and the World Bank. The exercise drew from the lessons from similar exercises in Zambia and Tanzania and involved many steps. Quoting from the Interim Report on the DoL exercise, the initial stages involved the five steps summarised in Box 1.

Box 1: Initial steps involved in the Division of Labour Exercise in Uganda

1. The DoL began with the design and implementation of the **Aid Information Map (AIM)**, which provided a baseline for the Division of Labour exercise as a whole. The Aid Information Map (AIM) had two components: the Development Partner (DP) Questionnaire and the Financial Data Tool (FDT). Additional material, such as the OECD/DAC survey and other recent evaluations (e.g. evaluation of general budget support, ongoing EU work, assessment of individual performance), were also used to supplement FDT data and to provide general background for the project.
2. The **DP Questionnaire** collected information on current and possible future DP activities. Current engagement was mapped onto PEAP pillars in terms of financial support and dialogue processes. DPs were asked for initial opinions on future plans for engagement and explored the Areas in which they would potentially consider taking on leadership functions, devolving dialogue or financial responsibility to another DP or withdrawing. Each institution was also asked what characteristics are likely to be important for the different roles DPs can take in a given sector.
3. The **Financial Data Tool (FDT)** presented detailed financial information from MoFPED and the Economist Group on aid to Uganda, and related them to PEAP pillars and Uganda Budget/MTEF classifications. The existing data for each DP (in terms of type, alignment, modality, and relationship to GoU budget classification) was sent to each DP for verification, correction and completion, in the form of a MS Access database.
4. After the AIM results were collated, the **Peer Review process**, which took place November – December 2006, allowed reviewers to assess and comment on the future plans of a Development Partner (DP) peer. Each DP was reviewed anonymously by two peers, who provided comments on the realism and suitability of the DP's future plans. Some DPs subsequently revised their plans.
5. At the same time, an **MTEF-PEAP mapping exercise** helped to structure the survey results in relation to resource allocation mechanisms. Because of the need for comparable and consistent data across all DPs, mapping the PEAP to the MTEF (and thus the SWGs) was an essential process in linking ODA, the long-term poverty reduction goals of the PEAP and the GoU's own development recurrent budgets.

Source: Quoted directly from the Interim Report on the Division of Labour Exercise.

So far, a number of **achievements** have been noted by several DPs. The process culminated in the production of a report on the DoL exercise and the Aid Information Map both of which were shared among DPs and within Government. Based on this information, DoL has been operationalised in some sectors such as education, and the Justice, Law and Order sectors. For instance, towards the end of 2007 the Education Funding Agencies Group (EFAG) divided roles and appointed a chair that will coordinate on a rotational basis. GTZ led the

group in 2007 and Irish Aid is the current chair. A similar structure has been replicated in other sectors such as health and water. Within the sectors of application, DoL has shown some benefits in the reduction of transaction costs. For instance, key informants in the JLOS and Health sectors confirmed that the development partner group engages government only through the appointed Chairpersons rather than each member holding parallel meetings with government. This is not only reducing costs of meetings within government but also among donors plus nurturing the reform process better than each donor dialoguing with government and often presenting either similar or conflicting views. Although reportedly a big challenge for the lead donor (chair), the positive results are reinforcing the DP coordination structure and making it easier for the chairpersons to carry on with their tasks. As the experience of other sectors has shown, residual problems may persist if the chairing DPs do not properly execute their function as coordinators but take advantage of their privileged position to leverage policy dialogue and access information in a manner that benefits only their institutions at the expense of the other members of the working group⁶¹.

The outcome of the DoL exercise, led some donors who had not signed up to the Partnership Principles with government to do so. Without signing the PP, donors could no longer assume a lead role in any given sector.

Information in the Aid Information Map has given DPs a full picture of the aid architecture of the country, including who is doing what and where and what resources have been/will be provided. Donors also appraised each other of future plans (in terms of continued sector presence or planned withdrawal). The peer review exercise was important in that DPs got to know exactly where their comparative advantages lie and what roles they are best placed to play in each sector, thus leading some of them to revise their plans⁶².

The DoL exercise refocused DPs on aid effectiveness and thus changed the mindset of many donors, but staff turnover in DPs tends to undermine results achieved.

There were also some **shortcomings from the process** identified by both Government and donors. Some stakeholders both within the DP community and the government viewed the DoL process as having been driven at the start much more by donors, as opposed to government. Donors wanted to coordinate the process at least at the start to bring the issue to the table, but this led to unhealthy suspicions in some sectors of government about the real purpose of the exercise. Not everybody in government agreed with the principle of DoL. Although central government (MoFPED/NPA) were more actively involved, sector ministries were less informed and/or involved because they were less clear about the purpose, process and implications in terms of continuity of resources and programmes after donors had assigned themselves new areas to concentrate on based on comparative advantage. There were real risks at sector level of loss of funding due to revision of donor plans in line with outcomes of the DoL exercise⁶³.

⁶¹ The World Bank was mentioned as an example in a few cases.

⁶² For example, UNDP wanted to lead the Macroeconomic sector but after the peer review exercise, agreement was reached that the WB was better equipped to play that role, and UNDP would instead lead the peace building initiatives in the Northern Uganda due to its comparative advantage in political neutrality and strong experience in this area).

⁶³ One DP described the process of scaling down operations or withdrawing from some sectors in order to concentrate on others (where the DP had a clear comparative advantage) as “agonising”.

The DoL exercise was not completed having lost momentum by the end of 2007. It ended with the identification of the process by which intensive consultations at SWG level were supposed to take place, but this next step of discussing the interests of donors at the sector level hardly happened. In addition, the government was supposed to review the balance of DP presence in each sector and provide feedback upon presentation of the interim report. This part of the process was not accomplished partly because government was shifting focus from PEAP to a new 5 year national development plan and redefining sectors and partly because sectors were reluctant to pursue the DoL agenda for fear of loss of funding. Sectors do not have the assurance from donors that when one donor moves from one sector to another, those that remain top up the level of support to ensure the sector does not lose funding, overall.

Intensive debates on comparative advantage often distracted DP's focus from the larger picture of aid effectiveness, limiting the discussions to micro level issues of niche identification and aid effectiveness at the donor level.

In the education sector, the concept of a donor working group and broader sector working groups achieves the goal of harmonisation of approaches, but if not accompanied by clear terms of reference that define the boundary of issues to be discussed in these coordination meetings, the agenda of these meetings can easily border on micro-management of the sector. Working group terms of reference may need to be more specific to focus only on issues of policy and strategy and reduce the number of meetings so that the line ministry concerned can be left to do the micro-management but providing periodic reports to the SWG.

The concept of silent partner in a DoL arrangement may be difficult to apply in practice as donors cannot be passive for an activity their constituencies would be providing resources for and expecting results from. The concept of entrusting another donor to act on one's behalf is relatively difficult to apply in practice. For this reason the Donor Working Group on Budget Support has seen a proliferation of sub-groups as donors which in essence are parallel structures to sector-specific donor groups.

As to the future, there appears to be renewed dynamism in DoL as government has assumed leadership of the process in February 2008 in preparation for the new National Development Plan.. Donors have to align their support with any shift in sectoral configuration. Each donor has been requested to submit information on where they have interest in playing a lead role, supportive role or the role of silent partner. A separate exercise has also been initiated by the Macroeconomic Management Department to try and capture resources each agency is currently investing in these sectors and projections for the future. These two developments have rejuvenated donor interest to pursue further the division of labour exercise but this will now be articulated in the context of the new 10 year national development plan and under the leadership of the government. Government is looking forward to include key messages on harmonization in the NDP building on experience gained in implementing the PEAP.

5.5.3.3 Emerging issues

The first phase of the DoL exercise in Uganda has demonstrated that agreement on joint programming is very difficult to reach among donors because of different objectives, rules and constituencies, but once reached it has very high pay-offs, especially in terms of reducing transaction costs within government. Most donors do not want to be confined in a particular sector since their mandates can also change with time; therefore some element of flexibility needs to be incorporated to capture real life situations concerning the political economy of

aid. Rules for loans may be fundamentally different from those for projects hence harmonization of the two can prove to be a challenge. However, joint execution of analytical work and field missions can still be worked out.

The DoL exercise requires staff within DPs to have skills in negotiation and facilitation, technical skills alone will not be enough as the work will now also involve negotiating space and a willingness to collaborate with others.

New rules agreed to under joint programmes that are implemented through existing government structures require quality M&E systems which donors may rely upon for reporting to their constituencies, but these may not be available within government initially. The challenge for DPs will be to quickly help government to set these up.

The pressure from constituencies in home countries of the DPs to attribute results to a particular envelop of resources provided undermines the spirit of collaboration among development partners.

The division of labour exercise can be a very divisive process fuelled by unhealthy suspicions, especially when intensive debate ensues on who is better placed to, say, lead a sector. Some DPs may want to lead in every sector. The report on the DoL exercise shows some DPs indicating their interest to assume a lead role in as many as 10 sectors, thus leaving only a few for the other donors. The issue of who decides who has the comparative advantage in any given area can be difficult to address. As the experience of the UJAS process also showed, there is a further challenge in how to accommodate shifts in comparative advantage over time as well as how to balance interests of small and large donors.

Not all donors have the same agenda as Government. Not all may be willing to subject each and every project proposal to technical committees of sector working groups for intensive discussion (vetting) prior to approval. Some may be reluctant to report to the SWG on progress (e.g., projects on peace and security for Northern Uganda) ⁶⁴.

Some donors (USAID, Spain, France, Italy, China, AfDB, etc) have to fundamentally shift from project mode (which may require corresponding shifts in aid policies and procedures) in order to comply with the PD commitments on harmonisation and alignment. It will require not just the Government of Uganda to lobby change at a higher level, but global pressure through relevant OECD/DAC forums.

5.5.4 Managing for Development Results

5.5.4.1 Overview

Under the Paris Declaration partner countries and donors agreed to work together to better manage resources and improve decision-making for results. The PD defines managing results as: “managing and implementing aid in a way that focuses on the desired results and (using) information to improve decision-making”. More specifically, development partners pledged to:

⁶⁴ Some anecdotal reports mentioned the following donors DANIDA, USAID, and AfDB but it was reported also that their behaviour is improving.

- *Link country programming and resources to results and align them with effective partner country performance assessment frameworks*
- *Rely as much as possible on partner countries' results-oriented reporting and monitoring frameworks*
- *Harmonize their monitoring and reporting requirements*
- *Strengthen country capacities and demand for results based management*

5.5.4.2 Results Achieved

Through their support for budget support and SWApS, significant progress in the four areas above had already been made by DPs in Uganda prior to the Paris Declaration. Uganda with the assistance of development partners had already established a results-oriented reporting and assessment system which was cost-effective to the extent rated “B” by the World Bank’s 2005 Comprehensive Development Framework⁶⁵. For example, a poverty monitoring and evaluation strategy was developed for the 2000 PEAP. The Ministry of Finance, Planning and Economic Development since 1999 has been producing biennial poverty status reports and poverty reduction strategy progress reports to track progress with PEAP implementation. The government has also been carrying out participatory poverty assessments based on qualitative data tools to gain a qualitative insight into the poverty outcomes at the lowest level through capturing the individual voices of the poor. In 2004, a results and policy matrix with 52 outcome indicators identified across the PEAP pillars. The establishment of the matrix led to the formulation of the national integrated M&E strategy (NIMES) which coordinates data collection and analysis against the PEAP. An annual mechanism for the review of PEAP (APIR) was instituted for the 2005/06 financial year.

Every year with support from the World Bank, government has been carrying out a joint review of the Poverty Reduction Support Credit (PRSC). The PRSC draws its targets mainly from the indicators included in the Results and Policy Matrix of the PEAP. The joint reviews of the PRSC involve government, development partners and civil society. However, it has been reported that there has been a de-link between the PEAP monitoring exercise and the PRSC – with the PRSC being monitored independently and no real engagement on data issues and capacity taking place.

All these platforms for participation have made it easier for DPs to make further progress in terms of meeting PD commitments on better management of aid for results (aid effectiveness and development results).

To concretise their commitment to the principle of linking resources to results, the UJAS partners clearly stated in their strategy that they “*will rely on the government’s own assessment of the results of the PEAP in judging the development effectiveness of the UJAS*” and this is being done in practice. As part of this strategy, donors support the government annual PEAP implementation review mechanism, which draws on existing reporting and review arrangements for sector specific support, for the PEAP as a whole and for the budget process. They plan to use the results to feed into annual reviews of the UJAS. The APIR process has yet to be institutionalised and only one such exercise has been carried out so far and its results came out a little too late to be immediately useful. They are also promoting a

⁶⁵ This is on a scale of A-E where A is the highest level of performance and E the least

culture of evidence-based management across the government by mainstreaming it at SWAp level and through the budget support mechanism.

More specifically, DPs are supporting many efforts by government to establish good practices in M&E, including establishing a strong statistical system both through the Uganda Bureau of Statistics (UBOS) and sector management information systems. To further strengthen these efforts, Government has prepared a Plan for National Statistical Development (PNSD).

Donors are also supporting the implementation of the national M&E strategy (NIMES) technically (through TA) and financially together with other parallel government initiatives to operationalize a systematic approach to evaluations, value-for-money studies, and expenditure tracking studies. What is needed though is more commitment to the creation of a fully functional NIMES that can also be used by the donors in monitoring performance of their own strategies. This would require more serious engagement in strengthening the demand and supply linkages for policy level information. Strengthening supply linkages would imply building capacities at the sector level to collect relevant information that the sector needs and higher level policy makers require for policy decisions. More often than not, sectors are collecting information they do not require and the critical information needed is not reliable. These are the areas where specific capacities are needed to prioritise and improve the data collection and reporting chain so that only the needed information is collected and quality is credible. When prioritising, what is missing is the administrative data that explains why specific outcomes are not being achieved. The data on outcomes through UBOS has been strengthened over time. This is still a gap in data for monitoring efficiency of service delivery. A structural conflict of interest exists in that sectors that are being monitored are the ones that will provide the monitoring information.

Many of the sectors rely on monitoring data that is provided by local government institutions but data collection and upward reporting by the local government is affected by weak capacities at this level. This is characterised by inadequate human resources, technology, and logistical support for the generation, collation, and analysis and reporting of monitoring data.

One of the latest public expenditure tracking studies conducted for the education sector with financial support from DPs led by the World Bank, has produced valuable findings for policy makers, especially on teacher absenteeism rates and pupil completion rates in primary schools. This has renewed a focus on results and several initiatives are now underway to assist the government to strengthen its education management information system.

5.5.4.3 Emerging issues

The commitments in the PD are related to improving aid effectiveness (quality and efficiency of the aid management) but the link with development results is not being measured. The concept of managing for results in the PD should extend to development results especially in the second phase of the implementation of the PD as development results can reasonably be expected to have become measurable during the period of 5-10 years after the launch of the aid effectiveness agenda.

The linkage between the resources and results, in terms of development effectiveness, still has to be tightened in Uganda, with further work being called for in the area of output-based budgeting and the strengthening of information systems which supply data on the outputs. The Government is introducing this concept. It is expected to enhance performance especially

at sector level where. In agriculture, for instance, despite significant budget allocations having been made to NAADS, a recent evaluation of the PMA found “little systematic information on levels of marketed output” which made analysis of programme effectiveness rather difficult⁶⁶. This is one area where capacity building of district and community level information systems is clearly needed, if government will be able to track effectiveness of financial resources in terms of outputs and outcomes achieved..

At the level of the sector, the quality of M&E systems is uneven in tracking inputs and processes. DPs participating in SWAps use the established systems for M&E, but in tracking outcomes and impacts, the quality of the systems is in most sectors weak. Hence, there is the need for donors to continue providing support to strengthen the national statistical bureau (UBOS) to more effectively carryout the outcome and impact monitoring role.

National household surveys planned in the routine of the national statistical bureau, UBOS, may be inadequate for purposes of monitoring all outcomes from the development activities being undertaken by sectors. Periodic, sector specific surveys have been commissioned separately in sectors such as JLOS in order to collect adequate information on new outcome indicators from new initiatives, which indicators could not be integrated into the UBOS system. Donors need to continue providing support for these periodic surveys.

So far, support by DPs to capacity building efforts in the area of M&E has been coordinated at the sector level, yet at the higher level such as NIMES and UBOS, such support would be ideal to offer as a consolidated programme with donors providing needed resources under a basket-funding arrangement whilst government leads with a clear strategy and matching counterpart resources for such capacity building.

As the NIMES depends on data collected by sectors and other agencies, it is important that a framework be established to bring together the sectors to work closely with the NIMES secretariat and to raise awareness on what users of the information at policy level expect in terms of priority data and data integrity (in terms of both timeliness and quality). The NIMES Secretariat within the OPM is not expected, nor will it have the capacity, to collect data at the micro level. As already indicated under “harmonisation”, a basket-funding arrangement to support capacity building for national M&E systems is being recommended. Government should provide the necessary leadership with a clear strategy and perhaps matching counterpart resources.

5.5.5 Mutual Accountability

5.5.5.1 Overview

The Paris Declaration calls for donors and partner countries to be accountable to each other for the use of development resources, and in a way that would “*strengthen public support for national policies and development assistance*”. Government should improve country accountability systems and donors should be transparent about their own contributions. In line with this, donors committed themselves to:

⁶⁶ Oxford Policy Management (2005), Evaluation of the Plan for the Modernisation of Agriculture, Main Report, September; page

- *Provide timely, transparent and comprehensive information on aid flows*
- *Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership commitments (PD Indicator 12)*

There is a general paucity of information on mutual accountability in Uganda. For purposes of this analysis, mutual accountability has been treated as a cross cutting issue, in many ways similar to the manner managing for results can also be treated. This section therefore makes some general concluding remarks based on the foregoing analysis and will be strengthened during the course of the study.

5.5.5.2 Results achieved

The indicator for mutual accountability looks at whether there is at country-level a mechanism permitting joint assessment of progress in implementing agreed commitment on aid effectiveness. The baseline survey found that no such assessment had taken place for Uganda. However, both the annual review of the Uganda Joint Assistance Strategy and the Annual PEAP Implementation Review processes offer potential mechanisms for jointly reviewing progress on commitments on mutual accountability. Within the M&E framework foreseen for the UJAS, “DPs together with government will support an independent assessment of progress of partners in organizational effectiveness, using indicators agreed in the Paris Declaration on Harmonization”.

5.5.5.3 Emerging issues

While the Uganda Joint Assistance Strategy is explicit on the issue of monitoring progress on alignment and harmonization it is less so on mutual accountability issues. This needs to be addressed when the UJAS is revised to align with the new NDP. More specifically there is need for a periodic review mechanism to jointly review progress in accordance with PD indicator2.

The Annual PRSC reviews being used by DPs mainly to hold government to account but not strictly forums for mutual review of progress. They are based on a set of prior commitments that trigger release of resources for the next period. The indicators need to be coherent with those for accounting for development results such that resource release is directly linked to a pre-defined set of outputs or outcomes that are also linked to the desired medium-to-long term impacts. PRSC triggers should not only be process related but output related including the quality of outputs achieved.

6. CONCLUSIONS, LESSONS AND RECOMMENDATIONS

6.1 Conclusions

6.1.1 Conclusions on Clarity, Relevance and Coherence of the Paris Declaration

Clarity

The evaluation findings point to a **stark information asymmetry** as regards awareness and clarity of the Paris Declaration among stakeholders in Uganda. Knowledge is concentrated in a few individuals and participation in previous aid effectiveness meetings (local or international) is a key determinant. Within government, knowledge of the PD is highest in the Ministry of Finance, Planning and Economic Development because of its active role in aid acquisition, coordination and management and few individuals in the Office of the Prime Minister that have participated in the PD negotiations or its monitoring. Otherwise it is relatively unknown in quasi-government institutions, civil society and the private sector, in general. At sector level, knowledge of the PD also varies, with those sectors that have not yet enjoyed a Sector Wide Approach being the least exposed to the PD. In SWAp sectors some awareness exists at top management and among technical advisers but tends to diminish at lower levels (starting from assistance commissioner level downwards).

Hence, overall, it can be concluded that knowledge acquisition on the PD has in general been activity based and systematic sharing and dissemination of the PD has been lacking in Uganda, especially within government, the civil society and the private sector. With the exception of development partners that have institutionalized knowledge management on the PD, for example, through formal training sessions at head office level, most stakeholders have relied on ad-hoc opportunities that have availed themselves in the course of staff duty, to afford them a chance to participate in forums or processes where the PD was discussed. It is also clear **that the PD seems to have suffered from the lack of a definitive driver given its dual ownership by the country partner and the development partners and there is no clear line of responsibility for dissemination of information or inviting civil society and the private sector into the PD-related processes and dialogue at national/international level.**

In addition, stakeholders that are better informed about the PD would benefit from **further work to clarify PD principles and indicators.** The meaning of **ownership**, for example, is perceived to be ambiguous, not attainable in a donor-recipient relationship and above all, at risk of misinterpretation and abuse on either side (CP or DP). Safeguards can be put in place if the PD **defines better the boundaries** of “partner country leadership” and **thresholds** for “stakeholder consultation” to guide partner countries in fulfilling their commitment to broad-based consultative processes during national strategy formulation.

The phenomenon of a **shifting power centre** as experienced in Uganda’s agriculture sector, where leadership for crafting or reviewing rural development strategies has

shifted between Agriculture, the President's Office the Ministry of Finance, Planning and Economic Development and the Office of the Prime Minister, has led to strategies that are neither coordinated nor properly communicated to stakeholders. This has left DPs with no clear sense of government priorities for this sector. This suggests that at the national level **the concept of leadership and ownership in national strategy formulation** has to be clarified further to avoid sending conflicting or confusing messages.

In addressing **alignment and harmonisation**, it can be concluded that there is a **widely held misconception** among DPs that the PD is about disbursing all aid through the budget support operation. Yet there are genuine concerns about risks apparent to both parties (partner country and development partners) and the need to consider keeping a share of aid outside of government systems to support constituencies that hold government to account. With preponderance on Budget Support, it is most likely that issues of **governance and other equally important cross-cutting issues like innovation and the environment may be crowded out** by consumption and investment expenditures.

Uganda's experience raises the question of the appropriate roles of aid and development partners in determining priorities. The principle of partner country leadership and ownership of the development agenda vests the power to set the priorities with the partner country. It is the institutions or persons who are mandated by the constitution to do so who execute this responsibility. However, in practice when it comes to some sensitive issues, such as governance, transparency and accountability, **mandated institutions or persons may downplay critical issues** when elaborating national strategies. The roles that aid and development partners should play under such a scenario therefore need to be clarified.

Concerning **Managing for Development Results**, this evaluation concludes that putting in place a transparent and monitorable performance assessment framework as advocated by the PD, will on its own not be sufficient to guarantee achievement of the desired results. An adequately capacitated institutional arrangement for assessing the quality of service delivery is equally necessary alongside the framework. The key message of MfDR is not on outputs *per se* but is about managing the quality of inputs and processes that will lead to the outputs and outcomes. In Uganda, the main challenge is about ensuring quality of the processes as opposed to the measurement of results *per se*.

In addition, further clarity on **Indicators 3, 4, 5, 6, 7 and 10 when completing the 2008 Survey, thus facilitating harmonised interpretation and data comparability**. Given the large number of indicators that still required further clarification during the 2008 survey, the evaluation concludes that data from the current survey may not be comparable to the baseline of 2006. In addition, the PD document is reminiscent of **unfinished business** as many commitments under some of the principles do not have corresponding indicators. A decision is necessary on whether to keep the current 12 PD indicators as a basic, cost-effective and manageable set (but fully aware of its limitations) or to add new indicators to monitor additional commitments for outstanding critical issues such as governance and corruption, which DPs in Uganda partly blame for having slowed down progress on PD implementation.

Relevance and value-added in the context of pre-existing arrangements

Uganda's experience suggests that the Paris Declaration has added value to pre-existing arrangements for managing aid. The PD reinforced the message of **ownership, alignment and harmonization** already robust in the PEAP Partnership Principles of 2001, thus elevating the significance of this home-grown strategy for aid management to the extent where development partners who were initially reluctant to ratify the PP ended up doing so. The PD is also viewed by DPs as having **complemented the PEAP Partnership Principles** which were less explicit than the former on issues of Managing for Development Results and Mutual Accountability.

In addition, the PD gave impetus to donors to agree on a Joint Assistance Strategy for Uganda and to embark on an ambitious division of labour (DoL) exercise. The benefits of the DOL exercise have started to accrue to government in sectors such as justice, law and order in the form of **reduced transactions costs**, although such benefits have somewhat been reduced by additional costs arising from PD monitoring work and several meetings to clarify the indicators. The practice of having the lead donor engaging government on behalf of others to address specific policy or programme issues has contributed to a reduction in the number of donor-government meetings that often duplicated each other in the past.

However, further gains from the DoL exercise that were expected at the sector level have not yet taken place. Lack of government leadership or buy-in at the initial stages of the DoL exercise, together with the launch of a process to formulate a new national development plan, which emphasizes growth as opposed to poverty reduction, prevented a logical continuation of the exercise at sector level.

Coherence

The link between the PD and aid effectiveness is beyond question as it addresses head-on several critical issues (clear country-led national strategy, focus on results, medium-term expenditure planning framework for rationalization of budget allocation, synergy through alignment and harmonization, transaction costs, local capacity through use of existing systems, etc). Coherence however, can still be improved by **sharpening the finer detail**. Uganda's experience confirms that commitment to improving aid predictability **does not fully take into account potential risks posed by deterioration in political and administrative governance**.

6.1.2 Conclusions on changes in Partner Country behaviour

Commitment

Uganda's commitment to aid effectiveness predates the PD. It is one of the first countries to embrace the Sector Wide Approach (introduced in *education* in 1998). In 2001, Government of Uganda and its development partners also pioneered the concept of "*partnership principles*" which in many ways underscores Uganda's uniqueness in embedding the principles of local ownership and leadership into national aid policy and practice. Hence, within much of government, commitment to PD principles is subsumed in the PEAP, the PEAP Partnership Principles and the SWAp MoUs.

However, this commitment is **not demonstrated on a continuous basis or uniformly across government or quasi-government institutions**. As an example, following the temporary 49% cut in budget support in 2005/6 government has had mixed feelings about the desirability of this aid modality. Of late, there has been some tendency at the highest political levels to **backtrack on policy statements made earlier about outright preference for budget support**.

The process by which government came up with Universal Primary Education (UPE) policy, Universal Secondary Education Policy (USE), Prosperity for All, and the Rural Development Strategy shows strong government leadership, but there is not the evidence to support any influence by the Paris Declaration. Uganda's current policies and strategies are rooted in the election manifestos of the National Resistance Movement government, with the higher offices in government pronouncing the visions and technocrats adding the substance. DPs bemoan the lack of proper costing of policy options and this applies also to old policies and strategies. The overlap between policy planning mandates of the Ministry of Finance, Planning and Economic Development and the National Planning Authority characterises a **proliferation of power centres which shifts responsibility for spearheading broad-based consultation** and does not auger well for leadership or wider ownership.

Government of Uganda has started **scaling up the Sector-Wide Approach beyond the pioneering sectors** (education, and health) due to positive SWAp and PD experiences. However, most sectors are still to benefit from this approach because of limited donor presence.

Capacity

Government remains committed to civil service reforms and capacity building which have been on-going for the past decade. However, the required level of **capacity to implement needed reforms to which development partners are aligning is not yet achieved**. Parliament sent mixed signals when it rejected a World Bank funded \$70 million Performance Enhancement Facility (PEF), calling for its revision. This programme, complementary to the core PSRP as a demand driven approach to capacity building, was intended to promote a results culture within the public service. Whilst on the one hand, the rejection signalled strong country ownership of priorities and strategies, on the other hand it had negative repercussions in postponing the launch of an urgently needed **demand-driven approach to capacity building and denying the core PSRP \$15 million in external funding**. Finally, without the PEF, Ministry of Public Service had fewer incentives to offer Ministries, Departments and Agencies to adhere to Results-Oriented Management and related integrated performance management framework (IPMF) processes. However, as concluded by a recent evaluation⁶⁷, the likely effectiveness of PEF as an incentive for reform would, under all circumstances, at least in the medium term have been limited to a select few organizations earmarked for PEF funding, whereas the larger sectors such as education, health, agriculture, water and roads would have continued to rely on sector programme funding.

⁶⁷ Advisory Services for Independent Review of the Uganda Public Service Reform Programme (PRSP) by DEGE Consult and Mentor Consult Ltd. Final Report, February 26th 2008; page 20

Incentives

No incentives were introduced within government specifically to support the implementation of the PD. However, the many but ad-hoc opportunities for government officials to participate in international aid effectiveness meetings or trainings related to the subject. There are also strong views within government that creating selective incentives would undermine the overall incentive structure within the public service. However, the overall outlook of civil service incentive packages remains that they negate staff motivation, retention and performance. The Ministry of Public Service lacks the resources to offer incentives to adhere to results-oriented management (ROM) and related integrated performance management framework (IPMF) processes.

Results achieved

In terms of progress made against the 12 PD indicators, this study validates and reinforces the conclusion of the 2006 Survey on the Monitoring of the Paris Declaration in Uganda that it is **high on indicator 1 (operational development strategies** that have clear strategic priorities linked to a medium term expenditure framework) **and indicator 11 (transparent and monitorable performance assessment frameworks)** modest on **indicators 2 (reliable country systems)** as well as **Indicator 12 (mutual assessment of progress)**. Uganda's PEAP is rated highly as a home-grown strategy that sets out a clear vision on poverty eradication and has a strong link to the Millennium Development Goals but with country specific targets. However, its review every 3-4 years does not give it a real medium-term time-frame neither does its accommodative (broad) nature give clear direction on priorities.

A focus on results has also increased within the Government of Uganda with interest now shifting to performance (output)-based budgeting. A framework for evidence-based decision-making has been created through the PEAP results matrix. The Annual PEAP Implementation Review, joint Poverty Reduction Support Credit Annual Reviews and Joint SWAp implementation reviews provide mechanisms by which results can be assessed. However, the APIR has been criticised for not having been a regular process, only having been carried out once. The joint PRSC process has also been mainly concerned with verifying whether prior actions (mostly processes, rather than results) are being fulfilled to trigger the release of additional tranches. Some sectors have well-funded M&E systems to collect credible sector-based process data but what remains is scaling up of such to all sectors, ensuring continuity and completeness of data collection, timeliness in consolidation and reporting and, above all, translating sector statistics into national level information for decision-making.

Mutual Accountability

Conclusion of this evaluation is that **progress is lagging behind** on mutual accountability largely due to **absence of a formalised framework to tackle this issue more directly**. Mechanisms such as the Annual PEAP Implementation Review (APIR) and the Annual Review of the Poverty Reduction Support Credit have so far offered some opportunities though from a more general or programmatic perspective.

A Joint Assessment Framework (JAF) for the Joint Budget Support Operation (JBSO) currently under development is likely to provide a more direct mechanism for tackling mutual accountability but will not be sufficient since more than a third of DPs in Uganda do not as yet participate in the joint budget support operation.

6.1.3 Conclusions on changes in Development Partner behaviour

Commitment

Aid practices in Uganda confirm almost **universal commitment to aid effectiveness** by development partners, but not necessarily to the Paris Declaration. Though increasing, commitment to the Paris Declaration varies markedly across development partners. It is high among the 12 Uganda Joint Assistance Strategy partners who provide either budget support or programmatic support, who together provide about two-thirds of the budget. Some of them have either realigned their aid policies, instituted staff orientation programmes on the PD, or mainstreamed aid effectiveness targets into staff performance review and reward systems. Commitment was found to be lower among partners whose policies do not allow them to **use country systems for public financial management and procurement (Indicator 5) and continue in project mode**. Some donors are selective on the areas they can engage with others concerning progress on the PD whilst a few reportedly stayed out of the Local Development Partners' Group.

Capacity

Study findings indicate that staff capacity is not a major determinant of progress on the Paris Declaration among development partners; it is more the political will to adhere with the PD principles and commitments. There is even evidence that development partners who implement the PD reduce both the number of projects and sector coverage focusing more on the budget support, SWAp or basket funding arrangements. This is freeing up staff resources for new tasks in aid coordination or upstream policy influence. However, these new tasks demand new skills (for example, policy advocacy and negotiation) which may not be immediately available in project staff but can easily be acquired. However, **without the political will at higher levels, the framework for strategy and programming around the Paris Declaration principles would not exist and country offices remain hamstrung**.

Incentives

The main form of incentives for implementation of the PD is staff performance and reward systems and these are more at top management levels (often Country Office Manager or deputy). Practices for cascading these incentives to lower structures differ by DP but are not systematised.

Results achieved

There is sufficient evidence to conclude that good progress has been made in Uganda on ownership and most alignment indicators **except Indicators 4, 5 and 6**. Evidence from the 12 development partners interviewed confirms that **the PD has**

strengthened DPs' respect and support for partner country leadership. The level of engagement varies between DPs, however, with some adopting a total hands-off attitude, while others prefer continuous engagement with the government but in an advisory capacity. Some DPs are strengthening capacity for policy and strategy formulation in government through tailor-made international short courses. There is **no local consensus on how DPs should contribute into policy formulation** or when they should be invited to do so.

The Uganda Joint Assistance Strategy (UJAS) is a sign of **intensification of efforts** especially towards harmonisation. The UJAS mainstreams PD principles and indicators. Interest in the PD is growing among DPs as testified by more donors who are joining the UJAS framework including the UN Group. Both the UJAS and the DoL exercise are considered **significant steps despite the temporary loss of momentum** in 2007. Government interest in the DoL is growing given potential to for the exercise to inform the development of new five-year national development plan.

There is **no evidence yet on the donor side that harmonisation efforts have lowered transaction costs.** A transitional increase in transaction costs is expected from aid harmonisation efforts. **Donor coordination meetings have multiplied at sector level,** with the proliferation of sector working groups and thematic sub-groups although some donors have satisfactorily countered this with a **reduction in the number of sectors of intervention.**

The proliferation of sector working groups creates the need for MoFPED to chair another forum above the sectors for **overall coordination of the work of these SWG.** Since such a higher level institutional arrangement will have an overall view of what is taking place in the individual sectors consolidating it to national level, it should, among other mandates, be charged with the responsibility of **reviewing the progress in implementation** of the PD commitments, by synthesising the various experiences, including results of annual PEAP or PRSC reviews.

6.2 Lessons Learned from Implementing the Paris Declaration in Uganda

1. Reaching agreement on a Joint Assistance Strategy is very difficult among DPs because of divergent views and policies. However, once agreed it is likely to have high payoffs in the reduction of transaction costs at least for the partner country due to greater coordination among donors when they engage government.
2. Emphasis on use of country systems for public financial management and procurement has to take care of country-specific risks such as poor administration, political governance and corruption and hence needs to be balanced with appropriate-risk mitigation measures.
3. Budget support is a preferred aid modality on the part of a partner country only when DPs do not go beyond developmental issues to tackle democracy and good governance. Linking budget support to governance introduces the risk of budget cuts as BS is used both as a “carrot” and a “stick”.

4. Promoting a single modality, e.g., Budget Support, in pursuing the alignment agenda is not ideal practice given the risk of marginalising salient issues such as innovation, environment, demand-side governance and the private sector.
5. Knowledge of the PD within DPs can be enhanced by corporate headquarter initiatives to run induction training for staff on aid effectiveness, holding weekly policy and programme staff meetings and institutionalising aid effectiveness monitoring into own organisation. Such institutionalisation can effectively be promoted when a specific member of staff at country office level is designated as focal point for aid effectiveness monitoring.
6. Best practices in nurturing DP commitment to aid effectiveness are not confined to DPs that fully subscribe to the PD alone but those also who despite being constrained by corporate policies and principles, innovate through periodic aid effectiveness monitoring, interactive web portals for information dissemination and receiving constituency feedback, and dedicated capacity building.

6.3 Recommendations

6.3.1 Improving clarity, relevance and coherence of PD

1. The Paris Declaration should be transformed into a **flexible and adaptable agreement** that is realistic about the influence of local and donor priorities. The next edition of the PD should not only provide a clear hierarchy of preferred aid modalities but also allude to the attendant need for balance or optimal diversity in aid instruments.
2. Further work should be carried out to (a) **clarify the PD concepts, principles and commitments** in order to eliminate inherent contradictions and (b) **better define indicators 3, 4, 5, 6, 7 and 10** so as to simplify and harmonise their interpretation by development partners. Such work should go as far as sector ministries and the local government levels.

6.3.2 Strengthening effectiveness of PD in addressing critical issues

3. A **decision should be made** on whether to keep the current 12 PD indicators as a basic, cost-effective and manageable set or to add **new indicators to monitor additional commitments for addressing outstanding critical issues** such as administrative and political governance, guaranteeing value for money (reducing corruption) and innovation.
4. The PD should directly address the issue of local procurement and to this end, should complement Indicator 2 (use of country systems) with another indicator to monitor the proportion of aid spent on locally procured goods and services.
5. Indicator 6 (on reducing parallel structures for management of aid-financed projects, PIUs) should be broadened to capture all donor-funded projects within and outside government. It should capture large NGO programmes as well.

6. Donors, through the Local Development Partners Group or the UJAS framework should discuss and reach consensus on **common approaches** and **best practices in addressing outstanding and critical aid effectiveness issues** such as governance, value-for-money and innovation. Such best practice should not undermine country ownership and leadership or necessarily necessitate backtracking from programmatic to project approach. In doing so, DPs should reach consensus on what might constitute an “appropriate balance” between project and programmatic aid. They should also somewhat ring fence governance and corruption issues as areas where division of labour should not be extended as DPs need to stay together to have a strong voice.

6.3.3 Reinforcing and maintaining behaviour change within Government

7. The Government of Uganda through the MoFPED, as **the lead institution** for implementation and monitoring of the implementation of the Paris Declaration in government should develop and implement a sound dissemination plan. The PD should be widely communicated to all stakeholders and be internalized not just by Government but also by civil society. It should be explained how the PD builds upon (or reinforces) Uganda’s existing Partnership Principles.
8. MoFPED as coordinator of resource allocation (or the Office of Prime Minister that is functionally responsible for coordination, monitoring and evaluation of all GoU policies, programmes and projects) should play the role of overall coordinator of all sector working groups. Coordination of SWGs enables government to have a consolidated view of development effectiveness issues in the country. It should ensure that the national and sectoral policies and programmes being formulated are internally coherent and consistent with the overall national strategy and in accordance with the approved government plans and priorities both at the centre and the local governments.
9. MoFPED should institute a **high-level forum above the individual sectors** for discussion of aid effectiveness issues being encountered in the various sectors.
10. Institutional roles in national planning need to be streamlined by Government in order to **avoid creating a syndrome of “shifting power centres”**. Uganda should ensure that the broader Rural Development Strategy does not dilute mandates of, and priorities already identified by, constituent sectors such as agriculture, transport, energy, education, health, trade and commerce, community development, etc. The RD strategy can be used to promote coherence in sector strategies, synergy between sectors and rationalization of resource allocation but implementation responsibility should remain with individual sectors working in rural development. There should not be the need for another power centre specifically to coordinate “rural development” as this might undermine the work of sectors and create a leadership void at that level which, in turn would negatively affect aid flows to the affected sectors.
11. Government should work further on streamlining the planning roles of the MoFPED and the NPA to ensure clear division of labour, coordination,

internal cohesion and complementarity whilst safeguarding the original vision of setting up a consistent, efficient, co-coordinated and integrated framework and system of managing national planning through the NPA.

12. Efforts should be made to enhance the collection of both process and impact data in all sectors and to **establish stronger linkages between sectors and the National Integrated Monitoring and Evaluation Strategy** where information for decision making is required (this includes elaboration of a national strategy for capacity building of M&E systems which donors would be invited to support through programmatic aid).
13. Government of Uganda should continue to uphold the principles of good governance, transparency and accountability. It should adopt **zero tolerance for corruption within government, civil society and the private sector**. Swift action is needed to **fully implement existing policy and legislative provisions to fight corruption**, including efficiently **executing recommendations of all commissions of inquiry** into cases of fraud if the government is to gain credibility from citizens and development partners.

6.3.4 Reinforcing and maintaining behaviour change among development partners

14. All development partners operating in Uganda should **join the Uganda Joint Assistance Strategy** and fully **participate in both the Division of Labour Exercise and the Local Development Partner Group Meetings** (where possible, Government of Uganda may **introduce incentives** to encourage them).
15. Development partners in Uganda should **increase their use of national systems** whilst helping with one voice to strengthen country capacity in governance, public financial management and procurement, especially dealing with systemic (as opposed to symptomatic) issues of corruption, and avoid using this as an excuse for lack of engagement.
16. Unlike the PEAP, the proposed national development plan should articulate an explicit strategy for capacity building to focus government and donor attention on a set of priorities including the strategic and targeted use of Technical Assistance to build sustainable capacity both within government and the economy at large. In line with the provisions for consultation in the Paris Declaration, this should be one area where donors and government could sit together and jointly craft a strategy once government has identified the priority areas of capacity enhancement.
17. Development partners should continue to influence each other through the UJAS framework to **reduce the number of PIUs (indicator 6)** except where there is a clear identified need supported by government and the PIUs report and account to the national institutions hosting them. Such PIUs should be retained but with a clear exit plan including eventual integration into government structures.

18. There is a need to more **carefully consider choice of aid modality**, reconsidering where possible, the necessity of project support and ensuring that this preference does not undermine the overall vision on planning upstream.
19. There is need to **support Government to assume its lead role in the division of labour exercise**, including in areas where such division of labour may have unexpected outcomes for the development partner concerned.
20. Development partners should explore ways and means of **reducing not just the number of uncoordinated missions but the size of all missions (coordinated or uncoordinated)**. The two parameters are equally important in reducing transaction costs and should both be monitored.

7. ANNEXES

7.1 Annex 1: Terms of Reference for the Evaluation of the Paris Declaration in Uganda



Evaluation of the Implementation of the Paris Declaration TOR for Uganda Country Level Evaluation

1. Background and rationale

On the 2nd March 2005, over one hundred Heads of Ministers and Head of Agencies and institutions managing and receiving development aid endorsed the Paris Declaration. The Paris Declaration is an international agreement to which countries committed themselves to continue to increase efforts in harmonization, alignment and managing aid for results based on an agreed set of *monitorable* actions and indicators. As part of the process of continuing to learn and strengthen the outcomes of the Paris Declaration, the DAC Development Evaluation Network has proposed an evaluation of the Paris Declaration in both the development partner agencies and the partner countries.

2. The Uganda Partner Country Evaluation

In Uganda the Paris Declaration builds on the Government of Uganda *PEAP Volume III Partnership Principles* that were developed as part of the Poverty Eradication Action. Since 1997, Uganda has pursued the poverty eradication agenda through the implementation of the Poverty Eradication Action Plan (PEAP).

The PEAP is Uganda's national development framework and medium-term planning tool. It is also the Poverty Reduction Strategy (PRSP), guiding the formulation of Government policy and the implementation of programs through sector wide approaches and a decentralized system of governance. The *PEAP Volume III Partnership Principles* therefore identifies the development objectives for Government and its development partners. It effectively links donor support with the PEAP. Over the years other frameworks for cooperation around the Paris Declaration principles and the Government PEAP process have evolved. These have included instruments like the Poverty Reduction Support Credit and the Uganda Joint Assistance Strategy. All these frameworks have influenced the localization of the Paris Declaration.

3. The Evaluation Process

It is within this context that the evaluation of the Paris Declaration will be conducted in Uganda. This will be a mid-term evaluation, to be followed by an impact

evaluation scheduled for 2009/10⁶⁸. As a mid-term evaluation, it will focus on assessing the performance to date (inputs to outputs) and evidence of progress and direction made towards the intended outcomes. It will also emphasis seeking out early lessons from the implementation process of the Paris Declaration in order to deliver practical lessons and help take stock of implementation performance at the 3rd High-Level Forum (HLF) on Aid Effectiveness to be held in Ghana.

The evaluation will complement and feed into the monitoring of the implementation of the Paris Declaration, undertaken through the Joint Venture on Monitoring. In Uganda, this phase of the evaluation will feed into the ongoing PEAP Evaluation process that is going to inform the development of the new planning framework for Uganda in 2008.

The proposed Evaluation has received strong support from the Working Party on Aid Effectiveness (WP-EFF) and the DAC Evaluation Network. An international Reference Group, comprising partner country members of the WP-EFF, members of the DAC Evaluation Network, and representatives of civil society, has been established to commission and oversee the evaluation.

4. Purpose and Objectives

a) The **overall purpose** of the evaluation is to assess the performance of the implementation of the Paris Declaration at its mid-point to the 2010 targets.

b) The **specific purpose** of the evaluation is to assess what constitutes better practices for partner and development partner behaviour in regard to implementation of the Paris Declaration.⁶⁹

The **specific objectives** of the evaluation are:

- To assess how effectively the principles have been translated into specific actions in Uganda
- To determine whether and how effectively the PD has built upon pre-existing partnership principles and agreements in Uganda
- To determine how effective the implementation of the PD has been in Uganda against its own objectives and targets, as a basis to assess what (if anything) needs to change and for the purpose of international comparison
- To determine whether the current pattern of implementation is likely to result in the intended outcomes, in part measured by the indicators and associated targets
- To determine the extent and causes of positive behavioural changes implied by the implementation of the PD, both amongst development partners (donors), the government and other actors.
- To provide the evidence base for the final impact evaluation of 2009/10.

⁶⁸ The final evaluation will run from the HLF in Ghana in 2008 up to the 4th HLF in 2010. This second phase will focus on whether the intended long-term effects of the Paris Declaration are being achieved.

⁶⁹ Starting from the premise that implementation of the Paris Declaration principles will lead to more effective aid, emphasis will be on *learning* by asking the twin questions: are we doing the right things and, at the output level, are we doing things right?

- To review the monitoring framework and determine its utility and continued relevance.
- To deepen the understanding of the lessons emerging from the Paris Declaration's baseline survey conducted in 2006
- To facilitate national and global learning on aid effectiveness

5. Scope and Focus of the Evaluation

Since the endorsement of Paris Declaration (PD) in March 2005, at least 60 countries have taken steps to implement the PD. Uganda took part in the 2006 Survey on Monitoring the PD. This evaluation will build on the findings of the Paris Survey, taking account of the commitment of Government and development partners in Uganda to the partnership principles. It will focus on three areas:

- The relationship and value of the PD in Uganda with pre-existing partnership agreements
- The change of development partner behaviour in terms of alignment of their policies, systems and procedures to implement the PD and partnership principle commitments; and
- The change of Government of Uganda behaviour, with ownership as the key entry-point

The evaluation is expected to address the following issues and questions:

1. The Paris Declaration and Pre-Existing Partnership Arrangements

- a. What is the relationship between the PD principles and practices in Uganda and the PEAP Partnership Principles? To what extent is the PD commitments and indicators reflected in the 'home-grown' PEAP Partnership Principles of 2003 and vice versa?
- b. To what extent has the PD indicators and commitments been mainstreamed into donor frameworks and into Government of Uganda's approach towards receiving aid?
- c. What were/are perceived as the critical aid effectiveness issues in country as articulated in the PEAP Partnership Principles and the UJAS? Are these addressed by the PD principles? Are all elements perceived critical to aid effectiveness in the country currently addressed?
- d. How the results generated from the Paris Survey will be used to help improve aid effectiveness
- e. Has new developments in the global aid architecture (emergence of global funds, private funds, new emerging donors etc.) necessitated a revision of Uganda's aid policies?
- f. In addition to the 12 quantifiable PD indicators, what PD commitments would be useful to measure in Uganda?
- g. Any problems experienced in completing the questionnaire (including clarity of definitions, relevance of indicators and coherence)

2. Development Partner Behaviour

A review of whether development partners are changing their behaviour to meet the PD and partnership principle commitments, covering both processes and results, namely:

Processes:

- a. Whether DPs are meeting the broader PD commitments (not just the indicators) and the partnership principles and how they are doing this.
- b. Capture good practice and why progress has (or hasn't) been made.
- c. How have development partners come together to discuss the needed changes in development partner practices?
- d. Are the current development partner fora and mechanisms adequate to address the PD commitments and targets, the commitments of the Partnership Principles as well as the commitments of the UJAS and the UNDAF?
- e. How have development partners engaged with the Government of Uganda to drive these changes?
- f. Do the development partners work coherently to support the PEAP, UJAS and PEAP Partnership Principles?
- g. To what extent have development partners sequenced their efforts to, a priori; align with government processes rather than seeking to harmonize first?
- h. Support and draw from Uganda's efforts to manage for development results?

Results:

What has been the effect of any behaviour change in terms of alignment and harmonization?

- i. Alignment of aid flows on national priorities through, inter alia, division of labour exercise
- j. Use of country systems for PFM and procurement
- k. Use of parallel implementation structures
- l. Predictability and untying of aid
- m. Harmonizing capacity efforts
- n. Harmonization and alignment of missions and analyses

3. Partner Country Behaviour and Results

A review of whether the Government of Uganda is meeting its commitments in the PD and partnership principle commitments, covering:

Processes

- a. Whether the Government is meeting the broader PD commitments (not just the indicators) and the partnership principles and how they are doing this.
- b. Capture good practice and why progress has (or hasn't) been made.
- c. How has the Government articulated its desire for all development partners to join one joint assistance strategy?
- d. How has Government of Uganda come together to discuss the needed changes in steering development partner practices?
- e. Are the current Government of Uganda fora and mechanisms adequate to address the PD commitments and targets?
- f. How has Government of Uganda engaged with the development partners to drive these changes?
- g. To what extent has Government of Uganda used different approaches to sensitize different development partners (UN family, multilaterals, bilaterals, new emerging donors etc) about Government aid priorities, as laid down the Partnership Principles?

- h. Do sector ministries have *capacities* and political will to communicate and adhere to the PEAP Partnership Principles and aid policies?

Results

- i. What outputs have been achieved in Government of Uganda's dialogue with development partners on the 12 PD indicators?
- j. To what extent has the PD resulted in any changes in accountabilities in the use of development resources?
- k. What commitments have government made to further the implementation of PD?

6. Structure of Work

Overall Coordination

The PD Evaluation will be managed under the secretariat of the National Monitoring and Evaluation Strategy. Specifically the PEAP Evaluation Sub-committee which has been formed as a tripartite sub-committee of the PEAP secretariat with members from of the Ministry of Finance, Planning and Economic Development, the National Planning Authority and the Office of the Prime Minister will oversee the day to day management of the PD Evaluation. The National Coordinator for the Evaluation will be the Coordinator of NIMES and will be deputized by the Coordinator for the PEAP Revision Secretariat. Relevant stakeholders will be co-opted in the sub-committee.

The evaluation should be conducted in three phases:

- a. Inception Phase: The contracted evaluation team will develop an inception report (30 pages maximum) including:
 - A contextualised evaluation approach and framework based on the outlined evaluation questions of the present ToR;
 - A sampling frame (sector- and geographical focus) including the identification of relevant information sources;
 - Data collection methods and draft instruments (interview guide, questionnaires, etc.);
 - Processes for institutional learning during the evaluation; and
 - A detailed work plan.

The PEAP Evaluation Sub-committee will review and comment on the draft Inception report.

- b. Data collection and report drafting Phase

- The evaluation questions listed above are intended to be posed to development partner and partner country stakeholders alike, with a focus on *perceptions of changed behaviour*.

The drafting of the report will be facilitated; adhering to the country level evaluation report outline attached in Annex 1. The country level evaluation report should be of maximum 50 pages including the executive summary.

c. Consultation and Finalization Phase

Led by the National Coordinator of the Paris Declaration in the Office of the Prime Minister, the Evaluation findings would be discussed in Uganda between relevant Government of Uganda officials and development partners (represented by the Local Development Partners Group in Uganda). They will then be shared with the joint Government/LDGP Harmonization Committee. The evaluation report will serve as an input into the PEAP Evaluation.

7. Composition of Teams

The evaluation team should comprise the following key skills: Advanced knowledge and experience of aid effectiveness and development policies including that of the Paris Declaration. Experience with policy dialogue on aid effectiveness and development effectiveness issues in Uganda is an advantage. Advanced knowledge and experience of programme approaches (General Budget Support and Sector Wide Approaches). Knowledge and experience on Ugandan policy processes. Knowledge of and training in evaluation methodology including process and participatory evaluation.

Team members should reflect a gender balance and comprise national and international consultants.

9. Timing and Conduct of Work

The timetable for the evaluation is as follows:

Sept 2007	Develop and discuss specific ToR
Oct-Dec 2007	Contract evaluators
Jan 2008	Inception Workshop
Jan – February 2008	Conduct evaluation
March 2008	Draft country level evaluation report
April 2008	Finalize Uganda report for publication

7.2 Annex 2: List of people met (including workshop participants)

NO.	NAMES	AGENCY/ORGANISATION
1.	Mr. Peter Ssentongo	Office of the Prime Minister
2.	Mr. Richard Ssewakiryanga	Ministry of Finance, Planning and Economic Development
3.	Mr. David Rider Smith	Office of the Prime Minister/ Uganda Bureau of Statistics
4.	Mr. Walter Ehmeir	Austrian Development Cooperation
5.	Ms. Christine Jantscher	Austrian Development Cooperation
6.	Mr. Robert Burtscher	Austrian Development Cooperation
7.	Mr. Fred Tusiime	Ministry of Finance, Planning and Economic Development
8.	Mr. Kenneth Mugambe	Ministry of Finance, Planning and Economic Development
9.	Mr. Tom Vens	European Commission Delegation
10.	Mr. Richard Edwards	Department for International Development
11.	Ms. Evelyn Edroma	Justice, Law and Order Secretariat
12.	Dr. David Kihangire	Bank of Uganda
13.	Mr. Theophane Nikyema	United Nations Development Programme
14.	Dr. Alex Aboagye	United Nations Development Programme
15.	Mr. Athman Kakiva	United Nations Development Programme
16.	Dr. John .Mbabazi	Ministry of Education and Sport
17.	Mr. Albert Byamigisha	Ministry of Education and Sport
18.	Mr. Josepg Eilor	Ministry of Education and Sport
19.	Mr. Ssozi	Ministry of Education and Sport
20.	Ms. Harriet Nannyonjo	The World Bank
21.	Ms. Maris Wanyera	Ministry of Finance, Planning and Economic Development
22.	Mr. Fredrick Matyama	Ministry of Finance, Planning and Economic Development
23.	Mr. Julius Kapwepwe	Uganda Debt Network
24.	Mr. Birgitte Markussen	DANIDA
25.	Mr. Lawrence Kiiza	Ministry of Finance, Planning and Economic Development
26.	Ms. Deborah Grieser	US Agency for International Development
27.	Ms. Nancy Eslick	US Agency for International Development
28.	Ms. Jane Nalunga	Southern and Eastern African Trade, Information and Negotiations Institute
29.	Mr. Roger Riddell	Oxford Policy Management
30.	Ms. Katarina Kotoglou	Oxford Policy Management
31.	Ms. Adrienne Shall	Oxford Policy Management
32.	Mr. Ashabwa Aheebwa	Directorate of Ethics and Integrity
33.	Mr. George Otim	Ministry of Agriculture, Animal Industry and Fisheries
34.	Mr. Andrew Luze	Uganda Manufacturers Association
35.	Mr. Gabriel Hatega	Private Sector Foundation Uganda
36.	Mr. Gideon Badagawa	Private Sector Foundation Uganda
37.	Mr. Michel Rentenaar	Netherlands Embassy
38.	Mr Fintan Farrelly	Irish Embassy
39.	Mr. Michael Krake	Embassy of Germany
40.	Dr. Christine Kirunga	Ministry of Health

Evaluation of the Implementation of the Paris Declaration in Uganda

41.	Mr. Gjermund Saether	Royal Norwegian Embassy
42.	Mr. Amos Lugolobi	National Planning Authority
43.	Mr. Keith Mckenzie	United National Children's Fund

7.3 Annex 3: Evaluation Framework

Issues	Detailed Questions	Evidence	Data collection method/sources
<p>A. Clarity of Paris Declaration Principles, Commitments and Indicators</p>	<p>Extent of awareness of the 5 PD principles and commitments under each principle at individual and organizational level</p> <p>Clarity on the meaning of the terminology: 5 PD principles: (O, A, H, MfDR and MA)</p> <p>How knowledge about the PD is acquired in general</p> <p>Clarity of roles and responsibilities of different parties as envisaged under the commitments (DP, Govt and CSOs) vis-à-vis O, A, H, MfDR and MA</p>	<p>Existence of functional structure for discussing PD among DPs and within Govt</p> <p>Similarities or contradictions in interpretation among DPs, within Govt, and between Govt and DPs</p> <p>Evidence of appropriate or inappropriate use of PD (by DPs or by Govt or CSOs)</p>	<p>Qualitative checklist DPs</p> <p>Qualitative checklist Govt</p> <p>Qualitative checklist CSOs</p> <p>2006 PD monitoring survey</p> <p>2008 PD monitoring survey</p>
	<p>Extent of awareness of the 12 PD indicators at individual and organizational level</p> <p>Clarity of the meaning of the indicators</p>	<p>-Absence of ambiguity in performance measurement</p> <p>-Evidence of locally (donor/govt) adjusted definitions</p> <p>-Existence of measurement problems (e.g., 2006/8 surveys)</p> <p>-Evidence of protracted discussions on meaning of indicators (e.g., #4. CB and #6. PIUs)</p>	

Evaluation of the Implementation of the Paris Declaration in Uganda

Issues	Detailed Questions	Evidence	Data collection method/sources
B. Relevance of PD principles, Commitments and Indicators	Appropriateness of PD principles, commitments in addressing critical aid effectiveness issues in Uganda	Evidence of critical aid effectiveness issues not covered by the 5 PD principles or by commitments	Qualitative checklist DPs Qualitative checklist Govt Qualitative checklist CSOs <u>Literature review:</u>
	Appropriateness of PD indicators vis-à-vis both PD commitments and critical aid effectiveness issues	PD commitments not captured by the 12 indicators Critical aid effectiveness issues in Uganda not captured by PD indicators Evidence that 12 PD indicators have been mainstreamed into DP, Govt and CSO aid monitoring frameworks	-previous reviews of aid effectiveness in Uganda -APIRs -UJAS -DP Country Strategy papers -PEAP Partnership Principles -Joint sector review reports -PD document
	How Govt and DPs plan to use results generated from the 2006 and 2008 PD monitoring Paris Surveys	Evidence of use of 2006 PD baseline survey by DPs and Govt or by CSOs	Qualitative checklist DPs Qualitative checklist Govt Qualitative checklist CSOs
	Appropriateness of PD commitments vis-à-vis new developments in global aid architecture	Revision in CP aid policies in response to new developments in global aid architecture??	Qualitative checklist DPs Qualitative checklist Govt Review of Uganda aid policies

Evaluation of the Implementation of the Paris Declaration in Uganda

Issues	Detailed Questions	Evidence	Data collection method/sources
C. Coherence of the PD principles, commitments and indicators	Extent to which there are logical inter-linkages between commitments and indicators within each of the 5 PD principles (O, A, H, MfDR, MA)	Contradictions between commitments and indicators Contradictions between indicators (e.g., CB and PIUs)	Qualitative checklist DPs Qualitative checklist Govt Qualitative checklist CSOs
	Consistency of PD principles with DP aid policies	Similarities or contradictions between PD and DP aid policies	<u>Literature review</u> - PD document
	Consistency of PD principles with country partner aid policy	Similarities or contradictions between PD and national aid policies: PEAP and Debt Policy	- Corporate strategy and policies of DPs - PEAP Partnership Principles
	Plausibility of theoretical linkages between PD principles and aid effectiveness	Realism of suggestions and assumptions	- National policy and strategy documents (e.g., PEAP; Debt Strategy; etc)

Evaluation of the Implementation of the Paris Declaration in Uganda

Issues	Detailed Questions	Evidence	Data collection method/sources
D. Change in Development Partner Behaviour			
D1. Commitment, capacity and incentives <u>D1.1 Commitment</u>	Does corporate policy commit HQ and CO staff to the 5 PD principles (broader sense not just the 12 indicators) (O; A: H; MfDR and MA)	Written evidence of change in corporate policy – post 2005 to support PD	DP corporate policy documents
	Consistency of significance of PD at HQ and CO	Evidence of internal HQ-CO information exchanges on PD Evidence of joint strategic planning between HQ/CO to share vision & working models DP targets for achievement of DP indicators Cases of conflict on PD principles between HQ and CO	Qualitative checklist DPs Review of DP strategy documents
	Consistency of significance of PD among donors	Existence of functional for a for joint planning and peer reviewing achievement of PD, PP, UJAS, UNDAF commitments and targets For a for peer influence of practices	Qualitative checklist DPs Review of DP strategy documents
	Coherence of approaches to meet PD commitments among donors	Examples of common or complementary approaches by donors to support PD, PEAP Partnership Principles and UJAS Evidence of conflicting approaches	Qualitative checklist DPs <u>Literature review:</u> - UJAS - Sector Wide Approaches (Educ, JLOS, Agric)

Evaluation of the Implementation of the Paris Declaration in Uganda

Issues	Detailed Questions	Evidence	Data collection method/sources
		among DPs Evidence of implementation of UJAS in practice	- BS MoU - PRSC MoU
	Are DPs meeting the broader commitments	Evidence of real attempts to meet the other commitments Examples of best practices among DPs Examples of factors supporting results	Qualitative checklist DPs, Govt and CSOs
	Sectors or themes where CO addresses PD commitments more than others	Examples of what Country Office has done in each sector Examples of challenges in other sectors	Qualitative checklist DPs, Govt
	Adequacy of for a and mechanisms to address PD commitments and targets	Existence of issues not discussable in present fora	Qualitative checklist DPs
<u>D1.2 Capacity</u>	Adequacy of staff capacity to comply with the 5 PD principles in Uganda (O; A; H; MfDR and MA)	Evidence of tasks that cannot be performed due to lack of skills and/or personnel	Qualitative checklist DPs, Govt and CSOs
<u>D1.3 Incentives</u>	Incentives in COs that motivate staff to implement commitments under the 5 PD principles (O; A; H; MfDR and MA)	-Evidence of incentives -Evidence of staff motivation -Measures to prevent slippage into previous mode of operation	Qualitative checklist DPs

Issues	Detailed Questions	Evidence	Data collection method/sources
E. Change in Country Partner Behaviour			
E1. Commitment, capacity and incentives	CP understanding of ownership at different level?	Examples of practical application of ownership principle	Interview of key informants in Govt
<u>E1.1 Commitment</u>			
	Key claimants of ownership (different policies)?		Interview of key informants in Govt
	National development and aid policy objectives wielding political power in terms of high government commitment		Interview of key informants in Govt and CSOs
	How well aligned with PD commitments	Examples of conflicts if any, and how they are resolved?	Interview of key informants in Govt Lit review of PD
	Sectors or themes where CP ownership of policy/strategies is less?		Interview of key informants at sector level (govt, DP, CSOs)
	Change in inclusiveness of civil society, marginalized groups, etc following PD	Evidence of more active participation and input	Interview of key informants in Govt and in CSOs at central and sector levels
<u>E1.2 Capacity</u>	Adequacy of staff capacity to community and adhere to the 5 PD principles in Uganda (O; A; H; MfDR and MA)	Evidence of tasks that cannot be performed due to lack of skills and/or personnel Skills gaps at central and sectoral levels	Interview of key informants in Govt and DPs at central and sector levels
	Has change in partner ownership	Examples of changes or conflicts, if	

Evaluation of the Implementation of the Paris Declaration in Uganda

	changed nature of Govt-DP relations?	any	
	Are emerging donors such as China less attuned to country needs?	Evidence of projects outside MTEF, etc?	
<u>E1.3 Incentives</u>	Incentives in Govt that motivate staff to implement commitments under the 5 PD principles (O; A; H; MfDR and MA)	Evidence of incentives Evidence of staff motivation Measures to prevent slippage into previous mode of operation	Interview of key informants in Govt at central and sector levels

Issues	Detailed Questions	Evidence	Data collection method/sources
F. Emerging Results in relation to the 5 PD Principles, commitments and indicators			
F1. Ownership	Extent of a priori alignment with government processes	Evidence of DP support for govt role and capacity to lead policy formulation and aid coordination at all levels Evidence of withdrawal of DP leadership in policy setting and aid coordination	Qualitative checklist DPs/Govt Lit review
	Changes in priority setting among DPs and within Government, including cross-cutting priority issues	Evidence of re-allocation of financial and human resources	Qualitative checklist DPs/Govt
F2. Alignment	Extent of alignment of aid flows on national priorities	-Increase in share of DP support reported on national budgets -Reduction in PIUs?	Qualitative checklist DPs/Govt Lit review

Evaluation of the Implementation of the Paris Declaration in Uganda

		-More timely and predictable disbursement of aid -Untying of aid	
F3. Harmonization	Progress achieved towards harmonization of approaches among DPs	<ul style="list-style-type: none"> - Provision by Govt of clear view on DP comparative advantage - Increase in use of programme based approaches - Use of country systems for PFM and proc - Harmonization of CB efforts - Harmonization and alignment of missions and analyses - Harmonized approach to EIA and cross-cutting issues 	Qualitative checklist DPs/Govt Lit review
F4. Managing for Development Results	Support for and drawing from Uganda efforts to MfDR	<ul style="list-style-type: none"> -Link strategies and annual and multi-annual budget process -Cost-effective results-oriented reporting for national/sectoral strategies -Evidence of DP efforts to strengthen country capacities and demand for results -Harmonized DP M&E requirements -DP programming linked to results and aligned with country PAF 	Qualitative checklist DPs/Govt Lit review
F5. Mutual Accountability	Change in results culture within Govt and among DPs	<ul style="list-style-type: none"> -Systematic and broad engagement of DPs in review of national strategy/policy -Additional commitments by Govt to further PD -Change in accountability for results within Govt 	Qualitative checklist DPs/Govt Lit review

Evaluation of the Implementation of the Paris Declaration in Uganda

		-Timely and transparent DP info on aid flows -Joint assessment (DP + Gov) of mutual progress on PD	
G. Lessons Learned and Recommendations	Main lessons learned?		Qualitative checklist DPs/Govt
	Recommendations		

7.4 Annex 4: Interview Guides

I: COUNTRY PARTNER

EVALUATION OF THE PARIS DECLARATION (PD) INTERVIEW GUIDE FOR COUNTRY PARTNERS

A. PD PRINCIPLES, COMMITMENTS AND INDICATORS

A1. Clarity

- i. Extent of awareness of the 5 PD principles and commitments under each principle at individual and organizational level
- ii. Clarity on the meaning of the terminology: 5 PD principles: (O, A, H, MfDR and MA)
- iii. How knowledge about the PD is acquired in general
- iv. Clarity of roles and responsibilities of different parties as envisaged under the commitments (Development Partner (DP), Country Partner (CP) and CSOs) vis-à-vis O, A, H, MfDR and MA
- v. Extent of awareness of the 12 PD indicators at individual and organizational level
- vi. Clarity of the meaning of the indicators

A2. Relevance

- i. Appropriateness of PD principles, commitments in addressing critical aid effectiveness issues in Uganda
- ii. Appropriateness of PD indicators vis-à-vis both PD commitments and critical aid effectiveness issues
- iii. How CP and DPs plan to use results generated from the 2006 and 2008 PD monitoring Paris Surveys
- iv. Appropriateness of PD commitments vis-à-vis new developments in global aid architecture

A3. Coherence

- i. Extent to which there are logical inter-linkages between commitments and indicators within each of the 5 PD principles (O, A, H, MfDR, MA)
- ii. Consistency of PD principles with DP aid policies
- iii. Consistency of PD principles with country partner aid policy
- iv. Plausibility of theoretical linkages between PD principles and aid effectiveness

B. CHANGE IN COUNTRY PARTNER BEHAVIOUR

B1 Commitment

- i. CP understanding of ownership at different level?
- ii. Key claimants of ownership (different policies)?

- iii. National development and aid policy objectives wielding political power in terms of high government commitment
- iv. How well aligned with PD commitments
- v. Sectors or themes where CP ownership of policy/strategies is less?
- vi. Change in inclusiveness of civil society, marginalized groups, etc following PD

B2 Capacity

- i. Adequacy of staff capacity to community and adhere to the 5 PD principles in Uganda (O; A; H; MfDR and MA)
- ii. Has change in partner ownership changed nature of Govt-DP relations?
- iii. Are emerging donors such as China less attuned to country needs?

B3 Incentives

- i. Incentives in CP that motivate staff to implement commitments under the 5 PD principles (O; A; H; MfDR and MA)

C. EMERGING RESULTS IN RELATION TO THE 5 PD PRINCIPLES, COMMITMENTS AND INDICATORS

C1. Ownership

- i. Progress to-date and planned strategies to open up space for DP and CSO participation in policy/strategy formulation.
- ii. The way forward for Uganda's development strategy given the status of the PEAP.
- iii. Changes in priority setting within Government and among DPs, including cross-cutting priority issues

C2. Alignment

- i. Progress to-date and planned reforms for strengthening procurement and public financial management and capacity development in Uganda
- ii. Remaining challenges in strengthening country systems (PFM and Procurement)

C3. Managing for Development Results

- i. Progress and challenges in relation to linking strategies with annual and multi-annual budget processes
- ii. Challenges on enhancing the linkages between sector generated data and the macro level evidence required for decision making

C4. Mutual Accountability

- i. Framework for, and issues on, accounting to national constituencies and to development partners

D. LESSONS LEARNED AND RECOMMENDATIONS

- i. Main emerging lessons
- ii. Recommendations

II: DEVELOPMENT PARTNERS

EVALUATION OF THE PARIS DECLARATION (PD) INTERVIEW GUIDE FOR DEVELOPMENT PARTNERS

A. PD PRINCIPLES, COMMITMENTS AND INDICATORS

A1. Clarity

- vii. Extent of awareness of the 5 PD principles and commitments under each principle at individual and organizational level
- viii. Clarity on the meaning of the terminology: 5 PD principles: (O, A, H, MfDR and MA)
- ix. How knowledge about the PD is acquired in general
- x. Clarity of roles and responsibilities of different parties as envisaged under the commitments (Development Partner (DP), Country Partner (CP) and CSOs) vis-à-vis O, A, H, MfDR and MA
- xi. Extent of awareness of the 12 PD indicators at individual and organizational level
- xii. Clarity of the meaning of the indicators

A2. Relevance

- v. Appropriateness of PD principles, commitments in addressing critical aid effectiveness issues in Uganda
- vi. Appropriateness of PD indicators vis-à-vis both PD commitments and critical aid effectiveness issues
- vii. How CP and DPs plan to use results generated from the 2006 and 2008 PD monitoring Paris Surveys
- viii. Appropriateness of PD commitments vis-à-vis new developments in global aid architecture

A3. Coherence

- v. Extent to which there are logical inter-linkages between commitments and indicators within each of the 5 PD principles (O, A, H, MfDR, MA)
- vi. Consistency of PD principles with DP aid policies
- vii. Consistency of PD principles with country partner aid policy
- viii. Plausibility of theoretical linkages between PD principles and aid effectiveness

B. CHANGE IN DEVELOPMENT PARTNER BEHAVIOUR

B1 Commitment

- i. Does corporate policy commit HQ and CO staff to the 5 PD principles (broader sense not just the 12 indicators) (O; A; H; MfDR and MA)
- ii. Consistency of significance of PD at HQ and CO
- iii. Consistency of significance of PD among donors
- iv. Coherence of approaches to meet PD commitments among donors
- v. Are DPs meeting the broader commitments
- vi. Sectors or themes where CO addresses PD commitments more than others
- vii. Adequacy of for a and mechanisms to address PD commitments and targets

B2 Capacity

- i. Adequacy of staff capacity to comply with the 5 PD principles in Uganda (O; A; H; MfDR and MA)

B.3 Incentives

- i. Incentives in Cos that motivate staff to implement commitments under the 5 PD principles (O; A; H; MfDR and MA)

C. EMERGING RESULTS IN RELATION TO THE 5 PD PRINCIPLES, COMMITMENTS AND INDICATORS

C1. Ownership

- iv. Extent of a priori alignment with government processes
- v. Changes in priority setting among DPs and within Government, including cross-cutting priority issues

C2. Alignment

- iii. Extent of alignment of aid flows on national priorities

C3. Harmonization

- i. Progress achieved towards harmonization of approaches among DPs

C4. Managing for Development Results

- iii. Support for and drawing from Uganda efforts to MfDR

C5. Mutual Accountability

- ii. Change in results culture within Government and among Development Partners

D. LESSONS LEARNED AND RECOMMENDATIONS

- iii. Main emerging lessons?
- iv. Recommendations

III: NON-STATE ACTORS

EVALUATION OF THE PARIS DECLARATION (PD) INTERVIEW GUIDE FOR CIVIL SOCIETY

A. PD PRINCIPLES, COMMITMENTS AND INDICATORS

A1. Clarity

- xiii. Extent of awareness of the 5 PD principles and commitments under each principle at individual and organizational level
- xiv. Clarity on the meaning of the terminology: 5 PD principles: (O, A, H, MfDR and MA)
 - xv. How knowledge about the PD is acquired in general
- xvi. Clarity of roles and responsibilities of different parties as envisaged under the commitments (Development Partner (DP), Country Partner (CP) and CSOs) vis-à-vis O, A, H, MfDR and MA
- xvii. Extent of awareness of the 12 PD indicators at individual and organizational level
- xviii. Clarity of the meaning of the indicators

A2. Relevance

- ix. Appropriateness of PD principles, commitments in addressing critical aid effectiveness issues in Uganda
 - x. Appropriateness of PD indicators vis-à-vis both PD commitments and critical aid effectiveness issues
- xi. How CP and DPs plan to use results generated from the 2006 and 2008 PD monitoring Paris Surveys
- xii. Appropriateness of PD commitments vis-à-vis new developments in global aid architecture

A3. Coherence

- ix. Extent to which there are logical inter-linkages between commitments and indicators within each of the 5 PD principles (O, A, H, MfDR, MA)
 - x. Consistency of PD principles with DP aid policies
 - xi. Consistency of PD principles with country partner aid policy
- xii. Plausibility of theoretical linkages between PD principles and aid effectiveness

B. CSO EVALUATION

B1. Country Partner Behaviour

B1.1 Commitment

- vii. CP understanding of ownership at different levels
- viii. Key claimants of ownership (different policies)?
 - ix. National development and aid policy objectives wielding political power in terms of high government commitment
 - x. Inclusiveness of civil society, marginalized groups, etc, following PD

B1.2 Capacity

- iv. Adequacy of staff capacity to commit and adhere to the 5 PD principles in Uganda (O; A; H; MfDR and MA)

B1.3 Incentives

- ii. Incentives in CP that motivate staff to implement commitments under the 5 PD principles (O; A; H; MfDR and MA)

B2. Development Partner Behaviour

B2.1 Commitment

- viii. How do DP demonstrate commitment to the 5 PD principles (broader sense not just the 12 indicators) (O; A; H; MfDR and MA)
- ix. Adequacy of for and mechanisms to address PD commitments and targets. Demonstration of respect for CP leadership

B2 Capacity

- ii. Adequacy of staff capacity to comply with the 5 PD principles in Uganda (O; A; H; MfDR and MA)

B.3 Incentives

- ii. Incentives for PD staff to implement commitments under the 5 PD principles (O; A; H; MfDR and MA)

C. EMERGING RESULTS IN RELATION TO THE 5 PD PRINCIPLES, COMMITMENTS AND INDICATORS

C1. Ownership

- vi. Level of consultation in the development of national development strategy
- vii. Mandates of different stakeholders in the process
- viii. Changes in priority setting within Government, including cross-cutting priority issues

C2. Alignment

- iv. Perceptions regarding alignment

C3. Managing for Development Results

- iv. Challenges of results orientation in development approaches

C4. Mutual Accountability

- iii. The role of CSO in accounting to national and international constituencies

D. LESSONS LEARNED AND RECOMMENDATIONS

- v. Main emerging lessons
- vi. Recommendations

7.5 Annex 5: Documents Consulted

1. Paris Declaration on Aid Effectiveness (2005)
2. The Paris Declaration: Towards Enhanced Aid Effectiveness? (January 2007)
3. Uganda Joint Assistance Strategy, The World Bank (2006)
4. 2006 Survey on the Monitoring of the Paris Declaration in Uganda
5. Uganda Development Partners Division of Labour Exercise, Interim Report (2007)
6. The 2006 Annual of PEAP Implementation Review
7. Annual Review of Development Effectiveness, The World Bank (2006)
8. Justice Law and Order Sector, Annual Justice Baseline Survey (2003)
9. Partnership Principles Between Government of Uganda and its Development Partners, Ministry of Finance, Planning and Economic Development (2003)
10. Poverty Eradication Action Plan (2004/5-2007/8), Ministry of Finance, Planning and Economic Development (2004)
11. Poverty Eradication Action Plan, Volume 3: Building Partnerships to Implement the PEAP, Ministry of Finance, Planning and Economic Development (2001)
12. Evaluation of Danish Assistance to Uganda 1987-2005 (2006)
13. The Republic of Uganda, Country Financial Accountability Assessment, The World Bank (2004)
14. The Republic of Uganda, Country Fiduciary Assessment 2004, The World Bank (2004)
15. 2006 Aid Information Map for Uganda
16. Final Draft of Uganda Development Partners (Donors) Division of Labour Exercise Report
17. Education and the Sector-Wide Approach in Uganda
18. Health Systems Reforms in Uganda: Processes and Outputs
19. Annual Health Sector Performance Report (2006/2007)
20. Health Sector Strategic Plan II (2005/06-2009/10), Volume I
21. Education Sector Strategic Plan 2004-2015
22. National Strategy to Fight Corruption and Rebuild Ethics and Integrity in Public Office (2004-2007)
23. Education Sector Annual Performance Report (ESSAPR)

7.6 Annex 6: Corruption-related issues in Uganda

The Annual PEAP Implementation Review Report (APIR) for 2006 published by the Government of Uganda concedes that “*the economic burden which corruption places on the economy by way of high revenue shortfalls, and the attendant effects on service delivery, and diminished investment confidence among others, should provide a strong motivation to tackle the problem with the seriousness it deserves*”⁷⁰. The policy framework to address corruption and the legal and regulatory frameworks for procurement are considered comprehensive and sound. What is lacking according to the APIR for 2006 includes commitment by government to act on the recommendations of Judicial Commissions of Inquiry into high profile corruption incidents. These include inquiries into Human Rights Abuses (1966-1986), the Effectiveness and Efficiency of the Justice system (1995), The Banking Sector, Purchase of Junk Helicopters, Corruption in the Police Force and the Global Fund on HIV/AIDS, Malaria and Tuberculosis.

Whilst modest improvement in perception of corruption has been noted in recent reports of the Transparency International Corruption Perception Index and the World Bank Governance Indicators surveys, and progress in areas of voice and accountability, rule of law and control of corruption has been evident, the quote below from the APIR 2006 highlights the magnitude of corruption and the challenges that still hamper efforts to reduce it further in Uganda.

Box 2: Challenges related to corruption related losses

“Corruption in Uganda is increasingly viewed as systemic with the incidence of petty corruption rising as found by both the National Integrity Surveys of 1998 and 2002. The National Service Delivery Survey 2004, reports that bribes were paid in at least 7% of all cases that were brought to various institutions including Local Councils, police, and courts. Corruption in other institutions such as local governments, hospitals, education facilities and among extension workers was also relatively high. Based on reports of CSOs, the media and Commissions of Inquiry, the incidence of grand corruption is also quite high and a number of high level cases have been endlessly debated including the Global Fund, the National Medical Stores, Kampala City Council, and Energy reform procurement. The ongoing activities of the energised Public Accounts Committee of Parliament continuous to unearth cases of massive corruption at all government levels.... the legal and regulatory framework for procurement is considered to be generally sound, but its implementation and enforcement of the rules and procedures is weak. The problem is due to low capacity and understanding of public procurement issues by procurement staff and senior management, complexity of the regulations, collusion and price fixing and political interference. A recent National Public Procurement Integrity Baseline Survey estimates that between 2.2% – 3.0% of the annual budget of local governments (equivalent to Ushs 32-86 billion or US\$ 17.9-23.6 million), and between 2.5% - 3.1% of the annual budget of central government (equivalent to Ushs 84 – 106 billion or US\$ 43.4 – 61.3 million) may have been lost to procurement related corruption in FY

⁷⁰ Government of Uganda (2006), Annual PEAP Implementation Review Report; page 50

2004-2005. The impact of capacity building and popularisation of procurement rules and procedures can not be anticipated in the short-term. These should take root before an evaluation of the procurement rules and procedures from an effectiveness and efficiency perspective can be undertaken”.

Source: Government of Uganda (2006) APIR Report; pages 50-52.

7.7 Annex 7: Example of Concept of Shifting Power Centre in Uganda's Agricultural Sector

The **Minister of Agriculture** initiated the development of the Plan for the Modernization of Agriculture (PMA) in 1996. The original concept was to modernize agriculture with a focus on crops, livestock and marketing infrastructure. Subsequent donor inputs (mainly from the **World Bank**) **broadened the scope of the plan** to include rural road infrastructure (roads), education, microfinance and agro-processing. From a focused strategy of revamping agriculture, Uganda ended up with a framework too broad with nothing specific to be achieved. Other components duplicated master plans already implemented by other stand-alone sectors (e.g., Ministry of Education and Sports; Ministry of Works, Housing and Communications; and Ministry of Tourism, Trade and Industry). Only one component of the PMA, the National Agricultural Advisory Services (NAADS), was subsequently taken up and basket funded by donors. However, it had limited success since the complementary programme elements were missing.

In 2007, a **Presidential directive** was issued to stop government funding to NAADS, which automatically led to suspension of planned donor contributions, but with little or no prior consultation of DPs. A **government sub-committee** was established to revise the NAADS following recommendations of an external evaluation of the programme conducted by ITAD and IFPRI. This led to resumption of funding but with a new programme focus. However, given dissatisfaction with PMA, the **new Minister of Finance** appointed after the 2006 Elections, spearheaded the development of a new Rural Development Strategy. Priorities were set first and Agriculture was brought in much later into the process. The Rural Development Strategy in many ways mirrors what was envisaged under the PMA. It also contains many elements that overlap with master plans of other sectors such as roads under the Ministry of Works, Housing and Communications. As a result, there are too many initiatives which are disjointed illustrating the consequences of **lack of a clear power centre for vision setting, rationalization, coordination and monitoring** in agriculture.